



Long Term Financial Plan 2017/18 – 2027/28

Date: 30 May 2018

FRAMEWORK

The Local Government Act requires councils to have strategic management plans which must address:

- the sustainability of its financial performance and position;
- the maintenance, replacement or development needs for infrastructure;
- proposals with respect to debt levels; and
- Identification of any anticipated or predicted changes that will have a significant effect upon the costs of Council's activities or operations.

Council's primary planning document is its Community Plan Councils *Our Place 2030 Strategic Plan* adopted in 2017 which articulates the future directions and priority actions of the City with a horizon of 2030.

The Long Term Financial Plan is the primary financial management tool linking to Council's Community Plan. It expresses Council's activities over a 10 year planning horizon in financial terms coinciding with the Asset Management plan time horizon and provides guidance to formulate Council's annual business plans and budgets.

The Long Term Financial Plan is informed by Council's Asset Management Plans which provide projections for maintenance, renewal and replacement of Council's assets and infrastructure such as roads, footpaths, drains and coastal reserves up to the period ended 2027/28.

Council has adopted a long planning horizon for its Asset Management Plan and Long Term Financial Plan to reflect the significance of its asset management needs (ie. maintenance, renewal and replacement). Local government is highly asset intensive. As at 30 June 2017, the City of Holdfast Bay had assets valued in excess of \$733 million — compared with annual operating revenue of \$62 million. Council's assets predominately have long lives with significant life-cycle maintenance and renewal costs, often lumpy in timing. It is important to be able to look ahead as far as practicable to provide sufficient lead time to respond to future needs and adjust strategies when required.

Council owns and operates the Alwyndor Aged Care facility in Hove, however it is excluded from this LTFP because it is managed as a self-sustaining operation with all its funding sourced from residents, government funding under aged care arrangements and its investments. Alwyndor does not rely on funding from Council's rate revenue however Council does have ultimate responsibility for its operation.

FINANCIAL SUSTAINABILITY

The City of Holdfast Bay is committed to the principles of financial sustainability and Council has adopted the following definition of financial sustainability:

Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

Our commitment to financial sustainability means that we will adopt prudent financial governance policies and practices to ensure continued cost-effective delivery of services to our community over the long term. This comprises three elements:

Program sustainability – ensuring the maintenance of our high priority programs including the renewal and replacement of infrastructure

Rate stability – ensuring a reasonable degree of stability and predictability in the overall rate burden

Intergenerational equity – ensuring a fair sharing in the distribution of resources and attendant financial burden between current and future users of our services and infrastructure

FINANCIAL PRINCIPLES

To support our commitment to financial sustainability, Council applies the following key financial principles in its financial planning:

Balanced Budget

Council aims to fully fund the cost of its services, including depreciation of its infrastructure and assets (ie wear and tear), to ensure an equitable sharing between current and future users. Insufficient funding shifts the cost burden of today's services on to future users in the form of higher rates or reduced services.

Sound Infrastructure and Asset Management

Council aims to maintain its infrastructure and assets to the requisite standard to ensure continued delivery of services to agreed standards. This involves developing and using long-term infrastructure and asset management plans to manage Council's asset portfolio efficiently and the continued investment in its renewal and replacement as our asset stock wears out.

Rate Predictability

Council aims to provide its community with a reasonable degree of predictability for rates over the medium term. It is important that ratepayers are fully informed about rates and the corresponding services provided.

Funding

Council aims to ensure the financial burden on our ratepayers is kept as low as practicable by increasing funding from other sources and the prudent use of borrowings when appropriate and affordable.

Financial performance measures

Council measures its performance in achieving its financial principles through a suite of key financial indicators:

Principle	Indicator	Target
Balance budget - to fully fund the cost of services	<p>Operating Result <i>Operating Revenue less Operating Expenditure including depreciation</i></p> <p>Operating Ratio <i>Operating Result as a percentage of rate revenue</i></p>	0—10% over a rolling 5-year period
Rate predictability	Annual rate revenue increase	In accordance with LGPI (excluding NRM Levy and development growth)
Funding – prudent use of borrowings	<p>Net Financial Liabilities Total liabilities less Financial Assets (ie. what we owe others less what we are owed)</p> <p>Net Financial Liabilities Ratio <i>Net Financial Liabilities as a percentage of Operating Revenue</i></p> <p>Interest Cover Ratio <i>Net interest expense as a percentage of Operating Revenue</i></p>	<p>≤ 75%</p> <p>≤ 5%</p>

KEY INFLUENCES

Council provides a wide range of services and programs to its community. These are shaped by a variety of influences including legislative obligations and community expectations.

Our Place 2030 Strategic Plan

Council's *Our Place 2030 Strategic Plan* adopted in 2017 articulates the future directions and priority actions of the City with a horizon of 2030. It includes the following strategic objectives:

Community

- Building a healthy, active and resilient community
- Celebrating culture and diversity
- Providing welcoming, accessible facilities
- Fostering an engaged, contributing community

Environment

- Protecting biodiversity
- Building an environmentally resilient city
- Using resources efficiently
- Fostering an environmentally connected community

Economy

- Supporting and growing local business
- Making it easier to do business
- Harnessing emerging technology
- Boosting our visitor economy

Placemaking

- Creating vibrant and safe places
- Developing walkable, connected neighbourhoods
- Building character and celebrating history
- Housing a diverse population

Culture

- Providing customer-centred services
- Being financially accountable
- Enabling high performance
- Supporting excellent, efficient operations

Economic environment

The economic outlook has a significant effect on our community, ratepayers and Council. Confidence in the economy drives demand, investment and employment.

The final 2017 economic briefing report by the University of Adelaide's South Australian Centre for Economic Studies (SACES) predicts a slowing in economic growth in South Australia. Gross State Product (GSP) is predicted to grow 1% in 2017/18.

Other current South Australian economic indicators show:

- Recovery in business investment.
- Lift in public infrastructure investment.
- Avoidance of surge of residential property prices compared to eastern capitals.
- Modest growth in employment over next two years mirroring the population growth.
- Slow wages growth holding back household spending leaving investment spending from business and government as the main driver of growth.

The main challenge for all levels of government is ensuring their financial positions are sustainable. This includes the appropriate allocation of infrastructure. Council's long term financial plan is based on sound principles of financial sustainability including a comprehensive long term asset management plan.

Local demographic and statistical indicators

Residents of Holdfast Bay are, on most measures, comparatively affluent with above average household incomes and are arguably less exposed to economic downturns.

Information provided by the Australian Bureau of Statistics from the latest 2016 Census supports this conclusion. The Holdfast Bay data shows a number of major variances to the greater Adelaide area as below;

- Higher median age of persons 46 compared to 39 greater Adelaide.
- Higher median weekly family income \$1,973 compared to \$1,265 greater Adelaide.
- Higher median mortgage monthly repayment \$1,772 compared to \$1,517 greater Adelaide.
- Higher proportion of fully owned homes 35.8% compared to 30.7% greater Adelaide.

Infrastructure and asset management

As at 30 June 2017, Council owns infrastructure and assets valued at \$733 million comprising the following broad categories:

- Land \$358m
- Buildings \$95m
- Stormwater drains \$36m

- Roads, laneways, footpaths and bridges \$192m
- Parks and Reserves, Coastal assets \$44m
- Plant, equipment, furniture & Fittings \$7m
- Library Lending Materials \$0.8m

Consistent with the principles of financial sustainability, Council is committed to ensuring its infrastructure and assets remain relevant to the current and future needs of the community. In addition to ongoing repairs and maintenance, it also includes review of service needs, asset conditions and community expectations.

The basis used to determine when an asset is due to be renewed or replaced is when the physical condition rating and remaining useful life of the asset is such that it indicates that the asset requires substantial maintenance or restoration and that the residual life of the asset is negligible. The cost to renew or replace the asset is determined by its current replacement cost.

The annual depreciation rate for an asset is based on the total useful life at the asset. When assets are revalued the accumulated depreciation is recalculated based on the remaining useful life of the asset. There is therefore a direct link between depreciation and the renewal or replacement of assets.

External funding sources

Council's 2017/18 budget indicates a significant reliance (75%) on rate revenue. Council is seeking to reduce this rate burden by increasing its revenue from other sources, such as rent from commercial leases, off-street carparks, Brighton Caravan Park and higher grant funding from Commonwealth and State Governments. Some council services are specifically provided to individuals and a user charge is appropriate. This is even more important in cases where individuals from outside the council area use the services. Maintaining and improving appropriate user charges and lease revenue while seeking opportunities for new grants and subsidies will relieve the overall rate burden.

Service reviews

Council monitors and assesses its services to ensure that they continue to meet the evolving needs of its community and provides value for money.

ASSUMPTIONS

Council's financial projections over the long term planning horizon are not meant to be a prediction of financial position or performance but rather an indication of direction and financial capacity. Projections are shaped by a variety of underlying and dynamic assumptions.

Some of the key assumptions underpinning Council's Long Term Financial Plan are as follows:

Base Case - Continued provision of existing services at current standards

Council's base case assumes that Council continues to provide existing services at current standards. Base case projections assume no material changes to services or investment in new or upgraded assets other than what is already resolved and planned. The base case doesn't predict any broad changes in direction in response to community demand or emerging developments.

This assumption is an acknowledged unrealistic given that Council typically changes its services in response to a variety of influences, and invests in new and upgraded assets — collectively referred to as “new initiatives”. The nature of these new initiatives over the long term planning horizon is unknown. However for the purpose of providing an indication of base case projections, a scenario is developed that assumes new initiative expenditure of \$1,000,000 per annum and apportioned \$500,000 new and upgraded capital and \$500,000 operating expenditure.

Inflation Forecasts

The following table provides inflation forecast information. It lists forecasts for the Consumer Price Index (CPI) and Local Government Price Index (LGPI). The forecast CPI has been sourced from Deloitte Access Economics. The LGPI is published by the University of Adelaide and measures price movements faced by Councils in South Australia. The LGPI increase has been determined by averaging the last six years LGPI increase above CPI. The applied LGPI is the addition of the two measures. The LGPI has been used in the LTFP model for indexing operating expenditure (excluding employment costs) and income and capital expenditure.

Year	CPI	LGPI Increase	LGPI
2018/19	2.1%	0.3%	2.4%
2019/20	2.2%	0.3%	2.5%
2020/21	2.4%	0.3%	2.7%
2021/22	2.5%	0.3%	2.8%
2022/23	2.4%	0.3%	2.7%
2023/24	2.2%	0.3%	2.5%
2024/25	2.3%	0.3%	2.6%
2025/26	2.5%	0.3%	2.8%
2067/27	2.5%	0.3%	2.8%
2027/28	2.4%	0.3%	2.7%

Rate revenue increase

A rate revenue increase based on the forecast LGPI is assumed reflecting Council's direction to keep rate increases as low as practical. An additional 0.5% pa has been provided for property development growth. Property development growth comprises improvements that increase a property's value, or new developments such as replacing an existing building. The annual increase in rate revenue excludes changes to the NRM Levy collected by Council on behalf of the Natural Resources Management Board

Employment Costs

Employment costs have been revised in accordance with current enterprise agreements (EA) being 2.5% for salaried staff and 2.8% for wages staff. The wages staff EA expires on 30 June 2018 and the salaried staff expires on 30 June 2019. The LTFP model has used 2.6% for the next two financial years and thereafter an average indexation of 2.7%.

Funding and borrowings

Cash and cash equivalents are modelled to include all investments and reserve funds, and borrowings are only provided for when cash is required.

Council's treasury management policy stipulates borrowing and investment direction. Existing borrowings are a mixture of short and long-term loans designed to manage liquidity and interest rate risk. Existing borrowings are with the Local Government Finance Authority (LGFA), being the preferred financial institution, guaranteed by the South Australian Government. The four major banks being Commonwealth, ANZ, NAB or Westpac may also be considered when placing new borrowings.

Investments are placed with the LGFA, SA or Commonwealth Government Bonds or the four major banks after considering investment returns and transaction costs.

New borrowings have been forecast on a 20 year repayment basis at current long term LGFA borrowing rates of 4.8%. Loans due for roll-over are forecast for their remaining loan terms.

Grants and subsidies

Council receives a mixture of grant funding from the State Government to support its programs and activities. Some grants, like the Financial Assistance Grants, are recurring and received every year. These are assumed to increase by forecast LGPI. The Roads to Recovery (RTR) Federal Government program was scheduled for completion in 2018/19. However the program will be extended from 2019/20 onwards and financial details are not anticipated until closer its commencement. The LTFP has not included this program beyond 2018/19.

Asset renewal and replacement

Projections include renewal and replacement as forecast in the 2 year forward capital renewal program and asset management plans.

Asset New and upgrade – Strategic Projects

The following major strategic projects have been included for new and upgraded capital investment. A number of the projects are subject to grant funding. The LTFP has included both the gross amount of the project and the proposed grant funding.

- Stormwater Management Plan estimates have been included in the base case modelling - \$26.5m gross part grant funded by \$16.325m over 10 years.
- Brighton Sporting Community Centre - \$8m gross part grant funded by \$2m over 2 years commencing in 2018/19.
- Glenelg Oval Masterplan - \$20m gross part grant funded by \$9.9m over 10 years commencing in 2018/19.
- Jetty Road Glenelg Masterplan - \$18.68m gross part grant funded by \$9.34m over 10 years commencing in 2018/19.
- Coast Park and Kingston Park Masterplan - \$3.3m gross part grant funded by \$1.65m over 3 years commencing in 2019/20.
- LED conversion - \$1.2m over 3 years commencing in 2018/19.
- Foreshore irrigation upgrade - \$488,000 over 5 years commencing in 2018/19.
- Glenelg Town Hall Restoration Stage 2 and Caravan Park cabin renewal.

Additional depreciation expense has been determined for the gross amount of new and upgraded assets using the following average useful lives in accordance with existing accounting policy:

- Buildings - 75 years.
- Drains – 100 years.
- Transport Infrastructure – 50 years.
- Open Space – 25 years.

Asset sales

Council reviews its extensive property portfolio regularly with the aim of improving utilisation, upgrading community facilities and reducing ongoing holding and maintenance costs. In some cases, this will result in the disposal of under-utilised properties with the proceeds re-invested into new or upgraded community facilities. No additional asset sales have been forecast in this Long Term Financial Plan, above the sale of land for \$1M to fund Minda Coast Park in the 2018/19 budget.

Projects not included

The Glenelg Jetty upgrade proposal has not been included as it requires further Council consideration, detailed costing and financial analysis and community consultation.

The Holdfast Bay Community Centre redevelopment has not been factored in specifically at this stage. The 2018/19 budget includes the development of a Masterplan for Holdfast Bay Community Club and based on the outcome of that Masterplan, the LTFP can be updated in subsequent reviews.

The LTFP will be used as a tool to assist in decision making on financial viability and impact of these projects.

PROJECTIONS

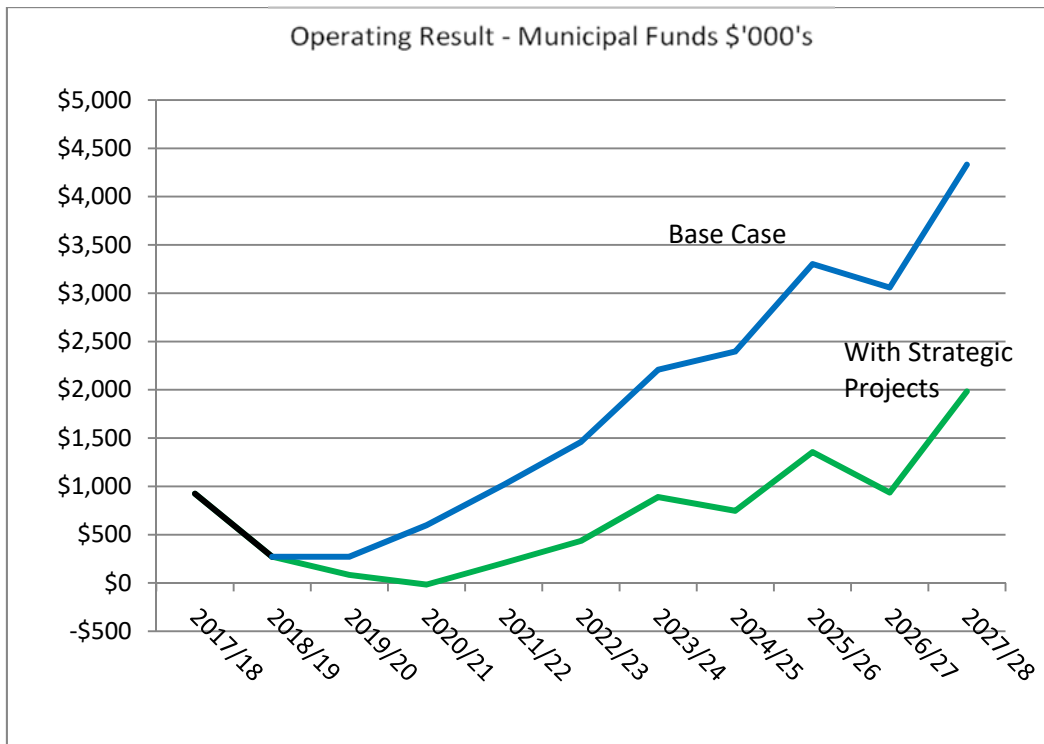
The results have been charted and show projections for the key financial performance indicators over the 10-year planning horizon. They provides a measure of overall financial capacity to respond to circumstances and undertake major new initiatives without adversely affecting the continued provision of services to our community.

A full set of financial forecast details is provided for reference as attachments at the end of this document. They include the latest budget updates up to 30 March 2018 and the 2018-19 draft budget.

Operating Surplus

In broad terms, the Operating Surplus is the difference between day-to-day income and expenditure for the period.

Council’s income (or revenue) includes rate revenue, user charges, statutory charges, investment income and grants and subsidies of an operating nature from third parties. Operating expenditure is expenditure incurred in the ordinary course of providing Council’s services, including a charge for depreciation of infrastructure and assets. Depreciation reflects a portion of the capital cost or value of an asset used or consumed during the year and can be regarded as the cost of “wear and tear”.

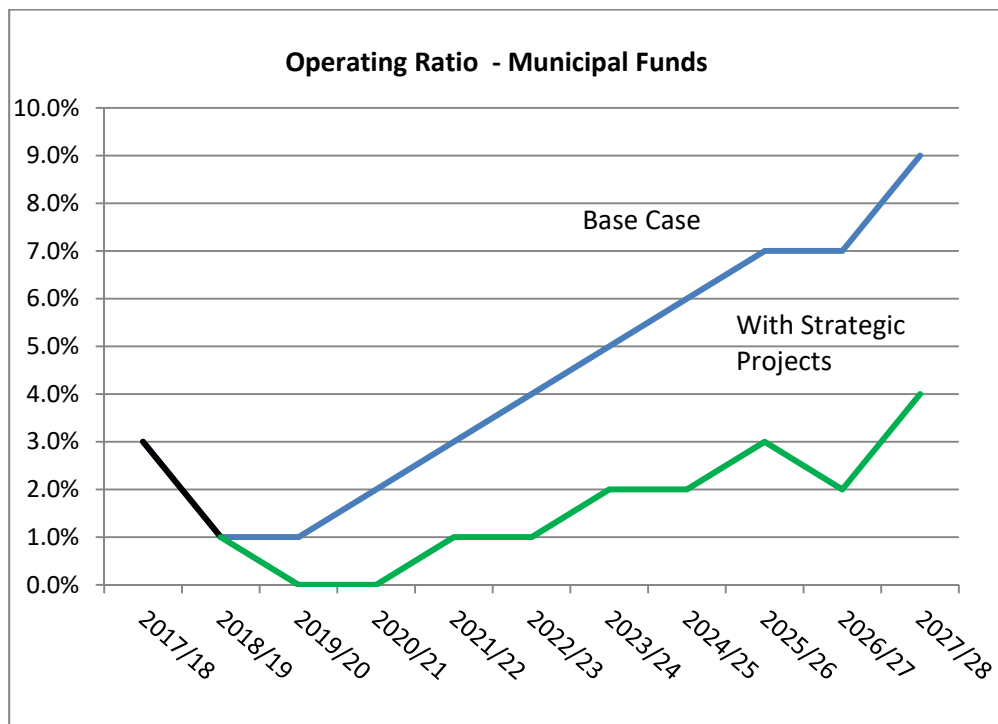


Operating Ratio

The Operating Ratio measures the Operating Surplus as a percentage of rate revenue.

A positive ratio indicates the percentage of rates available to help fund current and future capital expenditure. A negative ratio indicates the percentage increase in rate revenue that would have been required to achieve a break-even operating result.

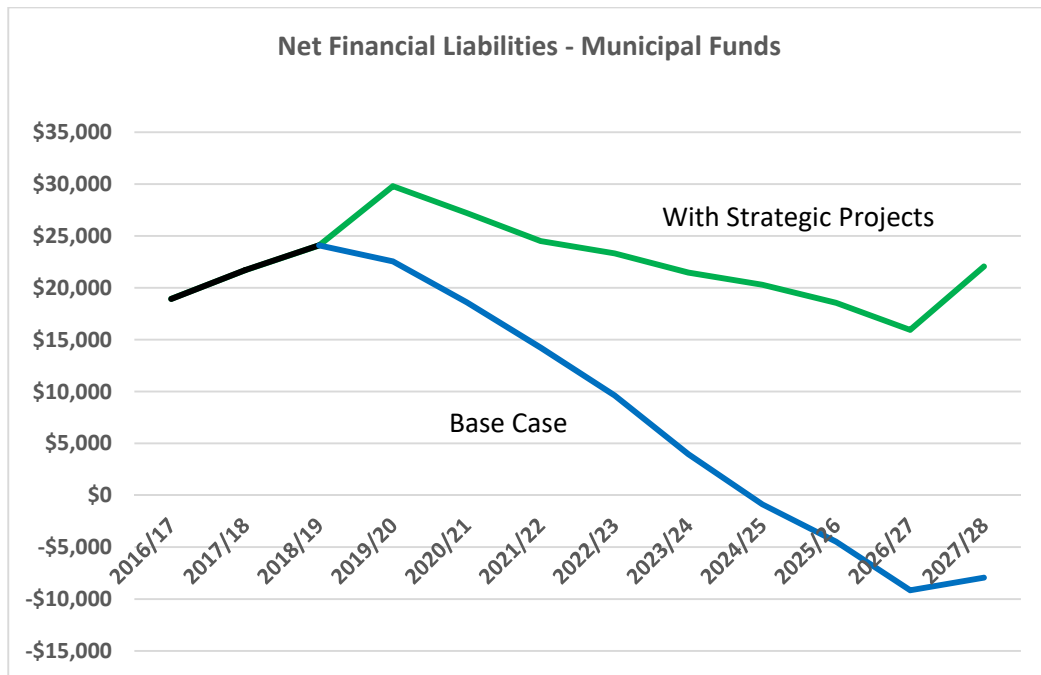
Council has set an Operating Ratio target of between 0 and 10% over a rolling 5-year period. This recognises the impact of one-off events that distort an annual ratio. After adjusting for one-off operating grants for renewed assets, the operating ratio over a rolling 5-year period commencing from 2013/14 to the current financial year has been 0.4% surplus.



Net Financial Liabilities

Net Financial Liabilities is a measure of Council's net debt — what Council owes others less what is owed to Council and is calculated as total liabilities less financial assets.

It is a broader and more appropriate measure than just debt and recognises Council's available financial assets (such as cash and investments) and other liabilities (including employee entitlements and creditors).

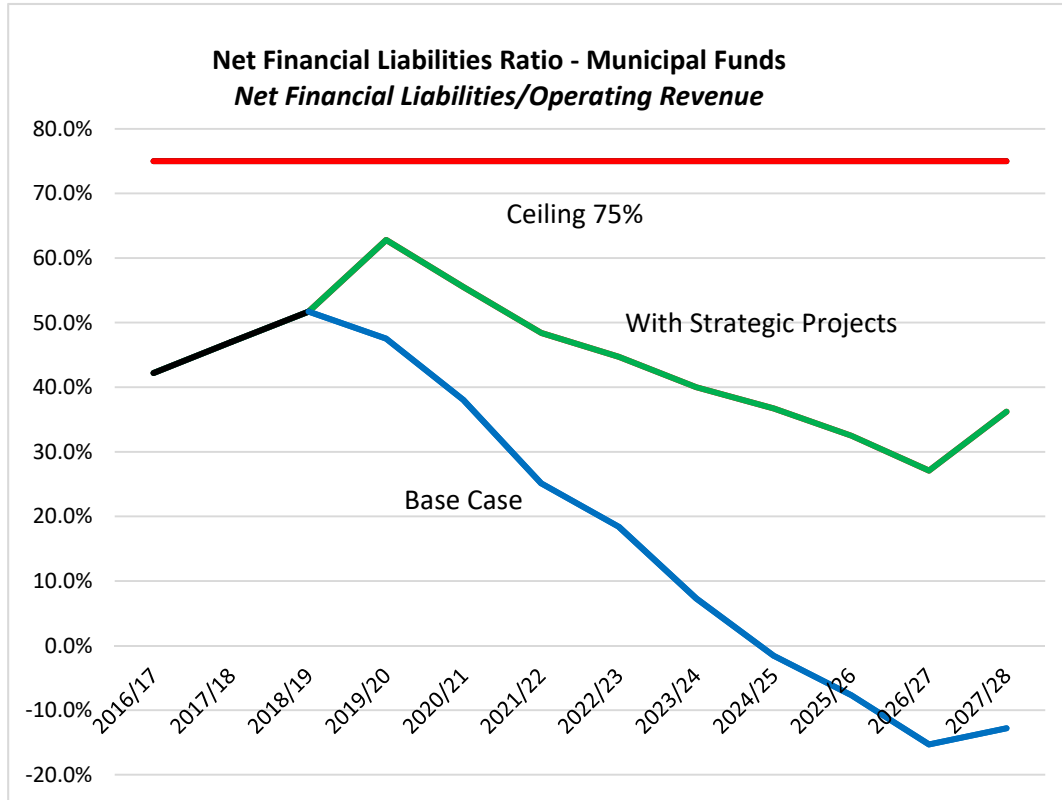


Net Financial Liabilities Ratio

The Net Financial Liabilities Ratio indicates how significant Council's Net Financial Liabilities are compared to income and indicates the extent to which Net Financial Liabilities could be met by revenue. It is calculated by expressing Net Financial Liabilities as a percentage of revenue.

A declining Net Financial Liabilities Ratio indicates that Council has a corresponding increase in capacity to service its financial obligations.

Council has set a target to maintain a Net Financial Liabilities Ratio of not more than 75%. This is analogous to a household with an annual income of \$100,000 having a mortgage and credit card debt of \$75,000.



This chart also shows a peak period during 2019/20 for strategic projects due to allowing for major capital projects including the Brighton Sporting Community Centre.

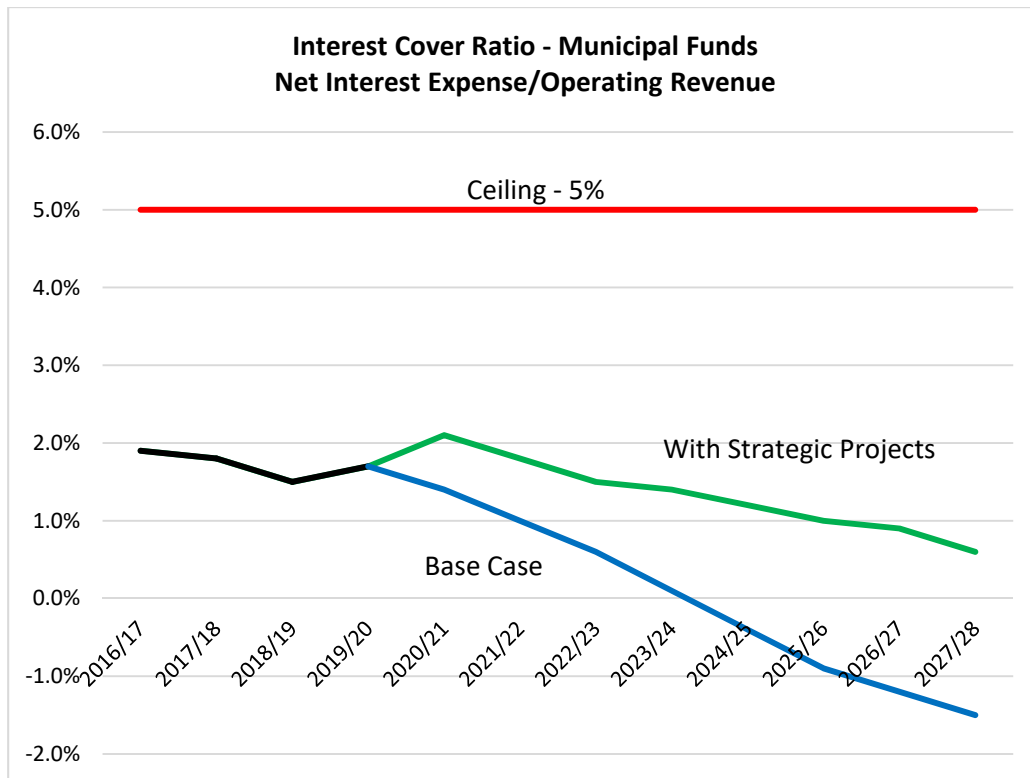
Interest Cover Ratio

The Interest Cover Ratio measures the portion of annual revenue required to meet Council's net interest expenses.

As with the Net Financial Liabilities Ratio, a declining Interest Cover Ratio indicates that Council has a corresponding increase in capacity to service its financial obligations. This may be the result of declining Net Financial Liabilities and/or falling interest rates.

A high Interest Cover Ratio indicates that Council has reduced flexibility to fund its services.

Council has set a target to maintain an Interest Cover Ratio of not more than 5%. This means that 5 cents out of every \$1 of revenue is used to pay net interest.



Asset Sustainability Ratio

Asset Sustainability is expressed capital expenditure on renewal and replacement as a percentage of the optimal expenditure identified in Council's Asset Management Plans.

The AMP has provided the capital renewal expenditure figures and therefore this percentage amount is 100%.

Rate Burden and types of rates

Council uses the capital value determined by the State Valuation Office as the basis for valuing land and calculating rates. Council considers that this method provides the fairest and most efficient method of distributing the rate burden across all ratepayers.

The rate burden is measured by comparing revenue sourced from rates to all sources of revenue. A lower rate burden indicates that Council is less reliant on ratepayers for funding goods and services. The 2018/19 draft budget shows a Rate Burden of 73%. Through improving appropriate user charges and seeking opportunities for new grants and subsidies it is proposed to reduce the rate burden in future years.

Council levies a number of major rate types including residential, differential and separate rates. For 2018/19 the average (mean) value of residential property is estimated to be \$608,439 resulting in an average proposed rate of \$1,511. For commercial, industrial and vacant properties a differential rate of 56% is proposed applies which will raise approximately 13.8% of Councils total rate revenue. Separate rates exist for Glenelg's Jetty Road shopping precinct and the ongoing maintenance of the lock in the Patawalonga.

COMPARATIVE PROJECTION OUTCOMES

The financial projections contained in this overview are based on a variety of estimates and assumptions. A modest change in one may have a material effect on the projections. For example reducing the rate decrease from 2.5% to 2% will result in a reduced operating result over a number of years.

The projections indicate that, based on current assumptions, Council remains within the target range for a balanced budget with a more favourable outlook over the mid-term.

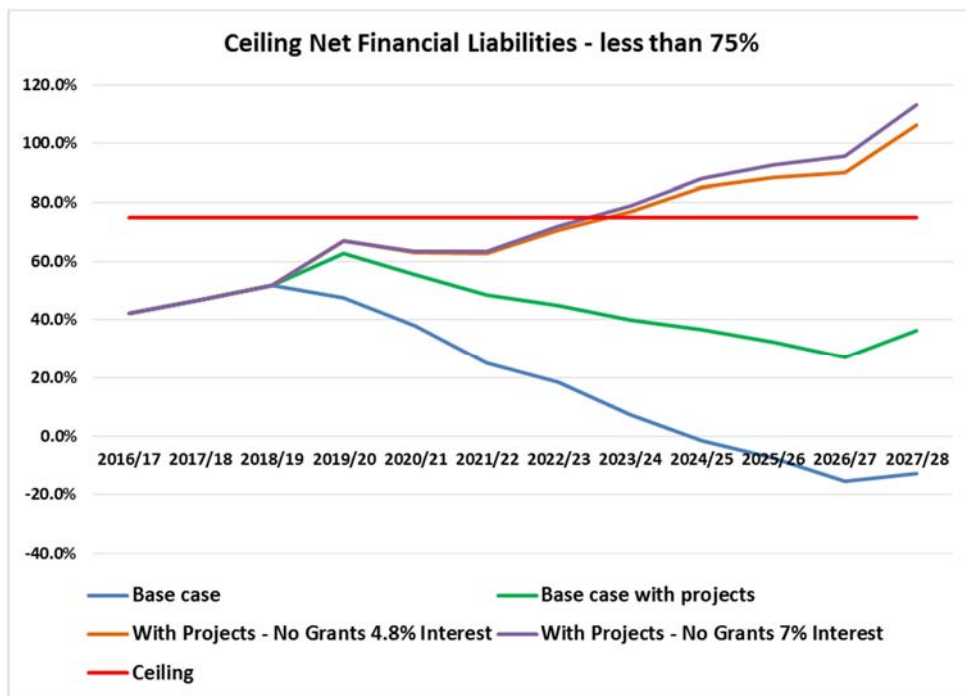
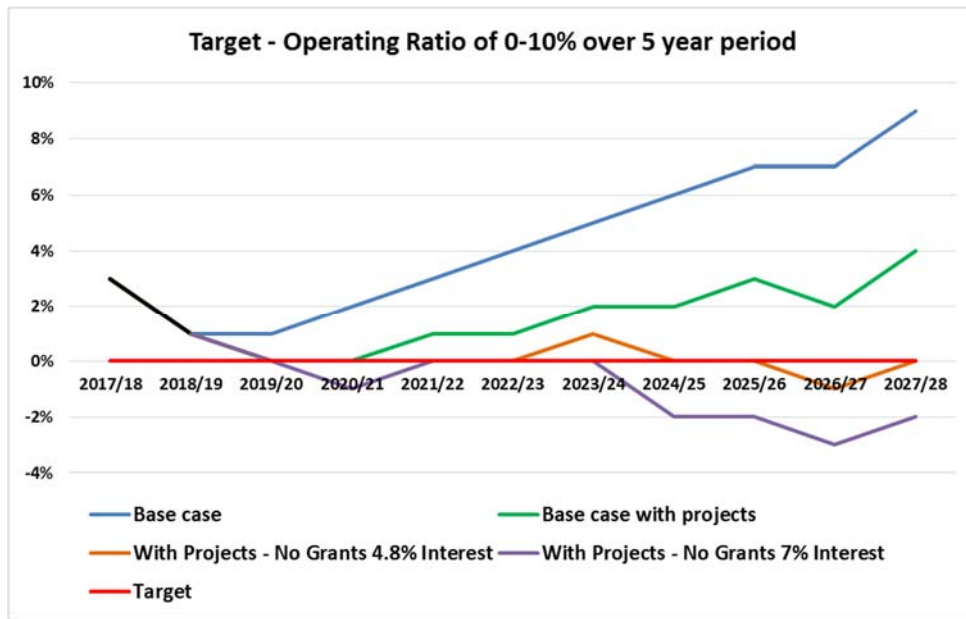
The LTFP presents a 'no change' base case position (ie. a continuation of existing services and programs) and compares this with the inclusion of major strategic projects. As Council responds to changing community expectations, it will continue to make decisions to change services and invest in new and improved infrastructure.

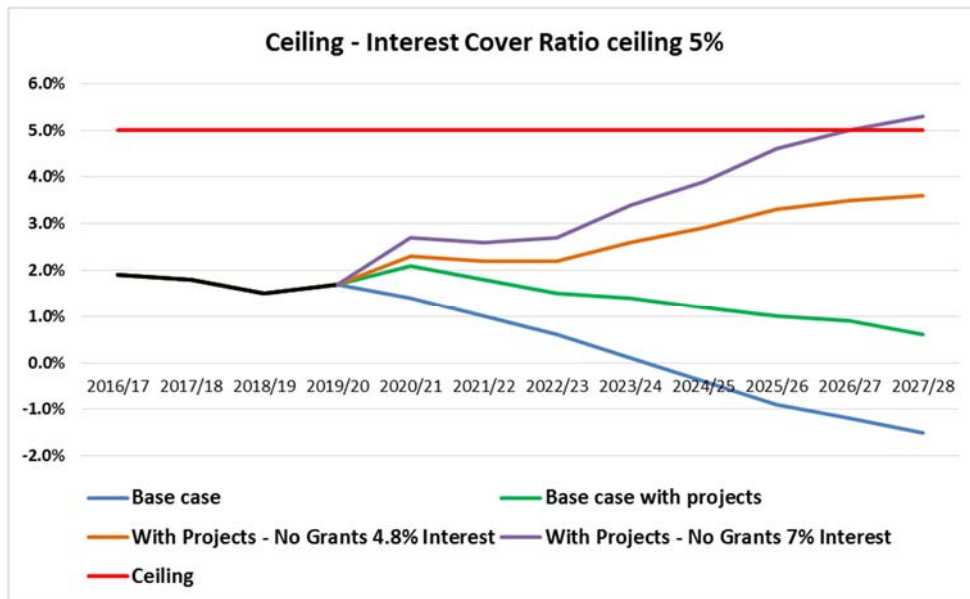
This can be achieved by:

- Continually reviewing and enhancing services to our community;
- Continue to invest in renewal and replacement of our assets and infrastructure to ensure they meet the service needs in the most cost-effective manner;
- taking advantage of opportunities and respond to emerging issues; and
- using additional borrowings to fund new or upgraded assets.

As with all projections, the view can change as underlying circumstances change. For this reason, sensitivity analysis has been conducted. This includes additional projections assuming no grant funding for major projects replaced by external long-term borrowings at differing interest rates of 4.8 % and 7%.

SENSITIVITY ANALYSIS PROJECTIONS





The above projections indicate that by 2023/24 two existing financial performance targets would be breached, while the interest cover ratio would be exceeded in 2026.

It should be noted that this analysis assumes all major strategic projects would be undertaken and funded from borrowings when required. This assumption could be seen as unrealistic given that Council would typically prioritise its strategic projects and confirm external funding before committing to large projects.

However the above analysis does indicate that Council has the capacity to fund major projects over the next five years and remain within its financial performance targets and ceilings.

FINANCIAL STRATEGIES

Council has adopted the following strategies to:

- maintain long-term financial sustainability
- build and maintain adequate financial capacity to fund its services including the flexibility to respond to changing needs and circumstances

Decision support

Council will use its Long Term Financial Plan as a tool in making key decisions.

Continue to improve Asset Management Plans

Council will continue to include all asset classes in its Asset Management Plans and improve the confidence in data in relation to asset conditions and full life cycle cost projections.

Continue to improve the model underpinning our Long Term Financial Plan

Council will continue to enhance the functionality of its financial model and strengthen the integration with the Asset Management Plans.

Regularly review the Long Term Financial Plan

Council will review its Long Term Financial Plan at least twice each year — expected to be immediately following adoption of its Annual Business Plan and then immediately following adoption of its annual financial statements in time to start the next annual planning program.

Reduce the reliance on rate revenue

Council will look at ways to increase the proportion of non-rate revenue such as through better targeted grant funding, increasing user charges and improved treasury management.

Continually improve financial management practices

Council will implement contemporary treasury management practices to improve its funding practices and better manage interest rate risks.

Measure financial performance

Council will measure and report its performance against its financial targets.

ATTACHMENTS – FINANCIAL REPORTS – “BASE CASE” PLUS STRATEGIC GRANT FUNDED MAJOR PROJECTS

Projected Income Statement

Projected Balance Sheet

Projected Statement of Changes in Equity

Projected Statement of Cash Flows

**Summary of Proposed Operating and Capital Investments
(Uniform Presentation of Finances)**

ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:	2017 Actual	2018 Estimate	2019 Plan Year 1	2020 Plan Year 2	2021 Plan Year 3	2022 Plan Year 4	2023 Plan Year 5	2024 Plan Year 6	2025 Plan Year 7	2026 Plan Year 8	2027 Plan Year 9	2028 Plan Year 10
	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)
INCOME												
Rates	33,702	34,889	36,088	37,171	38,360	39,626	40,894	42,120	43,424	44,857	46,336	47,866
Statutory Charges	2,171	2,142	2,246	2,301	2,363	2,429	2,494	2,556	2,622	2,696	2,771	2,849
User Charges	3,698	4,031	4,035	4,135	4,244	4,362	4,480	4,590	4,709	4,839	4,972	5,110
Grants, Subsidies, Contributions	3,869	3,355	3,014	2,603	2,674	2,748	2,822	2,893	2,967	3,050	3,136	3,224
Investment Income	37	100	43	38	83	130	191	186	220	220	245	309
Reimbursements	361	807	682	700	718	738	758	777	797	818	839	861
Other Income	985	889	512	526	541	556	571	586	601	617	633	652
Total Revenues	44,823	46,213	46,620	47,474	48,983	50,589	52,210	53,708	55,340	57,097	58,932	60,871
EXPENSES												
Employee Costs	15,536	16,323	16,746	17,183	17,647	18,123	18,611	19,111	19,626	20,154	20,698	21,254
Materials, Contracts & Other Expenses	18,111	19,511	18,882	19,354	19,874	20,428	21,318	21,511	22,068	22,684	23,697	23,981
Depreciation, Amortisation & Impairment	8,193	8,773	9,033	9,722	10,072	10,484	10,560	10,964	11,719	11,774	12,524	12,628
Finance Costs	904	911	761	867	1,132	1,063	992	930	869	808	744	681
Loss (Profit) - Joint Ventures	(206)	(230)	(230)	(235)	(239)	(244)	(249)	(254)	(259)	(264)	(269)	(275)
Other Expenses	113	0	1,156	500	514	528	542	556	570	586	602	619
Total Expenses	42,651	45,288	46,348	47,391	49,000	50,382	51,774	52,818	54,593	55,742	57,996	58,888
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	2,172	925	272	83	(17)	207	436	890	747	1,355	936	1,983
Net gain/(loss) on disposal or revaluations	(2,183)	0	0	0	0	0	0	0	0	0	0	0
Amounts specifically for new assets	4,446	1,730	9,585	1,920	1,562	3,339	5,940	5,717	5,860	3,896	3,587	3,557
NET SURPLUS/(DEFICIT)	4,435	2,655	9,857	2,003	1,545	3,546	6,376	6,607	6,607	5,251	4,523	5,540
Other Comprehensive Income												
Changes in revaluation surplus - IPP&E	71,311	0	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income	71,311	0	0	0	0	0	0	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	75,746	2,655	9,857	2,003	1,545	3,546	6,376	6,607	6,607	5,251	4,523	5,540

City of Holdfast Bay
Long Term Financial Plan Model
ESTIMATED BALANCE SHEET

Year Ended 30 June:	2017 Actual \$('000)	2018 Estimate \$('000)	2019 Plan Year 1 \$('000)	2020 Plan Year 2 \$('000)	2021 Plan Year 3 \$('000)	2022 Plan Year 4 \$('000)	2023 Plan Year 5 \$('000)	2024 Plan Year 6 \$('000)	2025 Plan Year 7 \$('000)	2026 Plan Year 8 \$('000)	2027 Plan Year 9 \$('000)	2028 Plan Year 10 \$('000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	2,439	801	612	384	1,473	2,914	2,956	3,645	3,590	4,143	5,441	20
Trade & Other Receivables	2,351	2,339	2,490	2,632	2,737	2,523	2,593	2,659	2,729	2,801	2,881	2,954
Inventories	9	6	6	6	6	6	6	6	6	6	6	6
Total Current Assets	4,799	3,146	3,108	3,022	4,216	5,443	5,555	6,310	6,325	6,950	8,328	2,980
Non-Current Assets												
Receivables/Financial Assets	1,694	1,497	1,196	820	460	373	272	170	64	(41)	(151)	(256)
Equity Accounted Investments in Council Businesses	2,985	3,215	3,445	3,680	3,919	4,163	4,412	4,666	4,925	5,189	5,458	5,733
Infrastructure, Property, Plant & Equipment	692,757	698,161	710,484	718,337	717,400	718,088	723,133	727,737	733,024	736,363	738,125	749,598
Other Non-Current Assets	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019
Total Non-Current Assets	698,455	703,892	716,144	723,856	722,798	723,643	728,836	733,592	739,032	742,530	744,451	756,094
Total Assets	703,254	707,038	719,252	726,878	727,014	729,086	734,391	739,902	745,357	749,480	752,779	759,074
LIABILITIES												
Current Liabilities												
Trade & Other Payables	4,363	4,363	4,525	4,371	4,503	4,496	4,561	4,625	4,614	4,679	4,710	4,797
Borrowings	2,618	1,141	1,400	1,613	1,600	1,244	1,284	1,263	1,323	1,388	1,120	1,214
Provisions	2,747	3,184	3,118	3,275	3,325	3,434	3,517	3,616	3,711	3,812	3,914	4,020
Total Current Liabilities	9,728	8,688	9,043	9,259	9,428	9,174	9,362	9,504	9,648	9,879	9,744	10,031
Non-Current Liabilities												
Borrowings	13,589	15,785	17,766	23,153	21,553	20,309	19,025	17,762	16,439	15,051	13,931	14,367
Provisions	394	367	388	408	430	454	479	504	531	560	591	623
Total Non-Current Liabilities	13,983	16,152	18,154	23,561	21,983	20,763	19,504	18,266	16,970	15,611	14,522	14,990
Total Liabilities	23,711	24,840	27,197	32,820	31,411	29,937	28,866	27,770	26,618	25,490	24,266	25,021
NET ASSETS	679,543	682,198	692,055	694,058	695,603	699,149	705,525	712,132	718,739	723,990	728,513	734,053
EQUITY												
Accumulated Surplus	163,068	165,759	175,616	177,619	179,164	182,710	189,086	195,693	202,300	207,551	212,074	217,614
Asset Revaluation Reserve	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439
Other Reserves	36	0	0	0	0	0	0	0	0	0	0	0
TOTAL EQUITY	679,543	682,198	692,055	694,058	695,603	699,149	705,525	712,132	718,739	723,990	728,513	734,053

City of Holdfast Bay
Long Term Financial Plan Model
ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2017 Actual \$('000)	2018 Estimate \$('000)	2019 Plan Year 1 \$('000)	2020 Plan Year 2 \$('000)	2021 Plan Year 3 \$('000)	2022 Plan Year 4 \$('000)	2023 Plan Year 5 \$('000)	2024 Plan Year 6 \$('000)	2025 Plan Year 7 \$('000)	2026 Plan Year 8 \$('000)	2027 Plan Year 9 \$('000)	2028 Plan Year 10 \$('000)
CASH FLOWS FROM OPERATING ACTIVITIES												
<u>Receipts</u>												
Rates	33,727	34,889	36,076	37,160	38,348	39,613	40,881	42,108	43,411	44,843	46,321	47,851
Statutory Charges	2,331	2,142	2,246	2,301	2,363	2,429	2,494	2,556	2,622	2,696	2,771	2,849
User Charges	4,068	4,031	4,005	4,103	4,209	4,325	4,443	4,555	4,672	4,798	4,929	5,066
Grants, Subsidies, Contributions	4,029	3,355	3,014	2,603	2,674	2,748	2,822	2,893	2,967	3,050	3,136	3,224
Investment Income	37	100	43	31	20	78	152	148	186	190	220	288
Reimbursements	396	807	696	687	729	738	763	783	796	824	841	869
Other Income	2,876	889	511	525	540	555	570	585	600	616	632	651
<u>Payments</u>												
Employee Costs	(15,634)	(15,913)	(16,791)	(17,006)	(17,575)	(17,990)	(18,503)	(18,987)	(19,504)	(20,024)	(20,565)	(21,116)
Materials, Contracts & Other Expenses	(20,426)	(19,508)	(18,749)	(19,511)	(19,770)	(20,454)	(21,276)	(21,471)	(22,097)	(22,646)	(23,689)	(23,924)
Finance Costs	(904)	(911)	(761)	(867)	(1,132)	(1,063)	(992)	(930)	(869)	(808)	(744)	(681)
Other Expenses	0	0	(1,156)	(500)	(514)	(528)	(542)	(556)	(570)	(586)	(602)	(619)
Net Cash provided by (or used in) Operating Activities	10,500	9,881	9,134	9,526	9,892	10,451	10,812	11,684	12,214	12,953	13,250	14,458
CASH FLOWS FROM INVESTING ACTIVITIES												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets	4,446	1,730	9,585	1,920	1,562	3,339	5,940	5,717	5,860	3,896	3,587	3,557
Sale of Renewed/Replaced Assets	194	305	202	0	0	0	0	0	0	0	0	0
Sale of Surplus Assets	1,104	0	1,000	0	0	0	0	0	0	0	0	0
Sale of Non Current assets "Held for Sale"	2,098	0	0	0	0	0	0	0	0	0	0	0
Repayments of Loans by Community Groups	148	209	208	301	383	423	139	140	140	140	135	135
Distributions Received from Associated Entities	5	0	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(6,579)	(6,454)	(5,599)	(6,790)	(4,931)	(4,985)	(5,074)	(4,770)	(5,935)	(7,977)	(7,595)	(16,334)
Expenditure on New/Upgraded Assets	(5,864)	(8,028)	(16,959)	(10,785)	(4,204)	(6,187)	(10,531)	(10,798)	(11,071)	(7,136)	(6,691)	(7,767)
Loans Made to Community Groups	(21)	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by (or used in) Investing Activities	(4,469)	(12,238)	(11,563)	(15,354)	(7,190)	(7,410)	(9,526)	(9,711)	(11,006)	(11,077)	(10,564)	(20,409)

City of Holdfast Bay
 Long Term Financial Plan Model
 ESTIMATED CASH FLOW STATEMENT - continued

Year Ended 30 June:	2017 Actual \$('000)	2018 Estimate \$('000)	2019 Plan Year 1 \$('000)	2020 Plan Year 2 \$('000)	2021 Plan Year 3 \$('000)	2022 Plan Year 4 \$('000)	2023 Plan Year 5 \$('000)	2024 Plan Year 6 \$('000)	2025 Plan Year 7 \$('000)	2026 Plan Year 8 \$('000)	2027 Plan Year 9 \$('000)	2028 Plan Year 10 \$('000)
CASH FLOWS FROM FINANCING ACTIVITIES												
<u>Receipts</u>												
Proceeds from Borrowings	0	2,300	3,381	7,000	0	0	0	0	0	0	0	1,650
<u>Payments</u>												
Repayments of Borrowings	(1,932)	(1,581)	(1,141)	(1,400)	(1,613)	(1,600)	(1,244)	(1,284)	(1,263)	(1,323)	(1,388)	(1,120)
Repayment of Bonds & Deposits	(2)	0	0	0	0	0	0	0	0	0	0	0
Net Cash provided by (or used in) Financing Activities	(1,934)	719	2,240	5,600	(1,613)	(1,600)	(1,244)	(1,284)	(1,263)	(1,323)	(1,388)	530
Net Increase/(Decrease) in cash held	4,097	(1,638)	(189)	(228)	1,089	1,441	42	689	(55)	553	1,298	(5,421)
Opening cash, cash equivalents or (bank overdraft)	(1,658)	2,439	801	612	384	1,473	2,914	2,956	3,645	3,590	4,143	5,441
Closing cash, cash equivalents or (bank overdraft)	2,439	801	612	384	1,473	2,914	2,956	3,645	3,590	4,143	5,441	20

City of Holdfast Bay
 Long Term Financial Plan Model
 ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2017 Actual \$('000)	2018 Estimate \$('000)	2019 Plan Year 1 \$('000)	2020 Plan Year 2 \$('000)	2021 Plan Year 3 \$('000)	2022 Plan Year 4 \$('000)	2023 Plan Year 5 \$('000)	2024 Plan Year 6 \$('000)	2025 Plan Year 7 \$('000)	2026 Plan Year 8 \$('000)	2027 Plan Year 9 \$('000)	2028 Plan Year 10 \$('000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	156,569	163,068	165,759	175,616	177,619	179,164	182,710	189,086	195,693	202,300	207,551	212,074
Net Result for Year	4,435	2,655	9,857	2,003	1,545	3,546	6,376	6,607	6,607	5,251	4,523	5,540
Transfers from Other Reserves	2,064	36	0	0	0	0	0	0	0	0	0	0
Balance at end of period	163,068	165,759	175,616	177,619	179,164	182,710	189,086	195,693	202,300	207,551	212,074	217,614
ASSET REVALUATION RESERVE												
Land	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261
Buildings & Other Structures	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070
Infrastructure - Drains	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004
Infrastructure - Transport	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171
Infrastructure - Open Space & Coastal	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483
Library Lending Materials	450	450	450	450	450	450	450	450	450	450	450	450
Balance at end of period	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439
OTHER RESERVES												
Balance at end of previous reporting period	2,100	36	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(2,064)	(36)	0	0	0	0	0	0	0	0	0	0
Balance at end of period	36	0	0	0	0	0	0	0	0	0	0	0
TOTAL EQUITY AT END OF REPORTING PERIOD	679,543	682,198	692,055	694,058	695,603	699,149	705,525	712,132	718,739	723,990	728,513	734,053

City of Holdfast Bay
Long Term Financial Plan Model
SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2017 Actual \$('000)	2018 Estimate \$('000)	2019 Plan Year 1 \$('000)	2020 Plan Year 2 \$('000)	2021 Plan Year 3 \$('000)	2022 Plan Year 4 \$('000)	2023 Plan Year 5 \$('000)	2024 Plan Year 6 \$('000)	2025 Plan Year 7 \$('000)	2026 Plan Year 8 \$('000)	2027 Plan Year 9 \$('000)	2028 Plan Year 10 \$('000)
Operating Revenues	44,823	46,213	46,620	47,474	48,983	50,589	52,210	53,708	55,340	57,097	58,932	60,871
<i>less Operating Expenses</i>	42,651	45,288	46,348	47,391	49,000	50,382	51,774	52,818	54,593	55,742	57,996	58,888
Operating Surplus/(Deficit) before Capital Amounts	2,172	925	272	83	(17)	207	436	890	747	1,355	936	1,983
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	6,624	6,454	5,599	6,790	4,931	4,985	5,074	4,770	5,935	7,977	7,595	16,334
<i>less Depreciation, Amortisation & Impairment</i>	8,193	8,773	9,033	9,722	10,072	10,484	10,560	10,964	11,719	11,774	12,524	12,628
<i>less Proceeds from Sale of Replaced Assets</i>	194	305	202	0	0	0	0	0	0	0	0	0
	(1,763)	(2,624)	(3,636)	(2,932)	(5,141)	(5,499)	(5,486)	(6,194)	(5,784)	(3,797)	(4,929)	3,706
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	8,794	8,028	16,959	10,785	4,204	6,187	10,531	10,798	11,071	7,136	6,691	7,767
<i>less Amounts Specifically for New/Upgraded Assets</i>	4,446	1,730	9,585	1,920	1,562	3,339	5,940	5,717	5,860	3,896	3,587	3,557
<i>less Proceeds from Sale of Surplus Assets</i>	631	0	1,000	0	0	0	0	0	0	0	0	0
	3,717	6,298	6,374	8,865	2,642	2,848	4,591	5,081	5,211	3,240	3,104	4,210
Net Lending / (Borrowing) for Financial Year	218	(2,749)	(2,466)	(5,850)	2,482	2,858	1,331	2,003	1,320	1,912	2,761	(5,933)

FINANCING TRANSACTIONS	Year Ended 30 June:											
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	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)
New Borrowings	0	2,300	3,381	7,000	0	0	0	0	0	0	0	1,650
Repayment of Principal on Borrowings	1,932	1,581	1,141	1,400	1,613	1,600	1,244	1,284	1,263	1,323	1,388	1,120
(Increase)/Decrease in Cash and Cash Equivalents	4,097	1,638	189	228	(1,089)	(1,441)	(42)	(689)	55	(553)	(1,298)	5,421
(Increase)/Decrease in Receivables	(187)	1	(151)	(142)	(105)	214	(70)	(66)	(70)	(72)	(80)	(73)
Increase/(Decrease) in Payables & Provisions	95	410	117	23	204	126	173	188	111	195	164	225
Other – Including the Movement in Inventories	(6,155)	(3,181)	(2,211)	(2,659)	(3,105)	(3,357)	(2,636)	(2,720)	(2,679)	(2,805)	(2,935)	(2,410)
Financing Transactions	(218)	2,749	2,466	5,850	(2,482)	(2,858)	(1,331)	(2,003)	(1,320)	(1,912)	(2,761)	5,933

KEY FINANCIAL INDICATORS	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	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		
Operating Surplus / (Deficit) - \$'000	2,172	925	272	83	(17)	207	436	890	747	1,355	936	1,983
Operating Surplus Ratio - %	6%	3%	1%	0%	(0)%	1%	1%	2%	2%	3%	2%	4%
Net Financial Liabilities - \$'000	18,932	21,700	24,095	29,804	27,201	24,500	23,317	21,466	20,299	18,546	15,944	22,047
Net Financial Liabilities Ratio - %	42.2%	47.0%	51.7%	62.8%	55.5%	48.4%	44.7%	40.0%	36.7%	32.5%	27.1%	36.2%
Interest Cover Ratio - %	1.9%	1.8%	1.5%	1.7%	2.1%	1.8%	1.5%	1.4%	1.2%	1.0%	0.9%	0.6%