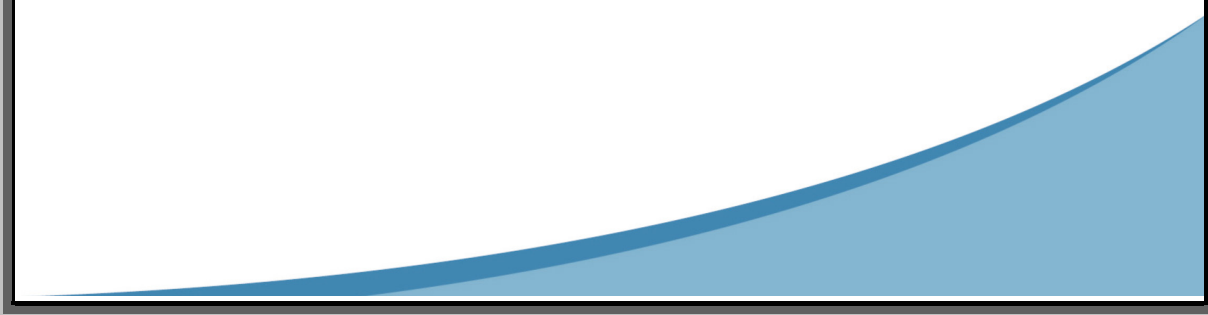


**Financial Management Strategy &
Long Term Financial Plan
2026/2027 – 2035/2036
May 2026**



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1.0 OVERVIEW

1.1 Introduction

A key component of sound financial management is the preparation of longer term financial strategies, plans and budgets. The development and adherence to longer term plans is critical to ensure the Council remains financially sustainable.

The key reasons for the development of a long term financial framework are:

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

The Financial Management Strategy and Long Term Financial Plan are not intended to be static, but will be reviewed annually as part of the annual planning process so as to incorporate any future changes in council policy, priorities, new initiatives or strategic direction.

1.2 Financial Management Strategy

The Financial Management Strategy is an important part of the overall financial management activities of Council. The following table demonstrates the context within how this document fits into the overall financial management framework of Council.



The strategy has been prepared to guide Council in its financial decision-making ensuring that the following principles are followed:-

- The community's finances will be managed to provide sustainable and responsible financial management of the community's resources;
- Council will endeavour to maintain community wealth to ensure that the wealth enjoyed by today's generation may also be enjoyed by tomorrow's generation;
- Council's financial position will have a margin of comfort aimed to absorb the impact of unexpected developments, and absorb the volatility in revenue and expenses;
- Resources will be allocated to those activities that generate community benefit;
- Applying user pays principles where it is appropriate to do so and there is a clearly identifiable cohort benefit from using those facilities and services;
- Timely and accurate disclosure of financial information.

Council's Strategic Plan 2022-2032 states *Council will maintain and continually review a long-term financial management strategy*. The Strategy assists in the development and revision of long term financial planning and determines financial boundaries for delivery of operational and capital plans. The key focus of the Financial Management Strategy is to demonstrate and maintain financial sustainability into the future whilst achieving the strategic objectives of council. In order to achieve this, Council must ensure all aspects of its operations are adequately funded, including current service delivery and planning for future service delivery, in an affordable and stable environment.

As depicted, ongoing financial sustainability is only achieved when the interdependency of all financial aspects of Council are recognised and planned for today and into the future



1.3 Long Term Financial Plan

The Long Term Financial Plan has been developed to assist council in adopting a budget within a longer term prudent financial framework. The key objective of council's financial plan is financial sustainability in the medium to long term, while linking to council's objectives and strategies as specified in its Strategic Plan. Council's Strategic Plan 2022-2032 states

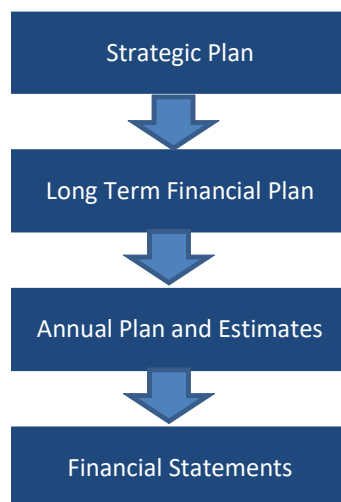
Council will:

- *Continue to undertake long-term financial planning to ensure sustainability into the future.*
- *Manage our finances in a responsible manner and deliver value for our community.*

Strategic measures within the Strategic Plan are:

- Developing and implementing sound financial management practices and sustainable budgets.
- Actively seeking funding opportunities.
- Maintaining a prudent and balanced approach to financial sustainability and service delivery.

The Long Term Financial Plan is a guideline for future action and encourages council to take into consideration the future impact that decisions made today may have on council's long-term sustainability. The Long Term Financial Plan establishes the strategic financial direction for the Council to meet the funding and investment challenges that lie ahead in the next ten years. It is an essential tool in delivery of the Strategic Plan and demonstrates council's commitment to undertake sound financial planning to ensure the future prosperity of its community. The following table demonstrates the context of how the Long Term Financial Plan fits into Council's overall financial management framework

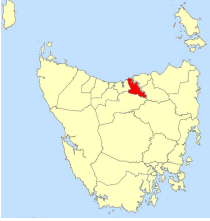









The Long Term Financial Plan is intended to achieve the following objectives in the ten year time frame:

- The achievement of a prudent balance between meeting the service needs of our community (both now and future) and remaining financially sustainable for future generations;
- Rate and fee increases that are both manageable and sustainable;
- Achieve underlying operating statement surpluses (excludes nonoperational items such as granted assets and capital income);
- Maintain a low debt profile below prudential guidelines; and
- Continue to pursue recurrent grant funding for strategic capital funds from the state and federal government.

2.0 SNAPSHOT OF WEST TAMAR COUNCIL

The following table provides a snapshot of West Tamar Council

 <p>709 Area (sq km)</p>	 <p>26,131 Population (est) Electors 19,035</p>	 <p>12,800 Rateable Properties 11,100 Residential Properties</p>	 <p>\$29m Rates Estimate 2026/27</p>
 <p>Budgeted 120 FTEs 2026/27</p>	 <p>\$540m Total Assets</p>	 <p>477km Roads Maintained</p>	 <p>\$40m Recurrent Estimate (2026/27)</p>

Council is currently in a strong financial position. It has a long history of underlying surpluses, has satisfactory liquidity and cash flow, low debt, reasonable cash, a low reliance on external funding, and asset renewal requirements are being satisfactorily funded.

Steady growth is being achieved through subdivision developments in Riverside and Legana. Total rateable properties have increased by approximately 690 in the municipal area in the last five years, an annual increase of approximately 1.1% on average.

The key challenges ahead for Council in a 10-year planning horizon is meeting the recreational and community service needs of the growing Legana community, renewal of the Riverside Aquatic Centre and providing capacity to continue to deal with unexpected events. Council has had a number of unexpected events in the medium term including dealing with the Covid-19 pandemic, dealing with urgent remediation works for landslip and impacts from the economy in general such as growth in inflation and supply issues.

3.0 FINANCIAL MANAGEMENT STRATEGY

3.1 Introduction

In preparing the Financial Management Strategy, the following principles of sound financial management have been complied with:

- Prudent management of financial risks relevant to debt, assets and liabilities;
- Provision of reasonable stability in the level of rate burden;
- Consideration of the financial effects of Council decision on future generations; and
- Full, accurate and timely disclosure of financial information.

It is important to note that the Financial Management Strategy is not about deciding on what Council will spend on individual projects. The Financial Management Strategy is about the various strategies that will effectively determine the amounts of funds that Council will have at its discretion in future years.

The Financial Management Strategy and Long Term Financial Plan is a guiding document to consider when developing budget estimates, rather than a document that is dictating future decisions of Council. The long-term financial estimates will be revisited and updated regularly to reflect any strategies that arise from the Council planning process.

The Strategy establishes the financial framework under which sound and sustainable financial decisions can be made.

3.2 Financial Principles

The following principles serve to guide Council in setting its financial management strategies. They are given practical effect through the implementation of individual strategies.

- **The Community's finances will be managed to provide sustainable and responsible financial management of the community's resources.**

Council will ensure it only raises the revenue it needs, and does so in an efficient, sustainable and equitable manner. Council will manage community funds effectively and ensure information regarding its financial management decisions is accessible to the community. Financial policies and strategic plans must seek to provide stability and predictability in the financial impact on the community.

- **Council will maintain community wealth to ensure that the wealth enjoyed by today's generation may also be enjoyed by tomorrow's generation.**

Council will seek to achieve equity across generations by recognising that each generation must pay its way with respect to recurrent expenses being met from recurrent revenue (the full cost of the service it consumes). Council will invest sustainably in community assets to maintain (and potentially enhance) service levels.

- **Council will apply user pays principles where it is appropriate to do so and there is a clearly identifiable cohort benefit from using those facilities and services.**

Council will ensure that the user pays approach continue as council's preferred revenue collection method.

- **Council's financial position will have a margin of comfort aimed to absorb the impact of unexpected developments, and absorb the volatility in revenue and expenses.**

Council will ensure it accumulates and maintains sufficient financial resource and has the borrowing capacity to deal with volatility and unexpected events so such events can be aimed to be managed without the need for rating impacts. Council's operational budget will be flexible enough to ensure that volatility in revenues and expenses as a result of the changing economic environment can be absorbed.

- **Resources will be allocated to those activities that generate community benefit.**

Council will ensure that robust and transparent processes are in place for the allocation and prioritisation of resources through budgetary decision-making, as well as for choosing the efficient methods for delivering specific services and projects. Council will recognise its service obligations to the West Tamar community in its decision-making.

3.3 Cash Reserves

Cash reserves require careful management to both achieve optimum investment income and to ensure that cash is available when needed to meet planned expenditure. Available funds will be invested in a manner that allows them to earn interest for as long as possible while retaining flexibility in accessing those funds for Council purposes.

Council will ensure that enough funds are on hand to ensure that all current liabilities can be met as and when they fall due. Future works are anticipated to be funded from a mixture of cash, debt and rates. Council will ensure that its investment portfolio maximises its return on investments while maintaining an acceptable level of risk.

OUTCOME

- Council has enough cash to fund daily cash requirements and to enable flexibility to respond to opportunities as they arise.

STRATEGY

- The budgeted cash position is sufficient to fund daily cash requirements as well as provide opportunities for funding of new acquisitions and short term contingencies.
- Council invests in high security, low risk financial products (usually term deposits) to safeguard the Council's financial position.
- Daily bank reconciliation and cash forecasting is undertaken.
- Monthly reporting to council of cash balances.

KEY PRINCIPLES

- Council applies the outcomes of the adopted Long Term Financial Plan to future budgets.
- Council monitors compliance with its Investment Policy.

3.4 Rating

Council's principle objective with rating levels is to aim for rating to adequately fund council's operations in conjunction with other funding sources to ensure ratepayers are taxed for those services and infrastructure maintenance obligations they are consuming.

RATING STRATEGY

Council's rating strategy establishes a framework by which rates and charges will be shared by the community. Higher percentages of rates and charges as a proportion of total revenue represent greater financial independence and financial sustainability.

Council ensures it only raises the revenue it needs, and does so in the most efficient and equitable manner possible. Council must balance its service levels with the needs and expectations of the community and set appropriate levels of rates to adequately fulfil its roles and responsibilities.

The following factors influence the level of rates and charges:

- Distribution and level of Commonwealth and state funding;
- Socio-economic profile of the area (capacity to pay);
- User-pays policies;
- Level and range of services to be delivered including the level of regional responsibility; and
- Current economic environment.

In determining its rates each year Council gives consideration to the current economic climate and the capacity of the community to pay for services. The aim of rates and charges decision-making is to spread the burden fairly across the community with those that have the greatest capacity to pay paying more than those with a lesser capacity to pay. Council must balance capacity to pay with the benefit principle acknowledging that some groups of the community have more access to and benefit from specific services.

RATING STRUCTURE

The rating structure determines how the Council will raise money from properties within the municipal area. It does not influence the total amount of money to be raised, only the share of revenue contributed by each property.

Council has established a rating structure comprising of two key elements – general and service rates. The general rates are levied based on the Annual Assessed Value (AAV) of properties as determined by the Valuer General. Property values generally reflect the capacity of the ratepayer to pay. The service rates currently cover waste management services. This user pays component is designed to reflect payment based on usage of services provided by Council. Council will endeavour to strike a balance between the two elements to provide equity in the distribution of the rate burden across the municipality. Further Council will investigate the inclusion of a new service rate for stormwater to improve, maintain and deliver the stormwater service.

More information regarding Council's approach to determining and collecting rates from the community can be found in Council's Rates and Charges Policy.

OUTCOME

- To provide Council with a reasonable degree of consistency and stability in the level of the rates burden.
- To maintain rating levels at a rate that will phase out any overall financial shortfall over the medium to long term.
- To maintain rating levels that will build community wealth through the achievement of underlying surpluses.

STRATEGY

- Council considers the most appropriate rating strategy to provide adequate funds to:
 - a) Achieve underlying surpluses in the income statement;
 - b) Achieve a sustainable cash flow; and
 - c) Fund capital projects

KEY PRINCIPLES

- Council retains its valuation base.
- Align rates revenue raised with the annual budget estimates and the long term financial plan.
- A consistent rate increase is applied to the Long Term Financial Plan.
- Council monitors compliance with its rates and charges policy.

3.5 Fees & Charges

For some years council has continued to implement the principles of user pays. From a merit viewpoint this approach is correct in that it recognises the situation where certain services are consumed by a discrete part of the community.

The approach of user pay does not necessarily mean that every service or function are subject to this principle nor does it constrain council from exempting some sectors of the community from paying for the service where it deems the service to be a community service obligation.

OUTCOME

- To continue the user pays approach as council's preferred revenue collection method where a direct recognisable service is provided.
- To increase the overall level of fees and charges by the Local Government Cost Index averaged over a three-year period.

STRATEGY

- Determine those fees and charges to which the user pays principle applies.
- Review all fees and charges on an annual basis prior to the setting of rates and charges by council.
- Consider the application of new fees or charges where a new service is introduced or amend fees and charges where service delivery is changed significantly.
- Align fees and charges set in the annual budget with the long term financial plan.
- Where Council enters into commercial lease arrangements, it is essential that sound commercial principles are applied to the transactions. These include:
 - A market appraisal of rental return
 - Application of consistent, contemporary lease terms and conditions

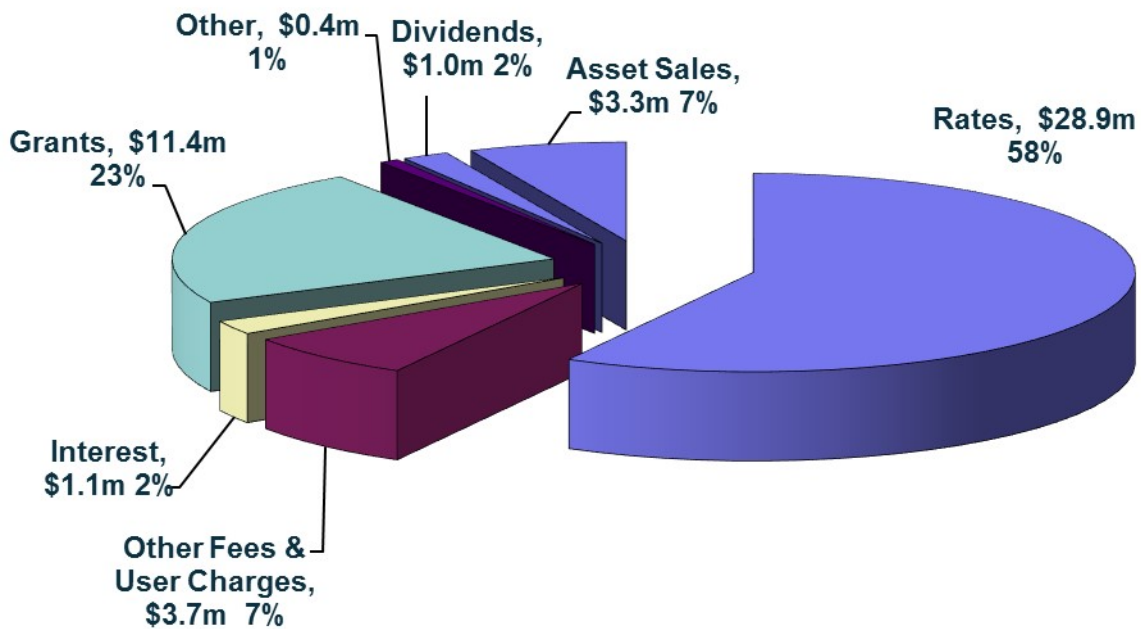
KEY PRINCIPLES

- A consistent fees & charges increase is applied to the Long Term Financial Plan.

3.6 Other Revenue Sources

Other significant revenue streams include government grants.

Estimated Revenue Sources 2026-27



The strategic approach council has taken for government grants are to ensure that an equitable share of funding is provided to local government. It is not advocated council should become reliant on government grants rather that they are necessary to continue developing the municipal area.

OUTCOME

- To continue to seek an equitable share of funding for Local Government from the Commonwealth and State Governments.
- Continue to explore possible funding opportunities

STRATEGY

- Continue to seek to maximise revenues from grants.
- Research and identify revenue streams that could complement/substitute for existing sources.
- Seek new and innovative funding sources.
- Investigate the rationalisation of council assets to allow for some funding from the sale of assets surplus to council’s core needs.
- As part owners of Taswater, Council will aim to ensure that future entitlements are maintained. Through the owners representatives of TasWater Council will lobby relevant shareholder interests.

KEY PRINCIPLES

- Council actively pursues funding aligned with the Council's Strategic Plan objectives.

3.7 Debt Levels

West Tamar has for many years maintained a low debt profile. Debt will be regarded primarily as a tool to be used in a strategic perspective to provide community assets.

Debt will be considered:

- In the context of the strategic objectives of council;
- In the context of long term financial forecasts and objectives;
- As funding for long term infrastructure asset creation;
- As a means of spreading the cost of infrastructure over the ratepayers who use it (intergenerational equity); and
- As a mechanism to fund temporary cash shortfalls

Generally if debt levels are too high interest obligations will limit the capacity of Council to invest in infrastructure and services. Council should conversely be cautious about cash held, investments and cash reserves particularly where asset condition, asset maintenance expenditure and capital investment is below the levels required to meet community expectations regarding service levels. Council in undertaking new borrowings within the financial plan has applied the following strategies.

OUTCOME

- To continue to maintain a low debt profile.

STRATEGY

- In considering borrowing for capital projects, council will consider the impact of borrowing costs on the sustainability of operating positions and its capacity to repay the debt.
- Council will always maintain enough borrowing capacity to ensure that it has the capacity to deal with significant unexpected events.
- Balance of any surplus funds used to retire debt or minimise the use of new debt.
- Any new loan borrowings are to be used to fund intergenerational capital investments where the community benefits are long term and other sources of funding are not as favourable.
- The term of any debt shall not exceed the life of the asset it is used to fund.
- Council will remain a low debt user by maintaining a debt service ratio (principal and interest repayments compared to operational revenue) below 4 % on average.

KEY PRINCIPLES

- Council borrows funds for capital projects that provide intergenerational equity.
- Council will only use debt to fund capital expenditure.

3.8 Funding of Infrastructure

A decision not to fund the renewal of assets would lead to reduced service levels and higher costs in the future without other funding sources. Increases in rates are often seen as ‘the’ solution to the problem of ageing assets. However it is only one of a number of options available to council to fund the maintenance and management of its major infrastructure. Options which could be applied individually or in combination are:

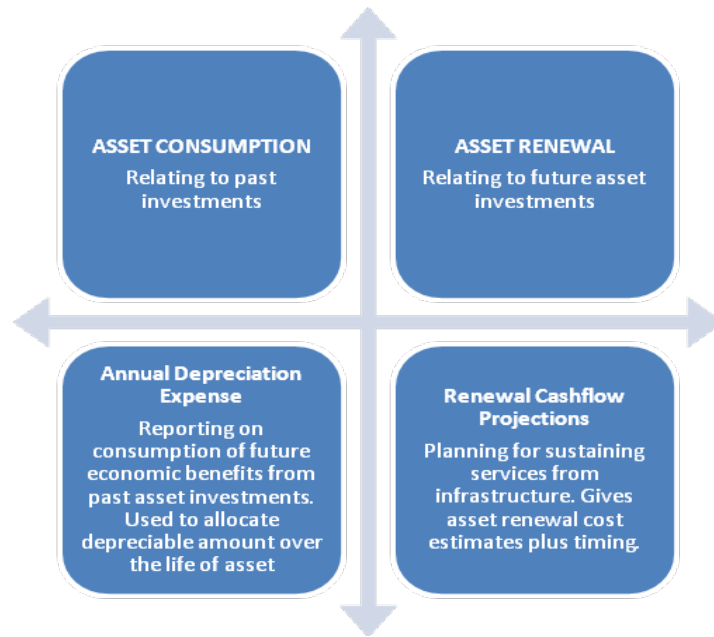
- Maintain underlying surpluses;
- Raise additional revenue;
- Changing the composition of capital spending to ensure adequate renewals;
- Re-evaluation of service levels and standards;
- Choosing low cost strategies over high cost asset strategies;
- Demand management;
- More efficient use and operation of assets;
- Making forward provision for renewal by reducing debt to create future borrowing capacity;
- Carrying out cost/benefit analyses on the services being provided; and
- Asset rationalisation and review of asset growth strategies.

Emphasis is placed on understanding and planning for long-term infrastructure funding needs to effectively allow for the ongoing funding of:

- Existing services-operations, maintenance, asset renewal, asset upgrade and proposed variations; and
- New services and assets required.

The key objective of Council’s Long Term Strategic Asset Management Plan is to maintain Councils existing assets at desired condition levels. If funding is not sufficiently allocated to asset renewal then Council’s investment in those assets will reduce along with the capacity to deliver services to the community.

It is important for Council to fund asset management to ensure its assets achieve their full expected service life but can also be renewed without incurring large rates increases into the future. In addition, council faces continuing expectation and pressures to maintain and increase service levels while at the same time keeping rate rises to a minimum and having sound long-term financial management.



The Council has adopted its Asset Management Policy. The policy is supported by an Asset Management Strategy, which details specific actions to be undertaken by Council to improve asset management capability and achieve specific strategic objectives. The Strategic Asset Management Plan is a subsequent component to which supporting long term asset management plans (ten years and beyond) outline service and funding levels for each asset category. It is critical for Council to understand the inter-relationship of the asset management framework and the financial management framework and to constantly work towards improving the level of understanding of both frameworks across the entire organisation.

OUTCOME

- To have a long term equitable funding plan for adequate renewal of council assets as well as capacity for new infrastructure to cater for council's desired levels of service to the community.
- Council's assets will be fit for purpose to provide the desired level of service to the community.
- To ensure funds available for the development and maintenance of facilities and infrastructure consistent with responsible asset management.
- To accommodate the organisations cash flow needs to enable it to carry out asset maintenance activities and renewal and replacement of assets, as set out in the asset management plans – providing the asset management plans are based on financially sustainable service levels.

STRATEGY

- Continue to improve the rate base and review the need to renew assets.
- Continue to improve asset management practices with a high priority to have adequate asset assessments (condition and fit for purpose assessments) to enable reasonable long term capital renewal forecasts which can be directly linked to long term financial planning and annual budgets.

- The Long Term Financial Plan integrates the financial resources identified in the asset management plans with the overall financial operations of Council.
- Council updates Asset Management Plans with a focus on ensuring the assets are fit for purpose and provide the desired level of service to the community.
- Asset management documentation reviewed regularly to ensure compliance with relevant legislative requirements and contemporary asset management practices

KEY PRINCIPLES

- Council, having established its critical renewal investment levels, continues to regularly update Asset Management Plans for all classes of Council assets incorporating service level assessments.
- Council, as part of the review of its Asset Management Plans, determines how service levels will be reached including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.
- Council allocates sufficient funds to the renewal of existing assets and plans the funds required for constructing new assets.
- Council regularly updates the 10 Year Asset Renewal Program to ensure that Council adequately maintains its existing asset base.

3.9 Operational Budget (Recurrent Funding)

The Council provides a diverse range of services as detailed in the Annual Plan. All such services are funded through the operational budget derived from rates, charges and other income each year. Ultimately, the Council determines the range and level of services it is able to offer the community via its strategic planning process. This is finalised through the annual budget process with the Long Term Financial Plan providing preliminary guidance based on the service delivery model from the previous year. One of the key objectives of the Council's Long Term Financial Plan is to maintain existing service levels and maintain a satisfactory operating position over the life of the Long Term Financial Plan.

Council will continually review service levels and delivery to ensure they are delivered as efficiently as possible and continue to meet the needs of the community. Managing growth and the range and level of services provided will remain an ongoing challenge.

OUTCOME

- Council generates sufficient funds from operations to continue to provide the existing level of services to our community in a sustainable manner.

STRATEGY

- Council determines how desired service levels will be reached including a combination of improved revenue raising, rationalisation and review of existing service levels.
- Operational budget is aligned to the annual plan.
- Annual plan is linked and conforms to the strategic plan.

- Operational budget is guided by the long term financial plan
- Operational budget is guided by the asset management plan in terms of infrastructure maintenance.
- Operational budget developed with an underlying surplus as a priority
- Allow for increases in operating costs for current services at the rate of the Local Government Cost Index.
- Commitment to cost management culture across the organisation, encouraging all managers to be involved in minimising costs by accountability through the budget process, involvement with ongoing monitoring, reporting and forecasting processes.
- Council will comply with its Purchasing Policy and Code of Tenders and Contracts to ensure that expenditure is subject to the appropriate controls and represent the best value available.

KEY PRINCIPLES

- Council utilises its Strategic Plan to determine the range of service to be provided to the community through the annual budget process based on an analysis of organisational and financial capability.

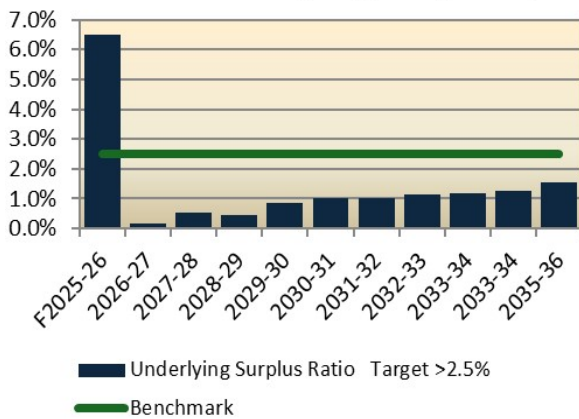
4.0 Financial Sustainability Indicators

A suite of financial sustainability indicators have been included in this planning document. These indicators should be considered collectively and are more useful when assessed over time as part of trend analysis.

Indicator	Definition	Formula
Profitability indicators		
Net result (%)	This measures how much of each dollar collected as revenue translates to net result. A positive result indicates a surplus, and the larger the percentage, the stronger the result.	Net result/ Total revenue
Underlying Surplus (%)	This measures an entity ability to generate surplus in the ordinary course of business—excluding non-recurrent capital grants, non-monetary asset contributions, and other contributions to fund capital expenditure from net result. A surplus or increasing surplus suggests an improvement in the operating position.	Adjusted underlying surplus (or deficit) / Adjusted underlying revenue

Indicator	Definition	Formula
Financing Indicators		
Liquidity (ratio)	Often called current ratio, this measures an entity's ability to pay existing liabilities in the next 12 months. A ratio greater than 1.0 means there are more cash and liquid assets than short-term liabilities.	Current assets / Current liabilities
Internal financing (%)	This measures an entity's ability to finance capital works using cash generated by its operating cash flows. The higher the percentage, the greater the ability for the entity to finance capital works from its own funds.	Net operating cash flow (including capital grants) / Net capital expenditure
Indebtedness (%)	This assesses an entity's ability to pay the principal and interest on borrowings, as and when they fall due, from the funds it generates. The lower the ratio, the less revenue the entity is required to use to repay its total debt. Own-sourced revenue is used, rather than total revenue, because it does not include grants or contributions.	Non-current liabilities / Own-sourced revenue
Asset renewal and maintenance indicators		
Capital replacement (ratio)	This compares of the rate of spending on infrastructure, property, plant and equipment, and intangibles with its depreciation and amortisation. This is a long-term indicator, as capital expenditure can differ in the short term if there are insufficient funds available from operations, and borrowing is not an option. A ratio less than 1.0 means the spending on capital works has not kept pace with consumption of assets.	Cash outflows for property, plant and equipment / Depreciation
Asset sustainability (ratio)	This compares the rate of spending on existing assets through renewing, restoring, and replacing existing assets with depreciation. Ratios higher than 1.0 indicate that spending on renewal of assets is faster than the depreciation rate.	Renewal expenditure / Depreciation
Asset renewal funding (%)	This 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.	Capital renewal expenditure per financial plan relative to capital renewal expenditure requirement sourced from asset management plans / renewal expenditure requirement from asset management plans.

Underlying surplus %

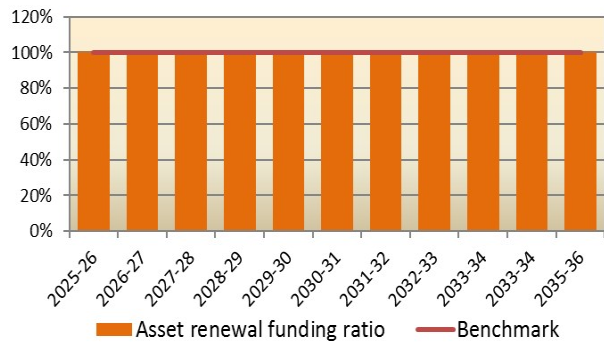


The positive result indicates council is able to generate sufficient revenue to fulfil the operating requirements including coverage of depreciation expense.

An accepted target would be greater than 0%. A benchmark of 2.5% has been selected which is considered modest. The achievement of a positive result must always be balanced with the need to provide appropriate services to the community.

Council’s long term financial plan indicates through the asset renewal funding ratio that over the life of the plan, 100% of known asset replacement requirements will be funded matching the benchmark. Renewal forecasts are continually being refined and the funding level continually monitored. The current forecast funding level of 100% is considered achievable.

Asset renewal funding %



Financial Sustainability Risk Indicators

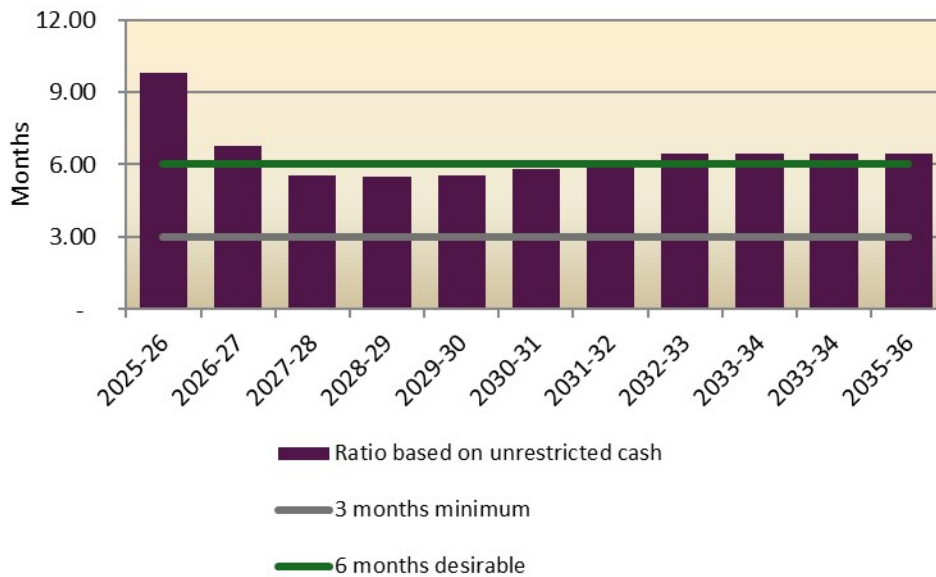
FINANCIAL SUSTAINABILITY RISK INDICATORS

Risk	Net result %	Underlying surplus %	Liquidity	Internal financing %	Indebtedness %	Capital replacement	Asset sustainability
F2025-26	Low 17%	Low 6.5%	Low 4.2	Low 102%	Low 1%	Medium 1.4	Low 1
2026-27	Low 12%	Medium 0.2%	Low 3.3	High 63%	Low 1%	Low 1.9	Low 1
2027-28	Low 27%	Medium 0.5%	Low 2.9	Medium 88%	Low 1%	Low 2.7	Low 1
2028-29	Low 10%	Medium 0.5%	Low 2.8	Medium 100%	Low 1%	Medium 1.2	Low 1
2029-30	Low 11%	Medium 0.9%	Low 2.8	Low 107%	Low 1%	Medium 1.1	Low 1
2030-31	Low 12%	Medium 1%	Low 2.9	Low 115%	Low 1%	Medium 1	Medium 0.95
2031-32	Low 11%	Medium 1%	Low 3	Low 119%	Low 1%	Medium 1	Medium 0.95
2032-33	Low 11%	Medium 1.1%	Low 3.1	Low 116%	Low 1%	Medium 1	Medium 0.95
2033-34	Low 11%	Medium 1.2%	Low 3.1	Low 107%	Low 1%	Medium 1.1	Medium 0.96
2034-35	Low 11%	Medium 1.3%	Low 3.1	Low 107%	Low 1%	Medium 1.1	Low 1.51
2035-36	Low 11%	Medium 1.6%	Low 3	Low 102%	Low 1%	Medium 1.1	Medium 0.92

Risk assessment criteria							
High	Less than negative 10% Insufficient revenue is being generated to fund operations and asset renewal.	>Less than 0% Insufficient surplus being generated to fund operations.	Less than 0.75 Immediate sustainability issues with insufficient current assets to cover liabilities.	Less than 75% Limited cash generated from operations to fund new assets and asset renewal.	More than 60% Potentially long-term concern over ability to repay debt levels from own-source revenue.	Less than 1.0 Spending on capital works has not kept pace with consumption of assets.	Less than 0.5 Spending on existing assets has not kept pace with consumption of these assets.
Medium	Negative 10%–0% A risk of long-term run down to cash reserves and inability to fund asset renewals.	0%–5% Surplus being generated to fund operations.	0.75–1.0 Need for caution with cash flow, as issues could arise with meeting obligations as they fall due.	75–100% May not be generating sufficient cash from operations to fund new assets.	40–60% Some concern over the ability to repay debt from own-source revenue.	1.0–1.5 May indicate spending on asset renewal is insufficient.	0.5–1.0 May indicate insufficient spending on renewal of existing assets.
Low	More than 0% Generating surpluses consistently.	More than 5% Generating strong surpluses to fund operations.	More than 1.0 No immediate issues with repaying short-term liabilities as they fall due.	More than 100% Generating enough cash from operations to fund new assets.	40% or less No concern over the ability to repay debt from own-source revenue.	More than 1.5 Low risk of insufficient spending on asset renewal.	More than 1.0 Low risk of insufficient spending on asset base.

Source Victoria Auditor-General's Office

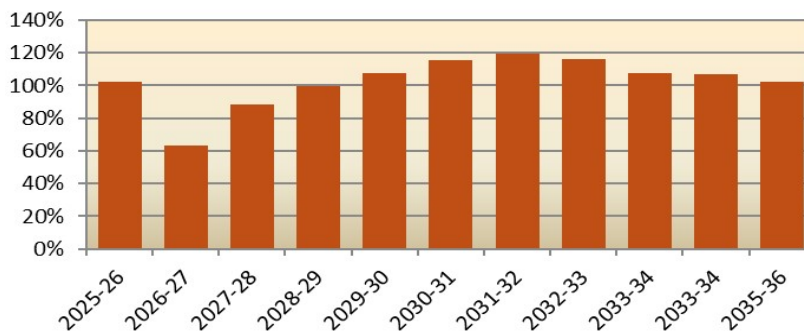
Cash expense cover ratio



The cash expense cover ratio compares the unrestricted cash balance against the total payments for operating and financing activities from the cash flow statement, as the cash flow statement is more reflective of the actual movements in cash. The ratio represents the number of months a council can continue operating based on current monthly expenditure. The ratio does not take into consideration capital expenditure requirements. The audit office suggests a ratio of 3 to 6 months provides for sufficient cash provision but the ratio should not be considered in isolation to other sustainability ratios.

The internal financing % expresses net operating cash flow as a percentage of net capital expenditure. Some years the risk indicator on the previous page indicates the internal financing % as medium or high risk as council completes larger capital work programs. When viewed in conjunction with available cash resources, decreasing debt, and collective long term capital expenditure the figures are considered not concerning, rather they indicate the timing impact of some of council's larger capital expenditure years.

Internal financing %



5.0 LONG TERM FINANCIAL PLAN 2026/2027 – 2035/2036

5.1 Introduction

There are a number of dynamic variables that may influence the outcomes expressed in this Long Term Financial Plan. They include:

- Rating levels and supplementary rate income;
- Government grant revenue (both recurrent and capital);
- Asset revaluations (major impact on fixed asset value and depreciation);
- Asset sales;
- Mix of funding between capital works/special projects (new initiatives); and
- Level of growth factor applied to expenditure items/rate of expenditure/activity level.

The Long Term Financial Plan provides a financial framework for the Council, enabling an assessment of the Council resources and assisting the Council to plan and fund operational expenditure while maintaining its asset base and new asset investments.

Apart from a number of the capital projects identified in appendix 4, the Plan does not include any new initiatives, projects or expansion of services except for expansion in line with growth in the ratepayer base. The plan is prepared based on current knowledge and service levels and will no doubt be affected by various events which will occur in future years. As these matters arise and are considered by council, the Plan will be updated to incorporate any future council decisions on policy, priorities, new initiatives or strategic direction.

5.2 Assumptions

The following key assumptions have been applied in developing the Plan:

- Except for recreational developments in Legana no changes in roles, functions and services from the existing are assumed, or where there are, the effect is cost neutral;
- Where applicable annual asset renewal requirements are based on Council's long term asset management plans. These plans are expressed in today's dollars, but for the financial model have been indexed by CPI per annum;
- Overall renewals based on 85% of depreciation except for the inclusion of additional renewals scheduled in the capital works program;
- Federal Assistance Grants are received in full each year, no future payment timing affects;
- Sale of assets is averaged based on previous history except for scheduled land sales;
- Land sales factor the progressive sale of the majority of lots from the Legana Innova Business Park over the span of the Financial Plan. Profits on the industrial land sales are factored as the

difference between the government valuations on the lots and the net sale proceeds, the profit is also reported outside the underlying result;

- New and upgraded assets assumed to have an average 65 year life and to be in the same proportions unless otherwise known;
- The Plan caters for future recreational developments in Legana. Initial construction works are working under an envelope of approximately \$20m based on securing \$10m of this from the State and Federal Government. Land sales from Innova Business Park will fund the remaining. The development is aiming for a four court indoor basketball facility and a multi-purpose cricket clubrooms / community space;
- The municipal area remains the same except for estimated increasing growth (based on trends and Legana development influence) annually in the ratepayer base from additional dwellings;
- Net losses on disposals acknowledge some road infrastructure being replaced while a value still remains;
- A new Enterprise Bargaining Agreement impacts the first three years of the plan and then typically CPI is used for employee cost increases in conjunction with employee growth forecasts of 1% per annum;
- Cash Flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing activities, which are disclosed as operating cash flows;
- Contract liabilities of \$1m each year impacting unrestricted cash
- Except for year one, no capital carryovers have been factored leading to a lesser cash position in the plan than what will likely eventuate. The sensitivity analysis does attempt to demonstrate this.

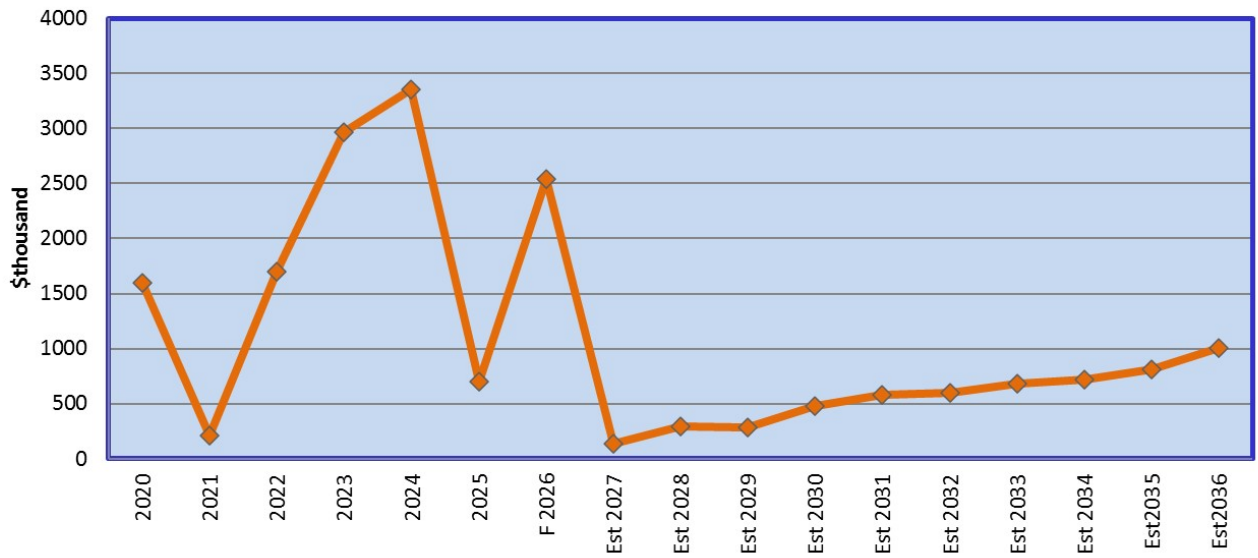
The model as indicated treat everything in future dollars, that is CPI rises are included for revenue and expenditure areas.

5.3 The Financial Model

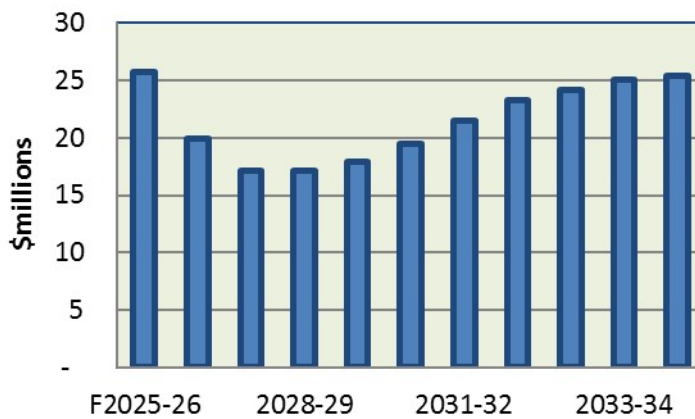
Attached to the report are the worksheets for the financial model.

C

Underlying Surplus (Deficit) Historic Results and Future Estimates



Cash and financial investment balances



5.4 Risk

Sustainability risk indicators are presented at item 4. Further the Plan primarily forecasts results based on existing activities. There is an inherent risk that circumstances may change in the future which may materially affect the projected financial estimates. The impacts and responses to Covid-19 demonstrate how quickly projected estimates can change with Council’s first budgeted deficit this century.

Typically for council unforeseen economic conditions, changes in community expectations and legislative changes can affect costs associated with services, service levels and governance activities.

There is a risk that capital expenditure forecasts don’t estimate the appropriate level of capital renewals. Asset management plans are based on existing asset attributes such as condition rating and construction date data held by council. There is a risk that the data may contain some deficiencies, or

infrastructure may deteriorate at a faster rate than anticipated due to such factors as changes in traffic patterns, new development, etc. Continued data improvement will minimise this type of risk.

A considered risk is that the planned distributions from the Water Corporation may permanently discontinue.

5.5 Conclusion

The preparation of the Plan must be seen in the context of factors affecting council's financial position. The projected forward estimates provide a framework against which council can make decisions for the future. A regular review of the underlying assumptions and resultant budget implications will be undertaken on an ongoing basis. Council's long term financial sustainability is dependent upon ensuring that on average, over time, its expenses are less than associated revenues.

The forecasts contained within this long term financial plan produce the following outcomes over the 10-year planning horizon:

- The achievement of underlying surpluses. It is important that Council generates sufficient revenue to cover all of its cash and non-cash costs.
- A continued low level of indebtedness and cash maintained to enable flexibility to respond to opportunities as they arise
- 100% funding of asset renewals per long term asset management plans, a key financial sustainability indicator. Renewal forecasts are continually being refined and the funding level continually monitored.
- Major funding for Legana recreational and main street developments. It is acknowledged the extend of recreational developments will be subject to grant outcomes.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rates increases to the ratepayer in line with the local government cost index over much of the life of the Plan.

These outcomes ensure the financial sustainability of Council, thus ensuring the ability to deliver services, at their current levels, into the future.

The key directions arising from within these financial plan estimates are:

- A strong alignment with council's strategic directions
- An ongoing commitment to asset rehabilitation and replacement, ie the proper management of the community's infrastructure assets, requires ongoing increases in revenue over the forward estimate period.
- A commitment to ensure long term sustainability

A number of strategic challenges remain ahead including renewing existing assets, continuing to provide an appropriate range and level of services to a growing and changing community, maintaining a sound financial position and addressing the need for capital expansion.

OUTCOME

- Council ensures financial sustainability in the medium to longer term whilst meeting the strategic objectives of council.

STRATEGY

- Council ensures compliance with the Long Term Financial Plan when developing budgets.

KEY PRINCIPLES

- Council reviews and updates the Long Term Financial Plan on an annual (ongoing) basis.

APPENDIX 1 EXPLANATION OF TERMS

Asset Management – the term used to describe the process by which council manages physical assets in the most cost-effective manner to meet current and future levels of service.

Capital Expenditure – relatively large (material) expenditure, which has benefits, expected to last for more than 12 months.

Depreciation – is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the acquisition, or other amount substituted for cost, less residual value.

Expenditure definitions

- **Renewal:** Restores, rehabilitates, replaces existing asset to its original capacity (ie road seal replacement, roof replacement, bridge deck refurbishment).
- **Capital Expenditure Upgrade:** Enhances existing asset to provide higher level of service (i.e. pavement widening, bridge upgrade).
- **Capital Expenditure New:** Creation of a new asset to meet service level requirements e.g. new building (i.e. new Windsor Park Precinct).
- **Maintenance:** regular ongoing day to day work necessary to keep asset operating (ie road patching, parks maintenance, building maintenance, bridge repairs).

Financial Sustainability – is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services. The ability to meet the reasonable expectations of current residents in way that does not put at risk the capacity of future generations to meet their own needs.

Operating Expenses – this is what it costs to operate the council services including financing costs and depreciation. Financing costs represent the interest on loans taken out to fund capital expenditure. Assets purchased to aid with the provision of a service only have a limited life before they need to be replaced. Depreciation expense represents the cost of using the asset over its life.

Operating Income – this represents any revenue generated by the provision of the service including any service rates and charges raised.

Net Surplus/(Deficit) – the difference between day to day income and expenses for the period. An operating surplus indicates the extent to which operating revenues are sufficient to meet all operating expense. An operating deficit occurs when total operating expenses exceed total operating revenues, a potential burden for future ratepayers.

Underlying Surplus/(Deficit) – recurrent income (not including income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) less the recurrent expenses of the council for the period.

APPENDIX 2 – FINANCIAL PLAN



West Tamar Council - 10 Year Financial Plan Statement of Comprehensive Income

	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	F2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2033-34	2035-36
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Recurrent Income											
Rates	* 27,497	28,800	30,298	31,964	33,466	34,972	36,459	38,008	39,623	41,307	43,063
Grants	* 5,206	5,000	4,848	5,017	5,168	5,323	5,482	5,647	5,816	5,991	6,170
Fees and charges	* 3,661	3,727	4,077	4,311	4,514	4,717	4,917	5,126	5,344	5,571	5,808
Interest	1,185	1,133	950	1,000	1,100	1,150	1,225	1,300	1,375	1,450	1,525
Investment revenue from water corporation	853	984	984	984	984	984	984	984	984	984	984
Other income	* 622	408	427	447	464	483	502	522	543	565	588
Total Recurrent Income	39,024	40,052	41,583	43,723	45,696	47,629	49,570	51,588	53,686	55,869	58,138
Expenses											
Employee Costs Including Oncosts	* -12,948	-14,637	-15,282	-15,970	-16,609	-17,273	-17,964	-18,683	-19,430	-20,207	-21,015
Statutory Contributions	* -1,713	-1,782	-1,848	-1,913	-1,970	-2,030	-2,090	-2,153	-2,218	-2,284	-2,353
Loan Interest		-2									
Other Operating Expenses	* -13,753	-14,901	-15,087	-15,804	-16,496	-17,217	-17,949	-18,712	-19,507	-20,336	-21,200
Depreciation	-7,648	-8,168	-8,650	-9,332	-9,722	-10,118	-10,507	-10,902	-11,308	-11,728	-12,068
Total Expenses	(36,064)	(39,488)	(40,868)	(43,019)	(44,797)	(46,638)	(48,511)	(50,449)	(52,463)	(54,555)	(56,637)
Net profit/(loss) on other disposals	-420	-500	-500	-500	-500	-500	-550	-550	-600	-600	-600
Previous	-2,000	1,360	1,105	986	933	952	895	875	919	948	985
Underlying Surplus (Deficit)	2,540	64	215	204	399	491	509	589	623	713	902
Underlying Surplus (Deficit) ratio	6.5%	0.2%	0.5%	0.5%	0.9%	1.0%	1.0%	1.1%	1.2%	1.3%	1.6%
Financial assistance grants prepaid	-2,201										
Investigations and contributions landslip	0										
Net profit on disposals land sales	1,250	600	300	300	300	300	300	300	150	150	150
Contributions - non monetary assets	* 3,500	3,500	3,500	3,500	4,000	4,000	4,000	4,000	4,000	4,500	4,500
Capital Grants & monetary contributions	2,676	1,100	11,039	1,039	1,039	1,439	1,439	1,439	1,439	1,439	1,439
Net Surplus (Deficit)	7,765	5,264	15,054	5,043	5,738	6,230	6,248	6,328	6,212	6,802	6,991
Other Comprehensive Income											
Net asset revaluation increments (decrements)	13,000	19,591	20,353	21,740	20,302	21,690	21,154	21,819	22,068	15,952	23,645
Comprehensive Result	20,765	24,856	35,407	26,783	26,041	27,920	27,402	28,147	28,281	22,755	30,636

* Increases generally based on estimated inflation and ratepayer growth.

APPENDIX 2 –FINANCIAL PLAN



West Tamar Council - 10 Year Financial Plan											
Statement of Cash Flows											
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	F2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2033-34	2035-36
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Cash flows from operating activities											
Receipts											
Rates	27,497	28,800	30,298	31,964	33,466	34,972	36,459	38,008	39,623	41,307	43,063
Interest received	1,185	1,133	950	1,000	800	800	800	650	600	600	600
Fees and user charges (GST inclusive)	3,917	3,988	4,362	4,613	4,830	5,047	5,262	5,485	5,718	5,961	6,215
Grants (GST Inclusive)	3,070	5,000	4,848	5,017	5,168	5,323	5,482	5,647	5,816	5,991	6,170
Returns from Water Corporation	853	984	984	984	984	984	984	984	984	984	984
Other receipts (inclusive of GST)	780	776	648	670	691	712	734	757	706	731	745
Net GST refund/(payment)	1,882	2,422	3,102	2,067	2,067	2,115	2,164	2,261	2,434	2,535	2,694
Payments											
Payment to employees	-12,948	-14,637	-15,282	-15,970	-16,609	-17,273	-17,964	-18,683	-19,430	-20,207	-21,015
Payments to suppliers & other payments (GST Inc)	-16,046	-17,952	-18,695	-18,396	-19,105	-19,892	-20,689	-21,566	-22,478	-23,426	-24,458
Interest Paid	0	0	0	0	0	0	0	0	0	0	0
Statutory Contributions	-1,713	-1,782	-1,848	-1,913	-1,970	-2,030	-2,090	-2,153	-2,218	-2,284	-2,353
Net cash provided by (used in) operating activities	8,477	8,732	9,365	10,036	10,322	10,759	11,141	11,390	11,757	12,191	12,645
Cash flows from investing activities											
Receipts											
Proceeds from sale of property, infrastructure, plant & equipment	1,091	3,360	1,874	1,888	1,902	1,914	1,927	1,939	1,202	1,216	1,230
Capital Grants	2,359	1,100	11,039	1,039	1,039	1,439	1,439	1,439	1,439	1,439	1,439
Repayment of loans from community organisations	10	0	0	0	0	0	0	0	0	0	0
Payments											
Expenditure on assets											
Renewal of assets per asset management plans	-2,871	-2,340	-2,469	-2,539	-3,801	-2,743	-2,835	-2,853	-3,484	-3,161	-4,459
Other renewals	-4,777	-5,828	-6,181	-6,793	-5,921	-6,876	-7,173	-7,548	-7,325	-14,567	-6,610
Expenditure on assets upgrades	-152	-8,832	-12,350	-1,918	-1,778	-1,882	-1,493	-1,398	-1,492	5,028	-2,432
Expenditure on assets new	-3,900	-2,000	-4,000	-1,750	-1,000	-1,000	-1,000	-1,200	-1,200	-1,300	-1,500
Gross expenditure on assets	-11,700	-19,000	-25,000	-13,000	-12,500	-12,500	-12,500	-13,000	-13,500	-14,000	-15,000
Net cash provided by (used in) investing activities	-8,240	-14,540	-12,087	-10,073	-9,559	-9,147	-9,134	-9,622	-10,859	-11,345	-12,331
Cash flows from financial activities											
Proceeds from borrowings	0	0	0	0	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0	0
Net cash used in financial activities	0	0	0	0	0	0	0	0	0	0	0
Net increase/(decrease) in cash and deposits	237	-5,808	-2,721	-37	763	1,612	2,007	1,769	898	846	314
Cash and short term deposits at the beginning of the financial y	25,459	25,696	19,889	17,167	17,131	17,893	19,506	21,512	23,281	24,179	25,026
Cash and short term deposits at end of the financial year	25,696	19,889	17,167	17,131	17,893	19,506	21,512	23,281	24,179	25,026	25,340

APPENDIX 2 – FINANCIAL PLAN



West Tamar Council - 10 Year Financial Plan											
Statement of Financial Position											
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	F2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2033-34	2035-36
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Assets											
Current assets											
Cash and cash equivalents (inclusive of term deposits)	25,696	19,889	17,167	17,131	17,893	19,506	21,512	23,281	24,179	25,026	25,340
Trade and other receivables	2,800	2,940	3,093	3,263	3,416	3,570	3,722	3,880	4,045	4,217	4,396
Inventories	230	232	235	237	239	242	244	247	249	252	254
Accrued revenue and prepayments	700	734	770	806	842	879	916	955	995	1,038	1,082
Total current assets	29,426	23,795	21,265	21,437	22,391	24,196	26,394	28,363	29,469	30,532	31,072
Non-current assets											
Infrastructure, Property, Plant & Equipment	460,000	488,082	523,955	548,582	571,931	596,260	619,622	643,907	669,136	688,828	716,869
Investments	62,000	64,480	66,898	69,239	71,317	73,456	75,660	77,930	80,267	82,676	85,156
Total non-current assets	522,000	552,562	590,853	617,821	643,248	669,716	695,282	721,837	749,403	771,503	802,024
Total assets	551,426	576,357	612,118	639,258	665,638	693,912	721,676	750,199	778,872	802,035	833,096
Liabilities											
Current liabilities											
Trade and other payables	3,700	3,880	4,070	4,263	4,449	4,644	4,841	5,047	5,262	5,485	5,718
Provisions	2,600	2,730	2,860	2,988	3,108	3,232	3,361	3,496	3,636	3,781	3,932
Other current liabilities	750	500	519	539	557	576	595	614	634	654	676
Total current liabilities	7,050	7,110	7,449	7,790	8,114	8,452	8,797	9,157	9,531	9,921	10,327
Non-current liabilities											
Trade and other payables	30	31	33	35	36	38	39	41	43	44	46
Provisions	275	288	302	317	331	345	360	375	391	408	425
Total non-current liabilities	305	320	335	351	367	383	399	416	434	452	471
Total liabilities	7,355	7,430	7,784	8,141	8,481	8,835	9,197	9,573	9,965	10,373	10,798
Net assets	544,071	568,927	604,334	631,117	657,157	685,077	712,480	740,626	768,907	791,662	822,298
Equity											
Accumulated surplus	261,998	267,262	282,317	287,360	293,098	299,328	305,576	311,904	318,116	324,919	331,910
Reserves	282,073	301,664	322,017	343,757	364,059	385,749	406,904	428,723	450,791	466,743	490,388
Total equity	544,071	568,927	604,334	631,117	657,157	685,077	712,480	740,626	768,907	791,662	822,298

APPENDIX 2 – FINANCIAL PLAN



West Tamar Council - 10 Year Financial Plan											
Capital Works Planning - Funding											
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2033-34	2035-36
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Funding											
Plant & equipment sales	232	360	374	388	402	414	427	439	452	466	480
Land sales	1,481	3,000	1,500	1,500	1,500	1,500	1,500	1,500	750	750	750
Commonwealth grants - roads to recovery program	831	987	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039
Commonwealth grant - Beauty Point Master Plan	32										
Commonwealth grant - Gravelly Beach foreshore redevelopment	875										
Greens Beach foreshore	30	113									
Pontoons	276										
Windsor olympic 2 ground resurface	500										
Legana Recreational developments	75		10,000								
Trails Funding						400	400	400	400	400	400
Other capital grants	58										
Operations/working capital	7,443	14,540	22,087	10,073	9,559	9,547	9,534	10,022	11,259	11,745	12,731
Gross Capital Funding Total	11,833	19,000	35,000	13,000	12,500	12,900	12,900	13,400	13,900	14,400	15,400

APPENDIX 2 – FINANCIAL PLAN



West Tamar Council - 10 Year Financial Plan											
Capital Works Planning - Expenditure											
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	F2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2033-34	2035-36
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure											
Bridge renewals					865						
Deviot Road retaining wall		2,000									
Footpath program	438	550	550	550	550	550	600	600	600	600	600
Gravelly Bch foreshore redevelopment, \$2m Cwlth funded	905										
Gravel resheet and road reseal program	980	1,200	1,200	1,200	1,200	1,200	1,250	1,250	1,250	1,250	1,250
Greens Beach improvements		300	300	300							
Bridgenorth Rd, reconstruct section		700									
Legana main street stage 3 - Tatana Way - Town Centre to Lovely Banks Court	40			2,000							
Legana Recreation Developments		5,000	15,000								
Greens Beach Caravan park sewerage upgrade		TBC									
Legana Bindaree Rd roundabout			900								
Legana, trunk main Stormwater lower section - Jetty Rd				500	500						
Retaining walls (Riverside where end of life or condition warranted)		500	500								
Riverside Aquatic Centre - capital maintenance	550	900									
Riverside, Pomona Rd stormwater extension road widening street trees			700								
Road pavements rehabilitation selected roads		500	500	500	500	500	500	500	500	500	500
Trails Strategy					500	500	500	500	500	500	500
Windsor Park, Olympic 2 ground resurface	1,350										
Renewal funding per asset management plans not above	1,471	840	969	1,039	2,601	1,043	1,635	1,653	2,284	1,961	3,259
Other capital expenditure	5,966	6,510	4,381	6,911	5,784	8,707	8,015	8,497	8,366	9,189	8,891
Gross Capital Expenditure Total	11,700	19,000	25,000	13,000	12,500	12,500	12,500	13,000	13,500	14,000	15,000

APPENDIX 2 – FINANCIAL PLAN



West Tamar Council - 10 Year Financial Plan Variable Assumptions Underpinning the Plan											
	Forecast F2025-26	Estimate 2026-27	Estimate 2027-28	Estimate 2028-29	Estimate 2029-30	Estimate 2030-31	Estimate 2031-32	Estimate 2032-33	Estimate 2033-34	Estimate 2033-34	Estimate 2035-36
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Operating Revenue											
Rates - Annual Increases	4.30%	4.00%	4.20%	4.50%	3.70%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%
Growth in Rate Base	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Fees & Charges Increase	7.00%	4.50%	4.20%	4.75%	3.70%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%
Operating Grants		0.00%	3.75%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest Earnings	3.90%	4.50%	4.25%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Other		3.88%	3.88%	3.75%	3.38%	3.38%	3.25%	3.25%	3.25%	3.25%	3.25%
Operating Expenses											
Employee Costs		4.00%	3.75%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Materials & Services		3.88%	3.88%	3.75%	3.38%	3.38%	3.25%	3.25%	3.25%	3.25%	3.25%
Depreciation - on fair value assets		3.75%	4.00%	4.00%	3.75%	3.75%	3.50%	3.50%	3.50%	3.50%	3.50%
Loan Interest				5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Other		3.88%	3.88%	3.75%	3.38%	3.38%	3.25%	3.25%	3.25%	3.25%	3.25%
Indicator Estimates											
CPI Inflation Rate (Hobart)	3.80%	4.00%	3.75%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Construction Rate	3.00%	3.75%	4.00%	4.00%	3.75%	3.75%	3.50%	3.50%	3.50%	3.50%	3.50%
Local Government Cost Index (average of construction rate & CPI)	3.40%	3.88%	3.88%	3.75%	3.38%	3.38%	3.25%	3.25%	3.25%	3.25%	3.25%

APPENDIX 3 – CAPITAL RENEWAL ASSET MANAGEMENT PLAN RECONCILIATION TO LONG TERM FINANCIAL PLAN

West Tamar Council - 10 Year Financial Plan
Renewal Expenditure per Long Term Strategic Asset Management Plan (LTSAMP)
Reconciliation to Long Term Financial Plan (LTFP)

	LTSAMP Projected Renewals Transport 2024	LTSAMP Projected Renewals Buildings 2024	LTSAMP Projected Renewals Stormwater 2024	Total Projected LTSAMP Renewal (a)	Est Inflation factor	Est CPI Cumulative (b)	Total Projected AMP Renewals per LTFP 2026/27 to 2035/36 (a) x (b)
	\$	\$	\$	\$	%		\$
2027	1,560,461	300,000	250,000	2,110,461	3.75%	1.1087	2,339,865
2028	1,591,163	300,000	250,000	2,141,163	4.00%	1.1530	2,468,860
2029	1,567,545	300,000	250,000	2,117,545	4.00%	1.1992	2,539,293
2030	2,504,981	300,000	250,000	3,054,981	3.75%	1.2441	3,800,815
2031	1,574,718	300,000	250,000	2,124,718	3.75%	1.2908	2,742,569
2032	1,571,695	300,000	250,000	2,121,695	3.50%	1.3360	2,834,521
2033	1,513,594	300,000	250,000	2,063,594	3.50%	1.3827	2,853,391
2034	1,884,165	300,000	250,000	2,434,165	3.50%	1.4311	3,483,593
2035	1,583,759	300,000	250,000	2,133,759	3.50%	1.4812	3,160,553
2036	2,358,256	300,000	250,000	2,908,256	3.50%	1.5331	4,458,520

APPENDIX 4 – SENSITIVITY ANALYSIS - RATES, FEES & CHARGES + - 0.5%



FINANCIAL SENSITIVITY ANALYSIS - RATES, FEES & CHARGES + - 0.5% 2026-27

Year	Underlying Surplus %			Liquidity			Underlying Surplus			Year end cash		
	Per Plan	-0.5% rates	+0.5% rates & fees	Per Plan	-0.5% rates	+0.5% rates & fees	Per Plan	-0.5% rates	+0.5% rates & fees	Per Plan	-0.5% rates	+0.5% rates & fees
2026-27	Medium 0.2%	Medium -0.2%	Medium 0.5%	Low 3.3	Low 3.3	Low 3.4	\$0.1m	\$-0.1m	\$0.2m	\$20m	\$20m	\$20m
2027-28	Medium 0.5%	Medium 0.2%	Medium 0.8%	Low 2.8	Low 2.8	Low 2.9	\$0.2m	\$0.1m	\$0.3m	\$17m	\$17m	\$17m
2028-29	Medium 0.5%	Medium 0.1%	Medium 0.8%	Low 2.7	Low 2.7	Low 2.8	\$0.2m	\$0.1m	\$0.3m	\$17m	\$17m	\$18m
2029-30	Medium 0.9%	Medium 0.6%	Medium 1.2%	Low 2.7	Low 2.7	Low 2.8	\$0.4m	\$0.3m	\$0.5m	\$18m	\$17m	\$18m
2030-31	Medium 1%	Medium 0.7%	Medium 1.3%	Low 2.8	Low 2.8	Low 2.9	\$0.5m	\$0.3m	\$0.6m	\$20m	\$19m	\$20m
2031-32	Medium 1%	Medium 0.7%	Medium 1.3%	Low 2.9	Low 2.9	Low 3.1	\$0.5m	\$0.4m	\$0.7m	\$22m	\$21m	\$22m
2032-33	Medium 1.1%	Medium 0.8%	Medium 1.5%	Low 3	Low 3	Low 3.2	\$0.6m	\$0.4m	\$0.8m	\$23m	\$22m	\$24m
2033-34	Medium 1.2%	Medium 0.8%	Medium 1.5%	Low 3	Low 3	Low 3.2	\$0.6m	\$0.5m	\$0.8m	\$24m	\$23m	\$25m
2034-35	Medium 1.3%	Medium 1%	Medium 1.6%	Low 2.9	Low 2.9	Low 3.2	\$0.7m	\$0.5m	\$0.9m	\$25m	\$24m	\$26m
2035-36	Medium 1.6%	Medium 1.2%	Medium 1.9%	Low 2.9	Low 2.9	Low 3.2	\$0.9m	\$0.7m	\$1.1m	\$25m	\$24m	\$27m

Indicator	Definition	Formula
Profitability indicators		
Underlying Surplus (%)	This measures an entity ability to generate surplus in the ordinary course of business—excluding non-recurrent capital grants, non-monetary asset contributions, and other contributions to fund capital expenditure from net result. A surplus indicates council is able to generate sufficient revenue to fulfil the operating requirements including coverage of the depreciation expense.	Underlying surplus (or deficit) / Underlying revenue
Underlying Surplus	A surplus indicates council is able to generate sufficient revenue to fulfil the operating requirements including coverage of the depreciation expense.	Underlying surplus (or deficit)
Financing indicators		
Liquidity (ratio)	This measures an entity's ability to pay existing liabilities in the next 12 months. A ratio greater than 1.0 means there are more cash and liquid assets than short-term liabilities.	Current assets / Current liabilities

Risk assessment criteria		
	Underlying Surplus %	Liquidity
High	>Less than 0% Insufficient surplus being generated to fund operations.	Less than 0.75 Immediate sustainability issues with insufficient current assets to cover liabilities.
Medium	0%–5% Surplus being generated to fund operations.	0.75–1.0 Need for caution with cash flow, as issues could arise with meeting obligations as they fall due.
Low	More than 5% Generating strong surpluses to fund operations.	More than 1.0 No immediate issues with repaying short-term liabilities as they fall due.

APPENDIX 5 – SENSITIVITY ANALYSIS – CAPITAL CARRYOVERS @ 15% OF CAPITAL BUDGET

FINANCIAL SENSITIVITY ANALYSIS - CAPITAL CARRYOVERS @ 15% OF CAPITAL BUDGET

Year	Underlying Surplus %		Liquidity		Year end cash	
	Per Plan	15% Capital Carryover	Per Plan	15% Carryover	Per Plan	15% Capital Carryover
2025-26	Medium 0.2%	Medium 0.2%	Low 3.3	Low 3.5	\$20m	\$23m
2026-27	Medium 0.5%	Medium 0.6%	Low 2.9	Low 3.4	\$17m	\$21m
2027-28	Medium 0.5%	Medium 0.7%	Low 2.8	Low 3	\$17m	\$19m
2028-29	Medium 0.9%	Medium 1%	Low 2.8	Low 3	\$18m	\$20m
2029-30	Medium 1%	Medium 1.2%	Low 2.9	Low 3.1	\$20m	\$22m
2030-31	Medium 1%	Medium 1.2%	Low 3	Low 3.2	\$22m	\$24m
2031-32	Medium 1.1%	Medium 1.2%	Low 3.1	Low 3.3	\$23m	\$25m
2032-33	Medium 1.2%	Medium 1.3%	Low 3.1	Low 3.3	\$24m	\$26m
2033-34	Medium 1.3%	Medium 1.4%	Low 3.1	Low 3.3	\$25m	\$27m
2034-35	Medium 1.6%	Medium 1.7%	Low 3	Low 3.2	\$25m	\$27m

Assumption loans would reduce because of less expenditure

Indicator	Definition	Formula
Profitability indicators		
Underlying Surplus (%)	This measures an entity ability to generate surplus in the ordinary course of business—excluding non-recurrent capital grants, non-monetary asset contributions, and other contributions to fund capital expenditure from net result. A surplus indicates council is able to generate sufficient revenue to fulfil the operating requirements including coverage of the depreciation expense.	Underlying surplus (or deficit) / Underlying revenue
Financing indicators		
Liquidity (ratio)	This measures an entity's ability to pay existing liabilities in the next 12 months. A ratio greater than 1.0 means there are more cash and liquid assets than short-term liabilities.	Current assets / Current liabilities

Risk assessment criteria		
	Underlying Surplus %	Liquidity
High	>Less than 0% Insufficient surplus being generated to fund operations.	Less than 0.75 Immediate sustainability issues with insufficient current assets to cover liabilities.
Medium	0%–5% Surplus being generated to fund operations.	0.75–1.0 Need for caution with cash flow, as issues could arise with meeting obligations as they fall due.
Low	More than 5% Generating strong surpluses to fund operations.	More than 1.0 No immediate issues with repaying short-term liabilities as they fall due.