



CITY OF HOBART

AGENDA

**FINANCE COMMITTEE MEETING
(OPEN)**

TUESDAY 17 MAY 2016

AT 5.00 PM

SUPPLEMENTARY ITEM

TABLE OF CONTENTS

- 13. 2016/2017 FEES AND CHARGES – CORPORATE SERVICES DIVISION –
FILE REF: 16/33**
- 14. FINANCIAL REPORT AS AT 31 MARCH 2015 – FILE REF: 21-1-1**

**SUPPLEMENTARY FINANCE COMMITTEE AGENDA
(OPEN PORTION OF THE MEETING)
17/5/2016**

**13. 2016/2017 FEES AND CHARGES – CORPORATE SERVICES DIVISION –
FILE REF: 16/33**

7x's

Report of the Deputy General Manager of 11 May 2016 and attachments.

DELEGATION: Council

The General Manager reports:

“In accordance with the provisions of Part 2 Regulation 8(6) of the Local Government (Meeting Procedures) Regulations 2015, this supplementary matter is submitted for the consideration of the Committee.

Pursuant to Regulation 8(6), I report that:

- (a) information in relation to the matter was provided subsequent to the distribution of the agenda;
- (b) the matter is regarded as urgent; and
- (c) advice is provided pursuant to Section 65 of the Act.”

TO : Finance Committee

FROM : Deputy General Manager

DATE : 11 May 2016

SUBJECT : **2016/2017 FEES AND CHARGES – CORPORATE SERVICES DIVISION**

FILE : 16/33 HS:BL (S:\Corporate Services\Executive Officer Corporate Services\Normal\Fees and Charges\Corporate Services Fee Report 2016-2017 to FC.doc)

1. INTRODUCTION

1.1. The purpose of this report is to submit the proposed fees and charges for the 2016/2017 financial year, in respect to the Corporate Services Division, relating to the following activities.

Hire of the following Council spaces:

- City Hall;
- Town Hall;
- Elizabeth Street Conference Room;
- Mawson Place Waterside Pavilion;
- Council Chamber; and
- Lord Mayor's Court Room.

Customer Services.

2. BACKGROUND

- 2.1. The Council is required to set its fees and charges for the ensuing financial year as part of the annual budget preparation process.
- 2.2. The fee structure for hall and venue hire was comprehensively reviewed during the preparation of the fees for the 2014/2015 financial year, which encompassed an independent valuation for the abovementioned spaces.
- 2.2.1. The charges adopted for the 2014/2015 and 2015/2016 financial years have substantially been based upon the outcome of the modelling which was undertaken as part of the review.
- 2.2.2. The same approach is recommended for the 2016/2017 financial year.

- 2.3. The fee structure associated with the Customer Services activity substantially relates to applications for Section 132 and 337 certificates, the fees for which are set under Schedule 3 of the *Local Government (General) Regulations 2015*, and are to be ratified by the Council.

3. PROPOSAL

Halls and Venues

- 3.1. In proposing the fee structure for the next financial year, the following approach has been applied:
 - 3.1.1. The commercial rates associated with hall and venue hire have been increased by an average of 5 percent.
 - 3.1.2. The CPI rate for the appropriate period is set at 1.3 percent, however it is considered that in light of utilisation, a slightly higher increase for commercial use is considered appropriate.
 - 3.1.3. Non-commercial rates have been indexed generally in accordance with the CPI inflation factor of 1.3 percent, and then rounded to the nearest appropriate dollar amount.
 - 3.1.4. Subsequent to completion of the program of upgrading works to the City Hall, due to be carried out over the next two years, it will be reasonable to consider more significant increases to charges.

Customer Services

- 3.2. Individual fees have increased by 1 percent.
- 3.3. There is substantial movement in the property market at present and therefore it is envisaged the income generated in the Customer Services activity, associated with Section 132 and 337 certificates, will increase.

4. IMPLEMENTATION

- 4.1. Fees and charges for the next financial year will become effective as at 1 July 2016.
- 4.2. In accordance with the *Local Government Act 1993*, a schedule of fees and charges set by the Council will be available on the Council's website, in related brochures and within other relevant material.

5. FINANCIAL IMPLICATIONS

5.1. Anticipated income is as follows:

FUNCTIONAL AREA	2015/2016 BUDGET	2016/2017 BUDGET	INCREASE / (DECREASE)
F330 – Halls	\$125,000	\$135,000	\$10,000
F155 – Customer Services	\$340,000	\$350,000	\$10,000

6. DELEGATION

6.1. The determination of fees and charges is delegated to the Council.

7. CONSULTATION

7.1. The Customer Service Centre Manager and Manager City Government has been consulted in the preparation of this report.

8. RECOMMENDATION

That:

8.1. *The report : HS:bl (S:\Corporate Services\Executive Officer Corporate Services\Normal\Fees and Charges\Corporate Services Fee Report 2016-2017 to FC.doc) be received and noted.*

8.2. *The attached schedule of fees and charges for the Corporate Services Division, marked as Attachments A and B, be adopted for the 2016/2017 financial year.*

As signatory to this report, I certify that, pursuant to Section 55(1) of the Local Government Act 1993, I hold no interest, as referred to in Section 49 of the Local Government Act 1993, in matters contained in this report.



(Heather Salisbury)

DEPUTY GENERAL MANAGER

Attachments: A Corporate Services Division – Hall and Venue Hire – Proposed Fees and Charges for the 2016/2017 financial year.

 B Corporate Services Division – Customer Services – Proposed Fees and Charges for the 2016/2017 financial year.

Proposed 2016-17 Fees & Charges: 330 - Hall and Venue Hire

Account Number	Description	2014-15 Actual excl. GST	2015-16 Budget excl. GST	2015-16 YTD excl. GST	2015-16 YTD Budget excl. GST	2016-17 Estimate excl. GST
330.0205.2279.000	Halls Management	-96,100.51	-125,000.00	-95,388.93	-62,500.00	
330 - Halls		96,100.51	125,000.00	95,388.93	62,500.00	135,000.00
Change from 2015-16 to 2016-17						8.00%

Fee Description	2014-2015 Fee incl. GST	2015-2016 Fee incl. GST	Pricing Method	Last Changed (type <i>New Fee</i> if applicable)	Proposed Fee 2016 - 2017 incl. GST	Fee includes GST (Y/N)	GST \$	Unit	% Variation	Estimated Quantity	Estimated Income excl. GST	Comment
City Hall												
Commercial												
Weekly Rate	\$4,000.00	\$4,080.00	Partial Cost Recovery	2015/16	\$4,280.00	Y	\$389.09	per week	5%		\$0.00	
Hourly Rate	\$300 (max \$3,000 per day)	\$306.00	Partial Cost Recovery	2015/16	\$320.00	Y	\$29.09	per day	5%		\$0.00	Maximum \$3,200.00 per day
Community												
Weekly Rate	\$2,000.00	\$2,040.00	Partial Cost Recovery	2015/16	\$2,065.00	Y	\$187.73	per week	1%		\$0.00	
Hourly Rate	\$150 (max \$1,500 per day)	\$155.00	Partial Cost Recovery	2015/16	\$160.00	Y	\$14.55	per day	3%		\$0.00	Maximum \$1,600.00 per day
Public Address System	\$0.00	\$0.00	Zero Pricing		\$0.00	N						
Heating	\$0.00	per power meter reading	Full Cost Recovery		per power meter reading	Y		per reading				
Hirers Bond (as required) Minimum	\$0.00	\$2,000.00	Security Deposit		\$2,000.00	N	\$0.00	per bond	0%		\$0.00	
Hirers Bond (as required) Maximum	\$0.00	\$5,000.00	Security Deposit	2015/16	\$10,000.00	N	\$0.00	per bond	100%		\$0.00	Maximum bond increased to ensure adequate funding is available to cover damage or additional clearing after events considered to be higher risk
Town Hall												
Commercial												
Weekly Rate	\$2,300.00	\$2,350.00	Partial Cost Recovery	2015/16	\$2,460.00	Y	\$223.64	per week	5%		\$0.00	
Hourly Rate	\$180 (max \$1,800 per day)	\$185.00	Partial Cost Recovery	2015/16	\$195.00	Y	\$17.73	per day	5%		\$0.00	Maximum \$1,950.00 per day
Community												
Weekly Rate	\$1,100.00	\$1,250.00	Partial Cost Recovery	2015/16	\$1,265.00	Y	\$115.00	per week	1%		\$0.00	
Hourly Rate	\$90 (max \$900 per day)	\$95.00	Partial Cost Recovery	2015/16	\$98.00	Y	\$8.91	per day	3%		\$0.00	Maximum \$980 per day
Public Address System	No charge	No charge	Zero Pricing		No charge	N	\$0.00					
Heating						Y						

Fee Description	2014-2015 Fee incl. GST	2015-2016 Fee incl. GST	Pricing Method	Last Changed (type <i>New Fee</i> if applicable)	Proposed Fee 2016 - 2017 incl. GST	Fee includes GST (Y/N)	GST \$	Unit	% Variation	Estimated Quantity	Estimated Income excl. GST	Comment
Weekly rate	\$600.00	\$600.00	Partial Cost Recovery	2014/15	\$630.00	Y	\$57.27		5%		\$0.00	
Hourly rate	\$60 (max \$600)	\$60.00	Partial Cost Recovery	2014/15	\$65.00	Y	\$5.91		8%		\$0.00	Maximum \$650.00 per day
Community												
Weekly rate	\$300	\$300.00	Partial Cost Recovery	2014/15	\$305.00	Y	\$27.73		2%		\$0.00	
Hourly rate	\$30 (max \$300)	\$30.00	Partial Cost Recovery	2014/15	\$33.00	Y	\$3.00		10%		\$0.00	Maximum \$330.00 per day
Lord Mayor's Court Room												
Commercial												
Weekly rate	\$700	\$700.00	Partial Cost Recovery	2014/15	\$735.00	Y	\$66.82		5%		\$0.00	
Hourly rate	\$70 (max \$700)	\$70.00	Partial Cost Recovery	2014/15	\$75.00	Y	\$6.82		7%		\$0.00	Maximum \$750.00 per day
Community												
Weekly rate	\$350	\$350.00	Partial Cost Recovery	2014/15	\$355.00	Y	\$32.27		1%		\$0.00	
Hourly rate	\$35 (max \$350)	\$35.00	Partial Cost Recovery	2014/15	\$35.00	Y	\$3.18		0%		\$0.00	Maximum \$350.00 per day

Proposed 2016-17 Fees & Charges: 155 - Customer Services

Account Number	Description	2014-15 Actual excl. GST	2015-16 Budget excl. GST	2015-16 YTD excl. GST	2015-16 YTD Budget excl. GST	2016-17 Estimate excl. GST
155.0300.2279.944	Fees - Section 337 and 132 certificates	-358,746.32	-340,000	-209,278.70	-198,331.00	-350,000
155 - Customer Services		810,968.19	340,000.00	279,595.58	198,331.00	350,000.00
Change from 2015-16 to 2016-17						2.94%

Fee Description	2014-2015 Fee incl. GST	2015-2016 Fee incl. GST	Pricing Method	Last Changed (type <i>New Fee</i> if applicable)	Proposed Fee 2016 - 2017 incl. GST	Fee includes GST (Y/N)	GST \$	Unit	% Variation	Estimated Quantity	Estimated Income excl. GST	Comment
Customer Services												
Photocopies												
By-Laws	\$0.00	\$5.00			\$5.00		\$0.00		0%		\$0.00	No change proposed
Council/Committee Agendas <i>No fee is applicable, pursuant to Section 9(4) of the Local Government (Meeting Procedures) Regulations 2015.</i>	No Charge	No Charge	Zero Pricing		No Charge		\$0.00					
Council/Committee Minutes	\$0.00	\$5.00	Commercial Pricing		\$5.00	N	\$0.00	Each	0%		\$0.00	No change proposed
A4 Copies	\$0.00	\$0.50	Commercial Pricing		\$0.50	Y	\$0.05	per page	0%		\$0.00	No change proposed
A3 Copies	\$0.00	\$0.55	Commercial Pricing		\$0.55	Y	\$0.05	per page	0%		\$0.00	No change proposed
A2 Copies	\$0.00	\$2.50	Commercial Pricing		\$2.50	Y	\$0.23	per page	0%		\$0.00	No change proposed
A1 Copies	\$0.00	\$3.50	Commercial Pricing		\$3.50	Y	\$0.32	per page	0%		\$0.00	No change proposed
A0 Copies	\$0.00	\$6.50	Commercial Pricing		\$6.50	Y	\$0.59	per page	0%		\$0.00	No change proposed
Section 337 and 132 Certificates Pursuant to the Local Government (General) Regulations 2015, the fees for certificates issued under Section 132 and 337 of the Local Government Act 1993 are determined by the Tasmanian Government												
Section 337	\$193.45	\$200.07	Statutory	2015/16	\$202.72	N	\$0.00	Each	1%		\$0.00	Statutory charge calculated on fee units
Section 132	\$43.80	\$45.30	Statutory	2015/16	\$45.90	N	\$0.00	Each	1%		\$0.00	Statutory charge calculated on fee units

**SUPPLEMENTARY FINANCE COMMITTEE AGENDA
(OPEN PORTION OF THE MEETING)
17/5/2016**

14. FINANCIAL REPORT AS AT 31 MARCH 2015 – FILE REF: 21-1-1

28x's

Report of the Director Financial Services of 13 May 2016 and attachment.

DELEGATION: Council

The General Manager reports:

“In accordance with the provisions of Part 2 Regulation 8(6) of the Local Government (Meeting Procedures) Regulations 2015, this supplementary matter is submitted for the consideration of the Committee.

Pursuant to Regulation 8(6), I report that:

- (a) information in relation to the matter was provided subsequent to the distribution of the agenda;
- (b) the matter is regarded as urgent; and
- (c) advice is provided pursuant to Section 65 of the Act.”

TO : Finance Committee

FROM : Director Financial Services

DATE : 13 May 2016

SUBJECT : **FINANCIAL REPORT AS AT 31 MARCH 2016**

FILE : 21-1-1 FD:fd (s:_data\financial reporting\hcc\2015-16\16-03 march 16\fc covering report march 2016.docx)

1. INTRODUCTION

- 1.1. The purpose of this report is to present Council's Financial Report for the period ending 31 March 2016, and to seek approval for changes to the 2015/16 Estimates (budget).

2. BACKGROUND

- 2.1. The Financial Report as at 31 March 2016 is attached – **refer attachment A**. The Financial Report provides details of: -
 - 2.1.1. Council's financial position as at 31 March 2016;
 - 2.1.2. The result of operations for the first nine months of the 2015/16 financial year;
 - 2.1.3. Forecasts for 30 June 2016; and
 - 2.1.4. Progress towards the achievement of Council's financial sustainability outcomes.
- 2.2. Council approved the carry-forward of expenditure from 2014/15 which resulted in the forecast underlying surplus for 2015/16 reducing by \$0.67M, from \$2.41M to \$1.74M.
- 2.3. Council approved further changes to the Estimates as part of the financial report for the period ending 30 September 2015 which resulted in the forecast underlying surplus for 2015/16 improving by \$0.12M, from \$1.74M to \$1.86M.
- 2.4. Council approved further changes to the Estimates as part of the financial report for the period ending 31 December 2015 which resulted in the forecast underlying surplus for 2015/16 improving by \$0.37M, from \$1.86M to \$2.23M.

3. PROPOSAL

- 3.1. The Financial Report seeks to have the 2015/16 estimates (budget) amended to take account of expected differences from budget at 30 June 2016 (permanent variances).

- 3.2. It is proposed that Council approve changes to the 2015/16 Estimates as set out in tables 4, 5, 7 and 9 of attachment A.

4. STRATEGIC PLANNING IMPLICATIONS

- 4.1. Objective 5.6 of the current strategic plan is to “consolidate financial sustainability of the City”. This report demonstrates that the City remains in a strong, sustainable financial position.

5. FINANCIAL IMPLICATIONS

5.1. Funding Source(s)

- 5.1.1. The proposed changes to the Estimates will result in net expenditure decreasing (and the forecast cash balance increasing) by \$0.95M.

- 5.1.2. The increase in the forecast cash balance is mainly due to decreased capital expenditure.

- 5.1.3. The final cash balance may differ from the current forecast for the following reasons: -

- 5.1.3.1. Current budget variances which are assumed to be timing variances (and therefore forecasts have not been amended) may prove to be permanent variances,

- 5.1.3.2. Further variances could arise during the remainder of the year, and

- 5.1.3.3. Capital expenditure could be higher or lower than forecast.

5.2. Impact on Current Year Operating Result

- 5.2.1. The impact of the proposed changes to the Estimates is to improve the forecast underlying surplus by \$0.23M (from \$2.23M to \$2.46M).

- 5.2.2. The improvement in the forecast underlying surplus is due to the net effect of the following:

- 5.2.2.1. Expenditure reductions especially employee costs, asphalt plant and visitor services;

- 5.2.2.2. Expenditure increases in Taste, project delivery and business systems transformation; and

- 5.2.2.3. Revenue decreases in supplementary rates income (due to revaluation objections), and Taste.

5.2.3. Whilst an underlying surplus of \$2.46M is currently forecast for 2015/16, expenses are currently favourable when compared to budget, and revenues are only marginally unfavourable. If this position continues, the final result will exceed the current forecast.

5.2.4. The final operating result may differ from the current forecast for the following reasons: -

5.2.4.1. Current budget variances which are assumed to be timing variances (and therefore forecasts have not been amended) may prove to be permanent variances, and

5.2.4.2. Further variances could arise during the remainder of the year.

5.3. Impact on Future Years' Financial Result

5.3.1. The impact on future years' underlying surpluses is difficult to estimate reliably because some changes may be ongoing, whilst others may not.

5.4. Asset Related Implications

5.4.1. The funding for a number of capital projects is recommended for deferral into 2016/17 for a number of reasons. These are set out and explained at Table 9 of Appendix A.

5.5. Financial Sustainability Indicators

5.5.1. Targets set for all of Council's eight financial sustainability indicators are expected to be achieved in 2015/16.

6. DELEGATION

6.1. Council approval is required to amend the Estimates.

7. CONCLUSION

7.1. The Financial Report for the period ending 31 March 2016 is presented for consideration. It shows that expenses are favourable when compared to budget, and revenues are marginally unfavourable. It forecasts the following financial outcomes for 2015/16: -

7.1.1. an underlying surplus of \$2.46M,

7.1.2. a closing cash balance of around \$36M, and

7.1.3. achievement of targets set for all of Council's eight financial sustainability indicators.

7.2. Council remains in a strong, sustainable financial position.

8. **RECOMMENDATION**

That:

- 8.1. *The report fd:fd (s:_data\financial reporting\hcc\2015-16\16-03 march 16\fc covering report march 2016.docx) be received and noted.*
- 8.2. *Council approve the changes to the 2015/16 Estimates listed in tables 4, 5, 7 and 9 of attachment A, the financial impacts of which are to increase the underlying surplus by \$0.23M, and to increase the cash balance by \$0.95 million.*

As signatory to this report, I certify that, pursuant to Section 55(1) of the Local Government Act 1993, I hold no interest, as referred to in Section 49 of the Local Government Act 1993, in matters contained in this report.



(David Spinks)

DIRECTOR FINANCIAL SERVICES

Attachment A

Financial Report for the period ending March 2016



City of **HOBART**

Financial Report

Period Ending March 2016

Financial Year – 2015/16

Table of Contents

<i>1. Introduction</i>	<i>4</i>
<i>2. Operating</i>	<i>5</i>
<i>3. Property, Plant and Equipment</i>	<i>10</i>
<i>4. Projects</i>	<i>11</i>
<i>5. Cash and Investments</i>	<i>17</i>
<i>6. Receivables</i>	<i>19</i>
<i>7. Loans</i>	<i>20</i>
<i>8. Loan Guarantees</i>	<i>21</i>
<i>9. Public Infrastructure Fund</i>	<i>22</i>
<i>10. Financial Sustainability Indicators</i>	<i>23</i>
<i>11. Conclusions</i>	<i>24</i>

1. Introduction

The purpose of this report is to provide a high level summary of: -

- Council's financial position as at 31 March 2016,
- the results of operations for the first nine months of the 2015/16 financial year,
- the forecast end of year results, and
- progress towards the achievement of Council's financial sustainability outcomes.

The report also seeks to have the 2015/16 estimates (budget) amended to take account of expected differences from budget at 30 June 2016 (permanent variances).

Council's financial direction is enunciated in its Long-Term Financial Management Plan (LTFMP) first adopted by Council in October 2010. At this time, it was also resolved that annual Council budgets would be prepared within the context of the LTFMP.

The primary objective of the LTFMP is to achieve financial sustainability. The eight measures adopted in the LTFMP for the purpose of measuring financial sustainability are set out in this report (refer section 10) along with an indication as to whether targets for each are expected to be achieved in 2015/16.

2. Operating

The forecast end of year result is an **underlying surplus** of \$2.46M, an improvement of \$0.23M since December due to the factors listed in tables 4 and 5 below. The history for the year has been: -

- Original budget forecast \$2.41M surplus
- Inclusion of carry-forwards from 2014/15 \$1.74M surplus
- September revised forecast \$1.86M surplus
- December revised forecast \$2.23M surplus
- March revised forecast \$2.46M surplus

The initial deterioration following inclusion of the 2014/15 carry forwards has been reversed during the year as a result of lower defined benefit superannuation, lower depreciation and lower employee costs due to delays in filling positions.

The Income Statement as outlined in Table 1 shows the financial impact of providing Council's general services to the community. It compares actual expenses (by expense type) and actual revenues (by revenue type) to the end of March (YTD Actual) with what was expected at the same stage (YTD Budget). The difference between the two is the variance, and this is also expressed as a percentage of the YTD budget.

Table 1 also shows the **original** 2015/16 budget, the **revised** 2015/16 budget, and the projected year-end result.

Table 1: Income Statement as at 31 March 2016

	Ref.	YTD Actual (\$,000)	YTD Budget (\$,000)	Variance Fav/(Unfav) (\$,000)	Variance %	2015/16 Original Budget (\$,000)	2015/16 Revised Budget (\$,000)	Forecast Year-End Result (\$,000)
Expenses								
Employee Costs	2.1	(38,272)	(38,868)	596	1.5%	(51,841)	(51,555)	(50,993)
Materials and Services	2.2	(21,237)	(21,454)	217	1.0%	(27,401)	(28,235)	(28,308)
Energy Costs	2.3	(1,569)	(1,703)	134	7.9%	(2,642)	(2,643)	(2,512)
Finance Costs		(738)	(738)	0	0.0%	(1,082)	(983)	(983)
Fire Levy		(6,986)	(6,986)	0	0.0%	(9,315)	(9,315)	(9,315)
Depreciation		(13,224)	(13,224)	0	0.0%	(18,132)	(17,632)	(17,632)
Asset Write-offs		(1,509)	(1,509)	0	0.0%	(2,012)	(2,012)	(2,012)
Bad Debts		0	(21)	21	100.0%	(378)	(378)	(378)
Other Expenses	2.4	(3,750)	(4,184)	434	10.4%	(4,501)	(4,755)	(4,818)
		(87,285)	(88,687)	1,402	1.6%	(117,304)	(117,508)	(116,951)
Revenues								
Rates and Charges	2.5	55,686	55,872	(186)	-0.3%	75,222	75,027	74,917
Fire Levy Commission		280	280	0	0.0%	373	373	373
Fines		5,094	5,090	4	0.1%	6,694	6,786	6,786
Fees and Charges - Car Parks	2.6	6,175	6,067	108	1.8%	7,890	8,103	8,103
Fees and Charges - On Street Parking	2.7	3,842	3,965	(123)	-3.1%	5,251	5,284	5,284
Other Fees and Charges	2.8	10,708	10,694	14	0.1%	13,486	13,374	13,223
Operating Grants	2.9	1,421	1,354	67	4.9%	3,192	3,192	3,202
Interest		810	816	(6)	-0.7%	1,044	1,044	1,044
Rents	2.10	2,766	2,684	82	3.1%	3,299	3,298	3,226
Tas Water Distributions		1,472	1,546	(74)	-4.8%	3,258	3,258	3,258
		88,254	88,368	(114)	-0.1%	119,709	119,739	119,416
Underlying Result		969	(319)	1,288		2,405	2,231	2,465

Results

For the first nine months of the year: -

- Expenses \$ 1,402,000 (1.6%) favourable to budget
- Revenues \$ 114,000 (0.1%) unfavourable to budget
- Total \$ 1,288,000 favourable to budget

Table 2 provides an explanation of the main variances in expenses for the first nine months of the year.

Table 2: Significant Expense Variances Explained

Ref.	Expenses Category	Variance	Explanation
2.1	Employee Costs	\$596K (1.5%) Favourable	Mainly wages and salaries \$636K – Due to delays in filling vacant positions, offset by unfavourable variance in external labour indicated below.
2.2	Materials & Services	\$217K (1.0%) Favourable	Includes favourable variances for: - <ul style="list-style-type: none"> • Expensed projects \$780K due to delays in project expenditure, • Contractors – Works \$313K mainly for Stormwater Strategy & Projects \$160K and Solid Waste Operations \$113K, • Contractors – Services - \$185K mainly for design Services and Records Management. Includes unfavourable variances for: - <ul style="list-style-type: none"> • External Labour Hire \$727K partially offset by favourable variance in wages and salaries and apprentice costs, • Expensed P&E \$171K • Materials & Stock Purchases \$90K, mainly for Taste of Tasmania \$43K and TTIC \$54K due to increased purchases,
2.3	Energy Costs	\$134K (7.9%) Favourable	Mainly street lighting costs \$71K, off-street parking \$26K and Sporting Facilities \$22K.
2.4	Other Expenses	\$434K (10.4%) Favourable	Includes favourable variance for:- <ul style="list-style-type: none"> • Event & Festival Grants \$201K, • Cultural Grants \$96K, • Waterways Management \$44K, • Heritage Account \$40K • Parks & City Divisional Grants 17K

Table 3 provides an explanation of the key variances in revenue for the first nine months of the year.

Table 3: Significant Revenue Variances Explained

Ref.	Revenue Category	Variance	Explanation
2.5	Rates and Charges	\$186K (0.3%) Unfavourable	Mainly supplementary rates \$217K with the remaining variance offset across other revenue types.
2.6	Fees and Charges – Car Parks	\$108K (1.8%) Favourable	Due to increased car park usage.
2.7	Fees and Charges – On Street Parking	\$123K (3.1%) Unfavourable	Mainly Parking Enforcement \$107K and On Street Unmetered \$14K
2.8	Other Fees and Charges	\$14K (0.1%) Favourable	Includes favourable variances for: - <ul style="list-style-type: none"> McRobies Gully Waste Management Centre \$150K, due to differences in tonnage mix, free weekends and charity rebates, Development Compliance \$114K, due to increased revenue for plumbing compliance, and Heritage & Conservation \$46K, due to increased sale of goods Includes unfavourable variances for: - <ul style="list-style-type: none"> Taste of Tasmania \$209K (budget change requested) Doone Kennedy Hobart Aquatic Centre \$106K, due mainly to reduced sale of goods and catering revenue than budgeted.
2.9	Operating Grants	\$67K (4.9%) Favourable	Includes favourable variances for:- <ul style="list-style-type: none"> Contributions in lieu of Public Open Space \$45K, and Positive Aging 21K.

In many cases, variances represent “timing differences” only, which are **not** expected to result in a variance from budget at year-end. A final underlying surplus of around \$2.46 million is currently forecast.

However, some variances represent “permanent differences”, which **are** expected to result in a variance from budget at year-end. Changes to the budget are requested for these known permanent differences in tables 4 and 5 below. These are reflected in the annual forecasts shown in the Income Statement (table 1). These changes result in the forecast underlying surplus improving by \$0.23M (from \$2.23M in December to \$2.46M).

Please note that the annual forecast includes some items which are difficult to reliably estimate during the year. These may result in the end of year actual result being different to forecast. Examples include ‘asset write-offs’, ‘expensed projects’, ‘expensed plant and equipment’ and ‘movements in employee leave provisions’.

Operating Budget Changes Requested – Requiring Council Approval

Tables 4 and 5 list budget items which are expected to differ from budget at year-end. Changes to budget are therefore requested.

Table 4: Expenses - Budget Changes requested – requiring Council approval

Ref.	Expenses Category	Increase/ (Decrease)	Explanation
2.1	Employee Costs	\$562K decrease	<p>Includes increases for the following:-</p> <ul style="list-style-type: none"> • Solid Waste Operations - \$30K • City marketing - \$31K <p>Includes decreases for the following:-</p> <ul style="list-style-type: none"> • Financial Services (Division)- \$127K • Traffic Strategy & Projects - \$106K • Project Delivery Services - \$104K • Civil Works Support - \$60K • Design Services - \$40K • Stormwater Strategy & Projects - \$39K • Asset Management - \$39K • Information Services - \$26K • Surveying Services - \$20K • Taste of Tasmania - \$19K • McRobies Gully - \$16K • Administration – Park & City - \$13K • Legal, Risk and Property Services - \$13K
2.2	Materials & Services	\$41K decrease	<p>Includes increases for the following:-</p> <ul style="list-style-type: none"> • Taste of Tasmania - \$288K • Financial Services (Division) - \$43K • Phoenix Project - \$80K • Project Delivery Services - \$104K • Road Strategy & Projects - \$96K • Civil Maintenance - \$60K • Design Services - \$40K • Asset Management - \$39K • McRobies Gully - \$25K and • Project & Asset Management - \$8K. <p>Includes decreases for the following:-</p> <ul style="list-style-type: none"> • Bushland & Reserves Visitor Services - \$250K • Asphalt Plant - \$180K • Expensed projects - \$178K • Legal, Risk and Property Services - \$40K • Solid Waste Operations - \$35K • Stormwater Strategy - \$30K • City Marketing - \$30K • Information Services – \$29K • Corporate Property – \$29K • Traffic Strategy - \$13K and • City Cleansing - \$12K.
2.4	Other expenses	\$63K increase	<p>Includes increases for the following:-</p> <ul style="list-style-type: none"> • Central Procurement - \$21K • Cultural Development (grants) - \$18K • Community Development (grants) - \$14K and • Salamanca Market - \$10K.

Table 5: Revenues - Budget Changes requested – requiring Council approval

Ref.	Revenue Category	Increase/ (Decrease)	Explanation
2.5	Rates and Charges	\$110K decrease	Includes increases of \$40K in Rates Interest & Penalties Income and a decrease of \$150K in supplementary rates.
2.8	Other Fees and Charges	\$151K decrease	Includes increases for the following:- <ul style="list-style-type: none"> • Expensed Projects (DKHAC – renewable energy certificates - \$64K • Traffic Strategy & Projects - \$30K • Project & Asset management - \$25K • McRobies Gully - \$16K Includes decreases for the following:- <ul style="list-style-type: none"> • Taste of Tasmania \$286K
2.9	Operating Grants	\$10K increase	Includes an increase for Salamanca Market Digital Marketing Campaign - \$10K
2.10	Rents - Other	\$72K decrease	Taste of Tasmania decrease in Commercial – Stalls Rent - \$72K

3. Property, Plant and Equipment

Council owns a significant amount of plant and equipment. Each year, items of plant and equipment are replaced in accordance with relevant asset management plans. From time to time, Council also purchases parcels of property necessary to meet its strategic objectives.

Table 6 shows a Divisional summary of property, plant and equipment expenditure (net of proceeds obtained from the sale of assets) compared to budget.

Table 6: Property, Plant and Equipment Expenditure (Net of Sale Proceeds) as at 31 March 2016

Division	Net amount spent (\$,000)	2015/16 Budget (including carry-forwards) (\$,000)	% Spent %	Amount unspent (\$,000)
General Manager	4	35	11.4%	31
Corporate Services	311	750	41.5%	439
Parks and City Amenity	1,955	3,314	59.0%	1,359
Community Development	417	1,158	36.0%	741
City Planning	68	250	27.2%	182
City Infrastructure	13	97	13.4%	84
Financial Services	4	601	0.7%	597
Doone Kennedy Hobart Aquatic Centre	258	355	72.7%	97
Parking operations	92	603	15.3%	511
	3,122	7,163	43.6%	4,041

The Corporate Services Division budget is comprised of information technology equipment. The Parks and City Amenity Division budget is comprised of trucks, heavy plant, light vehicles and minor equipment items. The Community Development Division budget is comprised of requirements for the Taste Festival, Christmas decorations and Salamanca Market.

Results

Table 6 shows that with 75% of the financial year elapsed, 44% of the property, plant and equipment budget has been spent.

Property, Plant and Equipment Budget Changes Requested – Requiring Council Approval

Table 7 lists budget items which are expected to differ from budget at year-end. Changes to budget are therefore requested.

Table 7: Budget Changes requested – requiring Council approval

Description	Adjustment Increase / (Decrease) \$'000	Reason for adjustment
Graffiti	12	Rota washer unit accessories.
Solid Waste Management	4	Emp Live setup/system.
Landfill Operations	7	To replace damaged items (funded by insurance)
Landfill Operations	5	Transfer from 245 Project PR 5059
Project and Asset Management	17	To replace stolen items (funded by insurance)
Solid Waste Management	(2)	Transfer to Function 240 Project PR 505905
Toll Booth Operations	8	Transfer \$8.4K from F245 Project PR 5059 08
Financial Services	(16)	Function 150, 153, 154 funds not required 15/16
Financial Services	(562)	Function 899 funds not required 15/16
Net Increase / (Decrease) in PPE	(527)	

4. Projects

Projects include capital expenditure on Council's infrastructure assets in accordance with relevant asset management plans, and include both 'asset renewal' and 'new assets'.

The Tables below show a summary of expenditure against budget for projects.

Table 8.1: Projects that have been funded by Capital Grants.

Project	Amount spent (\$,000)	2015/16 Budget (including carry-forwards) (\$,000)	% Spent %	Amount unspent (\$,000)	Est EOY Carry forward	Comment
Soldiers Memorial Oval	(28)	1,547	-1.8%	1,575	0	Awaiting completion of approval process. \$1.52M included in current deferral request (Table 9)
Hobart Rivulet Linear Park - Vicinity of Anglesea St	14	370	3.8%	356	0	\$0.1M grant funding for project. To be spent
Roads To Recovery Funds	0	56	0.0%	56	0	funds received in 2014/2015
Roads to Recovery Program	0	30	0.0%	30	0	funds received in 2014/2015
Energy Efficient Lighting (Part)	123	152	80.9%	29	0	\$45K grant funding received in 2012/2013
DKHAC Solar Photovoltaic System (Part)	156	93	167.7%	(63)	0	\$63K external income received for renewable energy certificates
Accident Blackspot projects (Part)	437	50	874.0%	(387)	0	\$415K blackspot grant income received to offset expenditure
Local Area Traffic Management works	907	341	266.0%	(566)	0	\$400K blackspot funding will be received in 2015/2016
Tasman Highway Shared Bridge	0	1,491	0.0%	1,491	0	ANZAC Centenary Public Fund. This project is currently in the planning and design phase with construction to be completed in 2018. Included in current deferral request (Table 9)
	1,609	4,130	39.0%	2,521	0	

Table 8.2: Projects that have been deferred by Council resolution

Project	Deferred (\$,000)
Argyle St car park development	626
Council Centre electrical upgrade	393
Botanical Gardens improved pedestrian access	250
Stormwater strategy implementation	300
Lenah Valley Rd/Creek Rd left slip lane	106
DKHAC and Council Centre BMS upgrade	245
Council Centre sustainability works	100
Parking Equipment Renewals	605
Other	338
	2,963

Table 8.3: Project expenditure net of Grants and Deferred Projects.

Project	Amount spent (\$,000)	2015/16 Budget (including carry-forwards) (\$,000)	% Spent %	Amount unspent (\$,000)
Parks and City Amenity	4,912	8,658	56.7%	3,746
Community Development	826	1,306	63.2%	480
City Planning	0	0	0.0%	0
City Infrastructure	6,146	12,528	49.1%	6,382
Financial Services	27	144	18.8%	117
Doone Kennedy Hobart Aquatic Centre	453	1,846	24.5%	1,393
Public Infrastructure Fund	3,348	9,701	34.5%	6,353
Parking	(20)	1,765	-1.1%	1,785
Bushland Fund	0	293	0.0%	293
	15,692	36,241	43.3%	20,549

Table 8.3 shows that with 75% of the financial year elapsed, 43.3% of the project budget has been spent, although further projects totalling \$10.408M are recommended for deferral – see Table 9.

Some particular projects which have significant amounts unspent and their estimated year end carry forward are listed in Table 8.4 overleaf:

Table 8.4: Project Examples – Significant Budgets Remaining

Project	Amount spent (\$,000)	2015/16 Budget (including carry-forwards) (\$,000)	% Spent %	Amount unspent (\$,000)	Comments	Est EOY Carry forward (\$,000)
Brooker Ave overpass crossing	158	3,000	5.3%	2,842	Delayed due to Utas uncertainty over preference for connectivity with its facilities. Included in current deferral request (Table 9)	0
Civil Works program	631	3,052	20.7%	2,421	Underspend anticipated due to failure to attract tenders on smaller projects	500
Building Projects (2015 and 5056)	861	2,806	30.7%	1,945	Various projects at DKHAC, Council Centre, car parks, City Hall and Cleary's Gates Depot.	800
Morrison St cycleway	63	1,809	3.5%	1,746	Currently under construction and will be substantially spent by October 2016	1,000
Argyle St car park - expansion & redevelopment	20	1,300	1.5%	1,280	Project on hold awaiting private developer - included in current deferral requests (Table 9)	0
Overlay Program	73	1,295	5.6%	1,222	Overlay program currently under way - will be spent by June 2016	500
Franklin Square	1,097	2,173	50.5%	1,076	Will be fully spent.	0
Bus Mall upgrade	4	1,029	0.4%	1,025	Delayed because of delays with getting consensus from other key stakeholders with the preferred design. Included in current deferral request (Table 9)	0
Other	12,785	19,777	64.6%	6,992	Projects unspent < \$1M	3,000
	15,692	36,241	43.3%	20,549		5,800

Table 8.5: Project Expenditure as at 31 March 2016 - Summary

Division	Amount spent (\$,000)	2015/16 Budget (including carry-forwards) (\$,000)	% Spent %	Amount unspent (\$,000)	Deferred to 2016/17 (\$,000)	Total unspent (\$,000)
Parks and City Amenity	4,898	10,575	46.3%	5,677	0	5,677
Community Development	826	1,306	63.2%	480	0	480
City Infrastructure	7,769	13,250	58.6%	5,481	1,732	7,213
Financial Services	27	144	18.8%	117	0	117
Doone Kennedy Hobart Aquatic Centre	453	1,846	24.5%	1,393	0	1,393
Public Infrastructure Fund	3,348	11,192	29.9%	7,844	0	7,844
Parking	(20)	1,765	-1.1%	1,785	1,231	3,016
Bushland Fund	0	293	0.0%	293	0	293
	17,301	40,371	42.9%	23,070	2,963	26,033

This table represents the total of Tables 8.1, 8.2 and 8.3

Project Budget Changes Requested – Requiring Council Approval

Table 9 lists budget items which are expected to differ from budget at year-end. Changes to budget are therefore requested.

Table 9: Budget Changes Requested – Requiring Council Approval

Description	Note	Increase / (Decrease) \$'000
Brought Forward from 2016/17		
Council Centre BMS Upgrade		(60)
BMS Renewal to DKHAC, Council Centre & Town Hall - No 2		(24)
Deferred to 2016/17		
Lefroy St 8 Stormwater Upgrade	1	(66)
Collins St (between Argyle and Marketplace) - Phase 2	2	(5)
Soldiers Memorial Oval Building Reconstruction Stage 2	3	(1,400)
SMO Stages 4 and 5 - Playscape incl Amphitheatre	4	(120)
The Springs Infrastructure Upgrade	5	(530)
Porter Hill Dorney Residence	6	(150)
Building Project Master - Council Centre - All Main Hydraulic	7	(345)
Council Centre - Fire Compartmentalisation	8	(84)
Council Centre - Services Hydraulics	9	(100)
Darcy - Wentworth St Stormwater Replacement	10	(17)
Macquarie St 192-166 DN225 EW Upgrade	11	(158)
Erindale Place - Open Channel Diversion Piping	12	(22)
Building Project Master - DKHAC - Plant Renewals	13	(100)
Building Project Master - DKHAC - Change Rooms - Renewal	14	(300)
Building Project Master - DKHAC - Renewal of Diving Boards	15	(50)
Building Project Master - DKHAC - Spa Lounge - Renewal spa	16	(250)
Thermal Storage Tanks	17	(50)
Hot Water Cylinder, thermostat, mixing valves & Domestic HW	18	(50)
Argyle St Car Park – Expansion & Redevelopment Of Car Park	19	(1,280)
Argyle St Car Park – Wellington St Awning	20	(40)
Brooker Ave Overpass Crossing	21	(2,800)
Bus Mall Upgrade	22	(1,000)
Tasmanian Highway Shared Bridge	23	(1,491)
Expensed Projects		
Public Art - General		(64)
Traffic Signal Boxes - Public Art Program		9
Mathers Place Soapbox		5
Building Project Master - Corporate Properties - Compliance W		(12)
Salamanca Car Park - (Maintenance) Energy Efficiency Lighting		(22)
Hobart Central Car Park - (Maintenance) Energy Efficiency Lighting		(40)
Centrepont Car Park - (Maintenance) Energy Efficiency Light		(40)
Car Park Re-Lighting Consultancy		(14)

Description	Note	Increase / (Decrease) \$'000
Revenue		
INCOME - DKHAC Solar Heating of pool water		(64)
Reallocations		
Accessible Parking Provision		(50)
Salamanca Accessible Parking		50
DDA access - roads infrastructure 2014-2015		(30)
Sandy Bay Rd - Cycleway - Stage 3B		30
New Town Rivulet Walkway stabilisation		(45)
Cornelian Bay Mngt Plan - Stage 5		(16)
Parks Seating - Yearly Amounts (Not To Be Issued)		(20)
Parks Irrigation & Drainage - Yearly Amounts		(28)
Franklin Square Renewal		109
Other		
DKHAC-Redevelopment Project		33
Building Project Master - DKHAC - Plant Renewals		(44)
DKHAC Cafe - hand washing basin		10
Barrack Street/Collins Street Intersection		50
McRobies Gully RDS Site Office		(6)
DKHAC Solar Heating of pool water		64
Franklin Square		50
Clearys Gates Admin Building AC Upgrade		12
DKHAC & Council Centre BMS Upgrade		84
Woolworths Sandy Bay Public Convenience Internal Refurb		275
Cascade Gardens Public Convenience Internal Refurbishment		120
Caldew Park Public Convenience Internal Refurbishment		85
John Doggett Park Public Convenience Internal Refurbishment		75
Marieville Esplanade Public Convenience upgrade		50
Centrepont Public Convenience upgrade		35
Building Project Master - North Hobart Cultural Park - Amenities		50
Mt Nelson Oval Public Convenience upgrade		45
Wheelie bin renewals 15/16		2
Tollbooth Ergonomic Alterations		(8)
Hobart Central Car Park - Registration plate recognition		116
The Springs Infrastructure Upgrade		250
Net Increase / (Decrease) in Projects		(9,384)

Note:	
1	Unable to start in 2015/16 due to ongoing negotiations with private landowners
2	Funds retained for investigation works associated with the next stage of this project - to be undertaken in future year
3 & 4	Project subject to tendering process once approvals complete. Likely to commence October 2016
5	Design of the public infrastructure requirements dependent on future private development. Unlikely this funding will be expended prior to December 2016
6	The Council is considering options for the future of Porter Hill including Dorney House. Funds will be required once the future of the property is clear, as significant upgrading works have been identified.
7	Awaiting decision on future of building, will have to undertake in 2016/17 as sewerage system now has high potential for risk of failure
8	Awaiting decision on future of building
9	Awaiting decision on future of building, will have to undertake in 2016/17 as sewerage system now has high potential for risk of failure
10	Unable to start in 2015/16 due to ongoing negotiations with private landowners
11	Deferred as hotel development occurring in this area
12	Deferred as unable to start in 2015/16 due to ongoing negotiations with private landowners
13 -18	To be accumulated in Reserve as part of \$800K to contribute to future DKHAC Upgrade
19-20	Project on hold waiting Developer
21	Delayed due to UTAS uncertainty over preference for connectivity with its facilities
22	Delayed due to delays with obtaining design consensus from other key stakeholders
23	In planning and design phase with construction to be completed 2018

5. Cash and Investments

Table 10 shows how Council's cash balances are invested at 31 March 2016.

Table 10: Cash Balances as at 31 March 2016

	Amount (\$,000)	Weighted Average
<u>Term Deposit Accounts</u>		
Bank of Queensland	5,000	2.80%
Bendigo & Adelaide Bank	300	2.85%
Commonwealth Bank	2,000	2.89%
ANZ	4,000	1.48%
AMP Bank	2,000	2.75%
Westpac Banking Corporation	3,000	6.06%
National Australia Bank	6,000	2.65%
Members Equity Bank	2,000	2.35%
MyState	2,000	2.50%
	26,300	3.05%
<u>Cheque Accounts</u>		
Commonwealth Bank - HCC	5,748	
Commonwealth Bank - TTIC	40	
	5,788	
<u>High Interest At-Call Cash Accounts</u>		
ANZ Bank (Corporate Investment) - HCC	2,163	
Commonwealth Bank (Business Online Saver) - HCC	2,084	
Commonwealth Bank (Capital Growth A/c 60D) - HCC	1,500	
Commonwealth Bank (Business Online Saver) - TTIC	987	
National Australia Bank Business Cash Maximiser	46	
Tascorp	674	
	7,454	
<u>Heritage Account</u>		
Tasmanian Perpetual Trustees - cash fund	1,148	
Tasmanian Perpetual Trustees - equity fund	272	
	1,420	
<u>Summary</u>		
Term Deposit Accounts	26,300	
Cheque Accounts	5,788	
High Interest At-Call Cash Accounts	7,454	
Heritage Account	1,420	
	40,962	
* Tascorp funds are guaranteed by the State of Tasmania.		
Other guaranteed funds are guaranteed by the Australian Government, under the Financial Claims Scheme. The guarantee is limited to \$250,000 per financial institution.		
Funds with Tasmanian Perpetual Trustees are not guaranteed.		
* All investments, excluding heritage account funds, have been placed in accordance with Council Policy 4.01.03 - Investment of Council Funds.		
* Heritage account funds have been placed in accordance with a resolution of the Heritage Account Special Committee at a meeting held on 24 May 2001.		

Results

Table 10 shows that Council's cash balance at 31 March 2016 is around \$41 million. This balance is expected to decrease to around \$36 million at 30 June 2016, although this will depend on the final capital expenditure outcome. This amount will be allocated to the various purposes listed in Table 11 below.

Table 11: Composition of Cash Balance

	As at 30 June 2015 (\$,000)	Expected 30 June 2016 (\$,000)
Contributions in Lieu of Public Open Space	255	363
Contributions in Lieu of Parking *	135	135
Heritage account	1,380	1,380
Unspent grants	901	0
Plant and equipment carry-forwards	3,153	3,000
Bushland fund	308	358
Loan Redemption	1,331	1,406
McRobies Gully tip site rehabilitation	2,568	2,530
Asphalt Plant decommissioning and site rehabilitation	761	196
Queens Domain Facility Upgrades	276	0
Other project carry-forwards and deferred projects	13,483	19,154
Public Infrastructure Fund	9,286	0
Refundable deposits *	1,897	1,897
Future asset renewal reserve	4,975	5,577
	40,709	35,996

* no change has been assumed

Table 11 demonstrates that the cash balance is not "un-utilised funds". Rather, most of the cash balance is either externally restricted, or allocated by Council to particular purposes.

6. Receivables

Table 12 below shows a summary of amounts owed to Council, including projections for the position at 30 June 2016.

Table 12: Receivables

	As at 30 June 2014 (\$,000)	As at 30 June 2015 (\$,000)	As at 31 March 2016 (\$,000)	Expected 30 June 2016 (\$,000)
Rates	1,074	1,099	1,349	1,074
Parking Fines	7,567	7,448	7,945	7,400
Trade Receivables	1,087	800	2,194	800
Accrued Interest on investments	316	289	297	289
Other receivables	383	2,124	1,311	500
	10,427	11,760	13,096	10,063

Results

Table 12 shows that parking fines owing to Council account for around 60% of the receivables balance, and the balance of fines owing is forecast to remain consistent.

The level of other receivables is satisfactory.

A detailed report of outstanding rates is provided to the Finance Committee in August each year, and detailed reports of trade receivables are provided quarterly.

7. Loans

Table 13 below shows the composition of Council's loan portfolio at 31 March 2016.

Table 13: Loan Balances as at 31 March 2016

Lender	Loan Amount (\$,000)	Principal & Interest (P&I) or Interest Only (IO)	Drawdown Date	Term (years)	Maturity Date	Interest Rate (fixed)	Balance (\$,000)
C'wealth Bank	4,800	P&I	30/06/2006	30	30/06/2036	6.41%	4,101
Tascorp	1,750	P&I	30/06/2010	10	30/06/2020	6.48%	926
Tascorp	1,850	P&I	30/06/2011	10	30/06/2021	6.24%	1,156
Tascorp	5,000	P&I	29/06/2012	10	29/06/2022	4.89%	3,516
Tascorp	2,500	P&I	28/06/2013	10	30/06/2023	5.13%	1,988
Tascorp	2,375	P&I	30/06/2014	10	30/06/2024	4.56%	2,183
							13,870

Results

Table 13 shows that Council currently has six loans totalling \$13.87 million, with annual servicing costs totalling \$2.132 million (1.78% of revenues). The Commonwealth Bank loan taken out in 2006 was used to purchase land at Porter Hill, and has a thirty year term. All other loans have terms of ten years.

In all cases, principal and interest is paid half-yearly, and the interest rate is fixed for the term of the loan. The weighted average interest rate of the above loans is 5.54%.

The only security Council has offered for the above loans is future revenues - no Council assets have been pledged as security for loans.

8. Loan Guarantees

Council has provided the following loan guarantees for which the principal borrowing amount is shown in table 14 below: -

Table 14: Loan Guarantees Principal Borrowing Amounts

Association	Principal Borrowing Amount (\$'000)
New Town District Cricket Club	50
Southern Tasmanian Netball Association	631
Hockey Tasmania	1,500
Buckingham Bowls Club	50
Derwent Sailing Squadron	4,100
TOTAL	6,331

Council's maximum liability is \$6.33M based upon the original commitments provided.

A summary of the loan guarantor repayment arrangements is shown in table 15 below: -

Table 15: Loan Guarantor Repayment Arrangements

Borrower	Lender	Guarantee Amount (\$'000)	Balance at 31 March 2016 (\$'000)	Repayment Arrangements (Per Month)
New Town District Cricket Club	CBA	50	0	Loans paid in full. Overdraft facility in place.
Southern Tasmanian Netball Association	Westpac	631	436	\$5,745. Re-draw facility on loan being utilised.
Hockey Tasmania	Tasmanian Perpetual Trustees	1,500	1,000	Interest only paid in arrears per quarter.
Buckingham Bowls Club	Bendigo	50	10	\$625. Re-draw facility on loan.
Derwent Sailing Squadron	CBA	4,100	4,656	Interest only for 2.5 years
TOTAL		6,331	6,102	

Results

All loans are being serviced within required arrangements. Council's current maximum liability is \$6.10M.

9. Public Infrastructure Fund

Council has established a Public Infrastructure Fund to provide funding for priority projects identified in the Inner City Action Plan (ICAP). Table 16 below shows projections for the Fund for 2015/16.

Table 16: Public Infrastructure Fund projections as at 31 March 2016

		Forecast 2015/16 (\$'000)
Receipts		
	Sale of Melville Street Car Park to UTAS	(380)
	Sale of Air Rights over Rivulet for Cat and Fiddle Arcade	550
	Sale of Theatre Royal Car Park site	200
	Sale of Security Shredding Business	160
	Expungement of deed of sale of 177 Macquarie Street	320
	State Govt Grant - Liverpool Street upgrade	500
	Tasman Highway - Shared Bridge	(280)
	Interest	371
		1,441
Expenditure		
AP01	Upgrade of Liverpool Street	(2,271)
AP02	Upgrade Bus Mall	(1,029)
AP03	Morrison Street Cycleway	(1,451)
AP04	Link from the Hobart Rivulet Park along Collins Street	(100)
AP07	Pedestrian + Cyclist High Level Crossing over Brooker Avenue	(3,000)
AP08	Upgrading Castray Esplanade	(200)
AP09	Mathers Place / Collins Court upgrades	(623)
AP10	City Wayfinding System	(387)
AP18	Tasman Highway Shared Bridge	(1,491)
	Consultancies	(681)
		(11,233)
Other Contributions		
	General allocation provided from carry-forwards	50
AP03	Asset renewals	20
	New asset budget	118
	General Reserves	318
		506
Increase / (Decrease)		(9,286)
Opening Balance		9,286
Closing Balance		0

10. Financial Sustainability Indicators

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

- 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 (loans, 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.

Council's performance against the eight financial sustainability indicators is shown in Table 17 below.

Table 17: Performance against Financial Sustainability Indicators

Indicator No:	Description	Target (original budget) 2015/16	Sep Qtr Forecast for 2015/16	Dec Qtr Forecast for 2015/16	March Qtr Forecast for 2015/16	Target Met (✓ / X)
1	Underlying Surplus	2,404,615	1,862,000	2,231,000	2,465,000	✓
2	Underlying Surplus ratio	2.0%	1.6%	1.9%	2.1%	✓
3	Net Financial Liabilities	12,563,239	10,533,000	6,301,000	4,745,000	✓
4	Net Financial Liabilities ratio	10.5%	8.8%	5.3%	4.0%	✓
5	Net Interest Expense Cover ratio	-0.20%	-0.21%	-0.21%	-0.21%	✓
6	Asset Sustainability ratio *	102.3%	102.3%	105.2%	105.2%	✓
7	Asset Consumption ratio	53.8%	53.8%	54.2%	54.2%	✓
8	Asset Renewal Funding ratio	100.0%	100.0%	100.0%	100.0%	✓

* assumes that the asset renewal budget will be fully expended.

Results

Table 17 shows that targets for all of Council's financial sustainability indicators are expected to be achieved in 2015/16.

11. Conclusions

This financial report shows that Council remains in a strong, sustainable financial position. Targets set for all of Council's eight financial sustainability indicators are expected to be achieved in 2015/16.

An underlying surplus of around \$2.46 million is currently forecast. However, expenses are currently favourable when compared to budget, and revenues are only marginally unfavourable. If this position continues, the final result will exceed the current forecast.

A significant proportion of the capital budget remains unspent at 31 March.

Investments continue to be well-managed with a very competitive rate of return achieved.

Cash reserves are expected to decrease to around \$36 million during the current financial year (subject to capital expenditure outcomes), most of which is either externally restricted or allocated to various purposes.

Significant effort continues to be directed toward pursuing collection of amounts owed to Council. As a result, receivables balances are expected to remain constant at around \$10 million.

With borrowings totalling \$13.87 million, Council's level of indebtedness is very low, and annual servicing costs (principal and interest) require only 1.78% of revenues.

Council currently acts as guarantor for several loans taken out by various local sporting organisations. All loans are being serviced within the required arrangements, so there are currently no financial implications arising from the existence of these guarantees.

The currently approved LTFMP (June 2015) projects modest underlying surpluses into the future. An updated LTFMP will be presented to Council for adoption in June 2016. This is also expected to project modest underlying surpluses into the future.