

FINANCIAL MANAGEMENT STRATEGY 2023 / 2033

Adopted by Council 17 April 2023

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Executive Summary

The Waratah-Wynyard Council's Financial Management Strategy (FMS) is critical to Council's strategic planning process. It underpins Council's long-term financial sustainability while meeting the needs and expectations of our communities in delivering Council's strategic priorities.

Council is currently in a strong financial position with strong liquidity and cash flow, low debt levels, assets in good condition, and an ability to satisfactorily fund its asset renewal requirements. Council's operating position has also improved in recent years and is sustainable with its recurrent expenses able to be fully met by its recurrent revenue streams.

The document includes Council's Financial Management Strategies and Long-Term Financial Plan for the next 10-year period.

The FMS is pivotal in setting the high-level financial parameters that guide the development and refinement of Council's annual plan and budget estimates and generates information that assists decisions about the mix, timing and affordability of future capital and operational outlays.

This FMS achieves the following outcomes:

- A financially sustainable operating position in all years.
- A minimum cash target of \$5m at 30 June each year.
- Forecast borrowings of \$3m in 2023/24 to fund stormwater infrastructure upgrades.
- A demonstrated strong financial position with Council being able to meet its financial obligations when the fall is due comfortably.
- Expected continuation of low rating per head of population, well below the state average and neighbouring urban centres.
- The Strategy allows for projects of up to \$56m over the next 10 years which includes known essential stormwater infrastructure spending of approx \$8m.
- A planned 3-year capital program of \$32m for new infrastructure with operational budgetary impacts to be managed through operational improvements of \$521k in 2025, \$56k in 2026 and \$380k in 2027.

If Council follows the modelling parameters when setting its annual plan and budget, it will demonstrate a strong financial position and financial sustainability into the future.

Council's Operational Position

The Strategy achieves a financially sustainable operating position across all financial years and contains several strategies and assumptions to achieve this position.

Rates & Charges

Council must set appropriate levels of tax to cover the delivery of ongoing services and fulfill its roles and responsibilities. The Strategy recognises that incremental rate increases in line with inflation is critical to Council's ongoing financial sustainability.

Rates and Charges are not set at the time of adopting this Strategy. This is done at the time of setting the annual plan and budget estimates when actual costs are known with greater certainty.

Council, as a provider of infrastructure is impacted by movement in building and construction prices. The updated strategy highlights unusually high inflation from market forces outside

Councils control. This high inflation is putting increasing cost pressure on Council's recurrent budget to deliver existing services.

Council will need to carefully balance its services and costs and consider the current economic climate and capacity to pay in setting its capital expenditure program and setting its rates and charges each year. Council may consider reviewing its service levels and/or seek to find efficiencies beyond those outlined in the Strategy to try and minimise any rate increases to the community.

Tas Water Dividends

Council's sustainable operating position is reliant on the continuation of Tas Water dividends (\$562k pa). This is a financial risk and it would be prudent for Council to transition to non-reliance on this revenue stream in the future.

Due to the high inflationary environment, Council has deferred its plans to move to a non-reliance on the dividend by 2025 and will reassess this on an annual basis with each update of the Strategy. The Strategy continues to reflect Council's desire to achieve this at a future date.

New Infrastructure Projects

Capital expenditure on renewal of existing assets will continue to be prioritised in accordance with Council's Asset Management Policy.

Council has adopted a range of Master Plans and Strategies outlining future community aspirations for new and improved infrastructure that requires a capital investment of approximately \$56m over the next ten years. This includes expenditure of approximately \$8m for required stormwater infrastructure upgrades as outlined in Council's Stormwater asset management plan.

The Strategy review has included an assessment of organisational capacity to deliver the works (from both employees and contractor availability) and has identified the need to better align the planned timing of projects in line with capacity.

In practice strategic projects are taking longer than one financial year with longer lead times for approvals, planning, design, community consultation, and contractor availability. Council has typically been budgeting for each strategic project in one financial year and carrying over funds for projects still in progress as at 30 June each year.

The Strategy includes a move to a 3 year rolling capital works budget for new infrastructure spending to better align annual budgets with actual project delivery. This will assist in managing expectations with the community on the timing of individual projects.

Operational Budget Impacts from New Infrastructure Spending

New infrastructure spending has a recurrent budgetary impact which must be planned for and managed at the time of committing to the expenditure.

Modelling indicates that the 2022-23 capital program plus planned expenditure of up to \$32m over the next three years is expected to have an operational budgetary impact of \$962k.

Council's Strategy for managing this additional expense is to find operational improvements as the expenditure is committed to in any given budget year. Council is on track with this Strategy.

The FMS will be updated on an annual basis to account for changes to Council’s operating environment and will guide Council decision making when setting its Annual Plan and Budget Estimates.

Strategic Context

Linkages with the Strategic Plan

Council's strategic planning framework guides Council in identifying community needs and aspirations over the long term (Our Vision), medium-term (Strategic Plan) and short term (Annual Plan and Budget Estimates) and is accountable and transparent through the Audited Financial Statements and Annual Report.

The Waratah-Wynyard Council 10 Year Corporate Strategic Plan embodies the aspirations of our community and is a shared vision that informs Council’s actions over 10 years. It gives Council a solid foundation to create and deliver more detailed service and management strategies.



This Strategy is aligned with the following goal and priorities set out in the plan:

Goal 1: Waratah-Wynyard Council will deliver an openly transparent, inclusive, community-focussed governing body. We will pride ourselves on a strong sense of belonging and fairness based on trust, honesty and approachability.

Priorities:

- 1.5 Build our knowledge base to apply to decision making processes.
- 1.6 Maintain accountability by ensuring Council decisions are evidence based and meet all legislative obligations.
- 1.8 Review and adjust service levels to provide value for money.
- 1.9 Collaborate with, understand and satisfy our external customers' needs and values.

Legislative Requirements

The *Local Government (Miscellaneous Amendments) Act 2013* received Royal Assent on 19 November 2013 making it compulsory for Tasmanian Councils to maintain a long-term financial management plan and Strategy. The following sections set out the requirements under the Act: -

70. Long-term financial management plans

- (1) *A council is to prepare a long-term financial management plan for the municipal area.*
- (2) *A long-term financial management plan is to be in respect of at least a 10-year period.*
- (3) *A long-term financial management plan for a municipal area is to –*
 - (a) *be consistent with the strategic plan for the municipal area; and*
 - (b) *refer to the long-term strategic asset management plan for the municipal area; and*
 - (c) *contain at least the matters that are specified in an order made under section 70F as required to be included in a long-term financial management plan.*

70A. Financial management strategies

- (1) *A council is to prepare a financial management strategy for the municipal area.*
- (2) *A financial management strategy for a municipal area is to –*
 - (a) *be consistent with the strategic plan for the municipal area; and*
 - (b) *contain at least the matters that are specified in an order made under section 70F as required to be included in a financial management strategy.*

The Minister for Local Government issued a *Local Government (Contents of Plans and Strategies) Order 2014* under Section 70F of the Act outlining the minimum requirements of long-term financial management plans and strategies. This Strategy complies with the disclosure requirements of the Order.

Financial Principles

The following principles serve to guide Council in setting its financial management strategies.

Principle 1: The community's finances will be managed responsible to enhance the wellbeing of residents.

Council will ensure it only raises the revenue it needs and will do so in the most efficient and equitable manner possible. Council will manage community funds according to best practice standards and ensure information regarding its financial management decisions is accessible to the community. Council will ensure it only delivers those services that cannot be delivered more efficiently and effectively by other providers.

Principle 2: Council will maintain community wealth to ensure the wealth enjoyed by today's generation may also be enjoyed by tomorrow's generation.

Council will seek to achieve equity across generations by recognising that each generation must pay its way with respect to recurrent expenses being met from recurrent revenue (the full cost of the service it consumes.)

Principle 3: Council's financial position will be robust enough to recover from unanticipated events and absorb the volatility inherent in revenues and expenses.

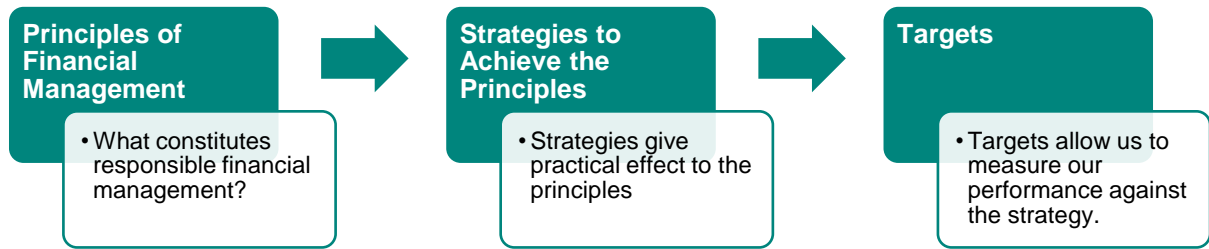
Council will ensure it accumulates and maintains enough financial resources and has the borrowing capacity to deal with volatility and unexpected events. Council's operational budget will be flexible enough to ensure volatility in revenues and expenses resulting from changing economic environment can be absorbed.

Principle 4: Resources will be allocated to those activities that generate community benefit.

Council will ensure robust and transparent processes are in place for the allocation and prioritisation of resources through budgetary decision-making, as well as choosing the most effective methods for delivering specific services and projects. Strategies will include a vigorous cost-benefit analysis in preparing and assessing proposals. Council recognises its service obligations to the Waratah Wynyard community in its decision-making.

The principles are given practical effect through strategies. The success of strategies is assessed through the setting and measuring of medium-term targets. The following diagram demonstrates the process.

If Council follow the principles contained within the FMS when setting its Annual Plan & Budget Estimates, the organisation will show strong financial sustainability into the future.



Key Financial Strategies & Targets

Rating Strategy

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

The following factors influence the level of rates and charges:

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

In determining its rates each year Council considers the current economic climate and capacity to pay for services and will always minimise any increase in rates and charges by managing costs where possible throughout the annual budget deliberation process.

The aim of rates and charges decisions-making is to spread the burden fairly across the community with those that have the greatest capacity to pay paying more than those with a lesser capacity to pay.

When considering how the rate burden will be distributed, Council must balance capacity to pay with the benefit principle acknowledging there are some groups of the community that have more access to and benefit from specific services.

More information regarding how Council determines Rates and Charges is contained in Council's Rates and Charges Policy (FIN.005).

	Financial Strategy	Target
Operating Margin	Council will seek to achieve equity across generations by ensuring that rates are set at a level that ensures each generation pays its way with respect to recurrent expenses being met from recurrent revenue (the full cost of the service it consumes.)	Operating Margin Ratio = Greater than 1.01
Operating Costs Per Property	Council will ensure efficiency in its operations by ensuring that operating costs are reasonable relative to the services that it provides.	Average Operating Costs per Rateable Property = Less than Average for All Tasmanian Councils & = Less than Average for Urban Small Councils.
Average Rate Per Head	Council will benchmark its Rates and Charges against other Tasmanian Councils to ensure that it continues to provide affordable services. Council will ensure it maintains its rate per head of population at a lower rate than urban centres and well below the state average.	Average Rate per Head of Population = 20% or more below Average for All Tasmanian Councils & = Less than Average Rate per Head for Small Urban Councils.

Investment Strategy

Cash reserves require careful management to achieve optimum investment income and to ensure cash is available when required.

Council will manage its finances holistically and in accordance with its Financial Management Strategy.

Council's Annual Plan and Budget Estimates will be used to provide direction on the term of investments to be placed, to ensure enough funds are on hand to meet all current liabilities. An assessment of Council's cash flow requirements up until the next investment maturity will be completed before new investments are purchased.

Council will ensure its investment portfolio maximises its return on investments while maintaining an acceptable level of risk and retaining flexibility in accessing funds.

Where current borrowing costs exceed the return otherwise able to be achieved on investment of funds, surplus funds may be applied to reduce the loan portfolio or to defer and-or reduce the level of new borrowings that would otherwise be required.

More information regarding how Council's decision-making regarding Rates and Charges is contained in Council's Rates and Charges Policy (FIN.005).

	Financial Strategy	Target
Current Ratio	Council will maintain liquidity to ensure that it can meet its financial obligations as and when they fall due. It will do so by ensuring its short-term assets held are greater than its short-term liabilities as at 30 June each year.	Current Ratio = Greater than 1.1
Cash Reserves	Council will ensure it retains enough cash in reserve to respond to volatility. Council will ensure it accumulates and maintains enough financial resources to deal with volatility and unexpected events.	Cash of at least \$5m as at 30 June each year.

Borrowing Strategy

Council is dependent on large investments in long term infrastructure assets to deliver its services.

Council manages the financing and funding of future wants and needs through forward financial planning included in its long-term Financial Management Strategy (updated annually).

In considering new debt Council will consider the impact of borrowing costs on the sustainability of operating positions and capacity to repay debt.

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

- (a) Identified community need and benefit relative to other expenditure options;
- (b) Cost effectiveness of the proposed means of service delivery; and
- (c) Affordability of proposals having regard to Council's long-term financial sustainability.

Council will ensure it maintains sufficient borrowing capacity to ensure it can respond to significant unexpected events.

Council recognises that borrowings as an important funding source as it provides the opportunity to bring unfunded projects forward and ensures that the full cost of infrastructure is not borne entirely by present-day ratepayers.

Borrowings may be used as an effective mechanism of linking the payment for long term assets (i.e. debt repayments) to the populations who receive benefits over the life of the asset. This matching concept is frequently referred to as 'inter-generational equity'.

Council will aim to keep debt levels low at any point in time as its Annual Plan and Budget Estimates, Long Term Financial Plan and associated cash flow projections allow.

Surplus funds not immediately required to cover approved expenditure may be applied to reduce the loan portfolio where possible or to defer and-or reduce the level of new borrowings that would otherwise be required.

Council shall raise all external borrowings at the most competitive rates available.

More information regarding how Council manages its borrowings is contained in Council's Borrowing Policy (FIN.014).

Asset Management Strategy

A key objective of Council's Asset Management is to maintain Council's existing assets at desired condition levels. If funding is not sufficiently allocated to asset renewal, then Council's investment in those assets will reduce along with the capacity to deliver services to the community. Asset management involves the balancing of costs, opportunities and risks against the desired performance of the asset to achieve organisational objectives.

Council's Strategic Asset Management Plan (adopted in June 2021) outlines Council's approach to improve the way it delivers services from its infrastructure and shows how its asset portfolio will meet service delivery needs into the future. The Strategy shows how Council's asset management policies will be achieved and integrated into Council's long-term planning.

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

- Ensuring Council's services and infrastructure are provided reliably, with the appropriate quality levels of service to residents, visitors and the environment.
- Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial treatment of those assets.
- Creating an environment where all Council employees will take an integral part in overall management of Council assets (creating an asset management awareness throughout Council.)
- 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 aligned with demonstrated best practice.

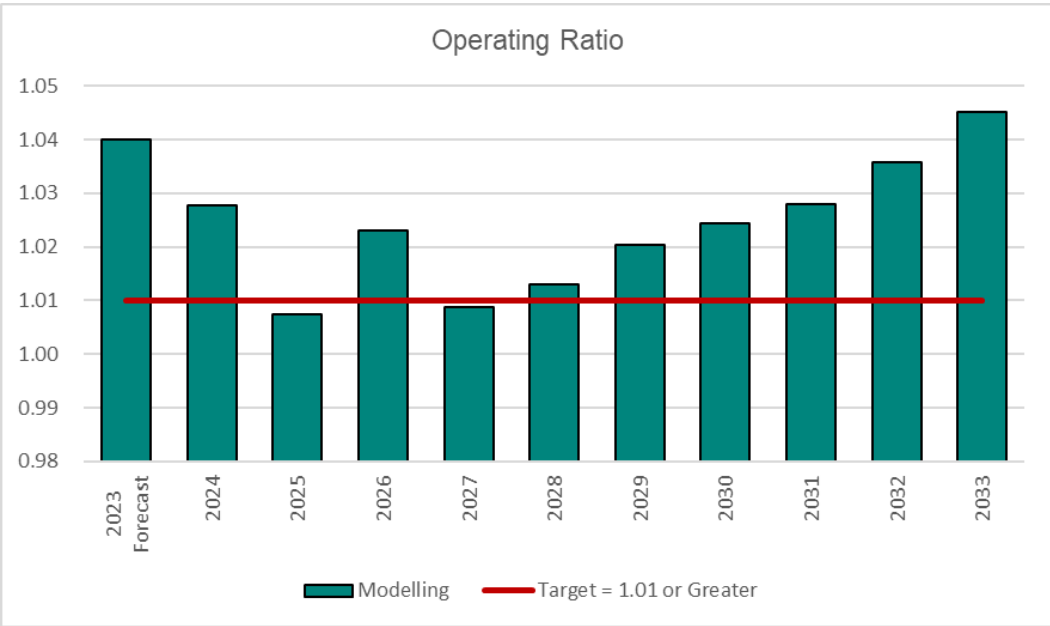
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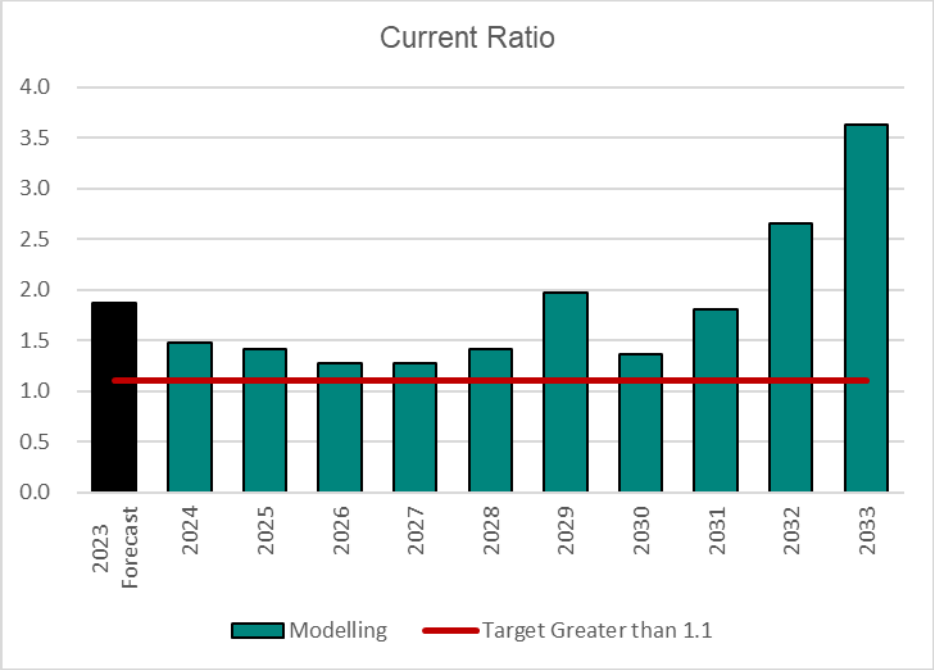
	Financial Strategy	Benchmark
Asset Renewals	Council will replace assets as they are wearing out and will fund its asset renewal program through cash provided from operating activities.	Asset Renewal Ratio = At Least 90%

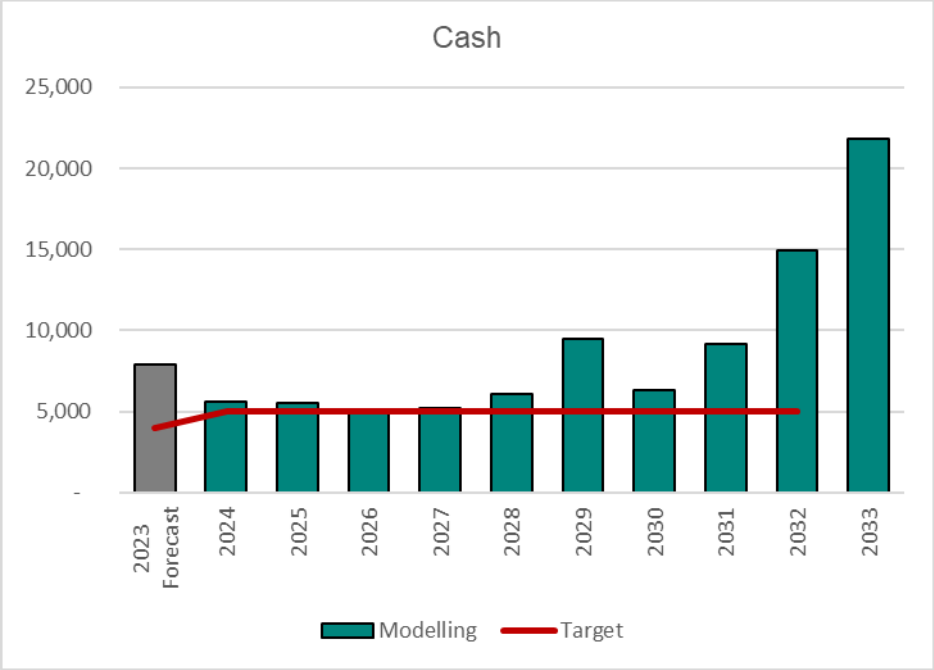
Key Outcomes

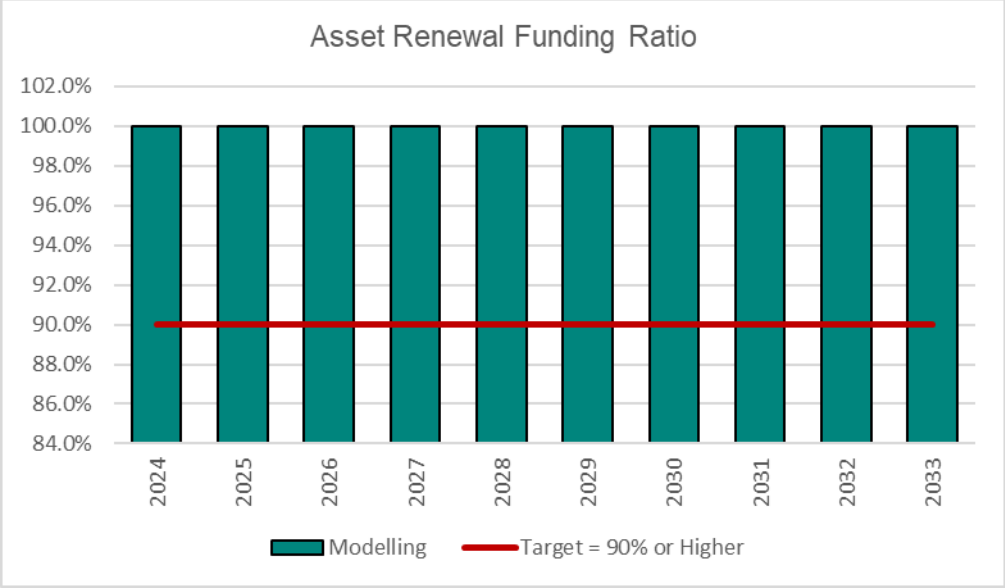
Financial Strategy Targets

The following table provides a summary of the key targets and whether or not the financial modelling achieves each of Councils identified targets. Explanatory notes on each of the targets are provided below.

Financial Strategy	Modelling Results	Target Achieved																																				
<p>Operating Margin</p> <p>Council will seek to achieve equity across generations by ensuring that rates are set at a level that ensures each generation pays its way with respect to recurrent expenses being met from recurrent revenue (the full cost of the service it consumes.)</p> <p><i>Target = 1.01 or Greater</i></p>	 <p style="text-align: center;">Operating Ratio</p> <table border="1"> <caption>Operating Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Modelling Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2023 Forecast</td> <td>1.04</td> <td>1.01</td> </tr> <tr> <td>2024</td> <td>1.028</td> <td>1.01</td> </tr> <tr> <td>2025</td> <td>1.008</td> <td>1.01</td> </tr> <tr> <td>2026</td> <td>1.023</td> <td>1.01</td> </tr> <tr> <td>2027</td> <td>1.009</td> <td>1.01</td> </tr> <tr> <td>2028</td> <td>1.013</td> <td>1.01</td> </tr> <tr> <td>2029</td> <td>1.020</td> <td>1.01</td> </tr> <tr> <td>2030</td> <td>1.025</td> <td>1.01</td> </tr> <tr> <td>2031</td> <td>1.028</td> <td>1.01</td> </tr> <tr> <td>2032</td> <td>1.036</td> <td>1.01</td> </tr> <tr> <td>2033</td> <td>1.045</td> <td>1.01</td> </tr> </tbody> </table>	Year	Modelling Result	Target	2023 Forecast	1.04	1.01	2024	1.028	1.01	2025	1.008	1.01	2026	1.023	1.01	2027	1.009	1.01	2028	1.013	1.01	2029	1.020	1.01	2030	1.025	1.01	2031	1.028	1.01	2032	1.036	1.01	2033	1.045	1.01	<p>Council will achieve its target operating margin of greater than 1.01 in 8 out of 10 years, with a breakeven or greater position in all years of the FMS.</p>
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<p>Current Ratio</p> <p>Council will maintain liquidity to ensure that it can meet its financial obligations as and when they fall due. It will do so by ensuring its short-term assets held are greater than its short-term liabilities as at 30 June each year.</p> <p><i>Target = Greater than 1.1</i></p>	 <p>The chart displays the Current Ratio over time. The y-axis ranges from 0.0 to 4.0. The x-axis shows years from 2023 Forecast to 2033. A red horizontal line is drawn at 1.1, representing the target. The bars for 2023-2033 are teal, while the 2023 Forecast bar is black. All bars are above the 1.1 target line.</p> <table border="1"> <caption>Current Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Current Ratio</th> </tr> </thead> <tbody> <tr> <td>2023 Forecast</td> <td>1.9</td> </tr> <tr> <td>2024</td> <td>1.5</td> </tr> <tr> <td>2025</td> <td>1.4</td> </tr> <tr> <td>2026</td> <td>1.3</td> </tr> <tr> <td>2027</td> <td>1.3</td> </tr> <tr> <td>2028</td> <td>1.4</td> </tr> <tr> <td>2029</td> <td>2.0</td> </tr> <tr> <td>2030</td> <td>1.4</td> </tr> <tr> <td>2031</td> <td>1.8</td> </tr> <tr> <td>2032</td> <td>2.7</td> </tr> <tr> <td>2033</td> <td>3.6</td> </tr> </tbody> </table>	Year	Current Ratio	2023 Forecast	1.9	2024	1.5	2025	1.4	2026	1.3	2027	1.3	2028	1.4	2029	2.0	2030	1.4	2031	1.8	2032	2.7	2033	3.6	<p style="text-align: center;">✓</p>
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Financial Strategy	Modelling Results	Target Achieved																																				
<p>Minimum Cash</p> <p>Council will ensure it retains enough cash in reserve to respond to volatility.</p> <p>Council will ensure it accumulates and maintains enough financial resources to deal with volatility and unexpected events.</p> <p>Target = Cash of at least \$5m as at 30 June each year</p>	 <table border="1"> <caption>Cash Modelling Results</caption> <thead> <tr> <th>Year</th> <th>Modelling (\$)</th> <th>Target (\$)</th> </tr> </thead> <tbody> <tr> <td>2023 Forecast</td> <td>~8,000</td> <td>5,000</td> </tr> <tr> <td>2024</td> <td>~5,500</td> <td>5,000</td> </tr> <tr> <td>2025</td> <td>~5,500</td> <td>5,000</td> </tr> <tr> <td>2026</td> <td>~5,000</td> <td>5,000</td> </tr> <tr> <td>2027</td> <td>~5,000</td> <td>5,000</td> </tr> <tr> <td>2028</td> <td>~6,000</td> <td>5,000</td> </tr> <tr> <td>2029</td> <td>~9,500</td> <td>5,000</td> </tr> <tr> <td>2030</td> <td>~6,500</td> <td>5,000</td> </tr> <tr> <td>2031</td> <td>~9,000</td> <td>5,000</td> </tr> <tr> <td>2032</td> <td>~15,000</td> <td>5,000</td> </tr> <tr> <td>2033</td> <td>~22,000</td> <td>5,000</td> </tr> </tbody> </table>	Year	Modelling (\$)	Target (\$)	2023 Forecast	~8,000	5,000	2024	~5,500	5,000	2025	~5,500	5,000	2026	~5,000	5,000	2027	~5,000	5,000	2028	~6,000	5,000	2029	~9,500	5,000	2030	~6,500	5,000	2031	~9,000	5,000	2032	~15,000	5,000	2033	~22,000	5,000	<p style="text-align: center;">✓</p>
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Financial Strategy	Modelling Results	Target Achieved																																	
<p>Asset Renewal Funding</p> <p>Council will fully fund its asset renewal program through cash provided from operating activities where possible.</p> <p>If Council does not maintain the capacity to fund future asset renewals, there could be debt consequences. It could result in increased maintenance costs and or a reduction in service levels.</p> <p><i>Target = At Least 90%</i></p>	 <p>The chart displays the Asset Renewal Funding Ratio from 2024 to 2033. The y-axis ranges from 84.0% to 102.0% in 2.0% increments. The x-axis lists years from 2024 to 2033. Teal bars represent the modelling results, which are consistently at 100.0%. A red horizontal line indicates the target of 90.0% or higher. A legend at the bottom identifies the teal bars as 'Modelling' and the red line as 'Target = 90% or Higher'.</p> <table border="1"> <caption>Asset Renewal Funding Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Modelling (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr><td>2024</td><td>100.0</td><td>90.0</td></tr> <tr><td>2025</td><td>100.0</td><td>90.0</td></tr> <tr><td>2026</td><td>100.0</td><td>90.0</td></tr> <tr><td>2027</td><td>100.0</td><td>90.0</td></tr> <tr><td>2028</td><td>100.0</td><td>90.0</td></tr> <tr><td>2029</td><td>100.0</td><td>90.0</td></tr> <tr><td>2030</td><td>100.0</td><td>90.0</td></tr> <tr><td>2031</td><td>100.0</td><td>90.0</td></tr> <tr><td>2032</td><td>100.0</td><td>90.0</td></tr> <tr><td>2033</td><td>100.0</td><td>90.0</td></tr> </tbody> </table>	Year	Modelling (%)	Target (%)	2024	100.0	90.0	2025	100.0	90.0	2026	100.0	90.0	2027	100.0	90.0	2028	100.0	90.0	2029	100.0	90.0	2030	100.0	90.0	2031	100.0	90.0	2032	100.0	90.0	2033	100.0	90.0	<p style="text-align: center;">✓</p>
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2030	100.0	90.0																																	
2031	100.0	90.0																																	
2032	100.0	90.0																																	
2033	100.0	90.0																																	

Basis of Preparation Modelling

The financial statements included in the FMS portray the projected long-term financial position and performance of the Council over the next ten years in the form the following statements:

Comprehensive Income Statement

The projected Comprehensive Income Statement shows the expected operating result over the next 10-year period reflecting Councils known recurrent income and recurrent expenditure.

Statement of Cash Flows

The projected cash flow statement shows the expected net cash inflows and outflows over the next 10-year period.

Statement of Financial Position

The projected statement of financial position shows the expected net current asset, net non-current asset and net asset positions over the next 10-year period.

The statements are prepared on current knowledge and will no doubt be affected by various events that will occur in future years. It is important that the long-term financial projections in this Strategy be revisited and updated on an annual basis.

The model is a guiding document to be used during the budget deliberation process. If the general thrust of the document is followed Council will maintain strong financial sustainability.

Key Influences and Risks

There are a number of risks inherent in the long-term financial modelling. It is important that the Strategy be updated on an annual basis to monitor Councils performance against the Strategy and to understand changes in the operating environment that might impact on financial sustainability.

The risk of not considering the principles, strategies, and targets of this Strategy when setting the Annual Plan and Budget Estimates may result in the deterioration of the organisation's financial sustainability.

If Council is unable to find the operational improvements identified in the Strategy, it may be required to increase rates and charges or, alternatively, delay the timing of planned new capital works.

External Influences - items that Council cannot control

Material risks that may impact Council's sustainability and/or impact the ability to deliver planned capital works are changes in contract prices for materials and contracts, shortages of critical raw materials such as timber and steel, and labour shortages for specialist staff. Other external influences that may change and impact on Council's Strategy include:

1. Unforeseen economic changes or circumstances such as:
 - a) interest rates fluctuations;
 - b) localised economic growth – residential development & new business;
 - c) Consumer Price Index (All Groups Hobart);

- d) Council Cost Index (CCI); and
 - e) changes if specific programs such as Federal Assistance Grants.
2. Unforeseen political changes or circumstances such as:
 - a) cost of natural resources such as fuel and water;
 - b) local government reform;
 - c) a change in the level of legislative compliance; and
 - d) cost-shifting from other levels of government.
 3. Variable Climatic Conditions such as:
 - a) storm events;
 - b) flooding;
 - c) bushfire; and
 - d) drought.
 4. Community needs and expectations.
 5. Dividends paid by Tas Water.
 6. Continuation of the COVID-19 Pandemic

Internal Influences – items that Council can control

This section sets out the key estimates' influences arising from the internal environment within which the Council operates.

1. agreed service level review outcomes;
2. infrastructure asset management;
3. requests to Council to support climate change adaption for private property and assets;
4. depreciation (valuations can be considered an external influence);
5. rate increases and other financial influences;
6. performance management;
7. efficiencies in service delivery and administrative support; and
8. salaries and wages.

Modelling Methodology

Following each statement are descriptions of the assumptions specifically applied to produce the long-term estimates. Broad percentages have not been applied universally in the modelling. Forecast results for the year ended 30 June 2023 have been used as the base point for the long-term modelling (as reported in to Council in March 2023).

Consumer Price Index (CPI)

Price indexes published by the Australian Bureau of Statistics (ABS) provide summary measures of the movements in various categories of prices over time. They are published primarily for use in Government economic analysis.

The CPI reflects the general movement in costs in terms of groceries and other consumables. Where a Consumer Price Index (CPI) has been used in calculations, it has been based on the average increase over the last five years as per the below table.

Consumer Price Index (CPI) All Groups Hobart	
Jun 2018 to Jun 2019	2.30%
Jun 2019 to Jun 2020	1.30%
Jun 2020 to Jun 2021	3.60%
Jun 2021 to Jun 2022	6.50%
Forecast 2023	7.70%
5 Year Average	4.28%

Source: Australian Bureau of Statistics

Council Cost Index (CCI)

While CPI is a useful guide to understand shifts in the price of consumables such as groceries and organisational costs, it does not tell the whole story around a Council's costs.

The Local Government Association Tasmania calculate a Council Cost Index (CCI) each year. The CCI enables councils to consider the specific nature and costs of their services

they provide and is affected by factors such as the costs of construction for roads and bridges.

It applies to the many of the activities Council undertake across the municipal area: from community services to general construction of roads, bridges, parks and community facilities, and ongoing maintenance.

The Council Cost Index (CCI) differs from the CPI in that it provides an indication of how council expenditure might change over a period even though what Council is spending money on has not changed.

The CCI is based on ABS data. The CCI formula comprises wage price index (WPI) (60%), road and bridge construction index (20%) and the consumer price index (CPI) for Hobart (20%).

Council Cost Index (CCI)	
March 2019	3.38%
March 2020	2.18%
March 2021	0.95%
March 2022	4.06%
March 2023	8.11%
5 Year Average	3.73%

Source: Local Government Association of Tasmania

Wage Price Index (WPI)

Price indexes published by the Australian Bureau of Statistics (ABS) provide summary measures of the movements in various categories of prices over time. They are published primarily for use in Government economic analysis.

The Wage Price Index measures changes in the price of labour services resulting from market pressures and is unaffected by changes in the quality or quantity of work performed. It is unaffected by changes in the composition of the labour force, hours worked, or changes in characteristics of employees (e.g. work performance).

Wage Price Index, Australia	
Jun 2018 to Jun 2019	2.50%
Jun 2019 to Jun 2020	2.10%
Jun 2020 to Jun 2021	1.30%
Jun 2021 to Jun 2022	2.60%
Forecast 2023	3.60%
5 Year Average	2.42%

Source: Australian Bureau of Statistics

Financial Modelling

Statement of Comprehensive Income

The Comprehensive Income Statement has been prepared by setting percentage increases for the various classes of expenditure and income and then reviewing each general ledger account for areas where a variance to this pattern is likely to occur.

	Forecast 2023 \$	Strategic Projections									
		2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$	2031 \$	2032 \$	2033 \$
Recurrent Income											
Rates & Charges	13,065	14,109	14,778	15,347	16,057	16,688	17,331	18,009	18,710	19,429	20,176
User Charges	2,798	2,918	3,043	3,173	3,309	3,450	3,598	3,752	3,913	4,080	4,255
Reimbursements-Contributions	768	801	835	871	908	947	988	1,030	1,074	1,120	1,168
Grants	3,468	3,616	3,771	3,933	4,101	4,276	4,459	4,650	4,849	5,057	5,273
Interest	505	204	159	135	94	119	241	274	301	466	693
Distributions from Water Corporation	674	674	674	674	562	562	562	562	562	562	562
	21,278	22,322	23,260	24,132	25,030	26,043	27,179	28,277	29,410	30,713	32,127
Recurrent Expenses											
Employee Costs	8,040	8,281	8,530	8,786	9,049	9,321	9,600	9,888	10,185	10,490	10,805
Materials & Contracts	5,965	6,424	7,169	7,152	7,838	8,174	8,524	8,888	9,269	9,665	10,079
Depreciation	4,919	5,395	5,599	5,812	6,034	6,265	6,506	6,758	7,020	7,293	7,577
State Levies	690	720	750	782	816	851	887	925	965	1,006	1,049
Borrowing Costs	43	35	148	131	114	99	85	71	56	41	28
Remissions & Discounts	467	505	524	543	564	585	606	629	653	677	702
Gain/(Loss) on Disposal	43	43	43	43	43	43	43	43	43	43	43
Other Expenses	292	314	328	342	357	372	388	404	422	440	459
	20,459	21,718	23,091	23,591	24,814	25,709	26,639	27,607	28,611	29,655	30,743
Underlying Surplus/(Deficit)	819	604	169	541	216	334	539	671	798	1,058	1,385
Capital Income											
Capital Grants	5,437	6,315	7,546	5,494	2,706	866	1,018	5,433	1,630	580	580
	5,437	6,315	7,546	5,494	2,706	866	1,018	5,433	1,630	580	580
Comprehensive result	6,256	6,919	7,715	6,035	2,922	1,201	1,557	6,103	2,428	1,638	1,965
Operating Margin Ratio	1.04	1.03	1.01	1.02	1.01	1.01	1.02	1.02	1.03	1.04	1.05

Recurrent Income

Rates and Charges

Rates & Charges are an important source of revenue for Council expected to represent some 61% of revenue estimated to be received by Council in 2022-23.

Council must balance its service levels with the needs and expectations of the community and set appropriate levels of tax to adequately fulfil its roles and responsibilities. Rates must be set in the context of a council's Strategic Plan, reflecting community needs and decisions about the level of services.

It is necessary to balance the importance of rate revenue as a funding source and increase rates in line with rising costs to be financially sustainable. The FMS recognises that the price of delivering services to the community over time will increase. This is the case even where the level of service provided remains unchanged.

It has been assumed that the price of rates and charges will increase in line the 5-year average Local Government Council Cost Index (CCI) and Cost Index as at March 2023 for 2023-24.

Fire levies are set by the State government and are outside the control of Council. It has been assumed that levies will increase in line with the 5-year average Consumer Price Index (all Groups) Hobart. It should be noted however that in recent years the increase to the community has been higher.

An allowance has been made for supplementary rates and charges in line with the recent trend over the past 5 years.

User Charges

User charges relate to the recovery of service delivery costs through the charging of fees to users of Council's services. Some charges are levied in accordance with legislative requirements. They include childcare fees, building fees, planning fees, animal registrations, and the hire of public halls and sporting grounds.

It has been assumed that fees and charges will increase in line with the 5-year average Consumer Price Index (all Groups) Hobart.

Reimbursements-contributions

It has been assumed that reimbursements will increase in line with the 5-year average Consumer Price Index (all Groups) Hobart.

Grants

The main source of recurrent grant revenue is from the State Grants Commission in the form of Financial Assistance Grants (FAG). Significant changes are only likely to occur where there is a change in population. It has been assumed that the population will remain constant and the current base funding will continue.

It has been assumed that Grants including FAGs will increase in line with the 5-year average Consumer Price Index (all Groups) Hobart.

Interest

Interest on investments has been calculated based on the estimated average level of investments held during the year. It has been estimated that 60% of rates revenue will be paid in full by the end of August. A rate of 3.0% has been used to which is consistent with Council's return on its investment portfolio.

Dividends from Water Corporation

Council owns a 2.78% equity interest in the Tasmanian Water & Sewerage Corporation (TasWater).

TasWater's Corporate Plan indicates that Councils can expect to receive dividends in the order of \$20m per annum. TasWater has also indicated that an additional 20% dividend equivalent to \$4m per annum will be distributed to Council to 2025-26 financial years in recognition of the dividend income forgone by Council's during 2019-20 & 2020-21.

Based on Council's equity interest in the entity, the estimated distribution for the 2023-24 to 2025-26 financial years is \$674,400.

The modelling assumes that the dividend stream will return to the normal level of \$562,000 from 2026-27 onwards however the level of distribution is outside the control of Council and there is some risk that dividends will not be paid in line with the entity's Corporate Plan.

Council's sustainable operating position is reliant on the continuation of Tas Water dividends (\$562k pa). This is a financial risk and it would be prudent for Council to transition to non-reliance on this revenue stream in the future.

Due to the high inflationary environment, Council has deferred its plans to move to a non-reliance on the dividend by 2025 and will reassess this on an annual basis with each update of the Strategy. The Strategy continues to reflect Council's desire to achieve this at a future date.

Recurrent Expenses

Employee Costs

The modelling assumes that salaries and wages will be contained to increase by no more than 3.00% per annum in line with Council's Enterprise Agreement.

Increases in Superannuation Guarantee Scheme (SGC) rate have been allowed for. The compulsory contribution rates for employers is scheduled to increase by 0.5% per year until the SGC reaches 12% on 1 July 2025. Planned increases have been allowed for in the modelling.

Materials and Contracts

It has been assumed that materials and contracts will increase in line with the 5-year average Consumer Price Index (all Groups) Hobart and Council Cost Index as at March 2023 for 2023-24.

New infrastructure spending has a recurrent budgetary impact which must be planned for and managed at the time of committing to the expenditure.

Modelling indicates that the 2022/23 capital program plus planned expenditure of up to \$32m over the next three years is expected to have an operational budgetary impact of \$962k.

Council's Strategy for managing this additional expense is to find operational improvements as the expenditure is committed to in any given budget year. Council is on track with this Strategy.

Depreciation and amortisation

Depreciation is an accounting measure that attempts to allocate the value of an asset over its useful life. It is the financial representation of the annual increase in the value of or consumption of the service inherent in Council's assets. Annual depreciation, therefore, is an estimate of funds that will need to be spent at some time in the future to renew Councils existing assets.

The modelling allows for additional operational costs, including depreciation for projects expected to be completed over the next 3-year period.

The factors affecting the 'consumption' of an asset are:

- the quality of the original asset;
- the wear and tear to which the asset is subjected;
- the environment in which the asset is operated or constructed;
- the maintenance provided to the asset;
- technical obsolescence; and
- commercial obsolescence.

State Levies

State levies include levies paid to the state government for land tax and fire levies. It has been assumed that state levies will increase by CPI each year.

Borrowing Costs

Borrowing Costs relate to interest charged by financial institutions on funds borrowed. The level of borrowings and the level of interest rates influence borrowing costs.

Costs have been allowed in line with the terms and conditions for existing loans. The Strategy includes \$3m of new borrowing in 2023-24 to fund stormwater infrastructure upgrades.

Remissions and Discounts

The remissions and discounts relate to the early payment discount granted to ratepayers paying rates prior to the specified discount date.

The broad assumption in remissions and discounts is that the level of remissions and discounts will be consistent with 2022-23, and the cost will increase in line with any increases in rates and charges each year.

Other Expenses

Other expenses include elected member expenses, audit costs and operational grant expenditure. It has been assumed that other expenses will increase by CPI each year.

Statement of Cash Flows

The projected cash flow statement shows the expected net cash inflows and outflows over the next 10-year period in the form of reconciliation between opening and closing balances of total cash and investments for the year.

	Strategic Projections									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities										
Employee costs	(8,245)	(8,493)	(8,748)	(9,010)	(9,281)	(9,560)	(9,847)	(10,142)	(10,447)	(10,760)
Materials & Contracts	(6,293)	(7,032)	(7,009)	(7,689)	(8,018)	(8,361)	(8,719)	(9,092)	(9,482)	(9,887)
State levies	(720)	(750)	(782)	(816)	(851)	(887)	(925)	(965)	(1,006)	(1,049)
Borrowing Costs	(35)	(148)	(131)	(114)	(99)	(85)	(71)	(56)	(41)	(28)
Remissions & Discounts	(505)	(524)	(543)	(564)	(585)	(606)	(629)	(653)	(677)	(702)
Other expenses	(323)	(337)	(351)	(367)	(382)	(399)	(416)	(433)	(452)	(471)
Rates & Charges	14,074	14,741	15,308	16,017	16,647	17,288	17,965	18,664	19,381	20,127
User Charges	2,918	3,043	3,173	3,309	3,450	3,598	3,752	3,913	4,080	4,255
Interest	204	159	135	94	119	241	274	301	466	693
Reimbursements-Contributions	801	835	871	908	947	988	1,030	1,074	1,120	1,168
Grants	3,616	3,771	3,933	4,101	4,276	4,459	4,650	4,849	5,057	5,273
Net Cash provided by (used in) operating activities	5,492	5,265	5,855	5,869	6,224	6,676	7,064	7,460	7,999	8,617
Cash flows from investing activities										
Payments for property, plant and equipment	(17,382)	(12,952)	(11,907)	(8,333)	(6,216)	(4,301)	(15,690)	(6,183)	(3,087)	(2,491)
Distributions from Water Corporation	674	674	674	562	562	562	562	562	562	562
Proceeds from sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Capital grants	6,315	7,546	5,494	2,706	866	1,018	5,433	1,630	580	580
Net cash provided by (used in) investing activities	(10,393)	(4,732)	(5,738)	(5,065)	(4,788)	(2,722)	(9,696)	(3,991)	(1,945)	(1,349)
Cash flows from financing activities										
Loan drawdowns	3,000	-	-	-	-	-	-	-	-	-
Loan repayments	(366)	(623)	(640)	(599)	(525)	(550)	(565)	(580)	(342)	(341)
Net cash provided by financing activities	2,634	(623)	(640)	(599)	(525)	(550)	(565)	(580)	(342)	(341)
Net (Decrease) in cash held	(2,267)	(89)	(523)	205	911	3,404	(3,197)	2,889	5,712	6,927
Cash at beginning of year	7,857	5,590	5,500	4,977	5,182	6,093	9,497	6,300	9,189	14,901
Cash at end of year	5,590	5,500	4,977	5,182	6,093	9,497	6,300	9,189	14,901	21,828

Operating activities

Cash generated from operating activities refers to cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works or repayment of debt. Council predominantly uses the funds generated from operating activities to fund its capital works program. It has been assumed that debt collection will remain constant over the 10-year period, with receivables and payables increasing in line with CPI.

The net cash flows provided by operating activities do not equal the operating result for the year due to the expected revenues and expenses, including non-cash items which have been excluded from the Statement of Cash Flows. The following table is a reconciliation of cash provided from operating activities to the operating surplus/(deficit) for the year per the Comprehensive Income Statement:

Reconciliation of Cash to Comprehensive Income Statement	Strategic Projections									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Comprehensive result	6,919	7,715	6,035	2,922	1,201	1,557	6,103	2,428	1,638	1,965
<i>Items not involving Cash</i>										
Depreciation	5,395	5,599	5,812	6,034	6,265	6,506	6,758	7,020	7,293	7,577
<i>Change in operating assets & liabilities</i>										
Receivables	(36)	(37)	(38)	(40)	(41)	(43)	(44)	(46)	(48)	(49)
Inventories	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(7)	(7)	(7)
Other	(9)	(9)	(9)	(10)	(10)	(11)	(11)	(12)	(12)	(13)
Payables	136	142	148	155	161	168	175	183	191	199
Provisions	32	33	34	34	35	36	37	38	39	40
Non Current provisions	4	4	4	4	4	5	5	5	5	5
<i>Investing activities</i>										
Gain/(Loss) on Disposal	43	43	43	43	43	43	43	43	43	43
Capital grants	(6,315)	(7,546)	(5,494)	(2,706)	(866)	(1,018)	(5,433)	(1,630)	(580)	(580)
Distributions from water corporation	(674)	(674)	(674)	(562)	(562)	(562)	(562)	(562)	(562)	(562)
Net Cash provided by (used in) operating activities	5,492	5,265	5,855	5,869	6,224	6,676	7,064	7,460	7,999	8,617

Investing activities

Refers to cash generated or used in the enhancement or creation of infrastructure assets and other assets. These activities also include capital grants and proceeds from the sale of property, infrastructure, plant and equipment.

Council, in the first instance, will plan for the renewal of its existing infrastructure to maintain current service levels.

Capital expenditure decisions are made based on:

- identified community need and benefit relative to other expenditure options;
- cost-effectiveness of the proposed means of service delivery; and
- affordability of proposals having regard to Council's long-term financial sustainability (operational impact of expenditures).

Council has adopted a range of Master Plans and Strategies outlining future community aspirations for new and improved infrastructure that requires a capital investment of approximately \$56m over the next ten years. This includes expenditure of approximately \$8m for required stormwater infrastructure upgrades as outlined in Council's Stormwater asset management plans.

The Strategy review has included an assessment of organisational capacity to deliver the works (from both employees and contractor availability) and has identified the need to better align the planned timing of projects in line with capacity.

In practice strategic projects are taking longer than one financial year with longer lead times for approvals, planning, design, community consultation, and contractor availability. Council has typically been budgeting for each strategic project in one financial year and carrying over funds for projects still in progress as at 30 June each year.

The Strategy includes a move to a 3 year rolling capital works budget for new infrastructure spending to better align annual budgets with actual project delivery. This will assist in managing expectations with the community on the timing of individual projects.

Several assumptions have been made about the funding mix for Council's capital works program over the life of the Strategy. A combination of grant funding, borrowings, and Council's cash reserves that will be required to fund new capital works.

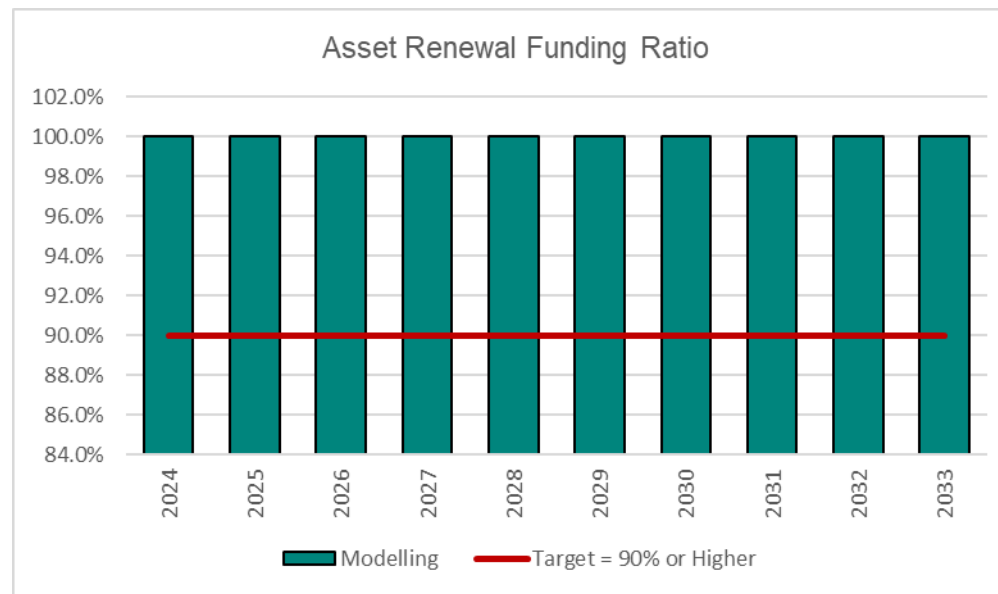
\$3m of borrowings have been forecast to be drawn down in the 2023-24 financial year to fund stormwater infrastructure upgrades. Council will also utilise LRCI funding to cover projected costs. Grant funding opportunities will be actively pursued as an essential funding source for Council to deliver on the above projects in future years.

The FMS will be updated on an annual basis to account for changes to Councils operating environment and guide Council decision making.

Capital Works Expenditure and Asset Renewal Needs

Renewal expenditure is expenditure on an existing asset which reinstates the existing service potential or the life of an asset up to that which it had originally. It may reduce future operating and maintenance expenditure if completed at the optimum time. Asset upgrades are carried out to address deficiencies in current service levels or to meet new standards or statutory requirements. Expenditure on new assets in most cases will result in future costs for operation, maintenance and capital renewal expenditure.

The funds available for capital expenditure over the next ten years will cover Council's asset renewal needs. Asset renewals will be a challenge in the short term but can be met on average over time.



Financing activities

Refers to cash generated or used in the financing of Council functions and include borrowings and repayment of borrowings and any associated costs.

The Strategy includes up to \$3m of new borrowing in the 2023-24 year to fund essential stormwater infrastructure upgrades identified in Council’s Stormwater Asset Management Plan.

Statement of Financial Position

The projected statement of financial position shows the expected net current asset, net non-current asset and net asset positions over the next 10-year period.

	2023 Forecast \$	Strategic Projections									
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets											
Cash and cash equivalents	7,857	5,590	5,500	4,977	5,182	6,093	9,497	6,300	9,189	14,901	21,828
Receivables	951	987	1,023	1,062	1,101	1,142	1,185	1,229	1,275	1,323	1,372
Inventories	116	121	126	132	137	143	149	156	162	169	176
Other	204	213	222	231	241	252	262	274	285	297	310
	9,128	6,910	6,871	6,401	6,662	7,630	11,093	7,959	10,912	16,690	23,687
Non-current assets											
Property, plant and equipment	240,264	262,491	281,035	299,115	314,173	327,528	339,299	362,710	377,355	389,258	400,788
Investment in water corporation	44,027	44,027	44,027	44,027	44,027	44,027	44,027	44,027	44,027	44,027	44,027
	284,291	306,518	325,062	343,142	358,200	371,555	383,326	406,737	421,382	433,285	444,815
Total Assets	293,419	313,428	331,934	349,543	364,862	379,185	394,419	414,696	432,294	449,975	468,502
Current liabilities											
Payables	3,188	3,324	3,467	3,615	3,770	3,931	4,099	4,275	4,458	4,649	4,848
Financial liabilities	366	623	640	599	525	550	565	580	342	341	305
Provisions	1,321	1,353	1,386	1,419	1,454	1,489	1,525	1,562	1,599	1,638	1,678
	4,875	5,300	5,492	5,633	5,748	5,970	6,189	6,417	6,399	6,628	6,830
Non-current liabilities											
Financial liabilities	2,070	4,447	3,807	3,208	2,683	2,133	1,568	988	646	305	-
Provisions	166	170	174	178	183	187	192	196	201	206	211
	2,236	4,617	3,981	3,386	2,866	2,320	1,760	1,184	847	511	211
Total Liabilities	7,111	9,917	9,474	9,020	8,614	8,290	7,949	7,601	7,246	7,139	7,041
Net Assets	286,308	303,510	322,460	340,524	356,248	370,895	386,470	407,095	425,047	442,836	461,461
Equity											
Accumulated surplus	171,539	178,458	186,173	192,208	195,131	196,331	197,888	203,991	206,420	208,057	210,022
Reserves	114,769	125,052	136,287	148,315	161,117	174,564	188,582	203,104	218,628	234,779	251,439
Total Equity	286,308	303,510	322,460	340,524	356,248	370,895	386,470	407,095	425,047	442,836	461,461

Appendix - Table Assumptions

The following tables provides a summary of all assumptions used in determining Councils recurrent income and expenditures in the financial modelling.

Assumptions		Strategic Projections									
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recurrent Income											
Rates & Charges	Council Cost Index 5 Year Average (2024 CCI)	8.10%	3.73%	3.73%	3.73%	3.73%	3.73%	3.73%	3.73%	3.73%	3.73%
User Charges	CPI 5 Year Average	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%
Reimbursements-Contributions	CPI 5 Year Average	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%
Grants	CPI 5 Year Average	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%
Interest	Weighted Average Interest Rate as at 30/6/202	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Distributions from Water Corporation	20% extra 2023-2026, then return to normal	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Recurrent Expenses											
Employee Costs	Enterprise Agreement	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Superannuation	SGC	11.00%	11.50%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Materials & Contracts	CPI 5 Year Average (2024-Actual)	8.10%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%
Depreciation	As per schedule										
State levies	CPI 5 Year Average	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%
Borrowing Costs	As per loan schedules										
Remissions & Discounts	Council Cost Index 5 Year Average (2024 6.63'	8.10%	3.73%	3.73%	3.73%	3.73%	3.73%	3.73%	3.73%	3.73%	3.73%
Gain/(Loss) on Disposal	Nominal Allowance										
Other expenses	CPI 5 Year Average (2024 7.70%)	8.10%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%