

# Long Term Financial Plan

This Long Term Financial Plan is prepared in accordance with section 126 of the Local Government Act. It details the expected activities commencing in the 2012/2013 year and concluding in the 2016/2017 year.

## Major Initiatives Included

The plan includes:

- Allowing for a growth in the rate base of approximately 5% per annum
- No additional external borrowings are expected to be undertaken and Council will maintain its external “debt free” status
- Increasing the existing number of staffing positions within the organisation with the ability to change functions should specific needs be identified
- Continuing to maintain an extensive array of parks and reserves as irrigated and well maintained public spaces
- Implement CBD Master Plan for Palmerston
- Ensuring that properties leased by Council maintain commercial returns
- Ensuring the Council’s IT system remains secure and up to date
- Maintain the extensive playgrounds that are established (and being established) throughout the City
- Continue to maintain the primary buildings of Council – Civic Centre, Recreation Centre and Public Library
- To achieve the outcomes as identified with the Council’s Municipal Plan

## Management of Infrastructure

The Council currently manages an inventory of assets to the value of approximately \$287 million. These assets include land and buildings, roads, bridges, kerbing and footpaths, parks, gardens and irrigation systems, plant and furniture and library materials.

The major buildings including the Civic Centre, Recreation Centre and Public Library are all buildings that are owned and operated by Council apart from the Recreation Centre, which is entirely leased and the lower level of the Civic Centre and café at the Library are

also leased. The rental return received from the buildings is anticipated to generally meet the maintenance requirements of these buildings.

Council maintains an extensive network of roads, which will require additional resources into the future with age and also maintaining where there have been ongoing issues with various sections. This plan anticipates an increase in road resealing and the need to repair specific sections of roads.

Footpath repair is also an issue for Council where they have been installed and now extensive building activity is occurring and causing damage to these areas through the movement of heavy transport.

Although all maintenance activities are currently undertaken by the private sector, as Council does not currently maintain a day labor workforce, Council does plan to create a small workforce in the future who will be tasked with smaller maintenance type activity across specific areas.

This approach is considered beneficial to achieving a better level of responsiveness for urgent issues and issues to which calling small contracts and engaging private contractors is cost prohibitive.

Cleaning operations will continue to be undertaken by the private sector by way of period contracts.

## Assumptions in relation to development of long term financial plan

- Rate Income is indexed at 5% per annum including growth
- Waste Management Charges are indexed including growth by 5% per annum
- Grant funds are anticipated to grow 3% per annum
- Salaries and Wages have been indexed 4% per annum
- Wage related costs have been indexed 4% per annum
- General operating costs have been anticipated to grow between 5% per annum
- Contract costs are expected to grow 5% per annum
- No new loans are anticipated to be taken out

## City of Palmerston Long-Term Financial Plan

	<b>Actual 2011</b>	<b>Budget 2012</b>	<b>Budget 2013</b>	<b>Budget 2014</b>	<b>Budget 2015</b>	<b>Budget 2016</b>	<b>Budget 2017</b>
<b>Income</b>							
Rates/Annual Charges	15,656,085	16,970,918	17,958,517	18,856,443	19,799,265	20,789,228	21,828,690
Statutory Fees & Charges	169,656	619,850	529,000	555,450	583,223	612,384	643,003
User Fees & Charges	799,990	412,471	225,640	236,922	248,768	261,207	274,267
Interest & Investment Income	2,044,830	1,726,257	1,669,600	1,619,512	1,570,927	1,523,799	1,478,085
Reimbursements & Other Revenue	209,234	227,236	62,639	62,639	62,639	62,639	62,639
Grants & Subsidies, Contributions	2,736,873	2,652,088	3,050,562	3,142,079	3,236,341	3,333,431	3,433,434
<b>Gross Income</b>	<b>21,616,668</b>	<b>22,608,820</b>	<b>23,495,958</b>	<b>24,473,045</b>	<b>25,501,162</b>	<b>26,582,688</b>	<b>27,720,118</b>
<b>Less Operating Expenditure</b>							
Employee Cost	3,849,197	4,443,954	5,411,770	5,628,241	5,853,370	6,087,505	6,331,005
Financing Costs	-	-	-	-	-	-	-
Depreciation, Amortisation & Impairment	6,238,079	6,695,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000
Materials & Contracts	13,293,068	16,167,857	17,414,388	18,285,107	19,199,363	20,159,331	21,167,297
<b>Total Operating Expenses</b>	<b>23,380,344</b>	<b>27,306,811</b>	<b>29,626,158</b>	<b>30,713,348</b>	<b>31,852,733</b>	<b>33,046,836</b>	<b>34,298,303</b>
<b>Operating Surplus/(Deficit)</b>	<b>-1,763,676</b>	<b>-4,697,991</b>	<b>- 6,130,200</b>	<b>- 6,240,303</b>	<b>-6,351,571</b>	<b>-6,464,148</b>	<b>-6,578,185</b>
Gain/Loss on disposal of assets	2,167,617	-	-	-	-	-	-
Total Non-operating Income (Expense)	2,167,617	-	-	-	-	-	-
Less depreciation write back	-	6,695,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000
<b>Net Surplus/Deficit for Year</b>	<b>403,941</b>	<b>1,997,009</b>	<b>669,800</b>	<b>559,697</b>	<b>448,429</b>	<b>335,852</b>	<b>221,815</b>