

Glamorgan Spring Bay Council

LONG TERM FINANCIAL MANAGEMENT PLAN

2026 - 2036



GLAMORGAN
SPRING BAY
COUNCIL

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1. Executive Summary

The Long Term Financial Management Plan (LTFMP) seeks to inform the reader about how the Glamorgan Spring Bay Council (Council) intends to govern the financial aspects of its Strategic Framework. Underpinning this is Council's goal of managing its operations in a financially sustainable manner now and into the future.

This plan has been developed with Council's key financial strategies at its core: moderate underlying surpluses, sufficient liquidity and cash flow, minimise debt, and asset renewal requirements being satisfactorily funded.

Council recently considered its long term asset management plans, acknowledging the need to focus capital spending on asset renewals over the next ten years. Both the LTFMP and the long term asset management plans are to be reviewed annually.

The forecasts contained within this LTFMP and which are necessarily based upon certain assumptions, produce the following outcomes over the 10-year horizon of this plan: -

- The achievement of modest underlying operating surpluses. Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range 1.7% to 3.3% of revenue, averaging 2.3%. It is important that Council has sufficient revenue to cover all of its cash and non-cash costs, with a small buffer.
- Long term borrowings will decrease by more than 45% over the 10 year period.
- Cash balances are currently at acceptable levels. Balances and cash flow requirements will need to be closely monitored.
- 100% funding of forecast asset renewal requirements will be achieved in every year.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual general rate revenue increases in the order of 4.5% in year 1, increasing to 5.1% per annum, including natural growth, over the remaining life of the plan. This is exclusive of the State Government fire levy, service charges any redistributive effects of revaluations, Assessed Annual Value (AAV) indexation or changes to council rating policy.

These outcomes ensure a continued financially sustainable position for the Council, thus ensuring the ability to deliver services into the future. It will ensure an equitable distribution of costs between current and future generations (intergeneration equity).

2. Background

Glamorgan Spring Bay Council

The Council is a small regional council situated on the southeast coast of Tasmania. The Council services an immediate population of 5,012 residents and a significantly fluctuating population in the holiday periods and weekends with a high number of properties used as holiday homes and holiday rentals as well as a popular destination with the 1.3 million tourists visiting the State annually. Glamorgan Spring Bay municipality has one of the highest growth rates of any municipality in Tasmania relation to the number of development applications approved for dwellings on a population pro rata basis. Council offers critical services to the community and the infrastructure required of a regional location.

Council has over \$302 million in gross assets (replacement cost) and will generate operating revenues of \$19.6 million in 2025-26, comprising \$14.5 million of rates and charges and \$2.6 million of fees, charges and other income and \$800k in interest and investment revenue. \$1.7 million is expected from operational grants, including \$1.6 million in Financial Assistance Grants. Council has a workforce of 46 full time equivalent employees as at 1 July 2025.

One of Council's corporate priorities is planning for its financial sustainability. Strategies to achieve this priority include the development of this 10-year Financial Management Plan.

What is Financial Sustainability?

For Council, financial sustainability means whether Council can sustain its current practices in financial terms and whether community needs are currently met and will be met in the future, as prioritised through community engagement and consultation, without unplanned increases in rates and charges or disruptive cuts to services.

Importance for Local Government

Financial sustainability is particularly important for Local Government because councils hold assets worth in the billions of dollars (large relative to revenue base), that have lives, in some cases, well over 100 years.

Council has over \$222 million in physical assets, including buildings, parks infrastructure, plant, vehicles and equipment, playground equipment, road infrastructure, sporting facilities, stormwater infrastructure, marine infrastructure and the Prosser Plains Raw Water Scheme. The expected life of physical assets varies from 3 years to 100 years.

It is important for Council to adequately fund asset management to ensure its assets achieve their full expected service life but can also be renewed without incurring large rate increases in the future.

In addition, councils face continuing expectations and pressures to maintain and increase service levels while at the same time keep rate rises to a minimum and have sound long-term financial management.

3. Council's Planning and Reporting Framework

Strategic Framework

The Council's Community Vision was developed for Council by residents in 2019-20. In 2020 the Council endorsed a new 10 year Strategic Plan, 2020-2030, for the Glamorgan Spring Bay Council and this was then revised in 2024. All councils are required to have a 10 year plan which is reviewed every four years. The Plan is built around five key foundations and will guide the Council's work over the 10 year period. Each key foundation has outcomes that detail what we are trying to achieve and how we will measure success.

Performance in achieving the major actions and initiatives outlined in the Annual Plan are reported to the community through Council's Annual Report.

Key foundations

Key foundation 1 – Our Governance and Finance

- Sound governance and financial management that shows Council is using ratepayer funds to deliver best value and impact for the Glamorgan Spring Bay Council community.

Key foundation 2 – Our Community

- Cohesive, inclusive and resilient communities that work together across the region to make the most of our collective talents, skills and resources and help and support each other.

Key foundation 3– Infrastructure and Services

- Delivering high quality, cost-effective infrastructure and services that meet the needs of our communities, residents and visitors.

Key foundation 4 – Our Environment

- Collaborating with our communities to value, manage and improve our natural resources and built environment.

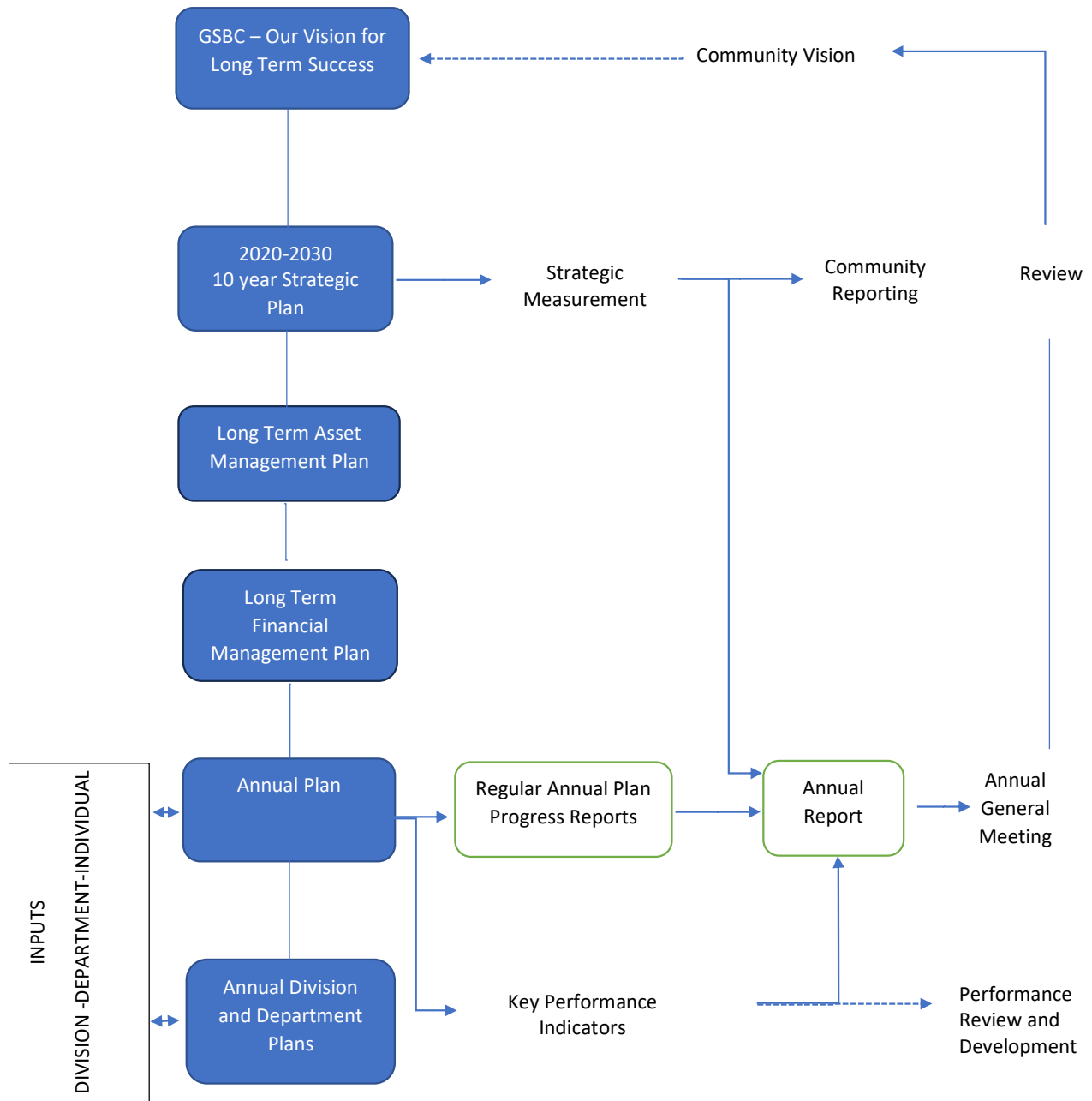
Linkages with the Strategic Framework

The relationship between long-term financial planning and Council's strategic framework is represented in the diagram overleaf. Long-term financial planning provides for the optimum allocation of available resources to deliver Council's strategic and corporate objectives. Long-term financial planning supports the delivery of Council's community vision.

Long term financial sustainability can only be said to have been achieved when Council is providing expected services at defined levels to its community that is adequately funded, not only on an annual basis, but over the long term. This includes infrastructure asset renewal funding requirements.

Council's 10-year Financial Management Plan and 10-year Asset Management Plan are integral documents. Council's Asset Management Strategy sets out the most appropriate long term course of action for implementing the asset management policy which aims to forecast long-term asset renewal requirements.

Council's Planning & Reporting Framework



4. Introduction to Long-Term Financial Management Plan

The LTFMP sets out Council's objectives, goals and desired outcomes in financial terms. The purpose of the LTFMP is to express in financial terms the activities that Council proposes to undertake over the medium and longer term to achieve its strategic objectives and community expectations. The key objective of the LTFMP is the achievement of financial sustainability in the medium to long term whilst achieving Council's strategic objectives.

The LTFMP provides a tool for Council to consider the financial impact of its decisions on Council's future financial sustainability. It includes consideration of cost increases: salaries and wages, fire levy, energy costs and other operating costs; and revenue increases: rates, rental income, operating grants and other fees and charges.

The LTFMP is aimed at: -

- Developing systems to ensure the financial impacts of new initiatives are included in long-term financial planning;
- Achieving modest operating surpluses;
- Maintaining stable and predictable rate increases; and
- Maintaining and enhancing community service levels.

The LTFMP has been prepared over a rolling 10 year period with the first planning year being 2025-26 and concluding in 2035-36. The LTFMP is a 'living' document and is updated annually as part of Council's annual planning and budget process and on an ongoing basis to reflect changing internal and external circumstances.

Measuring Financial Sustainability

Council has adopted the recommended suite of financial sustainability measures identified in *The Framework for Long-term Financial and Asset Management Planning for all Tasmanian Councils* reports as key to securing long-term financial sustainability.

The 7 measures have been adopted for the purposes of the LTFMP and are as follows:

- Underlying operating result
- Operating surplus ratio
- Net financial liabilities
- Net financial liabilities ratio
- Asset sustainability ratio
- Asset consumption ratio
- Asset renewal funding ratio

Appendix 1 provides a full explanation of these indicators. The first two are measures of profitability, the next three are measures of indebtedness, and the last three are measures of asset management.

5. Assumptions and Methodology

The preparation of the LTFMP is underpinned by a 10-year financial model. The financial model allows for analysis and modelling of various financial scenarios. For the purpose of financial modelling the following key assumptions for years beyond 2025 have been made:

General

- The LTFMP generally provides for maintenance of existing core services.
- Triabunna Marina & Wharf operations are self-funding in that income equals or exceeds the cost of operations.
- Annual asset renewal requirements are based on Council's Asset Management Plans, which set out the forecast capital renewal requirements for the next 10 years. These plans are expressed in today's dollars, but for the financial model have been indexed at 4% per annum.
- All maturing debt will be repaid as it falls due, with the exception of 3 long term loans that require refinancing after their 10 year maturity dates for up to an additional 10 year period (maximum loan terms are 10 years).

Specific

- The percentage of revenue uncollected on average at year-end is 3.0%.
- The percentage of creditors' payable on average at year-end is 8%, targeting to reduce this to 6%.
- The percentage of commission received for collecting the Tasmanian fire service levy is 4%.
- The employee on-cost percentage relating to payroll tax, contribution scheme superannuation, personal leave, public holidays, annual leave and long services leave and workers compensation insurance is 60%.
- Council can afford to spend \$5.6 million in capital works in year 1 increasing to \$6.8 million by year 10. 100-110% funding of forecast asset renewal requirements will be achieved in every year. With the assumption of receiving \$641,741 in Roads to Recovery grant revenue in year 1 increasing to \$762,068 in year 2 and \$802,177 in all other years.

The specific assumptions have been based on an analysis of recent experience. The variables used to underpin Council's long-term financial strategy are based on a historical analysis of cost and revenue increases over the last five years. These variables are summarised on the following page: -

Y/E 30 June			2026	2027	2028	2029-2036
Operating Items						
INFLOWS	Rate increase (Council operations – including growth)	% change	4.5	5.1	5.1	5.1
	Rate increase (fire levy)	% change	2.0	2.0	2.0	2.0
	Rate base growth	% change	0.7	1.1	1.1	1.1
	Waste rates	% change	4.0	4.0	4.0	4.0
	Sewerage rates	% change	5.0	5.0	5.0	5.0
	Operating grants	% change	3.0	3.0	3.0	3.0
	Other fees and charges	% change	3.0	3.0	3.0	3.0
	Interest revenue rate	% change	4.0	4.0	4.0	4.0
OUTFLOWS	Operating costs	% change	3.0	3.0	3.0	3.0
	Employee salary & wages	% change	4.1	5.7	5.5	4.5
	Fire levy	% change	2.0	2.0	2.0	2.0
	Contractors	% change	5.0	5.0	5.0	5.0
	Insurance	% change	8.0	8.0	8.0	8.0
	IT Expenses	% change	5.0	5.0	5.0	5.0
	Interest expense rate	% change	5.0	5.0	5.0	5.0

Whilst the LTFMP will be updated annually, the underpinning financial model will be regularly updated. Revisions will included: -

- The inclusion of prior years’ actual results;
- The inclusion of the current year budget;
- Revisions to the current year budget as approved by Council half yearly;
- Updated assumptions;
- Revisions to depreciation forecasts; and
- Revisions to the 10 year capital expenditure forecasts sourced from the updated asset management plans.

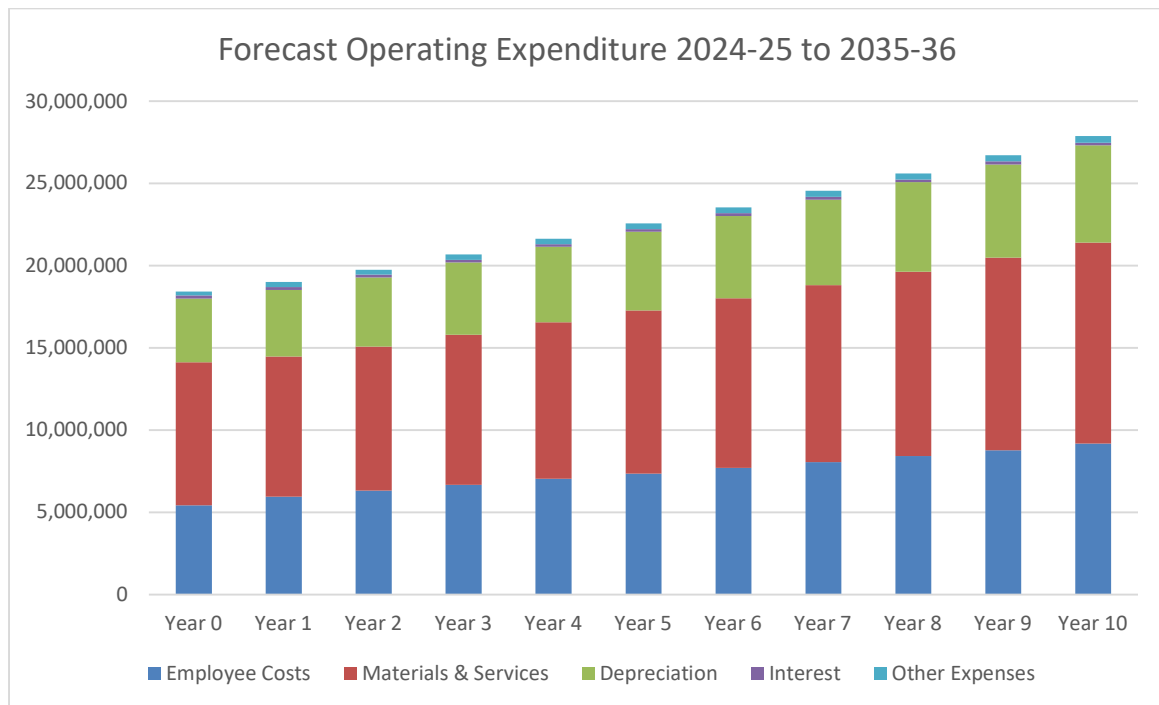
Forecasts from 2025-26 onwards are based, in the short term, on Council’s focus on maintaining a financial sustainable position, specifically;

- General rate revenue increases of 4.5% for year 1, increasing to 5.1% in years 2-10, based on 4% increase in general rate and 1.1% increase in natural growth.
- Sufficient funding for core operations and to meet statutory obligations.
- Achieving a modest surplus, sufficient to finance asset renewals at 100-110% and meet loan repayments.
- Ensuring liquidity by improving the balance of cash on hand sufficient that Council can cover a minimum of 3 months operations and all obligations and is not in a position to be spending funding received in advance prior to the period it was intended for.

6. Key Financial Strategies

In order for Council to remain financially sustainable the following financial strategy has been adopted. The financial strategy reflects an appropriate mix of cost and revenue levels designed to maintain financial stability and, as far as possible, whilst ensuring sufficient resources are available to achieve Council's strategic objectives and community expectations.

Forecast Operating Expenses 2024-25 to 2035-36



Operating Items - Expenses

Salaries and Wages

Salaries and wages is gross salaries and wages, net of leave amounts paid and amounts capitalised, and redundancy payments (if any).

Costs have been assumed to increase by 4.1% per annum in 2025-26, 5.7% in 2026-27, 5.5% in 2027-28 and 4.5% per annum from 2028-29 onwards, inclusive of reclassifications and any new positions. It is inherent in the assumption that leave amounts paid and amounts capitalised will increase by the same amount.

Employee On-costs

Employee on-costs include superannuation, leave entitlements, payroll tax, and workers compensation less labour on-costs capitalised. On costs for these items are assumed at 60% of salaries and wages, based on the 2025-26 forecast rate.

Employee Leave Entitlements Expense

Leave entitlements expense is the annual accruals for employee leave. This has been assumed to increase by the same amount as salaries and wages per annum.

Materials and Services

Materials and services is all expenditure not included elsewhere. Major items include communication costs, licences, external labour, fuel, advertising and marketing, equipment maintenance, water and sewer charges, energy costs printing and stationery costs, and legal costs. These are generally assumed to increase by 3% per annum.

Contractor and consultant costs are included in materials and services these are assumed to increase by 5% per annum.

Insurance costs can fluctuate year on year this is assumed to increase by 8% per annum.

IT expenses is another major component of materials and services and is assumed to increase by 5% per annum.

Fire Levy

Pursuant to the *Fire Services Act 1979*, local government acts as a collection agent for this levy, which is paid directly to the State Fire Commission. This item is difficult to forecast as given its method of calculation by the State Fire Commission, is prone to substantial fluctuations, year on year. Annual increases of 2% have been assumed from 2025-26. A 4% commission is received for collecting the levy.

Other Expenses

Other expenses include audit fees and councillor allowances and expenses. These are assumed to increase by 3% per annum.

Depreciation and Amortisation

Depreciation is the financial representation of the annual decrease in the value of, or consumption of service potential inherent in, Council's assets. Depreciation therefore approximates the funds that will need to be spent at some time in the future to renew assets. This expense is forecast to increase at 4% per annum, due to rising asset valuations and capital expenditure.

Asset Write-offs

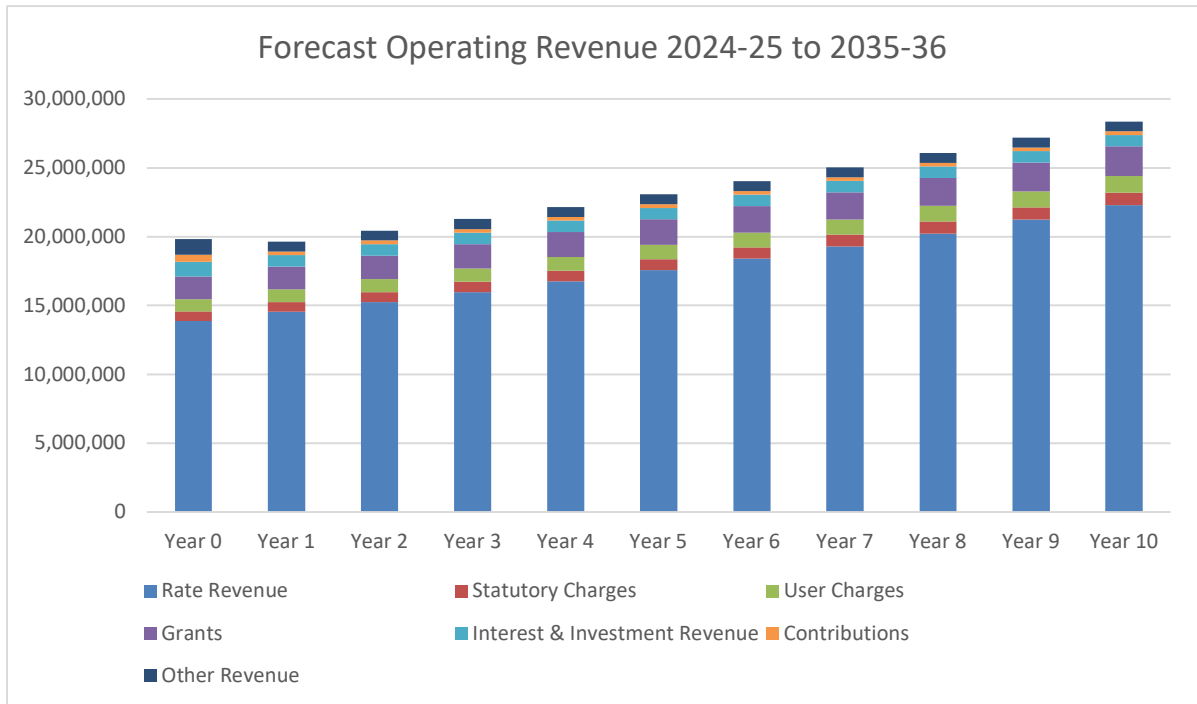
Asset write offs represents the residual value of infrastructure assets replaced. The forecast is difficult to predict, therefore no allowance has been made for asset write-offs.

Interest Expense

Interest expense is payable on debt. All loans have fixed interest rates, varying between 3.14-5.05%. A commercial interest rate of 5.0% has been assumed for new debt forecast in the plan.

Operating Items - Revenue

Forecast Operating Revenue 2024-25 to 2035-36 ('000s)



Rates

Rates include revenue from general rates, service rates (fire protection) and service charges (waste management and sewerage) and supplementary rates. Increases in general rate revenue from 2025-26 are forecast to be 4.5% per annum increasing to 5.1% from 2026-27. Waste management is forecast to increase at 4% and the Sewerage charges are forecast to increase at 3% in 2025-26 then 5% per annum thereafter. Fire levy is forecast to increase by 2% per annum.

This plan is not in any way affected by changes in the Council's rating strategy – it simply models total rate revenue required per annum irrespective of how that is apportioned to individual properties. For the same reason, the LTFMP is unaffected by periodic revaluations or the application of AAV indexing by the Valuer-General. However, the impact on individual ratepayers may be affected by these factors.

It is assumed that natural growth would be 0.66% in 2025-26 and 1.1% thereafter.

Fire Levy Commission

A commission of 4% is earned for collecting the State Government fire levy.

Fees and Charges

Fees and charges income includes all user fees and charges including landfill, private works income, building and development fees, animal licences, marina leases, hall hire and community events income. Most user fees and charges are forecast to increase 3% per annum over the 10 year period.

Operating Grants

Operating grants are predominantly the Commonwealth financial assistance grants. Over recent years revenue from Finance Assistance Grants has been slightly increasing overall. The general component remains low compared to other Tasmanian councils due to Council's ability to increase its own revenue sources and low permanent population base. Overall, there is forecast to be a 2.5% increase in 2025-26 and 3% increase per annum in Financial Assistance Grants over the 10 year period.

Given the unpredictable nature of grant revenue, no forecast has been made for other operating grants.

Interest and Investment Revenue

Interest revenue is earned on cash investments. An interest rate of 4% has been assumed from 2025-26 on the basis of current rates. Only a proportion of Council's cash holdings is held in investments that attract interest.

Distributions from TasWater

Distributions are received as a result of Council's ownership interest in TasWater. They comprise dividends and tax equivalent payments. Additional payments have been received in recent years to make up for lower dividends received during covid, these are forecast to return to normal levels from 2025-26. This forecast has been carried for each year of the 10 year plan.

Non-Operating Items

Contributed Assets

Contributed assets are assets contributed to Council by developers. Council does not budget for these contributions as they cannot be reliably forecast.

Capital Grants

Capital grants are grants received to upgrade existing assets or to create new assets. They include Roads to Recovery grants and other specific-purpose capital grants. These are also difficult to reliably forecast and are therefore not included unless specific advice has been received. Only Roads to Recovery grants at current advised levels has been included in the plan.

Asset Revaluations

Asset revaluations are revaluation increments and decrements arising from periodic asset values. Usually these amounts are credited or debited directly to equity but on occasions are accounted for through the income statement.

Movement in TasWater Investment

This represents the annual adjustment to the value of Council's ownership interest in TasWater. This cannot be forecast reliably so no amounts have been included.

Capital Items

Asset Replacement

An integral component of the LTFMP is Council's approach to asset management and in particular to the renewal of assets. Council controls assets worth over \$222 million and it is important that each generation pays their way, rather than allowing assets to run down creating a financial impost (or lower service levels) on future generations.

To ensure that Council discharges its asset management obligations responsibly, as set out in this plan, Council aims to achieve modest underlying operating surpluses and fully fund renewals for every year of the plan. This will ensure that the current generation is fully paying for the current cost of service provision and asset consumption.

Asset management plans will continue to be enhanced over time across all asset classes.

Capital works program

The forecast works program has a strong focus on asset renewal over the 10 year period with a small allowance for new assets with a particular focus on investing in expanding the stormwater and drainage network, upgrading roads and footpaths and improving parks and recreation facilities for the community.

Borrowings

Principal repayments of \$0.277 million on existing borrowings will be made in 2025-26, with \$870,000 refinanced. In 2028-29 \$2.29 million is to be refinanced and in 2029-2030 another \$1.19 million to be refinanced.

Over the 10 year period a number of loans will mature that need to be refinanced. Council is limited to a maximum of 10 year borrowing terms, and in some cases the project and/or amount of borrowing justifies a longer borrowing period. In these situations, the balance is refinanced every 10 years. Apart from refinancing, no new borrowing are forecast over the 10 year period. Over the 10 year period, Council aims to continue repaying debt to ensure a manageable level of repayments and capacity to borrow is available if required.

7. Long Term Risk, Contingency and Reserves

The LTFMP has included all known variables and has made certain assumptions about the future. However, the future is uncertain. There is an inherent risk that circumstances may change, some of which may be within Council's control (e.g. policy decisions, service delivery decisions) and some which will be outside of Council's control (e.g. legislative change, funding streams, demographics, and macro-economic conditions).

Council's three largest expense categories are employee salaries and wages, materials and services, and depreciation. As such the outcomes of the LTFMP are significantly affected if actual results in these three categories are different to forecast. Chapter 10 sets out a sensitivity analysis of these two largest categories – employee costs, and materials and services, as well as the LTFMP's sensitivity to rates increases being different to those currently assumed. In addition, asset management outcomes have a significant impact on the LTFMP. Updates to asset management plans and cyclical revaluations may materially impact on asset valuations, depreciation expense, asset write-offs and forecast asset renewal requirements.

The LTFMP is reviewed and updated regularly – on at least an annual basis to coincide with the adoption of the Council budget, and more frequently when new information is available which may have an impact on the LTFMP.

In order to mitigate financial risk, the LTFMP has made provision for contingencies and reserves. These are outlined below.

Contributions in Lieu of Public Open Space

A reserve has been established to separately account for funds provided to Council for the express purpose of providing areas of Public Open Space throughout the municipality.

Developer Contributions

A reserve has been established to separately account for funds provided to Council for the express purpose of providing infrastructure in the vicinity of developments that have been approved with a contribution to infrastructure as a condition.

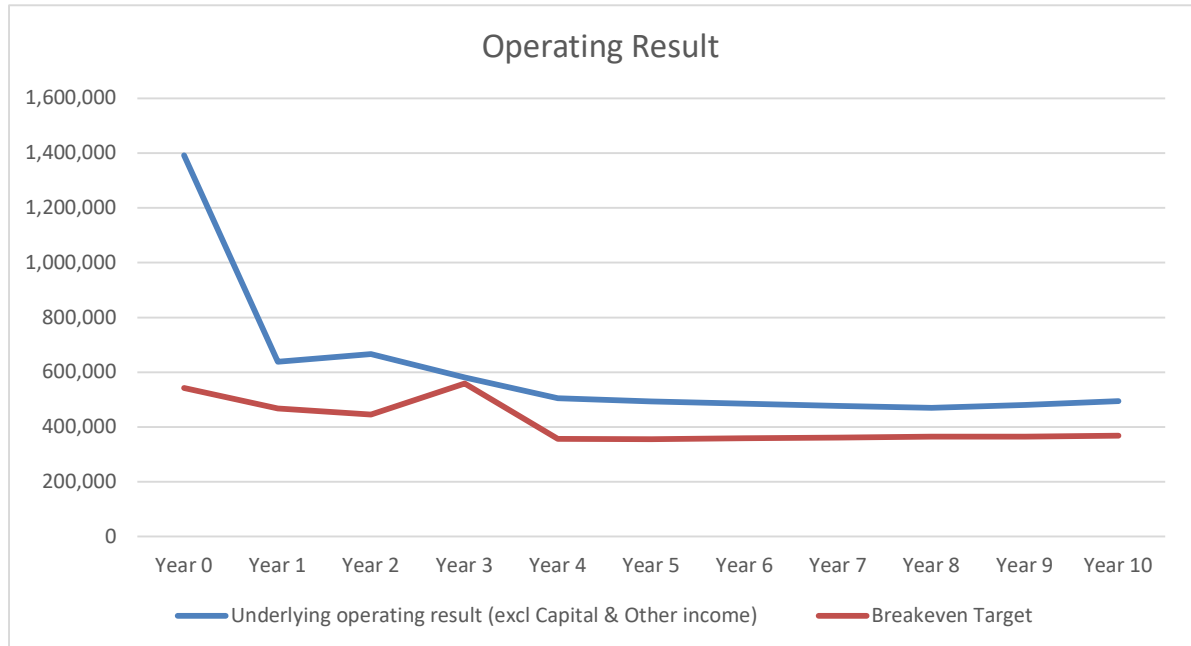
Eldercare

A reserve has been established to provide for the future upgrade and expansion of the Council owned Eldercare Units that provide independent aged care housing.

8. Forecast Position and Analysis

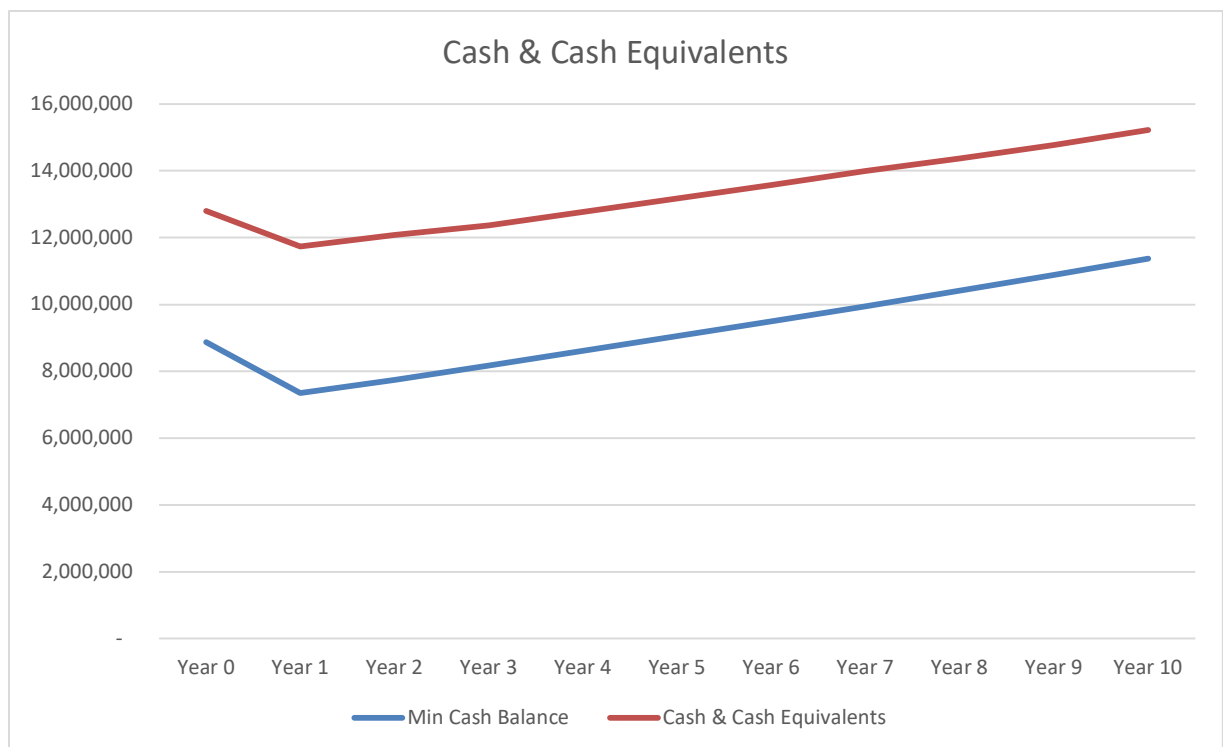
Based on the long-term financial strategy, the following outcomes will be achieved. More detail is provided in the forecast financial statements at Appendix 2.

Operating Result



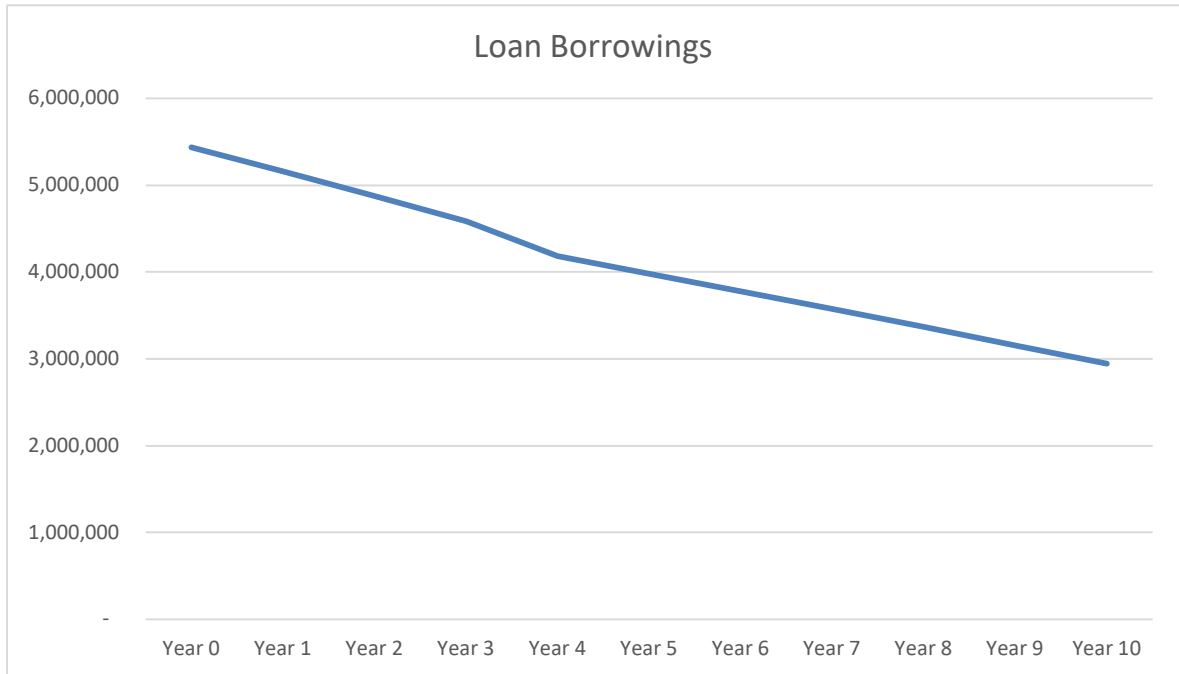
Based on the financial strategy Council will continue in a financially sustainable position with ongoing modest underlying operating surpluses. This is discussed further in Chapter 9.

Cash



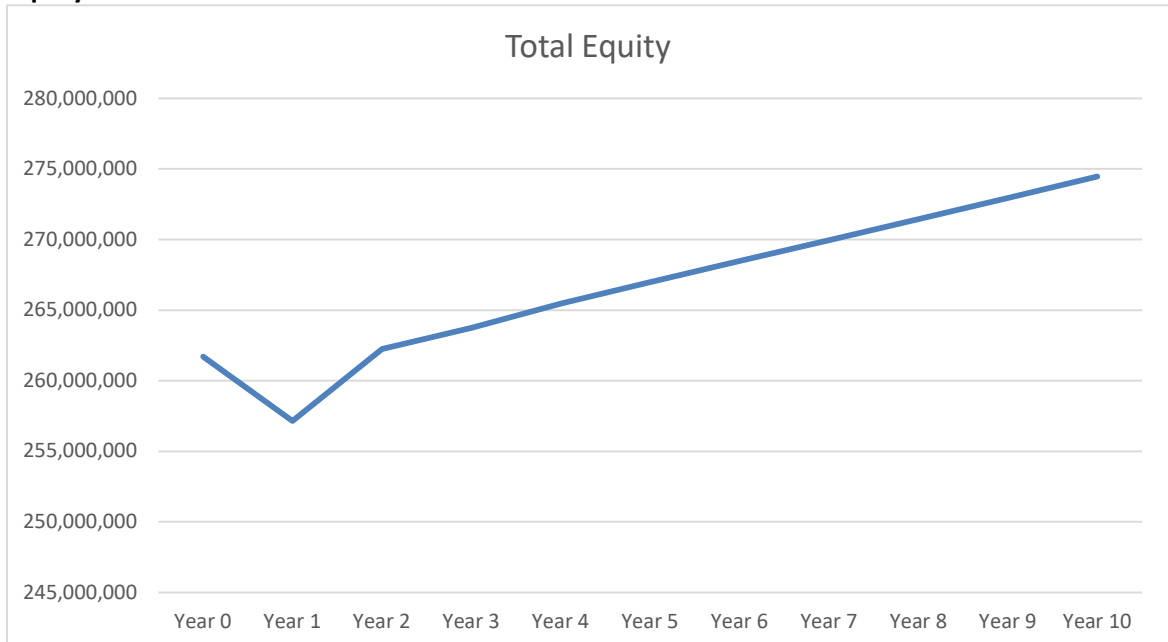
Cash balances are currently at acceptable levels. A concerted effort to maintain cash balances is required to ensure Council’s liquidity, to provide for asset replacement requirements and to provide for unforeseen events. Balances and cash flow requirements will need to be closely monitored and refined as necessary.

Debt



Borrowings are currently at high levels and apart from refinancing, no new loans are forecast in the 10 year period. The aim is to keep Council’s debt within manageable levels and under acceptable benchmarks to provide the facility to borrow funds in the future if required. See also Indicators 4 and 5 in Chapter 9.

Equity



Over the life of the plan, equity is forecast to increase due to operating surpluses.

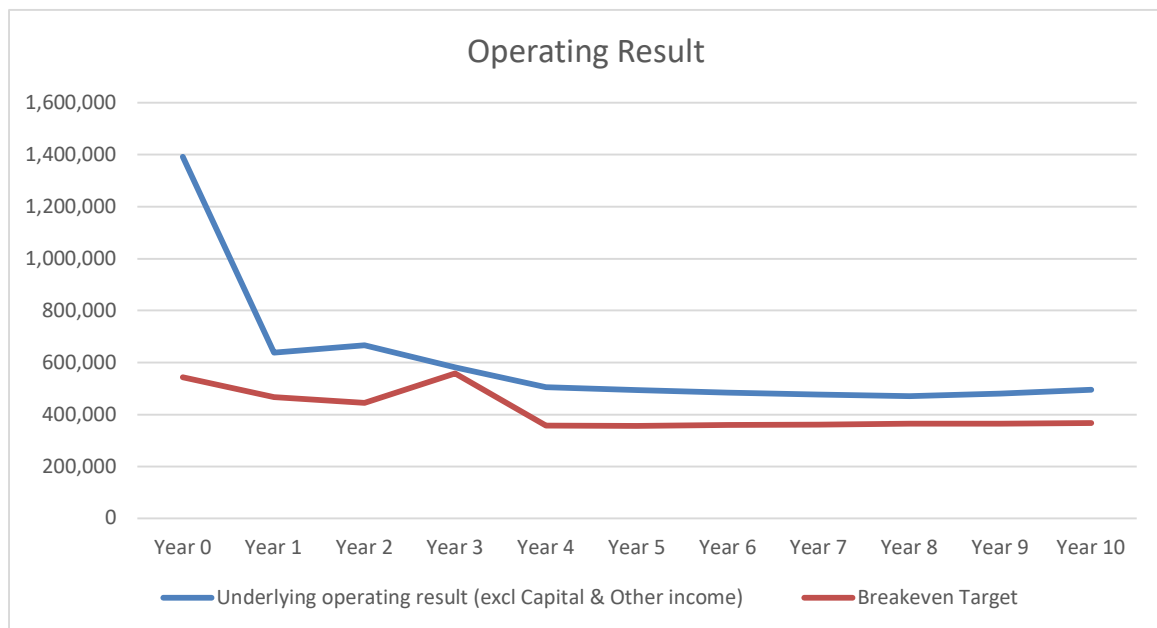
9. Financial Sustainability Outcomes

As outlined in Chapter 4, for the purpose of measuring Council’s financial sustainability, seven financial sustainability measures have been adopted.

- Indicators 1 – 2 are measures of profit performance and the extent to which expenses are covered by revenues.
- Indicators 3 – 4 are measures of indebtedness and the amount Council owes others (debt, employee provisions, creditors) net of financial assets (cash, investments) and amounts owed to Council.
- Indicators 5 – 7 are measures of asset management.

Indicator 1 – Underlying Operating Result

This indicator measures the difference between day-to-day income and expenses for the period and is recognised as a better indicator of sustainability than the all-inclusive operating result. The underlying operating result excludes capital grants which can be project specific and thus non-recurring, and other amounts which are required to be recognised as income by accounting standards.



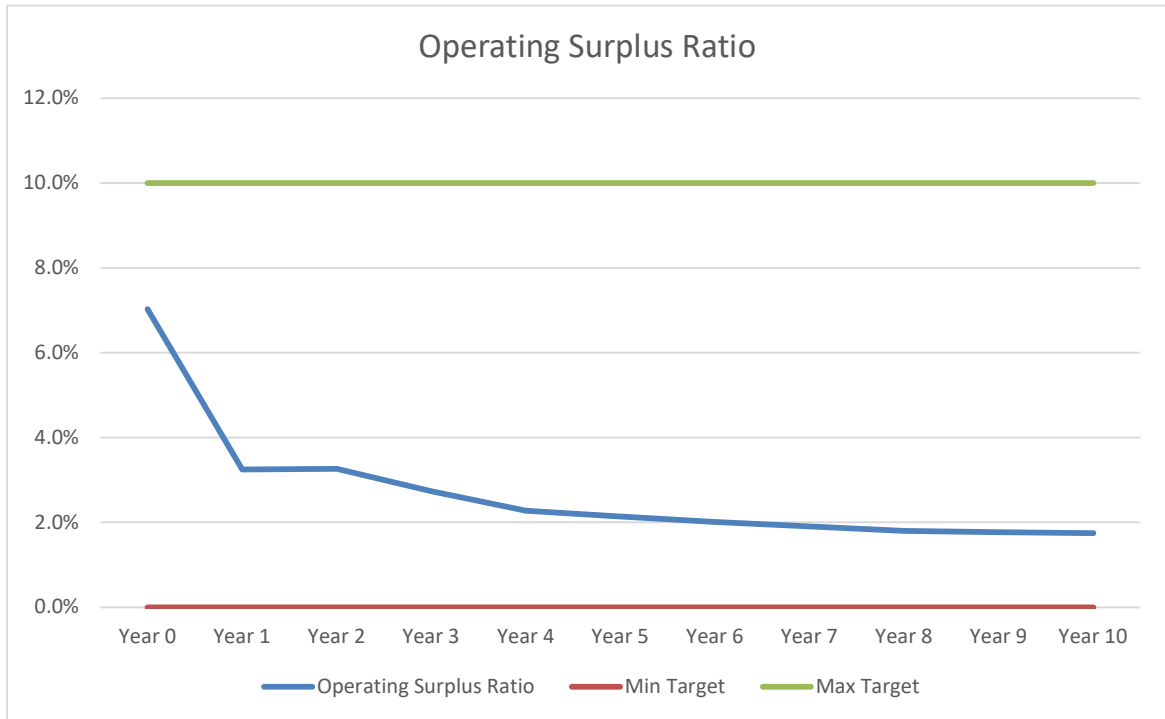
An operating surplus arises when operating revenue exceeds operating expenses for the period. An operating deficit arises when the opposite is true. Council’s long term financial sustainability is dependent upon ensuring that on average, over time, its expenses are less than associated revenues. This ensures equity between generations of ratepayers in that each generation is responsible for the cost of the resources they consume.

Research indicates that there is no clear agreement on what an appropriate target should be. For example, the Victorian Auditor-General recommends generating surpluses consistently, the Tasmanian report “Framework for Long Term Financial and Asset management Planning for all Tasmanian Councils” September 2009 recommends breakeven, or better, on average over medium term, and some state studies recommend sizeable surpluses.

Shown in the previous graph is the breakeven target including principal loan repayments. This provides for sufficient cash to fund operations, asset replacements on a consistent basis and provide sufficient funds to meet loan repayments as required. Without the funding of loan repayments over and above breakeven, there would be reduced funds available for asset replacements and place a burden on future ratepayers.

Indicator 2 – Operating Surplus Ratio

The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of total revenue (adjusted by excluding capital grants, contributed PP&E and asset revaluation increments/decrements). It expresses the underlying operating result relative to annual revenue.



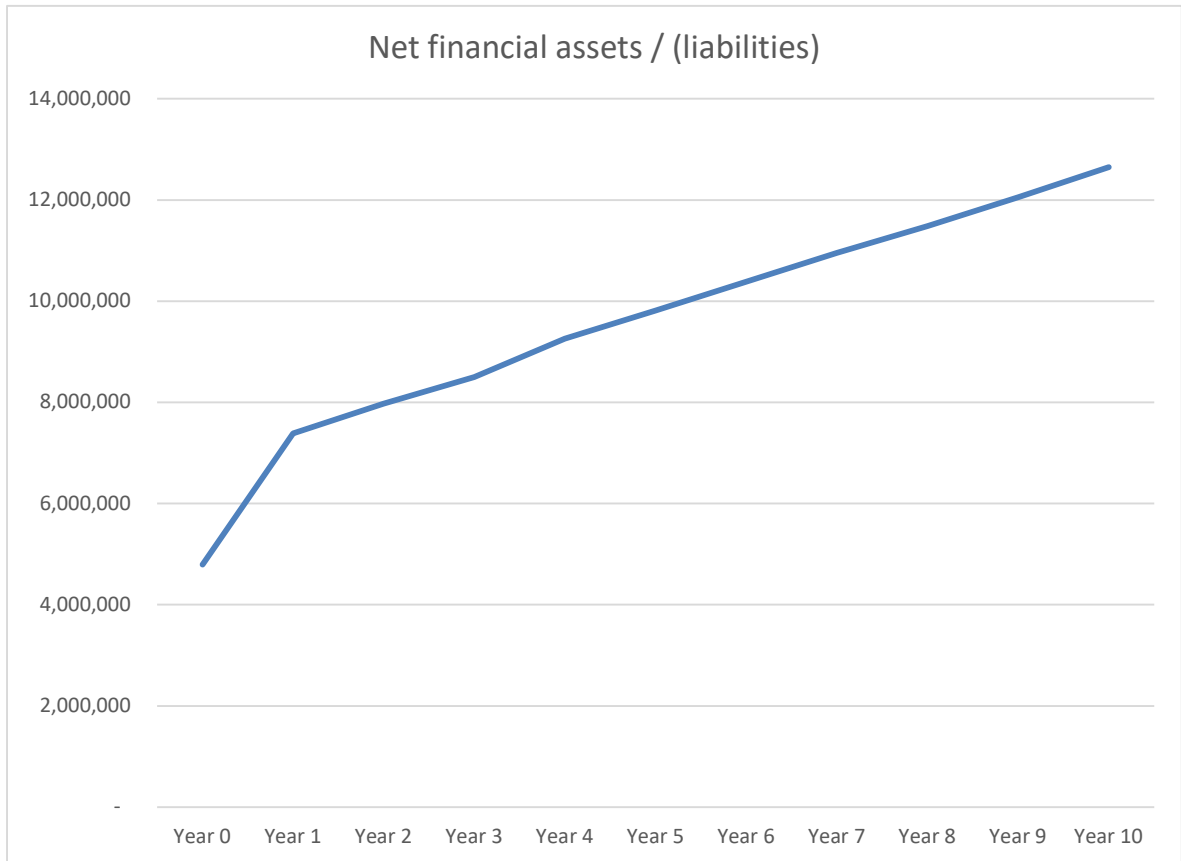
Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range 1.7% and 3.3% of revenue, and averaging 2.3%. Surpluses then continue beyond this 10 year period to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed. It is important that Council generates sufficient revenue to cover all of its cash and non-cash costs, with a small buffer.

Research indicates a wide range of views on appropriate targets. Reviews indicate targets of 0% to 15%, 2.5% to 7.5%, 5% but within the range of 0% to 10% and greater than 0%. It is recommended that Council support a 2-4% Operating Surplus ratio as part of its LTFMP which provides a small margin in the event of unexpected events. Operating surpluses also generate cash surpluses required to retire debt (principal payments are not recorded in the

operating result). Differences in the asset valuation rates used for financial reporting purposes and asset renewal purposes also require cash surpluses to be generated.

Indicator 3 – Net Financial Assets/ (Liabilities)

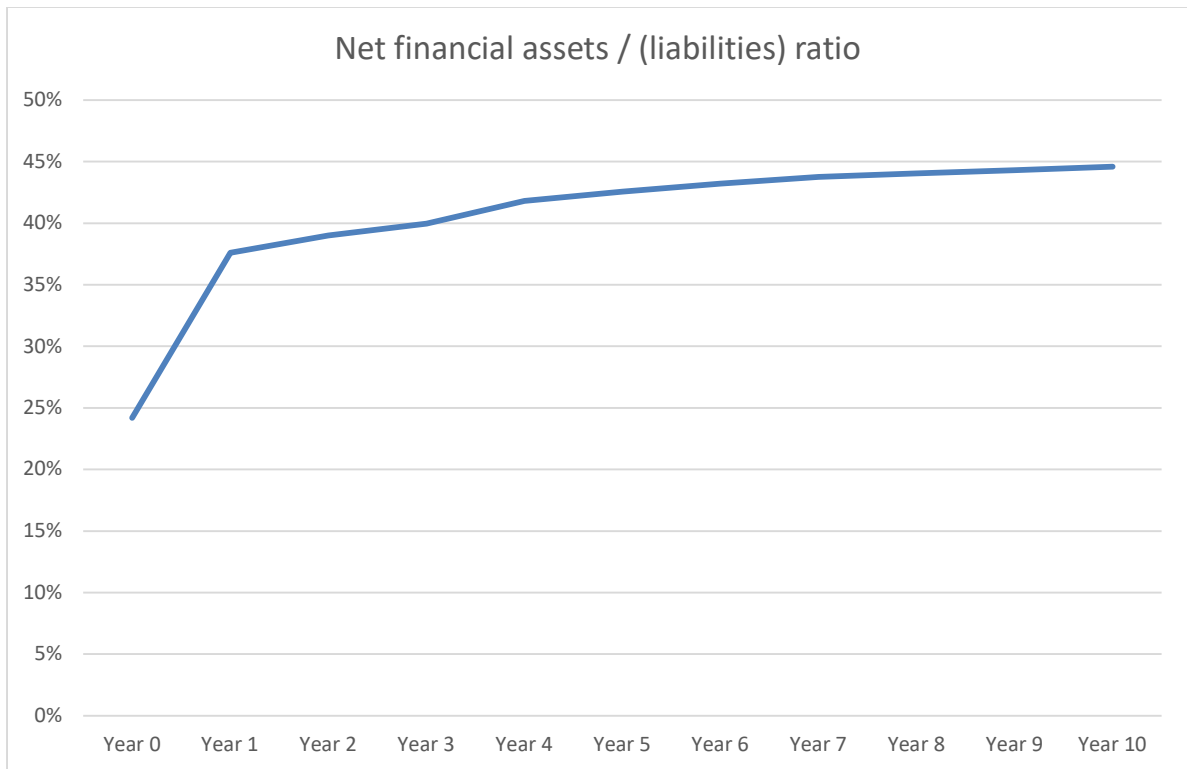
What is owed to others less cash held/invested and receivables and is thus a measure of net indebtedness. It is broader than just loan debt, as it includes amounts owed to creditors, employee provisions, amounts held in trust and all other liabilities.



Council’s LTFMP indicates through the graph above that it will continue to operate in a net financial asset position.

Indicator 4 – Net financial liabilities ratio

This ratio is net financial liabilities expressed as a percentage of income. It indicates the extent to which net financial liabilities can be met by the Council’s income. Where the ratio is increasing it indicates the Council’s capacity to meet its financial obligations from income is strengthening.

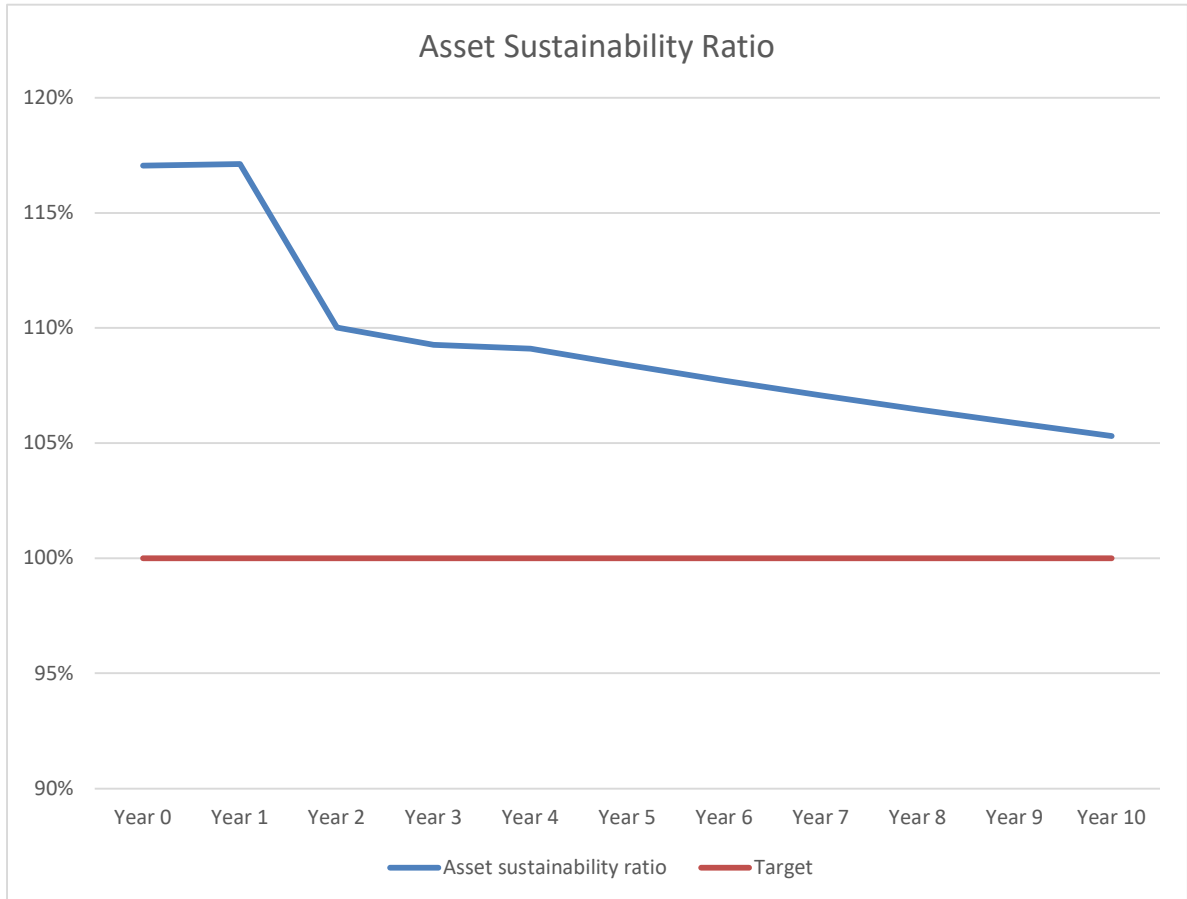


As set out above, Council will continue to operate in a net financial asset position. Council's net financial asset ratio will peak at 45% in 2023-36. The Tasmanian Auditor-General suggests a ratio of 0% to -50% represents low risk, -50% to -100% moderate risk, and greater than -100% high risk.

Indicators 3 and 4 show that Council's level of indebtedness will remain within benchmarks. Council's financial recovery approach adopted in this plan provides Council with the ability to service current debt.

Indicator 5 – Asset sustainability ratio

This ratio is asset replacement capital expenditure expressed as a percentage of depreciation expense. It measures whether assets are being replaced at the rate at which they are wearing out. With a young asset portfolio, the target may be quite low. If old, it may be greater than 100%. Over time, if it averages at or near 100% the service of the asset portfolio is being maintained.

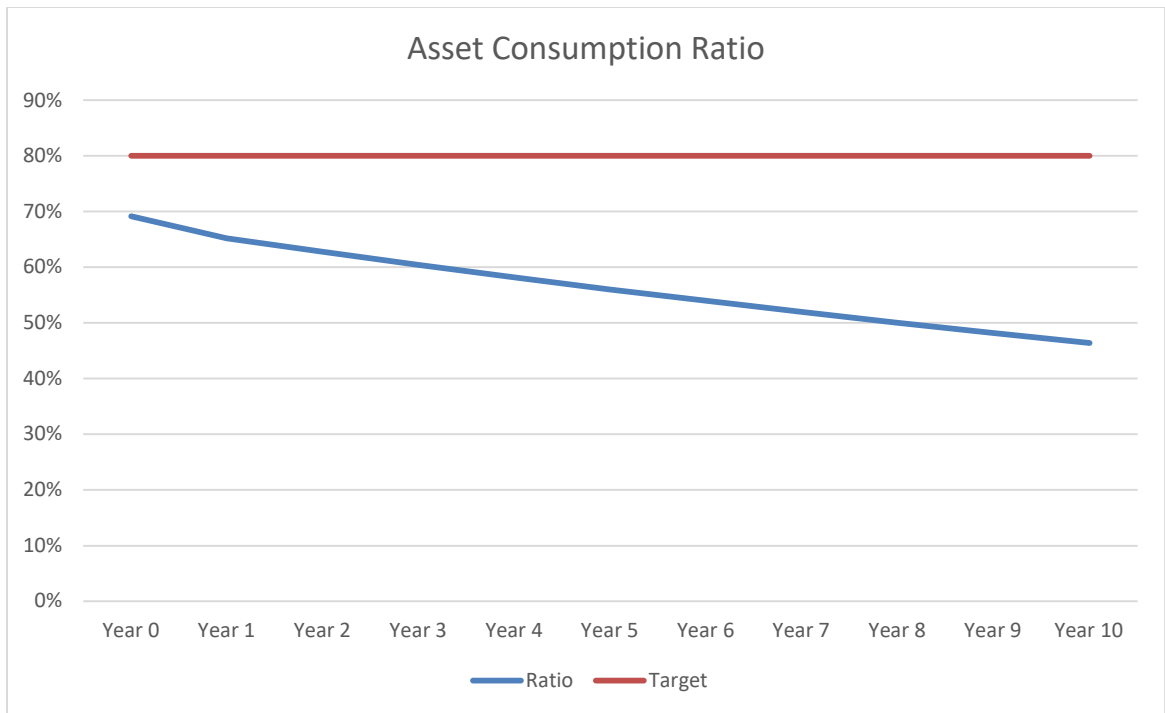


Council's LTFMP indicates through the graph above that it will operate at an average of more than 100% across the plan period. Local government proposed targets are typically set at 100%, however this does not allow for the sometimes legitimate periods of less than 100% or more than 100%.

Indicator 6 – Asset consumption ratio

This indicator expresses asset written-down value as a percentage of replacement cost and thus seeks to measure the proportion of life remaining in assets. A lower measure indicates an older, on average, portfolio of assets and could indicate the potential for large renewal expenditure.

However, a low or declining ratio is not a concern provided assets are being maintained/replaced in accordance with asset management plans and the organisation is operating sustainably i.e. recording a breakeven or better underlying operating result. The cash generated by operating sustainably funds the renewal of assets when required.

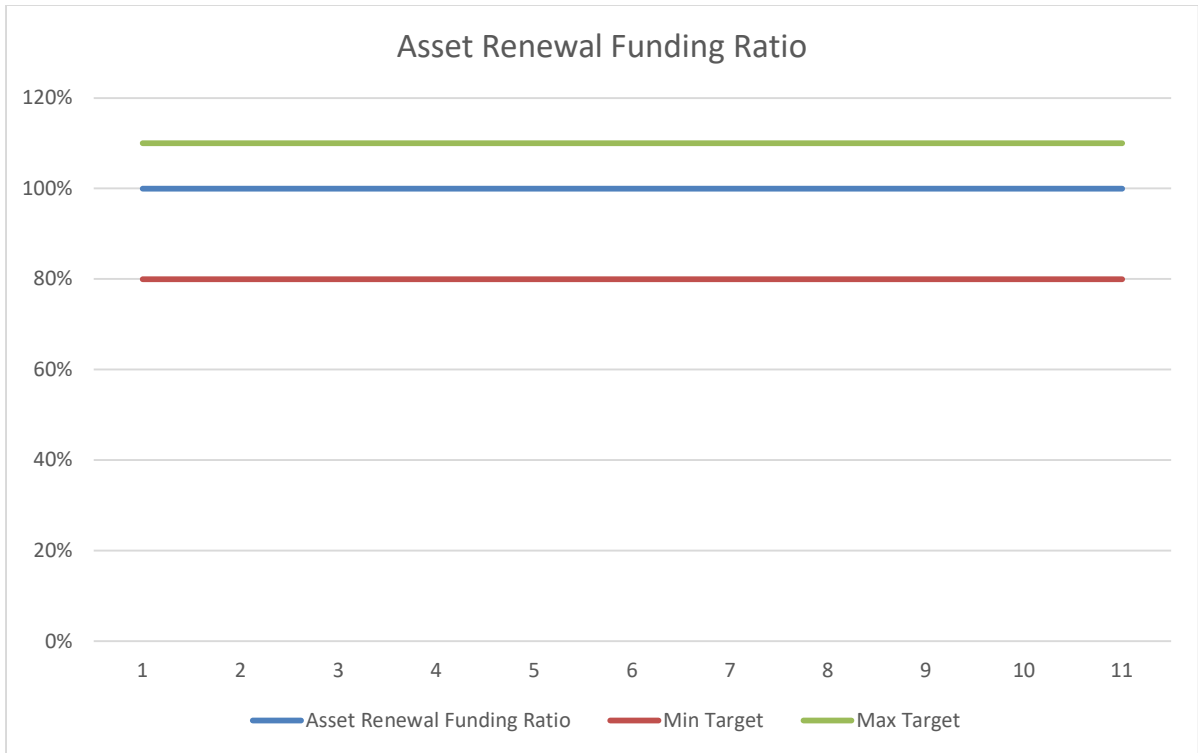


Council’s LTFMP indicates through the graph above that the asset consumption ratio will decline over the plan period.

An appropriate target is difficult to define and one source suggests a ratio between 40% and 80%. The Tasmanian Auditor-General considers the road asset class in isolation and suggests a ratio of >60% to represent low risk, 40 to 60% moderate risk and less than 40% high risk. Council’s road assets are currently at 65% (2024/25).

Indicator 7 – Asset renewal funding ratio

This indicator is the ratio of future asset renewal expenditure as per this plan relative to the future asset renewal expenditure requirement sourced from asset management plans. It therefore measures the capacity to fund asset renewal requirements. An inability to fund future requirements will result in revenue or expense or debt consequences, or a reduction in service levels.



For the duration of the plan Council’s focus will be on asset renewals, looking after the assets we have while the Council concentrates on reaching a financially sustainable position.

Across the entire plan period, known asset renewal requirements will be fully-funded. That is, 100% of known asset renewal needs, as identified in Council’s asset management plans, will be funded.

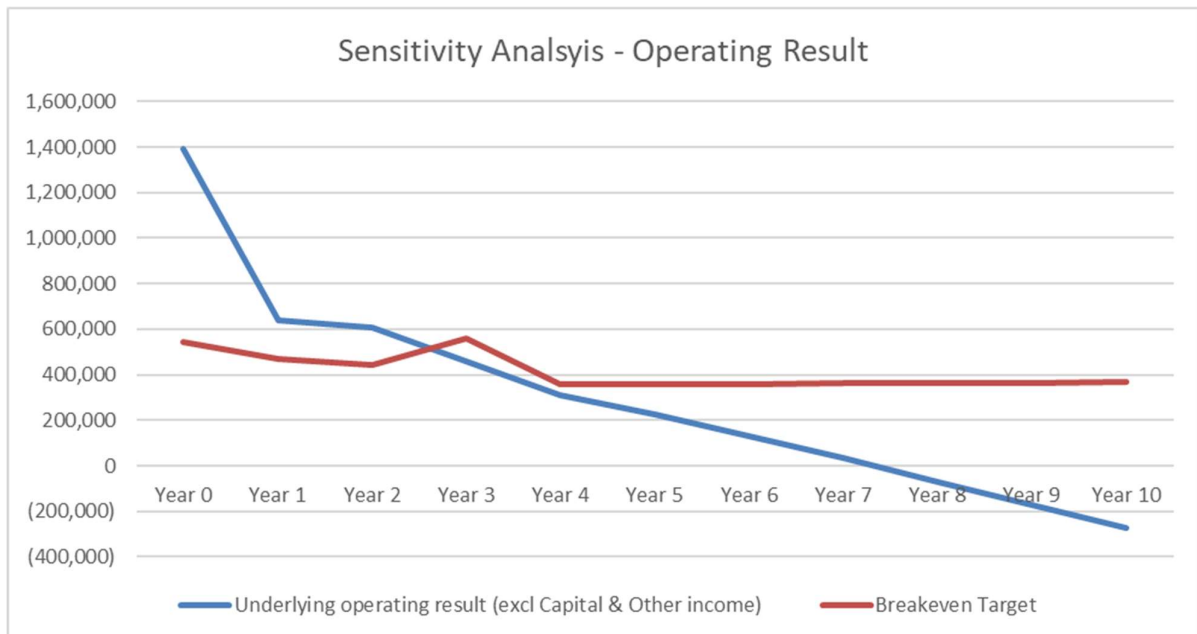
10. Sensitivity Analysis

As mentioned in chapter 7, Council's three largest expense items are employee salaries and wages, materials and services and depreciation. Council's largest revenue item is rate revenue. The outcomes of the LTFMP can be significantly affected if actual results for any of these items are different to forecast.

The analysis below demonstrates the sensitivity of the LTFMP to changes in assumptions for the above categories.

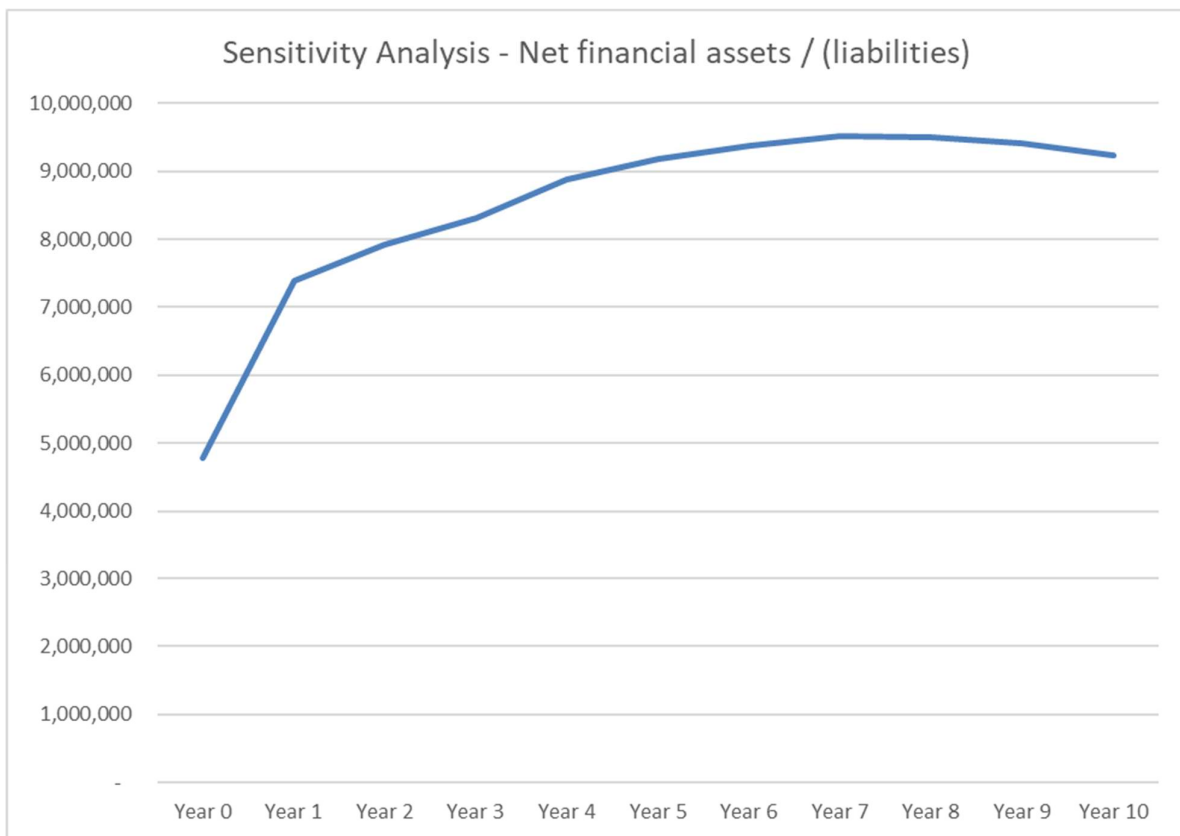
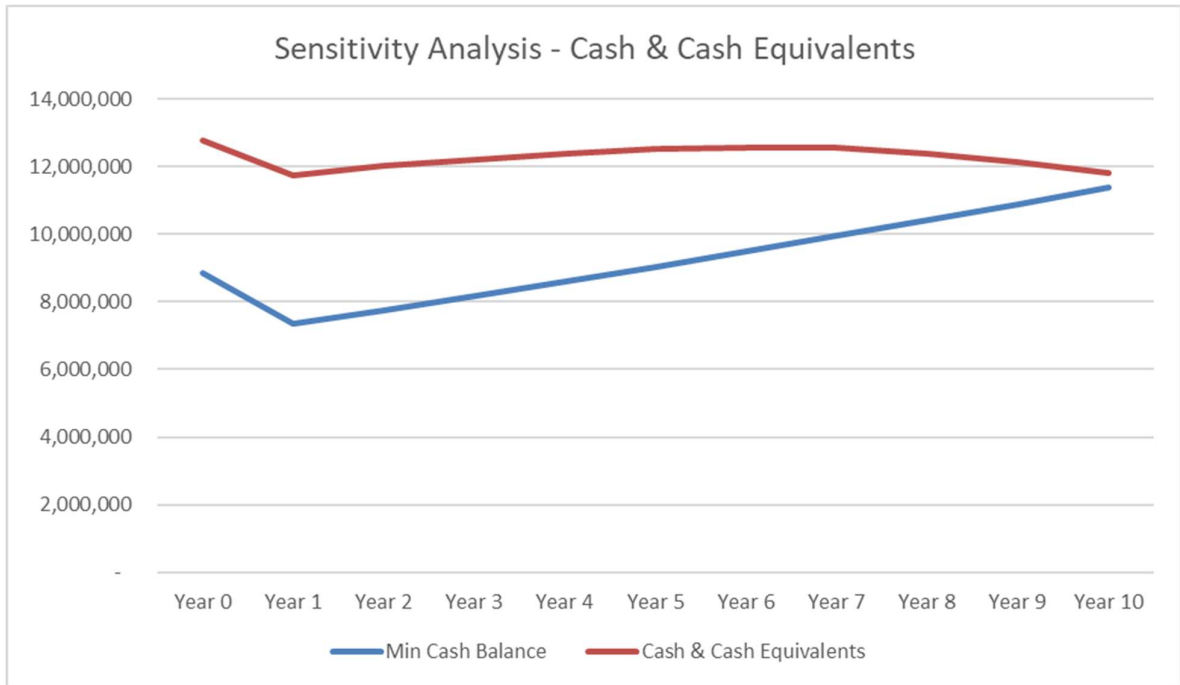
Rates

The LTFMP assumes general rate revenue increases (for Council operations) of 4.5% in year 1, increase to 5.1% per annum in years 2-10 of the plan. If these rate increases are 0.5% per annum lower over the next 10 years the effect is as shown below.



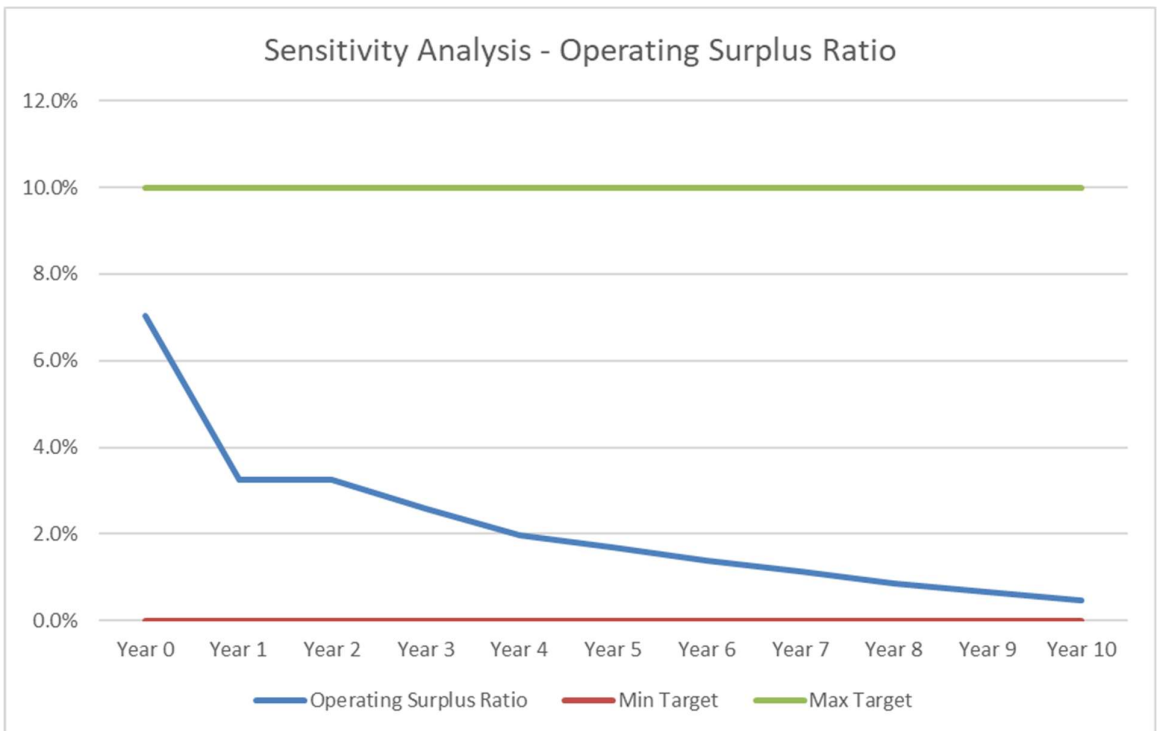
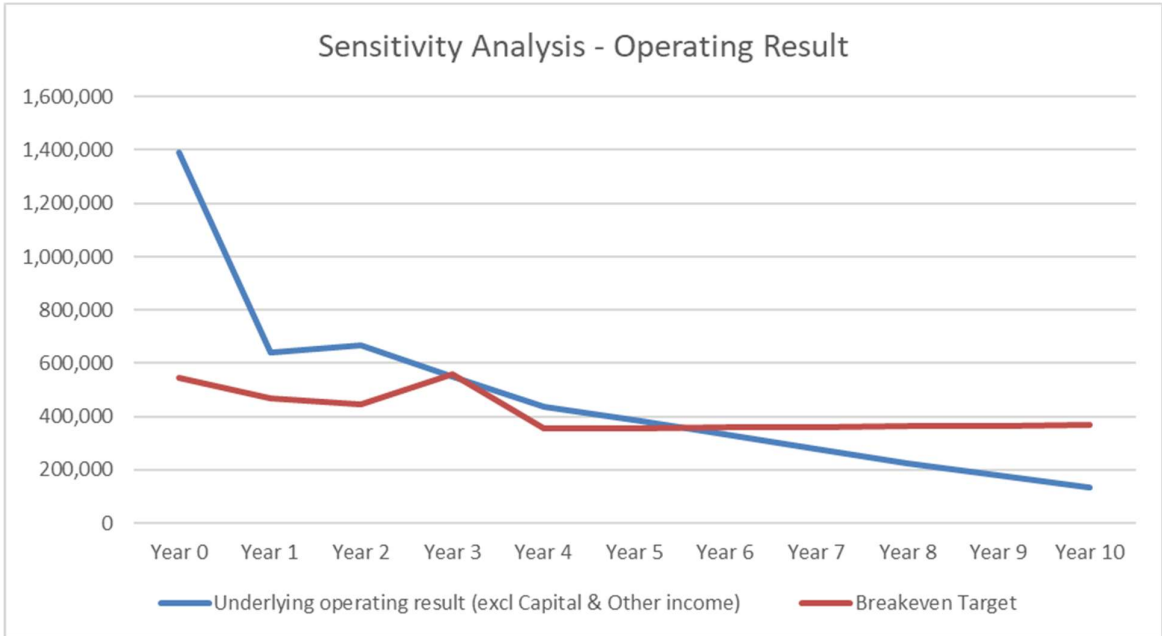
With rate increases 0.5% per annum lower over the next ten years, surpluses would not be recorded in most years, and the operating surplus would remain below the benchmark to fund principal loan repayments in all years.

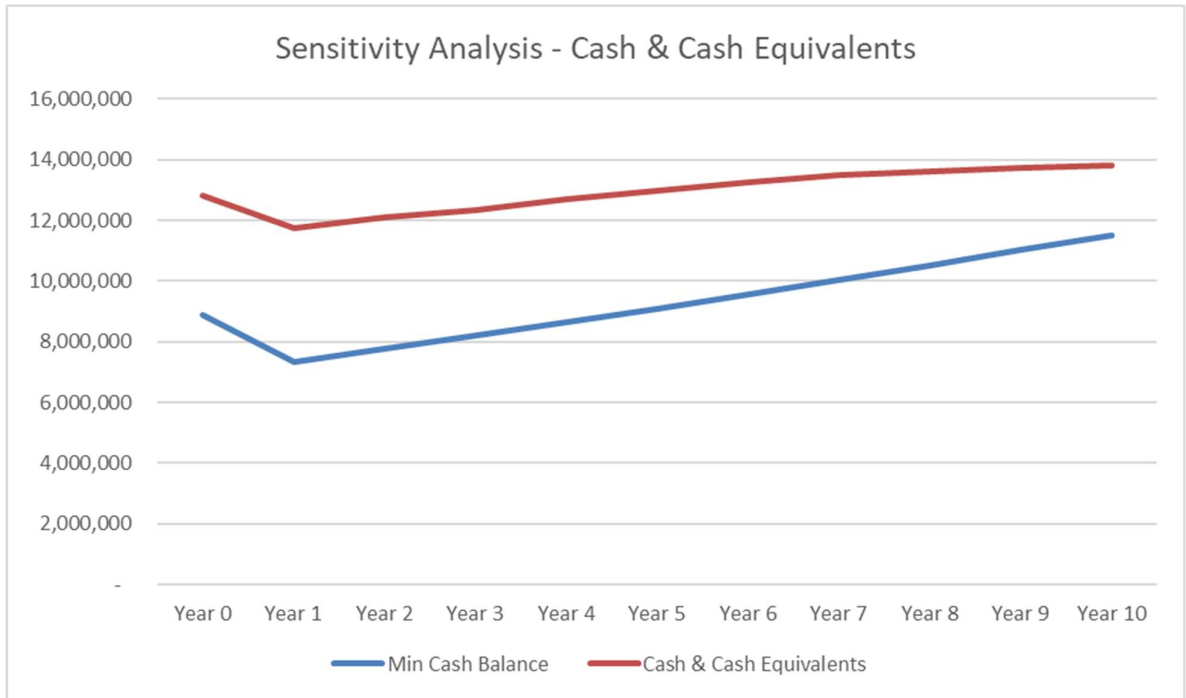
The graphs below show the impact on the cash balances and net financial assets/(liabilities) if rate revenue was 0.5% lower over the 10 year period.



Employee Salaries and Wages

The LTFMP assumes increases in employee salaries and wages of 4.1-5.7% per annum. If employee salaries and wages increases are 0.5% per annum higher over the next ten years, the effect is as shown below.

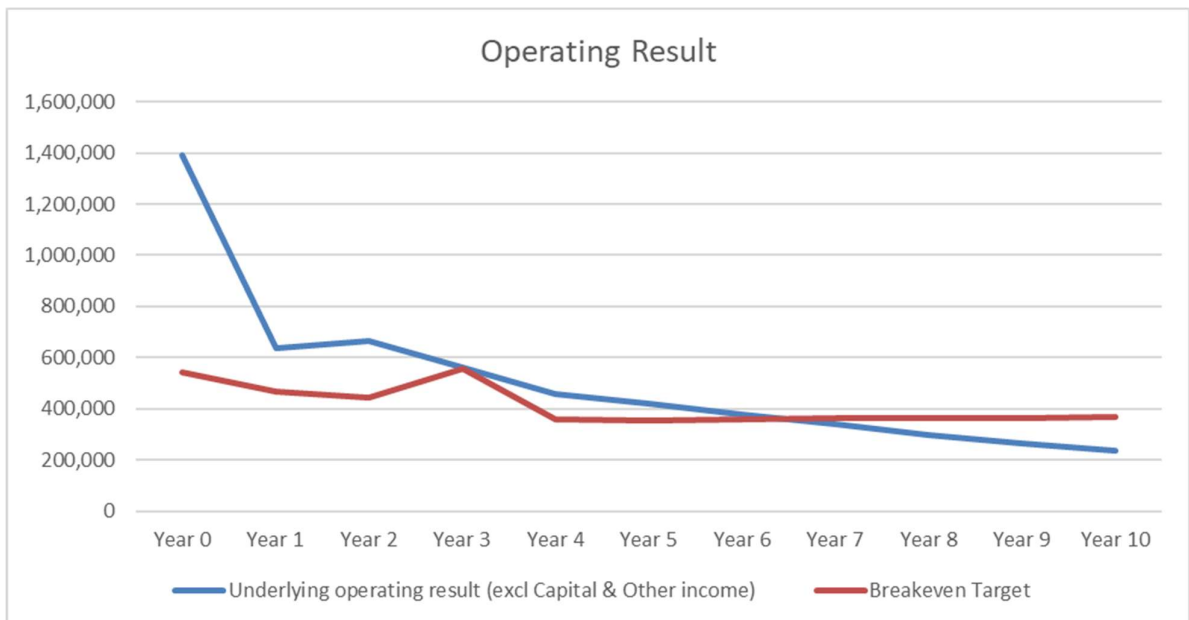


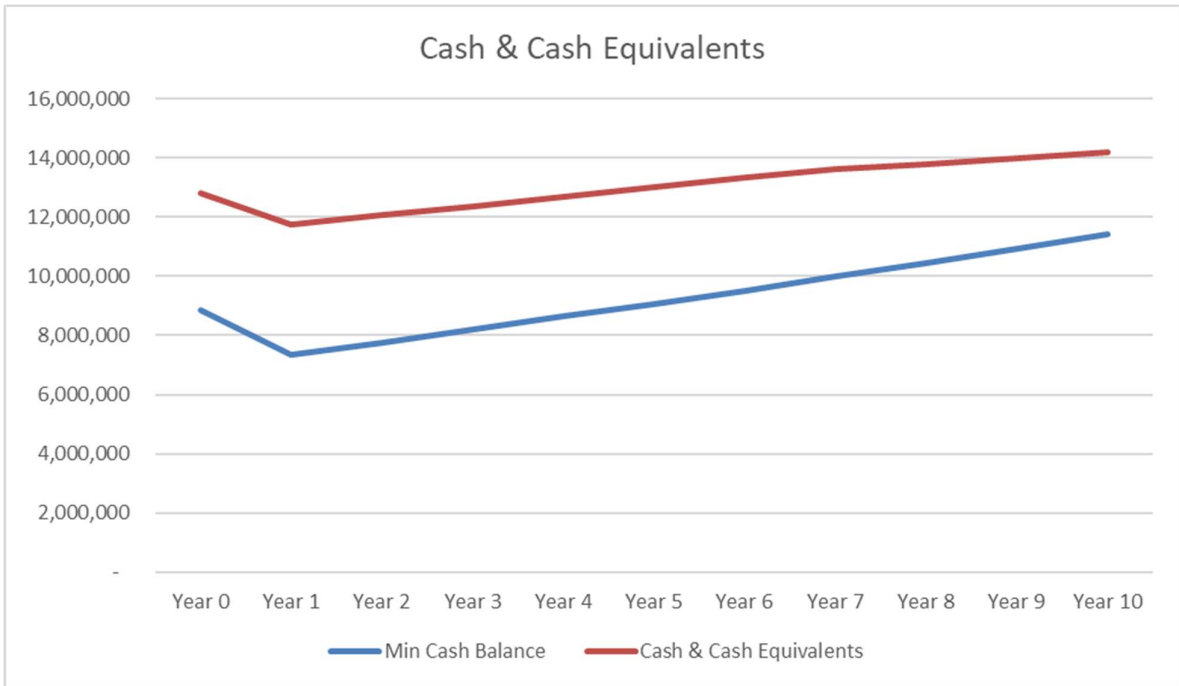


With employee salary and wage increases 0.5% per annum higher over the next ten years, surpluses would continue to be recorded, but the benchmark level would not be achieved over the 10 year period. Cash balances would be lower by the end of the plan period. To restore the status quo, rate increases would need to be approximately 0.25% per annum higher over the next ten years.

Materials and Services

The LTFMP assumes increases in materials and services of, on average, 3-4.3% per annum over the life of the Plan. If these materials and services increases are 0.5% per annum higher over the next ten years, the effect is as shown below.





With materials and services increases 0.5% per annum higher over the next ten years, surpluses would continue to be recorded, however fall below benchmark levels. Cash balances would reduce by \$1.04 million by the end of the plan period. To restore the status quo, rate increases would need to be approximately 1.5% per annum higher over the next ten years.

11. Conclusions

The purpose of the LTFMP is to express, in financial terms, the activities that Council proposes to undertake over the medium to longer term to achieve its stated objectives. It is a guide for future action. Without a LTFMP Council would have insufficient data to determine sustainable service levels, affordable asset management strategies, appropriate revenue targets or appropriate treasury management.

Council has worked with the community to establish a 10-year vision for the municipality and a strategic framework outlining the key strategies that will need to be undertaken by the Council to achieve the community vision.

Long-term financial planning provides for the optimum allocation of available resources to deliver Council's strategic and corporate objectives. Long-term financial planning supports the delivery of Council's community vision.

Long-term financial sustainability can only be said to have been achieved when Council is providing expected services at defined levels to its community that is adequately funded, not only on an annual basis, but over the long-term. This includes infrastructure asset renewal funding requirements.

In financial terms, it will result in: -

- A decreased, manageable and affordable level of debt.
- The funding of 100% of forecast asset renewal requirements over the Plan period.
- Cash balances maintained above estimated minimum levels over the plan period.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual general rate revenue increases in the order of 5.1% including natural growth (excluding fire levy increases, service charge, any redistributive effects of revaluations, AAV indexation or changes to council rating policy).

12. Appendices

Appendix 1 – Financial Sustainability Indicators

Financial Indicator	Calculation	Description
Underlying Operating Result	(\$) Operating income (excluding amounts received specifically for new or upgraded assets, physical resources received free of charge and revaluation increments) less operating expenses for the reporting period.	The difference between day-to-day income and expenses for the period.
Operating Surplus Ratio	(%) Operating surplus (deficit) divided by total revenue – adjusted (excluding amounts received specifically for new or upgraded assets, physical resources received free of charge and revaluation increments).	The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of total revenue (adjusted by excluding capital grants, contributed PP&E and asset revaluation increments/decrements).
Net Financial Liabilities	(\$) Total liabilities less financial assets (cash and cash equivalents + trade & other receivables + other financial assets).	What is owed to others less money held, or invested or owed to the entity. Net financial liabilities equals total liabilities less financial assets.
Net Financial Liabilities Ratio	(%) Net financial liabilities divided by operating income.	Indicates the extent to which net financial liabilities could be met by operating income.
Asset Sustainability Ratio	(%) Capital expenditure on replacement/renewal of existing plant and equipment and infrastructure assets divided by their annual depreciation expense.	The ratio of asset replacement expenditure relative to depreciation for a period. It measures whether assets are being replaced at the rate they are wearing out.

Financial Indicator	Calculation	Description
Asset Consumption Ratio	(%) Depreciated replacement cost of plant and equipment and infrastructure assets divided by current replacement cost of depreciable assets.	Shows the depreciated replacement cost of an entity's depreciable assets relative to their 'as new' (replacement) value.
Asset Renewal Funding Ratio	(%) Future asset replacement expenditure as per long term financial plan divided by future asset replacement expenditure requirement as per asset management plans.	Measures the capacity to fund asset replacement requirements. An inability to fund future requirements will result in revenue or expense or debt consequences, or a reduction in service levels.

Appendix 2 – Forecast Financial Statements

LTFMP - Profit & Loss
 Glamorgan Spring Bay Council
 2026-2036

Account	Year 0 2025	Year 1 2026	Year 2 2027	Year 3 2028	Year 4 2029	Year 5 2030	Year 6 2031	Year 7 2032	Year 8 2033	Year 9 2034	Year 10 2035
Trading Income											
Rate Revenue	13,874,052	14,543,079	15,244,151	15,979,658	16,751,309	17,560,899	18,410,312	19,301,528	20,236,623	21,232,919	22,278,854
Statutory Charges	701,081	703,968	725,087	746,839	769,244	792,322	816,091	840,574	865,791	891,765	918,518
User Charges	862,044	922,391	950,063	978,565	1,007,922	1,038,160	1,069,304	1,101,383	1,134,425	1,168,458	1,203,511
Grants	1,674,289	1,661,586	1,702,470	1,753,535	1,806,132	1,860,307	1,916,107	1,973,582	2,032,780	2,093,755	2,156,558
Interest & Investment Revenue	1,054,742	828,282	828,282	828,282	828,282	828,282	828,282	828,282	828,282	828,282	828,282
Contributions	519,977	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Other Revenue	1,131,237	712,735	712,735	712,735	712,735	712,735	712,735	712,735	712,735	712,735	712,735
Total Trading Income	19,817,422	19,642,040	20,432,788	21,269,614	22,145,624	23,062,704	24,022,832	25,028,083	26,080,636	27,197,913	28,368,459
Gross Profit	19,817,422	19,642,040	20,432,788	21,269,614	22,145,624	23,062,704	24,022,832	25,028,083	26,080,636	27,197,913	28,368,459
Capital Grants											
Grants Commonwealth Capital - Other	1,341,175	1,169,426	0	0	0	0	0	0	0	0	0
Grants Commonwealth Capital - Roads to Recovery	478,204	641,741	762,068	802,177	802,177	802,177	802,177	802,177	802,177	802,177	802,177
Grants State Capital - Other	759,935	1,975,574	0	0	0	0	0	0	0	0	0
Total Capital Grants	2,579,314	3,786,741	762,068	802,177	802,177	802,177	802,177	802,177	802,177	802,177	802,177
Other Income											
Net Gain (Loss) on Disposal of Assets	(259,942)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Other Revenue - PPRWS Reimbursement of Principal Loan	111,895	115,175	115,175	115,175	115,175	115,175	115,175	115,175	115,175	115,175	115,175
Total Other Income	(148,047)	165,175	165,175	165,175	165,175	165,175	165,175	165,175	165,175	165,175	165,175
Operating Expenses											
Employee Costs	5,426,556	5,949,486	6,309,782	6,672,985	7,043,381	7,362,423	7,695,884	8,044,416	8,408,698	8,789,441	9,187,389
Materials & Services	8,704,154	8,518,028	8,769,973	9,134,127	9,515,355	9,914,515	10,332,513	10,770,302	11,228,891	11,709,339	12,212,765
Depreciation	3,871,875	4,068,291	4,209,673	4,394,393	4,586,502	4,786,296	4,994,081	5,210,178	5,435,751	5,670,348	5,914,329
Interest	180,908	167,803	167,803	167,803	167,803	167,803	167,803	167,803	167,803	167,803	167,803
Other Expenses	241,617	299,913	308,910	318,177	327,723	337,554	347,681	358,111	368,855	379,920	391,318
Total Operating Expenses	18,425,110	19,003,520	19,766,141	20,687,486	21,640,764	22,568,591	23,537,961	24,550,810	25,609,998	26,716,851	27,873,604
Underlying operating result (excl Capital & Other income)	1,392,312	638,520	666,647	582,128	504,861	494,114	484,871	477,274	470,638	481,062	494,855
Total Comprehensive Result (incl Capital Income)	3,823,579	4,590,436	1,593,890	1,549,480	1,472,213	1,461,466	1,452,223	1,444,626	1,437,990	1,448,414	1,462,207

LTFMP - Statement of Financial Position

Glamorgan Spring Bay Council

2026-2036

Account	Year 0 2025	Year 1 2026	Year 2 2027	Year 3 2028	Year 4 2029	Year 5 2030	Year 6 2031	Year 7 2032	Year 8 2033	Year 9 2034	Year 10 2035
Assets											
Current Assets											
Cash & Cash Equivalents	12,794,856	11,731,963	12,086,563	12,373,372	12,768,431	13,170,760	13,579,032	13,995,630	14,372,283	14,779,848	15,219,525
Trade & Other Receivables	1,665,832	2,871,261	2,871,261	2,871,261	2,871,261	2,871,261	2,871,261	2,871,261	2,871,261	2,871,261	2,871,261
Total Current Assets	14,460,689	14,603,224	14,957,824	15,244,633	15,639,692	16,042,021	16,450,293	16,866,891	17,243,544	17,651,109	18,090,786
Non-current Assets											
Investment in Water Corporation	34,533,233	33,872,244	33,872,244	33,872,244	33,872,244	33,872,244	33,872,244	33,872,244	33,872,244	33,872,244	33,872,244
Property, Infrastructure, Plant & Equipment	222,374,169	219,358,405	220,405,164	221,362,514	222,329,877	223,281,656	224,217,225	225,135,937	226,087,118	227,020,065	227,934,051
Total Non-current Assets	256,907,402	253,230,649	254,277,408	255,234,758	256,202,122	257,153,900	258,089,469	259,008,181	259,959,362	260,892,310	261,806,296
Total Assets	271,368,091	267,833,873	269,235,232	270,479,391	271,841,814	273,195,921	274,539,762	275,875,072	277,202,906	278,543,418	279,897,082
Liabilities											
Current Liabilities											
Trade & Other Payables	1,431,730	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Trust Funds & Deposits	461,299	424,919	424,919	424,919	424,919	424,919	424,919	424,919	424,919	424,919	424,919
Provisions	666,372	781,654	826,208	871,650	910,874	951,863	994,697	1,039,459	1,086,234	1,135,115	1,186,195
Contract Liabilities	1,604,871	0	0	0	0	0	0	0	0	0	0
Interest bearing Loans & Borrowings	1,147,209	281,798	290,281	404,022	201,828	201,288	204,288	207,288	210,288	210,288	213,288
Total Current Liabilities	5,311,481	2,288,371	2,341,408	2,500,591	2,337,621	2,378,070	2,423,904	2,471,665	2,521,441	2,570,321	2,624,402
Non-current Liabilities											
Provisions	69,930	56,067	59,263	62,522	65,336	68,276	71,349	74,559	77,914	81,421	85,084
Interest Bearing Loans & Borrowings	4,287,484	4,875,685	4,585,404	4,181,382	3,979,554	3,778,267	3,573,979	3,366,691	3,156,404	2,946,116	2,732,828
Total Non-current Liabilities	4,357,414	4,931,752	4,644,667	4,243,904	4,044,890	3,846,543	3,645,327	3,441,250	3,234,318	3,027,536	2,817,913
Total Liabilities	9,668,895	7,220,123	6,986,075	6,744,496	6,382,511	6,224,613	6,069,231	5,912,916	5,755,759	5,597,858	5,442,314
Net Assets	261,699,196	260,613,750	262,249,157	263,734,895	265,459,303	266,971,308	268,470,531	269,962,157	271,447,147	272,945,561	274,454,767
Equity											
Current Year Earnings	3,823,579	4,590,436	1,593,890	1,549,480	1,472,213	1,461,466	1,452,223	1,444,626	1,437,990	1,448,414	1,462,207
Retained Earnings	99,458,639	94,920,638	99,331,074	100,744,964	102,114,444	103,406,657	104,688,123	105,960,345	107,224,971	108,482,961	109,751,375
Equity - Asset Revaluation Reserve	156,575,385	155,987,990	159,498,465	159,434,724	159,686,918	159,737,458	159,784,458	159,831,458	159,878,458	159,928,458	159,975,458
Equity - Restricted Reserves	1,841,594	1,645,727	1,825,727	2,005,727	2,185,727	2,365,727	2,545,727	2,725,727	2,905,727	3,085,727	3,265,727
Total Equity	261,699,196	257,144,792	262,249,157	263,734,895	265,459,303	266,971,308	268,470,531	269,962,157	271,447,147	272,945,561	274,454,767

LTFMP - Statement of Cash Flows

Glamorgan Spring Bay Council

2026-2036

Account	Year 0 2025	Year 1 2026	Year 2 2027	Year 3 2028	Year 4 2029	Year 5 2030	Year 6 2031	Year 7 2032	Year 8 2033	Year 9 2034	Year 10 2035
Operating Activities											
Rates	13,770,500	14,543,079	15,244,151	15,979,658	16,751,309	17,560,899	18,410,312	19,301,528	20,236,623	21,232,919	22,278,854
Statutory fees and fines	707,066	703,968	725,087	746,839	769,244	792,322	816,091	840,574	865,791	891,765	918,518
User Charges	737,577	922,391	950,063	978,565	1,007,922	1,038,160	1,069,304	1,101,383	1,134,425	1,168,458	1,203,511
Operating Grants	1,677,967	1,661,586	1,702,470	1,753,535	1,806,132	1,860,307	1,916,107	1,973,582	2,032,780	2,093,755	2,156,558
Contributions	519,977	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Interest Received	557,942	414,282	414,282	414,282	414,282	414,282	414,282	414,282	414,282	414,282	414,282
Investment Revenue from Water Corporation	496,800	414,000	414,000	414,000	414,000	414,000	414,000	414,000	414,000	414,000	414,000
Other receipts	965,630	827,910	827,910	827,910	827,910	827,910	827,910	827,910	827,910	827,910	827,910
Payments to Employees	(5,486,915)	(5,916,492)	(6,262,032)	(6,624,284)	(7,001,343)	(7,318,493)	(7,649,978)	(7,996,444)	(8,358,567)	(8,737,055)	(9,132,645)
Payments to Suppliers	(8,143,362)	(8,518,028)	(8,769,973)	(9,134,127)	(9,515,355)	(9,914,515)	(10,332,513)	(10,770,302)	(11,228,891)	(11,709,339)	(12,212,765)
Other Payments	(244,092)	(299,913)	(308,910)	(318,177)	(327,723)	(337,554)	(347,681)	(358,111)	(368,855)	(379,920)	(391,318)
Finance Costs Paid	(182,876)	(167,803)	(167,803)	(167,803)	(167,803)	(167,803)	(167,803)	(167,803)	(167,803)	(167,803)	(167,803)
Net Cash Flows from Operating Activities	5,376,214	4,854,980	5,039,245	5,140,397	5,248,576	5,439,514	5,640,033	5,850,598	6,071,696	6,318,971	6,579,103
Investing Activities											
Proceeds from sale of property, plant and equipment	189,055	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Payment for property, plant and equipment	(4,979,253)	(8,066,131)	(5,256,432)	(5,351,743)	(5,553,866)	(5,738,074)	(5,929,650)	(6,128,890)	(6,386,932)	(6,603,296)	(6,828,314)
Receipts from capital grants	4,520,451	2,418,375	762,068	802,177	802,177	802,177	802,177	802,177	802,177	802,177	802,177
Net Cash Flows from Investing Activities	(269,747)	(5,547,756)	(4,394,364)	(4,449,566)	(4,651,689)	(4,835,897)	(5,027,473)	(5,226,713)	(5,484,755)	(5,701,119)	(5,926,137)
Financing Activities											
Trust funds & deposits	36,380	0	0	0	0	0	0	0	0	0	0
Proceeds from/ repayment of long term loans	(384,912)	(277,209)	(290,281)	(404,022)	(201,828)	(201,288)	(204,288)	(207,288)	(210,288)	(210,288)	(213,288)
Net Cash Flows from Financing Activities	(348,533)	(277,209)	(290,281)	(404,022)	(201,828)	(201,288)	(204,288)	(207,288)	(210,288)	(210,288)	(213,288)
Net Cash Flows	4,757,934	(969,985)	354,600	286,809	395,059	402,329	408,272	416,598	376,653	407,565	439,678
Cash and Cash Equivalents											
Cash and cash equivalents at beginning of period	7,944,014	12,701,948	11,731,963	12,086,563	12,373,372	12,768,431	13,170,760	13,579,032	13,995,630	14,372,283	14,779,848
Cash and cash equivalents at end of period	12,701,948	11,731,963	12,086,563	12,373,372	12,768,431	13,170,760	13,579,032	13,995,630	14,372,283	14,779,848	15,219,525
Net change in cash for period	4,757,934	(969,985)	354,600	286,809	395,059	402,329	408,272	416,598	376,653	407,565	439,678

LTFMP - Capital Works Summary

Glamorgan Spring Bay Council

2026-2036

	Year 0 Forecast 2025	Year 1 2026	Year 2 2027	Year 3 2028	Year 4 2029	Year 5 2030	Year 6 2031	Year 7 2032	Year 8 2033	Year 9 2034	Year 10 2035
New Capital											
Roads, Footpaths, Kerbs	766,059	385,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Parks, Reserves, Walking Tracks, Cemeteries	1,886,098	77,000	175,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Buildings & Facilities	416,000	105,500	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Marine Assets	199,123	23,085									
Flood mitigation											
Stormwater, Drainage	346,795	90,000	200,000	200,000	200,000	200,000	200,000	200,000	250,000	250,000	250,000
Plant & Equipment	406,000	146,000									
Total New Capital	4,020,075	826,585	625,000	550,000	550,000	550,000	550,000	550,000	600,000	600,000	600,000
Renewal of Assets											
Roads, Footpaths, Kerbs	1,530,000	2,090,000	2,016,725	2,105,394	2,197,610	2,293,514	2,393,255	2,496,985	2,604,864	2,717,059	2,833,741
Parks, Reserves, Walking Tracks, Cemeteries	230,000	405,000	435,770	457,201	479,489	502,669	526,776	551,847	577,921	605,037	633,239
Stormwater, Drainage	120,000	270,000	223,656	235,936	248,707	261,988	275,801	290,167	305,940	322,344	339,405
Buildings & Facilities	796,806	821,000	729,226	756,395	784,651	814,037	844,598	876,382	909,438	943,815	979,568
Marine Assets		54,000	188,852	194,406	225,182	231,189	237,437	243,934	250,691	257,719	265,028
Sewerage	15,000		19,061	19,824	20,617	21,441	22,299	23,191	24,118	25,083	26,087
Bridges, Culverts	810,440	400,000	340,607	347,231	354,120	361,285	368,736	376,486	384,545	392,927	401,644
Plant & Equipment	1,030,000	725,000	631,622	637,607	643,831	650,304	657,036	664,038	671,319	678,892	686,768
IT & Office Equipment			45,913	47,750	49,660	51,646	53,712	55,861	58,095	60,419	62,836
Total Renewal Capital	4,532,246	4,765,000	4,631,432	4,801,743	5,003,866	5,188,074	5,379,650	5,578,890	5,786,932	6,003,296	6,228,314
Total Capital Works	8,552,321	5,591,585	5,256,432	5,351,743	5,553,866	5,738,074	5,929,650	6,128,890	6,386,932	6,603,296	6,828,314