



**KATHERINE TOWN COUNCIL
LONG TERM FINANCIAL PLAN
2014 - 2018**

INTRODUCTION

Under Section 126 of the *Local Government Act 2008*, Council is required to prepare a long term financial plan.

The purpose of Council's long term financial plan is to express, in financial terms, the activities that the Council proposes to undertake and at the same time, to maintain the delivery of its current service levels.

Council is aware that there can be challenges that Katherine Town Council will need to address, particularly within asset replacement and infrastructure management. Katherine Town Council endeavours to address issues that may arise in these areas particularly focusing on policy and procedure in order to maintain service levels and if possible improve them.

As with most long term financial plans, it is required to acknowledge that some things change over time and that long term financial plans are a useful tool focusing on guidance which can help identify financial issues in advance and enable a municipal plan to be developed to deal with them. This long term financial plan has been prepared using a number of assumptions which are outlined in the document.

DAVID LAUGHER

CHIEF EXECUTIVE OFFICER

MAJOR INITIATIVES

For the purposes of this long term financial plan the capital works have been based on the masterplans as developed by Katherine Town Council in conjunction with the Works Department and facility users. The masterplans have a number of major initiatives proposed. For example, a new club house for the Sportsgrounds, a new plant room for the Aquatic Centre, etc.

Katherine Town Council has excluded a number of initiatives under the before mentioned masterplans due to funding availability and the uncertainty surrounding these projects.

INFRASTRUCTURE MANAGEMENT

The overall goal for community infrastructure is to ensure that it is managed for the benefit of Katherine residents in a sustainable way. This plan endeavours to quantify the current position with regard to community infrastructure and then look ahead to what is required in the future and how best to meet this requirement.

Roads

Council is responsible for 53.10 kms of urban roads and 85 kms of rural roads. The primary issues for the roads are a sustainable resealing program and heavy patching/reconstruction and repair program. To achieve a sustainable road network it is considered that roads need to be resealed on a 12 year frequency and shoulders graded and compacted every 6 years.

An average of about \$800,000 per year is currently being spent on road maintenance, reseals, and reconstructions to provide a network that meets the needs and expectations of the road users and the community as a whole. All road works undertaken by Katherine Town Council is in accordance with Australian Standard guidelines. This includes routine maintenance and operations relating to seal and pavement repairs, line marking, kerbing, guttering, sweeping and cleaning. Works also includes minor and major safety and traffic improvements and road resurfacing and major rehabilitation works.

During the life span of this document, Katherine Town Council has assumed an annual allocation of \$310,000 for resealing or asphalt overlaying sections of the road network as required to maintain current standards of Councils roads.

Pathways (Footpaths and Cycle Paths)

Katherine Town Council will continue to monitor the condition of footpaths and cycle paths throughout the municipality and construct, reconstruct and maintain these facilities as required.

Katherine Town Council's footpath and cycle path network is approximately 53,634 sqm. During the life of this plan an annual budget allocation of \$10,000 has been allowed for the reconstruction of footpaths and cycle paths. An annual allocation for the ongoing maintenance has also been budgeted throughout the life of this plan. Provision will be made for future budgets for footpaths and cycle paths to be constructed and lighting to be installed along priority footpaths and cycle paths as identified each year in conjunction with the Neighbourhood Watch and Crime Prevention programs.

Stormwater Drainage

Katherine Town Council's stormwater system comprises of extensive underground stormwater systems including underground pipes, open unlined drains, side entry pits and culverts.

Katherine Town Council endeavours to provide and maintain a stormwater system that meets the needs of the Katherine community through continual improvements to manage flooding and safety issues and minimise impacts from pollutants entering the river system. This can be achieved through upgrading some existing systems, the installation of gross pollutants traps (GPTs) to collect waste as it enters or before it leaves the stormwater system, installation of erosion protection devices where required and systematic minor repairs and routine maintenance.

Katherine Town Council carries out annual inspections in order to identify immediate maintenance requirements and long term liabilities. This data collected has been and will continue to be used to make decisions about the future requirements of the Katherine Town Council's stormwater drainage network.

Other Infrastructure

Katherine Town Council's other infrastructure include:

Street and Park Furniture

Fencing Barriers

Park Equipment

Office Furniture

Shade Shelters

Irrigation Systems

Lighting

Annual allocations are made to ensure that adequate standards are maintained and upgrades whenever possible.

Assumptions

In developing its Long-Term Financial Plan, Council has applied the following assumptions:

Income

Rates – Minimum rates increased by 4.5%

Fees and Charges – increased annually in line with annual cost analysis

Operating Grants and Subsidies – maintain at current funding levels

Capital Grants – based on Capital Works Summary

Interest Revenue –3.8% of cash at bank balance

Expenditure

Employee Costs – increase annually by Darwin CPI or 3.5% whichever is the greater

Materials and Services – increased by 4.5%

Other Expenditure increased by 4.5%

The employee cost factor is based upon the proposed Katherine Town Council EBA agreement for 2012/2015 – a 3.5% and allowance for increments.

Capital Works

The amount of capital works listed in this long term financial plan are based on the Masterplans (noted previously). The Masterplans are reviewed on a regular basis and as such provides an indication of what the expected capital works requirements will be into the future. As can be expected with long term financial plans work requirements more than five (5) years out can only be considered to be an indicative estimate.

Financial Summary

The following section provides a summary for the 2014 to 2018 financial years based on the assumptions outlined above.

Income Statement

This statement outlines all sources of Katherine Town Council's revenue and all operating expenses incurred.

Balance Sheet

The Balance Sheet outlines what Katherine Town Council owns (assets) and what it owes (liabilities) at a point in time. Katherine Town Council's net worth is determined by deducting total liabilities from total assets – the larger the net equity, the stronger the financial position of Council is.

Cash Flow

This summarises the actual flows of cash over five years and explains the expected change in the cash balance held from the start of each year to the end of each year.

This highlights, on a yearly basis, the sources of Katherine Town Council's funds and where these funds are expended.

INCOME STATEMENT	Revised 2013/14 \$	Budget 2014/15 \$	Budget 2015/16 \$	Budget 2016/17 \$	Budget 2017/18 \$
INCOME					
Rates	4,953,274	5,760,647	6,279,106	6,844,225	7,401,872
Statutory charges	95,400	115,800	126,222	137,582	143,756
User charges	972,628	648,265	696,010	751,802	790,180
Grants, subsidies and contributions	1,735,678	1,783,518	1,785,335	1,802,685	1,832,939
Interest	412,000	364,000	406,240	406,493	418,711
Reimbursements	72,400	56,500	60,965	65,801	69,062
Other income	17,000	18,000	103,620	110,386	147,027
	8,258,380	8,746,730	9,457,497	10,118,973	10,803,549
EXPENSES					
Employee Costs	3,287,362	3,386,743	3,530,252	3,672,343	3,821,962
Materials, contracts and other expenses	4,387,963	4,692,886	4,885,785	5,095,202	5,097,735
Total Operating Expenses	7,675,325	8,079,629	8,416,037	8,767,545	8,919,697
Operating Surplus/(Deficit) before depreciation	583,055	667,102	1,041,460	1,351,428	1,883,851
Depreciation	3,572,496	3,472,974	4,561,131	4,576,229	4,592,066
Operating Surplus/(Deficit) before capital items	(2,989,441)	(2,805,872)	(3,519,670)	(3,224,801)	(2,708,215)
Net gain (loss) on disposal of assets	(17,497)	(5,000)	(7,500)	(8,000)	(8,500)
Amounts received specifically for new or upgraded assets	263,699	223,699	1,383,699	733,699	1,477,700
Net Operating Surplus/(Deficit)	(2,743,239)	(2,587,173)	(2,143,471)	(2,499,102)	(1,239,015)

BALANCE SHEET	Revised 2013/14 \$	Budget 2014/15 \$	Budget 2015/16 \$	Budget 2016/17 \$	Budget 2017/18 \$
Current Assets					
Cash and cash equivalents	9,592,047	9,374,359	8,525,869	9,487,838	12,284,362
Trade and other receivables	618,657	751,025	529,511	616,029	635,062
	<u>10,210,704</u>	<u>10,125,384</u>	<u>9,055,380</u>	<u>10,103,867</u>	<u>12,919,424</u>
Non-Current Assets					
Infrastructure, Property, Plant and Equipment	61,418,453	62,352,075	65,290,647	63,205,850	61,339,684
	<u>61,418,453</u>	<u>62,352,075</u>	<u>65,290,647</u>	<u>63,205,850</u>	<u>61,339,684</u>
TOTAL ASSETS	<u>71,629,157</u>	<u>72,477,459</u>	<u>74,346,027</u>	<u>73,309,717</u>	<u>74,259,108</u>
LIABILITIES					
Current Liabilities					
Trade and other payables	950,000	700,412	1,000,000	1,000,000	1,077,224
Provisions	600,000	489,230	580,000	550,000	594,759
	<u>1,550,000</u>	<u>1,189,642</u>	<u>1,580,000</u>	<u>1,550,000</u>	<u>1,671,983</u>
Non-Current Liabilities					
Provisions	350,000	320,000	380,000	350,000	362,250
	<u>350,000</u>	<u>320,000</u>	<u>340,000</u>	<u>350,000</u>	<u>362,250</u>
TOTAL LIABILITIES	<u>1,900,000</u>	<u>1,509,642</u>	<u>1,920,000</u>	<u>1,900,000</u>	<u>2,034,233</u>
NET ASSETS	<u>69,729,157</u>	<u>70,967,817</u>	<u>72,426,027</u>	<u>71,409,717</u>	<u>72,224,875</u>
EQUITY					
Accumulated Surplus/(Deficit)	(12,057,569)	(14,644,742)	(15,364,164)	(16,380,474)	(15,565,316)
Asset Revaluation Reserve	81,786,726	85,612,559	87,790,191	87,790,191	87,790,191
TOTAL EQUITY	<u>69,729,157</u>	<u>70,967,817</u>	<u>72,426,027</u>	<u>71,409,717</u>	<u>72,224,875</u>

CASH FLOW STATEMENT	2013/14	2014/15	2015/16	2016/17	2017/18
	\$	\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Operating receipts	7,748,014	8,365,230	8,967,257	9,623,481	10,259,838
Investment receipts	412,000	364,000	406,240	406,493	418,711
Operating payments to suppliers and employees	(7,631,910)	(8,079,629)	(6,991,987)	(7,284,753)	(6,865,524)
Net Cash provided by (or used in) operating activities	528,104	649,602	2,381,510	2,745,220	3,813,025
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Amounts specifically for new or upgraded assets	223,699	223,699	1,383,699	733,699	1,477,700
Sale of replaced assets	54,000	17,500	84,000	89,000	125,000
Payments					
Expenditure on renewal/replacement of assets	(1,170,599)	(1,108,489)	(4,697,699)	(2,605,950)	(2,619,200)
Net proceeds (cost) from advances and investments					
Net Cash provided by (or used in) investing activities	(892,900)	(867,290)	(3,230,000)	(1,783,251)	(1,016,500)
CASH FLOW FROM FINANCING ACTIVITIES					
Payments					
Repayments of borrowings	-	-	-	-	-
Net Cash provided by (or used in) financing activities	-	-	-	-	-
Net increase (decrease) in cash held	(364,796)	(217,688)	(848,490)	961,969	2,796,525
Cash and cash equivalents at beginning of period	9,956,843	9,592,047	9,374,359	8,525,869	9,487,838
Cash at end of reporting period	9,592,047	9,374,359	8,525,869	9,487,838	12,284,362