2019–39

LONG TERM FINANCIAL MANAGEMENT PLAN

City of HOBART

Table of Contents

1. Executive Summary

Council is currently in a strong financial position. It has strongly improved its operating result over recent years toward achieving underlying surpluses, has satisfactory liquidity and cash flow, low debt, a low reliance on external funding, and asset renewal requirements are being satisfactorily funded.

Previous versions of this plan have flagged the need for restraint in cost growth in order for forecast rate increases to be moderated. Recent budgets have contained an active program of cost reduction. As a result of this, cost growth assumptions for the future have been able to be reduced, thus allowing forecast rate increases to be reduced. Council is confident it now has an embedded cost management ethic.

Council recently considered an expanded ten year capital works program and approved, in principle, for the program to be funded substantially by debt. However, both the program and funding strategy are to be reviewed annually. The program includes a number of projects under the banner of 'Transforming Hobart' and includes projects which were previously part of the Inner City Action Plan. That program and funding strategy have been incorporated into this document.

The forecasts contained within this LTFMP and which are necessarily based upon certain assumptions, produce the following outcomes over the 20-year horizon of this plan: -

- The achievement of modest underlying operating surpluses. Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range 1.08% - 4.5% of revenue, and averaging 3.14%. Surpluses then increase beyond this 10 year period. It is important that Council generates sufficient revenue to cover all of its cash and non-cash costs, with a small buffer.

- An increased level of debt, but remaining within reasonable benchmarks. As mentioned above, the expanded capital works program over the next ten years will be funded substantially by debt. Council's strong position, current low level of debt, and ongoing surpluses provide Council with the ability to take on, and comfortably service, increased debt.

- Minimal cash balances. As a result of the expanded capital works program, cash balances will be minimal for a large part of the plan period. Balances and cash flow requirements will need to be closely monitored and further refined to ensure adequate liquidity.

- 100% funding of forecast asset renewal requirements, which is a key financial sustainability indicator. An appropriate benchmark is considered to be 90-100%. Renewal forecasts are continually being refined and the funding level continually monitored.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rate increases in the order of 3% in the short term, and then reducing to 2%. This is exclusive of the state government fire levy, any redistributive effects of revaluations, AAV indexation or changes to council rating policy.

These outcomes ensure the financial sustainability of Council, thus ensuring the ability to deliver services, at their current levels, into the future. It will ensure an equitable distribution of costs between current and future generations.

The LTFMP is based upon Council maintaining existing services at their existing service levels, except for the inclusion of the Myer site redevelopment, the expanded capital works program (incorporating Inner City Action Plan projects) and the financial effects of the change to Council's waste disposal strategic plan (i.e. deferring closure of the McRobies Gully tip site until 2030).

2. Background

City of Hobart

The City of Hobart (Council) is a Capital City council situated in Australia's second oldest city. The Council services an immediate population of 50,439 residents and 1,079,071 tourists to the city annually. Council offers more than 300 services to the community and the infrastructure required of a Capital City location.

Council has over $2 billion in gross assets (replacement cost) and will generate revenues of $135 million in 2018-19, comprising $85 million of rates and charges and $50 million of fees, charges and other income. Council has a workforce of 595 full time equivalent employees.

One of Council's corporate priorities is planning for its financial sustainability. Strategies to achieve this priority include the development of this 20-year Financial Management Plan.

What is Financial Sustainability?

There is not a universally accepted definition of financial sustainability, however, many organisations have defined what financial sustainability means to them.

In order for a situation to be sustainable both present and future needs are required to be met. Extending this definition to financial sustainability requires Council to manage its resources so that its financial commitments can be met both now and in the future. It is designed to ensure equality between generations of ratepayers in that each generation is responsible for the cost of resources they consume.

Financial sustainability can then be taken to mean whether Council can sustain its current practices in financial terms and whether community needs are currently met and will be met in the future. The SA Local Government Financial Sustainability Inquiry of 2005 defined financial sustainability as follows:

> "A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."

This definition was endorsed nationally at the National General Assembly of Local Government in Canberra in November 2006. Other financial sustainability reviews have used similar definitions.

Importance for Local Government

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

Council has over $2 billion in physical assets, including buildings, parks infrastructure, plant, vehicles and equipment, playground equipment, road infrastructure, sporting facilities, stormwater infrastructure and The Doone Kennedy Hobart Aquatic Centre. The expected life of physical assets varies from 3 years for plant and vehicles to 160 years for buildings.

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

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

In 2007 Local Government Association of Tasmania (LGAT) commissioned an independent review into the financial sustainability in relation to Tasmanian councils. The independent review suggested that most of the challenges facing Councils result from short-term thinking which fails to address the long-term nature of infrastructure.

The Local Government and Planning Ministers' Council at their meeting on 26 March 2007 endorsed three nationally consistent frameworks for assessing financial sustainability, asset planning and management and financial planning and reporting and agreed that each State and Territory governments apply the frameworks by 31 December 2010. The three frameworks are: -

- Assessing local government financial sustainability.
- Asset planning and management.
- Financial planning and reporting.

In June 2009 the Prime Minister announced that the Australian Government would provide $25 million to establish a Local Government Reform Fund to: -

- Assist councils implement financial and asset planning and management in accordance with the frameworks, and
- Support reforms to council operations through greater regional cooperation and collaboration.

The LGAT commissioned a project to assess the benefits of and barriers to implementing the common specified framework for long-term financial planning and strategic asset management planning in all Tasmanian councils.

Findings from the project were released in a report *The Framework for Long-term Financial and Asset Management Planning for all Tasmanian Councils*. Key recommendations relating to financial sustainability include: -

- Agreed sustainability indicators for reporting by all Tasmanian councils.
- An agreed long-term financial plan template.
- Long-term financial plans in place in all councils.

Council has been proactive in both its asset management and financial sustainability pursuits outlined in Council's Asset Management Strategies and plans, and this 20-year Financial Management Plan respectively.

3. Council’s Planning and Reporting Framework

Strategic Framework

Council has worked with the community to establish a 20 year vision for the city and a set of statements that describe what the city will be like if that vision is achieved.

The *Future Direction Statements* have been used as the basis for developing a strategic framework outlining the key strategies that will need to be undertaken by the Council to achieve the community vision.

In late 2015 the Council endorsed a new 10 year Capital City Strategic Plan, 2015-2025, for the City of Hobart. This is a significant change from previous five year strategic planning cycles. Due to changes in the *Local Government Act 1993*, all Councils are required to make the transition to 10 year plans. The Strategic Plan sets out the priority areas of activity which will be the focus for the next 10 years to progress the Council in achieving the Community’s 2025 Vision and the Future Directions which describe the Vision.

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

Future Directions Statements

FD1 -Offers opportunities for all ages and a city for life

In 2025 Hobart will be a city that provides opportunities for education, employment and fulfilling careers. A city that is able to retain its young people and provide a lifestyle that will encourage all ages to see the city as a desirable location and lifelong home.

FD2 -Is recognised for its natural beauty and quality of environment

In 2025 Hobart will be a city that respects the natural beauty of kunanyi/Mount Wellington, the Derwent River, the bushland surrounds and waterfront locations. It has worked to enhance the community connection through the protection of views, vistas, access and linkages and the physical environment has been conserved in a manner that will ensure a healthy and attractive city.

FD3 -Is well governed at a regional and community level

In 2025 Hobart will be a city that works effectively to lead an integrated approach to the planning and development of the metropolitan region. It will create partnerships with governments, the private sector and local communities in achieving significant regional, city and community goals.

FD4 -Achieves good quality development and urban management

In 2025 Hobart will be a city that remains unique in its own right, protecting its built heritage and history while pursuing quality development, the principles of sustainable cities and the reduction of ecological impacts. It will value access to the waterfront, foreshores, public and open spaces and continues to enjoy the benefits of scale and proximity.

FD5-Is highly accessible through efficient transport options

In 2025 Hobart will be a city that maintains its convenience and accessibility through the greater use of transport alternatives and an effective road and travel network.

An integrated approach to transport planning within the city and across the wider metropolitan region will be the result of improved public transport options, cycle ways and walking tracks linking open spaces for transport and recreation, the availability of adequate parking for commuters and shoppers, the take up of sustainable transport options, the reduction of through traffic and the management of an efficient road.

FD6 -Builds strong and healthy communities through diversity, participation and empathy

In 2025 Hobart will be a city that reflects a spirit of community and tolerance. By valuing diversity and encouraging participation by all ages in the life of their community, a friendly and compassionate society will underpin a safe and healthy city.

FD7-Is dynamic, vibrant and culturally expressive

In 2025 Hobart will be a city that is a destination of choice and a place for business. Clever thinking and support for creativity will help build a strong economic foundation, and entertainment, arts and cultural activities promote the distinctive character of the city. Lifestyle opportunities and strong communities will ensure a vibrancy and way of life that is Hobart.

Linkages with the Strategic Framework

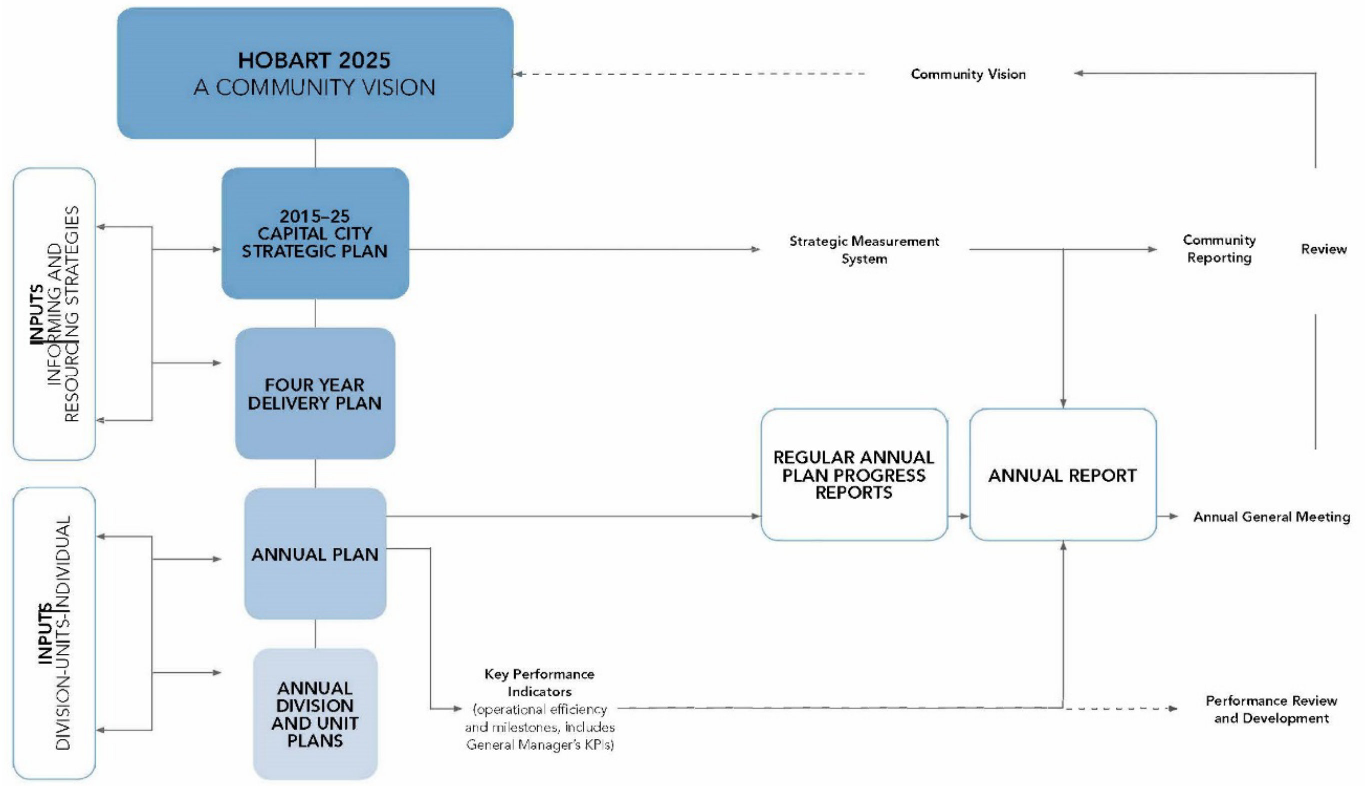
The relationship between long-term financial planning and Council's strategic framework is represented in the diagram overleaf. Long-term financial planning provides for the optimum allocation of available resources to deliver Council's strategic and corporate objectives. Long-term financial planning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

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

Council's 20-year Financial Management Plan and 20-year Asset Management Plan are integral documents. Council's Asset Management Strategy sets out the most appropriate long term course of action for implementing the asset management policy which aims to forecast long-term asset renewal requirements.

Council's Planning & Reporting Framework

PLANNING AND REPORTING FRAMEWORK



4. Introduction to Long-Term Financial Management Plan

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

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

The LTFMP is aimed at: -

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

The LTFMP has been prepared over a rolling 20 year period with the first planning year being 2018-19 and concluding in 2038-39. The LTFMP is a 'living' document and is updated annually as part of Council's annual planning and budget process and on an ongoing basis to reflect changing internal and external circumstances.

Measuring Financial Sustainability

There is not universal agreement on which measures should be used to measure financial sustainability. However, the Report *The Framework for Long-term Financial and Asset Management Planning for all Tasmanian Councils* recommends a suite of financial sustainability measures identified as key to securing long-term financial sustainability.

The 8 measures have been adopted for the purposes of the LTFMP and are as follows:

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

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

5. Assumptions and Methodology

The preparation of the LTFMP is underpinned by a 20-year financial model. The financial model allows for analysis and modelling of various financial scenarios. For the purpose of financial modelling the following key assumptions for years beyond 2018-19 have been made:

General

- Service delivery will be maintained at existing levels. The LTFMP provides for maintenance of existing services at their existing service levels.
- Council parking operations are self-funding in that parking income (fines, on and off-street parking income) exceeds the cost of parking operations. The net surplus contributes to Council's other services and programs.
- Annual asset renewal requirements are based on Council's Asset Management Plans, which set out the forecast capital renewal requirements for the next 100 years. These plans are expressed in today's dollars, but for the financial model have been indexed at 2.5% per annum.
- All maturing debt will be repaid as it falls due.

Specific

- The percentage of revenue uncollected on average at year-end is 3.8%.
- The percentage of creditors' payable on average at year-end is 10.1%.
- The percentage of commission received for collecting the Tasmanian fire service levy is 4%.
- The percentage of parking fines that result in bad debts is 4.8%.
- The employee on-cost percentage to be applied is 17.2% being payroll tax, contribution scheme superannuation, and workers compensation insurance with employee leave entitlements expense and defined benefit superannuation expense separately shown in the model.
- Costs and capital expenditure arising from Council's expanded ten year capital works program have been included.
- Costs arising from Council's major development assistance policy commitments (including the Myer site redevelopment) have been included.
- The financial effects of the change to Council's waste disposal strategic plan (i.e. deferring closure of the McRobies Gully tip site until 2030) have been included (see New Initiatives in Chapter 6).

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

		Y/E 30 June	2019	2020-22	2023-26	2027-30	2031-34	2035-39
Operating Items								
INFLOWS	**Rate increase (Council operations)**	% change	2.18	3.0	3.0	2.0	2.0	2.0
	Rate increase (fire levy)	% change	0.44	0.7	0.7	0.8	0.8	0.8
	Rate base growth	% change	1.10	0.7	0.5	0.5	0.5	0.5
	Parking - car parks	% change	9.47	3.0	3.0	3.0	3.0	3.0
	Parking - on street	% change	18.87	3.0	3.0	3.0	3.0	3.0
	Parking - fines	% change	16.99	3.0	3.0	3.0	3.0	3.0
	Operating grants	% change	1.83	2.0	2.0	2.0	2.0	2.0
	Other fees and charges	% change	2.91	3.0	3.0	3.0	3.0	3.0
	Rent	% change	1.28	3.0	3.0	3.0	3.0	3.0
	Interest revenue rate	%	2.60	3.25	3.25	3.25	3.25	3.25
OUTFLOWS	**Operating costs**	% change	0.45	2.5	2.5	2.5	2.5	2.5
	Employee salary & wages	% change	9.66	3.0	3.0	3.0	3.0	3.0
	Fire levy	% change	4.78	6.0	6.0	6.0	6.0	6.0
	Energy costs	% change	-11.6	2.5	2.5	2.5	2.5	2.5
	Interest expense rate	%	4.80	5.55	5.55	5.55	5.55	5.55

Whilst the LTFMP is updated annually, the underpinning financial model is regularly updated. Revisions have included: -

- The inclusion of 2016/17 actual results;
- The inclusion of the 2017/18 budget;
- Revisions to the 2017/18 budget as approved by Council quarterly;
- Updated assumptions;
- Revisions to depreciation forecasts;
- Revisions to the 20 year capital expenditure forecasts sourced from the updated asset management plans;
- The inclusion of TasWater distributions beyond 2024-25; and
- The inclusion of the financial impacts of Council's integrated parking strategy.

Council's 2018-19 Budget Estimates document provides further detail, but in relation to the 2018-19 budget: -

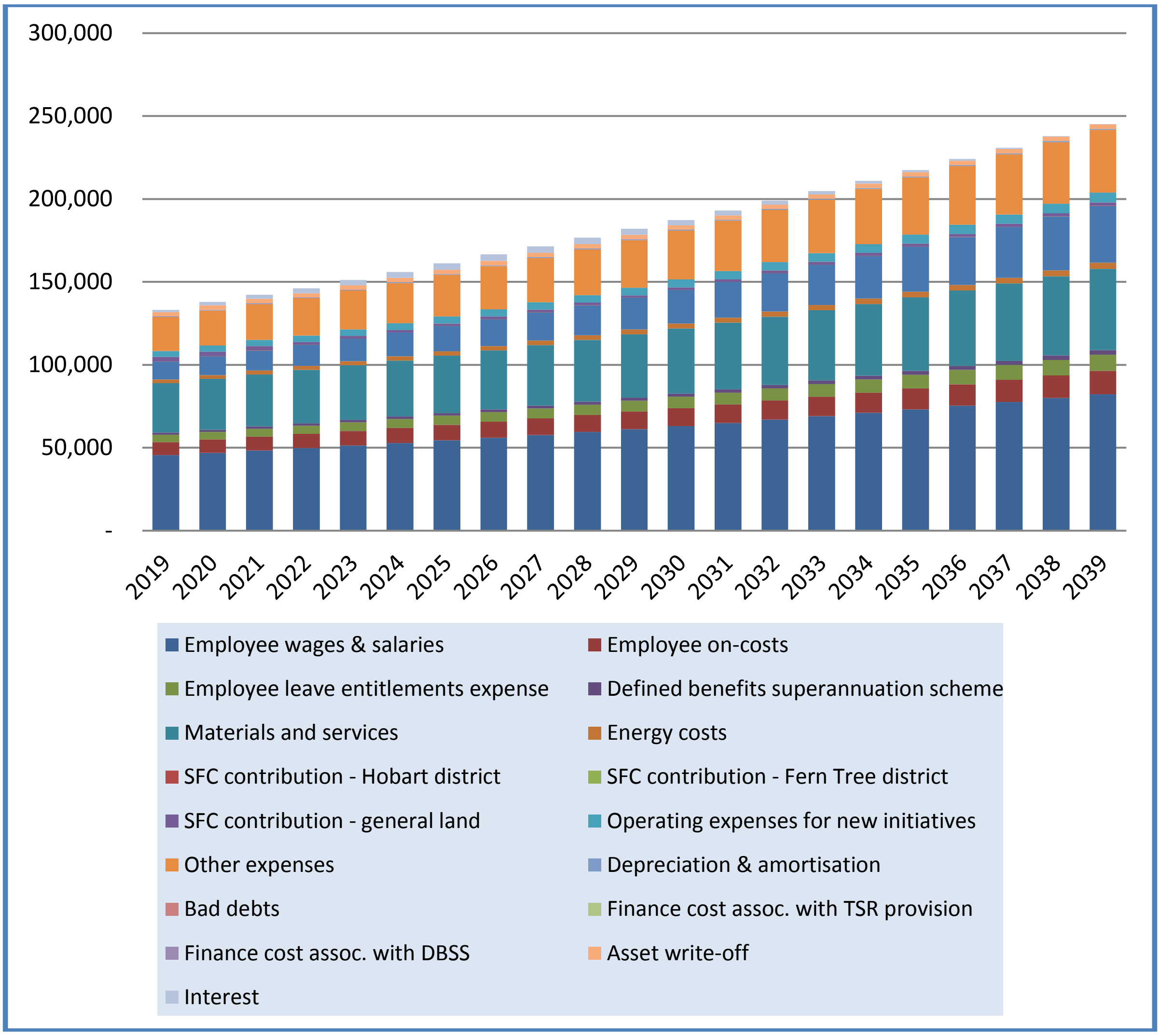
- Rate base growth (1.1%) is higher than normal due to the completion of two new hotels, and government offices in the Parliament Square precinct.
- Parking revenue increases will be higher than normal mainly due to the implementation of Council's integrated parking system during 2018-19, together with some small tariff increases for meters and car parks.
- Operating cost increases (0.45%) are lower than normal due to progressive upward revisions of the 2017-18 forecast for external labour due to a number of vacant positions being filled externally. At the same time, the 2017-18 forecast for wages and salaries was progressively revised downwards (see next dot point). The integrated parking system (see previous dot point) is contributing to an increase in operating costs.

- Employee salary and wages increases (9.66%) are higher than normal because the 2017-18 forecast was progressively revised downwards due to a number of vacant positions. As these positions were filled externally, the 2017-18 forecast for external labour was progressively revised upwards throughout the year (see dot point above). There are also additional positions arising from an organisation restructure.
- Energy costs will reduce by 11.6% due to increased efficiency measures and increased production of electricity from solar panels installed across Council buildings.

6. Key Financial Strategies

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

Forecast Operating Expenses 2018-19 to 2038-39 ($'000s)



Operating Items - Expenses

Salaries and Wages

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

Costs have been assumed to increase by 3% per annum, inclusive of reclassifications and any new positions. It is inherent in the assumption that leave amounts paid and amounts capitalised will also increase by 3% per annum.

Employee On-costs

Employee on costs includes superannuation (but not including Defined Benefits Superannuation Scheme expense), payroll tax, and workers compensation less labour overheads capitalised. On costs are assumed at 17.2% of salaries and wages, based on the 2018-19 forecast rate.

Employee Leave Entitlements Expense

Leave entitlements expense is the annual accruals for employee leave. This has been assumed to increase by 4% per annum.

Defined Benefit Superannuation Expense

Defined benefit (DB) superannuation expense is the annual DB scheme expense, as actuarially determined. It is not annual employer contributions to the scheme. This item is difficult to forecast as it is based on discount rates and interest rates among other things. However, in overall terms it is not material to the long-term financial model. This has been assumed to increase at 4% per annum.

Materials and Services

Materials and services is all expenditure not included elsewhere. Major items includes subcontractors, communication costs, consultants, licences, external labour, insurance, fuel, advertising and marketing, equipment maintenance, water and sewer charges, printing and stationery costs, and legal costs. This has been assumed to increase at 2.5% per annum.

Energy Costs

Energy costs have been assumed to increase at 2.5% per annum. Council has a target of 30% reduction in electricity use by 2020 based on 2009-10 consumption. This is expected to be achieved by energy efficiency gains, such as with lighting, building services and possible retirement of some assets.

Fire Levy

Pursuant to the *Fire Services Act 1979*, local government acts as a collection agent for this levy, which is paid directly to the State Fire Commission. This item is difficult to forecast as given its method of calculation by the State Fire Commission, is prone to substantial fluctuations, year on year. The average of the last five years has been 5.4%. Annual increases of 6% have been assumed. A 4% commission is received for collecting the levy.

Operating Expenses associated with New Initiatives

This refers to additional or reduced expenses arising from new initiatives included in the model such as those related to the Myer site redevelopment, expensed projects, and replacement of corporate business systems.

Other Expenses

Other expenses include grants and specific purpose benefits, audit fees, fringe benefits tax and land tax. This has been assumed to increase at 2.5% per annum.

Depreciation and Amortisation

Depreciation is the financial representation of the annual decrease in the value of, or consumption of service potential inherent in, Council's assets. Depreciation thus approximates the funds that will need to be spent at some time in the future to renew assets. This expense increases, on average, at 3% per annum, due to rising asset valuations and capital expenditure.

Bad Debts Expense

This represents parking fines that result in bad debts. 4.8% of parking fines are assumed to result in bad debts.

Finance Costs of Tip Site Rehabilitation Provision

This is the annual unwinding of the discount associated with measuring the tip site rehabilitation liability at present value.

Finance Costs of Defined Benefit Superannuation Scheme

This is the annual unwinding of the discount associated with measuring the defined benefit superannuation scheme liability at present value.

Tip Restoration Liability

This is the increase (if any) in the current forecast cost of rehabilitating the McRobies Gully landfill site.

Asset Write-offs

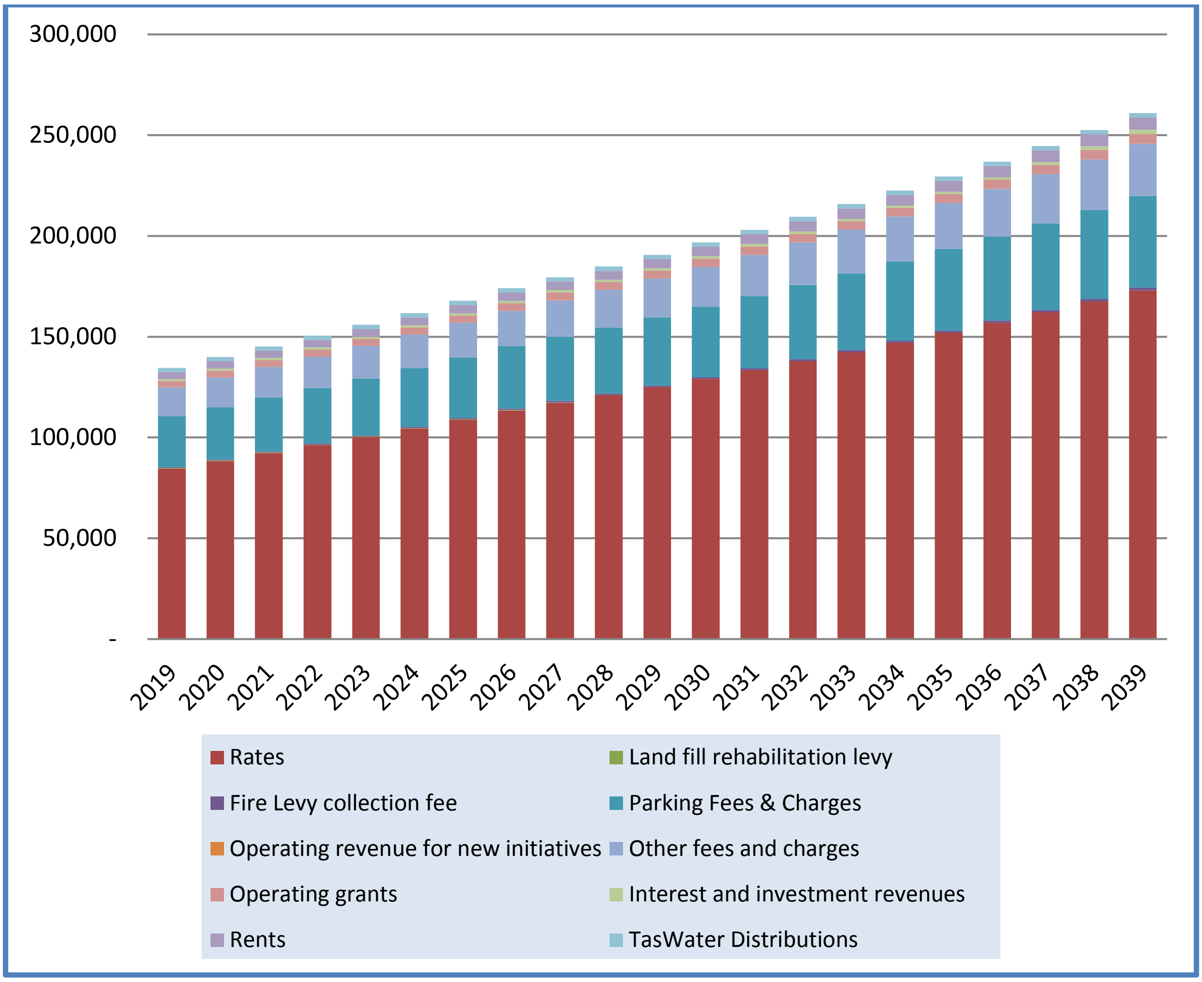
Asset write offs represents the residual value of infrastructure assets replaced. The forecast is difficult to predict.

Interest Expense

Interest expense is payable on debt. Interest rates ranging from 4.8% per annum in the immediate term rising to 5.55% have been assumed for new debt on the basis of external forecasts.

Operating Items – Revenue

Forecast Operating Revenue 2018-19 to 2038-39 ('000s)



Rates

Rates include revenue from general rates, service rates (stormwater removal and fire protection) and service charges (waste management, kerbside green waste collection and landfill rehabilitation) and late payment penalties and interest, and supplementaries. Rate increases are forecast to be 3% per annum in the short term (plus fire levy estimated at 0.7%) reducing over the forecast period to 2.0% (plus fire levy estimated at 0.8%). If development growth continues at historic levels, annual rate revenue increases will be approximately 0.5% more than the above figures.

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

Fire Levy Commission

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

Parking Fees & Charges

Parking revenue from on-street operations, car park operations and fines are all forecast to increase by 3% per annum.

Operating Revenues associated with New Initiatives

This refers to additional or reduced revenues arising from new initiatives included in the model. None are currently forecast.

Other Fees and Charges

Other fees and charges income includes all other user fees and charges including aquatic centre, landfill, external works income, sportsground hire, building and development fees, travel centre income, animal licences, hall hire and Taste Festival sales. Annual increases of 3% have been assumed.

Operating Grants

Operating grants are predominantly the Commonwealth financial assistance grants and generally minor other operating grants. They are forecast to increase by 2% per annum.

Interest and Investment Revenue

Interest revenue is earned on cash investments. Interest rates ranging from 2.6% per annum in the immediate term rising to 3.25% have been assumed on the basis of external forecasts. Interest earnings show little variation until the later years of the plan period, reflecting only minor changes in cash balances during the first half of the plan period.

Rental Income

Rental income is earned from Council's property portfolio. It is forecast to increase by 3% per annum assuming occupancy levels of Council's commercial property portfolio remain consistent.

Distributions from TasWater

Distributions are received as a result of Council's ownership interest in TasWater. They comprise guarantee fees, tax equivalent payments, and dividends. Forecast amounts are based on advice from both TasWater and the State Government to provide distributions until 2024-25. A public announcement was recently made regarding the State Government becoming a shareholder of TasWater. At this point in time, an assumption has been made that distributions beyond 2024-25 will continue at the same levels.

Non-Operating Items

Contributed Assets

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

Capital Grants

Capital grants are grants received to upgrade existing assets or to create new assets. They include Roads to Recovery grants, Tasman Highway Shared Bridge grants and other specific-purpose capital grants. These are also difficult to reliably forecast and are therefore not included unless specific advice has been received.

Asset Revaluations

Asset revaluations are revaluation increments and decrements arising from periodic asset revaluations. Usually these amounts are credited or debited directly to equity but on occasions are accounted for through the income statement. No amounts are expected.

Movement in TasWater Investment

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

Capital Items

Asset Replacement

An integral component of the LTFMP is Council's approach to asset management and in particular to the renewal of assets. Council controls assets worth over $2 billion and it is important that each generation pays their way, rather than allowing assets to run down creating a financial impost (or lower service levels) on future generations.

Council discharges its asset management obligations responsibly. As set out in this plan, Council aims to achieve modest underlying operating surpluses. This will ensure that the current generation is fully paying for the current cost of service provision and asset consumption. In addition, over recent years practices have evolved significantly to the point where Council now has well-developed asset management plans in place for all asset classes. Council is able to demonstrate this through its involvement in the Municipal Association of Victoria Advanced STEP program where in benchmarking and other reviews, performs at the upper end of participating councils.

These asset management plans will continue to evolve and improve, particularly in the buildings and stormwater asset classes. Further, the plans are based on current service levels but the aim will be, over the medium term, to link the plans with service delivery plans.

The asset renewal requirements contained within the LTFMP are fully-sourced from the asset management plans meaning that, based on information currently available, the forecasts are the organisation's best estimate of both the quantum and timing of funds required to renew assets for the next 20 years.

Capital works program

Council has a ten year capital works program comprising both new assets and asset renewal. The program includes a number of projects under the banner of 'Transforming Hobart' and includes projects which were previously part of the Inner City Action Plan. That program and the associated funding strategy have been incorporated into this document.

Borrowings

Council predominantly funds its capital works program from operations. Borrowings are undertaken for specific purposes on a case by case basis. However, Council has recently considered an expanded ten year capital works program and approved, in principle, for the program to be funded substantially by debt. However, both the program and the funding strategy are to be reviewed annually. Debt levels will remain within accepted benchmarks. Council's strong position, current low level of debt, and ongoing operating surpluses provide Council with the ability to take on, and comfortably service, increased debt.

New Initiatives

The financial model and LTFMP are based on existing services at existing service levels. However, new initiatives included are: -

- The financial impacts of Council's major development assistance policy commitments (including the Myer site redevelopment).
- Council's expanded capital works program. Any additional associated asset write-offs in relation to these projects have not yet been quantified, and thus are not included.
- The financial effects of the change to Council's waste disposal strategic plan (i.e. deferring closure of the McRobies Gully landfill site until 2030).

7. Long Term Risk, Contingency and Reserves

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

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

The LTFMP will be reviewed and updated regularly – on at least an annual basis to coincide with the adoption of the Council budget, and more frequently when new information is available which may have an impact on the LTFMP. The underpinning financial model is updated several times throughout the year.

In order to mitigate financial risk, the LTFMP has made provision for contingencies and reserves. These are outlined below. It should be noted these reserves may not necessarily be fully cash backed. Depending on the amount of cash reserves at any point in time, the total balance of reserves may in fact exceed the balance of cash holdings. With the expanded capital works program which will exhaust Council's cash balances necessitating borrowings, this will certainly be the case.

Contributions in Lieu of Public Open Space

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

Contributions in Lieu of Parking

A reserve has been established to separately account for funds provided to Council for the express purpose of providing parking facilities in the vicinity of developments that have been approved with inadequate on-site parking.

Heritage Account

Council has established a Heritage Account as required by the *National Trust Preservation Fund (Winding-up) Act 1999*. Amounts transferred to the account include the initial distribution from the National Trust Preservation Fund, together with interest accruing on the balance of the account.

The Act requires that funds transferred into the Heritage Account be applied for the provision of financial or other assistance in relation to an entry in either the National Trust Register kept by the National Trust of Australia (Tasmania) or the Tasmanian Heritage Register.

Bushland Fund

Council established a Bushland Fund for the purpose of purchasing strategic areas of bushland and open space. Up until 2003-04, an annual allocation of $0.15 million was being provided from revenue for this purpose.

During 2003-04, Council resolved to utilise the accumulated balance of the Bushland Fund to provide funding for Mt. Nelson land purchases, and to use $0.1 million of the annual allocation of $0.15 million to assist with servicing of the associated debt.

McRobies Gully Tip Site Rehabilitation

Since 2011-12, funds have been provided by a special service charge to meet the cost of rehabilitating the McRobies Gully Tip Site following completion of land filling. For the first seven years, an amount of $1.25 million per annum was provided. From 2018-19, the amount has reduced to $0.25 million per annum.

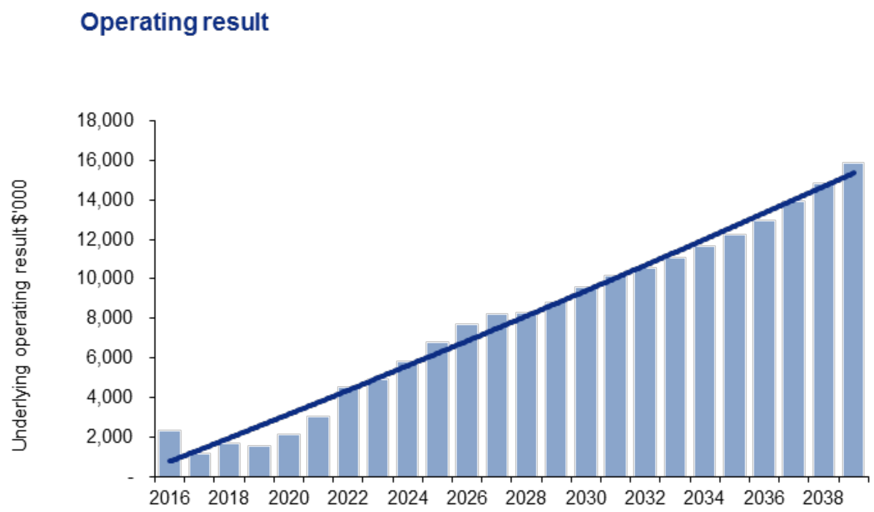
Other Project Carry-forwards

This item represents an estimate of the value of unspent projects at the end of each financial year which is carried-forward into the following financial year, with capital works representing the majority of the balance.

8. Forecast Position and Analysis

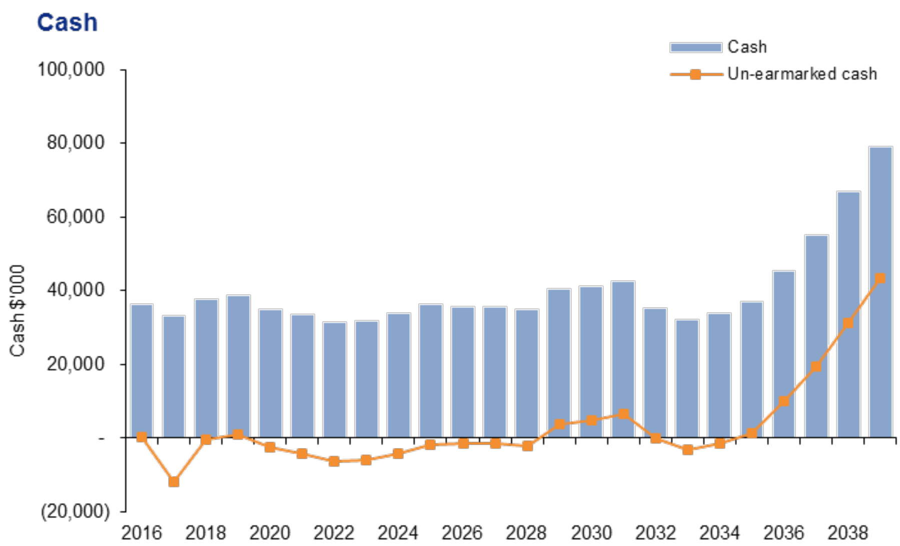
Based on the long-term financial strategy, the following outcomes will be achieved. More detail is provided in the forecast financial statements at Appendix 2.

Operating Result



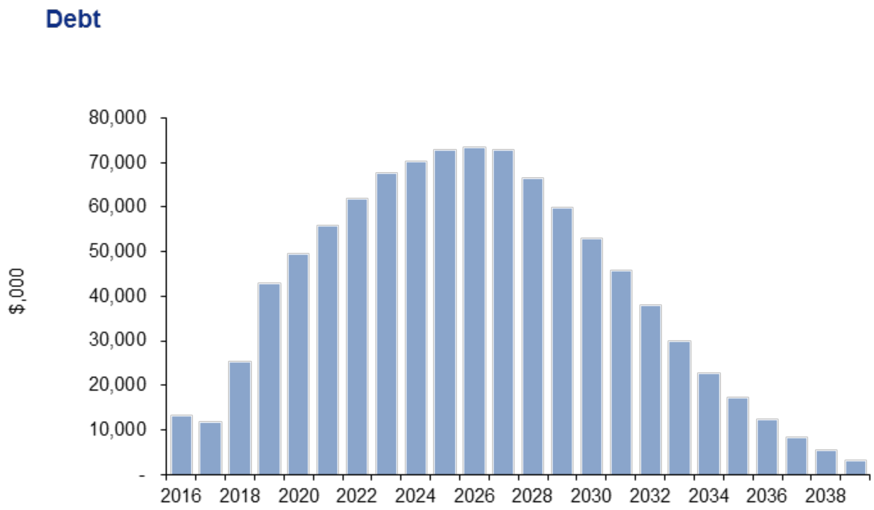
Based on the financial strategy Council will achieve ongoing modest underlying operating surpluses, which is reflective of good practice. This is discussed further in Chapter 9.

Cash



Borrowings will be required to ensure that cash balances remain around estimated minimum levels (being the equivalent of around two months cash flow) over the first half of the plan period. Balances then rise modestly during the latter part of the plan period to aid the funding of forecast asset replacement requirements. Balances and cash flow requirements will need to be closely monitored and refined as necessary.

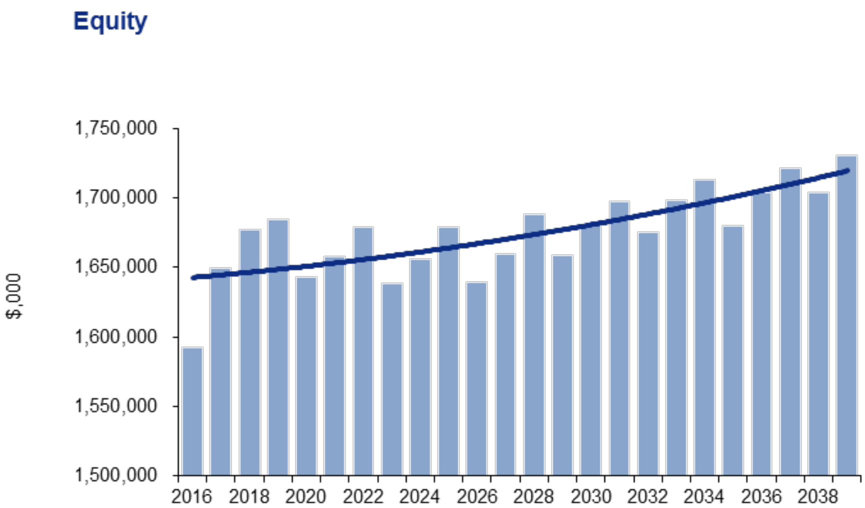
Debt



An increased borrowing program will need to be undertaken to provide funding for the expanded capital works program. Current estimates indicate that approximately $100 million of new borrowings will be required over the next 10 years.

However, the debt level will remain within accepted benchmarks. Council's strong financial position, current low level of debt, and ongoing operating surpluses provide Council with the ability to take on, and comfortably service, increased debt. See also Indicators 4 and 5 in Chapter 9.

Equity



Based on the financial strategy Council's equity is forecast to increase due to operating surpluses and asset revaluations.

9. Financial Sustainability Outcomes

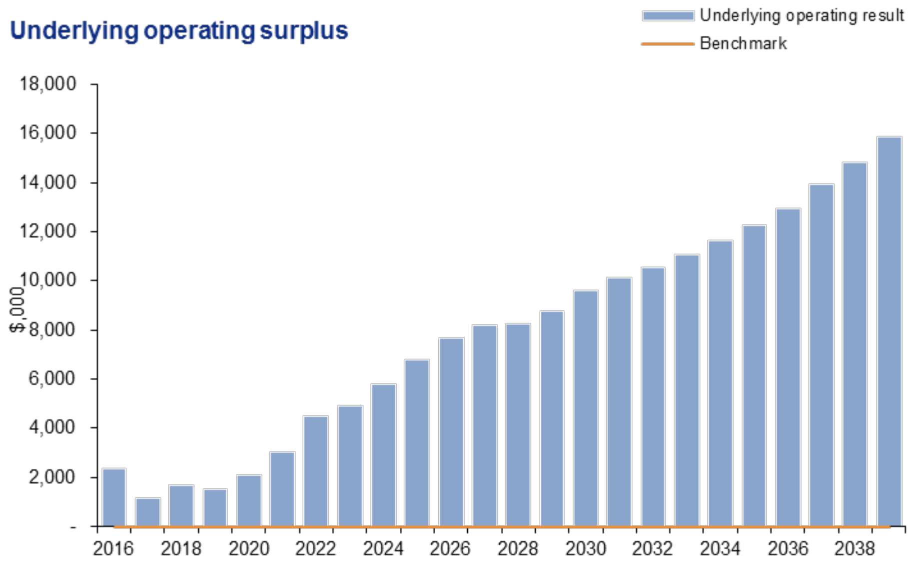
As outlined in Chapter 4, for the purpose of measuring Council's financial sustainability, eight financial sustainability measures have been adopted.

- Indicators 1 – 2 are measures of profit performance and the extent to which expenses are covered by revenues.
- Indicators 3 – 4 are measures of indebtedness and the amount council owes others (debt, employee provisions, creditors) net of financial assets (cash, investments) and amounts owed to Council.
- Indicator 5 measures the proportion of income required to meet net interest costs.
- Indicators 6 – 8 are measures of asset management.

Indicator 1 – Underlying Operating Result

The difference between day-to-day income and expenses for the period, adjusted (excluding contributed assets, asset revaluations and capital grants). This indicator is recognised as a better indicator of sustainability than the all-inclusive operating result because it excludes capital grants which can be project specific and thus non-recurring, and other amounts which are required to be recognised as income by accounting standards.

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

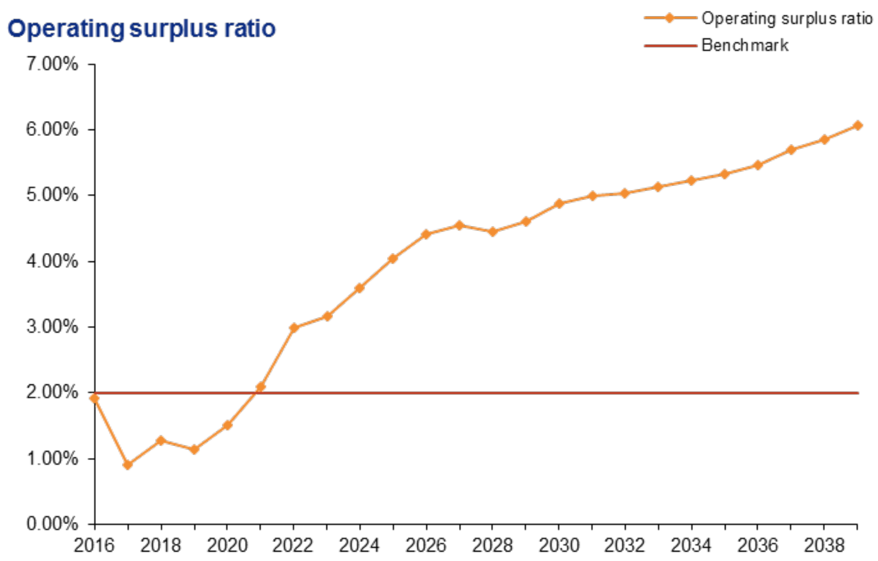


Council's LTFMP indicates through the graph above that modest surpluses will be recorded over the plan period. The surpluses rise in the later years due to net interest costs reducing, and revenue growth assumptions being slightly higher than expenditure growth assumptions, to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed.

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

Indicator 2 – Operating Surplus Ratio

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

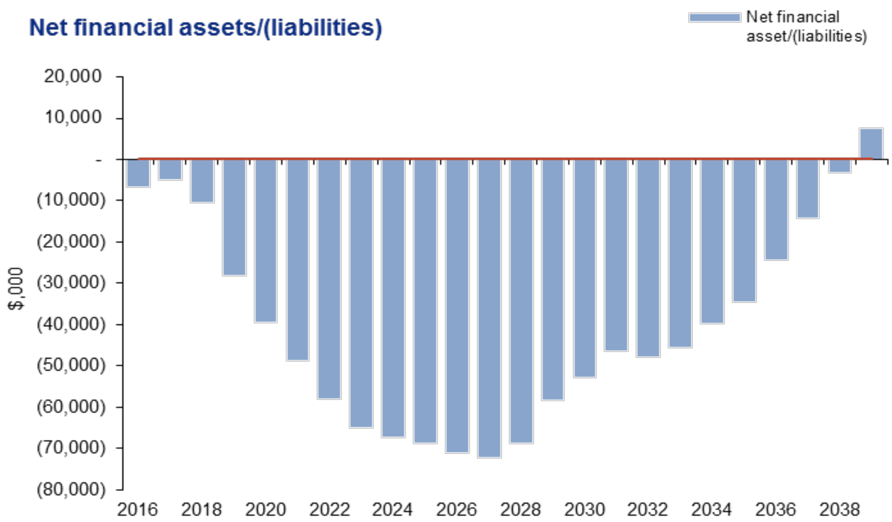


Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range 1.08%-4.5% of revenue, and averaging 3.14%. Surpluses then increase beyond this 10 year period to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed. It is important that Council generates sufficient revenue to cover all of its cash and non-cash costs, with a small buffer.

Research indicates a wide range of views on appropriate targets. Reviews indicate targets of 0% to 15%, 2.5% to 7.5%, 5% but within the range of 0% to 10% and greater than 0%. A target of 2.0% has been selected which is still modest, but that provides a small margin in the event of unexpected events, however, a higher target could be contemplated. Operating surpluses also generate cash surpluses required to retire debt (principal payments are not recorded in the operating result) and for the defined benefit superannuation scheme where accounting standard requirements can result in actual employer contributions being higher than the expense that appears in the operating result. Differences in the asset valuation rates used for financial reporting purposes and asset renewal purposes also require cash surpluses to be generated.

Indicator 3 – Net Financial Assets/ (Liabilities)

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

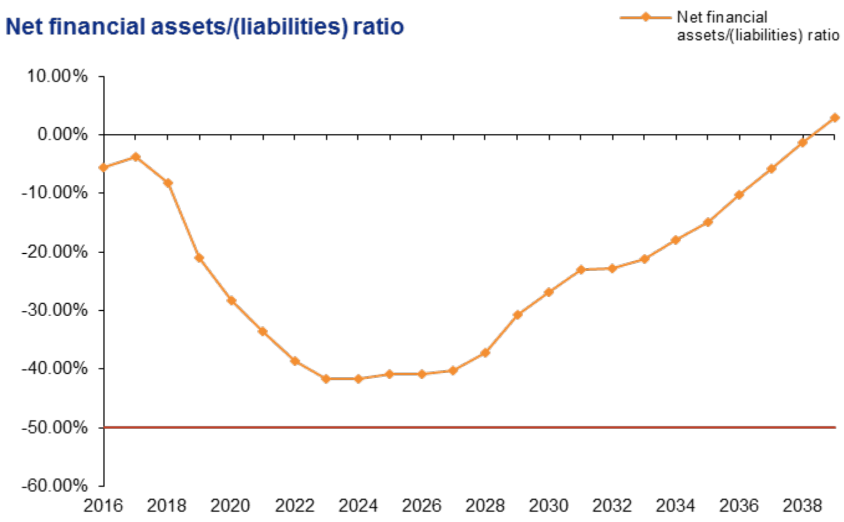


Council's LTFMP indicates through the graph above that it will continue to operate in a net financial liability position. As noted earlier, Council's expanded capital works program will exhaust cash balances and necessitate increased borrowings. The position will peak at around -$73 million in 2026-27. A net financial asset position will be recorded by the end of the plan period due to liabilities decreasing as debt is paid off, the defined benefit superannuation scheme net liability position improves and cash balances increase.

One sustainability report suggests a maximum level of net financial liabilities between nil and total operating income (approximately $135 million in 2018-19).

Indicator 4 – Net financial liabilities ratio

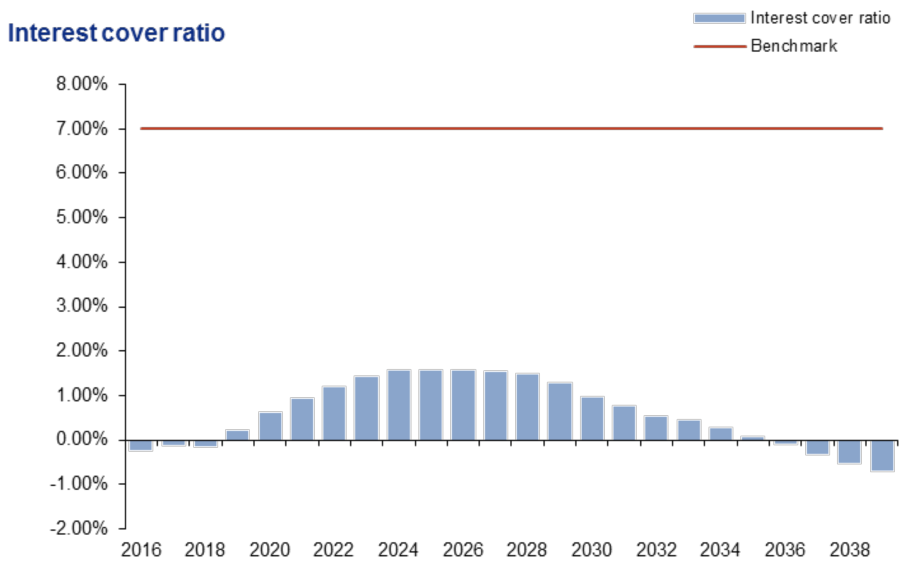
This ratio is net financial liabilities expressed as a percentage of income. It indicates the extent to which net financial liabilities can be met by the Council's income. Where the ratio is increasing it indicates the Council's capacity to meet its financial obligations from income is strengthening.



As set out above, Council will continue to operate in a net financial liability position. Council's net financial liability ratio will peak at -42% in 2022-23 then reduce across the remainder of the plan. One sustainability report suggests a maximum ratio of 0% to -100%. The Tasmanian Auditor-General suggests a ratio of 0% to -50% represents low risk, -50% to -100% moderate risk, and greater than -100% high risk.

<u>Indicator 5 – Net interest expense cover ratio</u>

This ratio is interest expense less interest earned on investments, expressed as a percentage of income. It measures the proportion of income required to service interest costs.

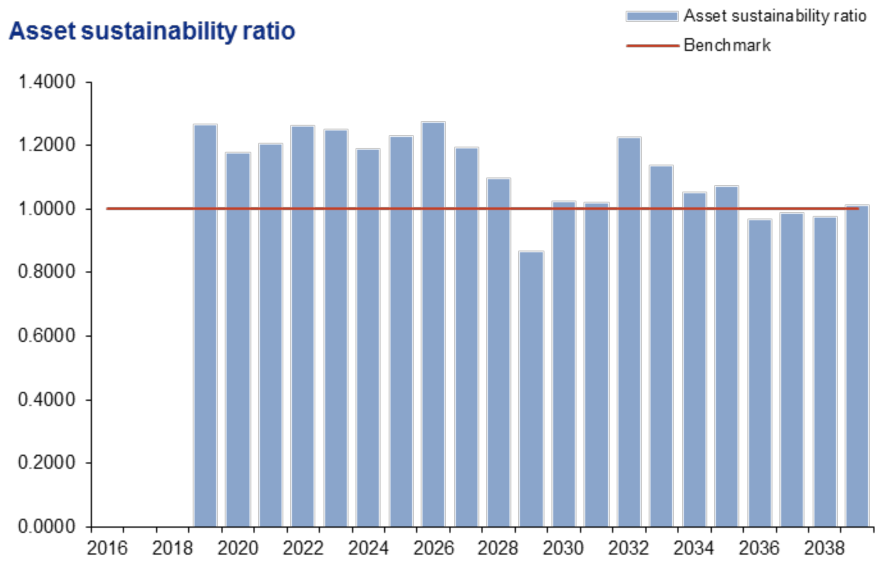


The above graph indicates that Council will operate in a net interest expense position (i.e. interest earned on investments is exceeded by interest payable on debt) until late in the plan period. A variety of targets for net interest expense have been suggested in sustainability reviews, including 0% to 10%, 2% to 5%, and 15% (with a range of 7% to 20%). Tasmanian Treasury adopts 7% when assessing local government loan requests.

Indicators 3, 4, and 5 show Council's level of indebtedness increasing from previous versions of this plan and this is mainly due to Council's expanded capital works program. However, the indicators show Council remaining within benchmarks. Council's strong position, current low level of debt, and ongoing operating surpluses provide Council with the ability to take on, and comfortably service, increased debt.

Indicator 6 – Asset sustainability ratio

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

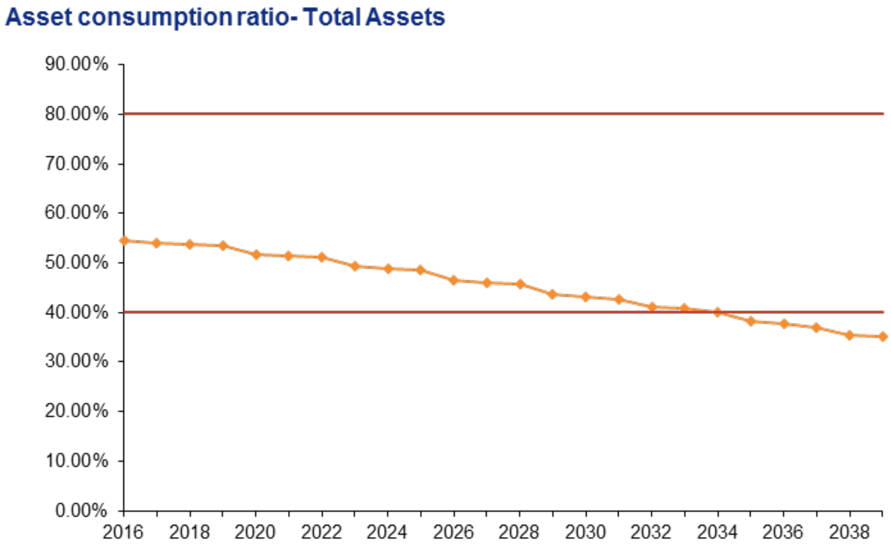


Council's LTFMP indicates through the graph above that it will operate at an average of more than 100% across the plan period. Local government proposed targets are typically set at 100%, however this does not allow for the sometime legitimate periods of less than 100% or more than 100%.

Indicator 7 – Asset consumption ratio

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

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



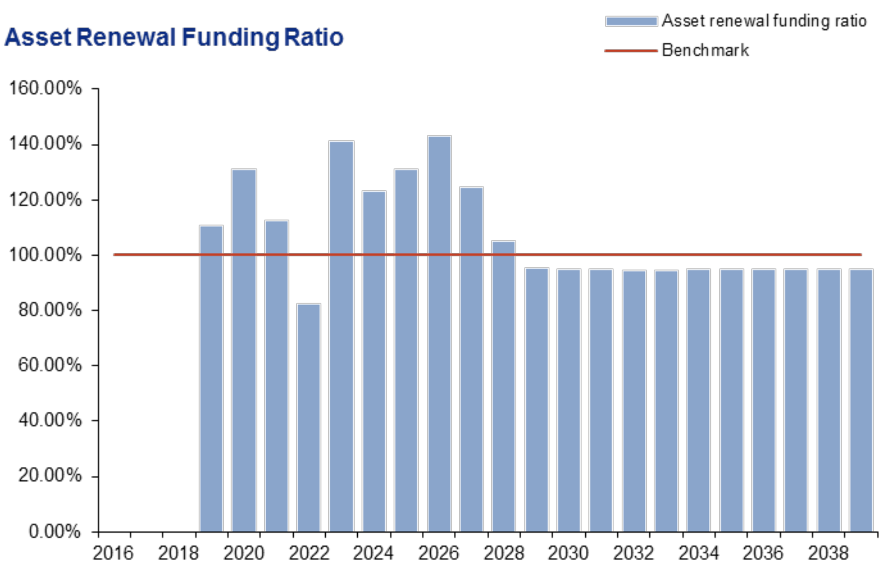
Council's LTFMP indicates through the graph above that the asset consumption ratio will decline over the plan period.

An appropriate target is difficult to define and one source suggests a ratio between 40% and 80%. The Tasmanian Auditor-General considers the road asset class in isolation and suggests a ratio of >60% to represent low risk, 40 to 60% moderate risk and less than 40% high risk. Council's road assets are currently at 45.5%.

The ratio will increase when, beyond the 20 year plan period, asset renewal expenditure will be greater than depreciation.

Indicator 8 – Asset renewal funding ratio

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



The above graph shows that during the first half of the plan period, asset renewal funding will exceed the asset renewal requirements identified for those years. The opposite is true for the second half of the plan period. This situation arises because a number of “Transforming Hobart” projects will result in asset renewal works being carried out earlier than required.

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

Changes from prior year plan

The financial outcomes forecast above are very similar to last year’s plan:

- The underlying operating surplus and operating surplus ratio are very similar. There is no longer a dip in the forecast surplus in 2025-26 as TasWater distributions are now forecast across the entire plan period.
- The net financial liabilities are forecast to peak at -$73M whereas last year the peak was forecast at -$75M. The net financial liabilities ratio has improved however, to peak at -42% from -49%.
- The asset sustainability ratio shows that across the plan period the funding ratio will be 112% per annum on average, with last year 114%.
- The asset consumption ratio mirrors last year’s.
- The asset renewal funding ratio has changed slightly. As with last year, the ratio indicates that 100% of forecast asset renewal requirements will be funded. However, higher funding levels are now forecast in the first half of the plan as renewal projects are brought forward as part of the Transforming Hobart program.

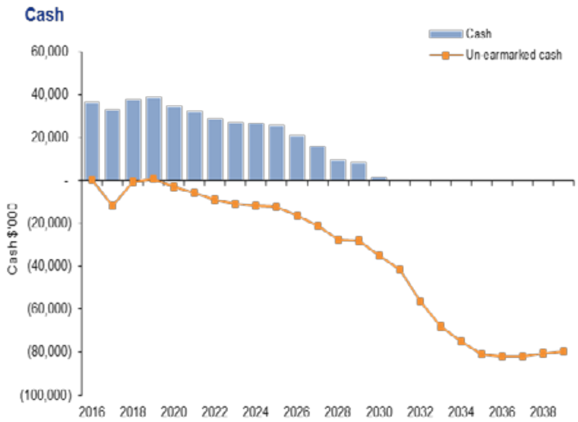
10. Sensitivity Analysis

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

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

Rates

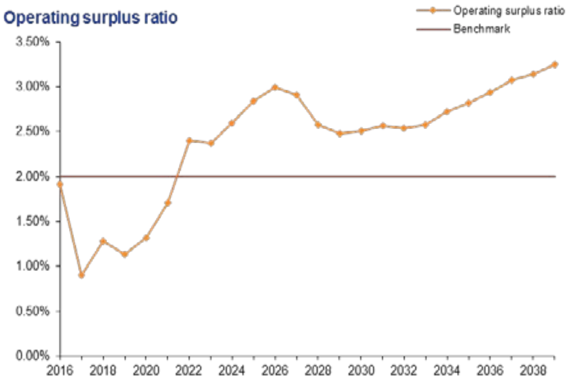
The LTFMP assumes rate increases (for Council operations) of 3% per annum into the medium term (for seven years) then decreasing to 2.0% per annum. If these rate increases are 0.5% per annum lower over the next ten years the effect is as shown below.

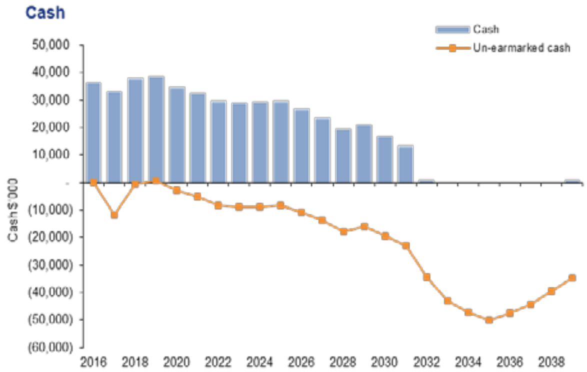


With rate increases 0.5% per annum lower over the next ten years, surpluses would continue to be recorded, but these would be below benchmark for most of the plan period. Cash balances would be exhausted by 2030-31.

Employee Salaries and Wages

The LTFMP assumes increases in employee salaries and wages of 3% per annum. If employee salaries and wages increases are 0.5% per annum higher over the next ten years the effect is as shown below.

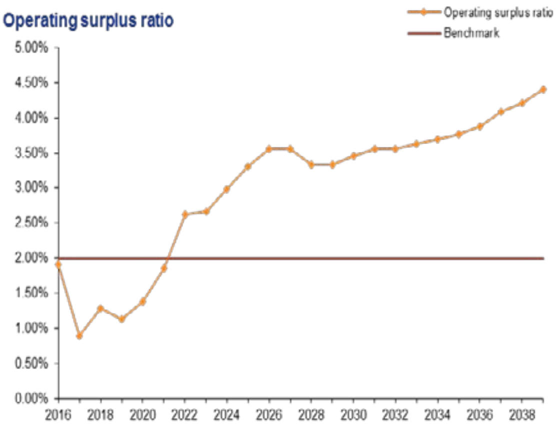


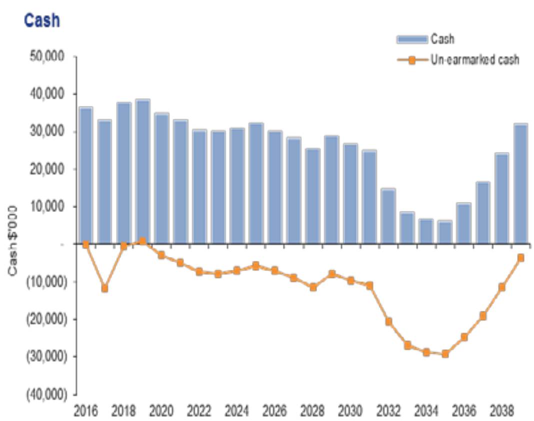


With employee salary and wage increases 0.5% per annum higher over the next ten years, surpluses would continue to be recorded, but the benchmark level would be achieved one year later. Cash balances would reduce by $78 million by the end of the plan period. To restore the status quo, rate increases would need to be approximately 0.3% per annum higher over the next ten years.

Materials and Services

The LTFMP assumes increases in materials and services of 2.5% per annum over the life of the Plan. If these materials and services increases are 0.5% per annum higher over the next ten years the effect is as shown below.





With materials and services increases 0.5% per annum higher over the next ten years, surpluses would continue to be recorded, but the benchmark level would be achieved one year later. Cash balances would reduce by $47 million by the end of the plan period. To restore the status quo, rate increases would need to be approximately 0.2% per annum higher over the next ten years.

11. Conclusions

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

Council has worked with the community to establish a 20-year vision for the city and a strategic framework outlining the key strategies that will need to be undertaken by the Council to achieve the community vision.

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

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

The achievement of the outcomes in this LTFMP will ensure Council’s financial sustainability, thus ensuring the ability to deliver services, at their current levels, into the future while sharing the cost between current and future generations of ratepayers. It will ensure the delivery of Council’s community vision.

In financial terms, it will result in: -

- Council achieving modest operating surpluses averaging 3.14% of revenue across the first half of the plan period (higher in the second half of the plan period) in line with good practice.

- An increased, but manageable and affordable level of debt.

- The continued funding of 100% of forecast asset renewal requirements over the Plan period demonstrating excellent asset management policies.

- Cash balances being maintained at estimated minimum levels (being the equivalent of two months cash flow) over the first half of the plan period. Balances then rise modestly during the latter part of the plan period. Balances and cash flow requirements will need to be closely monitored and further refined to ensure adequate liquidity.

Council will need to actively monitor revenue and cost growth in order to ensure the assumptions in the LTFMP are achieved.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rate increases to the ratepayer in the order of 3% in the medium term, decreasing in later years to 2% (excluding fire levy increases, any redistributive effects of revaluations, AAV indexation or changes to council rating policy).

These outcomes ensure the financial sustainability of Council, thus ensuring the ability to deliver services, at their current levels, into the future. It will ensure that current and future generations pay their fair share.

The LTFMP is based upon Council maintaining existing services at their existing service levels, except for the inclusion of the financial effects of Council's major development assistance policy commitments, the expanded capital works program and the effects of the change to Council's waste disposal strategic plan (the deferral of the closure of the McRobies Gully landfill site until 2030).

12. Appendices

Appendix 1 – Financial Sustainability Indicators

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

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

Appendix 2 – Forecast Financial Statements

Hobart City Council

Income statement	Forecast 2019 $000	Forecast 2020 $000	Forecast 2021 $000	Forecast 2022 $000	Forecast 2023 $000	Forecast 2024 $000	Forecast 2025 $000	Forecast 2026 $000	Forecast 2027 $000	Forecast 2028 $000	Forecast 2029 $000	Forecast 2030 $000	Forecast 2031 $000	Forecast 2032 $000	Forecast 2033 $000	Forecast 2034 $000	Forecast 2035 $000	Forecast 2036 $000	Forecast 2037 $000	Forecast 2038 $000	Forecast 2039 $000
Expenses from ordinary activities																					
Employee wages & salaries	(45,597)	(46,965)	(48,373)	(49,825)	(51,319)	(52,859)	(54,445)	(56,078)	(57,760)	(59,493)	(61,278)	(63,116)	(65,010)	(66,960)	(68,969)	(71,038)	(73,169)	(75,364)	(77,625)	(79,954)	(82,353)
Employee on-costs	(7,835)	(8,070)	(8,312)	(8,561)	(8,818)	(9,083)	(9,355)	(9,636)	(9,925)	(10,223)	(10,529)	(10,845)	(11,171)	(11,506)	(11,851)	(12,207)	(12,573)	(12,950)	(13,338)	(13,739)	(14,151)
Employee leave entitlements expense	(4,400)	(4,576)	(4,759)	(4,949)	(5,147)	(5,353)	(5,567)	(5,790)	(6,022)	(6,263)	(6,513)	(6,774)	(7,045)	(7,326)	(7,619)	(7,924)	(8,241)	(8,571)	(8,914)	(9,270)	(9,641)
Defined benefits superannuation scheme	(1,280)	(1,331)	(1,384)	(1,440)	(1,497)	(1,557)	(1,620)	(1,684)	(1,752)	(1,822)	(1,895)	(1,971)	(2,049)	(2,131)	(2,217)	(2,305)	(2,397)	(2,493)	(2,593)	(2,697)	(2,805)
Materials and services	(29,867)	(30,613)	(31,379)	(32,163)	(32,967)	(33,792)	(34,636)	(35,502)	(36,390)	(37,300)	(38,232)	(39,188)	(40,168)	(41,172)	(42,201)	(43,256)	(44,337)	(45,446)	(46,582)	(47,747)	(48,940)
Energy costs	(2,238)	(2,294)	(2,351)	(2,410)	(2,470)	(2,532)	(2,595)	(2,660)	(2,727)	(2,795)	(2,865)	(2,936)	(3,010)	(3,085)	(3,162)	(3,241)	(3,322)	(3,405)	(3,491)	(3,578)	(3,667)
SFC contribution - Hobart district	(10,707)	(11,350)	(12,031)	(12,753)	(13,518)	(14,329)	(15,189)	(16,100)	(17,066)	(18,090)	(19,175)	(20,326)	(21,546)	(22,838)	(24,209)	(25,661)	(27,201)	(28,833)	(30,563)	(32,397)	(34,340)
SFC contribution - Fern Tree district	(31)	(33)	(35)	(37)	(40)	(42)	(45)	(47)	(50)	(53)	(56)	(60)	(63)	(67)	(71)	(75)	(80)	(85)	(90)	(95)	(101)
SFC contribution - general land	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(6)	(6)	(6)	(7)
Operating expenses associated with new initiatives	(2,830)	(2,756)	(2,736)	(1,735)	(1,698)	(1,572)	(1,595)	(1,720)	(1,705)	(1,566)	(1,344)	(1,605)	(1,643)	(2,016)	(1,925)	(1,847)	(1,927)	(1,810)	(1,884)	(1,909)	(2,004)
Other expenses	(3,641)	(3,732)	(3,826)	(3,921)	(4,019)	(4,120)	(4,223)	(4,328)	(4,437)	(4,548)	(4,661)	(4,778)	(4,897)	(5,020)	(5,145)	(5,274)	(5,406)	(5,541)	(5,679)	(5,821)	(5,967)
Depreciation & amortisation	(20,523)	(21,083)	(21,606)	(22,430)	(23,416)	(24,205)	(25,064)	(26,025)	(26,621)	(27,567)	(28,721)	(29,413)	(30,430)	(31,303)	(32,272)	(33,348)	(34,357)	(35,436)	(36,184)	(37,115)	(37,703)
Bad debts	(351)	(411)	(423)	(436)	(449)	(462)	(476)	(490)	(505)	(520)	(536)	(552)	(568)	(585)	(603)	(621)	(640)	(659)	(679)	(699)	(720)
Finance cost assoc. with Landfill provision	(111)	(100)	(99)	(98)	(96)	(94)	(91)	(81)	(64)	(55)	(52)	(42)	(29)	(21)	-	-	-	-	-	-	-
Finance cost assoc. with DBSS	79	82	85	89	92	96	100	104	108	112	117	122	126	132	137	142	148	154	160	166	173
Tip restoration liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset write-off	(2,530)	(2,573)	(2,525)	(2,544)	(2,549)	(2,549)	(2,564)	(2,575)	(2,574)	(2,628)	(2,643)	(2,592)	(2,590)	(2,603)	(2,600)	(2,618)	(2,607)	(2,606)	(2,610)	(2,590)	(2,669)
Interest	(1,291)	(2,133)	(2,519)	(2,888)	(3,238)	(3,584)	(3,744)	(3,889)	(3,948)	(3,923)	(3,591)	(3,242)	(2,874)	(2,487)	(2,079)	(1,650)	(1,265)	(952)	(676)	(464)	(295)
Loss on Disposal on Plant and Equipment	-	-	-	(0)	(0)	-	-	(0)	(0)	-	-	(0)	(0)	-	(0)	(0)	-	-	(0)	(0)	-
Total expenses	(133,155)	(137,941)	(142,276)	(146,104)	(151,153)	(156,040)	(161,113)	(166,506)	(171,441)	(176,735)	(181,979)	(187,322)	(192,971)	(198,993)	(204,792)	(210,928)	(217,380)	(224,002)	(230,753)	(237,914)	(245,188)
Revenues from ordinary activities																					
Rates and charges - general	61,768	64,491	67,377	70,102	72,934	75,867	78,903	82,046	84,279	86,548	88,853	91,193	93,567	95,973	98,409	100,873	103,364	105,879	108,415	110,970	113,540
Rates and charges - stormwater	4,371	4,393	4,415	4,437	4,459	4,482	4,504	4,527	4,549	4,572	4,595	4,618	4,641	4,664	4,687	4,711	4,734	4,758	4,782	4,806	4,830
Rates and charges - garbage disposal	6,977	7,361	7,766	8,193	8,644	9,119	9,621	10,150	10,708	11,297	11,918	12,574	13,265	13,995	14,765	15,577	16,433	17,337	18,291	19,297	20,358
Rates and charges - green waste	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700
Rates and charges - fire	10,311	10,930	11,586	12,281	13,018	13,799	14,627	15,504	16,435	17,421	18,466	19,574	20,748	21,993	23,313	24,712	26,194	27,766	29,432	31,198	33,070
Rates and charges - penalties, interest, supplementarie:	545	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515
Land fill rehabilitation levy	246	246	246	246	246	246	246	246	246	-	-	-	-	-	-	-	-	-	-	-	-
Fire levy commission - Hobart district	428	454	481	510	541	573	608	644	683	724	767	813	862	914	968	1,026	1,088	1,153	1,223	1,296	1,374
Fire levy commission - Fern Tree district	1	1	1	1	2	2	2	2	2	2	2	2	3	3	3	3	3	3	4	4	4
Fire levy commission - general land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and charges - car parks	10,180	10,485	10,800	11,124	11,457	11,801	12,155	12,520	12,895	13,282	13,681	14,091	14,514	14,949	15,398	15,860	16,335	16,825	17,330	17,850	18,386
Fees and charges - on-street parking	6,469	6,663	6,863	7,069	7,281	7,499	7,724	7,956	8,195	8,440	8,694	8,954	9,223	9,500	9,785	10,078	10,381	10,692	11,013	11,343	11,684
Fees and charges - parking fines	8,510	8,765	9,028	9,299	9,578	9,865	10,161	10,466	10,780	11,103	11,437	11,780	12,133	12,497	12,872	13,258	13,656	14,065	14,487	14,922	15,370
Operating revenue associated with new initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other fees and charges	14,323	14,753	15,195	15,651	16,121	16,604	17,102	17,616	18,144	18,688	19,249	19,826	20,421	21,034	21,665	22,315	22,984	23,674	24,384	25,115	25,869
Operating grants	3,220	3,284	3,350	3,417	3,485	3,555	3,626	3,699	3,773	3,848	3,925	4,003	4,084	4,165	4,249	4,334	4,420	4,509	4,599	4,691	4,785
Interest and investment revenues	981	1,252	1,131	1,077	1,010	1,021	1,080	1,153	1,136	1,130	1,102	1,284	1,300	1,337	1,098	997	1,047	1,140	1,411	1,722	2,101
Rents	3,400	3,502	3,607	3,715	3,827	3,941	4,060	4,182	4,307	4,436	4,569	4,706	4,848	4,993	5,143	5,297	5,456	5,620	5,788	5,962	6,141
TasWater Distribution	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Disposal on Plant and Equipment	0	0	0	-	-	0	0	-	-	0	0	-	-	0	-	-	0	0	-	-	0
Total Revenues	134,603	139,968	145,234	150,510	155,989	161,762	167,805	174,097	179,518	184,880	190,645	196,807	202,995	209,404	215,741	222,427	229,484	236,810	244,547	252,563	260,897
Underlying operating result	1,447	2,027	2,957	4,405	4,836	5,722	6,693	7,590	8,076	8,145	8,666	9,485	10,025	10,411	10,949	11,499	12,104	12,809	13,793	14,649	15,709
Non-operating items																					
Capital grants	455	950	950	950	950	950	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600
Revaluation on investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve to the P&L	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-	-	-
Gain on Other Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on Other Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in TasWater	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating items	(1,365)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating items	(910)	950	950	950	950	950	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600
Net surplus / (deficit)	537	2,977	3,907	5,355	5,786	6,672	7,292	8,190	8,676	8,745	9,266	10,085	10,625	11,011	11,549	12,099	12,704	13,409	14,393	15,249	16,309

Hobart City Council

Cash flow	Forecast 2019 $000	Forecast 2020 $000	Forecast 2021 $000	Forecast 2022 $000	Forecast 2023 $000	Forecast 2024 $000	Forecast 2025 $000	Forecast 2026 $000	Forecast 2027 $000	Forecast 2028 $000	Forecast 2029 $000	Forecast 2030 $000	Forecast 2031 $000	Forecast 2032 $000	Forecast 2033 $000	Forecast 2034 $000	Forecast 2035 $000	Forecast 2036 $000	Forecast 2037 $000	Forecast 2038 $000	Forecast 2039 $000
Cash flows from operating activities																					
Receipts																					
Rates and charges	84,804	88,496	92,455	96,329	100,364	104,569	108,950	113,516	117,291	120,916	124,897	129,019	133,276	137,674	142,218	146,911	151,759	156,767	161,940	167,284	172,805
Fees and charges - parking	25,040	25,534	26,251	27,038	27,849	28,685	29,545	30,432	31,345	32,285	33,253	34,251	35,279	36,337	37,427	38,550	39,706	40,898	42,125	43,388	44,690
Other fees and charges	14,308	14,737	15,179	15,634	16,103	16,586	17,084	17,596	18,124	18,668	19,228	19,805	20,399	21,011	21,641	22,290	22,959	23,648	24,357	25,088	25,841
Operating grants	3,218	3,282	3,347	3,414	3,483	3,552	3,623	3,696	3,770	3,845	3,922	4,001	4,081	4,162	4,245	4,330	4,417	4,505	4,595	4,687	4,781
Rents	3,398	3,498	3,603	3,711	3,822	3,937	4,055	4,177	4,302	4,431	4,564	4,701	4,842	4,987	5,137	5,291	5,450	5,613	5,782	5,955	6,134
Interest and investment income	981	1,252	1,131	1,077	1,010	1,021	1,080	1,153	1,136	1,130	1,102	1,284	1,300	1,337	1,098	997	1,047	1,140	1,411	1,722	2,101
Operating revenue associated with new initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	429	454	482	511	541	574	608	645	683	724	768	814	863	914	969	1,027	1,089	1,154	1,224	1,297	1,375
Non-operating items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments																					
Less employee costs	(53,432)	(55,035)	(56,686)	(58,386)	(60,138)	(61,942)	(63,800)	(65,714)	(67,686)	(69,716)	(71,808)	(73,962)	(76,181)	(78,466)	(80,820)	(83,245)	(85,742)	(88,314)	(90,964)	(93,693)	(96,503)
Less leave entitlements paid	(3,494)	(3,634)	(3,780)	(3,931)	(4,088)	(4,251)	(4,422)	(4,598)	(4,782)	(4,974)	(5,173)	(5,379)	(5,595)	(5,818)	(6,051)	(6,293)	(6,545)	(6,807)	(7,079)	(7,362)	(7,657)
Less employer contributions DBS	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)	(841)
Less operating costs	(32,121)	(32,826)	(33,647)	(34,488)	(35,350)	(36,234)	(37,140)	(38,068)	(39,020)	(39,995)	(40,995)	(42,020)	(43,071)	(44,147)	(45,251)	(46,382)	(47,542)	(48,731)	(49,949)	(51,198)	(52,478)
Less interest paid	(1,291)	(2,133)	(2,519)	(2,888)	(3,238)	(3,584)	(3,744)	(3,889)	(3,948)	(3,923)	(3,591)	(3,242)	(2,874)	(2,487)	(2,079)	(1,650)	(1,265)	(952)	(676)	(464)	(295)
Less operating expenses associated with new initia	(2,830)	(2,756)	(2,736)	(1,735)	(1,698)	(1,572)	(1,595)	(1,720)	(1,705)	(1,566)	(1,344)	(1,605)	(1,643)	(2,016)	(1,925)	(1,847)	(1,927)	(1,810)	(1,884)	(1,909)	(2,004)
Less cash paid out of TSR	(715)	(445)	(190)	(195)	(201)	(207)	(528)	(755)	(415)	(146)	(420)	(527)	(255)	(843)	-	-	-	-	-	-	-
Other	(14,331)	(15,043)	(15,816)	(16,631)	(17,492)	(18,401)	(19,361)	(20,376)	(21,447)	(22,579)	(23,775)	(25,039)	(26,374)	(27,786)	(29,277)	(30,854)	(32,522)	(34,284)	(36,148)	(38,118)	(40,202)
Non-operating items	(1,365)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash flows from operating activities	21,757	24,539	26,235	28,619	30,127	31,892	33,515	35,253	36,806	38,261	39,788	41,259	43,206	44,019	46,491	48,285	50,043	51,988	53,895	55,838	57,746
Cash flows from investing activities																					
Receipts																					
Capital grants	455	950	950	950	950	950	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600
TasWater Distribution	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172
Sale of assets	499	922	704	626	731	749	768	787	807	827	848	869	891	913	936	959	983	1,008	1,033	1,059	1,085
Payments																					
Infrastructure	(37,187)	(34,967)	(32,502)	(34,184)	(33,416)	(30,471)	(30,486)	(32,414)	(32,528)	(29,620)	(24,705)	(30,160)	(31,108)	(36,574)	(39,421)	(35,477)	(38,540)	(33,803)	(35,008)	(34,291)	(40,613)
New Assets	(6,583)	(5,784)	(4,397)	(4,276)	(3,159)	(1,861)	(866)	(1,070)	(1,755)	(899)	(1,001)	(1,038)	(1,071)	(1,042)	(1,208)	(1,163)	(1,239)	(1,190)	(1,211)	(1,199)	(1,384)
Asset Renewals	(21,943)	(21,202)	(21,261)	(22,903)	(23,976)	(23,449)	(25,010)	(26,360)	(25,394)	(24,211)	(19,629)	(24,281)	(25,044)	(29,820)	(31,994)	(28,661)	(31,178)	(27,169)	(28,174)	(27,575)	(32,721)
Asset Upgrades	(8,661)	(7,981)	(6,844)	(7,005)	(6,280)	(5,160)	(4,610)	(4,984)	(5,379)	(4,511)	(4,075)	(4,841)	(4,993)	(5,712)	(6,219)	(5,652)	(6,122)	(5,445)	(5,624)	(5,518)	(6,509)
Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Renewals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Upgrades	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	(4,619)	(4,003)	(5,539)	(6,166)	(6,146)	(6,083)	(6,653)	(7,737)	(7,281)	(6,860)	(6,478)	(7,311)	(7,294)	(10,796)	(5,787)	(7,885)	(6,769)	(8,716)	(9,311)	(10,675)	(6,650)
New Assets	-	-	-	-	-	-	-	-	-	-	(228)	(222)	(220)	(282)	(149)	(227)	(186)	(271)	(286)	(336)	(190)
Asset Renewals	(4,061)	(3,586)	(4,884)	(5,415)	(5,413)	(5,360)	(5,856)	(6,796)	(6,405)	(6,043)	(5,321)	(6,056)	(6,046)	(8,971)	(4,873)	(6,554)	(5,664)	(7,203)	(7,695)	(8,792)	(5,569)
Asset Upgrades	(558)	(417)	(655)	(750)	(733)	(722)	(797)	(941)	(877)	(817)	(929)	(1,034)	(1,028)	(1,544)	(765)	(1,103)	(919)	(1,242)	(1,330)	(1,547)	(892)
Net cash flows from investing activities	(38,680)	(34,927)	(34,216)	(36,602)	(35,709)	(32,682)	(33,599)	(36,591)	(36,230)	(32,881)	(27,563)	(33,831)	(34,739)	(43,685)	(41,501)	(39,630)	(41,554)	(38,739)	(40,514)	(41,135)	(43,406)
Cash flows from financing activities																					
Receipts																					
Proceeds from borrowings	20,000	10,000	10,000	10,000	10,000	7,000	7,000	6,000	5,000	-	-	-	-	-	-	-	-	-	-	-	-
Payments																					
Less repayment of borrowings	(2,267)	(3,326)	(3,697)	(4,074)	(4,080)	(4,408)	(4,647)	(5,202)	(5,742)	(6,267)	(6,599)	(6,948)	(7,316)	(7,703)	(8,111)	(7,115)	(5,598)	(4,912)	(3,823)	(3,035)	(2,204)
Net cash flows from financing activities	17,733	6,674	6,303	5,926	5,920	2,592	2,353	798	(742)	(6,267)	(6,599)	(6,948)	(7,316)	(7,703)	(8,111)	(7,115)	(5,598)	(4,912)	(3,823)	(3,035)	(2,204)
Net increase/(decrease) in cash held	810	(3,714)	(1,678)	(2,057)	338	1,801	2,269	(539)	(165)	(888)	5,625	481	1,151	(7,368)	(3,120)	1,539	2,891	8,337	9,558	11,668	12,137
Cash held at beginning of the year	37,717	38,527	34,813	33,135	31,078	31,416	33,217	35,486	34,947	34,782	33,894	39,519	40,000	41,151	33,782	30,662	32,201	35,092	43,429	52,987	64,655
Cash held at the end of the year	38,527	34,813	33,135	31,078	31,416	33,217	35,486	34,947	34,782	33,894	39,519	40,000	41,151	33,782	30,662	32,201	35,092	43,429	52,987	64,655	76,792
Closing cash balance earmarked for:																					
Debt redemption	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions in lieu of public open space	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235
Contributions in lieu of parking	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135
Heritage account	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499
Unspent grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public infrastructure fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant and equipment carry-forwards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bushland fund	498	548	598	648	698	748	798	848	898	948	998	1,048	1,098	1,148	1,198	1,248	1,298	1,348	1,398	1,448	1,498
Biennial election costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
McRobies Gully tip site rehabilitation	3,160	2,961	3,017	3,068	3,113	3,152	2,870	2,361	2,192	2,046	1,626	1,099	844	1	1	1	1	1	1	1	1
Other project carry-forwards	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Funding of future year's budgets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of creditors and accrued charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refundable deposits	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281
Future Asset Renewal Reserve	720	(2,845)	(4,629)	(6,787)	(6,544)	(4,832)	(2,331)	(2,411)	(2,458)	(3,249)	2,746	3,704	5,060	(1,516)	(4,686)	(3,197)	(356)	7,931	17,439	29,056	41,143
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Hobart City Council

Balance sheet

Balance sheet	Forecast 2019 $000	Forecast 2020 $000	Forecast 2021 $000	Forecast 2022 $000	Forecast 2023 $000	Forecast 2024 $000	Forecast 2025 $000	Forecast 2026 $000	Forecast 2027 $000	Forecast 2028 $000	Forecast 2029 $000	Forecast 2030 $000	Forecast 2031 $000	Forecast 2032 $000	Forecast 2033 $000	Forecast 2034 $000	Forecast 2035 $000	Forecast 2036 $000	Forecast 2037 $000	Forecast 2038 $000	Forecast 2039 $000
Assets																					
Current assets																					
Cash & cash equivalents	38,527	34,813	33,135	31,078	31,416	33,217	35,486	34,947	34,782	33,894	39,519	40,000	41,151	33,782	30,662	32,201	35,092	43,429	52,987	64,655	76,792
Inventories	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331
Receivables	4,598	4,731	4,921	5,109	5,305	5,508	5,720	5,940	6,130	6,317	6,519	6,728	6,944	7,167	7,397	7,634	7,880	8,133	8,394	8,664	8,942
Other	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Total current assets	43,478	39,897	38,409	36,540	37,074	39,079	41,559	41,240	41,264	40,564	46,392	47,081	48,448	41,302	38,412	40,189	43,325	51,915	61,734	73,671	86,087
Non current assets																					
Receivables	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in associates	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686	164,686
Other investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant & equipment	1,547,191	1,517,210	1,541,565	1,572,008	1,538,074	1,557,773	1,582,401	1,545,468	1,566,361	1,591,564	1,551,625	1,567,920	1,578,927	1,557,733	1,578,643	1,587,801	1,548,954	1,562,807	1,570,366	1,541,496	1,557,401
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non current assets	1,712,103	1,682,122	1,706,477	1,736,920	1,702,986	1,722,685	1,747,313	1,710,380	1,731,273	1,756,476	1,716,537	1,732,832	1,743,839	1,722,645	1,743,555	1,752,713	1,713,866	1,727,719	1,735,278	1,706,408	1,722,313
Total assets	1,755,581	1,722,019	1,744,886	1,773,461	1,740,060	1,761,764	1,788,872	1,751,620	1,772,537	1,797,039	1,762,929	1,779,913	1,792,287	1,763,948	1,781,967	1,792,902	1,757,190	1,779,633	1,797,012	1,780,079	1,808,400
Liabilities																					
Current liabilities																					
Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables - Creditors	(4,710)	(4,866)	(5,028)	(5,196)	(5,372)	(5,554)	(5,744)	(5,942)	(6,147)	(6,362)	(6,585)	(6,818)	(7,061)	(7,314)	(7,578)	(7,854)	(8,141)	(8,442)	(8,755)	(9,083)	(9,425)
Payables - Wages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trust, deposits, retention	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)
Employee benefits	(12,438)	(13,173)	(13,937)	(14,731)	(15,558)	(16,417)	(17,311)	(18,240)	(19,207)	(20,212)	(21,258)	(22,345)	(23,476)	(24,652)	(25,876)	(27,148)	(28,471)	(29,847)	(31,278)	(32,766)	(34,313)
Unearned revenue	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)
Loans & other borrowings	(3,326)	(3,697)	(4,074)	(4,080)	(4,408)	(4,647)	(5,202)	(5,742)	(6,267)	(6,599)	(6,948)	(7,316)	(7,703)	(8,111)	(7,115)	(5,598)	(4,912)	(3,823)	(3,035)	(2,204)	(1,626)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	(23,811)	(25,072)	(26,375)	(27,344)	(28,674)	(29,954)	(31,592)	(33,260)	(34,958)	(36,509)	(38,127)	(39,815)	(41,576)	(43,413)	(43,905)	(43,935)	(44,860)	(45,447)	(46,403)	(47,388)	(48,701)
Non current liabilities																					
Deferred liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefits	(3,508)	(3,715)	(3,931)	(4,155)	(4,388)	(4,630)	(4,883)	(5,145)	(5,417)	(5,701)	(5,996)	(6,303)	(6,622)	(6,953)	(7,298)	(7,657)	(8,030)	(8,418)	(8,822)	(9,242)	(9,678)
Defined benefits scheme	(270)	(678)	(1,136)	(1,646)	(2,210)	(2,830)	(3,509)	(4,248)	(5,051)	(5,919)	(6,856)	(7,864)	(8,946)	(10,105)	(11,343)	(12,665)	(14,074)	(15,572)	(17,164)	(18,853)	(20,644)
Loans & other borrowings	(39,597)	(45,900)	(51,825)	(57,745)	(63,337)	(65,690)	(67,488)	(67,746)	(66,479)	(59,880)	(52,932)	(45,616)	(37,913)	(29,802)	(22,688)	(17,089)	(12,178)	(8,355)	(5,320)	(3,117)	(1,490)
Provision for landfill restoration	(4,205)	(3,860)	(3,769)	(3,672)	(3,567)	(3,454)	(3,017)	(2,343)	(1,992)	(1,901)	(1,533)	(1,048)	(822)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non current liabilities	(47,580)	(54,153)	(60,661)	(67,218)	(73,502)	(76,604)	(78,897)	(79,482)	(78,939)	(73,401)	(67,317)	(60,831)	(54,303)	(46,860)	(41,329)	(37,412)	(34,282)	(32,345)	(31,306)	(31,212)	(31,812)
Total liabilities	(71,391)	(79,225)	(87,036)	(94,562)	(102,176)	(106,558)	(110,489)	(112,742)	(113,897)	(109,910)	(105,444)	(100,646)	(95,879)	(90,274)	(85,234)	(81,347)	(79,141)	(77,792)	(77,710)	(78,600)	(80,513)
Net assets	1,684,190	1,642,794	1,657,850	1,678,899	1,637,885	1,655,206	1,678,383	1,638,877	1,658,640	1,687,129	1,657,485	1,679,267	1,696,408	1,673,674	1,696,733	1,711,555	1,678,049	1,701,841	1,719,302	1,701,480	1,727,886
Equity																					
Asset revaluation reserve	(545,650)	(499,027)	(508,159)	(521,912)	(473,248)	(482,216)	(496,441)	(447,122)	(456,805)	(475,140)	(434,800)	(445,245)	(450,490)	(415,451)	(425,786)	(427,320)	(379,928)	(389,340)	(391,406)	(357,307)	(366,505)
Capital appropriation reserve	(16,739)	(18,989)	(21,006)	(22,947)	(24,811)	(26,491)	(28,151)	(29,774)	(31,177)	(32,587)	(34,016)	(35,269)	(36,540)	(37,833)	(39,009)	(40,197)	(41,379)	(42,350)	(43,351)	(44,378)	(45,278)
Other reserves	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237
Accumulated (surplus)/deficit	(1,189,039)	(1,192,015)	(1,195,923)	(1,201,278)	(1,207,064)	(1,213,736)	(1,221,029)	(1,229,219)	(1,237,895)	(1,246,640)	(1,255,906)	(1,265,991)	(1,276,616)	(1,287,627)	(1,299,176)	(1,311,276)	(1,323,980)	(1,337,389)	(1,351,782)	(1,367,031)	(1,383,340)
Total equity	(1,684,190)	(1,642,794)	(1,657,850)	(1,678,899)	(1,637,885)	(1,655,206)	(1,678,383)	(1,638,878)	(1,658,641)	(1,687,130)	(1,657,485)	(1,679,268)	(1,696,409)	(1,673,674)	(1,696,733)	(1,711,555)	(1,678,049)	(1,701,841)	(1,719,302)	(1,701,480)	(1,727,887)