

George Town Council

**Long Term Financial Plan
2024 | 2033**

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Introduction

A key strategy of effective financial management is the preparation and consideration of a long term financial plan.

The key reasons for the development and consideration of a long term financial plan are:

- To establish a prudent and sound financial framework over the next 10 years to ensure Council's strategic goals are achieved;
- To provide an assessment of the financial resources required to accomplish the objectives and goals included in Council's strategic plan;
- To establish a basis to measure the Council's adherence to its policies and strategies; and
- To assist Council to comply with sound financial management principles, in accordance with the Local Government Act 1993 and to plan for the long term financial sustainability of the municipal area.

A long term financial plan is not intended to be static, but rather it is to be reviewed as part of the annual planning and budget process to incorporate any future changes in Council policy, new initiatives or strategic direction.

Linkage to the Strategic Plan

Council's Mission is to

"...strive to achieve the community's vision of a vibrant, engaged and diverse municipality through: the provision of quality and affordable services, the usage of available assets and resources, the application of sound governance principles and prudent financial management and a focus on sustainability in all that we do."

Council's Strategic Plan lists the goals, strategies, key objectives and key priorities it has outlined to pursue its Mission which need to be accommodated within the overall financial resources identified in this Long Term Financial Plan.

Financial Management Strategy

Council has adopted a Financial Management Strategy which should be read in conjunction with this Long Term Financial Plan. The Financial Management Strategy includes targets for financial indicators which are measured and discussed further in the Key Financial Indicators section below.

Statutory Requirements

The following table outlines the statutory requirements and how this Long Term Financial Plan complies.

Requirement	Level of compliance
Local Government Act 1993 Section 70. Long-term financial management plans	
(1) A council is to prepare a long-term financial management plan for the municipal area.	Complies
(2) A long-term financial management plan is to be in respect of at least a 10 year period.	Complies
(3) A long-term financial management plan for a municipal area is to –	

Requirement	Level of compliance
<p>(a) be consistent with the strategic plan for the municipal area; and</p> <p>(b) refer to the long-term strategic asset management plan for the municipal area; and</p> <p>(c) contain at least the matters that are specified in an order made under <u>section 70F</u> as required to be included in a long-term financial management plan.</p>	<p>Complies</p> <p>Complies with exception that asset management plans, originally prepared in 2017 require updating and consolidation.</p> <p>See below Local Government (Content of Plans and Strategies) Order 2014</p>
<p>Local Government (Content of Plans and Strategies) Order 2014 Reg 5</p> <p>1) In this clause –</p> <p>long-term financial management plan of a council, means a long-term financial management plan prepared by the council in accordance with section 70 of the Act.</p> <p>(2) A long-term financial management plan of a council is required to include the following matters:</p> <p>(a) the estimated revenues and expenses for each financial year of the plan, including the revenues and expenses in relation to each of the following matters:</p> <p>(i) all capital works;</p> <p>(ii) all capital expenditure;</p> <p>(iii) all asset management requirements identified, as required under clause 7(2)(b), in the long-term strategic asset management plan;</p> <p>(b) for each financial year of the plan, a statement of comprehensive income, including estimates of –</p> <p>(i) recurrent revenue; and</p> <p>(ii) recurrent expenses; and</p> <p>(iii) underlying surplus or deficit; and</p> <p>(iv) net surplus or net deficit; and</p> <p>(v) comprehensive result;</p> <p>(c) for each financial year of the plan, a statement of financial position, including estimates of –</p> <p>(i) current and non-current assets; and</p> <p>(ii) current and non-current liabilities; and</p> <p>(iii) net assets; and</p> <p>(iv) equity, including reserves;</p> <p>(d) for each financial year of the plan, a cash flow statement, including estimates of –</p> <p>(i) receipts, payments, dividends and net cash from operational activities, financial activities including loan borrowings, and investment activities; and</p> <p>(ii) net increases or net decreases in cash held; and</p>	<p>Complies, see Financial Forecast section</p> <p>Complies, see Financial Forecast and Key Financial Indicators sections</p> <p>Complies, see Financial Forecast section</p> <p>Complies, see Financial Forecast section</p>

Requirement	Level of compliance
<p>(iii) cash and cash equivalents held at the beginning of the period; and</p> <p>(iv) cash and cash equivalents held at the end of the period;</p> <p>(e) a description of the financial management strategies to be adopted by the council, including financial targets and their rationale;</p> <p>(f) a comparison of projected financial performance against targets (determined by the council) for financial indicators, including those indicators specified in an order made under section 84(2A) of the Act, for each financial year included in the long-term financial plan;</p> <p>(g) all assumptions used in the development of the estimates referred to in paragraphs (a), (b), (c) and (d).</p> <p>(3) For the purposes of subclause (2)(d)(i), the estimates are to include separate estimates in respect of renewal, upgrade and new capital expenditure in relation to the activities referred to in that clause.</p>	<p>Complies, see Introduction, Key Financial Indicators and Executive Summary sections. Also refer to the Financial Management Strategy adopted by Council.</p> <p>Complies, but noting that the Asset Sustainability Ratio should be informed by current projections from the long term strategic asset management plan of Council. Asset management plans prepared by Council are under review to be updated for revised forecasts and assumptions.</p> <p>Complies, see Key Assumptions section.</p> <p>Complies, see Executive Summary and Financial Forecasts sections</p>

Executive Summary

Underlying Surplus

Key Financial Indicators	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Rounded to the nearest \$000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	
Underlying surplus or deficit													
Recurrent income	13,200	14,986	15,658	15,760	16,256	16,795	17,341	17,910	18,502	19,115	19,754	20,418	
Recurrent expenditure	(13,018)	(14,446)	(15,237)	(15,856)	(16,312)	(16,789)	(17,277)	(17,782)	(18,305)	(18,842)	(19,395)	(19,966)	
Surplus (Deficit)	182	540	421	(96)	(56)	6	64	128	197	273	359	452	
Target	> 1%	1.1%	3.3%	2.7%	-0.6%	-0.3%	0.0%	0.4%	0.7%	1.1%	1.4%	1.8%	2.2%

Council recorded underlying surpluses of \$0.18 million and \$0.54 million respectively in 2021-22 and 2022-23. Over the course of the plan, Council is forecast to run an underlying surplus in aggregate, with small deficits in Year 2 and Year 3 but reaching the target of >1% in the later years.

Whilst these small deficits are not cash losses, as they include allowances for depreciation, they are indicative of an organisation which is unable to generate sufficient surpluses to fund asset replacements. Therefore, it is imperative that Council can maintain positive surpluses over time.

Recurrent revenue

Recurrent revenue includes the following rates & charges revenue assumptions:

- Approved rates for 2023-24.
- Rate increases from 2024-25 of inflation (assumed at 3.01% in this plan).
- An increase in the rateable base from development activity of 0.6% from 2023-24.

Operational grants are assumed to be aligned to the advice from the Tasmanian State Grants Commission for 2023-24, with adjustments across the plan for inflation.

Recurrent expenditure

Recurrent expenditure includes employee costs and materials and services. Staffing levels have been included in the plan at 2023-24 levels, with cost increases each year at estimated inflation.

Asset Sustainability

Existing assets

Key Financial Indicators	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Rounded to the nearest \$000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	
Asset sustainability ratio													
Asset replacement expenditure	2,121	3,258	3,081	3,572	3,678	3,790	3,904	4,020	4,141	4,265	4,392	4,524	
Annual depreciation expense	(2,938)	(3,081)	(3,079)	(3,350)	(3,457)	(3,567)	(3,678)	(3,794)	(3,917)	(4,040)	(4,168)	(4,301)	
Target	100%	72.2%	105.7%	100.1%	106.6%	106.4%	106.3%	106.1%	106.0%	105.7%	105.6%	105.4%	105.2%

Many of Council's services to the community are asset based such as roads, drainage and community facilities. Council is responsible for managing a large asset base relative to its annual income level. These assets are typically long lived but as they age they require additional maintenance to preserve preferred minimum service levels. However, over time the maintenance effort is no longer cost effective and assets require renewal or replacement.

One measure of sustainable funding of infrastructure is the Asset Sustainability Ratio which measures asset replacement expenditure compared with depreciation expense. The table above shows the renewal/replacement expenditure and annual depreciation expense.

A ratio of 100% means that asset renewal/replacement (renewal or replacement of existing assets) is keeping pace with depreciation expense.

A ratio substantially below 100% may over time lead to a deterioration in the existing asset base and a backlog of work required. This ratio is projected to be on average approximately 105% over the course of the 10 year plan which primarily reflects an approach to fully fund estimated depreciation expense across asset classes.

Council has recognised that the sustainability of its large existing asset base needs to be carefully considered and adequate funds included in long term financial planning. Council is currently in the process of reviewing and updating its asset management plans. This will require further review of the underlying condition data to predict the timing of renewal or replacement expenditure. Council will update this long term financial plan once the asset management plans are updated.

As noted in the Cash and Debt Levels section below, Council is projecting to have funding capacity to meet some additional capital renewals or replacement expenditure should that be required.

New or upgraded assets

Capital Expenditure	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
New or upgraded assets *												
Buildings	211	132	1,780	-	-	-	-	-	-	-	-	-
Plant and machinery	17	31	428	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-	-
Domestic waste	-	-	-	-	-	-	-	-	-	-	-	-
Roads	782	117	1,189	412	424	437	450	464	478	492	507	522
Kerb and gutter	-	-	-	-	-	-	-	-	-	-	-	-
Footpaths and cycleways	263	506	100	-	-	-	-	-	-	-	-	-
Bridges	959	-	-	-	-	-	-	-	-	-	-	-
Drainage	-	3	-	-	-	-	-	-	-	-	-	-
Parks and reserves	3,148	2,622	275	-	-	-	-	-	-	-	-	-
Playground equipment	311	-	-	-	-	-	-	-	-	-	-	-
Waste transfer station	-	21	31	-	-	-	-	-	-	-	-	-
Total	5,691	3,432	3,803	412	424	437	450	464	478	492	507	522

* The proposed Aquatic, Health and Wellbeing Centre has not been included in the base case Capital Expenditure plan above but is further analysed as a Sensitivity later in this plan.

Council have spent \$9.1 million over the course of 2021-22 and 2022-23 on new or upgraded assets and have committed to further projects for new or upgraded assets of \$3.8 million in 2023-24, albeit with substantial funding of this initial capital cost by the Australian Government. The issue for Council is that once constructed these assets will add to the asset base. This further adds to depreciation expense and over time will require capital renewal expenditure.

From 2024-25 Council have assumed that, with exception of roads to recovery projects, there will be minimal new or upgraded assets unless they are supported by a business case with whole of life funding and costs (including depreciation) that demonstrates the sustainability of that further investment.

Cash and Debt Levels

Key Financial Indicators		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000		Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Cash Reserves													
Cash (excluding unspent grants) to current liabilities													
Cash balance		8,129	7,225	6,636	6,037	5,809	5,645	5,547	5,522	5,573	5,714	5,949	6,287
Unspent grant funds		(2,118)	-	-	-	-	-	-	-	-	-	-	-
Current liabilities		(4,614)	(4,278)	(3,085)	(2,824)	(2,888)	(2,953)	(3,021)	(3,091)	(3,162)	(3,237)	(3,314)	(3,392)
Target	>\$0	1,397	2,947	3,551	3,213	2,921	2,692	2,526	2,431	2,411	2,477	2,635	2,895
Debt Levels													
Net financial (liabilities)/assets ratio													
Net financial (liabilities)/assets		945	1,927	1,631	1,470	1,355	1,305	1,317	1,399	1,559	1,802	2,140	2,578
Recurrent income		17,287	16,176	15,658	15,760	16,256	16,795	17,341	17,910	18,502	19,115	19,754	20,418
Target (Debt Ceiling)	-25%	5.5%	11.9%	10.4%	9.3%	8.3%	7.8%	7.6%	7.8%	8.4%	9.4%	10.8%	12.6%

Council is projected to remain well within cash and debt level targets over the course of the plan noting there is forecast capacity to manage:

- Additional capital expenditure than currently forecast on renewal or replacement of existing assets.
- Contingencies such as weather events which may not be fully covered by insurance.

It is important to reiterate that the projections for capital expenditure do not currently include any new or upgraded assets after 2024-25, with exception of Roads to Recovery.

Key Assumptions

The following key assumptions have been applied in developing the plan.

General Assumptions

Assumption		Comments
1	Values	Values shown can be real (current dollars and not inflated) or nominal (the effects of inflation are shown). In this Long Term Financial Plan the values shown are nominal to show the effects of forecast inflation.
2	Inflation	The forecast inflation rate is 3.01% per annum for the life of the plan. This compares with the Tasmanian Council Cost Index published by the LGAT for the 2024 year of 3.74% (2023: 8.11%, 2022: 4.06%). The Council Cost Index comprises 30% ABS Wage Price Index, 20% ABS Hobart CPI and 50% ABS road and bridges construction indexation.
3	Starting point	The starting point for the plan was the 2021-22 and 2022-23 actual results with the 2023-24 budget (as adopted June 2023, with adjustments for any grant funding changes approved since) representing the first year of the plan.
4	Annual refresh	It is expected that once Council have adopted an agreed plan that it will be refreshed and extended annually, to ensure it remains current. This will include revising any assumptions and calculations.

Income Assumptions

Assumption		Comments
1	Rates & charges	Assumed inflation increases of 3.01% per annum and an increase in the rating base of 0.60% per annum has been assumed from Year 2, to consider future development activity.
2	Grants – Operational	The Financial Assistance Grant has been set at the level advised by the Australian Government for 2023-24 with indexation for inflation applied from 2024-25.
3	Fees & charges	Fees and charges have been set in line with the 2023-24 budget forecast adjusted for inflation thereafter.
4	Investment income (TasWater)	TasWater have advised that total distributions will step up from \$24 million to \$25 million from 2026-27 in line with TasWater's Corporate Plan. Council currently has a 1.14% share and income has been

Assumption		Comments
		assumed at this proportion of the total distribution amount.
5	Interest	Interest has been calculated on the average cash balance during the year at an interest rate of 3.00%, on blended cash at bank and term deposits through each year.
6	Other	Other revenue is assumed to be in line with the 2023-24 budget forecast adjusted for inflation thereafter.
7	Grants – capital	Capital grants have only been included in line with current funding agreements with exception of Roads to Recovery funding which is assumed to continue for the full 10 years of the plan at the 2023-24 level (currently committed for 5 years).
8	Gain (loss) on asset sales	All proceeds from the future sale of plant and equipment and other assets in the ordinary course of operation are assumed to approximate book value. Therefore, no gain or loss on assets sales is included.
9	Loss on revaluation/Recognition of assets	No items of this nature have been assumed in the plan.

Expense Assumptions

Assumption		Comments
1	Employee costs	Employee costs have been included based on the 2023-24 budget forecast with wage increases in line with estimated inflation. In practice this means the same FTE levels across the plan.
2	Materials and services	Materials and services have been included based on the 2023-24 budget forecast with increases in line with estimated inflation.
3	Depreciation	<p>Depreciation is calculated on the underlying asset base. The rates of depreciation used are in line with 2022-23 statutory financial report.</p> <p>Depreciation is expected to increase for any new or upgraded assets which add to the underlying asset base. This investment in new assets occurs primarily in line with capital grant funding.</p>
4	Finance costs	Finance costs are calculated on the balance of average borrowings outstanding each year. Borrowings are predicted to reduce over the course of the plan and hence finance costs decrease in line with this trend. The assumed average interest rate is 4.0% which is in line with the average of current borrowing agreements.

Assumption		Comments
5	Other	Other expenses have been included based on the 2023-24 budget forecast with increases in line with estimated inflation.

Other Comprehensive Income Assumptions

Assumption		Comments
1	Revaluation increment (decrement)	As the amounts shown in the plan are shown in nominal dollars the inflationary effect on asset valuations has been shown in revaluation increments across the plan.
2	Fair value adjustment (TasWater)	An adjustment for the increment in fair value for the inflationary effect on the written down replacement value of TasWater assets has been shown across the plan.

Capital Expenditure Assumptions – Renewals & Replacements (Existing Assets)

Assumption		Comments
1	Buildings	Expenditure has been assumed at approximately \$323 thousand per annum which is 60% of estimated depreciation but marginally higher than average expenditure for the 2021-22 and 2022-23 years.
2	Plant and machinery	Replacement expenditure over the life of the plan is expected to approximate expected depreciation.
3	Furniture and fixtures	Replacement expenditure over the life of the plan is expected to approximate expected depreciation.
4	Domestic waste	Replacement expenditure over the life of the plan is expected to approximate expected depreciation.
5	Roads	In accordance with independent road engineer's estimates (Moloney Asset Management Systems) of expected depreciation.
6	Kerb and gutter	
7	Footpaths and cycleways	
8	Light poles	Replacement expenditure over the life of the plan is expected to approximate expected depreciation.
9	Bridges	Replacement expenditure over the life of the plan is expected to approximate expected depreciation. In accordance with independent bridge engineer's estimates (AusSpan).
10	Drainage	Replacement expenditure over the life of the plan is expected to approximate expected depreciation. In line with independent modelling estimates (Assetic).

Assumption		Comments
11	Parks and reserves	Replacement expenditure over the life of the plan is expected to approximate expected depreciation.
12	Playground equipment	Replacement expenditure over the life of the plan is expected to approximate expected depreciation.
13	Waste transfer station	Replacement expenditure over the life of the plan is expected to approximate expected depreciation.

Capital Expenditure Assumptions – Upgrades & New Assets

Assumption		Comments
1	Budget 2023-24 works program	Works and asset purchases approved in the 2023-24 budget have been included in the plan.
2	Road works from 2023-24	<p>Where funding has been committed by the Australian Government during 2023-24 or prior it has been assumed that works will be completed.</p> <p>An allowance for new or upgraded assets of \$400 thousand per annum, adjusted for inflation, is included in the plan to allow for growth.</p> <p>In addition, the Roads to Recovery program has been committed for \$2.93 million for 5 years from 2024-25 but is assumed to continue across the life of the remainder of the plan.</p>
3	Other upgrades or new assets from 2023-24	<p>Council has assumed that there will be no new or upgraded assets unless they are supported by a business case, with whole of life funding and costs (including depreciation), that demonstrates the sustainability of that further investment.</p> <p>Council have included the proposed new Aquatic, Health and Wellbeing Centre in the Sensitivity Analysis section of this plan.</p>

Key Financial Indicators

The following tables outline actual and forecast performance against Key Financial Indicators set out in Council’s Financial Management Strategy. The indicators are interrelated and enable both self analysis and comparative analysis with other local government entities. It is important to note that the ratios are only indicators of financial performance and should not be considered in isolation when determining financial sustainability. It is important to consider ratios over time to consider the overall trend. The results taken together over time indicate either progress towards the set targets or otherwise.

Key Financial Indicators		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000		Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Operational Surplus													
Underlying surplus or deficit													
Recurrent income		13,200	14,986	15,658	15,760	16,256	16,795	17,341	17,910	18,502	19,115	19,754	20,418
Recurrent expenditure		(13,018)	(14,446)	(15,237)	(15,856)	(16,312)	(16,789)	(17,277)	(17,782)	(18,305)	(18,842)	(19,395)	(19,966)
Surplus (Deficit)		182	540	421	(96)	(56)	6	64	128	197	273	359	452
Target	> 1%	✔ 1.1%	✔ 3.3%	✔ 2.7%	✘ -0.6%	⚠ -0.3%	⚠ 0.0%	⚠ 0.4%	✔ 0.7%	✔ 1.1%	✔ 1.4%	✔ 1.8%	✔ 2.2%
Percentage of recurrent income from rates													
Recurrent income		13,200	14,986	15,658	15,760	16,256	16,795	17,341	17,910	18,502	19,115	19,754	20,418
Rates		9,166	9,840	10,711	11,099	11,502	11,919	12,352	12,799	13,264	13,745	14,244	14,761
Target	> 62%	✔ 69.4%	✔ 65.7%	✔ 68.4%	✔ 70.4%	✔ 70.8%	✔ 71.0%	✔ 71.2%	✔ 71.5%	✔ 71.7%	✔ 71.9%	✔ 72.1%	✔ 72.3%
Percentage of recurrent income from fees & charges													
Recurrent income		13,200	14,986	15,658	15,760	16,256	16,795	17,341	17,910	18,502	19,115	19,754	20,418
Fees & charges		943	1,080	1,228	1,228	1,265	1,303	1,342	1,382	1,424	1,467	1,511	1,556
Target	4.5%	✔ 7.1%	✔ 7.2%	✔ 7.8%	✔ 7.8%	✔ 7.8%	✔ 7.8%	✔ 7.7%	✔ 7.7%	✔ 7.7%	✔ 7.7%	✔ 7.6%	✔ 7.6%
Cash Reserves													
Cash (excluding unspent grants) to current liabilities													
Cash balance		8,129	7,225	6,636	6,037	5,809	5,645	5,547	5,522	5,573	5,714	5,949	6,287
Unspent grant funds		(2,118)	-	-	-	-	-	-	-	-	-	-	-
Current liabilities		(4,614)	(4,278)	(3,085)	(2,824)	(2,888)	(2,953)	(3,021)	(3,091)	(3,162)	(3,237)	(3,314)	(3,392)
Target	>\$0	✔ 1,397	✔ 2,947	✔ 3,551	✔ 3,213	✔ 2,921	✔ 2,692	✔ 2,526	✔ 2,431	✔ 2,411	✔ 2,477	✔ 2,635	✔ 2,895

Key Financial Indicators		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000		Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Debt Levels													
Net financial (liabilities)/assets ratio													
Net financial (liabilities)/assets		945	1,927	1,631	1,470	1,355	1,305	1,317	1,399	1,559	1,802	2,140	2,578
Recurrent income		17,287	16,176	15,658	15,760	16,256	16,795	17,341	17,910	18,502	19,115	19,754	20,418
Target (Debt Ceiling)	-25%	5.5%	11.9%	10.4%	9.3%	8.3%	7.8%	7.6%	7.8%	8.4%	9.4%	10.8%	12.6%
Funding of Infrastructure													
Asset sustainability ratio													
Asset replacement expenditure		2,121	3,258	3,081	3,572	3,678	3,790	3,904	4,020	4,141	4,265	4,392	4,524
Annual depreciation expense		(2,938)	(3,081)	(3,079)	(3,350)	(3,457)	(3,567)	(3,678)	(3,794)	(3,917)	(4,040)	(4,168)	(4,301)
Target	100%	72.2%	105.7%	100.1%	106.6%	106.4%	106.3%	106.1%	106.0%	105.7%	105.6%	105.4%	105.2%
Roads asset consumption ratio													
Written down value of roads		65,678	63,924	67,031	69,956	72,990	76,138	79,403	82,790	86,302	89,942	93,718	97,631
Current replacement cost of roads		95,210	96,321	100,400	103,824	107,363	111,021	114,802	118,710	122,749	126,923	131,238	135,697
Target	70%	69.0%	66.4%	66.8%	67.4%	68.0%	68.6%	69.2%	69.7%	70.3%	70.9%	71.4%	71.9%

Sensitivity Analysis

Sensitivity Analysis	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Sensitivity 1 - Higher rates & charges												
Rates increase higher than forecast by 0.5% price pa. Revised growth rate 4.1% pa (inclusive of development growth of 0.6% pa).												
Increase in Rates & charges				55	111	171	236	305	379	459	544	635
Revised Underlying Surplus (Deficit)	182	540	421	(40)	55	177	300	433	576	732	903	1,086
Sensitivity 2 - Higher salary increases												
Salaries increased by higher than forecast by 0.8% price pa. Revised growth rate 4.1% pa.												
Increase in Employee Costs				(45)	(93)	(143)	(198)	(256)	(318)	(384)	(455)	(531)
Revised Underlying Surplus (Deficit)				(141)	(149)	(138)	(134)	(128)	(121)	(111)	(96)	(79)
Sensitivity 3 - Higher depreciation												
Useful life of roads 70 years, not 80 years, from 2024-25.												
Increase in Depreciation				(200)	(207)	(214)	(221)	(228)	(236)	(244)	(252)	(261)
Revised Underlying Surplus (Deficit)	182	540	421	(296)	(263)	(208)	(157)	(100)	(39)	29	107	191

Sensitivity Analysis	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Sensitivity 4 - Additional assets												
Additional new/upgrade building \$16.5 million & plant assets \$1.0 million for Aquatic Centre (\$17.5 million) completed end of 26-27, assumed grant funded from 23-24 until completion.												
Existing pool - impact of cessation in 25-26												
Decrease in operating income					(107)	(110)	(113)	(116)	(119)	(122)	(125)	(128)
Decrease in operating expenditure					318	326	334	343	352	361	370	380
Decrease in Depreciation					37	38	39	40	41	42	43	44
Existing assets written down *					(750)							
Total					(502)	254	260	267	274	281	288	296
New Aquatic Centre - opened in 26-27												
Phasing of annual income						50%	75%	82%	91%	100%	100%	100%
Increase in operating income						239	367	412	469	529	543	557
Increase in operating expenditure						(806)	(827)	(849)	(871)	(894)	(917)	(941)
Increase in Depreciation						(230)	(316)	(326)	(336)	(346)	(356)	(367)
Total						(798)	(776)	(763)	(738)	(711)	(730)	(751)
Net impact of change					(502)	(544)	(516)	(496)	(464)	(430)	(442)	(455)
Revised Underlying Surplus (Deficit) *	182	540	421	(96)	(558)	(538)	(452)	(368)	(267)	(157)	(83)	(3)

* Existing pool assets of \$1,500k - assumed the write down of \$750k of these assets to the operating result with the balance written back against prior revaluation increments. Council, with the assistance of design and build consultants, is continuing to review the capital costs and operating revenue/cost estimates. It has also been assumed that all the capital costs are fully grant funded. If this is not the case the impact of the Council funded amount would need to be considered in cash and borrowing forecasts.

Financial Forecasts

Statement of Profit or Loss

Statement of Cash Flows

Statement of Financial Position

Capital Expenditure

Statement of Profit or Loss	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$'000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Operating revenue												
Rates & charges	9,166	9,840	10,711	11,099	11,502	11,919	12,352	12,799	13,264	13,745	14,244	14,761
<i>Rateable base increase (development activity)</i>				0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
<i>Rate price increase above inflation</i>				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Rate price increase at assumed inflation rate</i>				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
				3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Grants - Operational	2,933	4,103	2,845	2,570	2,637	2,706	2,776	2,848	2,922	2,998	3,076	3,156
Fees & charges	943	1,080	1,228	1,228	1,265	1,303	1,342	1,382	1,424	1,467	1,511	1,556
Investment income (Taswater)	271	271	271	271	271	283	283	283	283	283	283	283
Interest	15	210	260	239	217	209	203	200	199	201	206	214
Other	576	672	343	353	364	375	386	398	410	422	435	448
	13,904	16,176	15,658	15,760	16,256	16,795	17,341	17,910	18,502	19,115	19,754	20,418
Net capital income												
Australian Govt - Roads & Bridges Investment	-	-	1,672	-	-	-	-	-	-	-	-	-
Australian Govt - Roads to Recovery	332	53	280	548	566	585	604	624	645	666	688	711
Australian Govt - Mountain Bike Trial	1,950	508	-	-	-	-	-	-	-	-	-	-
Australian Govt - National Disaster Funding	-	388	-	-	-	-	-	-	-	-	-	-
Australian Govt - Regents Square	613	1,725	-	-	-	-	-	-	-	-	-	-
Other	464	788	1,116	-	-	-	-	-	-	-	-	-
Grants - capital	3,359	3,462	3,068	548	566	585	604	624	645	666	688	711
Gain (loss) on asset sales	(10)	18	-	-	-	-	-	-	-	-	-	-
Developer & Other contributions	34	138										
	3,383	3,618	3,068	548	566	585	604	624	645	666	688	711
Total income	17,287	19,794	18,726	16,308	16,822	17,380	17,945	18,534	19,147	19,781	20,442	21,129
Operating expenses												
Employee Costs	(4,336)	(5,110)	(5,505)	(5,687)	(5,875)	(6,069)	(6,269)	(6,476)	(6,690)	(6,911)	(7,139)	(7,375)
Materials and services	(3,838)	(4,476)	(4,369)	(4,483)	(4,600)	(4,720)	(4,843)	(4,969)	(5,098)	(5,231)	(5,367)	(5,507)
Depreciation	(2,938)	(3,081)	(3,079)	(3,350)	(3,457)	(3,567)	(3,678)	(3,794)	(3,917)	(4,040)	(4,168)	(4,301)
Amortisation	(30)	(10)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(21)	(21)	(21)
Finance costs	(103)	(92)	(89)	(84)	(70)	(63)	(56)	(49)	(42)	(35)	(28)	(21)
Other	(1,875)	(2,005)	(2,175)	(2,232)	(2,290)	(2,350)	(2,411)	(2,474)	(2,538)	(2,604)	(2,672)	(2,741)
Total expenses	(13,120)	(14,774)	(15,237)	(15,856)	(16,312)	(16,789)	(17,277)	(17,782)	(18,305)	(18,842)	(19,395)	(19,966)
Result from continuing operations	4,167	5,020	3,489	452	510	591	668	752	842	939	1,047	1,163
Other comprehensive income												
Revaluation increment (decrement)	14,150	3,785	4,534	4,785	4,947	5,116	5,291	5,466	5,651	5,843	6,042	6,242
Fair value adjustment	609	608	599	617	636	655	674	695	716	737	759	782
Total comprehensive result	18,926	9,413	8,622	5,854	6,093	6,362	6,633	6,913	7,209	7,520	7,848	8,186

Statement of Cash Flows	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Operating cash flows												
Receipts from rates, grants & other	14,003	16,354	16,836	15,748	16,243	16,781	17,327	17,896	18,486	19,100	19,737	20,401
Payments to suppliers & employees	(10,019)	(12,356)	(12,991)	(12,348)	(12,709)	(13,083)	(13,463)	(13,856)	(14,263)	(14,678)	(15,109)	(15,551)
Finance costs	(103)	(92)	(89)	(84)	(70)	(63)	(56)	(49)	(42)	(35)	(28)	(21)
	3,881	3,906	3,756	3,316	3,464	3,635	3,808	3,991	4,181	4,387	4,600	4,829
Investing cash flows												
Payments for capital expenditure	(7,811)	(6,848)	(6,884)	(3,984)	(4,102)	(4,227)	(4,354)	(4,484)	(4,619)	(4,757)	(4,899)	(5,046)
Proceeds from sale of assets	55	61	-	-	-	-	-	-	-	-	-	-
Developer contributions	34	138	13	9	9	9	8	8	8	8	8	8
Capital grants	3,830	2,278	3,068	548	566	585	604	624	645	666	688	711
	(3,892)	(4,371)	(3,803)	(3,427)	(3,527)	(3,633)	(3,742)	(3,852)	(3,966)	(4,083)	(4,203)	(4,327)
Financing cash flows												
Trust funds and deposits	38	107	-	-	-	-	-	-	-	-	-	-
Lease liabilities	(29)	(9)	7	11	11	11	12	12	12	13	13	13
Net Proceeds from (Repayment of) borrowings	1,144	(537)	(549)	(500)	(176)	(176)	(176)	(176)	(176)	(176)	(176)	(176)
	1,153	(439)	(542)	(489)	(165)	(165)	(164)	(164)	(164)	(163)	(163)	(163)
Net cash flow for the year	1,142	(904)	(589)	(600)	(228)	(163)	(98)	(25)	51	141	234	339
Opening cash	6,987	8,129	7,225	6,636	6,037	5,809	5,645	5,547	5,522	5,573	5,714	5,949
Closing cash	8,129	7,225	6,636	6,037	5,809	5,645	5,547	5,522	5,573	5,714	5,949	6,287

Statement of Financial Position	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Current assets												
Cash	8,129	7,225	6,636	6,037	5,809	5,645	5,547	5,522	5,573	5,714	5,949	6,287
Trade and other receivables	469	1,536	358	370	383	397	411	425	441	456	473	490
Other assets	191	492	492	492	492	492	492	492	492	492	492	492
	8,789	9,253	7,486	6,899	6,684	6,534	6,450	6,439	6,506	6,662	6,914	7,269
Non-current assets												
Investment in water corporation	19,365	19,974	20,573	21,190	21,826	22,481	23,155	23,850	24,566	25,303	26,062	26,844
Property, plant, equipment & infrastructure	143,638	151,144	159,483	164,901	170,494	176,270	182,236	188,392	194,746	201,306	208,078	215,065
Museum collection	1,796	1,798	1,778	1,758	1,738	1,718	1,698	1,678	1,658	1,637	1,616	1,595
Right of use assets	99	112	112	112	112	112	112	112	112	112	112	112
	164,898	173,028	181,946	187,961	194,170	200,581	207,201	214,032	221,082	228,358	235,868	243,616
Current liabilities												
Trade and other payables	(1,650)	(1,261)	(785)	(806)	(827)	(848)	(870)	(893)	(916)	(940)	(965)	(990)
Trust funds and deposits	(388)	(495)	(495)	(495)	(495)	(495)	(495)	(495)	(495)	(495)	(495)	(495)
Contract liabilities	(1,458)	(1,367)	(350)	(361)	(372)	(383)	(395)	(407)	(419)	(432)	(445)	(458)
Employee provisions	(543)	(587)	(936)	(967)	(999)	(1,032)	(1,066)	(1,101)	(1,137)	(1,175)	(1,214)	(1,254)
Interest bearing loans	(537)	(549)	(500)	(176)	(176)	(176)	(176)	(176)	(176)	(176)	(176)	(176)
Lease liabilities	(38)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)
	(4,614)	(4,278)	(3,085)	(2,824)	(2,888)	(2,953)	(3,021)	(3,091)	(3,162)	(3,237)	(3,314)	(3,392)
Non-current liabilities												
Employee provisions	(75)	(108)	(330)	(341)	(353)	(364)	(376)	(389)	(401)	(415)	(428)	(443)
Interest bearing loans	(2,899)	(2,349)	(1,849)	(1,673)	(1,497)	(1,321)	(1,145)	(969)	(793)	(617)	(441)	(265)
Lease liabilities	(65)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)
	(3,039)	(2,556)	(2,278)	(2,113)	(1,949)	(1,784)	(1,620)	(1,457)	(1,293)	(1,131)	(968)	(807)
Net assets												
	166,034	175,447	184,069	189,923	196,016	202,378	209,011	215,923	223,133	230,652	238,500	246,686
Equity												
	166,034	175,447	184,069	189,923	196,016	202,378	209,011	215,923	223,133	230,652	238,500	246,686

Capital Expenditure	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
<i>Renewal or replacement of existing assets</i>												
Land	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	344	280	484	333	343	353	364	374	386	397	409	421
Plant and machinery	119	545	269	277	285	294	303	312	321	331	341	351
Furniture and fixtures	-	150	28	29	30	31	32	32	33	34	35	37
Domestic waste	20	24	8	8	8	9	9	9	10	10	10	10
Roads	1,295	895	1,297	1,900	1,957	2,016	2,077	2,139	2,203	2,269	2,337	2,407
Kerb and gutter	4	69	98	101	104	107	110	114	117	121	124	128
Footpaths and cycleways	-	94	88	91	93	96	99	102	105	108	111	115
Light poles	23	-	31	32	33	34	35	36	37	38	39	40
Bridges	68	138	227	234	241	248	255	263	271	279	288	296
Drainage	60	43	183	188	194	200	206	212	219	225	232	239
Parks and reserves	188	1,020	198	204	210	216	223	230	236	244	251	258
Land improvements	-	-	-	-	-	-	-	-	-	-	-	-
Playground equipment	-	-	88	91	93	96	99	102	105	108	111	115
Waste transfer station	-	-	82	84	87	90	92	95	98	101	104	107
Total	2,121	3,258	3,081	3,572	3,678	3,790	3,904	4,020	4,141	4,265	4,392	4,524
<i>New or upgraded assets *</i>												
Buildings	211	132	1,780	-	-	-	-	-	-	-	-	-
Plant and machinery	17	31	428	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-	-
Domestic waste	-	-	-	-	-	-	-	-	-	-	-	-
Roads	782	117	1,189	412	424	437	450	464	478	492	507	522
Kerb and gutter	-	-	-	-	-	-	-	-	-	-	-	-
Footpaths and cycleways	263	506	100	-	-	-	-	-	-	-	-	-
Light poles	-	-	-	-	-	-	-	-	-	-	-	-
Bridges	959	-	-	-	-	-	-	-	-	-	-	-
Drainage	-	3	-	-	-	-	-	-	-	-	-	-
Parks and reserves	3,148	2,622	275	-	-	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-	-	-	-	-	-
Playground equipment	311	-	-	-	-	-	-	-	-	-	-	-
Waste transfer station	-	21	31	-	-	-	-	-	-	-	-	-
Total	5,691	3,432	3,803	412	424	437	450	464	478	492	507	522

Capital Expenditure	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Assumes inflated values from Year 1			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rounded to the nearest \$000	Actual	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Combined renewal and new/upgrade *												
Land	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	555	412	2,264	333	343	353	364	374	386	397	409	421
Plant and machinery	136	576	697	277	285	294	303	312	321	331	341	351
Furniture and fixtures	-	150	28	29	30	31	32	32	33	34	35	37
Domestic waste	20	24	8	8	8	9	9	9	10	10	10	10
Roads	2,077	1,012	2,486	2,312	2,381	2,453	2,527	2,603	2,681	2,761	2,844	2,929
Kerb and gutter	4	69	98	101	104	107	110	114	117	121	124	128
Footpaths and cycleways	263	600	188	91	93	96	99	102	105	108	111	115
Light poles	23	-	31	32	33	34	35	36	37	38	39	40
Bridges	1,027	138	227	234	241	248	255	263	271	279	288	296
Drainage	60	46	183	188	194	200	206	212	219	225	232	239
Parks and reserves	3,336	3,642	473	204	210	216	223	230	236	244	251	258
Land improvements	-	-	-	-	-	-	-	-	-	-	-	-
Playground equipment	311	-	88	91	93	96	99	102	105	108	111	115
Waste transfer station	-	21	113	84	87	90	92	95	98	101	104	107
Total	7,812	6,690	6,884	3,984	4,102	4,227	4,354	4,484	4,619	4,757	4,899	5,046

* The proposed Aquatic, Health and Wellbeing Centre has not been included in the base case Capital Expenditure plan above but is further analysed as a Sensitivity in this plan.