

Financial Management Strategy / Long Term Financial Plan 2022-2032



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1. Overview and Purpose of the Financial Management Strategy

The Financial Management Strategy (FMS) and Long Term Financial Plan (LTFP) aid in strategic decision-making. Prior to making strategic choices, Council ensures trade-off decisions are fully costed and financially sustainable. Council's Strategic Framework (illustrated below), outlines the linkages between Council's Strategic Plan, Risk Framework and FMS, including the LTFP. Council's Asset Management Plans, Annual Plans, annual Budget Estimates and Policy 42 – Rates and Charges bring Council's Strategy to life with detailed planning.

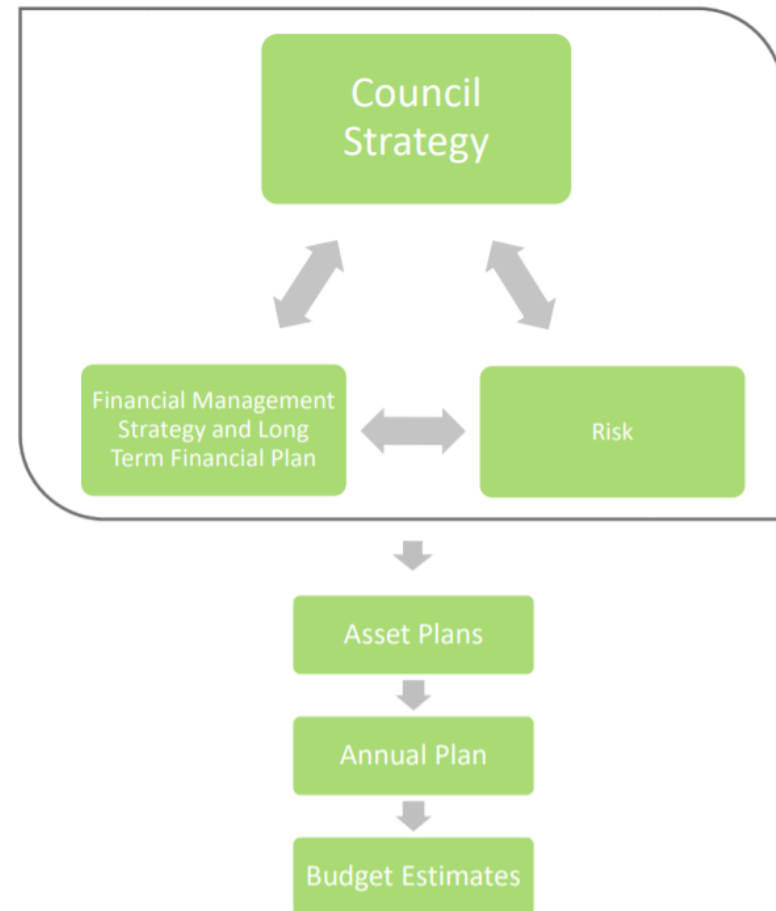
The FMS has been prepared in accordance with the Tasmanian *Local Government Act 1993* sections 70, 70A, 70E, 70F, along with Local Government (Content of Plans and Strategies) Order 2014 clause 6.

The FMS has been prepared with the following key principles:

- i. Clear alignment to, and a full lifecycle financial representation of the Dorset Council Strategy.
- ii. Management of Council's finances on behalf of the community in a responsible and sustainable manner
- iii. Manage Council's LTFP and focus on Long-term cash holdings to improve decision-making.

Council's FMS and LTFP have been prepared with a 10 year time horizon to focus on the long term requirements for the municipality.

Strategic Framework



2. Executive Summary

2.1 Background

Dorset Council rates, fees and charges are amongst the lowest in regional Australia. The Council support, and have enacted key policies to drive increased business investment, while Council facilities are available free of charge to the community to stimulate engagement and maximise use of Council facilities by ensuring cost is not an impediment to community facility use.

Key Facts on Dorset Council:

- rates on a typical house in Scottsdale are generally between 15% and 30% lower than most Tasmanian Councils
- Council did not increase fees and charges from 1 July 2015 to 1 July 2021
- all Council buildings are free of charge to community groups
- all recreational facilities are free of charge to sporting groups
- entry to Council swimming pools is free of charge
- Council waives all approval fees for businesses
- Council doesn't charge an annual food registration licence fee
- new small businesses receive rate rebates
- expanding businesses receive rate rebates

Dorset Council operational efficiency and effectiveness have delivered record infrastructure spend over the previous 8 years, punching well above its weight and delivering larger infrastructure spend than much bigger Tasmanian councils. Council's total cash and cash equivalents, including term deposits, as at 30 June 2012 totalled \$17.4 million, with this total cash balance as at 30 June 2022 being \$9.4 million. With total capital expenditure of \$83 million from 2012/13 to 2021/22 it is evident that the primary reason for record capital expenditure is driven by operational effectiveness and efficiency and effective attainment of capital grant funding, which has totalled \$25.1 million from 2012/13 to 2021/22. 70% of the capital grant funding was successfully attained during the last 5 years. This decade long capital program has ensured Council has caught up with asset renewals and does not have an asset renewal gap in the 2022 – 2032 LTFP. During the last 5 years Council has delivered multiple inter-generational projects including the full redevelopment of the Scottsdale Aquatic Centre, under-writing and saving aged care in the North East –

along with the State Government, underwriting the Scottsdale Irrigation Scheme, construction of the Jarvis Link, and the construction of World renowned Mountain Bike Trails at Derby.

Council has delivered this exceptional financial performance despite the COVID-19 world-wide pandemic impacting from February 2020. In April 2020 – to address the financial hardship posed by the COVID-19 pandemic – Council adopted the following COVID-19 Business and Community Support Package that included:

- A 0% increase in rates and fees and charges for the 2020/2021 budget estimates;
- Rate relief for 6 months be provided to businesses occupying commercial premises (shops and offices), excluding the following businesses: supermarkets, banks, bottleshops, butchers, pharmacies, government, medical centres and post offices;
- Rate relief for 6 months be provided to community organisations adversely affected by COVID-19 lockdown restrictions;
- Rate relief for 6 months be provided to tourism businesses which have been adversely affected by COVID-19 lockdown restrictions, subject to a cap of \$20,000;
- Rate relief excluded the fire levy;
- Waiving of the annual food license registration fee;
- Waiving of fees and charges on business related development approvals;
- Waiving of fees and charges for the use of Council facilities by community groups

Council has faced operational challenges which has impacted both the income and expenditure sides of the organisation. While the local economy has improved markedly from a decade ago, where declines in forestry and food processing decimated the local economy and jobs, much of this has been improved with material growth in agriculture and tourism in particular, while forestry has rebounded somewhat over the last few years.

Council has maintained a very strong underlying surplus despite Council's operational result materially impacted by declining Federally funded Financial Assistance (FA) Grants, the material impact of TasWater and the low interest rate environment up until 2022.

Council receives Financial Assistance (FA) Grant funding from the Federal government. A decade ago Council received 30% of operational income via FA grants (in 2011/12 Council received \$3.9 million in FA Grants compared to \$13 million in total operational income which equated to 30% of Council operational income received from FA Grants). Fast forward to 2022/23 and the FA grant of \$3.66 million will account for 23% of total

operational income (in 2022/23 Council expects to receive \$3.66 million in FA Grants compared to \$16.3 million in total operational income which equates to 23% of operational income expected from FA Grants income). Therefore in just over a decade Council FA Grants as a proportion of total operational income have decreased by 7%. Over that period the Council Cost Index (CCI) has risen more than 2.3% each year and the Consumer Price index (CPI) has increased on average by 2.5% per annum. If the FA Grants kept up with CPI, and Council held its share of FA Grants relative to other Tasmanian Council's, the current FA grant that would be received by Council in 2022/23 would be \$5.1 million, or \$1.4 million more per annum.

TasWater operational cost went from 2013-14 of \$22,000 to in excess of \$170,000 in 2021/22, while the TasWater dividend went from \$291,000 to \$97,000 received in 2020/21 (note 2021/22 did increase to \$233,000) – Council was able to absorb this overall \$322,000 per annum reduction, preceding 2021/22, to the underlying surplus.

In 2011/12 the interest income received by Council was \$940,000, while in 2021/22 interest received totalled \$73,000 as interest rates declined to their lowest ever levels preceding 2022, and Council utilised cash reserves for capital programs.

In Australia, inflation in 2022 is growing at its fastest pace in 20 years, with Hobart being even higher than the national average. The rise in inflation has been rapid with the Hobart CPI in Sept 2021 year-on-year registering at 3%, it then increased to 4.5% in Dec 2021 year-on-year, then 5.8% in March 2022 year-on-year and with June 2022 year-on-year reaching 6.5%. The last 5 years Hobart CPI has been 0.5% above the National CPI on average driven higher predominantly by new dwellings purchased and rental markets. The Local Government Association of Tasmania (LGAT) have quoted the 2021/22 Council Cost Index (CCI) (which incidentally is supposed to be a better reflection of Council's costs) of 4.06%. The CCI is weighted at 50% Wage Price Index (WPI), 20% CPI, 30% road and bridge construction. The low wage growth experienced nationally, and at a state level, has materially pushed down the CCI figure. Each Council must assess whether the CCI index is a useful indexation factor for their organisations, however for Dorset the index is currently meaningless.

The indexation that applies to Council is well over and above the Hobart CPI and LGAT's CCI. Council officers indexed all major asset classes as at 30 June 2022. Indexation levels used for Council infrastructure replacement costs were 7.11% for roads, 8.46% for bridges, 9.06% for stormwater and 10.9% for buildings. Those asset classes that have a higher indexation percentage rely more on external contractors that charge a profit margin. While the lower index factors, like the roads asset class, partially utilise in-house Council labour (road construction crew) which reduces the index percentage. Council's replacement costs of the above mentioned asset classes increased by \$18.3 million from \$242 million to \$260.3 million as at 30 June 2022. This represents real costs as at 30 June 2022 to replace Council's infrastructure and assets.

2.2 Financial Management Strategy

2.2.1 Rate Strategy; rates increases will be such to ensure Council strengthens the weakening operational income base as a result of declining FA Grants, TasWater income and expenditure impacts and the near zero interest rate environment impacting income (however interest rates are increasing at a steady pace in 2022). Council's future rating strategy will take into account the actual inflation rate impacting council which currently is higher than CPI and CCI, to maintain the current service levels and ensuring Council does not have a capital renewal funding gap for the 2022-2032 period.

2.2.2 Asset Management Strategy; Asset and infrastructure spend must be fully funded from operational cash flows generated from Council's underlying surplus, and from capital grants. There must not be an asset renewal gap over the life of the FMS and LTFP. All new and upgraded assets are assessed on their upfront capital spend, but also on their future operating spend to ensure Council cash flows through underlying surpluses can sustain the increase in service levels. Council will index all future capital renewal spend over the LTFP period to ensure the current high inflation experienced on infrastructure assets over and above CPI and CCI levels are reflected in Council's future cash flow requirements.

2.2.3 Treasury Strategy; Council will manage money and financial risk by ensuring strategic decision-making in operational and capital projects still results in a cash balance of more than \$3 million at the end of each year in the LTFP. The year 10 cash reserve balance will be \$3 million net of all borrowings. Council must balance the rising risk of inflation and the devaluation of money on operations and future spend.

2.2.4 Investment Strategy; The risk of increasing interest rates in the future, especially the next 3 years, means Council will not invest surplus cash in bonds or equities until interest rates align with inflation, or higher, and the share market provides a more reasonable yield (meaning shares are more reasonably priced) and bonds deliver a yield that too is greater than inflation.

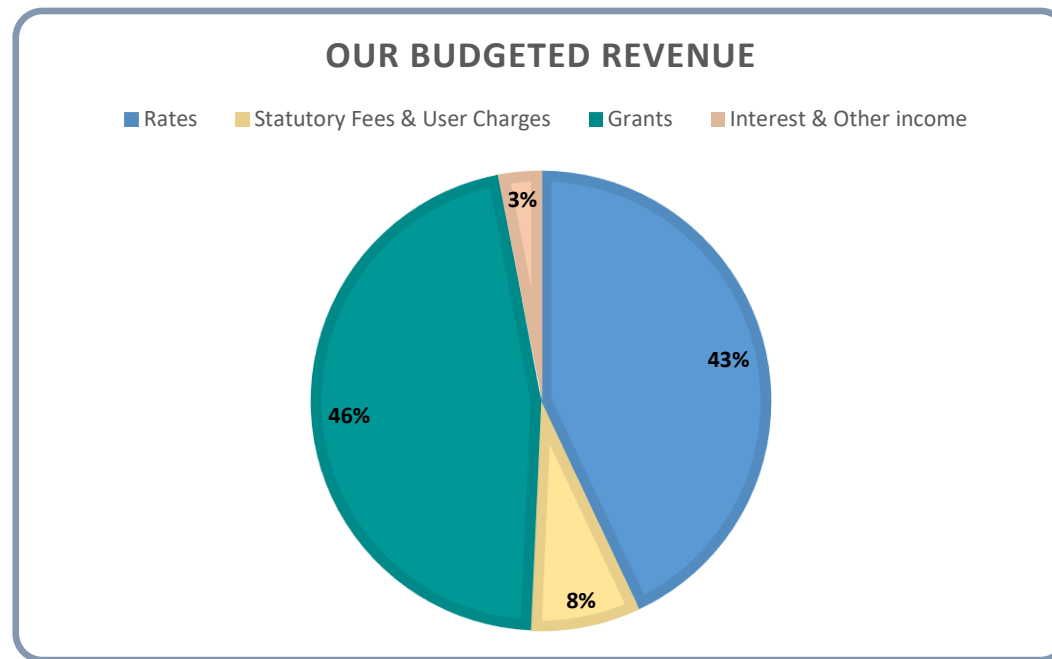
2.2.5 Borrowing Strategy; Council will repay all existing borrowings by 2032. New borrowings will be used only where there are timing mismatches in cash flow, or where Council feel the return on investment outweighs the borrowings interest payments on new assets, and there is an adequate return on investment. Borrowings can only be taken on where future cash flows are adequate to cover capital renewals first and foremost, any new / upgrade capital spend and the repayments on the new borrowings. It is paramount Council is very conservative with debt, especially as borrowing costs increase with interest rates increasing rapidly in 2022.

3. Key Financial Management Strategies

3.1 Rating Strategy

Council's rates account for 43% of the total budgeted income for 2022/23 of \$21.5 million, including capital grants. The materiality of grants in particular which are budgeted at 46% of Council total income means that any decisions in regards to the rates strategy must be in the context of the trends and impacts from the other revenue sources. Rates on a typical house in Scottsdale are generally between 15% and 30% lower than in comparative townships across Tasmania.

Chart 1: Dorset Council budgeted income (including capital grants) for 2022/23 totalling \$21.5 million



Rates are a form of tax and are levied on all rateable properties to provide or contribute to a wide range of essential services and facilities. Council has established a rating structure comprising two key elements – general rates and service charges – as per Policy 42 Rates & Charges.

The general rate is based on the value of rateable land as an indicator of the financial contribution that the ratepayer in respect of that land has capacity to make. Council use a single rating system for all residents, with the exception of Derby commercial properties, based on the Assessed Annual Value (AAV) provided by the Office of the Valuer-General to calculate the general rate. The AAV is the higher of the gross annual income that the owner of the property might reasonably expect to obtain from renting it to a tenant, or 4% of the property's Capital Value (CV).

Service charges are established in accordance with section 94 of the Act. Council determine charges annually for the following services:

- Waste Management: The waste management charge is applied to all properties for the provision of waste management infrastructure (waste transfer stations) and disposal operations.
- Special Waste Management Charges for Short Term Accommodation.
- Waste Mobile Garbage Bin (MGB): A charge is applied to all properties that receive a kerbside collection service.
- Recycling MGB: A charge is applied to all properties that receive a recycling collection service.

Council must balance its service levels with the needs and expectations of the community and set appropriate rating levels in order to adequately fulfil its roles and responsibilities both for current ratepayers and those of the future.

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 including the level of regional responsibility
- Current economic environment

Dorset Council operational grants, excluding capital grants, account for approximately 29% of Council operating income and thus a very material component of Council's funding mechanisms. Federal Financial Assistance (FA) Grants form a bulk of this operational income with the State Grants Commission (SGC) allocating these FA Grants based on a myriad of economic indicators. Table 1 below shows Council's Commonwealth funding through the Financial Assistance (FA) Grants:

Table 1: Summary of Financial Assistance Grants from 2017/18 to 2022/23 for Dorset Council

Allocation Year	Base Grant	% Change	Roads Grant	% Change	Total Grant	% Change
2017-18	\$1 616 628	-3.19%	\$1 781 688	-0.50%	\$3 398 316	-1.80%
2018-19	\$1 552 881	-3.94%	\$1 832 770	+2.87%	\$3 385 651	-0.37%
2019-20	\$1 542 244	-0.68%	\$1 921 774	+4.86%	\$3 464 018	+2.31%
2020-21	\$1 509 608	-2.12%	\$1 962 690	+2.13%	\$3 472 298	+0.24%
2021-22	\$1 675 175	+10.97%	\$2 067 079	+5.32%	\$3 742 254	+7.77%
2022-23 #	\$1 544 757	-7.79%	\$2 117 762	+2.45%	\$3 662 519	-2.13%

Note: These grant amounts are the final adjusted entitlements for each year.

The 2022-23 results are recommendations only. They do not incorporate the annual adjustments.

2022-23 FA Grants based on National Population Growth: 0.5%, CPI Growth: 2.19%,
Tas Population Growth: 0.76%

Council receives Financial Assistance (FA) Grant funding from the Federal government. A decade ago Council received 30% of operational income via FA grants (in 2011/12 Council received \$3.9 million in FA Grants compared to \$13 million in total operational income which equated to 30% of Council operational income received from FA Grants). Fast forward to 2022/23 and the FA grant of \$3.66 million will account for 23% of total operational income (in 2022/23 Council expects to receive \$3.66 million in FA Grants compared to \$16.3 million in total operational income which equates to 23% of operational income expected from FA Grants income). Therefore in just over a decade Council FA Grants as a proportion of total operational income have decreased by 7%. Over that period the Council Cost Index (CCI) has risen more than 2.3% each year and the Consumer Price Index (CPI) has increased on average by 2.5% per annum. If the FA Grants kept up with the CPI, and Council held its share of FA Grants relative to other Tasmanian Council's, the current FA grant that would be received by Council in 2022/23 would be \$5.1 million, or \$1.4 million more per annum.

The following are some of the economic challenges impacting Council's grant funding for the future:

- i. The SGC have stated that Councils should budget for low indexing into the future as a result of budgetary pressures resulting from COVID-19. Federal Government is increasing non-recurring capital grants to stimulate the economy post COVID-19, however they are one-offs, and have been made available mostly to "shovel ready" projects. FA Grants are recurring and are a material source of operating income for all Tasmanian Councils. After the 2022 Federal election the new labour government has stated that FA Grants will be indexed to national CPI going forward. Indexing however is in no way a certainty, as Council saw in from 2015 to 2017 where the National FA Grant funding pool indexing was frozen. This has meant that the FA Grant funding has not kept up-to-date with the inflation experienced by Councils.
- ii. The Assessed Annual Value (AAV) revaluation of Dorset land by the Valuer-General in 2017 significantly increased land values for Dorset Council. This increase in land value impacts grants negatively for Council as increased AAV signifies Council has improved capacity to increase income through rates increases, and thus the SGC decreases a component of the Base FA Grant for Council. The AAV in 2019 on 2015 increased by 20%, however Council did pull back the cents in dollar to limit rates increases on the municipality and focus on cost control within to ensure that Council operations are as efficient as possible to limit rate increases. The 2022 AAV on 2019 increased a further 57% with Council again decreasing the cents in dollar to limit rates increases in 2022/23.
- iii. The national population growth rate for 2019 was +1.39 per cent. Tasmania's population growth has slowed to +0.97 per cent for 2019, down from +1.24 per cent in 2018. As the Tasmanian population increase was lower than the National population increase, this resulted in a reduction in Tasmania's Base Grant entitlement. Note that the Dorset municipality population declined by 0.3% when looking at 2019 on 2018, however when 2019 is compared to 2016 the decline in residential population in Dorset amounted to 1.3%. A component of the Base Grant is calculated on a cost adjuster based on an average spend per head of population, therefore a population decline results in a lower share of the Base Grant for Dorset. Positively, Dorset's population did slightly increase in 2020 on 2019 by 0.8% and 2021 on 2020 increased by 0.06%.
- iv. Over the last 5 years the Glamorgan-Spring Bay struggled and received more of the Base Grant from the Tasmanian FA Grant funding pool. Stronger Council's receive a lower share, with Dorset Council being classed in this category of high performing Councils.

TasWater has materially decreased dividend income and increased their charges to Council. Council's TasWater cost went from \$22,000 in 2013-14 to \$170,000 in 2021/22, while the TasWater dividend went from \$291,000 to \$97,000 received in 2020/21 – Council was able to absorb this overall \$322,000 per annum reduction to the underlying surplus. It is noted that TasWater increased their dividend to Council to \$233,000 in 2021/22.

Since the Global Financial Crisis, interest rates in Australia have been steadily declining, with interest rates being near zero in 2021. In 2011/12 the interest income received by Council was almost \$940,000, while in 2021/22 interest income received totalled \$73,000. Interest rates are increasing significantly in 2022 in both an attempt to stem the current high inflation, and to compensate lenders and savers for the devaluation of money that results from inflation.

In Australia, inflation in 2022 is growing at its fastest pace in 20 years, with Hobart being even higher than the national average. The rise in inflation has been rapid with the Hobart CPI in Sept 2021 year-on-year registering at 3%, it then increased to 4.5% in Dec 2021 year-on-year, then 5.8% in March 2022 year-on-year and with June 2022 year-on-year reaching 6.5%. The last 5 years Hobart CPI has been 0.5% above the National CPI on average driven higher predominantly by new dwellings purchased and rental markets. The Local Government Association of Tasmania (LGAT) have quoted the 2021/22 Council Cost Index (CCI) (which incidentally is supposed to be a better reflection of Council's costs) of 4.06%. The CCI is weighted at 50% Wage Price Index (WPI), 20% CPI, 30% road and bridge construction. The low wage growth experienced nationally, and at a state level, has materially pushed down the CCI figure. Each Council must assess whether the CCI index is a useful indexation factor for their organisations, however for Dorset the index is currently meaningless.

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Between 1 July 2015 to 1 July 2021, Council's fees and charges remained unchanged, with the exclusion of the Bridport Seaside Caravan Park and an increase to statutory fees set by other Government bodies. During the 2017/2018 financial year, Council decided to remove fees for use of community halls when being used for community purposes, and that the entry fees into the Scottsdale and Branhholm swimming pools be reduced to nil. Council is of the view that these facilities are there to benefit the community and use of them should be encouraged.

Over the last 8 years, Council has focused on efficiency and effectiveness in keeping operational costs to a minimum by removing costs that do not impact service levels to the community, including limiting spend on external consultants, kerbside waste and recycling services taken in-house, attaining better electricity pricing through buying group contracts, renegotiating insurance premiums with a change of broker and removing and renegotiating all contracts and agreements as and when they fall due. From a capital spend perspective, Council employs its own civil construction crew keeping employment local and removing the profit margin that is charged by external contractors. Council also focuses heavily on procurement pricing and ensuring best pricing is attained from external contractors and utilising local contractors wherever possible. This strategy of Council in the preceding FMS was on maximising operational cash flows by minimising costs, while keeping service levels high and ensuring that rates and charges are kept to a minimum to keep cost pressures on residents as low as possible, while stimulating economic growth and attracting new residents and businesses to the region.

The reduction in FA grants income in real terms over the previous 10 years, along with the negative economic impacts of TasWater income reductions and expenditure increases, low interest rates until 2022 (with interest rates increasing materially over 2022 to combat a high inflationary environment) returning minimal interest income on Council's surplus cash and there being no more material operational cost reductions without impacting service levels in some way, the following 10 years will focus Council on strengthening its income base through rates and waste charges. When Dorset Council's recurrent operational income is compared to surrounding Councils with a similar population, namely Break O'Day Council (BODC) and George Town Council (GTC), when we compare rates, charges, statutory fees, fines and user fees (excluding fire levy as this belongs to the Tasmanian Fire Service and the Bridport Seaside Caravan Park as there are no comparable assets in those municipalities) the recurrent income for Dorset Council is \$2.9 million less than BODC and \$1.2 million than GTC.

Policy 42 – Rates and charges provides guidance and intent in regards to rating.

Rates Strategy – Rates increases will be such to ensure Council strengthens the weakening operational income base as a result of declining FA Grants, TasWater income and expenditure impacts and the near zero interest rate environment impacting income (however interest rates are increasing at a steady pace in 2022). Council's future rating strategy will take into account the actual inflation rate impacting council which currently is higher than CPI and CCI, to maintain the current service levels and ensuring Council does not have a capital renewal funding gap for the 2022-2032 period.

Why is the Rates Strategy important for Council? The levied rates must be assessed alongside all operating income and expenditure. This is to ensure adequate free operational cash flow is generated annually to fully fund capital programs and maintain current service levels throughout the FMS period of 2022-2032.

3.2 Asset Management Strategy

The key objective of Council's Asset Management Strategy is to maintain Councils existing assets at the desired condition levels to enable effective service delivery. If funding is not sufficiently allocated to asset renewal then Council's investment in those assets will reduce which will decrease the capacity to deliver services to the community.

Dorset Council operational efficiency and effectiveness have delivered record infrastructure spend over the previous 8 years, punching well above its weight and delivering larger infrastructure spend than much bigger Tasmanian Councils. Council's total cash reserves, as at 30 June 2012 totalled \$17.4 million, with cash reserves as at 30 June 2022 being \$9.4 million. With total capital expenditure of \$83 million from 2012/13 to 2021/22 it is evident that the primary reason for record capital expenditure is driven by operational effectiveness and efficiency and effective attainment of capital grant funding, which has totalled \$25.1 million from 2012/13 to 2021/22. 70% of the capital grant funding was successfully attained during the last 5 years. This decade long capital program has ensured Council has caught up with asset renewals and does not have an asset renewal gap in the 2022 – 2032 LTFP. During the last 5 years Council has delivered multiple inter-generational projects including the full redevelopment of the Scottsdale Aquatic Centre, under-writing and saving aged care in the North-East – along with the State Government, underwriting the Scottsdale Irrigation Scheme, construction of the Jarvis Link, and the construction of World renowned Mountain Bike Trails at Derby.

Council's Asset Management Strategy outlines Council's approach to improve the way it delivers services utilising its asset infrastructure and how its asset portfolio will need to be funded in order to meet service delivery needs into the future. The strategy shows how Council's asset management policies will be achieved and integrated into Council's FMS and LTFP.

Council's Asset Management Policy ensures that adequate provision is made for the long-term replacement of major assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguarding Council assets, including physical assets and employees, by implementing appropriate asset management strategies and the financial treatment of those assets.
- Creating an environment where all Council employees play an integral part in overall management of Council assets, by creating and sustaining asset management awareness throughout the organisation through training and development.
- Meeting legislative compliance for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

As per the *Local Government (Content of Plans and Strategies) Order 2014*, Council maintains an Asset Management Plan (AMP) for all asset classes that are 5% or more of the total asset base of that Council. These classes include roads, bridges, buildings and stormwater. Each asset class AMP allows Council to understand the type of assets Council has within each asset class and their condition. These detailed assessments enable Council to establish appropriate maintenance and renewal schedules for existing assets and plan for any new or upgraded assets. The AMP is critical for operational maintenance and renewal planning and to allow Council to plan and prioritise funding requirements as per Council's FMS and the associated LTFP. It is critical that the required spend for each asset as determined by a qualified specialist over its life matches the forecast spend as determined by Council to ensure there is no funding renewal gap.

Council's capital works program is approved by Council on an annual basis as part of the adoption of budget estimates. The budget estimates are a reflection of the respective asset management plans, customer service requests, inspection programs by Council Officers and feedback from Councillors and the community at large. Expenditure on asset renewals are non-negotiable to ensure the level of service is maintained and the preservation of the asset base. Spend on new and upgraded assets is regarded as a discretionary spend as it increases the level of service provided to the community and may increase operating expenditure into the future.

Policy 33 - Asset Management provides guidance and Council intent in regards to asset management.

Asset Management Strategy – Asset and infrastructure spend must be fully funded from operational cash flows generated from Council’s underlying surplus, and from capital grants. There must not be an asset renewal gap over the life of the FMS and LTFP. All new and upgraded assets are assessed on their upfront capital spend, but also on their future operating spend to ensure Council cash flows through underlying surpluses can sustain the increase in service levels. Council will index all future capital renewal spend over the LTFP period to ensure the current high inflation experienced on infrastructure assets over and above CPI and CCI levels are reflected in Council’s future cash flow requirements.

Why is the Asset Management Strategy important to Council? All existing infrastructure and assets must be maintained by Council to the existing service levels and therefore operational cash flows must be able to fund maintenance of these assets. No debt funding must be used for asset renewals as this would jeopardise the financial viability of Council in the long term. All new/upgraded assets must be assessed on a total lifecycle cost basis, whereby both the up-front capital spend and operational spend are assessed to ensure Council finances have the capacity to absorb the additional spend.

3.3 Treasury Strategy

The treasury strategy encompasses the management of money and financial risk.

Council is committed to operating in a financially sustainable manner which is underpinned by the FMS, including the LTFP. Council manages the financing and funding of future needs through forward financial planning and projections with the main tool for Council being the LTFP, which is reviewed and updated at least annually. The FMS also provides projections of future cash flow availability and needs.

Council, as a rule, does not retain and quarantine money for particular future purposes unless required by legislation or agreement with other parties. The exception here are land sales in Derby with the proceeds being utilised for infrastructure spend within the town.

Council's operating and capital expenditure decisions are made based upon:

- statutory service delivery obligations;
- identified community needs and benefits relative to other expenditure options;
- the cost effectiveness of the proposed means of service delivery; and
- the affordability of proposals having regard to LTFP.

Council's Risk Management Framework (RMF) both informs, and is informed by Council's Strategy, the FMS and LTFP.

The Dorset Council RMF includes:

- Clear roles and responsibilities for Council and management; role of Council is to set risk appetite and oversee the RMF, while management design and implement the RMF and operate within the risk appetite as set by Council.
- Risk appetite statements which is the agreed risk exposure Council is willing to pursue in its goals.
- Risk register which is a prioritised repository to identify, measure and monitor risks.
- Treatment / Action Plans with either avoidance, treatment, transference or acceptance of risk. Includes Business Continuity Plans, Disaster Recovery Plan, Cybersecurity Assessments and Policy.
- Clear, simple and concise reporting that is by exception and focused on significant and high risks. Reporting will include heat maps.

Council's RMF also includes agreed focus areas that are interrogated by Council's Audit Panel. All decision-making in regards to Council's FMS is made with regards to Policy 9 – Risk Management.

Treasury Strategy – Council will manage money and financial risk by ensuring strategic decision-making in operational and capital projects still results in a cash balance of more than \$3 million at the end of each year in the LTFP. The year 10 cash reserve balance will be \$3 million net of all borrowings. Council must balance the rising risk of inflation and the devaluation of money on operations and future spend.

Why is the Treasury Strategy important to Council? A minimum cash balance goal is required to provide Council with a buffer for unforeseen internal or external events and to ensure adequate working capital.

3.4 Investment Strategy

Council make investments in line with Policy 43 – Cash Management which ensures Council has sufficient liquid cash reserves to meet Council’s commitments and obligations as and when they fall due, while maximising returns and managing the risk and security of those funds. Council Policy has been updated to allow a portion of Council surplus funds into equities and fixed term instruments to increase returns closer to CPI on a total cash basis. In 2011/12 the interest income received by Council was \$940,000, while in 2021/22 interest received totalled \$73,000 due to the low to near zero interest rates on term deposits, and the use of cash reserves to fund capital programs. The intent for the foreseeable future is to keep Council surplus cash in term deposits. In 2019 and 2020 Council invested surplus cash in fixed assets and managed funds, and a positive return on those funds was attained, despite the market falls during COVID-19. In the recent external environment interest rates systematically declined for 40 years and interest rates reached record lows in Australia, and world-wide, during 2021. During 2022 interest rates are rapidly increasing to combat rapidly escalating inflation, both in Australia and abroad. The external interest rate environment resulted in zero returns on a nominal basis, and negative real inflation-adjusted returns. Looking at 2022 returns on term deposits have increased, as the Reserve Bank of Australia increases interest rates, however returns are still negative on an inflation-adjusted basis. This negative inflation-adjusted return on cash reserves must be weighed against Council’s inflation rate being higher than the both the Consumer Price Index, and the Council Cost Index, and the loss of purchasing power of Council’s cash reserves in a high inflation environment. This external environment creates the following risks for Council:

- a. Term Deposits while on the surface are viewed as a “safe” investment, the current interest rates of just over 3% when compared to Hobart June 2022 CPI of 6.5%, and Council’s overall inflation rate being closer to 8.5%, means that Council’s surplus funds are not keeping up with inflation and rapidly losing purchasing power. This loss in purchasing power through high inflation must be balanced up with ensuring Council keeps up with capital renewal programs. The high inflation environment in 2022 has been sparked by a world-wide increase in money supply through COVID-19 relief programs, COVID-19 supply chain issues and bottlenecks, impacts of the Ukraine War on world-wide supply chains and energy prices shocks. The assessment by Council in regards to large infrastructure projects must be weighed up between waiting with a project for many years in the hope that prices reduce over time, while cash reserves continue to erode in value if term deposits continue to offer negative real returns.
- b. Interest rates reaching all-time lows in 2021 meant that asset classes that were historically uncorrelated, meaning they moved in opposite directions, namely bonds and shares, have been correlated closely the last 5 years. This has resulted in “balanced” investments that rely on bonds to smooth out downturns in share markets, no longer mitigate risk within a portfolio, and both types of investments have declined in 2022. In effect this risk is even greater in the up-coming FMS period whereby Quantitative Easing programs (Central Banks purchase

bonds and keep prices higher to suppress bond yield, meaning interest rates are kept artificially low) are being replaced by Quantitative Tightening (QT) (Central Banks selling bonds on the money market). The significance of QT is that the Reserve Bank will no longer keep bond prices artificially high, and as bond prices decrease, interest rates will increase. While in share markets a higher interest rate means shares are discounted back to a lower present value. In short both shares and bonds will keep decreasing in unison for the medium term. Therefore now is not the time to invest Council's cash reserves in share / bond markets.

Investment Strategy – The risk of further interest rate increases in the future, especially the next 3 years, means Council will not invest surplus cash in bonds or equities until interest rates align with inflation, or higher, and the share market provides a more reasonable yield (meaning shares are more reasonably priced) and bonds deliver a yield that too is greater than inflation.

Why is the Investment Strategy important to Council? While the current high inflation and the historically low interest rate environment is a material risk to Council's cash holdings as a result of devaluation of that cash over time, the investment of cash surpluses into an over-heated, and in 2022 declining share and bond markets, holds a greater risk to Council. Therefore holding these funds in term deposits is the prudent course of action in the medium term, despite real negative returns, as the protection of municipal money is paramount.

3.5 Borrowing Strategy

Council is the custodian for a significant asset portfolio and is therefore required to provide significant funding and investment into its infrastructure assets to deliver its service objectives.

The Council is mindful of intergenerational equity in terms of generating revenue to offset service costs. 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 through its underlying surplus will generate sufficient surplus to offset the consumption of existing assets (through its depreciation expense indexed over the forward estimates). The operational free cash flow generated will sufficiently cover capital renewals with a sufficient buffer to cover potential price increases and discretionary capital purchases (new and upgraded assets). Council will not borrow to cover asset renewals.

Council may utilise borrowing to allow for potential timing mismatches between income and expenditure outlays where assets are of a once-in-a-generation project, example the Scottsdale Aquatic Centre Redevelopment.

In considering new debt, Council will consider the impact of borrowing costs on the sustainability of its operating position and its capacity to repay the debt. Council will maintain enough borrowing capacity to ensure that it has the capacity to deal with significant unexpected events.

Council will aim to keep debt levels low at any point in time as its annual budget, LTFP and associated cash flow projections allow. Any funds that are not immediately required to meet approved expenditure may be applied to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required. When borrowing, Council shall raise all external borrowings at the most competitive rates available and from sources available as defined by legislation.

Borrowing Strategy – Council will repay all existing borrowings by 2032. New borrowings will be used only where there are timing mismatches in cash flow, or where Council feel the return on investment outweighs the borrowings interest payments on new assets. Borrowings can only be taken on where future cash flows are adequate to cover capital renewals first and foremost, any new / upgrade capital spend and the repayments on the new borrowings. It is paramount Council is very conservative with debt, especially as borrowing costs increase with interest rates increasing rapidly in 2022. Council's long term cash flow planning ensures that free operational cash flow generated from Council's underlying surplus, first and foremost, is utilised to fund the renewal of existing assets. Council will not borrow money to fund capital renewals. Council's combined cash reserves must be no less than \$3 million at each year-end within the LTFP and the net of borrowings position in year 10 of the LTFP must be greater than \$3 million. Current assets to current liabilities must be at or greater than a 1.5:1 ratio.

Why is the Borrowing Strategy important to Council? Adopting a low debt environment ensures that Council, and thus the community is living within its means and service levels are being funded through operational free cash flow and grants funding. This leads to a sustainable business model.

4. Financial Aims and Targets of Dorset Council

For the purposes of *Section 84(2A) of the Local Government Act*, Local Government (Management Indicators) Order (S.R.2014, No. 36) has specified the following indicators; the Tasmanian Audit Office (TAO) has identified benchmarks for each. Council also has a few key financial indicators within this FMS which are in addition to the Local Government Order, including operational cash flow coverage of capital spend, working capital ratio, cash holdings year end and net of debt cash position at the end of the 10 year LTFP.

Table 2: Explanation of Financial Aims & Targets as per the Local Government (Management order) (S.R.2014, No.36)

Ratio	Description	Calculation	TAO / Council Benchmark	Benchmark Commentary (see table 3 figures below)
Net financial liabilities	Shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional income would be required to fund the shortfall.	(\$) Total Liabilities less Financial Assets (cash, cash equivalents, trade receivables, other receivables plus other financial assets)	Zero	Years 3-10 meet benchmark, Years 1-2 impacted by borrowing repayment and FA Grants timing issue
Net financial liabilities ratio	Indicates the extent to which net financial liabilities could be met by recurrent income.	(%) Net financial liabilities divided by recurrent income.	Between negative 50% and zero	Benchmark met for the entire 10 year period
Underlying surplus or deficit	This ratio serves as an overall measure of financial operating effectiveness.	\$ Recurrent income (excluding income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) less Recurrent Expenses for the reporting period.	Greater than zero	Year 1 impacted by FA Grant timing issue, all other years either meet the target or within acceptable levels

Ratio	Description	Calculation	TAO / Council Benchmark	Benchmark Commentary (see table 3 figures below)
Underlying surplus or deficit ratio	The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of total income (Adjusted by excluding capital grants, contributed PP&E and asset revaluation increment / decrements).	(%) Operating surplus (deficit) divided by total income – adjusted (excluding amounts received specifically for new or upgraded assets, physical resources received free of charge and revaluation increments).	Greater than zero	Year 1 impacted by FA Grant prepayment, years 2-10 all meet target or within acceptable levels
Asset renewal funding ratio	Measures the capacity to fund asset replacement requirements. An inability to fund future requirements will result in income, expense or debt consequences, or a reduction in service levels.	Future asset replacement expenditure as per LTFP divided by future asset replacement expenditure requirement as per asset management plans.	At least 90%	Benchmark met for all 10 years of the 10 year plan
Asset sustainability ratio	The ratio of asset replacement expenditure relative to depreciation for a period. It measures whether assets are being replaced as they are wearing out.	(%) Capital expenditure on replacement/renewal of existing plant and equipment and infrastructure assets divided by their annual depreciation expense.	At least 100%	While the benchmark is outside the target range, Council has been on an accelerated capital renewal program over the previous 10 years and renewals are fully funded in forward estimates. Council has chosen to index both the capital renewal cash flows and depreciation over the life of the LTFP. This increases the target rate over and above the Tasmanian Audit Office requirements.
Asset consumption ratio	The ratio indicates the level of service potential available in Council's existing asset base.	The depreciated replacement cost of plant, equipment and infrastructure divided by the current replacement cost of depreciable assets.	At least 60%	Benchmark met for 8 years of the 10 year plan – with years 9 & 10 just below target by 1-2% and within acceptable levels.

Ratio	Description	Calculation	TAO / Council Benchmark	Benchmark Commentary (see table 3 figures below)
Operational cash flow coverage of capital spend	The ratio measures Council's ability to generate sufficient operational cash flows to fund total capital programs, including renewals and new / upgraded capital.	Operational cash flow less capital spend net of specific capital grants	Greater than zero	Scottsdale Aquatic expenditure has reduced cash holdings in 2022 (year 0) along with payment of \$3.2m of borrowings. Year 1 (2023) impacted by FA Grant prepayment and a large capital program, all other years within acceptable levels when reviewed in unison with Council's cash holdings at year end (see ratio below)
Working capital	The ratio measures Council's financial health by ensuring there is adequate liquidity to pay current obligations.	Current assets divided by current liabilities	150% or greater	Benchmark is met for all 10 years
Cash holdings year end	The ratio measures excess cash levels for Council to ensure a buffer for shocks and unforeseen increases in expenses and reduction in income	Year-end cash balance including cash, cash equivalents and term deposits	Greater than \$3 million in each year of the LTFP	Benchmark met for all 10 years
Net of borrowings cash position – year 10 of LTFP	The ratio measures Council's ability to pay back borrowings, and the strategy to hold low levels of overall debt	Year 10 of the LTFP cash balance including cash, cash equivalents and term deposits less total borrowings (excluding trade payables, provisions, contract liabilities)	Greater than \$3 million	Benchmark met

Table 3: Analysis of financial benchmarks for the FMS period from 2022 to 2032

Dorset Council Management Indicators as at 30 June:		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Target	Year 0 Actual	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
All numbers other than %'s are in \$'000s												
Target met												
Target almost met / within acceptable levels												
Target not met / unacceptable levels												
Financial Aims & Targets per Local Government (Management) Order (S.R.2014, No.36)												
Net financial liabilities	Zero	673	(1,266)	(271)	1,076	840	754	1,420	1,445	1,820	1,447	1,931
Net financial liabilities ratio	Between (50%) to 0	4.4%	-10.0%	-1.7%	6.4%	4.8%	4.2%	7.7%	7.6%	9.3%	7.2%	9.3%
Statutory underlying surplus / (deficit)	> 0	1,214	(2,402)	171	441	354	199	174	93	(196)	(171)	(215)
Statutory underlying surplus / (deficit) ratio	> 0	8.0%	-18.9%	1.1%	2.6%	2.0%	1.1%	0.9%	0.5%	-1.0%	-0.8%	-1.0%
Asset renewal funding ratio	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Asset sustainability ratio	100%	73%	69%	67%	69%	98%	90%	74%	84%	76%	87%	71%
Asset consumption ratio	At least 60%	67%	66%	65%	64%	63%	63%	62%	61%	60%	59%	58%
Financial Aims & Targets - Dorset Council Specific												
Operational cash flow coverage of capital spend	> 0	(1,251)	(6,198)	576	923	(664)	(423)	409	(237)	108	(532)	433
Working capital ratio (current ratio)	150% or greater	223%	224%	235%	259%	222%	191%	195%	175%	199%	188%	211%
Cash holdings - year end	Year end > \$3m	9,432	4,198	4,690	5,525	4,768	4,150	4,275	3,748	3,562	3,041	3,525
Net of borrowings cash position - year 10 of LTFP	> \$3m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,525

In table 3 financial benchmarks have been calculated until 2032. Council redeveloped the Scottsdale Aquatic Centre, over 2021 and 2022. This is a once-in-a-generation \$7 million project which materially impacted the financial benchmarks in 2022 and 2023. Also in 2022 (Year 0) Council received 75% prepayment of 2022/23 FA Grants which has impacted ratios materially and are a timing issue. Currently the Federal Government Budget Estimates have not indicated whether they will prepay 2023/24 FA Grants in 2022/23 and Council has assumed there will not be a prepayment. Over the term of the FMS financial benchmarks are met, or within acceptable levels. Council is in a strong financial position and this strong position will be maintained over the life of the plan on condition that the LTFP assumptions come to fruition, especially in regards to FA Grant income. Note that all Council borrowings will be repaid during the LTFP period.

5. Long Term Financial Plan, including Assumptions

- Operational cash flow fully cover capital renewals over the 2022 – 2032 forward estimates.
- There is no depletion of service levels over the life of the LTFP.
- Council Cost Index (CCI) and Consumer Price Index (CPI) have historically been in the 2-3% range.
- The rise in inflation has been rapid with the Hobart CPI in Sept 2021 year-on-year registering at 3%, it then increased to 4.5% in Dec 2021 year-on-year, then 5.8% in March 2022 year-on-year and with June 2022 year-on-year reaching 6.5%.
- The Reserve Bank of Australia is forecasting national CPI to reach 7.75% in December 2022 year-on-year, to then subside to 2-3% by the end of 2024. The RBA's track record could be better in forecasting CPI and this figure should not be relied upon by Council.
- Future inflation is extremely difficult to forecast. Therefore future rates increases are set relative to Hobart CPI. The current assumption shown in the LTFP has the general rate increasing 1% below Hobart CPI, with 0.5% attained yearly through organic growth (being supplementary valuations and new builds). Therefore the overall shortfall compared to CPI per year is 0.5% (this means that if Hobart CPI is 6%, Council will increase the general rate at 5% and attain 0.5% through organic growth).
- The exception to the above rate assumption is for the 2024/25 general rate which includes the municipal fresh revaluation. Here the assumption is a general rate increase of 1.5% over Hobart CPI plus 0.5% organic growth. Please note Council could be charged in the vicinity of \$160,000 for valuation charges by the Office of Valuer-General. These costs have been included in 2024 and are the equivalent of a 2.2% general rate income increase (ex. waste) on 2023/24 rate income levels.
- The LTFP does not attempt to forecast population growth of the Dorset municipality, however organic growth of approximately 25-28 properties per year for rating are included in the LTFP, equating to approximately 0.5% rate increase per year. Organic growth is a combination of population growth and a percentage attributable to actual increases of current ratepayers through supplementary valuations and new builds.
- Future material projects that have an uncertain timeline or income / expenditure profile are excluded from the LTFP (examples include the Austin's Road sub-division and the North East Windfarm project).

- It is assumed FA base grant declines have now stabilised and the assumption is FA grants will be indexed as per national CPI over the 10 year LTFP. It has been assumed national CPI will be 0.5% below Hobart CPI. The 5 year Hobart average June CPI has been 3.2% p.a., while nationally the 5 year June average CPI has been 2.7% p.a., thus the 0.5% per year differential.
- Infrastructure renewal costs and depreciation will be indexed up yearly in the LTFP plan to reflect increasing costs and to limit cost increase surprises in the LTFP going forward. Council's Asset Management Plans determine the renewal, upgrade and new asset expenditure forecast for every year in the LTFP. These plans are based on management's forecasts of the infrastructure network's structure, condition and useful lives. These plans are based on present day costs and thus unadjusted for inflation. These infrastructure renewal values as per the asset management plans will be indexed in the LTFP relative to Hobart CPI – therefore Council does not need to accurately forecast CPI as such. The assumption is year 2 and 3 of the LTFP infrastructure renewal costs will be 2% higher than CPI, with years 4-10 being 1% above. The importance of this being twofold. Firstly in an environment of high inflation the differences in Council's cash requirements for infrastructure funding go from \$59.7 million based on the indexing scenario compared to \$50.3 million for no indexing (years 2-10). Secondly indexing up depreciation at the same indexing rate gives realistic adjusted underlying surpluses over the LTFP period.
- New and upgraded infrastructure have not been indexed within the model and reduced by \$100,000 per annum to \$935,000. This means that by year 10 of the LTFP the purchasing power of that amount is halved.
- All other operational costs are aligned to Hobart CPI within the 10 year LTFP.
- Council will continue to adopt a low debt environment. Borrowings will be considered for use with strategic purposes that provide new community infrastructure that improves services to the community. Borrowings will not be used to fund capital renewals, and operational cash flows will always be used for this purpose.
- Council's \$3.2 million loan from Tascorp used as bridging finance for the Scottsdale Aquatic Centre was repaid in April 2022. Council will pay down all existing borrowings by 2032.
- Council's total cash reserves are forecast to decrease from \$9.4 million in 30 June 2022 to \$4.2 million as at 30 June 2023 and to \$3.5 million by 30 June 2032.
- Council's Statement of Financial Position from 2022 – 2032 does not attempt to index employee provision costs or work out the indexing of Council's investment value in TasWater. These factors do not materially impact this statement for decision-making purposes for Council.

Dorset Council Long Term Financial Plan (LTFP) Year Ending 30 June:	2023 Year 1 Budget \$'000	2024 Year 2 Plan \$'000	2025 Year 3 Plan \$'000	2026 Year 4 Plan \$'000	2027 Year 5 Plan \$'000	2028 Year 6 Plan \$'000	2029 Year 7 Plan \$'000	2030 Year 8 Plan \$'000	2031 Year 9 Plan \$'000	2032 Year 10 Plan \$'000
Underlying Surplus / Deficit	(1,651)	922	1,342	1,255	1,100	1,075	994	886	911	867
ADD: Depreciation	4,600	4,836	5,078	5,256	5,442	5,637	5,840	6,053	6,275	6,507
Operational Cash Generated	2,949	5,758	6,420	6,511	6,542	6,712	6,834	6,938	7,186	7,374
Non-Operating Cash Flows										
Accounts Payable / Accounts Receivable Timing	(540)	-	-	-	-	-	-	-	-	-
Land sales	1,500	-	-	-	-	-	-	-	-	-
May Shaw Loan Receivable \$500k Principle + Interest	46	47	48	48	49	50	51	52	50	50
LGLP Loan Repayments Principle	(304)	(310)	(316)	(322)	(328)	(334)	(340)	(347)	(38)	-
Scottsdale Irrigation Scheme Entitlements	277	180	180	180	84	-	-	-	-	-
Total Non-Operating Cash Outgoings	979	(83)	(88)	(94)	(195)	(284)	(289)	(295)	12	50
Capital Expenditure on Infrastructure										
<u>Renewals / Replacements</u>										
- Roads & Footpaths	(2,166)	(1,916)	(1,977)	(2,810)	(2,953)	(2,593)	(2,709)	(2,831)	(2,959)	(3,092)
- Bridges	(125)	(322)	(357)	(610)	(378)	(405)	(285)	(468)	(489)	(511)
- Stormwater	(30)	(32)	(34)	(36)	(37)	(39)	(41)	(42)	(44)	(46)
- Buildings	(70)	(320)	(193)	(510)	(208)	(217)	(227)	(237)	(248)	(259)
- Other (land, plant, equipment, IT, furniture/fitings)	(773)	(639)	(932)	(1,162)	(1,304)	(922)	(1,641)	(1,040)	(1,722)	(730)
Total Capital Spend on Renewal of Assets	(3,164)	(3,228)	(3,493)	(5,128)	(4,880)	(4,176)	(4,903)	(4,619)	(5,462)	(4,638)
<u>New / Upgrade</u>										
- Roads & Footpaths	(3,160)	(665)	(665)	(665)	(665)	(665)	(665)	(665)	(665)	(665)
- Bridges	(731)	-	-	-	-	-	-	-	-	-
- Stormwater	(445)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)
- Buildings	(734)	-	-	-	-	-	-	-	-	-
- Other (land, equipment, IT, furniture/fitings)	(3,682)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Total Capital Spend on New / Upgraded Assets	(8,752)	(935)	(935)	(935)	(935)	(935)	(935)	(935)	(935)	(935)
Labour overheads (ex direct allocation)	(970)	(1,019)	(1,069)	(1,112)	(1,151)	(1,191)	(1,233)	(1,276)	(1,321)	(1,367)
Total Capital Spend on Infrastructure Assets	(12,886)	(5,182)	(5,497)	(7,175)	(6,966)	(6,303)	(7,071)	(6,830)	(7,718)	(6,941)
Capital Grants specifically for new or upgraded assets	3,740	-	-	-	-	-	-	-	-	-
Total Council Spend on Infrastructure Assets	(9,147)	(5,182)	(5,497)	(7,175)	(6,966)	(6,303)	(7,071)	(6,830)	(7,718)	(6,941)
Cash, Cash Equivalents & TDs - Opening Balance	9,417	4,198	4,690	5,525	4,768	4,150	4,275	3,748	3,562	3,041
Operational Cash Generated	2,949	5,758	6,420	6,511	6,542	6,712	6,834	6,938	7,186	7,374
Non-operating cashflows	979	(83)	(88)	(94)	(195)	(284)	(289)	(295)	12	50
Capital Expenditure Cash Movement	(9,147)	(5,182)	(5,497)	(7,175)	(6,966)	(6,303)	(7,071)	(6,830)	(7,718)	(6,941)
Cash, Cash Equivalents & TDs - Closing balance	4,198	4,690	5,525	4,768	4,150	4,275	3,748	3,562	3,041	3,525

Dorset Council Statement of Comprehensive Income Year Ending 30 June:	2023 Year 1 Budget \$'000	2024 Year 2 Plan \$'000	2025 Year 3 Plan \$'000	2026 Year 4 Plan \$'000	2027 Year 5 Plan \$'000	2028 Year 6 Plan \$'000	2029 Year 7 Plan \$'000	2030 Year 8 Plan \$'000	2031 Year 9 Plan \$'000	2032 Year 10 Plan \$'000
Operating Income										
Rates - General Rate	6,900	7,176	7,642	7,872	8,108	8,351	8,602	8,860	9,125	9,399
Rates - Waste Management	1,964	2,043	2,222	2,288	2,401	2,472	2,544	2,618	2,694	2,772
Rates - Fire Service Levy	369	386	403	417	432	447	462	479	495	513
Statutory Charges	189	198	206	214	221	229	237	245	254	263
User Fees (excl BSCP)	515	538	562	582	602	624	645	668	691	716
Camping Fees (BSCP)	949	992	1,036	1,073	1,110	1,149	1,189	1,231	1,274	1,319
Grants - Financial Assistance Grants	946	3,887	4,042	4,163	4,288	4,417	4,549	4,686	4,826	4,971
Grants & Contributions - Non FAG	229	239	250	259	268	277	287	297	307	318
Grants - Roads to Recovery	751	751	901	901	901	901	901	1,081	1,081	1,081
Interest Income	81	80	80	80	80	80	80	80	80	80
Other Income	203	212	222	229	237	246	254	263	273	282
Reimbursements	122	33	24	21	17	13	9	5	1	0
Dividends (TasWater)	233	233	233	233	194	194	194	194	194	194
Total Operating Revenue	13,451	16,767	17,825	18,331	18,860	19,399	19,954	20,707	21,296	21,907
Operating Expenses										
Salaries & Wages	6,610	6,941	7,288	7,579	7,844	8,119	8,403	8,697	9,002	9,317
Less: amounts capitalised	(1,576)	(1,655)	(1,738)	(1,807)	(1,870)	(1,936)	(2,003)	(2,074)	(2,146)	(2,221)
Contractual & Professional Services	1,979	2,188	2,173	2,249	2,423	2,458	2,544	2,833	2,802	2,830
Materials, Utilities, Machinery & Equipment	1,541	1,510	1,578	1,634	1,691	1,750	1,811	1,875	1,940	2,008
Depreciation	4,600	4,836	5,078	5,256	5,442	5,637	5,840	6,053	6,275	6,507
Finance Charges	77	70	61	51	41	31	21	11	1	0
Other	1,871	1,955	2,043	2,115	2,189	2,265	2,345	2,427	2,512	2,599
Total Operating Expenses	15,102	15,845	16,482	17,076	17,760	18,324	18,961	19,821	20,386	21,040
Adjusted Underlying Surplus / (Deficit)	(1,651)	922	1,342	1,255	1,100	1,075	994	886	911	867
Statutory Underlying Surplus / (Deficit)	(2,402)	171	441	354	199	174	93	(196)	(171)	(215)
Amounts specifically for new or upgraded assets	3,740	0	0	0	0	0	0	0	0	0
Asset disposal & fair value adjustments										
Net Surplus / (Deficit)	2,088	922	1,342	1,255	1,100	1,075	994	886	911	867
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	2,088	922	1,342	1,255	1,100	1,075	994	886	911	867

Dorset Council Statement of Financial Position Year Ending 30 June:	2022 Year 0 Actual \$'000	2023 Year 1 Budget \$'000	2024 Year 2 Plan \$'000	2025 Year 3 Plan \$'000	2026 Year 4 Plan \$'000	2027 Year 5 Plan \$'000	2028 Year 6 Plan \$'000	2029 Year 7 Plan \$'000	2030 Year 8 Plan \$'000	2031 Year 9 Plan \$'000	2032 Year 10 Plan \$'001
ASSETS											
Financial Assets											
Cash and Cash Equivalents	6,932	4,198	4,690	5,525	4,768	4,150	4,275	3,748	3,562	3,041	3,525
Current Trade & Other Receivables	815	815	815	815	815	815	815	815	815	815	815
Current Financial Investments	2,500	0	0	0	0	0	0	0	0	0	0
Inventories	103	103	103	103	103	103	103	103	103	103	103
Contract Assets/Assets Held for Sale	1,532	725	545	365	185	0	0	0	0	0	0
Prepayments & Accrued Income	146	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	12,028	5,841	6,153	6,808	5,871	5,068	5,193	4,666	4,480	3,959	4,443
Non Financial Assets											
Non-current Trade & Other Receivables	1,900	1,665	1,426	1,182	934	680	422	160	0	0	0
Investment in Water Corporation	16,552	16,552	16,552	16,552	16,552	16,552	16,552	16,552	16,552	16,552	16,552
Infrastructure, Property, Plant & Equipment	201,775	206,987	207,334	207,753	209,673	211,299	211,965	213,195	213,866	215,149	215,533
Other Non-current Assets	117	119	119	119	119	119	119	119	119	119	119
Total Non Financial Assets	220,344	225,323	225,431	225,605	227,278	228,650	229,058	230,026	230,537	231,820	232,204
Total Assets	232,372	231,164	231,584	232,414	233,149	233,718	234,251	234,692	235,016	235,780	236,647
LIABILITIES											
Current Liabilities											
Trade & Other Payables	1,466	926	926	926	926	926	926	926	926	926	926
Deposits	26	26	26	26	26	26	26	26	26	26	26
Provisions	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157
Contract Liabilities	2,262	0	0	0	0	0	0	0	0	0	0
Borrowings	493	503	512	522	531	541	552	562	147	0	0
	5,404	2,612	2,621	2,631	2,640	2,650	2,661	2,671	2,256	2,109	2,109
Non-current Liabilities											
Provisions	260	260	260	260	260	260	260	260	260	260	260
Borrowings	3,870	3,367	2,855	2,334	1,802	1,261	709	147	0	0	0
Other Non-current Liabilities	40	40	40	40	40	40	40	40	40	40	40
	4,170	3,667	3,155	2,634	2,102	1,561	1,009	447	300	300	300
Total Liabilities	9,574	6,279	5,776	5,264	4,743	4,211	3,670	3,118	2,556	2,409	2,409
Net Assets	222,798	224,886	225,808	227,150	228,406	229,506	230,581	231,574	232,460	233,371	234,238
EQUITY											
Total Equity	222,798	224,886	225,808	227,150	228,406	229,506	230,581	231,574	232,460	233,371	234,238