

Kingborough



LONG-TERM FINANCIAL
PLAN

2022/23 to 2032/33

June 2023

(adopted by Council on 13 June 2023)

Table of Contents

Executive Summary	1
Financial Management Strategy	1
Budget Risks and Sensitivities	2
Opportunities.....	3
Strategic Planning Framework.....	4
Current Financial Performance and Position	4
Strategic (Long-Term) Asset Management Plan	5
Long-Term Financial Plan Overview	6
Underlying Result.....	6
Kingborough Demographics.....	6
Planning Assumptions.....	8
Operating Revenues	9
Rates and Levies.....	10
User Charges and Statutory Fees.....	10
Grants - Operating	11
Other Income	11
Interest and Dividends.....	11
Grants - Capital	12
Contributions, Non-Cash Contributions, Net Gain on Sale and Other Revenue.....	12
Operating Expenditure	13
Depreciation.....	13
Employee Costs.....	14
Materials and Contracts.....	14
Cost of Assets Retired	14
Levies to State Government	14
Analysis of Estimated Cash Position	15
Estimated Cash Flow Statement	15
Cash Flows From Operating Activities	16
Cash Flows From Investing Activities	16
Cash Flows From Financing Activities	16
Restricted and Unrestricted Cash and Investments	17
Statutory Reserves	17
Discretionary Reserves.....	17
Cash at End of Year	17
Analysis of Estimated Financial Position	18
Estimated Financial Position	18
Current Assets and Non-Current Assets	18
Current Liabilities and Non-Current Liabilities.....	18
Key Financial Indicators	19
Key Indicators and Financial Sustainability Benchmarks	19
Underlying Result Ratio	19
Net Financial Liability Ratio.....	19
Asset Consumption Ratio.....	20
Asset Sustainability Ratio.....	21
Budget Risks & Sensitivity Analyses	22
Inflation Adjusted Expenditure	22
General Rates.....	22
Asset Revaluation.....	22
Financial Assistance Grant	23
Dividends.....	23
Appendix A – Statement of Comprehensive Income.....	24
Appendix B – Statement of Financial Position	25
Appendix C – Statement of Cash Flows	26

EXECUTIVE SUMMARY

The Long-term Financial Plan (LTFP) is an important component of the Council's financial management framework that ensures Council can deliver on the strategies detailed in the Kingborough Strategic Plan. The Strategic Plan provides the necessary direction for the future delivery of services by the Council.

The key priority areas detailed in the Strategic Plan are;

- Encourage and support a safe, healthy and connected community.
- Deliver quality infrastructure and services.
- Sustaining the natural environment whilst facilitating development for our future.

The LTFP is a guiding document to consider when developing Council's annual plan and budget. The LTFP forecasts Council's financial position in future years, based on assumptions outlined in this document.

The LTFP provides transparency and accountability of Council's financial planning to the community.

Financial sustainability is a key challenge facing local government due to several contributing factors including increased demand for services, aging infrastructure, constraints on revenue growth, continuing population growth, and cost increases due to the high inflation during 2022/23.

The past twelve months has seen the CPI index increase by close to 8% which has led to substantial increases on Council's expenditure and has resulted in a forecast underlying deficit for 2022/23. While inflation is expected to stay high for 2023/24, Council is to endeavouring to keep costs to ratepayers at a level below the expected CPI.

Movements in the underlying assumptions to the LTFP can have a significant effect on the financial results of the Council. Budget risks and sensitivities (page 24-26) outline the impact of changes to assumptions in key areas such as general rates and expenditure levels.

The LTFP covers the 10-year planning horizon from 2022/23 to 2032/33. The plan is predicated on continuing with the current services that are provided by Council or that any new service is covered by charges to users.

The planning assumptions used in the development of the LTFP are explained on page 10.

Financial Management Strategy

It is important to balance rate revenue as a funding source with community sensitivity to rate increases, including rates affordability within the general community, the level of service required by the community and Council's financial sustainability.

Kingborough Council strives to run an efficient Council, delivering the services and infrastructure its residents and ratepayers need while maintaining a low rating structure relative to other Greater Hobart Councils.

Financial Principles

The following fiscal principles underpin Council's Long-term Financial Plan:

1. Council's finances are managed responsibly on behalf of the residents and ratepayers of Kingborough.
2. Resources are allocated to activities and services which generate maximum community benefit.
3. Future population growth is supported by an infrastructure renewal program and development of new infrastructure.
4. A strong municipal economy supports business activity and facilitates higher commercial rate revenue.

5. Unexpected events are mitigated by risk management practices and by maintaining a robust financial position.
6. Accountability, transparency and good governance underpin the development, implementation and reporting on fiscal objectives.

Strategic Actions

Kingborough Council's Long-Term Financial Plan includes strategic actions aimed at achieving the long-term fiscal principles:

Strategic Action	Progress
1. Deliver an underlying surplus which is incrementally increasing to 2% of revenue over the course of the plan.	The Long-Term Financial Plan forecasts underlying surpluses from 2023/24 and in 2031/32 an underlying surplus of 2.0% of revenue is forecast.
2. Annual growth in operating expenses is lower than the long-term average growth in revenue over the period of the LTFP.	Over the ten-year life of the LTFP, revenue is predicted to increase by 4.1% while expenses increase by 3.8% on average, per annum.
3. Asset renewal is funded at a level that is greater than the average asset replacement cost over the next ten years.	From 2023/24 onward, the LTFP enables Council to invest the required \$6.1 million per annum in asset renewal to cover the average asset replacements costs over the next ten years.
4. Rate rises are limited such that Kingborough remains a low rating Council among Greater Hobart Councils.	The Local Government Division's CDC data showed Kingborough had the lowest average rate of all rateable properties among the greater Hobart Urban Councils.
5. Debt is only used to support strategic investment in new infrastructure.	By 2024, debt will be limited to the Kingston Park project and the street light upgrade.
6. Council will communicate and consult on its budget and financial plans in the most open, accessible and transparent way possible.	Council continues to communicate its key budget initiatives directly to ratepayers and through local and state-wide media channels.

Budget Risks and Sensitivities

Achieving a sustainable underlying surplus will put Council in the position to provide sufficient capital to invest in the renewal and upgrade of infrastructure assets. However, there are several budget risks and sensitivities over the period of the LTFP that could have an impact on financial outcomes.

Below are details of the budget risks and sensitivities. The financial impacts are detailed on pages 24 to 26.

Inflation Adjusted Expenditure

The assumptions detailed on page 10 relate to the revenue streams and expenditure line items that may have a significant impact on the long-term forecast result of Council. The level of inflation adjusted expenditure is likely to be the most subjective assumption and has the greatest potential to significantly impact the LTFP. The LTFP assumes that certain expenditure is in line with the expected average inflation rate of around 6.0% at July 2023 and declining to 2.5% in 2025/26. A significant deviation from these rates will have an impact on financial results.

General Rates

The LTFP assumes increases in general rates over the period of the plan. As rate revenue represents almost 70% of total income, any deviation from the assumptions will have a significant impact on financial outcomes.

Asset Revaluation

Every year, Council's infrastructure assets are subject to either a revaluation or an escalation based on movements in the market over the past twelve months. Given the significant capital investment in infrastructure, any deviation from the LTFP assumption of between 3% to 5% will have an impact on Council's financial performance.

Financial Assistance Grants

Financial Assistance Grants (FAGS) are distributed by the State Grants Commission annually. Council's FAG makes up around 10% of Council's income. In the period between 2014 and 2017 the Australian Government froze the total funding pool by not allowing for any indexation of the grants. Any future freezing of the FAGS will have an impact on Council's total operating revenue.

Dividends

Council has a significant investment in Taswater, on which it receives an annual dividend. In 2021 Taswater were only able to pay a 50% dividend to Council due to the need to freeze water rates in response to the COVID-19 pandemic. This resulted in a loss of dividend income of \$0.61m for the year. While Taswater have indicated that they will be paying the full dividend, future payment of dividends is subject to financial performance.

Council has an investment in waste management through Southern Waste Solutions and its C Cell operation at Copping. The financial performance of those businesses will impact Council's underlying results.

Climate Events

Over the past few years, Council has experienced several weather-related events that have led to increased expenditure requirements. These events include large rain events and storms that have required Council to spend larger than expected maintenance funds and capital expenditure to ensure infrastructure assets are appropriate for use. In 2022/23 rain events contributes some \$350k to maintenance requirements on unsealed roads to ensure they were safe and usable. Future budgets will need to make an allowance for these new expenditures.

Opportunities

Developer Contributions

Council believes developers should be contributing more to public infrastructure in Tasmania, as they do in other states. 'Value capture' as it is often referred to, sees developers of large subdivisions providing cash contributions public infrastructure requirements which stem from their project.

Waste Management

Kingborough Council has steadily enhanced its investments in and expertise around waste management since the decommissioning of the Baretta tip. Changing public expectations about waste management are driving moves to more environmentally sustainable waste management practices and Council continues to look to investment in this area. The new Government Waste Levy will present an opportunity to drive change in the amount of waste ending up in landfill.

Shared Services

Council will continue to look to partner with other Councils and the state government to reduce costs and increase revenue through shared services. Arrangements are already in place with Huon Valley Council and the Department of State Growth which provide revenue back to Kingborough Council.

Strategic Planning Framework

The LTFP is an important part of Council’s overall strategic framework. The following table demonstrates the context of how the LTFP fits into Council’s overall financial management framework.



Current financial performance and position

An analysis of Council’s underlying financial performance during the period from 2009/10 showed an unsustainable gap between operating expenditure and revenue. The transfer of water and sewerage functions and activities to the newly formed Southern Water Corporation (now TasWater) had a significant impact on Council’s financial outlook. Allowing an operational deficit to continue into the long-term would ultimately jeopardise the adequate funding of capital expenditure and Council’s capacity to maintain and replace existing community assets.

Based on maintaining current service levels and the assumptions detailed on page 10, Council was intending to close the gap between projected expenditures and projected income to deliver an underlying surplus in 2021. However the impacts of COVID-19, particularly the forecast loss of Taswater dividends has delayed the achievement of a sustainable underlying surplus until the year 2023/24.

Council aims to maintain its infrastructure and assets at an acceptable standard. This involves developing and integrating long-term infrastructure and asset management plan which with the LTFP provides for the continued investment in maintenance, renewal and replacement of asset stock.

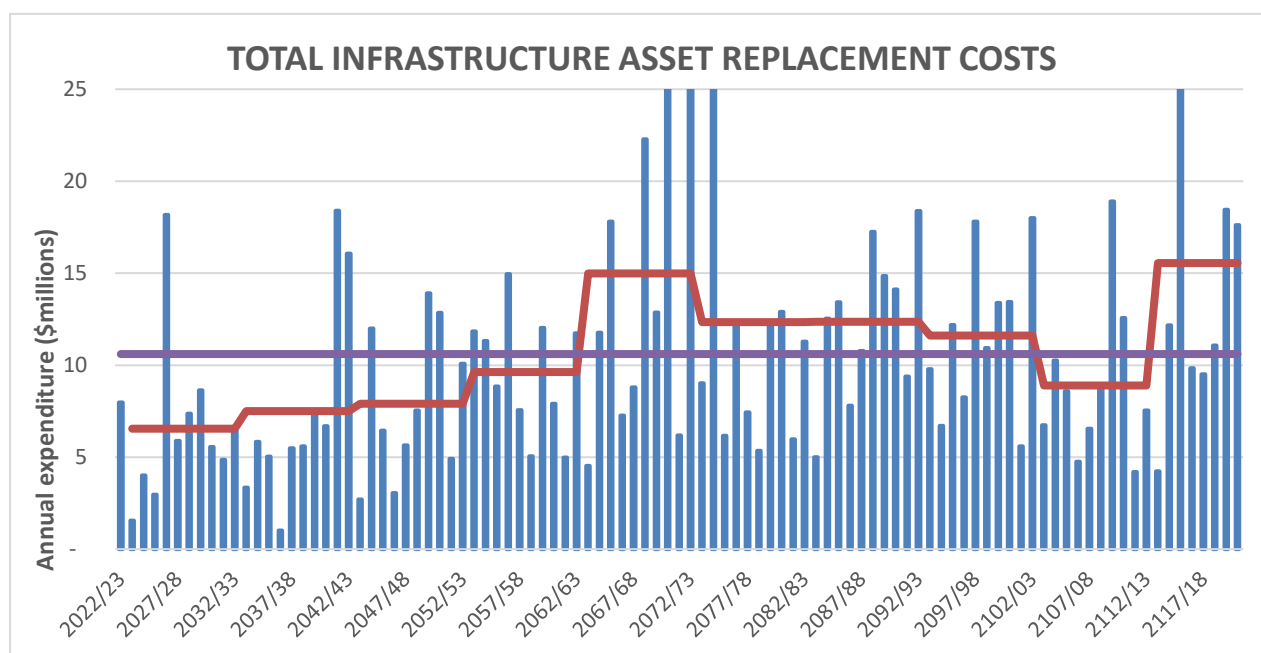
A key project for Council over the life of this LTFP is the transformation of the Kingston CDB. This project is funded by Federal Government grants under the Hobart City Deal which should cover the majority of the required capital expenditure.

While the Kingston Park project is substantially completed, it will have an impact on the financial performance over the next few years due to the need to repay debt used to fund the capital projects. At different stages through the project, land will be released for sale to allow for a reduction in borrowings to minimise the cost impact. It is likely that the project will leave Council with some borrowings that will need to be repaid over future years.

Strategic (Long-Term) Asset Management Plan

The Strategic (Long-Term) Asset Management Plan has been developed to ensure Council continues to provide effective and comprehensive management of its infrastructure asset portfolio. While the Strategic Asset Management Plan is a separate document to the LTFP, high-level details are provided in this report as the funding for the capital works program is generated through an effective LTFP.

Council should strive toward ensuring asset renewal and replacement expenditure that on average matches depreciation for long-term financial sustainability. The graph below shows the infrastructure asset maturities from the asset management system. It indicated that in today's dollars, Council needs to on average fund \$10.6 million per annum over the next 100 years. The ten-year funding requirement is shown by the red line in the graph. Due to the relative new nature of Council's infrastructure assets, the funding over the next forty years is well below the average rate. However, during the period from 2060-2100, funding over the average is required. Council has decided to establish an infrastructure reserve to place funds into so that by 2060 Council has reserves to fund the required capital expenditure.



The asset management data indicates that over the next 10 years Council should be spending a minimum of \$6.5m (unadjusted for inflation) per annum on infrastructure asset renewal. An annual capital works renewal program of \$6.5m would maintain Council's current infrastructure at a reasonable standard in the short term. From 2023 onwards, this LTFP enables Council to fund 105% of depreciation on new and renewal capital expenditure projects, which amounts to \$12.8m. This means that \$6.3m is available for other purposes, of which \$1m will be allocated to the infrastructure renewal reserve with the remainder to fund new or upgraded infrastructure to meet the increasing expectations of the community. Further details on annual capital spend and funding is located on page 18 – 'Cash Flows from Investing Activities'.

LONG-TERM FINANCIAL PLAN OVERVIEW

Underlying Result

When evaluating an entity's financial performance, it is important to distinguish between operating and capital items, as well as non-recurring one-off items.

The table below breaks down Council's overall result to assist in assessing Council's underlying financial performance over the ten-year period of the LTFP.

STATEMENT OF COMPREHENSIVE INCOME											
	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Total Recurring Revenue	47.49	50.10	52.33	54.64	56.87	59.06	61.36	63.77	66.24	68.74	71.33
Total Recurring Expenses	47.82	50.09	52.27	54.51	56.75	58.71	60.48	62.57	64.99	67.05	69.37
Underlying Surplus (Deficit) before Capital	0.33	0.01	0.06	0.13	0.13	0.35	0.88	1.20	1.25	1.70	1.96
Capital Grants	5.10	1.70	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Contributions - non cash	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other Non-Recurring Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET SURPLUS (DEFICIT)	5.77	2.71	1.66	1.73	1.73	1.95	2.48	2.80	2.85	3.30	3.56

Note: Amounts in the table have been rounded to the nearest million.

Council's underlying result before capital items is estimated to move from an underlying deficit of \$0.33m in 2022/23 to a surplus \$0.01m in 2023/24. By 2031/32, Council will be achieving its strategic target of +2.0% underlying surplus ratio.

The continuation of an underlying surplus by 2023/24 is dependent on the effective management of services and related costs.

Council will have \$16.7 million in borrowings at 30 June 2023 of which \$13.9 million is interest free loans under the State Government accelerated local government capital program and COVID support package. Loans will be gradually repaid from the proceeds of land sales at Kingston Park, and the LTFP is predicated on a scenario that Council will have repaid all debt by 2027/28.

The LTFP reflects Council's commitment towards striving to deliver a sustainable underlying result and ensure depreciation is fully funded. The following sections discuss the planning assumptions used in deriving the LTFP and provide further explanations on each of Council's main revenue and expenditure line items. The final section provides a trend analysis using several financial sustainability indicators and ratios.

Kingborough Demographics

The 2021 census identified that Kingborough's population was then 40,080. The Census indicated that Kingborough is one the fastest growing municipalities in the state with a population increase of 11.8% during the period 2016 to 2021. This is higher than the overall Tasmanian population increase within the same period of 5.6%.

The population growth for Kingborough is driven by migration into the municipality, which is motivated by both personal choice (based on the area's natural attractions) and economic factors (such as the availability of suitable residential land and housing).

Kingborough continues to experience the impacts of the 'sea change' phenomena. New residents are coming to retire or to live in the naturally beautiful environment. Kingborough offers opportunities for new residents with residential land within relatively easy commuting distance to Hobart. This convenience, together with

increasing retail, service and educational opportunities and pleasant urban and rural surroundings, is a strong attraction for new residents.

Australian Bureau of Statistics data shows that the median age of Kingborough residents was 41 years, which is also the median age for Tasmania overall. There were 8156 people over the age of 65 in Kingborough, which represents 20.0% of the total population of the municipality.

Some of the other population and social characteristics for Kingborough that are expected to continue into the future include:

- A relatively high median household income. The median weekly household income for Kingborough was reported as \$1,667, significantly higher than the \$1,358 for Tasmania.
- Relatively low unemployment rates. The unemployment rate for Kingborough on Census night was 5.2% compared to 5.9% in Tasmania. In Kingborough, 62% of residents were in the labour force, compared to 58% in Tasmania. Residents were employed in education, government administration and services industries. The most common occupations included Professionals 29%, Clerical and Administrative Workers 14.7%, Technicians and Trades Workers 13.0%, Managers 14.0%, and Community and Personal Service Workers 12.0%.
- Relatively high education standards. In Tasmania, 60.3% of the adult population had year 12 and above qualifications, compared to 71.6% in Kingborough.
- More affluent socio-economic profile, as the Census results show that Hobart and Kingborough are the most advantaged local government areas in Tasmania. However, there are pockets of disadvantage in the municipality at the local level.

There are other statistical results that are also relevant. For example, Kingborough displays relatively high commuter characteristics with over 61% of the labour force travelling for work outside of Kingborough. Only 4.3% of residents travel to work by public transport (bus) with most travelling by car.

The next Census was conducted in 2026 and the results will be published in June 2027.

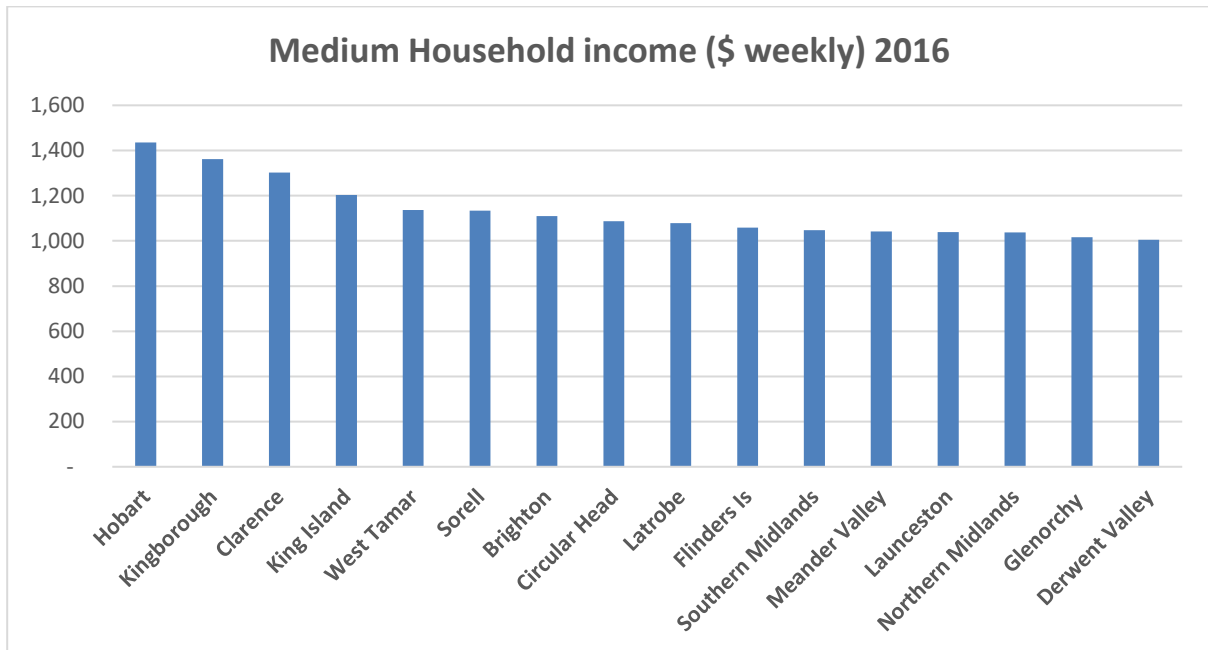
Key Statistics (2016 Census)

	Kingborough	Tasmania
Population	40,080	557,569
Population increase 2006-2011	11.8%	5.6%
Median age	41	42
% aged over 65	20.3%	20.9%
Rent payments >30% of household income	36.3%	34.2%
Mortgage payments >30% of household income	10.5%	10.1%
Median weekly household income	\$1,667	\$1,358
Households with gross weekly income <\$650	15.7%	21.1%
Households with gross weekly income >\$3,000	20.9%	15.0%
Unemployment	5.2%	5.9%

Source: ABS census 2016

The following chart shows the Medium Household Income (\$ weekly) data for the top sixteen municipalities in Tasmania, from the 2016 census. Unfortunately, more up to date data from the 2021 census is not currently available.

The graph indicates that Kingborough has the second highest medium income of all Councils in Tasmania behind Hobart.



Planning Assumptions

The base for the preparation of the LTFP is the forecast results for 2020/21, with one-off or non-recurring events adjusted for.

The LTFP has been prepared by setting percentage increases for various classes of expenditure and income and then reviewing each line item where a variance to the pattern is likely to occur.

The planning assumptions used in the development of the LTFP are summarised in the table below.

REVENUE CATEGORY	COMMENTARY
Rates and Levies	Indexed at 4.5% for 2023/24, 3.90% for 2024/25, 3.80% for 2025/26 and 2026/27 and 2.80% from 2027 to 2032.
Rates Growth	Annual increase of 1.0% in rate revenue from new supplementary rates in 2023/24 plus 0.5% for the annualised impact of 2022/23 supplementary rates.
User Charges	Indexed at 5.0% for 2023/24 then 3.0% annually. Subject to volume adjustments.
Operating and Capital Grants	Indexed at 3.0% annually.
Interest Revenue	Based on expected interest return currently of 3.0%, reducing to 2.5% over the life of the LTFP.
Other Revenue and Contributions	Indexed at 3.0% annually.

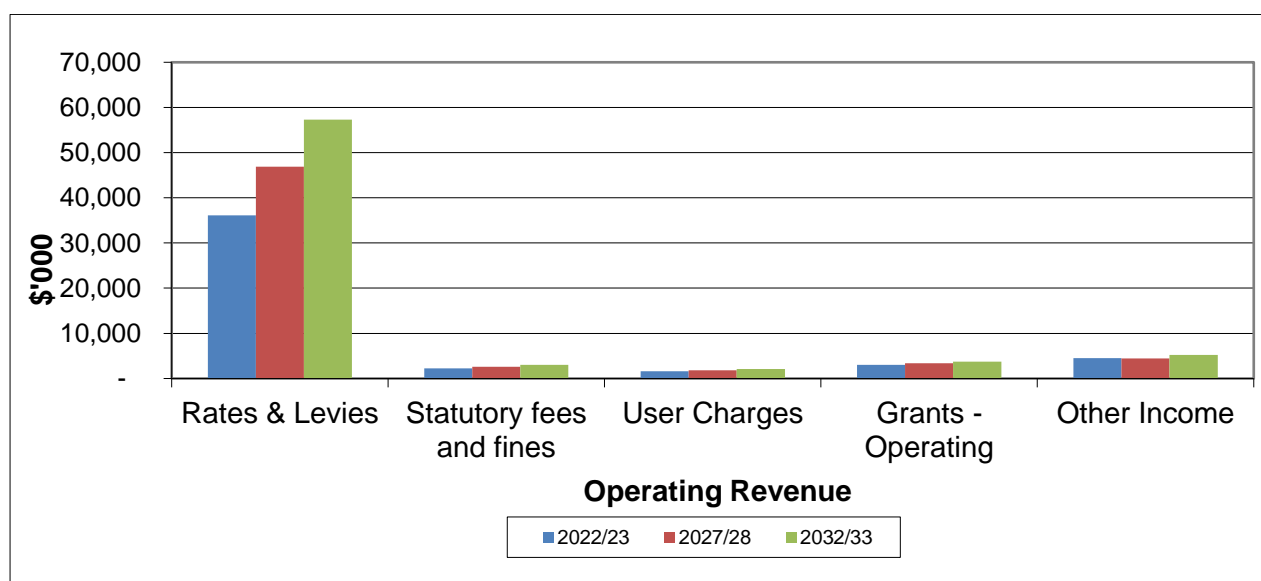
EXPENDITURE CATEGORY	COMMENTARY
Materials and Contracts	Indexed at 3.50% to recognise additional costs of growth and potential impacts of ongoing climate events.
Employee Costs	Indexed to allow for performance-based progression and annual award movements at 6.0% in 2023/24. In subsequent years, the

EXPENDITURE CATEGORY	COMMENTARY
	increase is 4.0% in 2024/25 and 2025/26 and 3.0% from 2026/27 onwards. An additional \$100k per annum is allowed for resourcing to manage growth.
Depreciation	Indexed to reflect increase in valuation of infrastructure assets (5.0% for 2023/24 reducing to 3.0% in 2027/28) and annual capital work program additions.
Other Expenses	Indexed at 5.0% for 2023/24 and reducing to 2.5% by 2026/27.

OPERATING REVENUES

This section analyses the projected revenues of Council from 2021/22 to 2031/32. The table and graph below summaries movements in Council's key revenue streams over the period.

	2022/23	2027/28	2032/33
Revenue Type	\$'000	\$'000	\$'000
Rates & Levies	36,144	46,860	57,287
Statutory fees and fines	2,263	2,590	3,002
User Charges	1,580	1,806	2,094
Grants - Operating	2,989	3,349	3,698
Other Income	4,514	4,453	5,245
Total Operating Revenue	47,490	59,058	71,326
Grants - Capital	5,100	600	600
Non Cash Contributions	1,000	1,000	1,000
Total Revenue	53,590	60,658	72,926



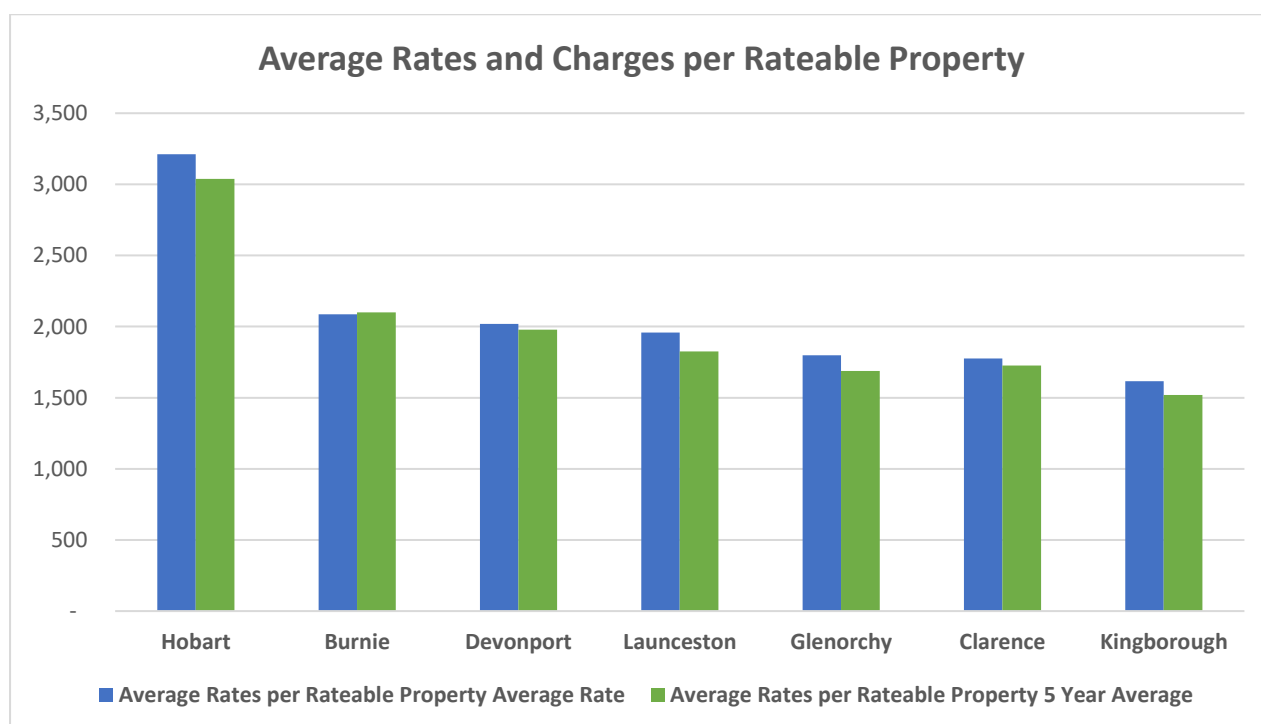
Rates and Levies

The LTFP assumes a residential rate increase of 4.5% and a commercial and industrial rate increase of 7.0% for 2023/24. For subsequent years, the increase is 3.90% for 2024/25, 3.80% for 2025/26 and 2026/27 and 2.80% from 2027 to 2032.

The LTFP also assumes a 1.0% annual increase in general rate revenue through the current substantial growth in the number of rateable properties and 0.5% for the annualised impact of new properties in 2021/22. For example, in 2023/24 Council estimates that \$300,000 of additional revenue will be received through supplementary rates during the year. This assumption is based on the current trend of growth in rateable properties in Kingborough over the past 3 years.

The increase in expenditure due to increase in demand for services from population growth is addressed in the operating expenditure section below.

The following graph shows the average rates per rateable property across the larger Councils in Tasmania for 2020-21. The dark blue graph is the average rate, while the lighter blue is the 5-year average. The graph highlights that Kingborough has the lowest average rate per rateable property among the seven largest Councils in the state.



There are a number of properties which are public, educational, religious or charitable in use or ownership and which are in part, or in full, exempt from general rates. The level of annual remissions estimated in the LTFP is consistent with recent decisions regarding exemptions provided to charitable institutions.

The stormwater removal rate, the garbage collection charges recycling charges and green waste levy are estimated to increase in line with the growth in general rates over the period.

The increase in the three fire rate levies that Council collects on behalf of the Tasmanian Fire Commission are also offset by an identical increase in the related expenditure payment.

User Charges and Statutory Fees

User charges relate to the recovery of service delivery costs to users of Council's services. These include the hire of halls and sporting grounds, Kingborough Sports Centre fees, engineering fees and private works

recoveries. The key principle in setting user fees has been to ensure that increases approximate CPI increases or market levels.

Statutory fees and fines relate mainly to those levied in accordance with legislative requirements. They include, building fees, planning fees, health related fees, parking fines, and animal registrations.

Council's user charges and statutory fees may be influenced by growth in the municipality, CPI movements and additional operating revenue streams.

The LTFP assumes an increase in user charges and statutory fees consistent with CPI of between 2.5% and 4.0%, with an additional 0.5% for growth in volume.

Grants - Operating

Operating grants are funds received from both the State and Federal Government for the purpose of delivering Council services.

The main source of grant revenue is from the State Grants Commission (SGC) in the form of Financial Assistance Grants (FAG). Council has little control over the level of FAG received with changes likely to occur as a result of a change in population or policies related to distribution methodologies.

The FAGs are expected to grow by an average of 2.5% over the period of the LTFP. It is unlikely that there will be any increase in grants, or provision of new grants, for current services. Any reduction or discontinuance of grants will need to be offset by a corresponding reduction in expenditure.

Other Income

Other Council revenue has been increased 3.0% annually in line with projected long-term CPI and comprises:

- government rates remission reimbursements,
- reimbursement for State Government works,
- motor tax reimbursement,
- salary and other reimbursements.

Interest and Dividends

Estimated interest income over the 10 year period is derived from Council's expected cash position at the end of each financial year using an estimated average market rate of 3.0% in 2023/24, decreasing to 2.5% in 2026/27.

The level of interest revenue fluctuates from 2022 due to the need to repay debt when it matures and the withdrawal of funds for the capital works program. Interest revenue gradually decreases from \$0.52m in 2023/24 to \$0.23m in 2026/27 in line with Council's cash balance.

As part owner of the Tasmanian Water & Sewerage Corporation Pty Ltd, Council is entitled to receive dividends. It is expected that the level of dividends declared will be \$1.24m per annum with an additional \$0.2m in special dividends paid each year until 2025/26 to cover lost dividends in 2020/21.

Council's share of earnings from its subsidiary (Kingborough Waste Services) is \$0.1m and from its investment in associates (Copping Refuse Disposal and C-Cell) is also \$0.35m. The revenue from investments in associates has increased in line with the financial performance of Copping.

Grants - Capital

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. The LTFP reflects the Commonwealth Roads to Recovery funding and grant funds for the Transform Kingston project.

In accordance with Council's budget principles the capital grant income related to potential grant applications in the future were not factored into the LTFP.

Any additional Capital funding received will not impact on the underlying result as the funds will be expended on new capital projects.

Contributions, Non-Cash Contributions, Net Gain on Sale and Other Revenue

The revenue reported under contributions relate to external funds received from developers under the Public Open Space and Tree Preservation policies, or other contributions received from the public for capital works or operational purposes. The level of contributions from 2021/22 to 2030/31 reflects an estimated on current growth levels, subject to an annual CPI adjustment of 3.0%.

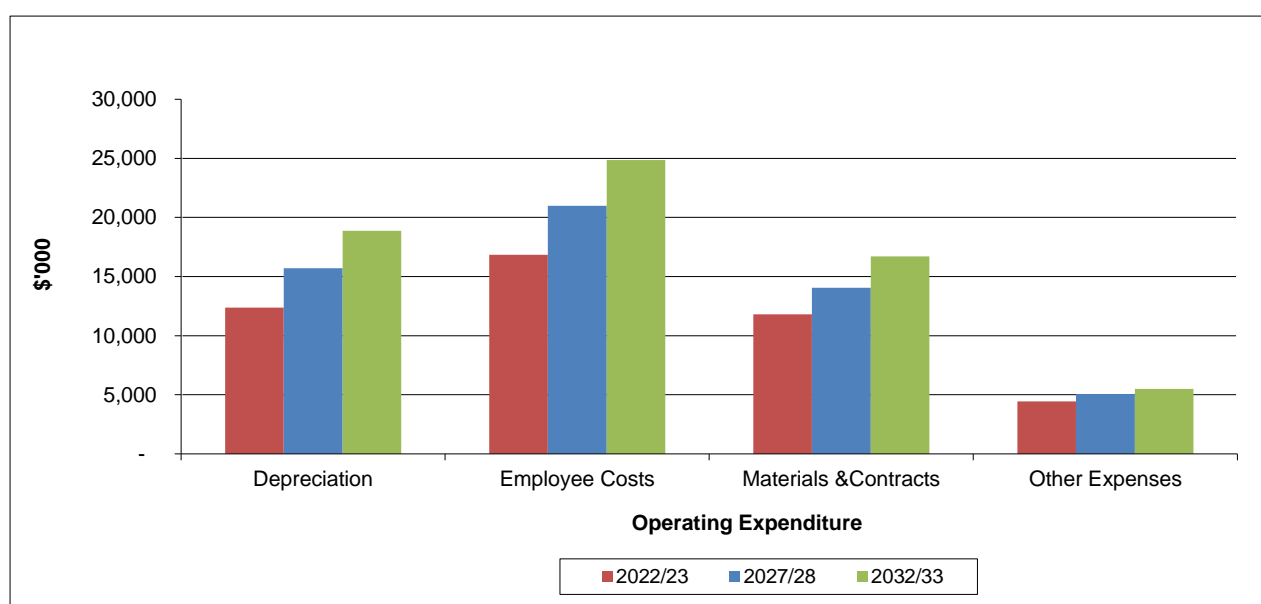
Non-cash contributions are made up of assets donated to Council from property developers in the form of infrastructure (roads and storm water etc) where at the completion of the development Council assumes responsibility for maintaining and replacing the infrastructure. As developer contributions are non-cash and capital in nature, they do not affect the underlying operating result and have therefore been excluded from the LTFP.

Should Council dispose of any property during the ten-year period this would be considered as additional revenue. Other revenue reflects non-recurring revenue such as FAGs paid in advance.

OPERATING EXPENDITURE

This section analyses the expected expenditure of Council from 2022/23 to 2032/33. The table and graph below summarises the movements in Council's key expenditure items over the period.

	2022/23	2027/28	2032/33
Expenditure Type	\$'000	\$'000	\$'000
Depreciation	12,383	15,700	18,869
Employee Costs	16,831	20,984	24,857
Materials & Contracts	11,810	14,057	16,695
Other Expenses	4,435	5,059	5,505
Cost of Assets Retired	400	500	500
Borrowing Costs	98	8	0
Levies to State Government	1,863	2,403	2,937
Total Operating Expenditure	47,820	58,710	69,364



Depreciation

Depreciation is an accounting measure which allocates the value of assets over their useful lives.

Council's infrastructure assets are held at depreciated replacement cost to ensure adequate provision for renewal of existing infrastructure through depreciation expense. The amount spent on asset renewal in any given year is determined by Council's longer term capital works program.

Depreciation is estimated to increase \$6.5m or 52% from \$12.4m in 2022/23 to \$18.9m in 2032/33. The increase reflects the additional depreciation expense for capital projects completed as part of the annual capital works program. In particular, the capital expenditure on the Transform Kingston project will have a significant impact. Infrastructure contributions from developers and the annual revaluation of infrastructure (estimated at between 3% and 6%) also increase the level of Council's depreciation expense.

Employee costs

Employee costs include all salaries and wages and all employment related expenses including payroll tax, employer superannuation, leave entitlements, fringe benefits tax, workers compensation insurance and professional development.

Employee costs are estimated to increase by \$8.0m or 48% from \$16.8m in 2022/23 to \$24.8m in 2032/33. The increase in Council employee costs reflect an estimated Enterprise Bargaining Agreement percentage increase and a percentage increase for performance-based progression.

Employee numbers and costs need to be carefully managed into the future. Council has developed a Workforce Plan to guide long-term planning in this area. Increased staff numbers because of implementing new services and enhancing existing services are required due to the significant increase in ratepayers in the municipality and the need for appropriate amenities.

Materials and Contracts

Materials and contracts include the purchase of consumables, payments to contractors for the provision of services, insurances, and utility costs. Utility costs relate to telecommunications, water, sewerage, and electricity.

Materials and contracts are estimated to increase \$4.9m or 41% from \$11.8m in 2022/23 to \$16.7m in 2032/33.

The significant growth in rates through increased rateable properties, including new houses is expected to put pressure on materials and contract costs as there is a need to provide services to an expending municipality. In addition, rain events will continue to provide challenges to Council with unsealed road expenditure increasing to manage weather events.

Council aims to maintain the level of growth in materials and contracts expenditure to 5.0% in 2023/24 reducing to 3.5% from 2025 onwards.

Cost of Assets Retired

The cost of assets retired represents the write-off of infrastructure assets as a result of the renewal or upgrade of the asset. On occasions, assets deteriorate at a greater rate than the expected life of the asset and there is a need for capital expenditure to restore the asset to full capacity. In this scenario, there is a write-off of the remaining asset which becomes an expense to Council. The write-off for 2023/24 is expected to be \$0.5m and this is expected to remain constant over time.

Levies to State Government

Levies to State Government include land tax and state fire levies. State fire levies are collected on behalf of the State Fire Commission. These funds are passed directly to the State Fire Commission and Council has no control over the levies.

ANALYSIS OF ESTIMATED CASH POSITION

Estimated Cash Flow Statement

This section analyses the projected cash flows from the operating, investing and financing activities of Council from 2022/23 to 2032/33. The cash flow from operating activities is a key factor in determining the level of capital expenditure that can be sustained without using existing cash reserves.

The analysis is based on three main categories of cash flows:

1. OPERATING ACTIVITIES

Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt.

2. INVESTING ACTIVITIES

Refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment.

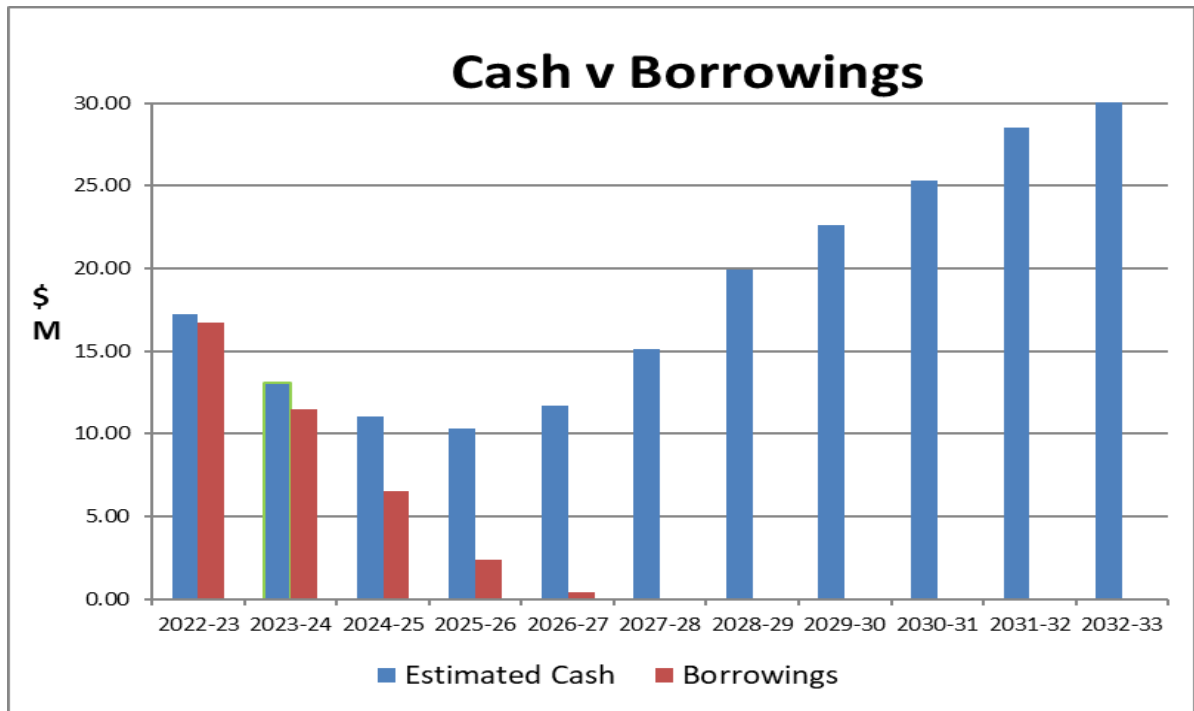
3. FINANCING ACTIVITIES

Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal component of loan repayments for the year.

The table below summarises Council's net cash flows over the ten year period.

STATEMENT OF CASH FLOWS												
	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Net Cash Flow from Operating Activities	11.98	12.74	13.54	14.35	15.03	15.85	16.96	17.88	18.55	19.67	20.61	
Net Cash Flow used in Investing Activities	-17.79	-13.40	-11.13	-11.57	-12.25	-12.65	-12.72	-15.82	-16.45	-17.10	-17.79	
Net Cash Flow from Financing Activities	-0.50	-3.50	-4.40	-3.50	-1.40	0.20	0.60	0.60	0.60	0.60	0.61	
NET (DECREASE)/INCREASE IN CASH HELD	-6.31	-4.16	-1.99	-0.72	1.38	3.40	4.84	2.66	2.71	3.17	3.43	
Cash at the Beginning of the Year	23.54	17.23	13.06	11.07	10.35	11.73	15.13	19.97	22.62	25.33	28.50	
CASH AT THE END OF THE YEAR	17.23	13.06	11.07	10.35	11.73	15.13	19.97	22.62	25.33	28.50	31.93	
Restricted Cash Balances	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
UNRESTRICTED CASH AT YEAR END	\$ 13.23	\$ 8.06	\$ 5.07	\$ 3.35	\$ 3.73	\$ 6.13	\$ 9.97	\$ 11.62	\$ 13.33	\$15.50	\$17.93	

The graph below shows the past four years and forward projections for cash balances and borrowings out to 2033/3. The cash balance is \$17.2m in June 2023 but will reduce to just below \$10.4m by 2025/26. Borrowings will be \$16.7m at June 2023 and then will decrease to \$2.4m in 2025/26 as land sales generate cash inflows. Given Councils need for significant capital renewal in forty years, it is prudent to continue generating net cash flows of \$1m per annum to provide a reserve to cover the expenditure.



Cash flows from operating activities

The net cash flow from operating activities is estimated to increase from \$120m in 2022/23 to \$20.6 in 2032/33. The increase comprises an increase in receipts from ratepayers and user charges of \$21.9m, which is partially offset by an increase in payments to suppliers and staff of \$13.8m.

The net cash flow from operating activities is important as it allows appropriate funding for asset renewals and the development of upgraded or new assets.

Cash flows from investing activities

Funds required for the capital works program (including carry forwards) are estimated to be between \$13.7m and \$18.5m during the ten year period with fluctuations due primarily to works on the Transform Kingston project. This is offset by proceeds from asset sales from the sale of land at Kingston Park.

This capital expenditure funding allows for the renewal and upgrade of existing assets and the creation of new assets.

The increase in the capital works program is primarily funded by increased cash from operating activities.

The asset management plans indicate that over the next 10 years Council should be spending approximately \$6.5m (unadjusted for inflation) per annum on infrastructure asset renewal. Additional funds will be spent on new or upgraded assets that are required in a growing municipality.

Cash flows from financing activities

Council will be receiving capital grants from the Government to fund the Transform Kingston project over the next two years. Once land is sold to the Kingston Park developer, loans will be repaid commencing from 2022/23 onwards until the debt is finalised in 2028/29.

Over the period 2023 to 2033, Council’s available cash balance is estimated to fluctuate between \$10.3m and \$31.9m. The fluctuations are due to variations in the capital expenditure program and the desire to repay debt when it matures.

Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council’s operations. The forecasted unrestricted cash balance is detailed at the bottom of the Statement of Cash Flows.

Statutory reserves

Statutory reserves are funds that must be used in accordance with legislative and contractual obligations. These funds are not available for any other purpose. It is estimated that Council will have subdivision infrastructure related deposits of \$2.0m throughout the ten-year period.

Discretionary reserves

Discretionary funds are set aside by Council for a specific purpose and unless there is a Council resolution these funds should only be used for those purposes. The estimated discretionary reserve balances for the financial year ends are shown in the below table. For the purposes of the LTFP the reserve balances are maintained at the same level throughout the ten-year period as detailed below.

RESERVE	\$'000
Public Open Space	700
Car Parking	50
Boronia Hill Reserve	10
Plant Replacement	250
Sports Centre Equipment Replacement	130
Tree Preservation Reserve	750
IT Reserve	80
TOTAL	1,970

Cash at end of year

Overall, the total unrestricted cash at year end is forecast to fluctuate between \$3.3m and \$17.9m over the life of the plan. While \$3.3m is a low figure, given the positive cash flows in future years, the figure is not concerning.

ANALYSIS OF ESTIMATED FINANCIAL POSITION

Estimated Financial Position

This section analyses the projected movements in assets, liabilities and equity from 2022/23 to 2032/33.

STATEMENT OF FINANCIAL POSITION											
	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Total Current Assets	18.25	14.08	12.09	11.37	12.75	16.15	20.99	23.64	26.35	29.52	32.95
Total Non-Current Assets	686.23	730.04	780.14	825.49	865.31	898.42	932.69	968.16	1,004.88	1,042.90	1,082.27
TOTAL ASSETS	704.47	744.13	792.23	836.86	878.06	914.57	953.67	991.80	1,031.23	1,072.42	1,115.22
Total Current Liabilities	8.64	8.71	8.78	8.85	8.93	9.01	9.09	9.17	9.26	9.34	9.43
Total Non-Current Liabilities	17.49	12.31	7.33	3.25	1.27	0.89	0.91	0.94	0.96	0.98	1.01
TOTAL LIABILITIES	26.12	21.02	16.11	12.10	10.20	9.90	10.00	10.11	10.22	10.33	10.44
NET ASSETS	678.35	723.11	776.13	824.76	867.86	904.67	943.67	981.69	1,021.02	1,062.10	1,104.78
TOTAL COMMUNITY EQUITY	678.35	723.11	776.13	824.76	867.86	904.67	943.67	981.69	1,021.02	1,062.09	1,104.78

Current Assets and Non-Current Assets

Current assets comprise cash, investments and receivables. Current assets are estimated to fluctuate between \$11m and \$33m for the life of the LTFP. The variation is primarily due to changes in Council's cash and investment balance.

Non-current assets primarily include infrastructure assets. They are estimated to increase \$396m over the ten years. This movement is primarily due to the annual revaluation of assets as well as the capital expenditure on the Kingston CBD.

Current Liabilities and Non-Current Liabilities

Liabilities include creditors, employee provisions and other liabilities. The balance of payables is difficult to predict as it depends mainly on the progress and timing of capital works.

It has been assumed that the level of staff positions will only marginally increase and that leave balances will be managed so that leave provisions remain constant.

Loan borrowings will fluctuate between \$16.7m and \$0m over the life of the LTFP with repayments commencing in 2022/23. Of the total borrowings, \$13.9m is interest free loans under State Government grant schemes.

KEY FINANCIAL INDICATORS

Key Indicators and Financial Sustainability Benchmarks

The following graphs illustrate the key financial indicators over the ten-year period of the LTFP.

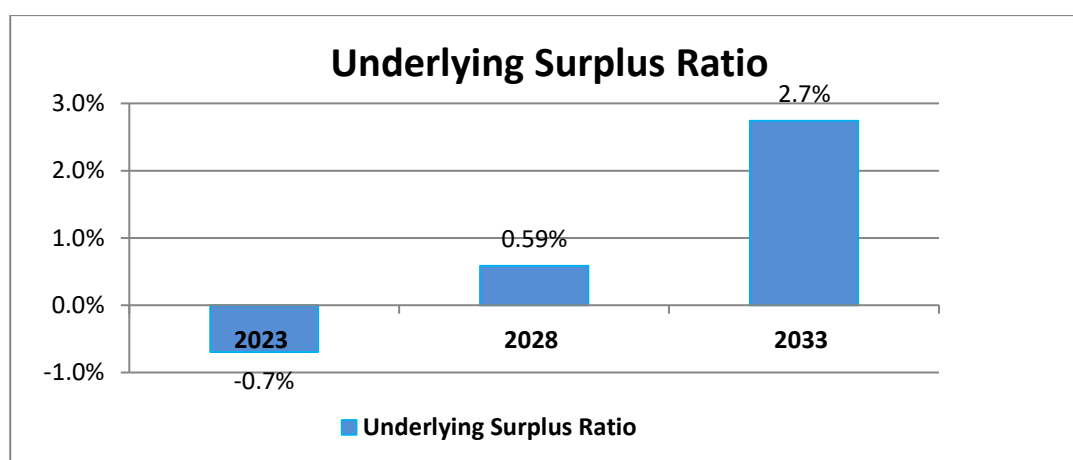
It is important to note that the ratios are only indicators of financial performance and should not be considered in isolation when determining financial sustainability. It is important to consider the ratios over time to consider trends. The results taken together over time indicate financial performance.

The Auditor General compares the financial sustainability of Councils by using generally accepted key financial ratios. The Auditor General uses the following ratios to measure the sustainability of a local government entity which are interrelated and enable both self-analysis and comparative analysis with other local government entities. The ratios used are below.

Underlying Result Ratio

The underlying surplus ratio expresses the operating surplus as a percentage of the recurring operating income. A result greater than 0.0% indicates a surplus, the larger the surplus the stronger the result and therefore stronger assessment of sustainability. A negative result indicates a deficit which cannot be sustained in the long-term.

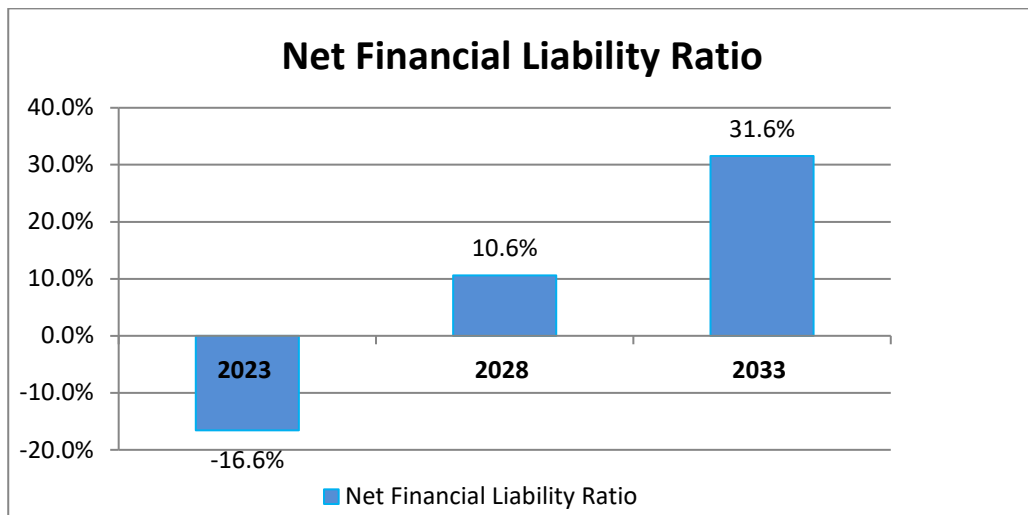
The underlying surplus ratio is calculated from using revenue from the comprehensive income statement adjusted for capital grants income, developer contributions and any other material one-off (non-recurring) items of revenue.



The underlying surplus ratio for 2022/23 is slightly below the Benchmark of 0.0% and indicates Council is forecasting a small underlying deficit. Over the next five year period the ratio is trending upwards and an underlying surplus ratio of 0.6% is achieved by 2027/28. The result in 2032/33 of a 2.7% operating surplus ratio results is above Councils 2.0% target figure.

Net Financial Liability Ratio

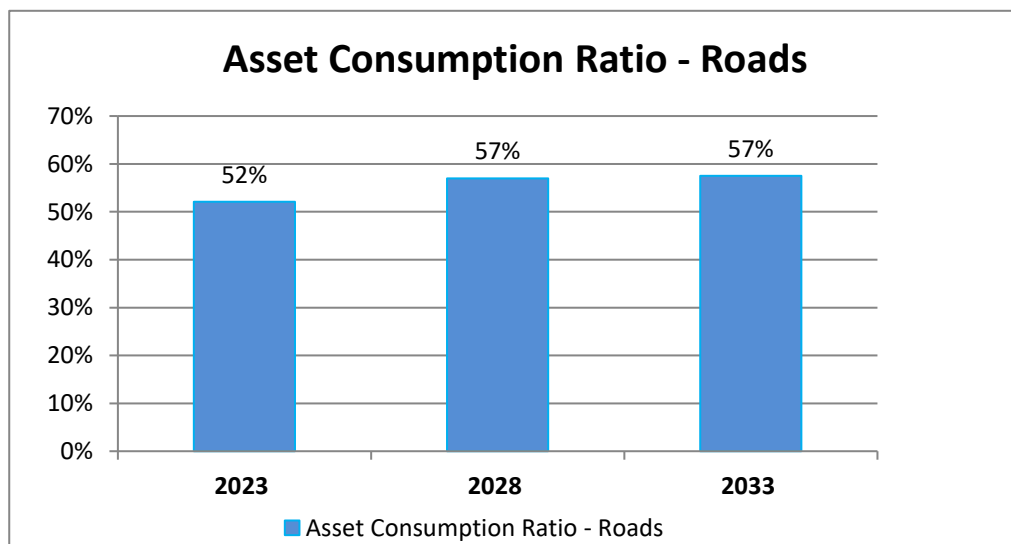
This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all the liabilities fell due at once, additional revenue would be needed to fund the shortfall.



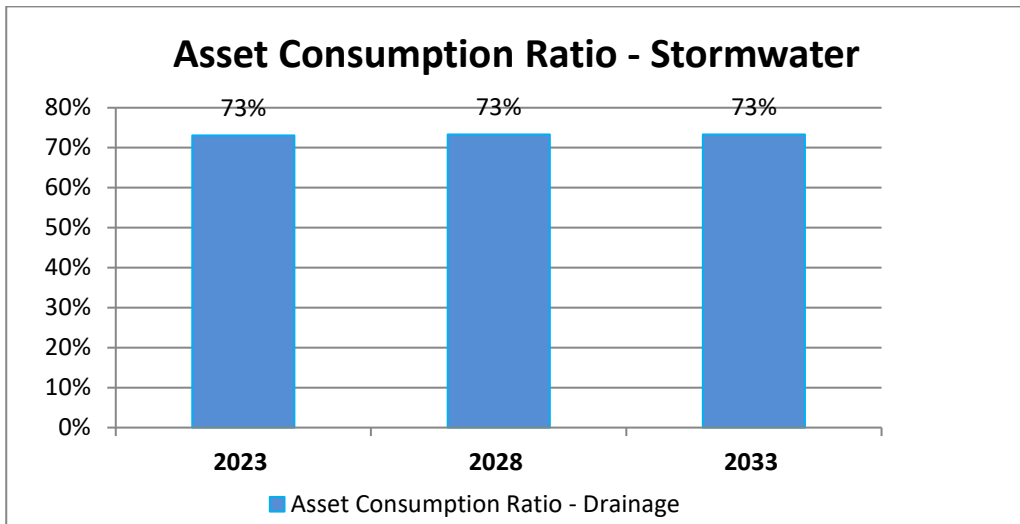
Council’s result for 2022 is below the 0.0% benchmark due to the borrowings associated with the construction at the Kingston Park site and COVID recovery activities. The repayment of all the debt over the life of the plan, leads to an improved ratio in 2032/33.

Asset Consumption Ratio

The asset consumption ratio indicates the level of service potential available in Council’s existing asset base. The ratio is calculated by dividing the depreciated replacement cost over the current replacement cost and is an indicator of the remaining useful life of the infrastructure asset. The benchmark for this ratio is between 50% and 80%.



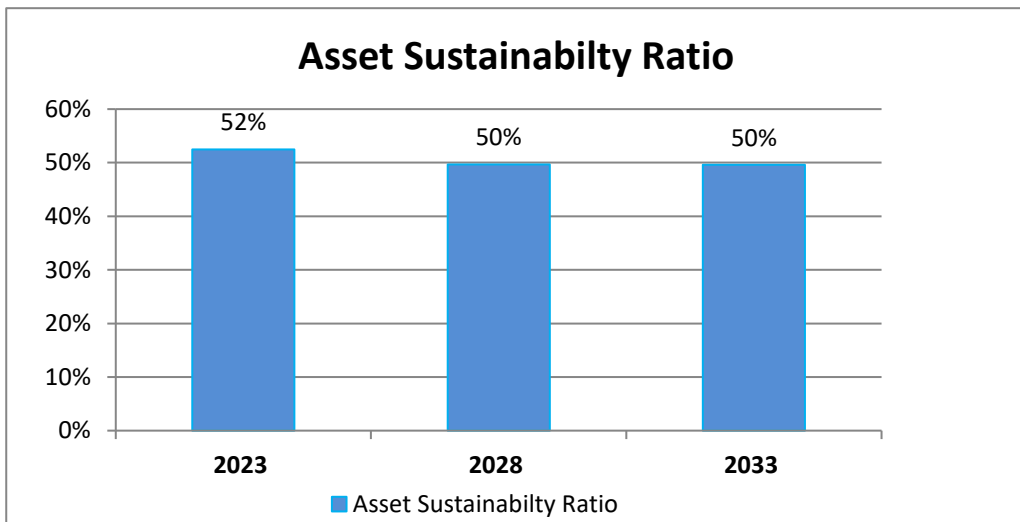
The above ratio for Council’s roads, indicate that there is a reasonable level of service potential available within the existing asset base. The ratio is increasing over the ten-year period as a result of capital expenditure on the road network.



The asset consumption ratio for stormwater assets shows a high level of service potential as well as a constant ratio over the ten-year period. This reflects capital expenditure to maintain the infrastructure.

Asset Sustainability Ratio

The asset sustainability ratio indicates whether a Council has been maintaining existing assets at a consistent rate. The ratio is calculated as the total capital renewal expenditure divided by depreciation expense. The benchmark result over the long-term is 90% to 100%.



The above graph shows that Council is funding slightly over 50% of depreciation for the renewal of infrastructure assets. While this amount is well below the benchmark, it is supported by data from the asset management system that indicates expenditure at these levels is all that is required to renew assets during the 10-year period. Similar funding is required for the next ten years, however funding over 100% is required in the future and Council has created an infrastructure replacement reserve to ensure adequate funds are available for capital replacements.

BUDGET RISKS & SENSITIVITY ANALYSES

Inflation Adjusted Expenditure

The assumptions related to the revenue streams and expenditure line items can have a significant impact on the long-term forecast result of Council. The level of inflation adjusted expenditure is likely to be the most subjective, particularly given the recent big increase in inflation outcomes, and has the greatest potential to significantly impact the LTFP.

The below analysis demonstrates the sensitivity of the LTFP to changes in the level of expenditure that is increased by the inflation rate. The CPI over the last 12 months highlight the impacts of inflation on Council's expenditure and subsequent underlying result.

The LTFP assumes expenditure increases in line with the expected inflation rate. If the rate of inflation is 1.0% above the assumed rate, then the effect will be as follows:

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Yearly Variance (+1%)	758,785	929,950	1,106,884	1,292,054	1,483,211	1,678,053	1,879,220	2,089,423	2,304,439	2,526,444
Accum Variance	758,785	1,688,734	2,795,618	4,087,672	5,570,883	7,248,935	9,128,156	11,217,579	13,522,018	16,048,462
Underlying Result (\$'000)	(747)	(868)	(981)	(1,166)	(1,137)	(798)	(681)	(841)	(601)	(566)

Over a 10 year period Council would have generated \$16.0m less in cash as a result of the inflation rate being 1.0% greater than expected.

The impact on the underlying operating result would be significant as the underlying deficit would continue for the ten-year period.

This outcome is considered unsatisfactory and clearly demonstrates the importance of limiting the level of annual increases in expenditure to the expected inflation rates.

General Rates

The below analysis demonstrates the sensitivity of the LTFP to changes in the level of rates income.

The LTFP assumes a rate increase of 4.5% increase for 2023/24, 3.90% for 2024/25, 3.80% for 2025/26 and 2026/27 and 2.80% from 2027/28 onwards. If the rate assumption is reduced by 0.5%, the dollar impact is calculated as follows:

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Yearly Variance (-0.5%)	(794,365)	(990,639)	(1,198,087)	(1,417,304)	(1,646,679)	(1,886,537)	(2,137,207)	(2,399,021)	(2,672,315)	(2,957,427)
Accum Variance	(794,365)	(1,785,004)	(2,983,091)	(4,400,395)	(6,047,073)	(7,933,610)	(10,070,817)	(12,469,838)	(15,142,153)	(18,099,579)
Underlying Result (\$'000)	(783)	(929)	(1,073)	(1,291)	(1,300)	(1,007)	(939)	(1,151)	(969)	(997)

Over the ten-year period Council would have generated \$18.1m less in cash as a result of a 0.5% reduction in rate increases to 2032/33.

Also, it would mean Council does not generate an underlying surplus during the period of the plan.

Asset Revaluation

The LTFP is based on annual asset revaluations commencing at 5.0% and moving to 3.0% over the life of the LTFP.

This assumption is based on past results, but the revaluation rate can be quite volatile and is very much dependent on market conditions at the time.

The following shows the impact on depreciation expense of a 1.0% increase in the average level of asset revaluation over the life of the LTFP:

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Yearly Variance (+1.0%)	(686,497)	(842,512)	(1,007,271)	(1,179,930)	(1,359,511)	(1,544,825)	(1,736,060)	(1,933,411)	(2,137,076)	(2,347,263)
Accum Variance	(686,497)	(1,529,009)	(2,536,280)	(3,716,211)	(5,075,722)	(6,620,547)	(8,356,607)	(10,290,018)	(12,427,094)	(14,774,356)
Underlying Result (\$'000)	(675)	(781)	(882)	(1,053)	(1,013)	(665)	(538)	(685)	(433)	(387)

Over the ten-year period Council would generate \$14.7 million less in cash as a result of the increased level of asset revaluation.

An underlying operating surplus would not be achieved during the life of the plan.

Financial Assistance Grant

In the period between 2014 and 2017, the Australian Government chose to freeze the total funding pool by not allowing for any indexation of the grants. Any future freezing of the FAGs would have the following impact on Council's financial outcomes.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Yearly Variance	(105,600)	(167,482)	(230,602)	(294,984)	(360,653)	(427,636)	(495,959)	(565,648)	(636,731)	(709,236)
Accum Variance	(105,600)	(273,082)	(503,684)	(798,667)	(1,159,321)	(1,586,957)	(2,082,916)	(2,648,565)	(3,285,296)	(3,994,532)
Underlying Result (\$'000)	(94)	(106)	(105)	(169)	(14)	452	702	683	1,067	1,251

Over the ten-year period Council would generate \$4.0 million less in cash as a result of the freezing of the financial assistance grants.

An underlying operating surplus would not be achieved until 2028/29.

Dividends

Council has a significant investment in Taswater on which it receives an annual return in the form of dividends. For 2020/21, the Taswater Board determined that the dividend would be reduced by one half, which resulted in a \$610k reduction in income to the Council. A further 50% reduction in dividend, throughout the life of the plan, would have the following impact on Council's finances.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Yearly Variance	(610,000)	(610,000)	(610,000)	(610,000)	(610,000)	(610,000)	(610,000)	(610,000)	(610,000)	(610,000)
Accum Variance	(610,000)	(1,220,000)	(1,830,000)	(2,440,000)	(3,050,000)	(3,660,000)	(4,270,000)	(4,880,000)	(5,490,000)	(6,100,000)
Underlying Result (\$'000)	(599)	(548)	(485)	(484)	(264)	270	588	638	1,094	1,350

Over the ten-year period of the reduction in dividends, Council would generate \$6.1 million less in cash as a result of the change.

An underlying operating surplus would not be achieved until 2028/29.

APPENDIX A – STATEMENT OF COMPREHENSIVE INCOME

APPENDIX A - STATEMENT OF COMPREHENSIVE INCOME												
	Forecast 2022-23	LTFP 2023-24	LTFP 2024-25	LTFP 2025-26	LTFP 2026-27	LTFP 2027-28	LTFP 2028-29	LTFP 2029-30	LTFP 2030-31	LTFP 2031-32	LTFP 2032-33	
Recurring Revenue												
Rates	34,281	36,490	38,460	40,499	42,645	44,458	46,325	48,247	50,226	52,260	54,350	
Fire Service Levies	1,863	1,972	2,078	2,189	2,305	2,403	2,504	2,607	2,714	2,824	2,937	
Total Rates & Fire Levies	36,144	38,462	40,539	42,688	44,950	46,860	48,828	50,855	52,940	55,084	57,287	
Satutory Fees & Fines	2,263	2,279	2,370	2,441	2,515	2,590	2,668	2,748	2,830	2,915	3,002	
User Charges	1,580	1,605	1,653	1,702	1,754	1,806	1,860	1,916	1,974	2,033	2,094	
Grants - Operating	2,989	3,094	3,156	3,219	3,283	3,349	3,416	3,484	3,554	3,625	3,698	
Contributions - cash	223	223	229	234	240	246	252	259	265	272	278	
Interest	590	520	409	317	230	238	298	401	495	562	635	
Other Income	2,011	2,024	2,085	2,147	2,212	2,278	2,347	2,417	2,490	2,564	2,641	
Dividends - Tas Water	1,440	1,440	1,440	1,440	1,240	1,240	1,240	1,240	1,240	1,240	1,240	
Share of profit (loss) in associate/subsidiary	250	450	450	450	450	450	450	450	450	450	450	
Total Operating Income	47,490	50,097	52,331	54,639	56,874	59,058	61,360	63,770	66,237	68,745	71,326	
Recurring Expenses												
Materials and Contracts	11,810	12,191	12,679	13,122	13,582	14,057	14,549	15,058	15,585	16,131	16,695	
Employee Costs	16,831	18,105	18,829	19,588	20,276	20,984	21,714	22,465	23,239	24,036	24,857	
Depreciation	12,383	12,902	13,657	14,407	15,093	15,700	16,276	16,880	17,513	18,177	18,869	
Levies to State Government	1,863	1,972	2,078	2,189	2,305	2,403	2,504	2,607	2,714	2,824	2,937	
Borrowing Costs	98	33	88	136	56	8	0	0	0	0	0	
Other Expenses	4,435	4,383	4,438	4,571	4,935	5,059	4,935	5,059	5,435	5,371	5,505	
Carrying Amount of Assets Retired	400	500	500	500	500	500	500	500	500	500	500	
Total Operating Expenses	47,820	50,086	52,269	54,514	56,747	58,712	60,481	62,574	64,992	67,045	69,371	
Underlying Surplus (Deficit) before Capital	(330)	11	62	125	126	346	880	1,198	1,248	1,704	1,960	
Capital and Non-Recurring Items												
Capital Grants	5,100	1,700	600	600	600	600	600	600	600	600	600	
Contributions - non cash	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Grants in Advance	0	0	0	0	0	0	0	0	0	0	0	
NET SURPLUS (DEFICIT)	5,770	2,711	1,662	1,725	1,726	1,946	2,480	2,798	2,848	3,304	3,560	

APPENDIX B – STATEMENT OF FINANCIAL POSITION

APPENDIX B - STATEMENT OF FINANCIAL POSITION												
	Forecast 2022-23	LTFP 2023-24	LTFP 2024-25	LTFP 2025-26	LTFP 2026-27	LTFP 2027-28	LTFP 2028-29	LTFP 2029-30	LTFP 2030-31	LTFP 2031-32	LTFP 2032-33	
Current Assets												
Cash	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Investments	15,726	11,563	9,574	8,850	10,228	13,629	18,466	21,124	23,834	27,004	30,432	
Receivables	970	970	970	970	970	970	970	970	970	970	970	
Other	50	50	50	50	50	50	50	50	50	50	50	
Total Current Assets	18,246	14,083	12,094	11,370	12,748	16,149	20,986	23,644	26,354	29,524	32,952	
Non-Current Assets												
Land and Buildings	147,562	152,098	157,773	162,856	167,208	170,703	174,315	178,049	181,910	185,900	190,025	
Plant and Vehicles	6,026	6,566	7,166	7,835	8,579	9,405	10,325	11,346	12,481	13,742	15,138	
Furniture and Equipment	714	804	902	1,007	1,119	1,240	1,370	1,510	1,661	1,823	1,997	
Infrastructure Assets	434,925	473,575	517,299	556,796	591,404	620,072	649,677	680,252	711,827	744,435	778,110	
Intangible Assets	300	300	300	300	300	300	300	300	300	300	300	
Investment - Copping Waste Author	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	
Investment - Southern Water	92,600	92,600	92,600	92,600	92,600	92,600	92,600	92,600	92,600	92,600	92,600	
Total Non-Current Assets	686,227	730,043	780,140	825,493	865,309	898,420	932,687	968,158	1,004,879	1,042,900	1,082,270	
TOTAL ASSETS	704,473	744,126	792,235	836,863	878,058	914,569	953,673	991,801	1,031,233	1,072,423	1,115,222	
Current Liabilities												
Creditors	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Provisions	2,837	2,908	2,980	3,055	3,131	3,209	3,290	3,372	3,456	3,543	3,631	
Trust Funds & Deposits	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	
Total Current Liabilities	8,637	8,708	8,780	8,855	8,931	9,009	9,090	9,172	9,256	9,344	9,433	
Non-Current Liabilities												
Loan Borrowings	16,700	11,500	6,500	2,400	400	0	0	0	0	0	0	
Provisions	788	808	828	849	870	892	914	937	960	984	1,009	
Total Non-Current Liabilities	17,488	12,308	7,328	3,249	1,270	892	914	937	960	984	1,009	
TOTAL LIABILITIES	26,125	21,015	16,108	12,103	10,201	9,901	10,003	10,109	10,216	10,328	10,442	
NET ASSETS	678,347	723,109	776,126	824,759	867,856	904,667	943,668	981,692	1,021,016	1,062,095	1,104,779	
Community Equity												
Reserves	390,051	432,102	483,456	530,364	571,735	606,599	643,121	678,346	714,822	752,597	791,722	
Accumulated Surplus	288,296	291,008	292,669	294,395	296,121	298,067	300,547	303,346	306,194	309,498	313,058	
TOTAL COMMUNITY EQUITY	678,347	723,109	776,126	824,759	867,856	904,667	943,668	981,692	1,021,016	1,062,095	1,104,779	

APPENDIX C – STATEMENT OF CASH FLOWS

APPENDIX C - STATEMENT OF CASH FLOWS												
	Forecast 2022-23	LTFP 2023-24	LTFP 2024-25	LTFP 2025-26	LTFP 2026-27	LTFP 2027-28	LTFP 2028-29	LTFP 2029-30	LTFP 2030-31	LTFP 2031-32	LTFP 2032-33	
CASH FLOWS FROM OPERATING ACTIVITIES												
Receipts from Ratepayers & Users	41,999	44,370	46,647	48,979	51,430	53,535	55,703	57,936	60,233	62,596	65,025	
Payments to Suppliers & Staff	(33,076)	(34,679)	(35,946)	(37,282)	(38,793)	(40,100)	(41,198)	(42,582)	(44,259)	(45,538)	(47,058)	
Interest	590	520	409	317	230	238	298	401	495	562	635	
Operating Grants	2,989	3,094	3,156	3,219	3,283	3,349	3,416	3,484	3,554	3,625	3,698	
Dividends - TasWater	1,440	1,440	1,440	1,440	1,240	1,240	1,240	1,240	1,240	1,240	1,240	
Borrowing Costs	(98)	(33)	(88)	(136)	(56)	(8)	0	0	0	0	(0)	
Payments to Government	(1,863)	(1,972)	(2,078)	(2,189)	(2,305)	(2,403)	(2,504)	(2,607)	(2,714)	(2,824)	(2,937)	
Net Cash Flow from Operating Activities	11,980	12,740	13,540	14,349	15,031	15,854	16,959	17,876	18,554	19,667	20,610	
CASH FLOWS FROM INVESTING ACTIVITIES												
Proceeds from the Sale of Assets	400	2,400	2,400	2,400	2,400	2,400	2,900	400	400	400	400	
Developer Contributions	223	223	229	234	240	246	252	259	265	272	278	
Acquisition of Capital Assets (incl Plant)	(18,415)	(16,026)	(13,757)	(14,207)	(14,893)	(15,300)	(15,876)	(16,480)	(17,114)	(17,777)	(18,470)	
Net Cash Flow used in Investing Activities	(17,792)	(13,403)	(11,128)	(11,573)	(12,253)	(12,654)	(12,723)	(15,820)	(16,446)	(17,101)	(17,787)	
CASH FLOWS FROM FINANCING ACTIVITIES												
Repayment of Borrowings	(5,600)	(5,200)	(5,000)	(4,100)	(2,000)	(400)	0	0	0	0	0	
Receipts from Government - Capital	5,100	1,700	600	600	600	600	600	600	600	600	600	
Loan proceeds	0	0	0	0	0	0	0	0	0	0	0	
Net Cash Flow from Financing Activities	(500)	(3,500)	(4,400)	(3,500)	(1,400)	200	601	602	603	604	605	
NET (DECREASE)/INCREASE IN CASH HELD	(6,312)	(4,163)	(1,988)	(725)	1,378	3,400	4,837	2,658	2,710	3,170	3,428	
Cash at the Beginning of the Year	23,538	17,226	13,063	11,074	10,350	11,728	15,129	19,966	22,624	25,334	28,504	
CASH AT THE END OF THE YEAR	17,226	13,063	11,074	10,350	11,728	15,129	19,966	22,624	25,334	28,504	31,932	
Statutory Reserves	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	
Discretionary Reserves	(1,000)	(2,000)	(3,000)	(4,000)	(5,000)	(6,000)	(7,000)	(8,000)	(9,000)	(10,000)	(11,000)	
Other Commitments	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	
UNRESTRICTED CASH AT YEAR END	13,226	8,063	5,074	3,350	3,728	6,129	9,966	11,624	13,334	15,504	17,932	