City of Burnside

Long Term Financial Plan

2017/18 – 2026/27

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Executive Summary

The City of Burnside's Long Term Financial Plan is critical to Council's financial planning process. It underpins our long term financial sustainability while meeting the needs and expectations of our communities and delivering Council's Strategic Directions highlighted in our strategic community plan *Be the Future of Burnside 2026 – Our Strategic Community Plan.* The LTFP is pivotal in setting the high level financial parameters that guide the development and refinement of Council's budgeted plans, strategies and actions and generates information that assists decisions about the mix, timing and affordability of future outlays on operating activities, renewal and replacement of existing assets and funding of additional assets. It is also instrumental in ensuring the City of Burnside delivers enhanced services now and in the future by providing optimal value-for-money community outcomes.

In developing the LTFP, a number of key assumptions are applied. For this LTFP, the Adopted 2017/18 Budgeted Statement of Comprehensive Income forms the basis for Year 1 of the Plan. The rest of the statements have been updated to reflect the 2016/17 year-end financial statements. The model also assumes that overall, service levels will remain materially unchanged throughout the planning period. However there is recognition of some exceptions to this, outlined below:

- Additional services totalling to $65k have been included in the 2017/18 Annual Business Plan;
- Provision has been made for outlays for new/upgraded assets across this ten year period that will add to service levels ($27.8m);
- Varied or additional services may also be added over time in response to changes in community needs and preferences. It is assumed that any variations in the demand for services will not impact the financial bottom line, unless otherwise stated; and
- Any grant funding opportunities will be actively pursued as they arise as this is an important source of revenue. This may lead to increased service levels.

With these principles and objectives in mind, this Long Term Financial Plan is based on, and achieves the following outcomes:

- an Operating Surplus of $1m in 2017/18 and surpluses for all remaining years;
- a target efficiency saving in 2017/18 of $566k with a further $585k incorporated in 2018/2019;
- Total borrowing as at 30 June 2018 now forecast at $14.1m (Adopted Budget position for 2017/18 was $14.7m) and at the end of the 10 year period at $12.1m;
- Financial indicators within acceptable target levels throughout the 10 year period;
- $347k of operating projects in 2017/18;

- $65k of new and enhanced services in 2017/18;
- Renewal and Replacement of existing assets equalling a net $9.9m in 2017/18 and totalling $108.5m across the 10 year period; and
- New and Upgraded assets equalling a net $4.1m in 2017/18 and totalling $27.8m across the 10 year period.

Strategic Context

The LTFP is a strategic component of Council's Strategic Management Framework and supports the delivery of the Strategic Community Plan. The Strategic Framework illustrated below outlines our organisational planning framework and highlights the importance of community feedback into this process.

The LTFP is integral to Council's suite of Strategic Management Plans providing the critical link between the:

- Strategic Community Plan;
- Asset Management Plans and;
- Annual Business Plan and Budget.

It translates the objectives and strategies outlined in the Strategic Community Plan and Asset Management Plans (AMP) into financial outcomes for analysis and community consultation. Optimising the integration between these strategic intentions ensures Council develops and implements a robust and transparent system of financial management aimed to uphold and maintain Council's long term financial sustainability.

Key Influences and Risks

This Long Term Financial Plan generates information which is used to guide decisions about Council operations into the future. However, as with any long term plan, the accuracy of this LTFP is subject to many inherent influences. These variables and risks can be divided into three main groups:

i. External Influences – items outside of Council's control:

- Unforeseen economic changes or circumstances such as:
  - Interest rates fluctuations;
  - Localised economic growth – residential development & new business;
  - Consumer Price Index (All Adelaide);
  - Local Government Price Index (LGPI); and
  - Specific program Federal Assistance Grants.
- Unforeseen political changes or circumstances such as:
  - Changes to Levies and their conditions (e.g. Environment Protection Authority (SA) Waste Levy);
  - Cost of natural resources such as fuel and water;
  - A change in the level of legislative compliance; and
  - Cost shifting (i.e. Increased Emergency Services Levy).
- Variable Climatic Conditions such as:
  - Storm or Force Majeure Events (i.e. Storm Event of Feb 2014 and 2016)
  - Flooding;
  - Bushfire; and
  - Drought.

ii. Internal Influences – items that Council can control:

- Agreed service level review outcomes;
- Infrastructure Asset Management;
- Depreciation (valuations can be considered an external influence) ;
- Rate increases and other financial influences;
- Performance Management;
- Efficiencies in service delivery and administrative support; and
- Salaries and Wages.

iii. Community Drivers:

- Community needs and expectations;
- Strategic Community Plan – Be the Future of Burnside 2025;
- Other Key Strategies.

The 2017/18 draft LTFP currently does not include any impacts from the proposed introduction of Rate Capping. The introduction of Rate Capping would expose the

City of Burnside to considerable political and financial risk. However, the extent of this is not known at this stage.

In order to minimise the inherent risks of long term financial planning, Council reviews and updates its Long Term Financial Plan on a regular basis and ensures that the most recent economic data and forecasts are being used as the basis for developing Council's Long Term Financial Plan.

Basis of Preparation

The LTFP is key to establishing funding requirements of Council's Asset Management Plans and other strategic community planning and implementation, ensuring we continue to operate sustainably. It enables Council to effectively and equitably manage service levels, asset funding and revenue raising decisions, balanced with achieving its financial strategy and key performance indicators.

In developing the LTFP, key financial principles are established that underpins Council's forecast financial performance and position over a 10-year time frame. The LTFP incorporates a number of statutory and discretionary reports and assumptions as part of a statutory requirement (within the *Local Government Act 1999*). Due to the variable nature of the assumptions focusing on changes in the economy, an annual review of the LTFP provides the Council with the opportunity to review the financial principles to easily adapt to these external influences, changes in proposed service levels or projects. This involves concerted input from Council, the Audit Committee and Administration.

The financial projections contained within the LTFP, provide an indication of Council's direction and financial capacity into the future and are intended to be viewed as a guide to future actions or opportunities. This is in turn encourages Council to analyse the future effects and impacts of current decisions made by Council.

For this LTFP, the Adopted 2017/18 Budgeted Statement of Comprehensive Income forms the basis for Year 1 of the Plan. The rest of the statements have been updated to reflect the 2016/17 year-end financial statements.

Finance Strategy

The City of Burnside continues to employ a strategic approach to our financial planning that is influenced by the current and predicted economic environment, our financial position and the impacts on the organisation both internally and externally. Employing this strategic approach is designed to ensure:

- Support of the achievement of the Strategic Community Plan – *Be the Future 2026*
- Our long term financial sustainability;
- Intergenerational equity;
- Needs and expectations of the Burnside community are met;

- Delivery of appropriate, targeted, effective and efficient services; and
- Responsible rate increases.

This leads to Council achieving:

- Continued funding to ensure Councils infrastructure is replaced and maintained when required (includes roads, footpaths, Council owned properties and open spaces);
- Commitment to major projects which span more than one year;
- Council continues to fund the full life-cycle costs of any new or enhanced services or construction of new assets through savings, rate increases or grant funding;
- Maintaining existing services at current service levels.

1.1 Key Economic Assumptions

It is important that Council's Long Term Financial Plan reflects the most recent economic data and forecasts available. A review is conducted each year to ensure that the underlying parameters and assumptions are reasonable given the current economic conditions and expectations. The key economic indicators and drivers used in this Plan are summarised in the Table 1 below.

Table 1: Key Drivers and Assumptions

		Cost Index	Wages	Rates exc Growth	Growth
2018	Year 1	1.6%	2.0%	2.3%	0.5%
2019	Year 2	2.5%	2.0%	2.5%	1.0%
2020	Year 3	2.7%	2.0%	2.7%	1.0%
2021	Year 4	3.0%	3.0%	3.0%	1.0%
2022	Year 5	3.0%	3.5%	3.0%	1.0%
2023	Year 6	3.0%	3.5%	3.0%	1.0%
2024	Year 7	3.0%	3.5%	3.0%	1.0%
2025	Year 8	3.0%	3.5%	3.0%	0.5%
2026	Year 9	3.0%	3.5%	3.0%	0.5%
2027	Year 10	3.0%	3.0%	3.0%	0.5%

1.1.1 Cost Index

The Consumer Price Index (CPI) is regarded as Australia's key measure of inflation for household consumables. It is designed to provide a general measure of price inflation for the Australian household sector as a whole. Whilst the CPI drives non-rates income, expenditure on materials is based on the Local Government Price Index (LGPI). Whilst the CPI is regarded as a key measure of household expenditure inflation and is designed to provide a general measure of price inflation for household purchases, the LGPI is considered more suitable for measuring the inflation of Local Government sector services.

Year 1 of this Long Term Financial Plan is based on the Dec 2016 LGPI of 1.60%. The comparative Adelaide CPI for the Dec quarter was 1.30%. The South Australian Centre for Economic Studies does not currently project LGPI. As such, Trading Economics has been used which projects CPI as being 2.20% in 2020. The differential between CPI and LGPI over the past ten years has been noted as 0.50% on average. As a result, the projections for cost indices used in the LTFP are essentially based on the projected CPI plus a differential of 0.5%. The CPI forecast for 2020 is 2.20% and as such the cost index used in this LTFP is 2.70%. For Years 3-10, CPI has been assumed as being 2.50% and hence the cost index used is 3.0%.

Table 2: Differential between CPI and LGPI

Financial Year	LGPI (% change from previous year)	CPI - Adelaide (% change from previous year)	Difference Between LGPI and CPI (%)
2016/17	1.8	1.5	0.3
2015/16	0.9	0.9	0
2014/15	1.7	1.6	0.1
2013/14	2.3	2.6	-0.3
2012/13	2.8	2	0.8
2011/12	3.7	2.6	1.1
2010/11	3.5	3.2	0.3
2009/10	2.8	2.2	0.6
2008/09	4.5	3.2	1.3
2007/08	3.8	3.3	0.5
10 Year Average			0.5

The LTFP revenue increases have been calculated to closely match projected expenditure increases. This strategy is both prudent and essential in order to produce a balanced and financially sustainable LTFP.

1.1.2 Salaries and Wages

Staff costs for Years 1-3 are dependent on the Enterprise Bargaining outcomes and have been assumed at 2% (including increments). For years 4-10, a cost index of between 3.0% - 3.5% has been assumed which is in line with the projected LGPI. However, from Year 5 onwards, there is an additional impact from the increase in the superannuation guarantee which was announced as part of the 2014 Federal Budget (as amended).

This LTFP assumes that the superannuation will increase progressively from 9.5% to 12.0% by 2025/26. Any future changes to the superannuation legislation outside of the current projected trajectory to 12.0% has the potential to impact the Plan and Council's financial position. The staffing levels have been maintained at 160.9 Full Time Equivalents (compared to 163.9 FTE for the 2015/16 year).

1.1.3 Rates

The LTFP has used the adopted rates increase of 2.30% for the 2017/18 financial year. In line with Audit Committee recommendation, rates for years 2-10 of this LTFP have been tied to projected LGPI.

Natural growth is projected to increase at a steady historical rate of 0.5% pa except for in years 2-7 which factors in additional growth of 0.5% per year to account for the Glenside Development.

There have been no changes in policy including in this LTFP with regards to rates. The current practice of differentially rating Vacant Land has been maintained and all other land use codes have been maintained as being rated at residential rates.

1.1.4 Capital Works

The City of Burnside is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities for our community.

Council has indicated a preference to purchase capital expenditure items through the use of Council borrowings. This iteration of the LTFP has been prepared based on the most up to date capital expenditure forecasts at this time and includes:

- Renewal and Replacement of existing assets totalling $108.5m across the 10 year period; and
- Spending of $27.8m on New and Upgraded assets across the 10 year period.

1.1.5 Debt levels

A major component of services Council provides are asset intensive which often requires a large investment, initially for acquisition of assets and ongoing as a result of maintenance and renewal of those assets. Without the use of debt it is very difficult for Council to finance the acquisition of new assets, while at the same time finance planned and requisite asset renewals. In the absence of adequate debt, Council would have to charge current ratepayers a high charge relative to the benefit derived. This would also lead to issues with intergenerational equity since Council would charge current ratepayers high rates whilst future ratepayers would continue to derive the benefit of the assets. Using debt, when done equitably and responsibly, will help alleviate these issues of intergenerational equity.

This current LTFP builds in $108.5m in asset renewal and replacement and $27.8m in new and upgraded assets over the 10 year period. A net of $1.8m of debt has been built into this LTFP based on a treasury management position of drawing down on loans when required and repaying loans when excess cash is available. The debt projections shown below show a peak in year 4 of $20.5m and then a reduction in debt levels to $12.1m by Year 10.

Year	Debt Level ($'m)
2018	14.1 (Adopted Budget position for 2017/18 was $14.7m)
2019	16.0
2020	19.0
2021	20.5
2022	20.0
2023	19.9
2024	18.3
2025	16.4
2026	14.5
2027	12.1

Borrowings have been assumed at a 4.50% - 4.80% interest rate over a 20 year period, which is a conservative and reasonable timeframe for Council to aim at repayment of its debt. In spite of this level of debt, Council maintains a Net Financial Liability Ratio between 28% - 51% across this 10 year period. This is significantly lower than the LGA recommended target of less than 100% of Operating Revenue. This demonstrates the affordability of the capital investments currently budgeted for over the next 10 years.

In addition, the 'Debt to Total Income' Ratio is maintained at between 19% - 38% across this 10 year period, with an average of 32%. This ratio is lower compared to the Adopted 2016/17 LTFP which projected an average Debt to Income Ratio of 42%. Whilst the NFL ratio includes trade payables, provisions as well as debt, the Debt to Income Ratio solely focuses on measuring debt as a proportion of income.

This LTFP will be updated periodically to ensure that the most up to date capital projections are being captured and accounted for over the 10 year period.

1.1.6 Council subsidiaries

The 2017/18 LTFP is based on the 2017/18 Adopted Budget with regards to the net gain /loss from Council subsidiaries. The Equity and Liability components related to these subsidiaries have been amended in line with the 2016/17 year-end financial statements.

This 2017/18 LTFP also does not include any capital contributions towards ERA Water, on the basis that ERA borrows its own funds guaranteed by the constituent Councils. There are however some minor connection costs included within the LTFP ($140k in 2018/19).

1.1.7 Other Projects

In addition to the factors discussed above, there are also some other projects which impact or have the potential to impact Council in the future. These have been detailed below:

Brownhill Keswick Creek Stormwater Project

The Stormwater Management Authority (SMA) exercised its power under Schedule 1A of the Local Government Act 1999 (the Act) to order the five catchment councils (Cities of Adelaide, Burnside, Mitcham, Unley and West Torrens) to develop a catchment based stormwater management plan (SMP) for the Brown Hill Keswick Creek (BHKC) flood plain. The purpose of the SMP is to mitigate and manage flood risk in the Brown Hill and Keswick Creek catchments and to achieve storm water reuse where feasible and economical.

The five catchment Councils have complied with the order and submitted a SMP to the SMA for review, comment and endorsement. The SMP was endorsed and subsequently gazetted on 7 March 2017.

The forecast cost of the Brown Hill and Keswick Creeks Stormwater Management Plan is estimated to be in the order of $147m, with implementation planned over a 10-20 year period. In February 2017, the South Australian Government (State Government) has committed to providing funding assistance to the project totalling 50 per cent of the project (estimated at $70M) over a 20 year period.

The State Government and the BHKC Project Steering Group continue to seek funding from the Commonwealth Government.

Based on the estimated costs and cost sharing arrangements approved under the Stormwater Management Plan (SMP 2012), the City of Burnside's share of the local government contribution is set at 12%, which equates to an indicative cost of between $8.0m and $10.0m depending on project funding support ultimately received. This plan includes $9.0m towards BHKC over the next 10 years and is based on a financial model of 6 year construction, 10 year funding and 10 year payback.

The BHKC Steering Group is still reviewing the alternative financial models and depending on the model chosen, there might be a financial impact on Council.

At this stage, the Project (catchment Councils) does not own any assets and a Regional Subsidiary is due to be formed in early 2018. On the establishment of a Regional Subsidiary, it is expected that Council will recognise its share of equity in this Regional Subsidiary.

Glenside Development

The Glenside development site is located on Fullarton Road, south-east of the Adelaide CBD, adjoining the Adelaide Parklands between Glen Osmond and Greenhill roads. This Project aims at building up to 1000 homes on the vacant land surrounding the Glenside Hospital.

This project is still in its construction phase and it is expected that sales will commence early 2018 and this project will be phased over 8-10 years in total. As a result, this LTFP includes an additional 0.5% growth per year for years 2-7. The LTFP will continue to be updated as the full impact of this project is determined.

Key Outcomes

This Long Term Financial Plan is based on, and achieves the following outcomes:

- an Operating Surplus of $1m in 2017/18 and surpluses for all remaining years;
- a target efficiency saving in 2017/18 of $566k with a further $585k incorporated in 2018/2019;
- Total borrowing as at 30 June 2018 now forecast at $14.1m (Adopted Budget position for 2017/18 was $14.7m) and at the end of the 10 year period at $12.1m;
- Financial indicators within acceptable target levels throughout the 10 year period;
- $347k of operating projects in 2017/18;
- $65k of new and enhanced services in 2017/18;
- Renewal and Replacement of existing assets equalling a net $9.9m in 2017/18 and totalling $108.5m across the 10 year period; and
- New and Upgraded assets equalling a net $4.1m in 2017/18 and totalling $27.8m across the 10 year period.

1.2 Financial Indicators

Council has adopted a suite of Key Financial Indicators that are primarily based on those included in the Model Financial Statements and recommended by the Australian Local Government Association as appropriate for measuring financial sustainability. The following tables provide a summary of Council's financial indicators and provide the industry accepted approach to analysing and comparing Council's performance from year to year.

Table 3: Key Financial Indicators

Ratio	2016/17 LTFP	2017/18 LTFP	LGA Target	Audit Committee Recommendation
Operating Surplus Ratio - %	Between 1% - 3.1 %	Between 1.15% - 3.12 %	Average of 0 – 10%	Below 5.0%
Net Financial Liabilities Ratio - %	Between 40% - 59%	Between 28% - 51%	Between 0 - 100%	No Recommendation
Interest Cover Ratio - %	Under 1.88%	Under 1.16%	No Recommendation	Below 2.0%
Asset Sustainability Ratio	90% - 110%	90% - 106%	Greater than 90% but less than 110%	No Recommendation
Debt Repayment Term	20 Years	20 Years	No Recommendation	20 Years
Debt to Income Ratio	42% average across 10 years	32% average across 10 years	No recommendation	Below 50%

Table 4: Key Financial Indicator Commentary

Financial Indicator (Ratio) Name	Key Financial Indicator Commentary
Net Operating Result	The LTFP currently indicates that an operating surplus will be achieved and maintained throughout the 10 years and will be maintained below the 5.0% threshold recommended by the Audit Committee.
Net Financial Liabilities	Council's projected ratio is comfortably below the LGA recommended maximum target of the value of rates generated. While Council's objective is to minimise its net financial liabilities position, Council is positioned to borrow funds for capital expenditure where required.
Net Financial Liabilities Ratio	Council's ratios across this 10 year plan are comfortably below the LGA recommended maximum target of 100 per cent.
Asset Sustainability Ratio	This Ratio is currently calculated based on depreciation. Once the AMP funding requirements have been adopted, the calculation will be based on the AMP requirements. Council's aim is to achieve a target within the recommended range of 90-110 per cent. Council's ratios over this 10 year plan are within this range.
Interest Cover Ratio	The LTFP currently indicates that the Interest Cover Ratio will be maintained across the 10 year period well below the target of 2%.
Debt to Income Ratio	Ratio introduced to measure Council's proportion of debt compared to its income. This LTFP has been based on an average of 36% across the 10 years.

Key Financial Statements

1.3 Statement of Comprehensive Income

Year Ended 30 June:	2017 Actuals $(000)	2018 Adopted Budget Year 1 $(000)	2019 Plan Year 2 $(000)	2020 Plan Year 3 $(000)	2021 Plan Year 4 $(000)	2022 Plan Year 5 $(000)	2023 Plan Year 6 $(000)	2024 Plan Year 7 $(000)	2025 Plan Year 8 $(000)	2026 Plan Year 9 $(000)	2027 Plan Year 10 $(000)
INCOME											
Rates	36,561	37,700	39,021	40,465	42,083	43,767	45,518	47,339	48,996	50,711	52,486
Statutory Charges	1,163	1,172	1,201	1,233	1,270	1,307	1,346	1,385	1,427	1,469	1,513
User Charges	1,718	1,686	1,729	1,775	1,829	1,884	1,940	1,998	2,058	2,120	2,185
Grants, subsidies, contributions	4,472	3,959	3,698	3,798	3,912	4,029	4,150	4,275	4,403	4,535	4,671
Investment Income	36	31	31	31	31	31	31	31	31	31	31
Reimbursements	343	267	274	282	290	299	308	317	326	335	345
Other Income	478	395	405	416	428	441	454	468	482	496	511
Gain - Equity Accounted Council Bus.	277	31	321	330	340	350	361	372	383	394	406
Total Revenues	**45,048**	**45,241**	**46,680**	**48,330**	**50,183**	**52,108**	**54,108**	**56,185**	**58,106**	**60,091**	**62,148**
EXPENSES											
Employee costs	15,636	15,955	16,196	16,520	17,015	17,610	18,228	18,865	19,525	20,208	20,815
Materials, contracts & other expenses	17,668	18,397	19,188	20,312	20,903	21,510	22,135	22,780	23,442	24,123	24,827
Depreciation	9,290	9,340	9,783	10,107	10,748	11,038	12,180	12,456	12,720	13,547	13,859
Finance Costs	375	491	339	394	537	606	582	513	485	391	301
Loss - Joint Ventures	160	46	198	200	202	204	206	208	210	212	214
Total Expenses	**43,129**	**44,229**	**45,704**	**47,533**	**49,405**	**50,968**	**53,331**	**54,822**	**56,382**	**58,481**	**60,016**
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS (Including subsidiaries)	**1,919**	**1,012**	**976**	**797**	**778**	**1,140**	**777**	**1,363**	**1,724**	**1,610**	**2,132**
Net gain/(loss) on disposal or revaluations	(188)	30	-	-	-	-	-	-	-	-	-
Amounts specifically for new assets	147	150	193	195	197	199	201	203	205	207	209
Physical resources free of charge	550	200	-	-	-	-	-	-	-	-	-
NET SURPLUS/(DEFICIT) (including subsidiaries)	**2,428**	**1,392**	**1,169**	**992**	**975**	**1,339**	**978**	**1,566**	**1,929**	**1,817**	**2,341**
Other Comprehensive Income											
Changes in revaluation surplus - IPP&E	50,742	-	-	32,562	-	31,066	-	-	44,026	-	38,600
Movements in Other Reserves	-	-	-	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income - Equity Accounted Co	2,459	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	**53,201**	**-**	**-**	**32,562**	**-**	**31,066**	**-**	**-**	**44,026**	**-**	**38,600**
TOTAL COMPREHENSIVE INCOME	**55,629**	**1,392**	**1,169**	**33,554**	**975**	**32,405**	**978**	**1,566**	**45,955**	**1,817**	**40,941**

1.4 Balance Sheet

City of Burnside Long Term Financial Plan 2017/18 ESTIMATED BALANCE SHEET		2,211	2,285	2,377	2,470	2,548	2,667	2,741	2,819	2,924	3,001
Year Ended 30 June:	**2017 Actuals** $(000)	**2018 Amended Year 1** $(000)	**2019 Plan Year 2** $(000)	**2020 Plan Year 3** $(000)	**2021 Plan Year 4** $(000)	**2022 Plan Year 5** $(000)	**2023 Plan Year 6** $(000)	**2024 Plan Year 7** $(000)	**2025 Plan Year 8** $(000)	**2026 Plan Year 9** $(000)	**2027 Plan Year 10** $(000)
ASSETS											
Current Assets											
Cash & Equivalent Assets	1,398	-	-	-	-	-	-	-	-	-	-
Trade & Other Receivables	1,198	1,422	1,452	1,486	1,524	1,563	1,605	1,648	1,688	1,730	1,773
Inventories	23	23	23	23	23	23	23	23	23	23	23
Total Current Assets	2,619	1,445	1,475	1,509	1,547	1,586	1,628	1,671	1,711	1,753	1,796
Non-Current Assets											
Other Financial Assets	201	201	201	201	201	201	201	201	201	201	201
Equity Accounted Investments in Council Businesses	3,238	3,269	3,590	3,920	4,260	4,610	4,971	5,343	5,726	6,120	6,526
Infrastructure, Property, Plant & Equipment	571,470	578,577	581,040	617,830	620,102	652,067	652,793	652,749	696,682	696,581	735,001
Other Non-Current Assets	963	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	575,872	582,047	584,831	621,951	624,563	656,878	657,965	658,293	702,609	702,902	741,728
Total Assets	**578,491**	**583,492**	**586,306**	**623,460**	**626,110**	**658,464**	**659,593**	**659,964**	**704,320**	**704,655**	**743,524**
LIABILITIES											
Current Liabilities											
Trade & Other Payables	3,009	4,263	3,710	4,071	4,002	4,094	4,105	4,159	4,191	4,234	4,273
Borrowings	290	290	294	409	485	508	1,555	1,945	1,845	2,422	720
Provisions	2,039	2,167	2,144	2,198	2,230	2,290	2,344	2,403	2,462	2,525	2,583
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-
Sub-total	5,338	6,720	6,148	6,678	6,717	6,892	8,004	8,507	8,498	9,181	7,576
Liabilities Relating to Non-Current Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	**5,338**	**6,720**	**6,148**	**6,678**	**6,717**	**6,892**	**8,004**	**8,507**	**8,498**	**9,181**	**7,576**
Non-Current Liabilities											
Trade & Other Payables	19	9	14	12	13	13	13	13	13	13	13
Borrowings	11,420	13,792	15,691	18,591	19,965	19,509	18,295	16,350	14,505	12,083	11,363
Provisions	418	237	352	324	383	409	456	495	540	585	624
Other Non-Current Liabilities	1,934	1,980	2,178	2,378	2,580	2,784	2,990	3,198	3,408	3,620	3,834
Total Non-Current Liabilities	13,791	16,018	18,235	21,305	22,941	22,715	21,754	20,056	18,466	16,301	15,834
Total Liabilities	**19,129**	**22,738**	**24,383**	**27,983**	**29,658**	**29,607**	**29,758**	**28,563**	**26,964**	**25,482**	**23,410**
NET ASSETS	**559,362**	**560,754**	**561,923**	**595,477**	**596,452**	**628,857**	**629,835**	**631,401**	**677,356**	**679,173**	**720,114**
EQUITY											
Accumulated Surplus	222,106	223,498	224,667	225,659	226,634	227,973	228,951	230,517	232,446	234,263	236,604
Asset Revaluation Reserve	336,827	336,827	336,827	369,389	369,389	400,455	400,455	400,455	444,481	444,481	483,081
Other Reserves	429	429	429	429	429	429	429	429	429	429	429
TOTAL EQUITY	**559,362**	**560,754**	**561,923**	**595,477**	**596,452**	**628,857**	**629,835**	**631,401**	**677,356**	**679,173**	**720,114**

1.5 Statement of Cash Flows

Year Ended 30 June:	2017 Actuals $(000)	2018 Amended Year 1 $(000)	2019 Plan Year 2 $(000)	2020 Plan Year 3 $(000)	2021 Plan Year 4 $(000)	2022 Plan Year 5 $(000)	2023 Plan Year 6 $(000)	2024 Plan Year 7 $(000)	2025 Plan Year 8 $(000)	2026 Plan Year 9 $(000)	2027 Plan Year 10 $(000)
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts											
Rates	36,615	37,684	39,002	40,445	42,060	43,743	45,493	47,313	48,973	50,687	52,461
Statutory Charges	1,163	1,172	1,201	1,233	1,270	1,307	1,346	1,385	1,427	1,469	1,513
User Charges	1,874	1,675	1,719	1,763	1,816	1,871	1,925	1,983	2,043	2,104	2,169
Grants, subsidies, contributions	4,472	3,977	3,738	3,783	3,926	4,025	4,155	4,276	4,406	4,537	4,673
Investment Income	36	31	30	29	29	29	29	29	29	29	29
Reimbursements	343	267	274	282	290	299	308	317	326	335	345
Other Income	3,456	395	405	416	428	441	454	468	482	496	511
Gain - Equity Accounted Council Bus.			321	330	340	350	361	372	383	394	406
Payments											
Employee costs	(15,656)	(15,834)	(16,089)	(16,496)	(16,915)	(17,525)	(18,122)	(18,765)	(19,418)	(20,097)	(20,715)
Materials, contracts & other expenses	(22,366)	(17,971)	(19,593)	(19,736)	(20,792)	(21,209)	(21,928)	(22,521)	(23,206)	(23,873)	(24,579)
Finance Costs	(375)	(390)	(339)	(394)	(537)	(606)	(582)	(513)	(485)	(391)	(301)
Net Cash provided by (or used in) Operating Activities	**9,562**	**11,006**	**10,470**	**11,455**	**11,713**	**12,521**	**13,233**	**14,136**	**14,750**	**15,478**	**16,298**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Amounts Specifically for New/Upgraded Assets	146	150	193	195	197	199	201	203	205	207	209
Sale of Renewed/Replaced Assets	265	116	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	51	-	-	-	-	-	-	-	-	-	-
Distributions Received from Associated Entities	-	-	-	-	-	-	-	-	-	-	-
Payments											
Expenditure on Renewal/Replacement of Assets	(10,059)	(9,894)	(10,512)	(10,195)	(9,650)	(9,972)	(11,007)	(11,183)	(11,410)	(12,190)	(12,495)
Expenditure on New/Upgraded Assets	(1,899)	(4,096)	(4,490)	(4,470)	(3,710)	(2,315)	(2,260)	(1,600)	(1,600)	(1,650)	(1,590)
Loans Made to Community Groups	(17)	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Associated Entities	(145)	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (or used in) Investing Activities	**(11,658)**	**(13,724)**	**(14,809)**	**(14,470)**	**(13,163)**	**(12,088)**	**(13,066)**	**(12,580)**	**(12,805)**	**(13,633)**	**(13,876)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Proceeds from Borrowings	3,029	2,826	4,489	3,309	1,859	52	341	-	-	-	-
Payments											
Repayments of Borrowings	(118)	(1,507)	(150)	(294)	(409)	(485)	(508)	(1,555)	(1,945)	(1,845)	(2,422)
Net Cash provided by (or used in) Financing Activities	**2,911**	**1,319**	**4,339**	**3,015**	**1,450**	**(433)**	**(167)**	**(1,555)**	**(1,945)**	**(1,845)**	**(2,422)**
Net Increase/(Decrease) in cash held	**815**	**(1,398)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Opening cash, cash equivalents or (bank overdraft)	**583**	**1,398**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing cash, cash equivalents or (bank overdraft)	**1,398**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

1.6 Statement of Changes in Equity

Year Ended 30 June:	2017 Actuals $(000)	2018 Amended Year 1 $(000)	2019 Plan Year 2 $(000)	2020 Plan Year 3 $(000)	2021 Plan Year 4 $(000)	2022 Plan Year 5 $(000)	2023 Plan Year 6 $(000)	2024 Plan Year 7 $(000)	2025 Plan Year 8 $(000)	2026 Plan Year 9 $(000)	2027 Plan Year 10 $(000)
ACCUMULATED SURPLUS											
Balance at end of previous reporting period	217,220	222,107	223,499	224,668	225,660	226,635	227,974	228,952	230,518	232,447	234,264
Net Result for Year	2,428	1,392	1,169	992	975	1,339	978	1,566	1,929	1,817	2,341
Other Comprehensive Income	2,459	-	-	-	-	-	-	-	-	-	-
Transfers to Other Reserves	-	-	-	-	-	-	-	-	-	-	-
Transfers from Other Reserves	-	-	-	-	-	-	-	-	-	-	-
Balance at end of period	**222,107**	**223,499**	**224,668**	**225,660**	**226,635**	**227,974**	**228,952**	**230,518**	**232,447**	**234,264**	**236,605**
ASSET REVALUATION RESERVE											
Land	116,028	116,028	116,028	141,870	141,870	141,870	141,870	141,870	177,036	177,036	177,036
Land Improvements	568	568	568	568	568	568	568	568	568	568	568
Buildings	32,900	32,900	32,900	38,676	38,676	38,676	38,676	38,676	46,350	46,350	46,350
Infrastructure	179,161	179,161	179,161	179,161	179,161	210,227	210,227	210,227	210,227	210,227	248,827
Plant & Equipment	4,799	4,799	4,799	5,521	5,521	5,521	5,521	5,521	6,469	6,469	6,469
Furniture & Fittings	3,371	3,371	3,371	3,593	3,593	3,593	3,593	3,593	3,831	3,831	3,831
Balance at end of period	**336,827**	**336,827**	**336,827**	**369,389**	**369,389**	**400,455**	**400,455**	**400,455**	**444,481**	**444,481**	**483,081**
OTHER RESERVES											
Balance at end of previous reporting period	429	429	429	429	429	429	429	429	429	429	429
Transfers from Accumulated Surplus	-	-	-	-	-	-	-	-	-	-	-
Transfers to Accumulated Surplus	-	-	-	-	-	-	-	-	-	-	-
Balance at end of period	**429**	**429**	**429**	**429**	**429**	**429**	**429**	**429**	**429**	**429**	**429**
TOTAL EQUITY AT END OF REPORTING PERIOD	**559,363**	**560,755**	**561,924**	**595,478**	**596,453**	**628,858**	**629,836**	**631,402**	**677,357**	**679,174**	**720,115**

1.7 Uniform Presentation of Finances

City of Burnside **Long Term Financial Plan 2017/18** **SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS**											
Year Ended 30 June:	**2017** **Actuals** $(000)	**2018** **Amended** **Year 1** $(000)	**2019** **Plan** **Year 2** $(000)	**2020** **Plan** **Year 3** $(000)	**2021** **Plan** **Year 4** $(000)	**2022** **Plan** **Year 5** $(000)	**2023** **Plan** **Year 6** $(000)	**2024** **Plan** **Year 7** $(000)	**2025** **Plan** **Year 8** $(000)	**2026** **Plan** **Year 9** $(000)	**2027** **Plan** **Year 10** $(000)
Operating Revenues	45,048	45,241	46,680	48,330	50,183	52,108	54,108	56,185	58,106	60,091	62,148
less Operating Expenses	43,129	44,229	45,704	47,533	49,405	50,968	53,331	54,822	56,382	58,481	60,016
Operating Surplus/(Deficit) before Capital Amounts	**1,919**	**1,012**	**976**	**797**	**778**	**1,140**	**777**	**1,363**	**1,724**	**1,610**	**2,132**
Less: Net Outlays on Existing Assets											
Capital Expenditure on Renewal/Replacement of Existing Ass	10,069	9,894	10,512	10,195	9,650	9,972	11,007	11,183	11,410	12,190	12,495
less Depreciation, Amortisation & Impairment	9,306	9,340	9,783	10,107	10,748	11,038	12,180	12,456	12,720	13,547	13,859
less Proceeds from Sale of Replaced Assets	123	116	-	-	-	-	-	-	-	-	-
	640	**438**	**729**	**88**	**(1,098)**	**(1,066)**	**(1,173)**	**(1,273)**	**(1,310)**	**(1,357)**	**(1,364)**
Less: Net Outlays on New and Upgraded Assets											
Capital Expenditure on New/Upgraded Assets	1,899	4,096	4,490	4,470	3,710	2,315	2,260	1,600	1,600	1,650	1,590
less Amounts Specifically for New/Upgraded Assets	147	150	193	195	197	199	201	203	205	207	209
less Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-	-
	1,752	**3,946**	**4,297**	**4,275**	**3,513**	**2,116**	**2,059**	**1,397**	**1,395**	**1,443**	**1,381**
Net Lending / (Borrowing) for Financial Year	**(473)**	**(3,372)**	**(4,050)**	**(3,566)**	**(1,637)**	**90**	**(109)**	**1,239**	**1,639**	**1,524**	**2,115**
In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.											
New Borrowings	1,631	2,827	4,489	3,309	1,859	52	341	-	-	-	-
Repayment of Principal on Borrowings	104	1,507	150	294	409	485	508	1,555	1,945	1,845	2,422
(Increase)/Decrease in Cash and Cash Equivalents	(815)	1,398	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Receivables	167	(224)	(30)	(34)	(38)	(39)	(42)	(43)	(40)	(42)	(43)
Increase/(Decrease) in Payables & Provisions	(2,224)	1,191	(456)	385	23	178	112	152	136	151	136
Other – Including the Movement in Inventories	1,610	(3,327)	(102)	(387)	(615)	(766)	(810)	(2,903)	(3,680)	(3,478)	(4,630)
Financing Transactions	**473**	**3,372**	**4,050**	**3,566**	**1,637**	**(90)**	**109**	**(1,239)**	**(1,639)**	**(1,524)**	**(2,115)**

1.8 Key Financial Indicators

Year Ended 30 June: Key Financial Indictors	2017 Actuals $(000)	2018 Amended Year 1 $(000)	2019 Plan Year 2 $(000)	2020 Plan Year 3 $(000)	2021 Plan Year 4 $(000)	2022 Plan Year 5 $(000)	2023 Plan Year 6 $(000)	2024 Plan Year 7 $(000)	2025 Plan Year 8 $(000)	2026 Plan Year 9 $(000)	2027 Plan Year 10 $(000)
Operating Surplus Ratio - %	4.26%	2.24%	1.83%	1.38%	1.28%	1.91%	1.15%	2.13%	2.67%	2.38%	3.12%
Net Financial Liabilities - $'000	14,398	19,135	20,552	23,918	25,353	25,059	24,962	23,516	21,667	19,931	17,602
Net Financial Liabilities Ratio - %	32%	42%	44%	49%	51%	48%	46%	42%	37%	33%	28%
Debt to Total Income Ratio - %	23%	31%	34%	39%	41%	38%	37%	33%	28%	24%	19%
Interest Cover Ratio - %	0.83%	1.09%	0.73%	0.82%	1.07%	1.16%	1.08%	0.91%	0.84%	0.65%	0.48%
Asset Sustainability Ratio - %	105%	106%	107%	101%	90%	90%	90%	90%	90%	90%	90%