



*Photo: J Lovell*

# 2021-2031

---

## LONG TERM FINANCIAL MANAGEMENT PLAN



# Table of Contents

---

<b>1. Executive Summary .....</b>	<b>1</b>
<b>2. Background.....</b>	<b>2</b>
<b>3. Council’s Planning and Reporting Framework .....</b>	<b>3</b>
<b>4. Introduction to Long-Term Financial Management Plan .....</b>	<b>6</b>
<b>5. Assumptions and Methodology.....</b>	<b>7</b>
<b>6. Key Financial Strategies .....</b>	<b>9</b>
<b>7. Long Term Risk, Contingency and Reserves .....</b>	<b>15</b>
<b>8. Forecast Position and Analysis.....</b>	<b>16</b>
<b>9. Financial Sustainability Outcomes .....</b>	<b>19</b>
<b>10. Sensitivity Analysis .....</b>	<b>26</b>
<b>11. Conclusions.....</b>	<b>31</b>
<b>12. Appendices .....</b>	<b>32</b>
Appendix 1 – Financial Sustainability Indicators.....	32
Appendix 2 – Forecast Financial Statements .....	34

# 1. Executive Summary

---

The Long Term Financial Management Plan (LTFMP) seeks to inform the reader about how the Glamorgan Spring Bay (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.

With the advent of the COVID-19 health crisis Council experienced financial challenges as it quickly responded to protect the health and wellbeing of our community and sought to support residents, local business and community organisations while maintaining essential services.

This LTFMP, in the short term, has been shaped by the economic impacts of the COVID-19 pandemic. While difficult to estimate the financial impacts and therefore how quickly the municipality will recover, this plan forecasts a recovery to a financially sustainable position over the next four years.

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 long term financial plan 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 -9.08% to 2.3% of revenue, and averaging -1.57%. Surpluses should then increase beyond this 10 year period. It is important that Council generates sufficient revenue to cover all of its cash and non-cash costs, with a small buffer.
- Long borrowings are currently at maximum capacity and these will decrease by more than 50% over the 10 year period.
- Cash balances in the short term are very low. Balances should steadily increase to a more acceptable level over the 10 year period with a near three fold increase in the cash balance by the end of the 10 year period. Balances and cash flow requirements will need to be closely monitored and further refined to ensure adequate liquidity.
- 100% funding of forecast asset renewal requirements will be achieved by year 4, which is a key financial sustainability indicator. An appropriate benchmark is considered to be 90-100%. Renewal forecasts are continually being refined and the funding level monitored.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rate increases in the order of 15% in the short term, and then decreasing to 3.25%. This is exclusive of the State Government fire levy, any redistributive effects of revaluations, Assessed Annual Value (AAV) indexation or changes to council rating policy.

These outcomes ensure a return to a 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.

## **2. Background**

---

### ***Glamorgan Spring Bay Council***

The Council is a small regional council situated on the south east coast of Tasmania. The Council services an immediate population of 4,400 residents and 1.3 million tourists to the municipality annually. Council offers more than 300 services to the community and the infrastructure required of a regional location.

Council has over \$169 million in gross assets (replacement cost) and will generate operating revenues of \$12.8 million in 2020-21, comprising \$8.7 million of rates and charges and \$2.6 million of fees, charges and other income. \$1.5 million is expected from operational grants, including \$1.3 million in Financial Assistance Grants. Council has a workforce of 52 full time equivalent employees as at June 2020.

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.

### ***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 \$169 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. All councils are required to have a 10 year plan which is reviewed every four years. The new Plan replaced the previous 10 year Strategic Plan, 2009-2019. 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 GSBC community.

##### **Key foundation 2 – Our Community's Health & Wellbeing**

- 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 – Our People**

- Creating a positive working environment where Elected Members, staff and volunteers can give of their best in performing their roles for Council and community.

##### **Key foundation 4 – Infrastructure and Services**

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

##### **Key foundation 5 – Our Environment**

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

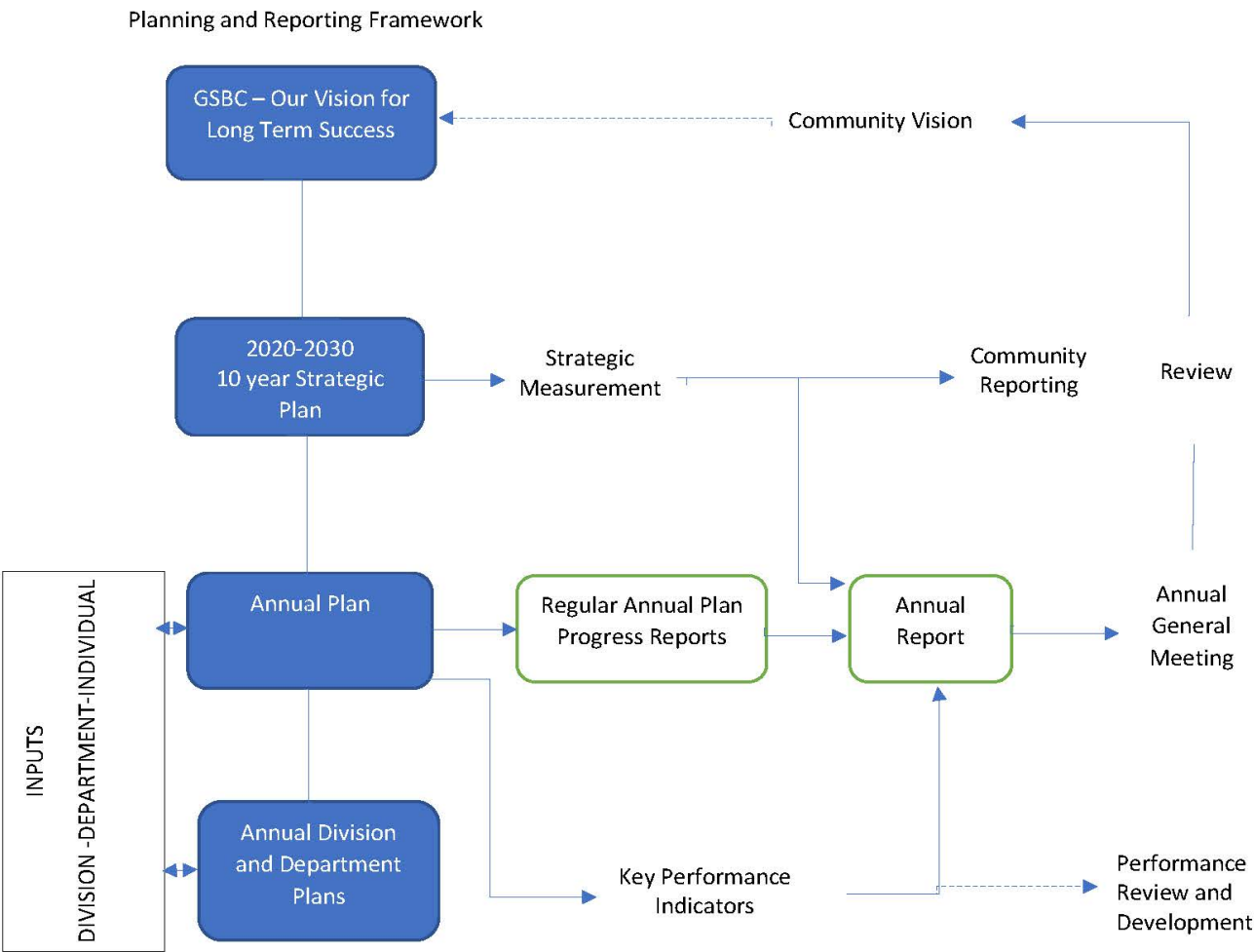
## ***Linkages with the Strategic Framework***

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 Long-Term Financial Management Plan (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 2021-22 and concluding in 2030-31. 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 8 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
- Interest cover 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 2021-22 have been made:

### General

- The LTFMP generally provides for maintenance of existing core services.
- Council medical services and 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 2.0% per annum.
- All maturing debt will be repaid as it falls due, with the exception of 6 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 7%.
- 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 46%.
- Council can afford to spend \$1.4 million in capital works in year 1 increasing to \$4.0 million by year 10. 100% funding of forecast asset renewal requirements will be achieved by year 4. With the assumption of receiving \$401,000 in Roads to Recovery grant revenue each year.

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			2022	2023	2024	2025	2026-27	2028-31
Operating Items								
INFLOWS	Rate increase (Council operations)	% change	15	15.0	12.5	7.5	3.5	3.25
	Rate increase (fire levy)	% change	0.7	0.7	0.7	0.7	0.7	0.7
	Rate base growth	% change	3.0	3.0	3.0	3.0	3.0	3.0
	Operating grants	% change	-44%	0	0	0	0	0
	Other fees and charges	% change	3.0	3.0	3.0	3.0	3.0	3.0
	Rent	% change	3.0	3.0	3.0	3.0	3.0	3.0
	Interest revenue rate	%	1.5	1.5	1.5	1.5	1.5	1.5
OUTFLOWS	Operating costs	% change	2.0	2.0	2.0	2.0	2.0	2.0
	Employee salary & wages	% change	3.0	3.0	3.0	3.0	3.0	3.0
	Fire levy	% change	6.0	6.0	6.0	6.0	6.0	6.0
	Energy costs	% change	2.0	2.0	2.0	2.0	2.0	2.0
	Interest expense rate	%	3.0	3.0	3.0	3.0	3.0	3.0

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.

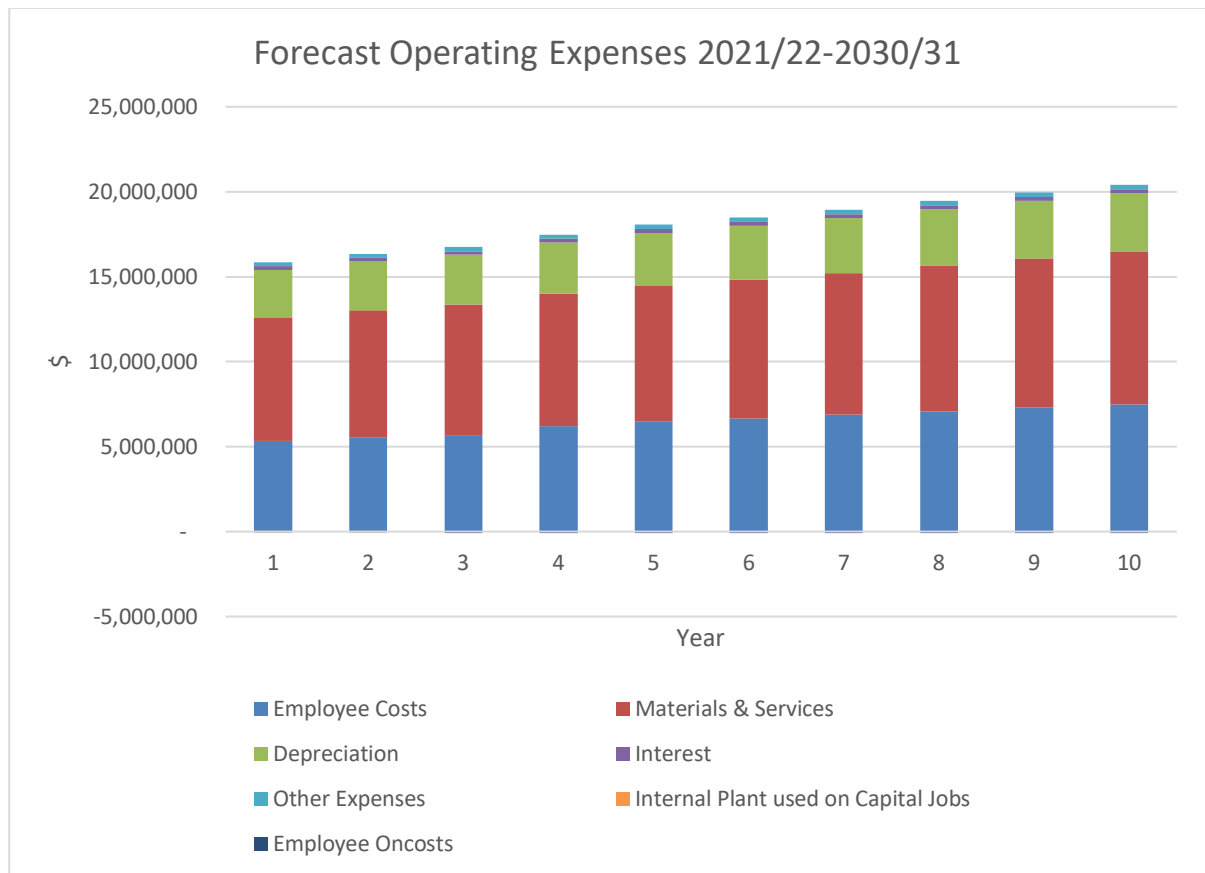
Forecasts from 2021-22 onwards are based, in the short term, on Council's focus on attaining a financial sustainable position, specifically;

- Rate revenue increases of 15% for two years, decreasing to 12.5% in year 3, 7.5% in year 4, 3.5% in years 5-6 and to 3.25% from 2028-31.
- Sufficient funding for core operations and to meet statutory obligations.
- Achieving a modest surplus, sufficient to finance asset renewals at 100% and meet loan repayments by year 4 (2024-25).
- Ensuring liquidity by improving the balance of cash on hand by three-fold at the end of the 10 year period.

## 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 2021-22 to 2030-31



### 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 3% per annum from 2021-22, 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 46% of salaries and wages, based on the 2020-21 forecast rate.

### **Employee Leave Entitlements Expense**

Leave entitlements expense is the annual accruals for employee leave. This has been assumed to increase by 3% per annum.

### **Materials and Services**

Materials and services is all expenditure not included elsewhere. Major items include subcontractors, communication costs, consultants, licences, external labour, insurance, fuel, advertising and marketing, equipment maintenance, water and sewer charges, energy costs printing and stationery costs, and legal costs. This has generally been assumed to increase by 2% 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. For the 2020-21 year, there will be no increase in the fire levy from 2019-20 to assist the community recover from COVID-19. Annual increases of 3% have been assumed from 2021-22 with a 5% increase each revaluation year. A 4% commission is received for collecting the levy.

### **Other Expenses**

Other expenses include audit fees and councillor allowances and expenses.

### **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 2% per annum, due to rising asset valuations and capital expenditure.

### **Asset Write-offs**

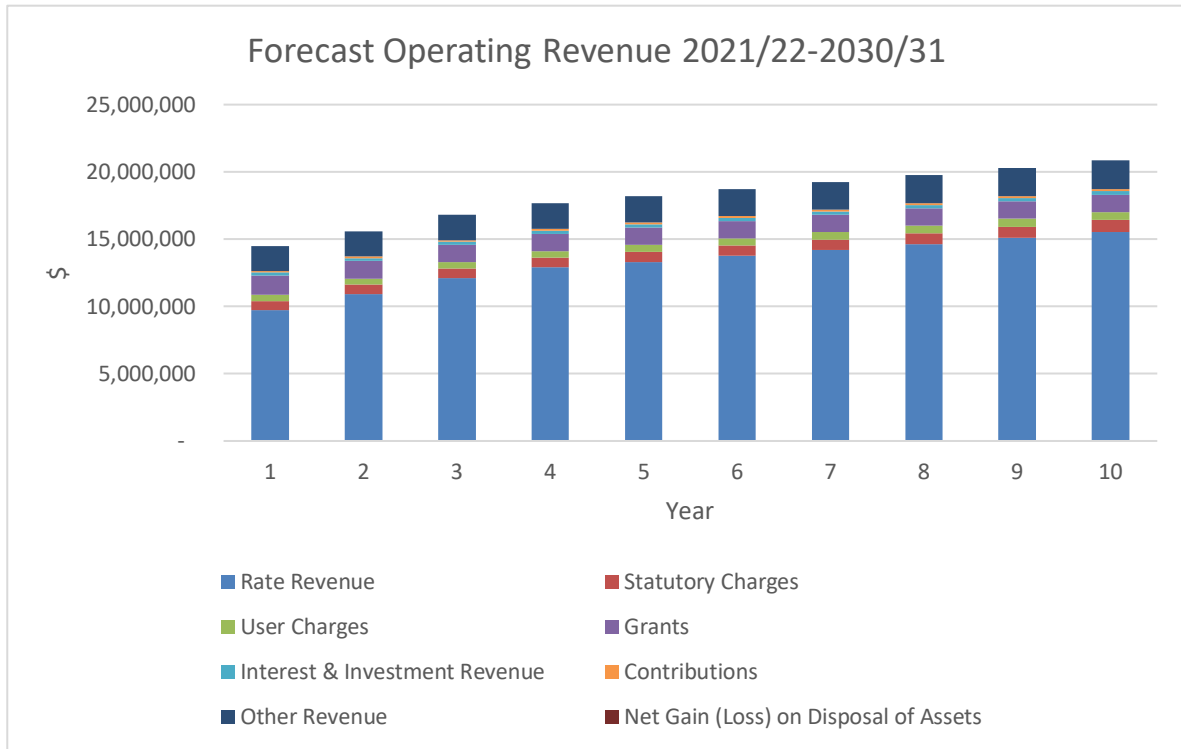
Asset write offs represents the residual value of infrastructure assets replaced. The forecast is difficult to predict, therefore no allowance has been made for asset write-offs.

### **Interest Expense**

Interest expense is payable on debt. A commercial interest rate of 3.0% has been assumed for new debt forecast in the plan. Interest on new debt taken out in 2020-21 will be refunded to Council via grants for the first three years of the term of the loan.

## Operating Items - Revenue

### Forecast Operating Revenue 2021-22 to 2030-31 ('000s)



### Rates

Rates include revenue from general rates, service rates (fire protection) and service charges (waste management and medical levy) and supplementary rates. There was no increase in the general rate or rate in the dollar charged to rate payers in 2020/21 due to the pandemic. Increases in general rate revenue from 2021-22 are forecast to be 15% per annum in the short-term decreasing to 3.5% in 2025-26. Waste management and fire levy are forecast to increase at 3% most years and the Medical Levy is forecast to remain steady.

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.

### 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 2-3% 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 decreasing or remaining steady overall. The bridge and road component have been increasing slightly and the general component has been decreasing due to Council's ability to increase its own revenue sources (i.e. the effective general rate in the dollar charged by Council has fallen below the State average and municipal valuation totals are increasing creating the ability to increase overall rate revenue). Overall, there is forecast to be no change 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 1.5% has been assumed from 2022 on the basis of current rates. For 2022, interest income will be lower due to forecast lower cash holdings at the end of 2020-21 and current interest 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. Forecast amounts are based on advice from both TasWater and the State Government to provide distributions until 2024-25. The most recent correspondence from TasWater has confirmed that an interim dividend will be paid in 2020-21. Payment of the second instalment in 2020-21 remains uncertain but it is included in the forecast at 50% of the dividends paid in years prior to the pandemic. 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 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 \$169 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 by year 4 (2024/25) and for the remainder 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. It will take until year 4 (2024/25) for Council to be able to afford the level of capital works that is required to keep up with the required level of asset renewals to be sustainable.

### **Borrowings**

New borrowings of up to \$2 million will be undertaken in 2020-21 and principal repayments of \$0.683 million on existing borrowings will be made. In 2021-22 repayments are forecast to increase to \$0.958 million and \$1.198 million in 2022-23, with \$440,000 of this 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. Council is currently at its maximum borrowing capacity and the aim over the 10 year period is to repay 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.

### **Plant Replacement**

A reserve has been established to separately account for the upgrade or replacement of major plant.

### **Asset Replacement**

A reserve has been established to provide for the replacement of major infrastructure assets.

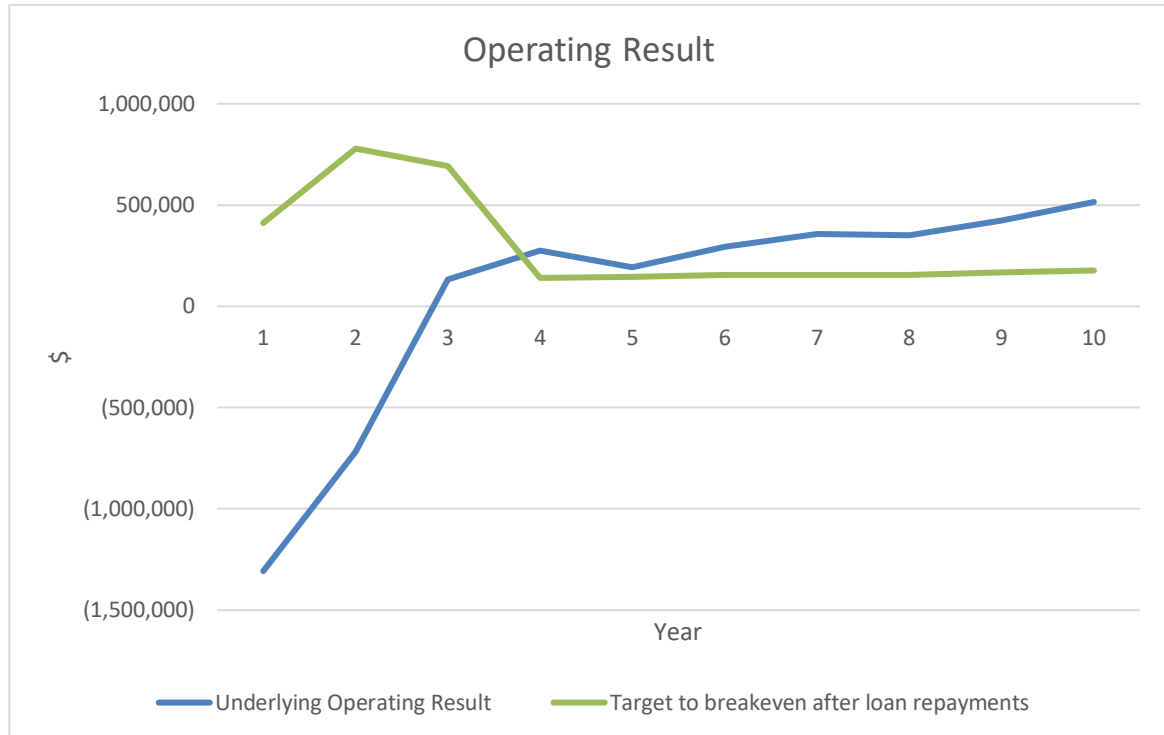
### **Eldercare**

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

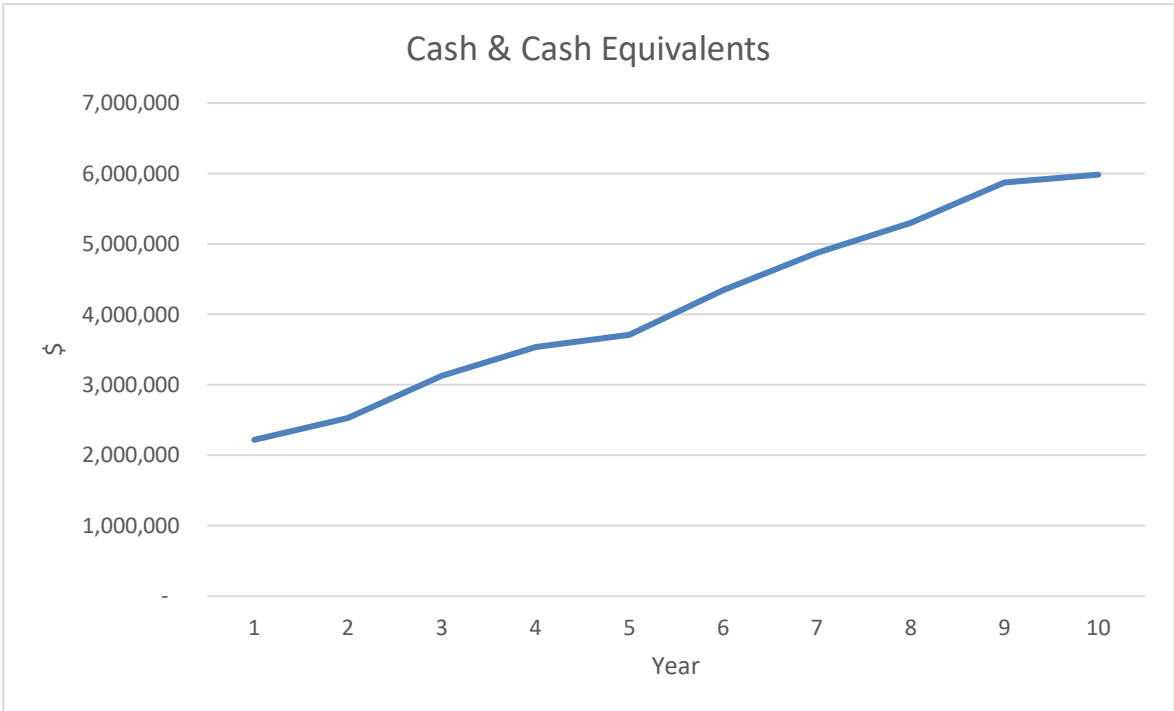
Based on the long-term financial strategy, the following outcomes will be achieved. More detail is provided in the forecast financial statements at Appendix 2.

### Operating Result



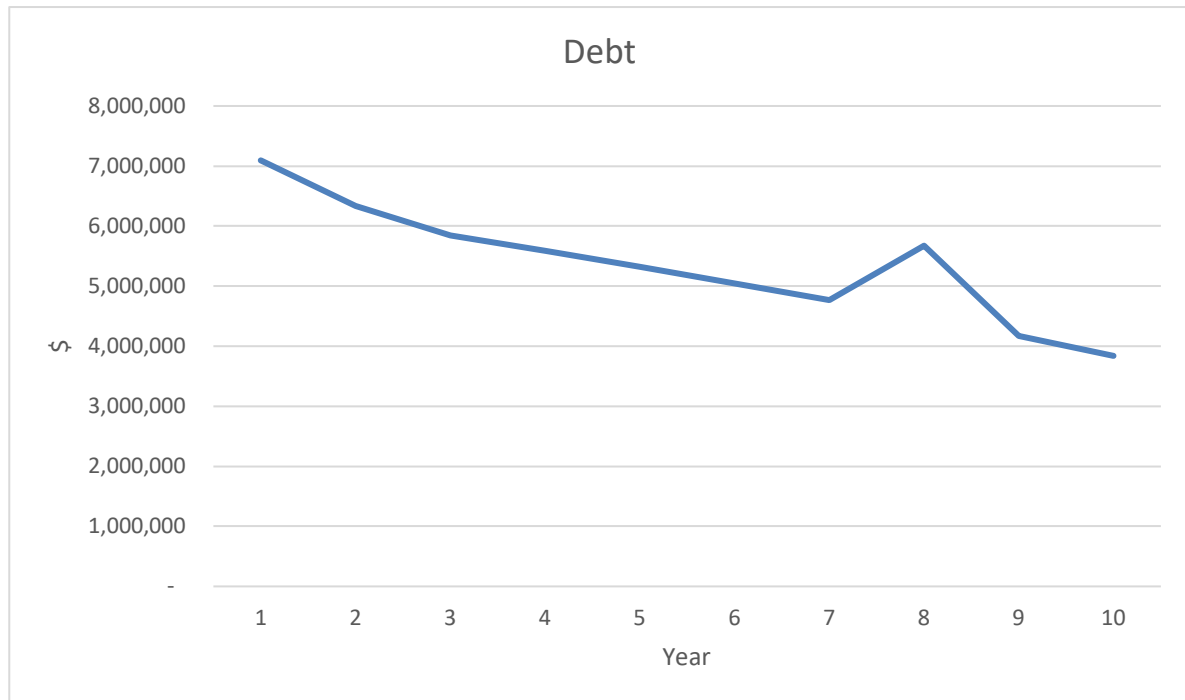
Based on the financial strategy Council will commence its return to a financially sustainable position with ongoing modest underlying operating surpluses from 2024/5. This is discussed further in Chapter 9.

**Cash**



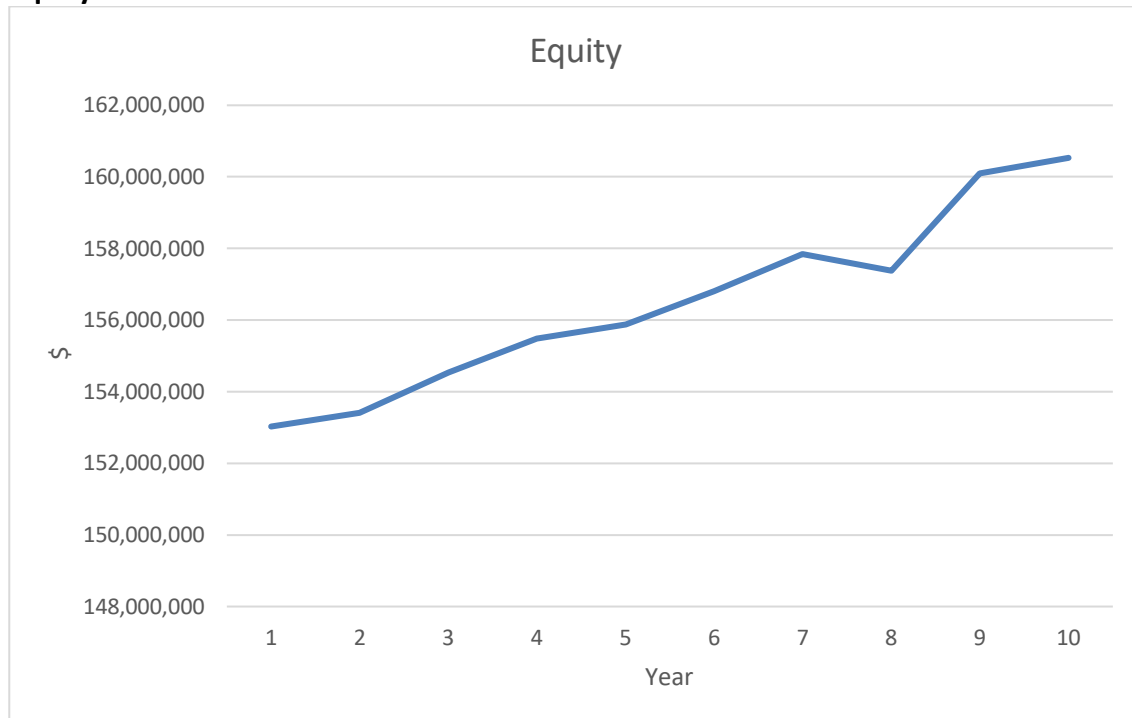
Cash balances are currently exceedingly low. A concerted effort to build cash balances is required to ensure Council’s liquidity, to provide for asset replacement requirements and to provide for unforeseen events. Balances will rise during the latter part of the plan period to meet these needs. Balances and cash flow requirements will need to be closely monitored and refined as necessary.

## Debt



Borrowings are currently at a maximum level 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.

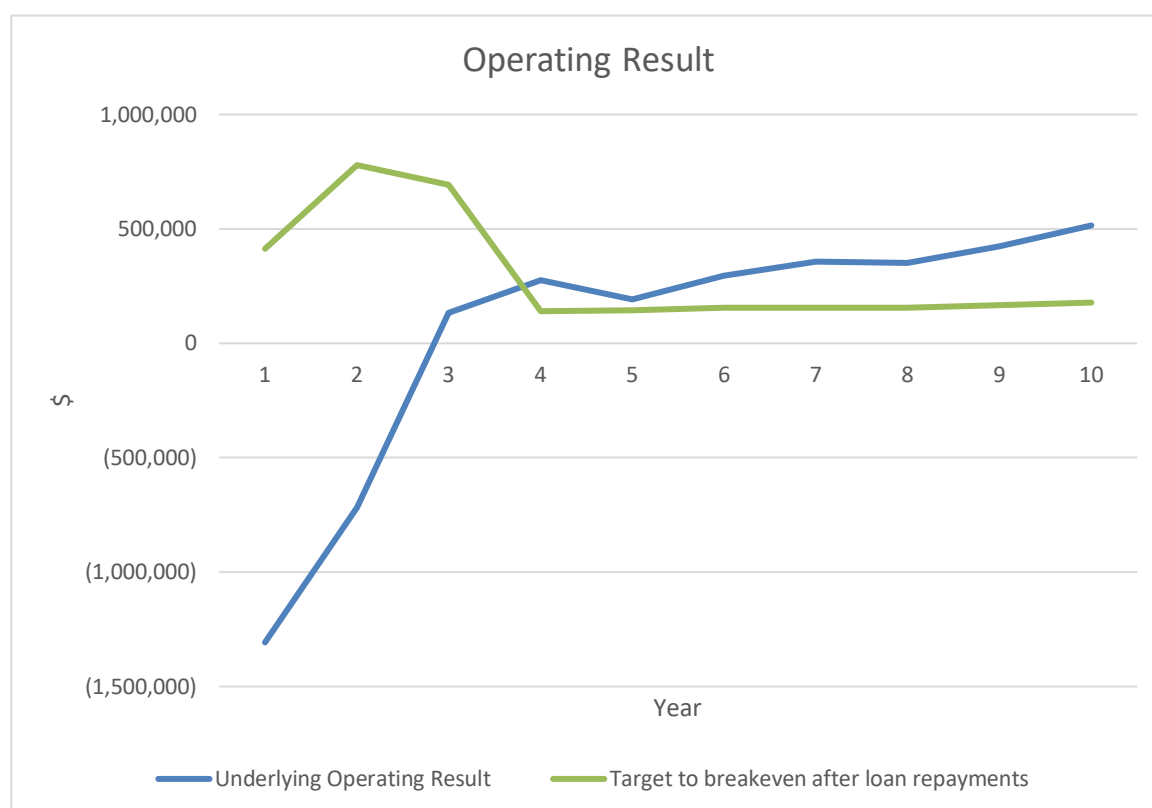
## 9. Financial Sustainability Outcomes

As outlined in Chapter 4, for the purpose of measuring Council's financial sustainability, eight 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.

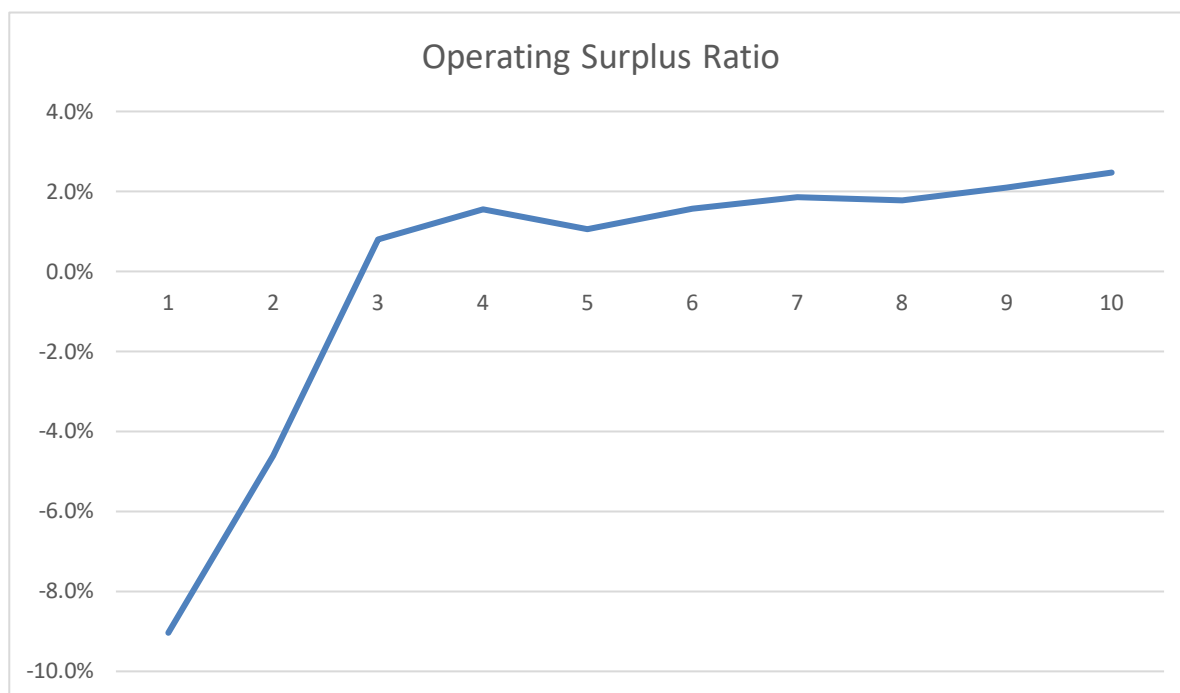
Council's LTFMP indicates, after year 4 (2024/25), modest surpluses will be recorded over the remaining plan period. The surpluses rise in the later years revenue growth assumptions being higher than expenditure growth assumptions, to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed.

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.



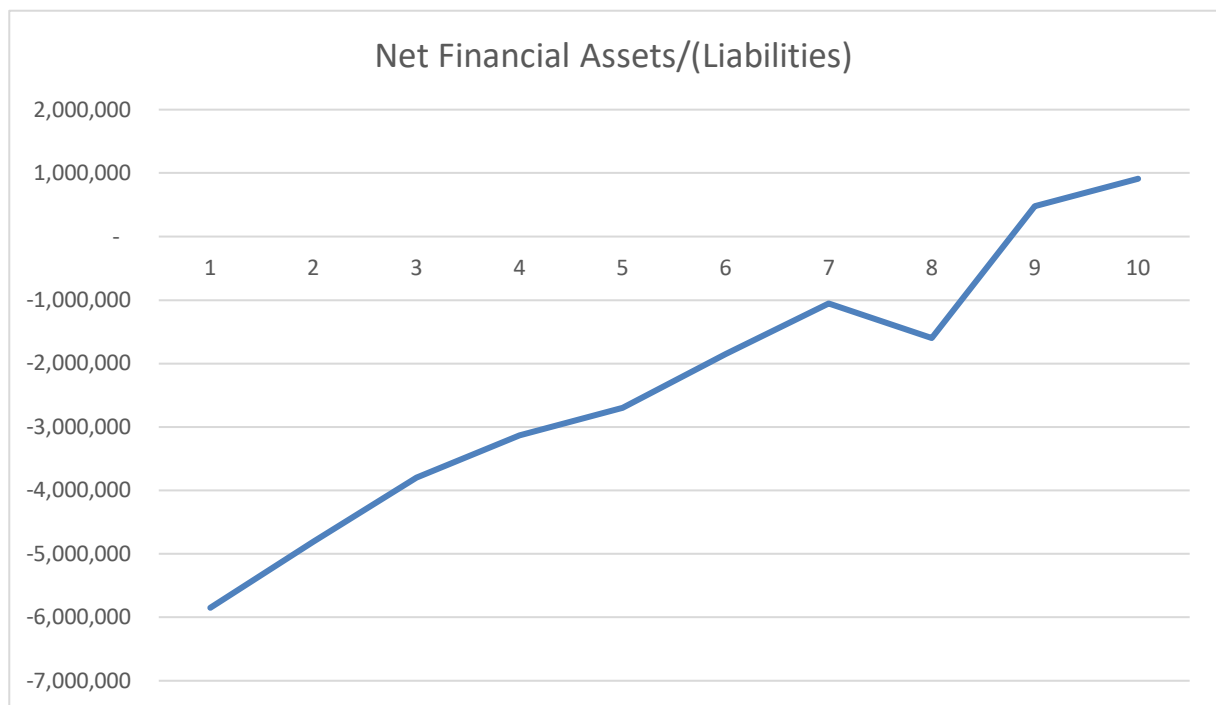
Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range -9.0% and 2.5% of revenue, and averaging -0.1%. Surpluses then increase beyond this 10 year period to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed. It is 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 2-3% 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)**

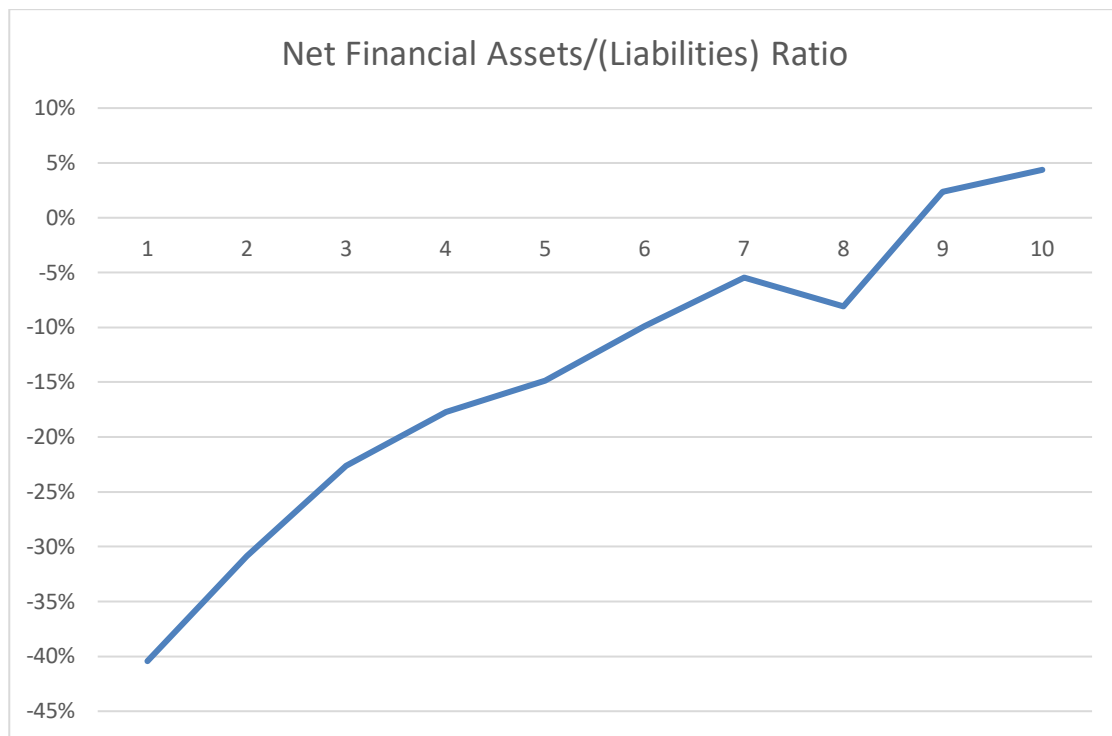
What is owed to others less cash held/invested and receivables and is thus a measure of net indebtedness. It is broader than just loan debt, as it includes amounts owed to creditors, employee provisions, amounts held in trust and all other liabilities.



Council's LTFMP indicates through the graph above that it will continue to operate in a net financial liability position. As noted earlier, Council currently has a very low cash position and high level of borrowings. The position will peak at around -\$6.3million in 2021-22. A net financial asset position is forecast to be achieved by 2030/31.

### **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.



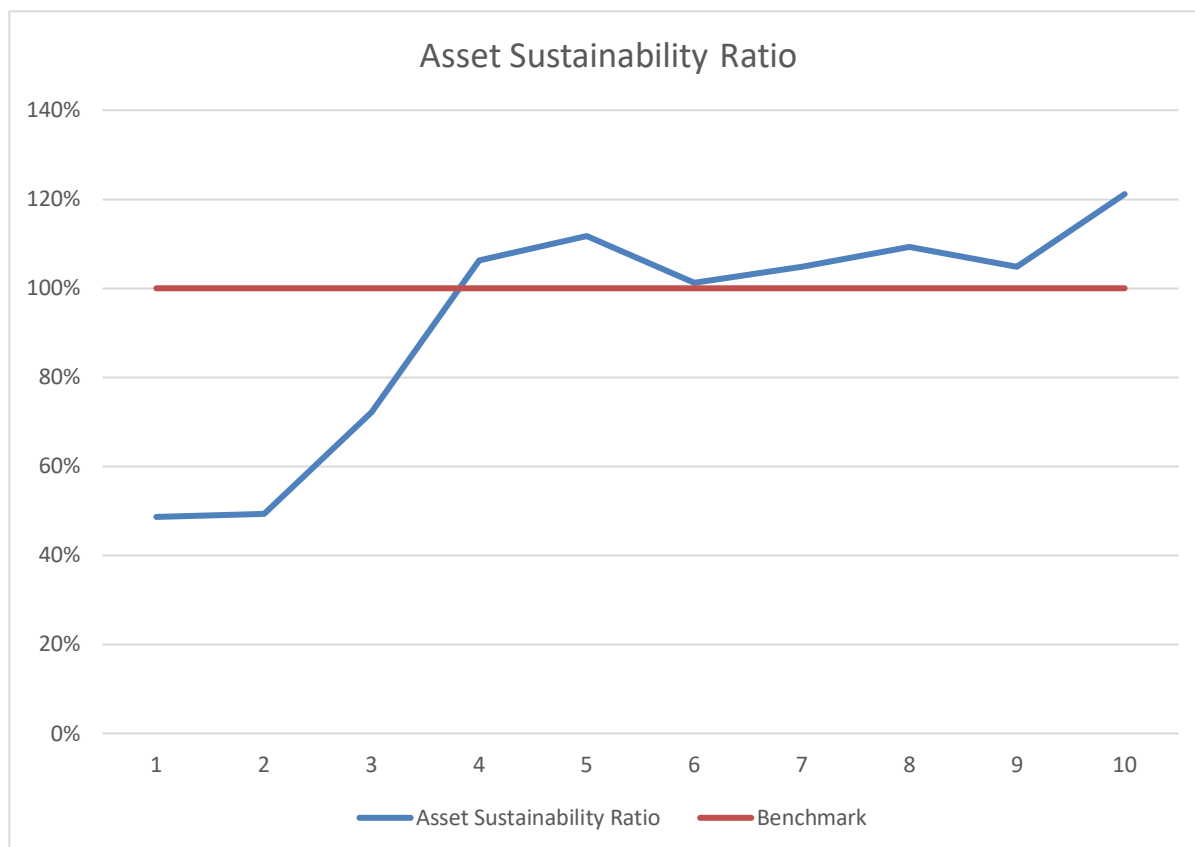
As set out above, Council will continue to operate in a net financial liability position. Council's net financial liability ratio will peak at -44% in 2021-22 then reduce across the remainder of the plan. The Tasmanian Auditor-General suggests a ratio of 0% to -50% represents low risk, -50% to -100% 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.

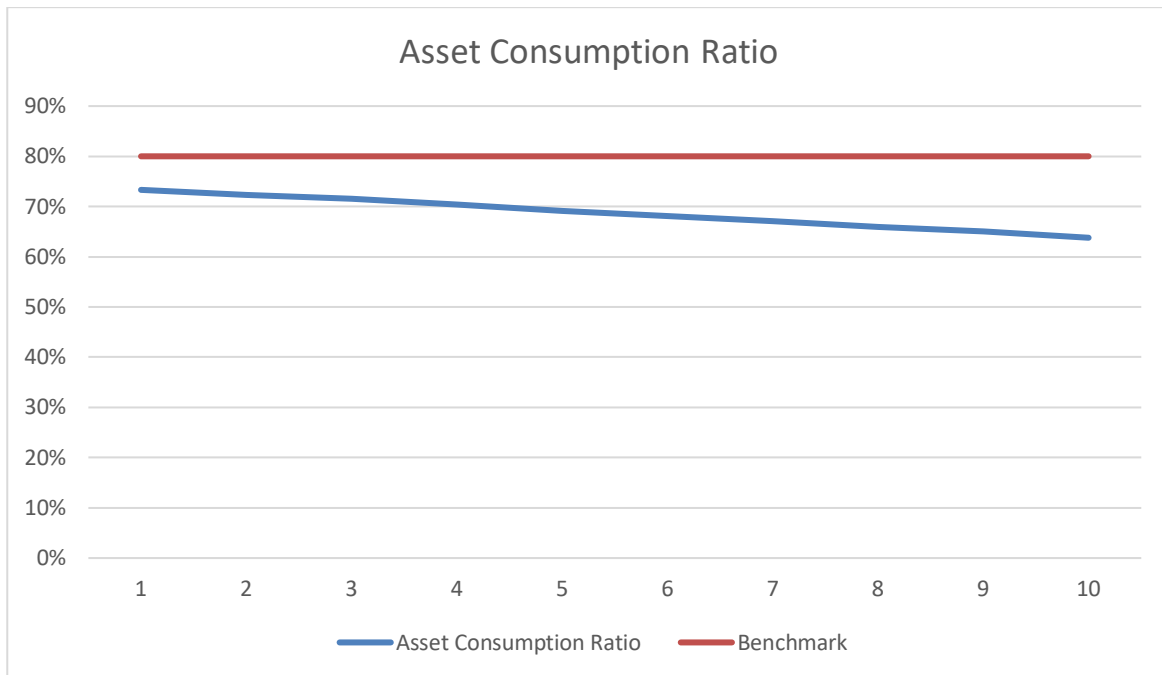


Council's LTFMP indicates through the graph above that it will operate at an average of more than 100% across most of the plan period. Local government proposed targets are typically set at 100%, however this does not allow for the sometimes legitimate periods of less than 100% or more than 100%.

### **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.

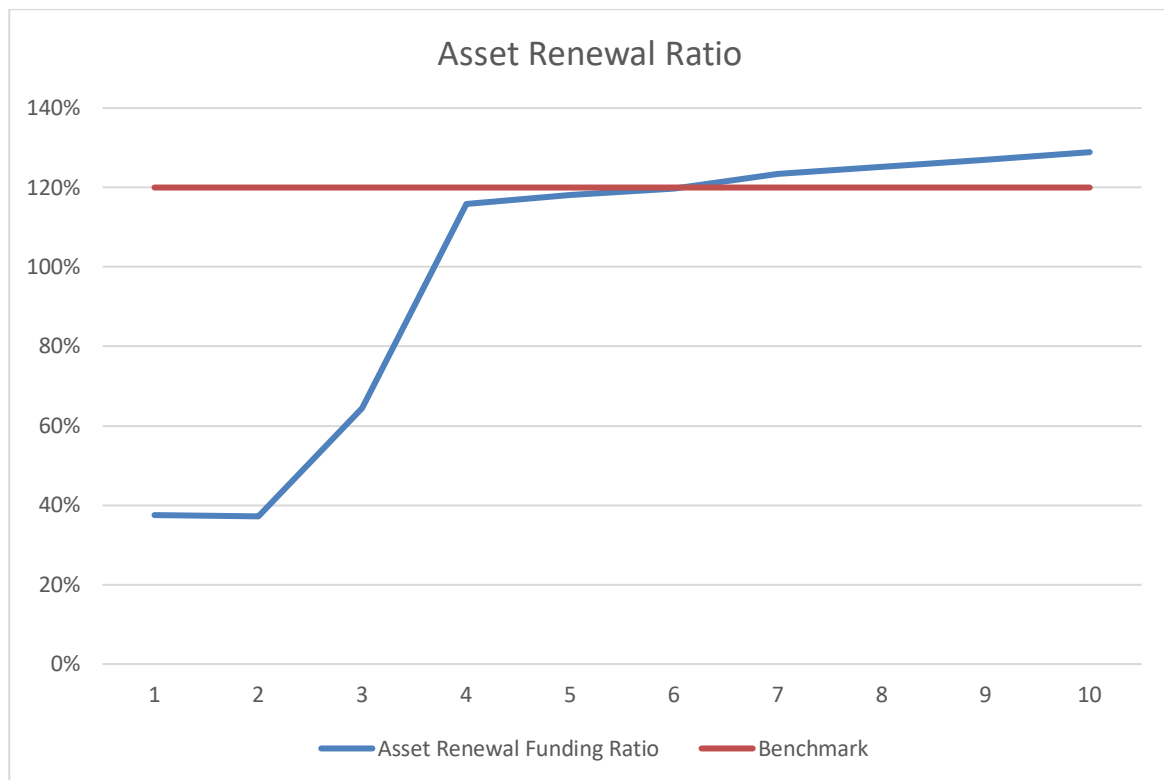


Council’s LTFMP indicates through the graph above that the asset consumption ratio will decline over the plan period.

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 68% (2019/20).

#### **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, however there will be a delay until year 4 when Council reaches 100% funding of renewals and then catch-up on the renewal program over the last 6 years of the plan.

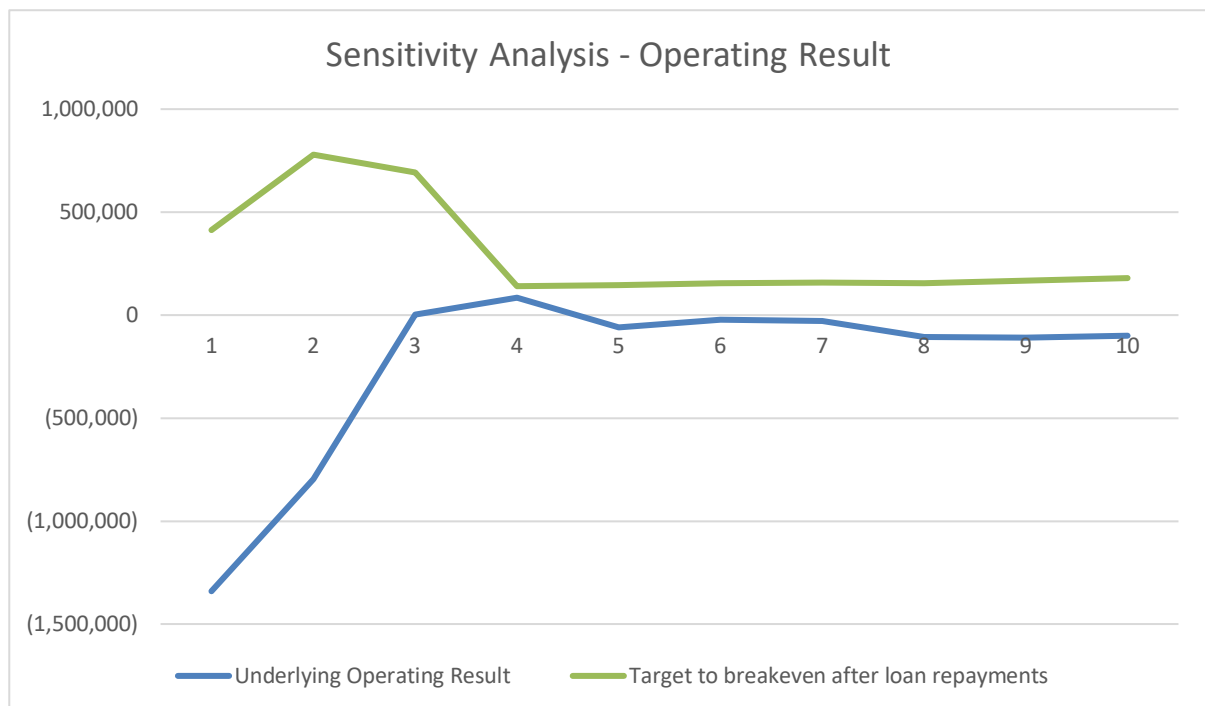
## 10. Sensitivity Analysis

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.

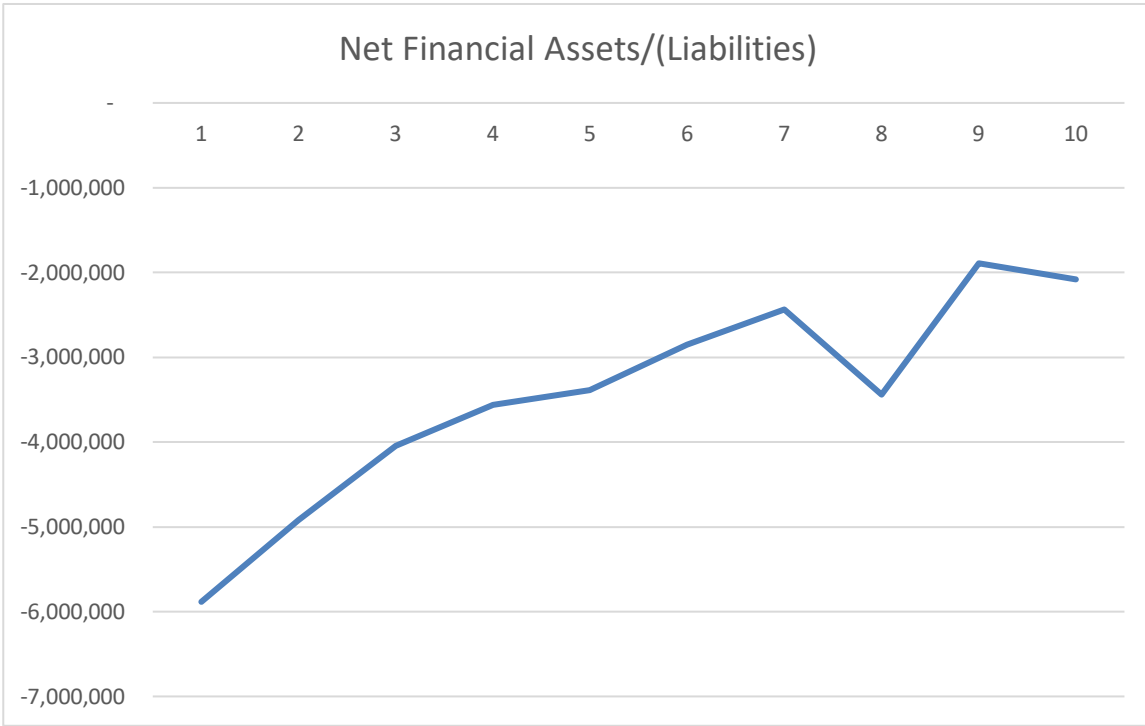
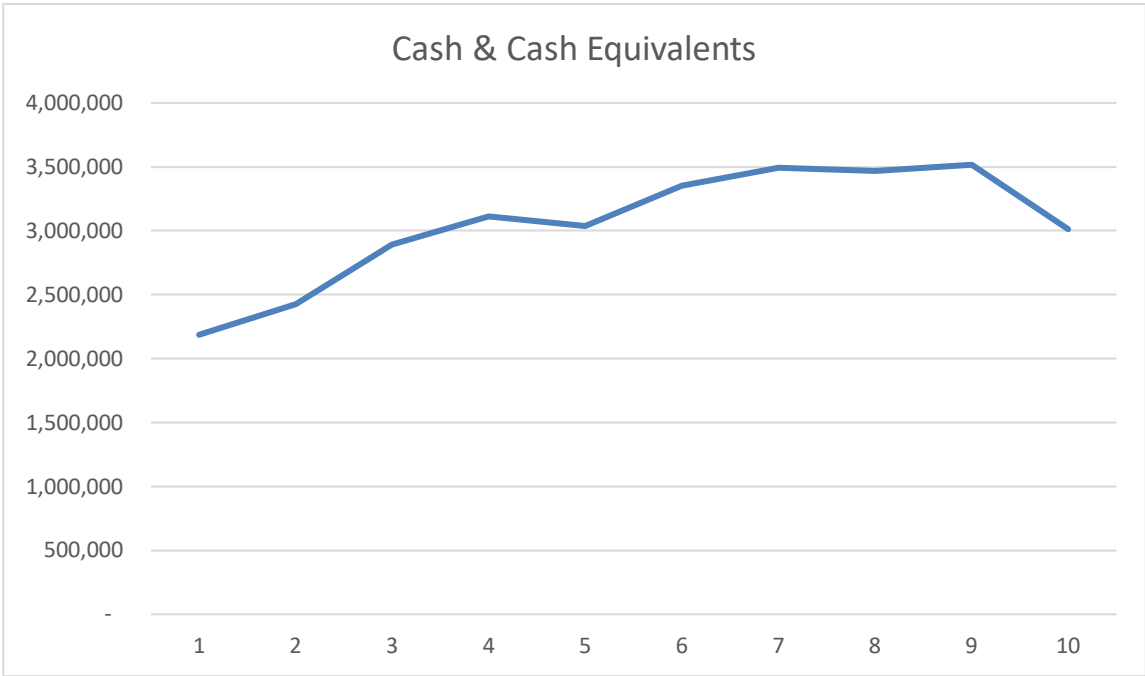
### Rates

The LTFMP assumes general rate increases (for Council operations) of 15% per annum in the short term (for two years) then decreasing to 12.5%, then 7.5% per annum (one year each), then 3.5% per annum (for two years), 3.25% per annum for the remainder of the plan. If these rate increases are 0.5% per annum lower over the next ten years the effect is as shown below.



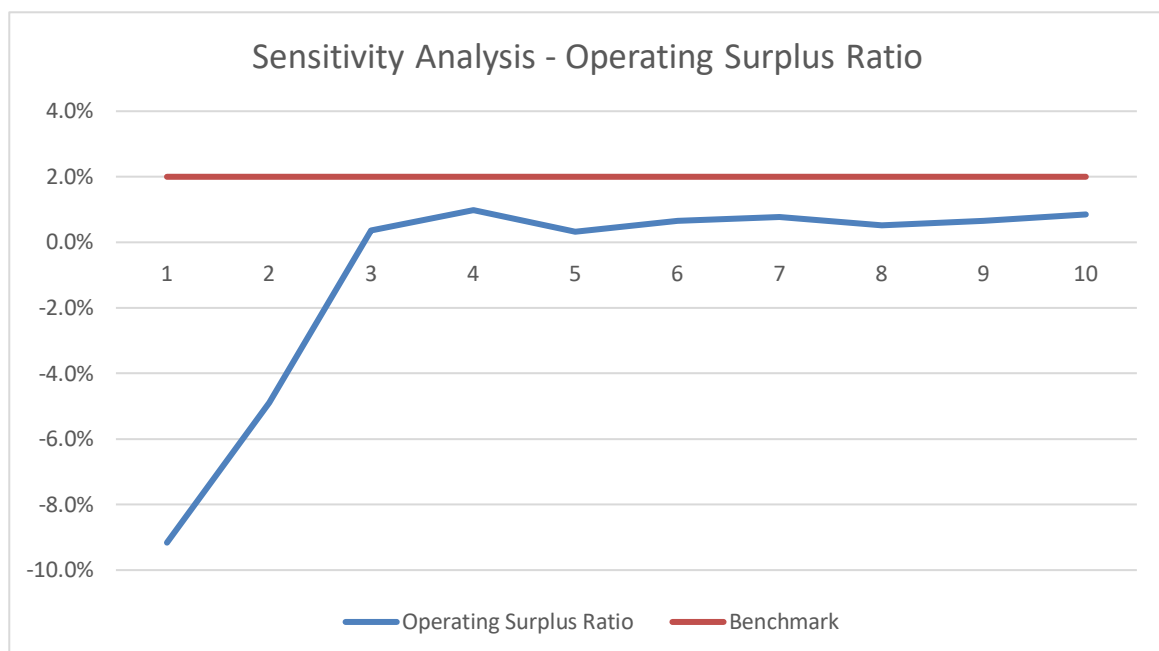
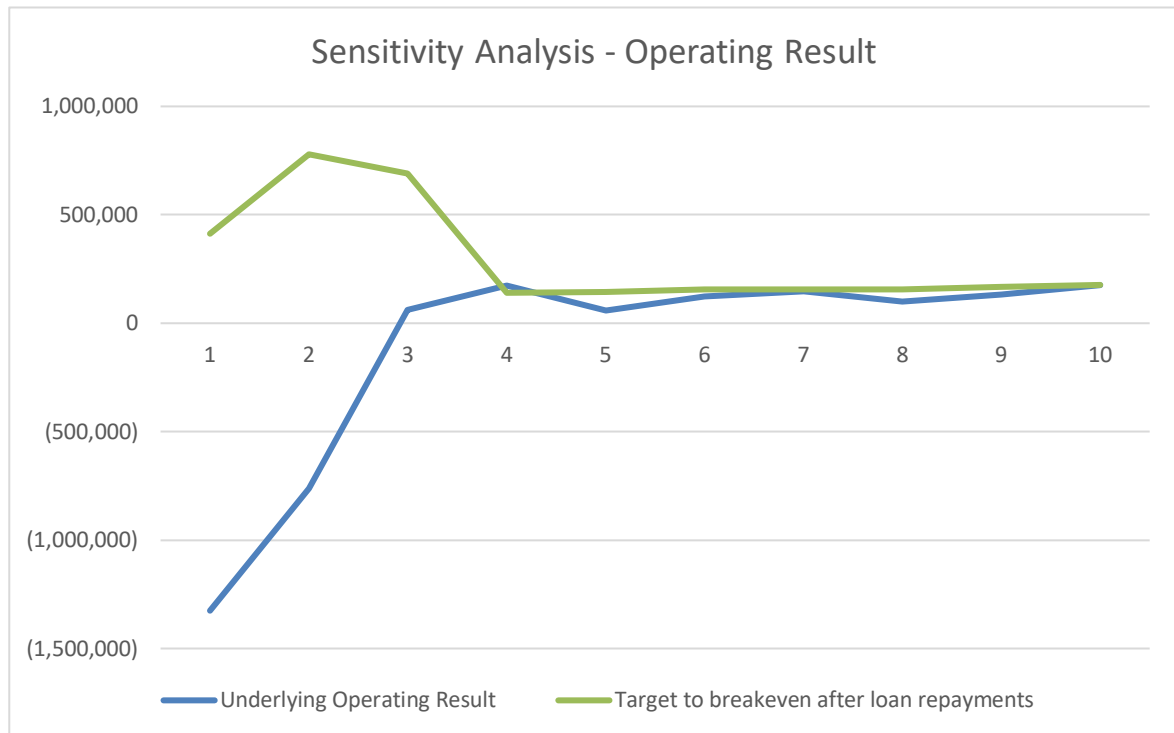
With rate increases 0.5% per annum lower over the next ten years, surpluses would not be recorded in most years and the operating surplus would remain below the benchmark to fund principal loan repayments in all years.

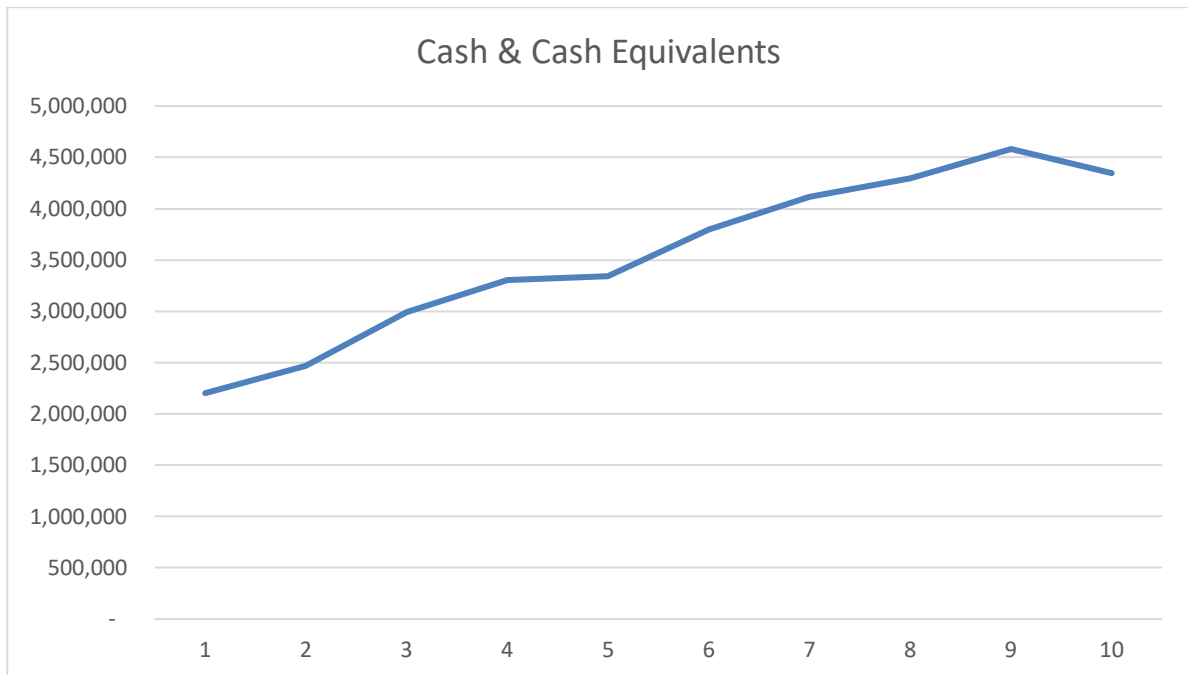
The graphs below show the impact on the cash balances and net financial assets/(liabilities) if rate revenue was 0.5% lower over the 10 year period.



## Employee Salaries and Wages

The LTFMP assumes increases in employee salaries and wages of 3% 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.

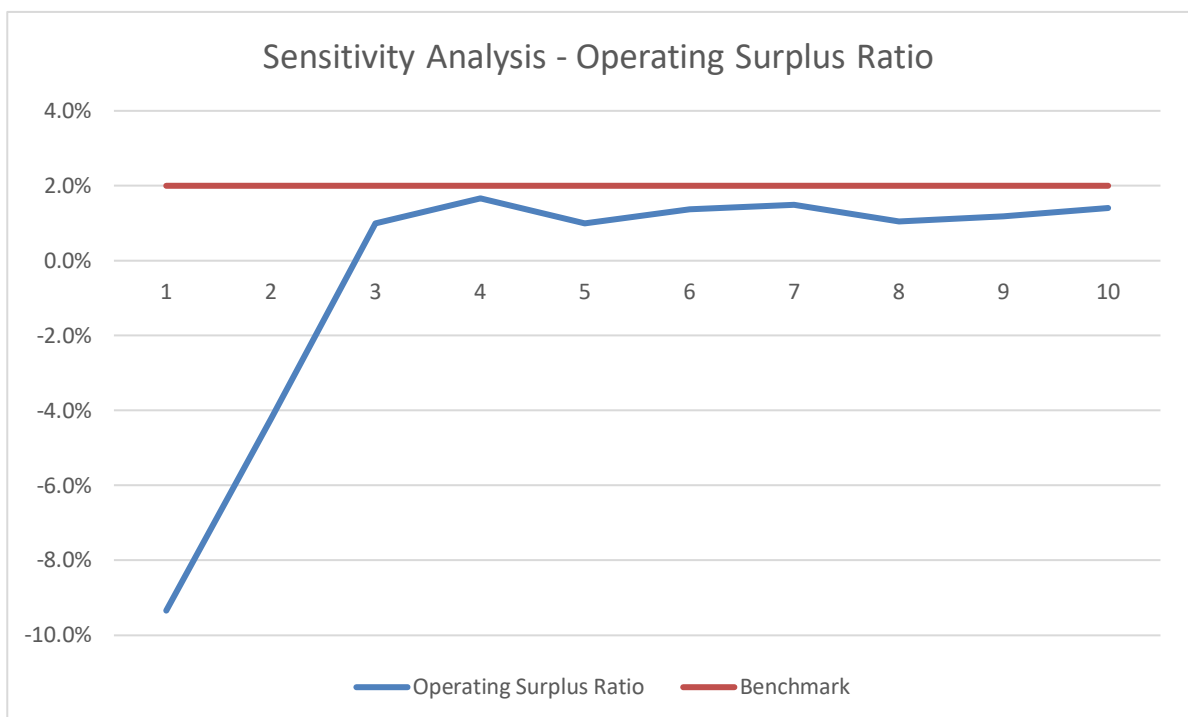


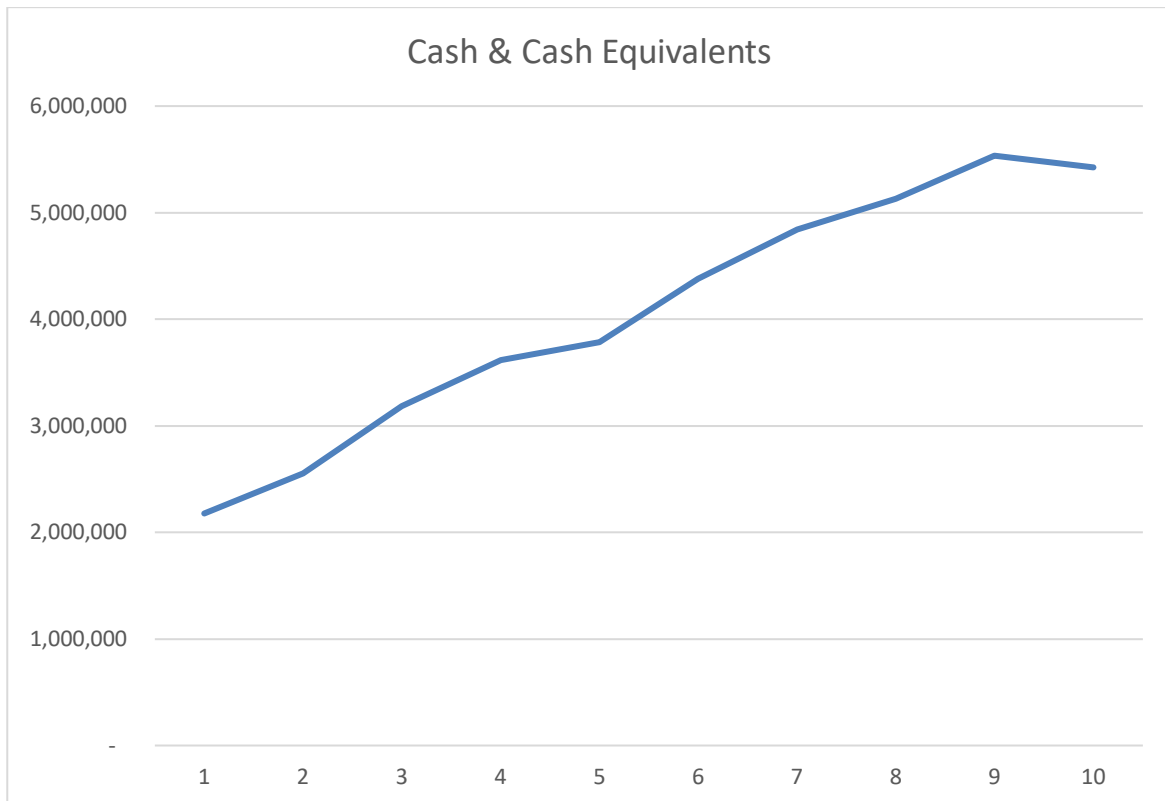


With employee salary and wage increases 0.5% per annum higher over the next ten years, surpluses would continue to be recorded, but the benchmark level would not be achieved over the 10 year period. Cash balances would be significantly lower by the end of the plan period. To restore the status quo, rate increases would need to be approximately 0.27% per annum higher over the next ten years.

### Materials and Services

The LTFMP assumes increases in materials and services of 2% 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 further below benchmark levels. Cash balances would reduce by \$0.5 million by the end of the plan period. To restore the status quo, rate increases would need to be approximately 0.092% 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 increasing to estimated minimum levels over the plan period. Balances and cash flow requirements will need to be closely monitored and further refined to ensure adequate liquidity.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rate increases in the order of 15% reducing to 3.25% (excluding fire levy increases, 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***

# Profit and Loss

Glamorgan Spring Bay Council

10 Year Long Term Financial Plan (2021-2031)

Account	Estimate 21/22	Estimate 22/23	Estimate 23/24	Estimate 24/25	Estimate 25/26	Estimate 26/27	Estimate 27/28	Estimate 28/29	Estimate 29/30	Estimate 30/31
<b>Trading Income</b>										
Rate Revenue	9,740,299	10,939,187	12,099,383	12,893,820	13,317,759	13,756,289	14,181,262	14,619,916	15,082,465	15,550,108
Statutory Charges	669,868	689,943	710,621	731,918	753,854	776,448	799,719	823,687	848,375	873,802
User Charges	434,682	450,768	467,474	484,823	506,779	529,784	549,548	565,559	582,048	599,027
Grants	1,465,667	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772
Interest & Investment Revenue	223,700	228,266	230,709	235,268	238,456	239,835	244,655	248,694	252,006	256,443
Contributions	107,715	110,346	113,057	115,848	118,724	121,685	124,736	127,878	131,114	134,448
Other Revenue	1,825,737	1,859,316	1,893,619	1,928,658	1,964,462	2,001,017	2,038,371	2,074,586	2,107,366	2,141,099
Net Gain (Loss) on Disposal of Assets	-	-	-	-	-	-	-	-	-	-
<b>Total Trading Income</b>	<b>14,467,667</b>	<b>15,565,600</b>	<b>16,802,635</b>	<b>17,678,107</b>	<b>18,187,806</b>	<b>18,712,831</b>	<b>19,226,063</b>	<b>19,748,094</b>	<b>20,291,145</b>	<b>20,842,700</b>
<b>Gross Profit</b>	<b>14,467,667</b>	<b>15,565,600</b>	<b>16,802,635</b>	<b>17,678,107</b>	<b>18,187,806</b>	<b>18,712,831</b>	<b>19,226,063</b>	<b>19,748,094</b>	<b>20,291,145</b>	<b>20,842,700</b>
<b>Capital Grants</b>										
Grants Commonwealth Capital - Other	-	-	-	-	-	-	-	-	-	-
Grants Commonwealth Capital - Roads to Recovery	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000
Grants State Capital - Other	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Grants</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>
<b>Other Income</b>										
Other Income - PPRWS Reimbursement of Principal Loan	105,615	108,708	111,895	115,177	118,545	122,033	125,614	131,245	141,245	151,245
<b>Total Other Income</b>	<b>105,615</b>	<b>108,708</b>	<b>111,895</b>	<b>115,177</b>	<b>118,545</b>	<b>122,033</b>	<b>125,614</b>	<b>131,245</b>	<b>141,245</b>	<b>151,245</b>
<b>Operating Expenses</b>										
Employee Costs	5,354,145	5,512,056	5,674,701	6,186,682	6,479,140	6,670,789	6,868,184	7,071,498	7,280,908	7,496,597
Materials & Services	7,208,680	7,510,974	7,679,448	7,824,942	7,993,257	8,158,715	8,342,315	8,600,736	8,795,789	8,977,381
Depreciation	2,823,198	2,888,239	2,954,280	3,021,342	3,089,445	3,158,611	3,228,859	3,300,213	3,372,693	3,446,324
Interest	226,064	206,741	192,351	199,070	259,703	254,216	250,636	243,006	233,007	220,008
Other Expenses	230,218	234,822	239,518	244,309	249,195	254,179	259,262	264,448	269,737	275,131
Internal Plant used on Capital Jobs	-	-	-	-	-	-	-	-	-	-
Employee Oncosts	(67,391)	(69,413)	(71,495)	(73,640)	(75,849)	(78,125)	(80,468)	(82,882)	(85,369)	(87,930)
<b>Total Operating Expenses</b>	<b>15,774,914</b>	<b>16,283,419</b>	<b>16,668,803</b>	<b>17,402,704</b>	<b>17,994,890</b>	<b>18,418,384</b>	<b>18,868,788</b>	<b>19,397,018</b>	<b>19,866,765</b>	<b>20,327,511</b>
<b>Net Profit</b>	<b>(1,307,246)</b>	<b>(717,818)</b>	<b>133,831</b>	<b>275,403</b>	<b>192,916</b>	<b>294,446</b>	<b>357,274</b>	<b>351,076</b>	<b>424,380</b>	<b>515,189</b>
Break even Goal	412,648	779,066	691,572	140,428	144,333	155,857	156,552	156,132	167,535	178,200
<b>Total Comprehensive Result (incl Capital Income)</b>	<b>(800,631)</b>	<b>(208,110)</b>	<b>646,726</b>	<b>791,580</b>	<b>712,461</b>	<b>817,479</b>	<b>883,888</b>	<b>883,321</b>	<b>966,625</b>	<b>1,067,434</b>

Account	Estimate 21/22	Estimate 22/23	Estimate 23/24	Estimate 24/25	Estimate 25/26	Estimate 26/27	Estimate 27/28	Estimate 28/29	Estimate 29/30	Estimate 30/31
<b>Capital Works Program</b>										
Total Capital Works Program	1,411,554	1,505,356	2,286,310	3,140,423	3,375,261	3,125,941	3,313,447	3,526,522	3,460,839	4,086,428
<b>Capital Works Funds Available</b>										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Loans</b>										
New Loan Borrowings	440,000	310,000	-	-	870,000	-	-	2,290,000	1,200,000	-
Less Principal Repayments	(958,263)	(1,197,774)	(803,467)	(255,605)	(1,132,878)	(277,890)	(282,166)	(2,577,377)	(1,508,780)	(329,445)
<b>Net Movement in Loan Funding</b>	<b>(518,263)</b>	<b>(887,774)</b>	<b>(803,467)</b>	<b>(255,605)</b>	<b>(262,878)</b>	<b>(277,890)</b>	<b>(282,166)</b>	<b>(287,377)</b>	<b>(308,780)</b>	<b>(329,445)</b>
Reimbursement of Principal Loan Repayments	105,615	108,708	111,895	115,177	118,545	122,033	125,614	131,245	141,245	151,245
	<b>(412,648)</b>	<b>(779,066)</b>	<b>(691,572)</b>	<b>(140,428)</b>	<b>(144,333)</b>	<b>(155,857)</b>	<b>(156,552)</b>	<b>(156,132)</b>	<b>(167,535)</b>	<b>(178,200)</b>
<b>Capital Grants</b>										
Capital grants	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000
<b>Total Capital Grants</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>	<b>401,000</b>
<b>Subtotal</b>	<b>(11,648)</b>	<b>(378,066)</b>	<b>(290,572)</b>	<b>260,572</b>	<b>256,667</b>	<b>245,143</b>	<b>244,448</b>	<b>244,868</b>	<b>233,465</b>	<b>222,800</b>
<b>Funded Depreciation for Asset Renewals</b>										
Total Depreciation	2,823,198	2,888,239	2,954,280	3,021,342	3,089,445	3,158,611	3,228,859	3,300,213	3,372,693	3,446,324
Less depreciation not funded	(1,307,246)	(717,818)	133,831	275,403	192,916	294,446	357,274	351,076	424,380	515,189
<b>Total Funded Depreciation for Asset Renewals</b>	<b>1,515,952</b>	<b>2,170,420</b>	<b>3,088,111</b>	<b>3,296,745</b>	<b>3,282,361</b>	<b>3,453,057</b>	<b>3,586,133</b>	<b>3,651,289</b>	<b>3,797,073</b>	<b>3,961,513</b>
<b>Max. Total funds available for capital works***</b>	<b>1,504,304</b>	<b>1,792,354</b>	<b>2,797,539</b>	<b>3,557,317</b>	<b>3,539,029</b>	<b>3,698,199</b>	<b>3,830,581</b>	<b>3,896,156</b>	<b>4,030,539</b>	<b>4,184,313</b>
Funds transferred to/(from) Equity or additional Loan Funds Required	92,750	286,998	511,229	416,894	163,768	572,258	517,134	369,634	569,699	97,885

# Statement of Financial Position

Glamorgan Spring Bay

10 Year Long Term Financial Plan

Account	Estimate Y1 30 June 2022	Estimate Y2 30 June 2023	Estimate Y3 30 June 2024	Estimate Y4 30 June 2025	Estimate Y5 30 June 2026	Estimate Y6 30 June 2027	Estimate Y7 30 June 2028	Estimate Y8 30 June 2029	Estimate Y9 30 June 2030	Estimate Y10 30 June 2031
<b>Assets</b>										
<b>Current Assets</b>										
Cash & Cash Equivalents	2,220,088	2,533,659	3,129,179	3,541,909	3,713,218	4,343,187	4,869,065	5,297,677	5,876,302	5,983,644
Trade & Other Receivables	592,209	634,176	668,981	692,815	705,533	718,689	731,438	744,597	758,474	772,503
Inventories	-	-	-	-	-	-	-	-	-	-
Other Assets	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>Total Current Assets</b>	<b>2,832,297</b>	<b>3,187,835</b>	<b>3,818,160</b>	<b>4,254,723</b>	<b>4,438,750</b>	<b>5,081,876</b>	<b>5,620,503</b>	<b>6,062,275</b>	<b>6,654,776</b>	<b>6,776,147</b>
<b>Non-current Assets</b>										
Trade & Other Receivables	-	-	-	-	-	-	-	-	-	-
Investment in Water Corporation	28,139,885	28,139,885	28,139,885	28,139,885	28,139,885	28,139,885	28,139,885	28,139,885	28,139,885	28,139,885
Property, Infrastructure, Plant & Equipment	130,717,944	130,049,974	130,169,055	130,454,870	130,422,201	130,506,789	130,733,098	130,821,244	131,461,348	131,461,348
<b>Total Non-current Assets</b>	<b>158,857,829</b>	<b>158,189,859</b>	<b>158,308,940</b>	<b>158,594,756</b>	<b>158,562,086</b>	<b>158,646,674</b>	<b>158,872,984</b>	<b>158,961,129</b>	<b>159,601,233</b>	<b>159,601,233</b>
<b>Total Assets</b>	<b>161,690,126</b>	<b>161,377,694</b>	<b>162,127,100</b>	<b>162,849,479</b>	<b>163,000,836</b>	<b>163,728,550</b>	<b>164,493,487</b>	<b>165,023,404</b>	<b>166,256,009</b>	<b>166,377,380</b>
<b>Liabilities</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	600,000	650,000	750,000	750,000	750,000	800,000	800,000	850,000	850,000	850,000
Trust Funds & Deposits	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Provisions	463,500	477,405	491,727	506,479	521,673	537,324	553,443	570,047	587,148	604,762
Contract Liabilities	-	-	-	-	-	-	-	-	-	-
Interest bearing Loans & Borrowings	1,197,774	803,467	255,605	1,132,878	277,890	282,166	2,577,377	1,508,780	329,445	331,094
<b>Total Current Liabilities</b>	<b>2,611,274</b>	<b>2,280,872</b>	<b>1,847,332</b>	<b>2,739,357</b>	<b>1,899,564</b>	<b>1,969,490</b>	<b>4,280,820</b>	<b>3,278,826</b>	<b>2,116,592</b>	<b>2,135,856</b>
<b>Non-current Liabilities</b>	108%	140%	207%	155%	234%	258%	131%	185%	314%	317%
Provisions	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587
Interest Bearing Loans & Borrowings	5,896,394	5,532,927	5,587,323	4,454,445	5,046,554	4,764,388	2,187,011	4,168,231	3,838,787	3,507,693
<b>Total Non-current Liabilities</b>	<b>6,050,894</b>	<b>5,692,062</b>	<b>5,751,232</b>	<b>4,623,271</b>	<b>5,220,445</b>	<b>4,943,496</b>	<b>2,371,492</b>	<b>4,358,246</b>	<b>4,034,503</b>	<b>3,709,280</b>
<b>Total Liabilities</b>	<b>8,662,169</b>	<b>7,972,934</b>	<b>7,598,563</b>	<b>7,362,628</b>	<b>7,120,009</b>	<b>6,912,986</b>	<b>6,652,312</b>	<b>7,637,073</b>	<b>6,151,095</b>	<b>5,845,136</b>
<b>Net Assets</b>	<b>153,027,957</b>	<b>153,404,760</b>	<b>154,528,537</b>	<b>155,486,851</b>	<b>155,880,827</b>	<b>156,815,564</b>	<b>157,841,174</b>	<b>157,386,331</b>	<b>160,104,914</b>	<b>160,532,244</b>
<b>Equity</b>										
Current Year Earnings	(800,631)	(208,110)	646,726	791,580	712,461	817,479	883,888	883,321	966,625	1,067,434
Retained Earnings	85,031,552	84,528,836	84,286,547	85,100,009	85,409,335	85,666,795	86,625,997	86,171,721	88,237,300	88,465,936
Equity - Asset Revaluation Reserve	68,381,239	68,381,239	68,381,239	68,381,239	68,381,239	68,381,239	68,381,239	68,381,239	68,381,239	68,381,239
Equity - Restricted Reserves	415,797	702,795	1,214,024	1,214,024	1,377,792	1,950,051	1,950,051	1,950,051	2,519,750	2,617,635
<b>Total Equity</b>	<b>153,027,957</b>	<b>153,404,760</b>	<b>154,528,537</b>	<b>155,486,851</b>	<b>155,880,827</b>	<b>156,815,564</b>	<b>157,841,175</b>	<b>157,386,331</b>	<b>160,104,914</b>	<b>160,532,244</b>

# Statement of Cash Flows

Glamorgan Spring Bay Council

10 Year Long Term Financial Plan (2021-2031)

Account	Estimate Y1 2021/22	Estimate Y2 2022/23	Estimate Y3 2023/24	Estimate Y4 2024/25	Estimate Y5 2025/26	Estimate Y6 2026/27	Estimate Y7 2027/28	Estimate Y8 2028/29	Estimate Y9 2029/30	Estimate Y10 2030/31
<b>Operating Activities</b>										
Receipts from customers	12,902,000	14,235,861	15,480,056	16,366,502	16,887,316	17,411,902	17,925,541	18,447,162	18,989,496	19,540,898
Payments to suppliers and employees	(12,833,715)	(13,326,640)	(13,595,427)	(14,361,693)	(14,885,186)	(15,188,907)	(15,618,436)	(16,024,668)	(16,471,270)	(16,857,702)
Receipts from operating grants	1,465,667	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772	1,287,772
Cash receipts from other operating activities	105,615	108,708	111,895	115,177	118,545	122,033	125,614	131,245	141,245	151,245
<b>Net Cash Flows from Operating Activities</b>	<b>1,639,567</b>	<b>2,305,702</b>	<b>3,284,296</b>	<b>3,407,758</b>	<b>3,408,447</b>	<b>3,632,801</b>	<b>3,720,491</b>	<b>3,841,512</b>	<b>3,947,244</b>	<b>4,122,214</b>
<b>Investing Activities</b>										
Proceeds from sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Payment for property, plant and equipment	(1,411,554)	(1,505,356)	(2,286,310)	(3,140,423)	(3,375,261)	(3,125,941)	(3,313,447)	(3,526,522)	(3,460,839)	(4,086,428)
Receipts from capital grants	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000
Other cash items from investing activities	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flows from Investing Activities</b>	<b>(1,010,554)</b>	<b>(1,104,356)</b>	<b>(1,885,310)</b>	<b>(2,739,423)</b>	<b>(2,974,261)</b>	<b>(2,724,941)</b>	<b>(2,912,447)</b>	<b>(3,125,522)</b>	<b>(3,059,839)</b>	<b>(3,685,428)</b>
<b>Financing Activities</b>										
Trust funds & deposits	(50,000)	-	-	-	-	-	-	-	-	-
Net Proceeds/(Repayment) of Loans	(518,263)	(887,774)	(803,467)	(255,605)	(262,878)	(277,890)	(282,166)	(287,377)	(308,780)	(329,445)
Other cash items from financing activities	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>(568,263)</b>	<b>(887,774)</b>	<b>(803,467)</b>	<b>(255,605)</b>	<b>(262,878)</b>	<b>(277,890)</b>	<b>(282,166)</b>	<b>(287,377)</b>	<b>(308,780)</b>	<b>(329,445)</b>
<b>Net Cash Flows</b>	<b>60,750</b>	<b>313,571</b>	<b>595,519</b>	<b>412,730</b>	<b>171,309</b>	<b>629,970</b>	<b>525,878</b>	<b>428,612</b>	<b>578,625</b>	<b>107,342</b>
<b>Cash and Cash Equivalents</b>										
Cash and cash equivalents at beginning of period	2,159,338	2,220,088	2,533,659	3,129,179	3,541,909	3,713,218	4,343,187	4,869,065	5,297,677	5,876,302
Cash and cash equivalents at end of period	2,220,088	2,533,659	3,129,179	3,541,909	3,713,218	4,343,187	4,869,065	5,297,677	5,876,302	5,983,644
<b>Net change in cash for period</b>	<b>60,750</b>	<b>313,571</b>	<b>595,519</b>	<b>412,730</b>	<b>171,309</b>	<b>629,970</b>	<b>525,878</b>	<b>428,612</b>	<b>578,625</b>	<b>107,342</b>



# Forecast Capital Works Program

Glamorgan Spring Bay Council

10 Year Long Term Financial Plan (2021-2031)

	Estimate 21/22	Estimate 22/23	Estimate 23/24	Estimate 24/25	Estimate 25/26	Estimate 26/27	Estimate 27/28	Estimate 28/29	Estimate 29/30	Estimate 30/31
<b>New Capital</b>										
Roads, Footpaths, Kerbs						-	-	-	-	-
Parks, Reserves, Walking Tracks, Cemeteries										
Buildings & Facilities										
Stormwater, Drainage	265,000	115,000	200,000	-	-	-	-	-	-	-
Plant & Equipment										
<b>Total New Capital</b>	<b>265,000</b>	<b>115,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Renewal of Assets</b>										
Roads, Footpaths, Kerbs	665,433	670,722	1,088,790	1,804,092	1,832,153	1,860,776	1,889,972	1,919,751	1,950,126	1,981,109
Parks, Reserves, Walking Tracks, Cemeteries	-	32,355	115,507	168,310	171,676	175,110	178,612	182,184	185,828	189,544
Stormwater, Drainage	77,121	78,664	80,237	81,842	83,478	85,148	86,851	88,588	90,360	92,167
Buildings & Facilities	-	54,616	165,000	412,500	422,813	422,813	468,455	468,455	468,455	468,455
Marine Assets	100,000	-	-	140,000	144,200	148,526	152,982	157,571	162,298	167,167
Water	-	-	-	-	-	-	-	-	-	-
Bridges, Culverts	-	250,000	240,000	125,000	300,000	-	90,000	250,000	130,000	700,000
Plant & Equipment	304,000	304,000	396,777	408,680	420,940	433,569	446,576	459,973	473,772	487,985
IT & Office Equipment	30,000	30,000	50,000	50,000	50,000	50,000	50,000	100,000	100,000	50,000
<b>Total Renewal Capital</b>	<b>1,146,554</b>	<b>1,390,356</b>	<b>2,086,310</b>	<b>3,140,423</b>	<b>3,375,261</b>	<b>3,125,941</b>	<b>3,313,447</b>	<b>3,526,522</b>	<b>3,460,839</b>	<b>4,086,428</b>
<b>Total Capital Works</b>	<b>1,411,554</b>	<b>1,505,356</b>	<b>2,286,310</b>	<b>3,140,423</b>	<b>3,375,261</b>	<b>3,125,941</b>	<b>3,313,447</b>	<b>3,526,522</b>	<b>3,460,839</b>	<b>4,086,428</b>