



CITY OF HOBART

AGENDA

Finance and Governance Committee Meeting

Open Portion

Tuesday, 16 June 2020

at 4:30 pm

SUPPLEMENTARY ITEM

ORDER OF BUSINESS

10. BUDGET ESTIMATES 2020-21	3
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This meeting of the Finance and Governance Committee is held in accordance with a Notice issued by the Premier on 3 April 2020 under section 18 of the *COVID-19 Disease Emergency (Miscellaneous Provisions) Act 2020*.

The General Manager reports:

“That in accordance with the provisions of Part 2 Regulation 8(6) of the *Local Government (Meeting Procedures) Regulations 2015*, these supplementary matters are 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.”

10. Budget Estimates 2020-21
File Ref: F20/59222

Report of the Manager Finance and City Procurement and the Deputy General Manager of 12 June 2020 and attachments.

Delegation: Council

REPORT TITLE: BUDGET ESTIMATES 2020-21**REPORT PROVIDED BY:** Manager Finance and City Procurement
Deputy General Manager**1. Report Purpose and Community Benefit**

- 1.1. The purpose of this report is to present the City's 2020-21 Estimates, Annual Plan and Rates Resolution and the 2021-2041 Long Term Financial Management Plan for consideration. It is proposed that the Estimates be formally adopted at the Council meeting on 22 June 2020.

2. Report Summary

- 2.1. This report presents the City's 2020-21 Estimates, Annual Plan and Rates Resolution together with the Long Term Financial Management Plan 2021–2041.
- 2.2. The City's Estimates for 2020-21 have been shaped by the economic impacts of the COVID-19 pandemic, which have been difficult to estimate.
- 2.3. It is proposed that the 2020-21 Estimates, 2020-21 Annual Plan, Long Term Financial Management Plan 2021-2041 and the City's Rates Resolution 2020-21 be formally adopted at the Council meeting on 22 June 2020.
- 2.4. Over the coming months Council's focus will be on delivering essential services and community support and then as the full extent of the pandemic becomes clearer the City will update the budget outlook and release a mid-year revised budget and Long Term Financial Management Plan.

3. Budget Estimates Recommendations

That:

- 1. The expenses, revenues, capital expenditure, and plant and equipment expenditure detailed in the document 'City of Hobart Budget Estimates 2020-21' be approved.***
- 2. New borrowings of \$15M be approved at this time, noting that the City has a borrowing facility of up to \$31M.***
- 3. The Council delegate to the General Manager the power to enter into loan agreements to source the above borrowings on the most favourable terms.***
- 4. The City of Hobart Rates Resolution 2020-21 be adopted, which includes:***
 - (i) The General Rate be 6.85 cents in the dollar of assessed annual value (AAV).***
 - (ii) The following Service Rates be made:***
 - (a) A Stormwater Removal Service Rate of 0.38 cents in the dollar of AAV; and***
 - (b) A Fire Service Rate of 1.11 cents in the dollar of AAV.***
 - (iii) A Waste Management Service Charge be made and varied according to the use or predominant use of land as follows:***
 - (a) A Service charge of \$250 to apply to residential properties;***
 - (b) A Service charge of \$500 to apply to non-residential properties.***
 - (iv) A Waste Management Service Charge of \$60 be made for kerbside food organics garden organics waste collection for all rateable land within the municipal area to which Council supplies or makes available a food organics garden organics waste collection service utilising a food organics garden organics waste collection bin.***
 - (v) A Landfill Rehabilitation Service Charge be made and varied according to the use or predominant use of land as follows:***
 - (a) A Service charge of \$10 to apply to residential properties;***

- (b) A Service charge of \$20 to apply to non-residential properties.**
 - (vi) The rates be subject to the following remissions:**
 - (a) A remission of 0.81 cents in the dollar on the AAV of any land or building which is within the Fern Tree Volunteer Brigade Rating District as defined by the State Fire Commission.**
 - (b) A remission of 0.83 cents in the dollar on the AAV of any land or building which is within areas other than Permanent Brigade Rating Districts or the Fern Tree Volunteer Brigade Rating District as defined by the State Fire Commission.**
- 5. Unspent 2019-20 capital funding be carried-forward into 2020-21, with any necessary adjustments to be made in the September 2020 quarter financial report to Council.**
- 6. The interest rate on unpaid rates be 6.81% per annum, charged monthly.**
- 7. The 2020-21 Annual Plan be adopted.**
- 8. The Long Term Financial Management plan 2021-41 be adopted.**
- 9. The following delegations be approved:**
 - (i) Pursuant to Section 22 of the Local Government Act 1993, the Council delegate to the General Manager the power to expend monies on Council's behalf identified as Delegation Classification 1 items in the Council's Annual Plan 2020-21; and, the Council authorise the General Manager to delegate, pursuant Section 64 of the Local Government Act 1993, to such employees of the Council as he considers appropriate, the power to expend monies on Council's behalf identified as Delegation Classification 1 items in the Council's Annual Plan.**
 - (ii) Pursuant to Section 22 of the Local Government Act 1993, the Council delegate to all the Council Committees the power to expend monies on Council's behalf identified as Delegation Classification 2 items in the Council's Annual Plan 2020-21.**
- 10. The Council note that a mid-year review of the 2020-21 Budget Estimates and Long Term Financial Management Plan 2021-41 will be undertaken.**

4. Background

- 4.1. The City of Hobart's budget for 2020-21 has been shaped by the economic impacts of the COVID-19 pandemic.
- 4.2. Like many businesses and organisations the City of Hobart has been financially impacted by the health crisis. While difficult to estimate the impacts, which will be determined by how quickly the City recovers, the estimate is a \$17.66M loss of revenue for the City for 2020-21, including from parking fees and charges, parking fines, other fees and charges, distributions from Council's membership of TasWater and rents on Council owned properties.
- 4.3. While the City has experienced these economic impacts, the City is also committed to maintaining essential services to the community and to assist those most critically impacted by the economic slowdown caused by the pandemic.
- 4.4. Over the coming months Council's focus will be on delivering essential services and community support and then as the full extent of the pandemic becomes clearer the City will update the budget outlook and release a mid-year revised budget and Long Term Financial Management Plan.
- 4.5. The budget process for 2020-21 has included workshops/briefings with Elected Members and Committee/Council meetings on 3 March, 23 March, 27 April, 25 May and 28 May to discuss matters impacting on the 2020-21 Estimates and the 10 year capital works program.
- 4.6. The Estimates have now been drafted and are presented for Risk and Audit Panel and Council consideration.

Estimates Preparation

- 4.7. The Estimates documents comprise:
 - 4.7.1. This report;
 - 4.7.2. A separate document – 'City of Hobart Budget Estimates 2020-21', which is attached – refer **Attachment A**. This document contains discussion of all elements comprising the Estimates and is required pursuant to Section 82 of the *Local Government Act 1993*;
 - 4.7.3. The Annual Plan for the 2020-2021 Financial Year, which is attached – refer **Attachment B**. This document is required pursuant to Section 71 of the *Local Government Act 1993*. It is required to set out how the objectives of Council's Strategic Plan are to be met, including a summary of the Estimates adopted, and is to be formally adopted by the Council; and

- 4.7.4. The updated Long Term Financial Management Plan 2021-2041 (LTFMP), which is attached – refer **Attachment C**. This document is required pursuant to Section 70 of the *Local Government Act 1993* and is to be consistent with the Council's Strategic Plan.
- 4.7.5. The Rates Resolution for 2020-21, which is attached – refer **Attachment D**. This document is required pursuant to Part 9 of the *Local Government Act 1993*.

Estimates Overview

Key aspects of the 2020-21 budget include:

- 4.8. An operating budget of \$135.5 million for the delivery of services to the community.
- 4.9. A community support package that includes:
 - 4.9.1. A rates freeze by adopting a zero per cent increase in general and service rates for 2020-21. The Council will also freeze the waste collection service charges, the landfill rehabilitation service charges and the green waste service charge. Council introduced a new food organics garden organics (FOGO) kerbside collection service in 2019-20. For 2020-21 the cost of the FOGO kerbside collection will be \$10 per property and will be combined with the existing \$50 green waste service charge.
 - 4.9.2. Financial hardship assistance of up to \$4.6 million for those ratepayers experiencing genuine financial hardship.
 - 4.9.3. A zero per cent increase in all other fees and charges to support the community in doing business with the City.
 - 4.9.4. Rent relief for tenants of Council owned properties experiencing financial hardship.
 - 4.9.5. A community, creative and business grants program of \$1.167 million.
- 4.10. A capital works program of \$34.113 million that will focus on renewing and maintaining the City's assets. The City is also applying for a range of stimulus grants.
- 4.11. A reduction of \$5.3 million across programs and activities.
- 4.12. New borrowings of \$15 million, noting that the City has borrowing facility approved by the Treasurer of up to \$31M.

Operating Result

- 4.13. An underlying deficit is forecast of \$11.806 million in 2020-21.
- 4.14. While greater detail is contained within the Budget Estimates document, the reasons for this are due to the economic impacts of the COVID-19 pandemic on the City's revenue partially offset by a reduction in expenditure for the City. Some factors impacting on Council's forecast underlying operating deficit of \$11.806 million are: -
- 4.14.1. A rates freeze and rates relief for 2020-21. The Estimates forecast total Rates income of \$83.5 million, a decrease of \$4.9 million or 5.5% from 2019-20.
 - 4.14.2. Decreases in parking fines of \$2.6 million.
 - 4.14.3. Decreases in parking fees and charges for car parks and on street parking, totalling \$3.896 million.
 - 4.14.4. Decreases in other fees and charges income of \$3.294 million.
 - 4.14.5. A 50% reduction in distributions from Council's ownership share in TasWater, totalling \$1.086 million.
 - 4.14.6. Decreases in rental income of \$1.326 million, which includes from Salamanca Market and Taste of Tasmania stallholders.
- Partially offset by:
- 4.14.7. Decreases in labour costs of \$2.013 million.
 - 4.14.8. Decreases in materials and services of \$4.149 million.

Cash Flows

- 4.15. Council's cash balance is forecast to decrease by \$4.2 million from \$25.4 million at 30 June 2020 to \$21.2 million at 30 June 2021.
- 4.16. Cash provided by operating activities will decrease by \$6.8 million, from \$23.7 million in 2019-20 to \$16.9 million in 2020-21.

Financing

- 4.17. New borrowings of \$15 million will be undertaken in 2020-21 and existing debt principal repayments of \$4.43 million will be made.
- 4.18. As a result of a successful application to the State Government local government 3 year interest free loan scheme, where the City nominated infrastructure projects estimated to cost \$24.5 million as well as \$4.6 million for rates financial hardship assistance, the City has a borrowing facility of up to \$31 million.

- 4.19. While borrowings have been minimised at \$15 million for 2020-21 at this time, the level of borrowings will be the subject of a mid-year budget review once the financial outlook is clearer.
- 4.20. It should also be noted that the LTFMP previously provided for further borrowings in future years and these will still be required. Modelling undertaken this year for the LTFMP sees Council borrowing 'peaking' at \$70M in 2021-22 but remaining within LTFMP benchmarks.

Capital Expenditure – New Assets/Upgrades and Asset Renewal

- 4.21. The Council considered and endorsed the proposed 2020-21 capital works program at its meeting on 25 May 2020 for inclusion in the Estimates.
- 4.22. The 2020-21 budget provides capital works funding of \$34.1 million, comprising asset renewal of \$23.4 million, new assets/upgrades of \$9.2 million and plant and equipment funding of \$1.5 million.
- 4.23. Further detail on the individual projects in the capital works program for 2020-21 are included in the Estimates.

Long Term Financial Management Plan

- 4.24. The 2020-21 Estimates have been prepared in accordance with the updated LTFMP (refer **Attachment C**).
- 4.25. The LTFMP has been prepared on the basis of assumptions about the financial situation going forward. These include rates increases of 2.75 per cent, a capex program averaging \$35M, \$6M (ongoing) removed from the operating budget and revenue recovery to 90 per cent all from 2021-22.
- 4.26. This modelling sees Council return to a modest underlying operating surplus in 2021-22 and achieving the benchmark of 2% of revenue in five years 2025-26 but only if the assumptions relating to operating and capital expenditure reductions and rate increases can be achieved.
- 4.27. The modelling undertaken by Council officers is being peer reviewed by KPMG and the outcomes of this will be provided to elected members as soon as it is available.
- 4.28. The forecasts are however entirely dependent on the Council's and the City's recovery from Covid-19 as well as the work to be undertaken on a structural review of the Council's business model.
- 4.29. It is therefore proposed that a complete review of the LTFMP be undertaken as part of the mid-year budget review.

Unspent Plant and Capital Funds

- 4.30. As part of the budget approval process it is proposed that unspent capital budgets from 2019-20 be carried forward into 2020-21. Based on year-to-date expenditure, carry-forwards are expected to be around \$12.6 million. This includes various place making, stormwater, traffic, roadworks and walking infrastructure. This figure is the expected unexpended cash for capital works only recognising the works program itself is substantially progressed.

5. Proposal and Implementation

- 5.1. It is proposed that the 2020-21 Estimates be considered at the Special Risk and Audit Panel meeting to be held on 16 June and thereafter be formally considered at the Finance and Governance Committee meeting to be held on 16 June, and be listed on the Council meeting agenda for 22 June for formal adoption by absolute majority.
- 5.2. Subject to any amendments that may arise following the Risk and Audit Panel meeting and Finance and Governance Committee's consideration, the following are the draft resolutions that would be presented to Council on 22 June: -
- 5.2.1. The expenses, revenues, capital expenditure, and plant and equipment expenditure detailed in the document 'City of Hobart Budget Estimates 2020-21' be approved.
- 5.2.2. New borrowings of up to \$15 million be approved, noting that the City has a borrowing facility of up to \$31 million.
- 5.2.3. The Council delegate to the General Manager the power to enter into loan agreements to source the above borrowings on the most favourable terms.
- 5.2.4. The Council adopt the Rates Resolution for 2020-21, which includes:
- 5.2.4.1. The General Rate be 6.85 cents in the dollar of assessed annual value (AAV).
- 5.2.4.2. The following Service Rates be made:
- 5.2.4.2.1 A Stormwater Removal Service Rate of 0.38 cents in the dollar of AAV; and
- 5.2.4.2.2 A Fire Service Rate of 1.11 cents in the dollar of AAV.
- 5.2.4.3. A Waste Management Service Charge be made and varied according to the use or predominant use of land as follows:

- 5.2.4.3.1 A Service charge of \$250 to apply to residential properties;
- 5.2.4.3.2 A Service charge of \$500 to apply to non-residential properties.
- 5.2.4.4. A Waste Management Service Charge of \$60 be made for food organics garden organics kerbside waste collection for all rateable land within the municipal area to which Council supplies or makes available a food organics garden organics waste collection service utilising a food organics garden organics waste collection bin.
- 5.2.4.5. A Landfill Rehabilitation Service Charge be made and varied according to the use or predominant use of land as follows:
 - 5.2.4.5.1 A service charge of \$10 to apply to residential properties;
 - 5.2.4.5.2 A service charge of \$20 to apply to non-residential properties.
- 5.2.4.6. The rates be subject to the following remissions:
 - 5.2.4.6.1 A remission of 0.81 cents in the dollar on the AAV of any land or building which is within the Fern Tree Volunteer Brigade Rating District as defined by the State Fire Commission.
 - 5.2.4.6.2 A remission of 0.83 cents in the dollar on the AAV of any land or building which is within areas other than Permanent Brigade Rating Districts or the Fern Tree Volunteer Brigade Rating District as defined by the State Fire Commission.
- 5.2.5. Unspent 2019-10 capital funding be carried-forward into 2020-21, with any necessary adjustments to be made in the September 2020 quarter financial report to Council.
- 5.2.6. The interest rate on unpaid rates be 6.81% per annum, charged monthly. Section 128 of the *Local Government Act 1993* provides for a maximum rate that can be charged. That rate is the 10 year long term bond rate (on the last business day in February) plus a risk premium of up to 6%. For 2020-21 this calculation results in a maximum rate of 6.81% and this is the rate being recommended.
- 5.2.7. The 2020-21 Annual Plan be adopted.

5.2.8. The Long Term Financial Management plan 2021-41 be adopted.

5.2.9. The following delegations be approved:

5.2.9.1 Pursuant to Section 22 of the *Local Government Act 1993*, the Council delegate to the General Manager the power to expend monies on Council's behalf identified as Delegation Classification 1 items in the Council's Annual Plan; and, the Council authorise the General Manager to delegate, pursuant Section 64 of the *Local Government Act 1993*, to such employees of the Council as he considers appropriate, the power to expend monies on Council's behalf identified as Delegation Classification 1 items in the Council's Annual Plan.

5.2.9.2 Pursuant to Section 22 of the *Local Government Act 1993*, the Council delegate to all the Council Committees the power to expend monies on Council's behalf identified as Delegation Classification 2 items in the Council's Annual Plan.

6. Strategic Planning and Policy Considerations

6.1. Pillar 8 – Governance is applicable in considering this report, particularly outcome 8.5.

8.5 *Quality services are delivered efficiently, effectively and safely.*

8.5.5 *Optimise service delivery to ensure organisational sustainability and best value for the community.*

8.5.8 *Maintain a rating system that supports fairness, capacity to pay and effectiveness.*

8.5.9 *Monitor and maintain the City's long-term financial sustainability.*

8.5.10 *Implement best practice management of the City's assets.*

8.5.11 *Proactively seek additional funding opportunities.*

7. Financial Implications

7.1. Section 82 of the *Local Government Act 1993* requires the General Manager to prepare Estimates of Council's revenue and expenditure for each financial year, and details what the Estimates must contain.

7.2. The Estimates must be adopted by Council before 31 August by absolute majority.

- 7.3. As noted above, the 2020-21 Estimates have been prepared in accordance with the updated Long Term Financial Management Plan (refer **Attachment C**).

8. Marketing and Media

- 8.1. Communication of the Council's approval of the Estimates and rating strategy will be by a combination of a media release, publication of the Lord Mayor's budget speech, information on the City's website and Facebook pages and an insert with the annual rates notice.

9. Delegation

- 9.1. Approval of the Estimates is delegated to Council.

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.



Lara MacDonell
**MANAGER FINANCE AND CITY
PROCUREMENT**



Heather Salisbury
DEPUTY GENERAL MANAGER

Date: 12 June 2020
File Reference: F20/59222

Attachment A: 2020-21 Budget Estimates ↴
Attachment B: 2020-21 Annual Plan ↴
Attachment C: 2021-41 Long Term Financial Management Plan ↴
Attachment D: 2020-21 Rates Resolution ↴



BUDGET ESTIMATES

2020-21 FINANCIAL YEAR

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1. Introduction

The Budget Estimates is an important planning and resource tool vital to the ongoing financial sustainability of Council and should be read in conjunction with the City of Hobart Long Term Financial Management Plan, which forecasts the activities that Council proposes to undertake over the medium to longer term to achieve its strategic objectives and community expectations. The budget sets out the expected revenue and expenditure for operational, strategic and capital activities for the coming year and also incorporates Council's rating strategies. Pursuant to the *Local Government Act 1993 (Tas)*, Council is required to adopt its Estimates by 31 August each year.

The City of Hobart is acutely aware of the serious immediate and long-term impacts of the COVID-19 health crisis. As a Council, we have responded quickly to protect the health and wellbeing of our community and support residents, local businesses and community organisations whilst maintaining essential services.

The City of Hobart's budget for 2020-21 has been shaped by the economic impacts of the COVID-19 pandemic. While difficult to estimate the impacts, which will be determined by how quickly the City recovers, the estimate is a \$17.66M loss of revenue for the City for 2020-21 including that from parking fees and charges, parking fines, other fees and charges, distributions from Council's membership of TasWater and rents on Council owned properties.

Over the coming months Council's focus will be on delivering essential services and community support and then as the full extent of the pandemic becomes clearer the City will update the budget outlook and release a mid-year revised budget and Long Term Financial Management Plan.

While the City has experienced these economic impacts, the City is also committed to maintaining services to the community and assist those most critically impacted by the economic slowdown caused by the pandemic. Key aspects of the 2020-21 budget include:

- An operating budget of \$135.5 million for the delivery of services to the community.
- A community support package that includes:
 - A rates freeze by adopting a zero per cent increase in general and service rates for 2020-21. The Council will also freeze the waste collection service charges, the landfill rehabilitation service charges and the green waste service charge. Council introduced a new food organics garden organics (FOGO) kerbside collection service in 2019-20. For 2020-21 the cost of the FOGO kerbside collection will be \$10 per property and will be combined with the existing \$50 green waste service charge.
 - Financial hardship assistance of up to \$4.6 million for those ratepayers experiencing genuine financial hardship.
 - A zero per cent increase in all other fees and charges to support the community in doing business with the City.

- Rent relief for tenants of Council owned properties experiencing financial hardship.
 - A community, creative and business grants program of \$1.167 million.
- A capital works program of \$34.113 million that will focus on renewing and maintaining the City's assets. The City is also applying for a range of stimulus grants.
- Underlying operating budget deficit of \$11.806 million.
- A reduction of \$5.3 million across programs and activities.
- New borrowings of \$15 million will be initially undertaken in 2020-21 with consideration of whether further borrowings of up to \$31 million will be required in the mid-year budget review. Existing debt principal repayments of \$4.43 million will be paid.

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2. Operating Budget

Council's operating result is shown in Table 1 below.

Council's underlying deficit is forecast to be \$11.806 million in 2020-21.

Table 1: Operating Result

	Ref.	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	Change (\$'000)
Expenses					
Labour	2.1.1	(62,117)	(60,973)	(60,104)	2,013
Materials and services	2.1.2	(33,173)	(30,267)	(29,024)	4,149
Depreciation	2.1.3	(22,032)	(23,440)	(23,577)	(1,545)
Fire Levy	2.1.4	(11,388)	(11,388)	(11,388)	-
Energy costs	2.1.5	(2,318)	(2,219)	(2,272)	46
Bad Debts	2.1.6	(351)	(350)	(350)	1
Finance Costs	2.1.7	(2,334)	(1,737)	(2,004)	330
Asset write-offs	2.1.8	(2,202)	(4,874)	(2,561)	(359)
Other	2.1.9	(4,931)	(4,744)	(4,267)	664
		(140,846)	(139,992)	(135,547)	5,299
Revenues					
Rates and Charges	2.2.1	88,394	88,493	83,540	(4,854)
Parking Fines	2.2.2	8,463	5,959	5,836	(2,627)
Operating Grants	2.2.3	3,226	3,257	3,356	130
Distributions from TesWater	2.2.4	2,172	1,086	1,086	(1,086)
Rents	2.2.5	3,714	3,170	2,388	(1,326)
Interest	2.2.6	930	412	225	(705)
Fire Levy collection fee	2.2.7	455	455	455	-
Fees and Charges - car parks	2.2.8	11,219	8,929	9,442	(1,777)
Fees and Charges - on street parking	2.2.9	7,389	5,544	5,270	(2,119)
Fees and Charges - other	2.2.10	15,437	12,900	12,143	(3,294)
		141,399	130,205	123,741	(17,658)
Underlying Deficit		553	(9,787)	(11,806)	(12,359)
Capital items and timing adjustments					
Capital Grants	2.2.3	550	1,853	685	135
Financial assistance grants in advance	2.2.3	(1,355)	56	(1,411)	(56)
2018 Storm Event	2.2.11	(85)	(203)	-	85
Deficit		(337)	(8,081)	(12,532)	(12,195)

2.1 Expenses

2.1.1 Labour

Table 2: Labour

	Ref.	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	Change (\$'000)
Employee costs	2.1.1.1	(61,192)	(59,668)	(59,530)	1,662
External labour	2.1.1.2	(925)	(1,305)	(574)	351
		(62,117)	(60,973)	(60,104)	2,013

Employee costs

Employee costs include wages and salaries, labour on-costs and leave entitlements. Wages and salaries include the direct costs of employees such as base pay, overtime and allowances. Labour on-costs include workers compensation insurance, superannuation contributions and payroll tax levied by the State Government. Leave entitlements include annual leave, long service leave, sick leave, public holidays and other leave accruing to employees.

External Labour

External labour includes all labour sourced from external labour-hire companies to fill short-term vacancies across a variety of disciplines.

2.1.2 Materials and Services

The individual expense categories which comprise "Materials and Services" is provided in Table 3 below.

Table 3: Materials and Services

	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	Change (\$'000)
Water and sewerage charges	(985)	(1,014)	(1,030)	(45)
Consultancy Fees	(3,829)	(3,015)	(1,969)	1,860
Materials	(1,830)	(1,674)	(1,738)	92
Stock Purchases	(759)	(614)	(653)	106
Chemicals and Herbicides	(251)	(243)	(266)	(15)
Contractor Charges	(10,266)	(10,296)	(10,840)	(574)
Lease and Rental	(1,410)	(1,426)	(1,388)	22
Licence Costs	(2,562)	(2,050)	(2,049)	513
Motor Vehicle Registration	(203)	(203)	(206)	(3)
Vehicle Expenses - Fuel	(841)	(836)	(846)	(5)
Advertising and Promotions	(778)	(592)	(615)	163
Mobile Phone Costs	(254)	(240)	(252)	2
Communications - Telephones, Faxes	(326)	(306)	(266)	60
Legal Expenses	(902)	(963)	(857)	45
Conferences and Seminars (Registration)	(172)	(121)	-	172
Travel (incl Accom, fares, meals allow,)	(346)	(188)	-	346
Equipment Maintenance	(297)	(280)	(375)	(78)
Insurance	(958)	(1,037)	(1,124)	(166)
Publications/Subscriptions/Memberships	(340)	(306)	(346)	(6)
Plant Hire	(1,440)	(1,260)	(1,033)	407
Printing and Stationery	(456)	(363)	(403)	53
Training Courses	(458)	(396)	(250)	208
Postage	(219)	(216)	(229)	(10)
Security	(945)	(912)	(850)	95
Credit Card Fees	(1,066)	(729)	(721)	345
Other	(4,429)	(3,982)	(3,860)	569
	(36,322)	(33,262)	(32,166)	4,156
less amounts capitalised	3,149	2,995	3,142	(7)
	(33,173)	(30,267)	(29,024)	4,149

2.1.3 Depreciation

Depreciation expense is expected to increase by \$1.545 million from the 2019-20 budget to \$23.58 million in 2020-21.

2.1.4 Fire Levy

The fire levy will remain at \$11.388 million in 2020-21 due to the decision by the State Government to freeze council contributions at 2019-20 levels. Pursuant to the *Fire Service Act 1979*, local government acts as a collection agent for this State Government levy, which is paid directly to the State Fire Commission. Council earns a 4% collection fee which is included in revenue (refer to section 2.2.7).

2.1.5 Energy Costs

Energy costs are expected to decrease by \$46 000 to \$2.27 million due to energy efficiencies.

2.1.6 Bad Debts

Council maintains a provision for bad and doubtful debts, which is mainly in respect to parking fines. Bad debts will remain similar to 2019-20 at \$350 000.

2.1.7 Finance Costs

Finance costs will decrease by \$330 000 from the 2019-20 budget but compared to the 2019-20 forecast budget, finance costs will increase by \$267 000 due to the following:

- Interest on borrowings increasing from \$1.64 million to \$1.94 million due to the take-up of additional borrowings;
- Finance costs associated with Council's landfill restoration liability (decreasing from \$101 000 to \$57 000); and
- Finance costs associated with Council's defined-benefit superannuation scheme liability increasing by \$12 000 based on actuarial advice.

2.1.8 Asset Write-Offs

Asset write-offs comprise the remaining value of infrastructure assets replaced as part of Council's asset renewal program. The amount of \$2.56 million estimated for 2020-21 is \$359 000 more than the original 2019-20 budget but is \$2.3 million less than the 2019-20 forecast budget due to project close-out activity during 2019-20.

2.1.9 Other Expenses

The individual items which comprise "Other Expenses" is provided in Table 4 below.

Table 4: Other Expenses

	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	Change (\$'000)
Grants and Specific Purpose Benefits	(2,670)	(2,526)	(1,848)	822
Rate remissions (net)	(57)	(55)	(57)	-
Fringe Benefits Tax	(290)	(290)	(290)	-
Land Tax	(849)	(849)	(1,017)	(168)
Auditors Remuneration	(190)	(147)	(180)	10
Myer payments	(875)	(875)	(875)	-
Other	-	(2)	-	-
	(4,931)	(4,744)	(4,267)	664

Grants and Specific Purpose Benefits

Council supports a diverse range of community, cultural, economic and environmental organisations and events. As the business sector within Hobart has been particularly impacted by COVID-19, grant funds for the 2020-21 financial year have been redistributed to provide greater support to locally owned small business, sole traders and charitable community support organisations.

Grants and benefits have decreased in 2020-21 due to reductions in sponsorship for the Dark Mofo event and the removal of free entry weekends for Hobart rate payers to McRobies Gully Waste Management Centre. The decrease also reflects contributions for the St George's Church restoration that were incurred in 2019-20 but not required in 2020-21.

Land Tax

Land Tax has increased by \$168 000 due to increases in land values of Council owned properties as advised by the Office of the Valuer-General.

Myer Payments

Council's agreement with Myer Pty Ltd (Myer) in relation to the Myer site redevelopment in Liverpool Street. The maximum amount that may be payable in 2020-21 is \$0.875 million and this amount has been included in the 2020-21 budget. It is noted that 2020-21 represents the last year of the agreement.

2.2 Revenues

2.2.1 Rates and Charges

As part of the City's COVID-19 community support package, Council has resolved to freeze rate increases for 2020-21. This means that there will be a zero per cent rates increase for 2020-21.

In total, rates revenue will be \$83.5 million, a decrease from 2019-20. The decrease is due to:

- \$4.6M estimated for rates relief under the City of Hobart Financial Hardship Assistance Policy.
- Rates exemptions for charitable purposes pursuant to section 87(1)(d) of the *Local Government Act 1993*.

Service charges to provide funding for rehabilitation costs at Council's McRobies Gully landfill site following completion of land filling were introduced in 2011-12. Up until 2017-18, the amounts were \$50 for residential properties and \$100 for non-residential properties. The amounts were thereafter decreased to \$10 for residential properties and \$20 for non-residential properties. These amounts remain unchanged for 2020-21.

Waste management service charges remain unchanged from the previous year at \$250 for residential properties and \$500 for non-residential properties.

A kerbside green waste collection service charge was introduced in 2016-17 at \$50 for properties meeting certain criteria within the municipal area and has remained at \$50 since then. In 2019-20 a Food Organics Garden Organics (FOGO) kerbside collection service was introduced to complement the green waste collection service provided to those properties that received a greenwaste garbage bin. For 2020-21 the cost of the FOGO kerbside collection will be \$10 per property and will be combined with the existing \$50 green waste service charge.

The fire levy will remain at \$11.388 million in 2020-21 due to the decision of the State Government to freeze council contributions at 2019-20 levels. Pursuant to the *Fire Service Act 1979*, local government acts as a collection agent for this State Government levy, which is paid directly to the State Fire Commission.

2.2.2 Parking Fines

While infringement unit rates have been increased by the State Government from 2019-20 rates, the City's revenue from parking fines has been significantly impacted by COVID-19 and will reduce by \$2.6 million from the 2019-20 budget.

2.2.3 Grants

Operating grants mainly comprise of Commonwealth Government Financial Assistance Grants (FAGs) which will total \$2.810 million in the 2020-21 year. However, advice from the Federal Government indicates that 50 percent of this amount will be brought forward and paid in 2019-20. The Estimates therefore include a timing adjustment of \$1.411 million between the two years.

Capital grants include \$0.685 million for Roads to Recovery project.

2.2.4 Distributions from TasWater

Council's ownership interest in TasWater entitles it to receive annual distributions of dividends. The TasWater corporate plan provided for \$20 million to be distributed to owner councils in 2020-21 and the City of Hobart's share of this would have been approximately \$2.172 million. However, based on advice from TasWater that due to the impacts of COVID-19 on TasWater and its customers, it will not receive its distribution for the first half of 2020-21. Expected revenue has therefore been revised down from \$2.172M to \$1.086 million.

2.2.5 Rents

Property rental income is expected to decrease by \$1.326 million from 2019-20 budget due to impacts of COVID-19. Reduced rental income is expected from Salamanca and Taste of Tasmania stallholders and from Council owned properties due to rental relief provided in accordance with the *COVID-19 Disease Emergency (Commercial Leases) Act 2020*.

2.2.6 Interest

Interest income is expected to decrease by \$705 000 from the 2019-20 budget due to lower forecast cash holdings and current interest rates.

2.2.7 Fire Levy Collection Fee

The 4% collection fee earned by Council for collecting the fire levy on behalf of the State Fire Commission will remain the same as 2019-20 due to the State Government's decision to freeze contributions from councils at 2019-20 levels.

2.2.8 Fees and Charges – Car Parks

The City's revenue from the usage of car parks has been significantly impacted by COVID-19 restrictions and is estimated to reduce by \$1.78 million from the 2019-20 budget.

2.2.9 Fees and Charges – On-Street Parking

On-street parking collections have been significantly impacted by COVID-19 restrictions and are estimated to reduce by \$2.119 million from the 2019-20 budget.

2.2.10 Fees and Charges – Other

Other fees and charges have also been significantly impacted by COVID-19 and are estimated to reduce by \$3.294 million from the 2019-20 budget. Further detail of the individual items in fees and charges – other is provided in Table 5 below.

Table 5: Other Fees and Charges

Description	2019-20 Budget \$'000	2019-20 Forecast \$'000	2020-21 Budget \$'000	Change (\$'000)
The Doone Kennedy Hobart Aquatic Centre	6,074	4,111	4,386	(1,688)
Landfill Charges	1,610	1,629	1,924	314
Plumbing Compliance fees	470	470	374	(96)
Tasmanian Travel & Information Centre	964	782	771	(193)
Taste of Tasmania	1,300	1,127	-	(1,300)
Customer Services	300	290	300	0
Sporting Facility hire	415	220	322	(93)
Public Health	367	359	144	(223)
Building Compliance fees	401	401	320	(81)
Roads Policy & Management	137	137	151	14
External Services revenue	415	618	503	88
Development Appraisal fees	1,040	875	980	(60)
Stormwater Maintenance	50	65	154	104
Other	1,894	1,814	1,814	(80)
Total Fees & Charges	15,437	12,900	12,143	(3,294)

2.2.11 Severe Weather Event 2018

Provision was made in the 2019-20 budget for expenses and revenues resulting from the weather event of 10 May 2018. Costs have been incurred in relation to insurable losses, and in relation to both essential and non-essential infrastructure.

There are no operating costs budgeted in 2020-21.

These expenses and revenues are excluded from the underlying result.

\$2 million is included in the capital budget for remaining renewal of assets damaged during the 2018 severe weather event, including roads, bushland, stormwater infrastructure and the McRobies Gully Waste Management Centre.

3. Capital Budget

3.1 Overview

Capital expenditure will consist of the following two components: -

- Infrastructure
- Plant and Equipment

The budget provides capital works funding of \$34.113 million as summarised in the following table.

Table 7: Capital Expenditure

	2019-20	2019-20	2020-21	Change
	Budget	Forecast	Budget	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
New Assets / Upgrades				
- Infrastructure	(14,903)	(18,127)	(9,177)	5,726
- Plant and Equipment	(520)	(572)	(146)	374
Asset Renewal				-
- Infrastructure	(17,794)	(16,612)	(23,436)	(5,642)
- Plant and Equipment	(4,220)	(3,900)	(1,354)	2,866
Total	(37,437)	(39,211)	(34,113)	3,324

Funding sources for this \$34.113 million program comprise: -

- Capital Grants \$0.68 million;
- Plant and Equipment sales \$0.7 million;
- Borrowings of up to \$15 million; and
- Funds from operations and cash reserves \$17.74 million.

Capital expenditure on infrastructure will be \$32.6 million in 2020-21 and includes \$12.6 million carry forward from 2019-20.

Further detail is provided in chapter 6 where individual projects are listed.

3.2 Plant and Equipment

Council's plant and equipment budget comprises:

- Vehicle fleet, major and minor plant,
- Information technology items, and
- General plant including office furniture and equipment.

Council's vehicle fleet, major plant items and PCs is normally subject to a rolling replacement program. In each case, forward estimates are compiled to aid replacement decision-making. Funding for 2020-21 will be significantly reduced and reviewed during the mid-year budget review.

Capital expenditure on plant and equipment will total \$1.5 million in 2020-21, comprised as follows: -

Table 8: Plant and Equipment

	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	Change (\$'000)
Vehicle fleet, major and minor plant	(2,495)	(2,038)	(750)	1,745
Information technology	(996)	(1,308)	(250)	746
General plant including office equipment	(1,249)	(1,126)	(500)	749
Total	(4,740)	(4,472)	(1,500)	3,240

The vehicle fleet and major plant budget for 2020-21 will be \$600 000 and the budget for minor plant purchases will be \$150 000.

The information technology budget includes desk-top computers, laptops, server replacements and communication equipment.

4. Financing

Council's debt levels, actual and forecast are: -

30 June 2019	\$38.14M
30 June 2020	\$55.14M
30 June 2021	\$65.72M

As a result of a successful application to the State Government local government three year interest free loan scheme, where the City nominated infrastructure projects estimated to cost \$24.5 million as well as \$4.6 million for rates financial hardship assistance, the City has a borrowing facility of up to \$31 million.

Initially, borrowings of \$15 million will be taken up to assist the Council's cash flow, capital works in the City and provide support to those who need it most in the community by way of the community support package. Council will consider whether it will require additional borrowings in the mid-year budget review.

Council will also repay \$4.43 million of existing debt.

5. Commercial-Like Undertakings**5.1 Off-Street Parking****Table 9: Off-Street Parking**

	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	Change (\$'000)
Expenses				
Labour	(1,235)	(1,101)	(877)	358
Energy costs	(156)	(156)	(148)	8
Materials and services	(2,731)	(2,802)	(2,732)	(1)
Rates and Charges	(452)	(447)	(452)	-
Land Tax	(374)	(374)	(443)	(69)
Overheads	(813)	(813)	(813)	-
Depreciation	(736)	(715)	(736)	-
	(6,497)	(6,408)	(6,201)	296
Revenues				
Fees and Charges	11,219	8,929	9,442	(1,777)
Rents	459	459	347	347
	11,678	9,388	9,789	(1,430)
Surplus	5,181	2,980	3,588	(1,134)

5.2 On-Street Parking**Table 10: On-Street Parking**

	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	Change (\$'000)
Expenses				
Labour	(3,802)	(3,617)	(3,351)	451
Materials and services	(2,339)	(1,784)	(1,979)	360
Bad Debts	(350)	(350)	(350)	-
Overheads	(703)	(703)	(703)	-
Depreciation	(195)	(189)	(195)	-
	(7,389)	(6,643)	(6,578)	811
Revenues				
Fees and Charges	7,389	5,544	5,270	(2,119)
Fines	8,463	5,959	5,836	(2,627)
	15,852	11,503	11,106	(4,746)
Surplus	8,463	4,860	4,528	(3,935)

5.3 The Doone Kennedy Hobart Aquatic Centre

Table 11: The Doone Kennedy Hobart Aquatic Centre

	2019-20	2019-20	2020-21	Change
	Budget	Forecast	Budget	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Expenses				
Labour	(3,946)	(3,071)	(3,818)	128
Energy costs	(470)	(387)	(451)	19
Materials and services	(1,650)	(1,296)	(1,793)	(143)
Depreciation	(887)	(861)	(887)	-
Finance Costs		-	(60)	(60)
	(6,953)	(5,615)	(7,009)	(56)
Revenues				
Fees and Charges	6,074	4,111	4,385	(1,689)
Other	2	5	2	-
	6,076	4,116	4,387	(1,689)
Surplus/(Deficit)	(877)	(1,499)	(2,622)	(1,745)

5.4 Tasmanian Travel and Information Centre

Table 12: Tasmanian Travel and Information Centre (TTIC)

	2019-20	2019-20	2020-21	Change
	Budget	Forecast	Budget	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Expenses				
Labour	(1,024)	(950)	(453)	571
Materials and services	(320)	(247)	(235)	85
Depreciation	(9)	(8)	(9)	-
Other	(2)	(1)	-	2
	(1,355)	(1,206)	(697)	658
Revenues				
Commission	442	342	345	(97)
Other fees and charges	588	506	529	(59)
Grants	150	150	150	-
Interest	20	17	9	(11)
	1,200	1,015	1,033	(167)
Surplus / (Deficit)	(155)	(191)	336	491

6. Appendix - Capital Expenditure Program 2020-21

10 Year Capital Works Program - Transforming Hobart

As at: 20 May 2020

				TOTAL 20/21 PROGRAM	Allocation
				Including Carry Forward	NEXT YEAR
Program	Sub Program	Project	Reference	Year 1	
Total					2020/2021
Program					
New	City Governance	Phoenix Projects	524,543	See Worksheet	-
New	City Innovation - Systems	Enterprise Information Management	500,000	2019-006714	-
New	Placemaking	Rose Garden Bridge	500,000	Needs Master #	500,000
New	City Innovation - Connected Hobart	City Security - Security Operations	300,000	2020-001576	300,000
New	City Innovation - Connected Hobart	Crowded Spaces Response	270,000	2017-021039	201,000
New	City Innovation - Connected Hobart	Connected Precincts Infrastructure	201,000	2019-006719	-
New	Bushland Infrastructure	Bushland Fund - Annual Allocation	153,213	2012-033541	-
New	City Innovation - Systems	Identity, Access Control and Monitoring	100,000	2019-020463	100,000
New	Emergency Management	Clearways Gates and Vehicles - 2 Way	50,000	2018-011351	50,000
New	Stormwater Reticulation & Rivelets	Implementation of SW Strategy -	44,815	2015-021091	-
				2,643,571	TOTAL - NEW ASSETS
					1,151,000
					ORIGINAL BUDGET - NEW ASSETS
					4,535,000
UPGRADE					
Upgrade	Buildings	DKHAC - Major Refurbishment &	100,000	2015-017915	-
Upgrade	Buildings	South Hobart Community Centre	50,000	2019-000905	-
Upgrade	Bushland Infrastructure	Fire trail upgrades	600,000	2017-021032	500,000
Upgrade	City Innovation - Sustainable Hobart	Street Light Acquisition (TasNetworks)	200,000	2015-020055	200,000
Upgrade	Cycling Infrastructure	Cycling Infrastructure - Implementation	150,000	2017-005122	50,000
Upgrade	Parking	North Hobart Parking Expansion	541,185	2015-021097	-
Upgrade	Parking	Integrated Parking Systems (IPS)	245,894	2015-021003	-
Upgrade	Parking	Bathurst Lane	100,000	Check #	-
Upgrade	Parks Infrastructure	Huon Road Uphill	56,000	2015-020032	-
Upgrade	Placemaking	Action 14 - Salamanca Pedestrian Works	1,773,757	2016-021940	1,611,531
Upgrade	Placemaking	Action 19 - Kemp Street Project	500,000	2015-020406	-
Upgrade	Placemaking	Action 14 - Salamanca Pedestrian Works	500,000	2016-021941	500,000
Upgrade	Placemaking	Action 04 - Collins Street / Hobart	250,000	2015-008685	-
Upgrade	Placemaking	Action 02 - No 3 - Elizabeth Street Bus	154,167	2015-008107	-
Upgrade	Placemaking	Elizabeth Street Retail Precinct Upgrade	94,707	2015-020295	-
Upgrade	Public Toilet Strategy 2015-2025	Public Convenience - Annual Allocation	100,000	2016-003180	50,000
Upgrade	Roads and Environmental Infrastructure	Creek Road - New Town to Wilks -	136,748	2018-020207	-
Upgrade	Roads and Environmental Infrastructure	DDA CBD Tactile Installation	25,261	2018-007694	-
Upgrade	Roads and Environmental Infrastructure	Liverpool Crescent - Pedestrian	20,000	2016-003430	-
Upgrade	Stormwater Reticulation & Rivelets	Liverpool Cres Stormwater Upgrade	50,000	2019-014495	-
Upgrade	Stormwater Reticulation & Rivelets	Letitia Street - Ryde St to Wellington St	80,000	2017-019494	80,000
Upgrade	Stormwater Reticulation & Rivelets	2 Amanda Crescent Stormwater	30,000	2019-014402	30,000
Upgrade	Traffic Upgrades	Implementation Of Transport Strategy	250,000	2016-000605	200,000
Upgrade	Traffic Upgrades	Murray St No.90 - Accessible Parking -	44,999	2018-015637	-
Upgrade	Traffic Upgrades	Accessible Parking Annual Allocation	50,000	2017-005123	50,000
Upgrade	Traffic Upgrades	Accident Blackspot Project Annual	50,000	2017-005121	50,000
Upgrade	Traffic Upgrades	Local Area Traffic Management Works	50,000	2017-005112	50,000
Upgrade	Walking Infrastructure	City Laneways - Access and Lighting	170,000	2015-020057	100,000
Upgrade	Walking Infrastructure	Road Strategy Project Annual Allocation	30,000	2017-005124	30,000
Upgrade	Wellington Park - One Mountain	Unnamed / Drops Climber Track	285,174	2019-012177	247,500
				6,679,279	TOTAL - UPGRADE ASSETS
					3,989,031
					ORIGINAL BUDGET - UPGRADE ASSETS
					5,940,000
					TOTAL - NEW + UPGRADE ASSETS
					5,140,031
					ORIGINAL BUDGET - NEW + UPGRADE ASSETS
					10,475,000
RENEWALS					
Renewal	Roads - Renewals	As Per Scheduled Conquest Programs	10,024,475	Listed in PMI	7,633,000
Renewal	Buildings - Renewals	As Per Scheduled Conquest Programs	3,988,473	Listed in PMI	2,413,500
Renewal	Stormwater - Renewals	As Per Scheduled Conquest Programs	3,380,819	Listed in PMI	2,316,000
Renewal	Parks - Renewals	As Per Scheduled Conquest Programs	1,786,799	Listed in PMI	1,262,938
Renewal	Sporting - Renewals	As Per Scheduled Conquest Programs	591,142	Listed in PMI	192,379
Renewal	Bushland - Renewals	As Per Scheduled Conquest Programs	1,149,596	Listed in PMI	431,000
Renewal	Solid Waste - Renewals	As Per Scheduled Conquest Programs	1,855,989	Listed in PMI	1,365,000
Renewal	Public Art - Renewals	As Per Scheduled Conquest Programs	-	Listed in PMI	-
Renewal	Valuation Roll Renewal 2021 / 22	Special renewal every 5 years - moved	-	2016-021620	-
Renewal	Parking - Renewals	New asset portfolio - Renewals audit	513,130	Listed in PMI	-
Renewal	Smart Cities & Lighting - Renewals	New asset portfolio - Renewals audit	-		-
				23,790,423	TOTAL - RENEWAL ASSETS
					15,613,817
					ORIGINAL BUDGET - RENEWAL
					20,994,373

10 Year Capital Works Program - Transforming Hobart

As at: 20 May 2020

				TOTAL 20/21 PROGRAM	Allocation
				Including Carry Forwards	NEXT YEAR
Program	Sub Program	Project	Reference		Year 1
Total					2020/2021
[P&E] - New and Renewals					
ICT P&E - Renewals				250,000	Detailed in Cong. 250,000
Fleet P&E - (Net including resale)	Asset portfolio - With Minor Plant P&E			600,000	Detailed in Cong. 600,000
Minor Plant P&E - Renewals	Managed by Fleet team - Historic annual			150,000	Annual allocation 150,000
P&E - Taste of Tasmania	Community Life specific P&E			-	Annual allocation -
P&E - TTIC	Community Life specific P&E			-	Annual allocation -
P&E - Salamanca Market	Community Life specific P&E			50,000	Annual allocation 50,000
P&E - DKHAC pool and gym	Community Life specific P&E			150,000	Annual allocation 150,000
P&E - Christmas Decorations	Community Life specific P&E			-	Annual allocation -
General P&E (Requested via Ops)	Estimate only after all other P&E			300,000	300,000
				1,500,000	TOTAL - PLANT AND EQUIPMENT 1,500,000
					ORIGINAL BUDGET - PLANT AND EQUIPMENT 4,500,000
TOTAL FUNDING REQUESTS - NEW, UPGRADE, RENEWAL ASSETS + 19/20 CARRY FORWARDS				34,113,273	

**City of Hobart
Annual Plan 2020-21**

DRAFT

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VISION STATEMENT

Hobart breathes.

Connections between nature, history, culture, businesses and each other are the heart of our city.

We are brave and caring. We resist mediocrity and sameness.

As we grow, we remember what makes this place special.

We walk in the fresh air between all the best things in life.

Our Mission – Working together to make Hobart a better place for the community.**We value:****People**

We care about people – our community, customers and colleagues

Teamwork

We collaborate both within the organisation and with external stakeholders drawing on skills and expertise for the benefit of our community

Focus and Direction

We have clear goals and plans to achieve sustainable social, environmental and economic outcomes for the Hobart community

Creativity and Innovation

We embrace new approaches and continuously improve to achieve better outcomes for our community

Accountability

We are transparent, work to high ethical and professional standards and are accountable for delivering outcomes for our community

City of Hobart – Annual Plan 2020-21

"We help each other in the best and worst times, and we flourish in the face of hardship"

Hobart: A community vision for our island capital (Identity statement 3.3)

At the time of writing, we are in the midst of the COVID-19 pandemic. The City of Hobart, along with other local governments, has been monitoring and responding to the crisis as it unfolds. It is still too early to know what the 'new normal' will be, or how it will affect the services the City provides for Hobart communities. But the City will continue to work hard for Hobart communities – now, during the recovery and beyond.

Many Hobartians have suffered through the pandemic, experiencing increased health risk and anxiety, lost work and trade, lost social connection, and other isolation-related challenges. Many people have been stood down or are working reduced hours. Tourism, food, arts and recreation sectors have been especially affected, as have women and young people. There have been increases in rental stress and emergency housing needs. Home schooling children has not been easy or possible for everyone. Many individuals and businesses have been ineligible for government support, and some people, particularly members of Hobart's Chinese communities, have experienced increased discrimination and racial intolerance. For some in our community, this crisis has made already challenging situations even harder.

The City of Hobart responded quickly to COVID-19, adapting services, increasing opportunities for rapid and accessible grants and funding, listening to our businesses, artists and students, and advocating for a more inclusive and collaborative response to support the most vulnerable members of our community. The City acted swiftly with physical distancing and precautionary safety measures. We adapted quickly to ensure continuous access to services and current, accurate information and advice.

The impacts on City services have been substantial, felt by community members and City employees and volunteers. The closures of the Doone Kennedy Hobart Aquatic Centre, the Salamanca Market, the Customer Service Centre, the Tasmanian Travel and Information Centre, Youth ARC and Mathers House helped keep people safe. But they have also affected social connections and livelihoods. The City has shared in the community's technical challenges, quickly adapting to new technologies and working from home. At the same time, much of the City's work, such as road maintenance and rubbish collection, requires attending in person, and we have shared in the challenges of keeping essential services running while keeping community members and employees safe. But we have also taken the opportunity to do some of those maintenance jobs that are hard to do when facilities are being used and have brought forward some projects in high usage areas like Salamanca Place.

The pandemic and crisis response have been difficult. And they're not over yet. But they have also given Hobart communities the chance to show the resilience and resourcefulness that our city is known for. Past crises have required Hobartians to work hard and work together, and COVID-19 has been yet another example of how this city can flourish in the face of hardship. There have been many inspirational examples of innovation and support for our communities and businesses. We have seen people working together to provide vital lifelines for vulnerable members of our community,

coordinating efforts to identify and reach out to those in need.

The City has launched a community support package, including rates and rent relief and a freeze on rates for the 2020-21 financial year. We have launched new Resilient Hobart grant streams and two new business grants, reinvesting nearly \$300,000 to support local businesses, community projects and creative activities. We will continue to enhance and deliver support measures into the new financial year, shaped by ongoing conversations with our arts and business communities.

The new financial year will be challenging for the City of Hobart and all parts of the community. The effect on the City's budget from lost revenue has already been significant, and the long-term financial impacts are not yet known.

Our Annual Plan would usually set out the major actions and initiatives for the financial year ahead, covering a wide range of programs aligned with the community vision, the *Capital City Strategic Plan 2019-29*, the Capital Works Program and other strategies. While this Annual Plan is more modest than previous years', it is distinctly focused on supporting community and economic recovery, demonstrating the City's high-level objectives for supporting that recovery.

A summary of Budget Estimates for 2020-21 accompanies this Annual Plan at Appendix 1.

Hobart: A community vision for our island capital and the *Capital City Strategic Plan 2019-29* are available at hobartcity.com.au.

"The connections between us are strong and help us get things done."

Hobart: A community vision for our island capital (Identity statement 4.2).

Hobart: A community vision for our island capital

The vision for the City of Hobart was endorsed by the Council in 2018. *Hobart: A community vision for our island capital* was developed in collaboration with Hobart communities and stakeholders. Over 1100 contributions were received during the development of the vision, and these were used by a community panel of 46 community members and business people from across the region to create the vision.

The vision outlines what the community values about Hobart today, and aspirations for Hobart's future. The vision guides the City's work, and calls on us to demonstrate long-term commitment to help create the Hobart the community wants.

The vision has three parts:

1. **Vision statement:** The overarching message about the future of Hobart, written by the community panel.
2. **Identity statements:** Summaries of the Hobart stories, values and special qualities that community members and stakeholders want to see reinforced, developed or improved.
3. **Pillars:** Aspirations about the major aspects of city life.

The vision is used to guide and direct the City's strategies, plans and priorities now and into the future. All strategic actions and programs are designed with the vision in mind.

Capital City Strategic Plan 2019-29

In 2019, following endorsement of the vision, a major review of the 2015-25 *Capital City Strategic Plan* was undertaken which resulted in the development of the *Capital City Strategic Plan 2019-29*. The Plan reflects the vision and puts into action the aspirations of the community for the future of Hobart. It also recognises and plans for the key challenges and opportunities that Hobart faces now and into the future.

The major actions and initiatives of the Annual Plan are aligned to, and referenced to, the Strategic Plan.

Planning and Reporting Framework

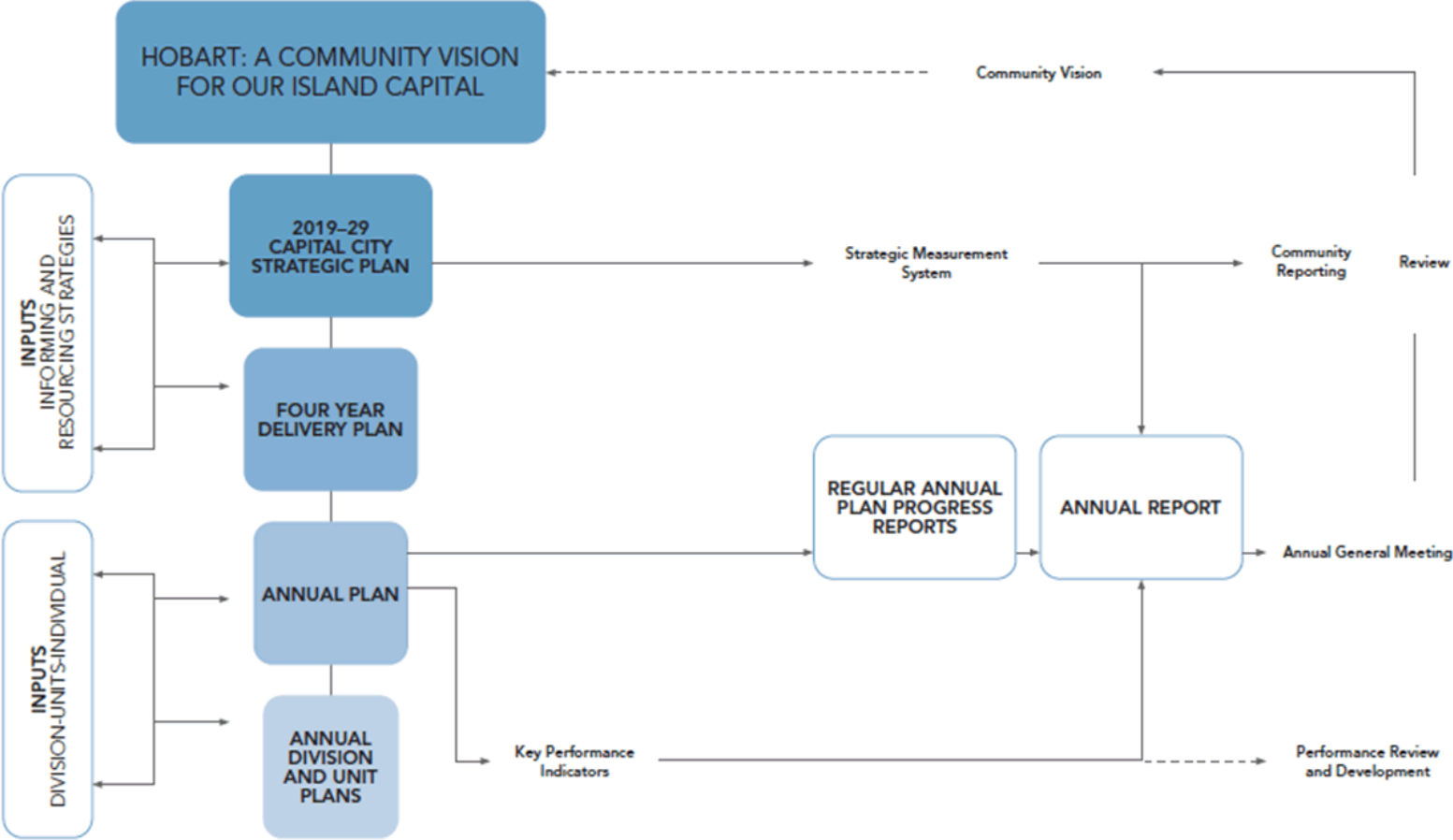
The City of Hobart's Planning and Reporting Framework aligns operational, corporate and strategic plans to deliver services, programs and projects. The relationship between the 10-year strategic plan, resourcing and informing strategies, and the business plans for each of the City's divisions is represented by the diagram on the following page.

This framework shows that the strategies identified in the 10-year strategic plan will be put into action through annual divisional and unit plans, and the City's Annual Plan. The framework ensures that the Annual Plan is developed in response to the strategic plan and the vision.

The framework includes reporting on our progress against the Annual Plan major actions and initiatives and the Strategic Plan. Progress against the Annual Plan is monitored through four progress reports to the Council throughout the year, and is reported in the City of Hobart's Annual Report.

A Strategic Measurement Framework is in development, that will report on the City's performance and achievements, from 2020-21 onwards, against the Strategic Plan.

PLANNING AND REPORTING FRAMEWORK



Major Actions and Initiatives 2020-21

Pillar 1: Sense of place

We are a city of unique beauty, environment, heritage and people, built on a shared sense of ownership, pride and wonder. This spirit of place has been shaped by Tasmanian Aboriginal people for tens of thousands of years and continues to be shaped by all who have called Hobart home. It is developed jointly by community, private enterprise and government, valuing and enhancing our Hobart identity.

Community panel's pillar vision statement

Outcomes

- 1.1 Hobart keeps a strong sense of place and identity, even as the city changes.
- 1.2 Hobart's cityscape reflects the heritage, culture and natural environment that makes it special.
- 1.3 In City decision-making, we consider how different aspects of Hobart life connect and contribute to sense of place

Key Function Areas

- Project and Portfolio Management
- Smart and Sustainable City
- City Place Making
- Bushland
- Parks & Recreation
- Cleansing and Solid Waste
- Roads and Capital Works
- Projects and Support Services
- Stormwater

Strategic Reference	Major Actions and Initiatives
1.2.1	Implement the 2020-21 Capital Works Program.
1.2.1	Complete stages 2B and 3 of the Salamanca Place upgrade works.
1.2.1	Manage and oversee the completion of detailed designs for the New Town Retail Precinct and commence construction of stage 2 and 3 if funding becomes available.
1.2.1 1.2.2	Progress project planning for the Elizabeth Street (Midtown) Retail Precinct, including concept design, stakeholder engagement, reporting and overseeing design development.
1.2.1 1.2.2	Initiate and develop a Connected Precincts infrastructure program.
1.2.4	Create physical and digital spatial, historical and cultural wayfinding infrastructure.
1.2.5 1.2.3 7.4.4	Respond to and support, the consolidation of the University of Tasmania's campus in central Hobart as part of the development of the Central Hobart Precincts Plan, including providing guidance in regard to quality and appropriate urban design outcomes.
1.2.6	Develop Public Realm Hobart Design Manuals and Guidelines to support the City's place making and urban design work.
1.3.2	Develop and implement the Project and Portfolio Management software system to improve integrated project governance and community outcomes of city projects.

Pillar 2: Community inclusion, participation and belonging

We are an island capital city that is socially inclusive and coherently connected, whose people are informed, safe, happy, healthy and resilient.

Community panel's pillar vision statement

Outcomes

- 2.1 Hobart is a place that recognizes and celebrates Tasmanian Aboriginal people, history and culture, working towards shared goals.
- 2.2 Hobart is a place where diversity is celebrated and everyone can belong, and where people have opportunities to learn about one another and participate in city life.
- 2.3 Hobart communities are active, healthy and engaged in lifelong learning.
- 2.4 Hobart communities are safe and resilient, ensuring people can support one another and flourish in times of hardship.

Key Function Areas

- City Place Making
- Smart and Sustainable City
- Community Programs
- Cultural Programs
- Economic Development
- Environmental Health
- Doone Kennedy Hobart Aquatic Centre
- Projects and Support Services
- Grants and Activation
- Business Engagement

Strategic Reference	Major Actions and Initiatives
2.1.2	In collaboration with Aboriginal communities deliver the Hobart Waterfront Interpretation Plan to maximise the visibility of Aboriginal stories in Sullivan's Cove, delivering stories, text and images ready for next stage detailed design and construction.
2.2.6	Review and implement the Social Inclusion Strategy, Housing and Homelessness Strategy and associated community commitments.
2.2.6 7.1.1	Continue to work in collaboration with government bodies and the not-for-profit sector to address issues of housing and homelessness.
2.3.1	Deliver a wide variety of health and wellbeing, aquatic and recreational programs and activities at the Doone Kennedy Hobart Aquatic Centre.
2.3.2 8.5.11	Seek funding opportunities for the refurbishment of the Doone Kennedy Hobart Aquatic Centre in accordance with the master plan.
2.4.1	Support the health and wellbeing of the community in recovery from the COVID-19 pandemic through the implementation of the City of Hobart Social Recovery Plan.
2.4.1 4.5.1	Support the economic recovery of the Hobart business community from COVID-19 through the development and implementation of the City of Hobart Economic Recovery Plan.
2.4.3	Implement the Single-Use Plastics By-Law of 2020.
2.4.3	Continue the implementation of the Smoke-free Hobart initiative.
2.4.4	Update the Public Health Emergency Management Plan applying knowledge and learnings from the response and recovery to the COVID-19 pandemic.
2.4.4	Review requirements for establishing Evacuation Centres applying knowledge and learnings from the response to the COVID-19 pandemic.
2.4.5 2.4.6 5.3.2	Undertake security infrastructure renewals, upgrades and installations to increase and enhance public and community safety.
2.4.5 2.4.6 5.3.2	Undertake Vehicle Dynamic Assessments for crowded places at key sites to increase and enhance public safety and security.

Strategic Reference	Major Actions and Initiatives
2.4.5 2.4.6 8.5.11	Seek funding opportunities to upgrade security infrastructure through the Safer Communities Fund infrastructure grant.
2.4.5	Develop a place and mobility response, incorporating physical distancing requirements, to the health demands associated with the COVID-19 pandemic to support community resilience and recovery.
2.4.6 3.1.5	Support and deliver a range of community programs, projects, initiatives and events that encourage participation and build community resilience.
2.4.6 4.1.6	Deliver a Resilient Hobart Recovery Grants Program to support the business, creative and community sectors to recover post COVID-19.

Pillar 3: Creativity and culture

We are a city connected, embracing our diverse communities in cultural expression and creative and artistic participation; a city that enhances our homes, lifestyles and heritage; a city that bravely puts its people first.

Community panel's pillar vision statement

Outcomes

- 3.1 Hobart is a creative and cultural capital where creativity is a way of life.
- 3.2 Creativity serves as a platform for raising awareness and promoting understanding of diverse cultures and issues.
- 3.3 Everyone in Hobart can participate in a diverse and thriving creative community, as professionals and hobbyists.
- 3.4 Civic and heritage spaces support creativity, resulting in a vibrant public realm.

Key Function Areas

- City Place Making
- Cultural Programs

Strategic Reference	Major Actions and Initiatives
3.1.1 5.2.8	Deliver <i>Hobart Current</i> in partnership with the Tasmanian Museum and Art Gallery.
3.1.1 3.1.4 3.2.1	Provide opportunities for the creative and cultural sectors to utilise creative facilities including the billboard, soapbox and Loop platforms.
3.2.1 3.2.3 2.1.3	Undertake an interpretation project to tell the layered story of Crowther in Franklin Square, in collaboration with Aboriginal people.
3.3.2	Establish a Creative Hobart Advisory Group to provide advice on Resilient Hobart Recovery Grants guidelines for the creative sector.
3.4.1 2.3.3	Oversee the detailed designs for the Stage 2 upgrade of Collins Court, including a 'Playful City' element and commence construction if funding becomes available.

Pillar 4: City economies

We are a city whose economies connect people, businesses, education and government to create a high-quality lifestyle in a thriving and diverse community. Our city is our workshop. We collaborate, embracing ideas, inventiveness and initiative.

Community panel's pillar vision statement

Outcomes

- 4.1 Hobart's economy reflects its unique environment, culture and identity.
- 4.2 People have a range of opportunities to participate in the economic life of the city.
- 4.3 Diverse connections help Hobart's economy, businesses and workers thrive.
- 4.4 Hobart is a place where entrepreneurs and businesses can grow and flourish.
- 4.5 Hobart's economy is strong, diverse and resilient.

Key Function Areas

- Smart and Sustainable City
- Strategic Asset Management
- Economic Development
- Business Engagement
- Salamanca Market
- Tourism & TTIC

Strategic Reference	Major Actions and Initiatives
4.1.6 4.3.2 4.4.1	Establish a Business Advisory Group to provide advice in determining business grant guidelines and support strategies for City businesses.
4.3.3 4.3.5 3.1.5	Support economic and social recovery by delivering the Salamanca Market in a form that adapts to the public safety and health requirements associated with the COVID-19 pandemic.
4.3.6	Work in partnership with tourism bodies and continue to contribute to building the Tasmanian tourism brand.
4.1.5 7.3.2 7.3.3 8.5.10	Develop a City of Hobart Strategic Asset Management Plan to inform infrastructure growth and service enhancement decisions.
4.1.6 6.3.3 6.3.4	Coordinate actions to encourage businesses to identify innovative ways to increase energy efficiency and sustainable business practices.

Pillar 5: Movement and connectivity

We are a city where everyone has effective, safe, healthy and environmentally-friendly ways to move and connect, with people, information and goods, and to and through spaces and the natural environment. We are able to maintain a pace of life that allows us to fulfil our needs, such as work, study, business, socialising, recreation, accessing services, shopping, entertainment and spending time with loved ones.

Community panel's vision statement

Outcomes

- 5.1 An accessible and connected city environment helps maintain Hobart's pace of life.
- 5.2 Hobart has effective and environmentally sustainable transport systems.
- 5.3 Technology serves Hobart communities and visitors and enhances quality of life.
- 5.4 Data informs decision-making.

Key Function Areas

- Project and Portfolio Management
- Strategic Asset Management
- City Parking
- City Place Making
- City Mobility

Strategic Reference	Major Actions and Initiatives
5.1.1 5.1.2 5.1.4	Draft the Hobart Transport Strategy 2030 Implementation Plan for internal consultation.
5.1.1	Commence a policy review of temporary traffic management works on roads.
5.1.1	Oversee the completion of construction and upgrade works for Kemp Street, specifically streetscape and public use connections associated with the Vibe Hotel and Kemp Street.
5.1.3 5.1.6	Initiate a micro-mobility transport (electric scooter) trial.
5.1.3 5.2.8	Undertake a community-driven innovation competition in consultation with Metro and other Greater Hobart Councils to potentially create a new design for Connected Hobart bus shelters.
5.2.1 5.2.2	Develop the first stage of the Network Operations Plan in conjunction with the Department of State Growth.
5.2.2 5.1.5 5.1.6 5.2.4 7.4.3	Install one or more high rate electric vehicle chargers.
5.2.3 5.2.4	Plan and oversee the delivery of improved infrastructure for cyclists in the city centre, and specifically undertake the trial of the Campbell, Argyle, Liverpool and Bathurst Street cycling network.
5.2.3 5.2.4 5.2.5 5.2.7	Oversee the delivery of the Collins Street / Molle Street Intersection Signalisation.
5.2.11 5.3.2	Enhance customer features available through the EasyPark mobile parking app.
5.3.1	Enhance building access and control systems utilising smart city concepts and associated technologies.
5.4.4	Implement a Cyber Security Program including development of a Cyber Security Framework.

Pillar 6: Natural environment

We are a city whose people see ourselves as part of a beautiful and unique natural environment, from the mountain to the river, which embrace us and shape our identity. We are proud custodians and advocates, ensuring resources are appreciated rather than wasted, supporting biodiverse ecosystems in honour of past, current and future generations.

Community panel's vision statement

Outcomes

- 6.1 The natural environment is part of the city and biodiversity is preserved, secure and flourishing.
- 6.2 Education, participation, leadership and partnerships all contribute to Hobart's strong environmental performance and healthy ecosystems.
- 6.3 Hobart is a city with renewable and ecologically sustainable energy, waste and water systems.
- 6.4 Hobart is responsive and resilient to climate change and natural disasters.
- 6.5 Hobart's bushland, parks and reserves are places for sport, recreation and play.

Key Function Areas

- Smart and Sustainable City
- Strategic Asset Management
- Bushland
- Parks and Recreation
- Cleansing and Solid Waste

Strategic Reference	Major Actions and Initiatives
6.1.4	Continue the Orange Hawkweed Control project in the Fern Tree area.
6.1.7 7.3.2 8.5.10	Implement the street lighting asset capture program including lighting redesign for efficiency, and dark skies outcomes.
6.2.3 6.2.1 6.2.3	Continue the Bushland Bush Adventures and Mountain Ambassadors programs.
6.2.3	Continue support of the Bushcare Program to assist in maintaining and improving the bushland network.
6.3.1	Deliver waste services in accordance with the <i>Waste Management Strategy 2015-2030</i> .
6.3.2	Progress implementation of the Environmental Management Plan for the McRobies Gully landfill.
6.3.3 6.3.4 6.4.1	Update the Greenhouse Gas and Energy Annual Report, and Energy Action Plan.
6.3.7	Complete the program to repair flood damage.
6.4.1 1.1.4	Release the draft of Sustainable Hobart for public consultation.
6.4.1 4.5.5 7.3.2	Implement environmental sensors and utilise climate projections and models to understand and respond to Hobart's present and future climate.
6.4.4	Progress the City's Fire Trail Renewal Program.
6.4.4	Continue the Fuel Reduction Program to mitigate the risk of bushfire to the City through a strategic burning program.
6.4.4	Continue to plan and implement an ongoing works program to improve the City's fuel break network, consistent with current Tasmania Fire Service Fuel Break Guidelines.
6.4.6 6.4.7 7.3.2	Release the draft Coastal Hazard Strategy for public consultation.
6.4.9 1.1.4 7.3.2	Ensure that the City's Asset Management Plans incorporate future climate impacts and demand.

Strategic Reference	Major Actions and Initiatives
6.4.10 6.4.11	Digital, audio and visual communication resources developed to enhance awareness and participation in Sustainable Hobart programs.
6.4.10 6.4.11 8.4.2	Engage with all areas of the community in the Sustainable Hobart program to increase participation and resilience across Hobart's communities.
6.4.11	Increase community awareness and engagement in understanding the risks and opportunities to manage climate change.
6.5.3	Work with sporting clubs to deliver major projects funded by external grants.
6.5.3 2.3.1	Support and promote participation in sport and health and wellbeing activities by working with sporting bodies to encourage increased use of the city's facilities.
6.5.4 1.3.3 7.3.1	Progress the development of the Foothills Mountain Bike Network Project and complete Stage 1 of the State Cycle grant funded project for trails.
6.5.5	Strengthen the community's awareness of dog access to the City's reserves and promote responsible dog management through signage, education and enforcement.

Pillar 7: Built environment

We are a city that maintains our unique built and ecological character, where we all have a safe, secure and healthy place to live. We are a city where people and communities can access world-class services and infrastructure and provide for their social, cultural and economic wellbeing. We embrace change but not at the expense of our Hobart identity and character.

Community panel's vision statement

Outcomes

- 7.1 Hobart has a diverse supply of housing and affordable homes.
- 7.2 Development enhances Hobart's unique identity, human scale and built heritage.
- 7.3 Infrastructure and services are planned, managed and maintained to provide for community wellbeing.
- 7.4 Community involvement and an understanding of future needs help guide changes to Hobart's built environment.

Key Function Areas

- Project and Portfolio Management
- Strategic Asset Management
- City Place Making
- City Mobility
- Planning Policy and Heritage
- Cleansing and Solid Waste
- Roads and Capital Works

Strategic Reference	Major Actions and Initiatives
7.3.1 7.3.2	Finalise the review and progress implementation of Asset Management Plans.
7.3.2 8.5.10	Implement an Asset Management system in conjunction with asset management planning standards.
7.3.4	Cleanse and maintain the City's public areas including its public streets, footpaths, parks, reserves, public areas and public toilet facilities.
7.2 7.4.1 7.4.7	Exhibit the Hobart Local Provisions Schedule and implement through the Tasmanian Planning Scheme.
7.4.2 1.2.3	Complete the Central Hobart Precincts Plan to guide future development and public infrastructure provision and funding in Central Hobart.

Pillar 8: Governance and civic involvement

We are a city of ethics and integrity. We govern with transparency and accountability, encouraging and welcoming active civic involvement. We collaborate for the collective good, working together to create a successful Hobart.

Community panel's vision statement

Outcomes

- 8.1 Hobart is a city of best practice, ethical governance and transparent decision-making.
- 8.2 Strong partnerships and regional collaboration make Hobart a thriving capital city.
- 8.3 City leadership is accessible and reflects Hobart communities.
- 8.4 People are involved in civic life, and the City's communication and engagement with Hobart communities are proactive and inclusive.
- 8.5 Quality services are delivered efficiently, effectively and safely.

Key Function Areas

- Project and Portfolio Management
- Strategic Asset Management
- City Information
- General Manager's Office
- Community Engagement
- Finance
- Customer Services
- People and Capability
- Communications
- Strategic Planning and Policy
- Rates and Procurement

Strategic Reference	Major Actions and Initiatives
8.1.1 8.1.2 8.1.3 8.5.2 8.5.9	Develop a Governance Compliance Plan which includes reporting on the Long-Term Financial Management Plan, City Policies and Work Health and Safety actions.
8.1.1 8.1.2 8.1.4	Develop policy and governance requirements for the City's systems and to support the use, monitoring and sharing of data.
8.1.1 8.1.3	Implement the Strategic Measurement Framework to measure progress against the strategic plan and vision.
8.1.5	Replace the City's legacy records management system with a contemporary information management platform.
8.2.1 8.2.3	Support implementation of the Hobart City Deal and the Greater Hobart Act.
8.2.4	Actively participate in the Council of Capital City Lord Mayors (CCCLM) activities and support projects that will benefit Hobart.
8.3.1 8.3.2 8.5.2	Align and embed the City's values in the Leadership Charter, Recruitment and Performance Management standards and the Code of Conduct.
8.3.3	Support Elected Members to undertake their roles in accordance with new Elected Member behaviour policies.
8.3.3	Finalise the installation of enhanced audio facilities in the Council Chamber.
8.4.1	Provide opportunities for the community to be engaged in conversations about community and economic recovery following COVID-19.
8.5.1	Implement the customer request system to support customer service standards and processes.
8.5.1 8.5.5	Implement a partnership with Service Tasmania for co-location of front of house customer services.
8.5.2	Co-ordinate the organisational recovery from the COVID-19 pandemic including development of a 3-5 year Recovery and Resilience Plan.
8.5.3	Work towards development of a new Enterprise Agreement.
8.5.3	Enact the City's Consultative Committee as a forum for discussion of employee matters.

Strategic Reference	Major Actions and Initiatives
8.5.4	<p>Implement the 2020-21 actions from the City of Hobart Procurement Strategy, which includes:</p> <ul style="list-style-type: none"> • Development of a policy framework and guidelines around local benefit procurement. • Increased contract management capability and engagement with the market.
8.5.4	Implement new contractual arrangements for transactional banking services.
8.5.5 4.1.4 6.3.4	Embed strategic climate considerations across the City's policies and operations.
8.5.5 8.5.6	Progress implementation of the new fleet management system and integrate with other systems as required.
8.5.5	Ongoing refinement of finance business practices following the implementation of Navision finance system.
8.5.8	Implement the City's financial hardship assistance program to provide support for ratepayers impacted by COVID-19 and experiencing financial hardship.
8.5.9	Review and update the Long-term Financial Management Plan to incorporate the effects of COVID-19 and return the City to a financially sustainable position.
8.5.10 7.3.2	Commence the development of an asset management plan, asset condition assessment and asset register for all City security infrastructure.
8.5.11	Pursue external funding and stimulus package opportunities to support the delivery of programs and improve City facilities.

Summary of Budget Estimates

Pursuant to the *Local Government Act 1993*, the Council is required to prepare estimates of its revenue and expenditure for each financial year. These are required to be adopted by 31 August each year.

A summary by budget function is provided at Appendix 1.

Operating Result Forecast

	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	2021-22 Budget (\$'000)	2022-23 Budget (\$'000)	2023-24 Budget (\$'000)	2024-25 Budget (\$'000)
Expenses							
Labour	(62,117)	(60,973)	(60,104)	(62,002)	(63,962)	(65,984)	(68,071)
Materials and services	(33,173)	(30,267)	(29,024)	(28,812)	(29,352)	(29,671)	(30,498)
Depreciation	(22,032)	(23,440)	(23,577)	(24,396)	(25,065)	(26,264)	(27,242)
Fire Levy	(11,388)	(11,388)	(11,388)	(12,071)	(12,796)	(13,563)	(14,377)
Energy costs	(2,318)	(2,219)	(2,272)	(2,329)	(2,387)	(2,447)	(2,508)
Bad Debts	(351)	(350)	(350)	(343)	(448)	(461)	(475)
Finance Costs	(2,334)	(1,737)	(2,004)	(2,186)	(2,252)	(2,207)	(2,166)
Asset write-offs	(2,202)	(4,874)	(2,561)	(2,484)	(2,478)	(2,458)	(2,452)
Other	(4,931)	(4,744)	(4,267)	(3,568)	(3,654)	(3,759)	(3,860)
	(140,846)	(139,992)	(135,547)	(138,191)	(142,394)	(146,814)	(151,649)
Revenues							
Rates and Charges	88,394	88,493	83,540	90,926	94,509	98,232	102,347
Parking Fines	8,463	5,959	5,836	7,617	7,846	8,081	8,323
Operating Grants	3,226	3,257	3,356	3,791	3,839	3,888	3,633
Distributions from TasWater	2,172	1,086	1,086	2,172	2,172	2,172	2,172
Rents	3,714	3,170	2,388	2,460	2,534	2,610	2,688
Interest	930	412	225	690	901	914	960
Fire Levy collection fee	455	455	455	482	511	543	575
Fees and Charges - car parks	11,219	8,929	9,442	10,097	10,400	10,712	11,033
Fees and Charges - on street parking	7,389	5,544	5,270	6,650	6,850	7,055	7,267
Fees and Charges - other	15,437	12,900	12,143	13,904	14,310	14,737	15,181
	141,399	130,205	123,741	138,789	143,872	148,944	154,179
Underlying Surplus	553	(9,787)	(11,806)	598	1,478	2,130	2,530
Capital items							
Capital Grants	550	1,853	685	685	685	685	685
Financial assistance grants in advance	(1,355)	56	(1,411)	-	-	-	-
2018 Storm Event	(85)	(203)	-	-	-	-	-
Surplus	(337)	(8,081)	(12,532)	1,283	2,163	2,815	3,215

Cash Flow Forecast

	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	2021-22 Budget (\$'000)	2022-23 Budget (\$'000)	2023-24 Budget (\$'000)	2024-25 Budget (\$'000)
Operating Activities							
Payments							
Employee Costs	(59,875)	(53,927)	(54,184)	(55,826)	(57,518)	(59,262)	(61,062)
Fire Levy	(11,388)	(11,388)	(11,388)	(12,071)	(12,796)	(13,563)	(14,377)
Interest	(2,247)	(1,645)	(1,944)	(2,132)	(2,200)	(2,156)	(2,116)
Other	(41,323)	(39,615)	(38,495)	(35,435)	(36,028)	(36,513)	(37,820)
	(114,833)	(106,575)	(106,011)	(105,464)	(108,542)	(111,494)	(115,375)
Receipts							
Rates and Charges	88,260	88,359	83,715	90,666	94,382	98,100	102,201
Grants	1,878	3,264	3,353	3,776	3,837	3,886	3,642
Fees and Charges	42,803	35,104	33,163	38,192	39,532	40,638	41,875
Rents	3,707	3,119	2,416	2,458	2,531	2,607	2,685
Interest	930	412	225	690	901	914	960
	137,578	130,258	122,872	135,782	141,183	146,145	151,363
Net Cash Flows from Operating Activities	22,745	23,683	16,861	30,318	32,641	34,651	35,988
Investing Activities							
Payments							
New Assets / Upgrades							
- Infrastructure	(14,903)	(18,127)	(9,177)	(9,270)	(7,080)	(5,940)	(5,859)
- Property	-	-	-	-	-	-	-
- Plant and Equipment	(520)	(572)	(146)	(644)	(788)	(701)	(674)
Asset Renewal							
- Infrastructure	(17,794)	(16,612)	(23,437)	(17,751)	(22,135)	(24,720)	(25,946)
- Plant and Equipment	(4,220)	(3,900)	(1,354)	(4,835)	(5,872)	(5,411)	(5,209)
	(37,437)	(39,211)	(34,114)	(32,500)	(35,875)	(36,772)	(37,688)
Receipts							
Grants	550	1,853	685	685	685	685	685
Distributions from TasWater	2,172	1,086	1,086	2,172	2,172	2,172	2,172
Plant and equipment sales	900	1,072	699	779	834	855	876
Property sales	-	-	-	-	-	-	-
	3,622	4,011	2,470	3,636	3,691	3,712	3,733
Net Cash Flows from Investing Activities	(33,815)	(35,200)	(31,644)	(28,864)	(32,184)	(33,060)	(33,955)
Financing Activities							
Payments							
Debt Repayment	(3,194)	(3,165)	(4,429)	(4,968)	(5,061)	(5,182)	(5,323)
Receipts							
Proceeds from Borrowings	20,000	20,000	15,000	10,000	5,000	5,000	5,000
Net Cash Flows from Financing Activities	16,806	16,835	10,571	5,032	(61)	(182)	(323)
Net Cash Surplus / (Deficit)	5,736	5,318	(4,212)	6,486	396	1,409	1,710
Opening Cash On Hand	21,274	20,125	25,443	21,231	27,717	28,113	29,522
Closing Cash On Hand	27,010	25,443	21,231	27,717	28,113	29,522	31,232

	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	2021-22 Budget (\$'000)	2022-23 Budget (\$'000)	2023-24 Budget (\$'000)	2024-25 Budget (\$'000)
Closing Cash Balance ear-marked for (a): -							
Contributions in Lieu of Public Open Space	48	114	114	114	114	114	114
Contributions in Lieu of Parking	135	135	135	135	135	135	135
Heritage Account	1507	1,503	1,467	1,466	1,465	1,464	1,463
Plant and equipment carry-forwards (b)	1000	2,000	2,000	2,000	2,000	2,000	2,000
Bushland Fund	165	232	282	332	382	432	482
McRobies Gully Tip Site Rehabilitation	3153	3,849	3,417	3,476	3,529	3,576	3,302
Other project carry-forwards (b)	18144	10,662	-	2,500	2,500	2,500	2,500
Refundable Deposits	2162	1,534	1,534	1,534	1,534	1,534	1,534
Future Asset Renewal Reserve	696	5,414	12,282	16,160	16,454	17,767	19,702

- a) Some of Council's cash reserves are restricted. In some cases, this restriction is imposed by legislation (e.g. The Heritage Account). Others have been earmarked for certain purposes by Council decision and may therefore be used for other purposes at Council's discretion.
- b) Carry-forwards take account of annual allocations included in the capital expenditure budget but which may not be expended during the year and are therefore on hand at the end of the year i.e. capital works in progress or not yet commenced.

Balance Sheet Forecast

	2019-20 Budget (\$'000)	2019-20 Forecast (\$'000)	2020-21 Budget (\$'000)	2021-22 Budget (\$'000)	2022-23 Budget (\$'000)	2023-24 Budget (\$'000)	2024-25 Budget (\$'000)
Assets							
Current Assets							
Cash and cash equivalents	27,010	25,443	21,231	27,717	28,113	29,524	31,232
Inventories	331	331	331	331	331	331	331
Receivables	4,541	4,540	3,969	4,452	4,520	4,685	4,854
Other	22	22	22	22	22	22	22
	31,904	30,336	25,553	32,522	32,986	34,562	36,439
Non-Current Assets							
Receivables	226	226	226	226	226	226	226
Investment in TasWater	166,823	190,946	190,946	190,946	190,946	190,946	190,946
Property, plant and equipment	1,642,042	1,645,228	1,666,320	1,675,690	1,657,360	1,676,412	1,690,653
	1,809,091	1,836,400	1,857,492	1,866,862	1,848,532	1,867,584	1,881,825
Total Assets	1,840,995	1,866,736	1,883,045	1,899,384	1,881,518	1,902,146	1,918,264
Liabilities							
Current Liabilities							
Payables	(5,098)	(5,098)	(4,837)	(4,892)	(5,061)	(5,236)	(5,419)
Trust, Deposits, Retention	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)
Employee benefits	(13,196)	(16,313)	(20,351)	(24,551)	(28,918)	(33,461)	(38,185)
Unearned Revenue	(446)	(446)	(446)	(446)	(446)	(446)	(446)
Loans	(3,986)	(4,429)	(4,968)	(5,061)	(5,182)	(5,323)	(5,757)
	(25,616)	(29,175)	(33,492)	(37,840)	(42,497)	(47,356)	(52,697)
Non-Current Liabilities							
Employee benefits	(3,722)	(4,078)	(5,088)	(6,138)	(7,230)	(8,365)	(9,546)
DB Superannuation Scheme	3,346	(553)	(854)	(1,196)	(1,581)	(2,010)	(2,485)
Loans	(50,950)	(50,720)	(60,752)	(65,691)	(65,509)	(65,186)	(64,430)
Other Provisions	(3,871)	(4,992)	(4,363)	(4,219)	(4,067)	(3,908)	(3,426)
	(55,197)	(60,343)	(71,057)	(77,244)	(78,387)	(79,469)	(79,887)
Total Liabilities	(80,813)	(89,518)	(104,549)	(115,084)	(120,884)	(126,825)	(132,584)
Net Assets	1,760,182	1,777,218	1,778,496	1,784,300	1,760,634	1,775,321	1,785,680

Delegations

At its meeting to approve the Annual Estimates, the Council approved the delegation of power to expend monies to all the Council committees and the General Manager.

The delegation categories are defined as follows:

Delegation 1: power to expend monies delegated to the General Manager. Pursuant to the Council resolution and further pursuant to section 64 of the *Local Government Act 1993*, the General Manager is authorised by the Council to delegate this power to Council employees.

Delegation 2: power to expend monies delegated to the Council committees established pursuant to section 23 of the *Local Government Act 1993*.

Delegation 3: power to expend monies reserved to the Council.

The expenditure of money within all budgets listed in the Annual Plan are Delegation 1.

Public Health Goals and Objectives

Section 71(2)(d) of the *Local Government Act 1993* requires the City of Hobart's Annual Plan to include a summary of the major strategies to be used to achieve the City's public health goals and objectives. The City of Hobart's commitment to maintaining high levels of public health protection is identified under Pillars 2 and 6 of the *Capital City Strategic Plan 2019-29*:

Strategy – 2.4.3

Protect and improve public and environmental health outcomes

Strategy – 6.1.6

Regulate and manage potentially polluting activities and protect and improve the environment

Major actions and initiatives for 2020-21 are:

- Update the Public Health Emergency Management Plan to include all knowledge and learnings developed as a result of the response and recovery undertaken in relation to COVID-19.
- Implement the Single-Use Plastics By-Law of 2020.
- Continue the implementation of the Smoke-free Hobart initiative.

These actions are undertaken by the Environmental Health Unit of the City Planning Division. The purpose of the Environmental Health Unit is to enhance and improve the quality and standard of public and environmental health throughout the community and the City.

Appendix 1

Summary by Budget Function

Division	Department	2020-21 Operating Expenditure	2020-21 Operating Revenue	2020-21 Net Operating	2020-21 Net Property, Plant & Equipment	2020-21 Net Projects
General Manager Division						
	11105 - Civic Support	393,186	0	393,186	0	0
	11110 - General Manager's Office	866,585	0	866,585	300,000	0
	11115 - City Marketing	424,729	0	424,729	0	0
Total General Manager Division		1,684,500	0	1,684,500	300,000	0
City Governance Division						
	12125 - City Governance Divisional	384,532	0	384,532	0	524,543
	12135 - Administration - City Governance	388,086	0	388,086	0	0
	12145 - Halls	852,820	(112,501)	740,319	0	0
	12150 - City Government	674,064	0	674,064	0	0
	12151 - Aldermanic Allowances and Expenses	669,000	0	669,000	0	0
	12155 - Legal and Property Services	482,649	(519,001)	(36,353)	0	0
	12160 - Customer Services	901,352	(300,001)	601,351	0	0
	12170 - People and Capability	2,363,384	(160,000)	2,203,384	0	0
	12175 - Risk and Governance	1,161,102	0	1,161,102	0	0
	12180 - Strategic Financial Management	186,096	0	186,096	0	0
	12184 - Accounting Operations	3,078,550	(2,372,004)	706,546	0	0
	12185 - Budgets and Financial Reporting	565,654	(10,000)	555,654	0	0
	12197 - Commercial Services and Rates	12,490,340	(83,288,417)	(70,798,077)	0	0
	12198 - Central Procurement	1,269,905	0	1,269,905	0	0
Total City Governance Division		25,467,533	(86,761,924)	(61,294,392)	0	524,543
City Amenity Division						
	13210 - City Amenity Divisional	466,100	(72,488)	393,612	0	0
	13211 - Administration - City Amenity	669,134	0	669,134	0	0
	13215 - After Hours Service	184,043	0	184,043	0	0

Division	Department	2020-21 Operating Expenditure	2020-21 Operating Revenue	2020-21 Net Operating	2020-21 Net Property, Plant & Equipment	2020-21 Net Projects
	13220 - Bushland and Reserves Management	406,033	(25,497)	380,536	0	0
	13225 - Open Space Planning	343,092	0	343,092	0	0
	13230 - Bushland Recreation and Engagement	621,533	(188,311)	433,223	0	153,213
	13235 - Fire and Biodiversity	1,608,871	(5,000)	1,603,871	0	0
	13240 - Bushland Infrastructure	1,916,550	0	1,916,550	0	2,257,846
	13250 - Parks and Recreation Management	296,406	0	296,406	0	0
	13255 - Parks and Reserves	3,674,436	(222,472)	3,451,964	0	2,433,473
	13260 - Recreation and Projects	3,994,567	(713,234)	3,281,333	0	617,657
	13265 - Hobart Regional Nursery	399,394	(22,038)	377,356	0	0
	13270 - Arboricultural Services	1,631,755	(19,984)	1,611,771	0	0
	13285 - Project and Support Services Management	502,594	(135,000)	367,594	0	0
	13290 - Emergency Management	59,350	0	59,350	0	50,000
	13295 - Corporate Property and Administration	3,401,899	0	3,401,899	0	3,665,797
	13300 - Clearys Gates Support Services	627,965	0	627,965	0	0
	13305 - Fabrication Services	243,186	0	243,186	0	0
	13310 - Fleet Operations - Major Plant	(261,006)	0	(261,006)	0	0
	13311 - Fleet Operations - Heavy Vehicles	(186,999)	0	(186,999)	600,000	0
	13312 - Fleet Operations - Light Vehicles	(163,658)	0	(163,658)	0	0
	13313 - Fleet Operations - Minor Plant	(2,999)	0	(2,999)	150,000	0
	13353 - Road Project Planning	436,954	0	436,954	0	0
	13354 - Roads Management	263,748	(1,826,881)	(1,563,133)	0	0
	13355 - Road Assets Strategy & Planning	578,893	0	578,893	0	7,466,315
	13356 - Road Services	556,383	0	556,383	0	0
	13357 - Road Maintenance and Capital Works	2,237,265	(87,551)	2,149,714	0	0
	13360 - Stormwater Asset Strategy and Planning	610,879	0	610,879	0	3,284,628
	13361 - Stormwater Management	286,346	0	286,346	0	0
	13362 - Stormwater Services	608,237	0	608,237	0	0
	13363 - Stormwater Maintenance and Capital Works	779,143	(154,000)	625,143	0	0
	13370 - Solid Waste Strategy and Projects	554,736	(30,000)	524,736	0	0
	13375 - City Cleansing	3,430,508	(30,000)	3,400,508	0	0

Division	Department	2020-21 Operating Expenditure	2020-21 Operating Revenue	2020-21 Net Operating	2020-21 Net Property, Plant & Equipment	2020-21 Net Projects
	13380 - Solid Waste Operations and Maintenance	4,691,257	(736,000)	3,955,257	0	1,265,000
	13385 - McRobies Gully WMC Operations and Management	1,083,392	(1,943,208)	(859,816)	0	577,077
Total City Amenity Division		36,549,988	(6,211,664)	30,338,324	750,000	21,771,006

Community Life Division						
	14405 - Community Life Divisional	307,544	0	307,544	0	0
	14406 - Administration - Community Life	488,018	0	488,018	0	0
	14407 - City Marketing Projects	654,740	(10,000)	644,740	0	0
	14415 - Tourism	313,906	0	313,906	0	0
	14420 - Tasmanian Travel and Information Centre	583,643	(930,822)	(347,178)	0	0
	14425 - Salamanca Market	1,148,564	(984,014)	164,550	50,000	0
	14430 - Taste of Tasmania	491,610	0	491,610	0	0
	14440 - Creative Communities	629,024	0	629,024	0	321,511
	14445 - Community Programs	700,747	(37,276)	663,471	0	0
	14450 - Equal Access Co-ordination	70,345	0	70,345	0	0
	14455 - Positive Ageing	622,186	(243,149)	379,037	0	0
	14460 - Youth Programs	386,836	(29,297)	357,539	0	0
	14470 - Economic Development	1,654,060	0	1,654,060	0	0
	14475 - Future and Engaged Communities	881,172	0	881,172	0	0
	14480 - Community Events	2,099,579	(68,366)	2,031,214	0	0
	14490 - Administration, Management and Marketing DKHAC	1,334,652	0	1,334,652	150,000	100,000
	14491 - Customer Service and Events - DKHAC	1,436,270	(2,044,680)	(608,410)	0	0
	14492 - Facility Operations - DKHAC	1,829,885	0	1,829,885	0	0
	14493 - Programs and Participation - DKHAC	1,519,928	(2,341,318)	(821,390)	0	0
Total Community Life Division		17,152,708	(6,688,921)	10,463,787	200,000	421,511

City Planning Division						
	15505 - City Planning Divisional	1,135,623	(33,200)	1,102,423	0	4,685,252
	15506 - Administration - City Planning	704,861	(9,996)	694,865	0	0

Division	Department	2020-21 Operating Expenditure	2020-21 Operating Revenue	2020-21 Net Operating	2020-21 Net Property, Plant & Equipment	2020-21 Net Projects
	15510 - Public Health Services	1,161,049	(144,100)	1,016,949	0	0
	15520 - Development Compliance	1,383,628	(938,120)	445,508	0	0
	15525 - Legal and Animal Management	763,324	(328,508)	434,816	0	0
	15530 - Development Appraisal	1,992,636	(979,536)	1,013,100	0	0
	15535 - Planning Policy	430,239	(12,000)	418,239	0	0
	15540 - Environmental Planning	162,341	0	162,341	0	0
	15545 - Heritage and Conservation	467,704	(75,996)	391,708	0	0
	15550 - Surveying Services	1,094,001	(23,616)	1,070,385	0	0
	15555 - Design Services	1,421,833	0	1,421,833	0	0
	15560 - Traffic Strategy and Projects	945,393	(234,002)	711,391	0	1,054,740
	15565 - On-Street Unmetered Parking	161,007	0	161,007	0	0
Total City Planning Division		11,823,641	(2,779,075)	9,044,566	0	5,739,992
City Innovation Division						
	16391 - Asset Management	0	0	0	0	1,085,000
	16575 - City Innovation Divisional	505,601	0	505,601	0	100,000
	16576 - Administration - City Innovation	398,215	0	398,215	0	0
	16580 - City Technology	3,401,019	0	3,401,019	250,000	0
	16585 - City Information	2,633,907	0	2,633,907	0	500,000
	16590 - Smart and Sustainable City	2,462,208	0	2,462,208	0	300,000
	16595 - Project and Portfolio Management	1,264,495	0	1,264,495	0	0
	16600 - Strategic Asset Management	996,830	0	996,830	0	380,000
	16605 - Off-Street and Paid On-Street Parking	4,200,573	(9,792,971)	(5,592,398)	0	1,791,221
	16610 - Parking Enforcement	5,518,804	(11,195,937)	(5,677,133)	0	0
Total		21,381,653	(20,988,908)	392,745	250,000	4,156,221
Total of All Divisions		114,060,023	(123,430,492)	(9,370,469)	1,500,000	32,613,273

Note 1 the Department totals do not include:

- Depreciation (other than major plant and light vehicles).
- Asset write-offs.
- Adjustments to Defined Benefits.

Note 2 function totals include:

- Rehabilitation costs for the landfill site.



2021-2041

LONG TERM FINANCIAL MANAGEMENT PLAN



City of **HOBART**

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1. Executive Summary

The Long Term Financial Management Plan (LTFMP) seeks to inform the reader about how the City of Hobart (Council) intends to govern the financial aspects of its Strategic Framework. Underpinning this is Council's goal of managing its operations in a financially sustainable manner now and into the future.

With the advent of the COVID-19 health crisis Council experienced financial challenges as it quickly responded to protect the health and wellbeing of our community and sought to support residents, local business and community organisations while maintaining essential services.

This LTFMP, in the short term, has been shaped by the economic impacts of the COVID-19 pandemic. While difficult to estimate the financial impacts and therefore how quickly the City will recover, this plan forecasts a recovery to a financially sustainable position over the next five years.

This plan has been developed with Council's key financial strategies at its core: moderate underlying surpluses, sufficient liquidity and cash flow, minimal debt, and asset renewal requirements being satisfactorily funded.

Council recently considered a revised capital works program acknowledging the need to direct funds to recovery activities in the short term. Both the program and its funding strategy are to be reviewed annually.

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

- The achievement of modest underlying operating surpluses. Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range -9.5% to 4.5% of revenue, and averaging 1.2%. Surpluses then increase beyond this 10 year period. It is important that Council generates sufficient revenue to cover all of its cash and non-cash costs, with a small buffer.
- An increased level of debt, but remaining within reasonable benchmarks. The capital works program over the next ten years will be funded substantially by debt. Council's financial recovery plan forecasts the City being able to service increased debt.
- Cash balances in the short term will be supported by increased debt until Council moves beyond the recovery period when the forecasts indicate the City will be able to generate sufficient cash to fund its operations. Balances and cash flow requirements will need to be closely monitored and further refined to ensure adequate liquidity.
- 100% funding of forecast asset renewal requirements, which is a key financial sustainability indicator. An appropriate benchmark is considered to be 90-100%. Renewal forecasts are continually being refined and the funding level monitored.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rate increases in the order of 2.75% in the short term, and then increasing to 3.0%. This is exclusive of the State Government fire levy, any redistributive effects of revaluations, Assessed Annual Value (AAV) indexation or changes to council rating policy.

These outcomes ensure a return to a financially sustainable position for the City, thus ensuring the ability to deliver services into the future. It will ensure an equitable distribution of costs between current and future generations.

2. Background

City of Hobart

The Council is a Capital City council situated in Australia's second oldest city. The Council services an immediate population of 54,649 residents and 974,364 tourists to the city annually. Council offers more than 300 services to the community and the infrastructure required of a Capital City location.

Council has over \$2 billion in gross assets (replacement cost) and will generate revenues of \$123 million in 2020-21, comprising \$83 million of rates and charges and \$40 million of fees, charges and other income. Council has a workforce of 606 full time equivalent employees as at May 2020.

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

What is Financial Sustainability?

For Council, financial sustainability means whether Council can sustain its current practices in financial terms and whether community needs are currently met and will be met in the future.

Importance for Local Government

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

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

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

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

3. Council's Planning and Reporting Framework

Strategic Framework

The City's Community Vision was developed for Council by residents in 2017-18. In 2019 the Council endorsed a new 10 year Capital City Strategic Plan, 2019-2029, for the City of Hobart. All Councils are required to have a 10 year plan which is reviewed every four years. The new Plan replaced the previous 10 year Capital City Strategic Plan, 2015-2025. The Plan is built around eight pillars from the community vision and will guide the City's work over the next 10 years. Each pillar has outcomes that detail what we are trying to achieve and the strategies and actions we will use to get there.

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

Pillars

Pillar 1 – Sense of place

- Hobart keeps a strong sense of place and identity, even as the city changes.
- Hobart's cityscape reflects the heritage, culture and natural environment that make it special.
- In City decision-making, we consider how different aspects of Hobart life connect and contribute to sense of place.

Pillar 2 – Community inclusion, participation and belonging

- Hobart is a place that recognises and celebrates Tasmanian Aboriginal people, history and culture, working together towards shared goals.
- Hobart is a place where diversity is celebrated and everyone can belong, and where people have opportunities to learn about one another and participate in city life.
- Hobart communities are active, healthy and engaged in lifelong learning.
- Hobart communities are safe and resilient, ensuring people can support one another and flourish in times of hardship.

Pillar 3 – Creativity and culture

- Hobart is a creative and cultural capital where creativity is a way of life.
- Creativity serves as a platform for raising awareness and promoting understanding of diverse cultures and issues
- Everyone in Hobart can participate in a diverse and thriving creative community, as professionals and hobbyists.
- Civic and heritage spaces support creativity, resulting in a vibrant public realm.

Pillar 4 – City economies

- Hobart's economy reflects its unique environment, culture and identity.
- People have a range of opportunities to participate in the economic life of the city.
- Diverse connections help Hobart's economy, businesses and workers thrive.
- Hobart is a place where entrepreneurs and businesses can grow and flourish.
- Hobart's economy is strong, diverse and resilient.

Pillar 5 – Movement and connectivity

- An accessible and connected city environment helps maintain Hobart's pace of life.
- Hobart has effective and environmentally sustainable transport systems.
- Technology serves Hobart communities and visitors and enhances quality of life.
- Data informs decision-making.

Pillar 6 – Natural environment

- The natural environment is part of the city and biodiversity is preserved, secure and flourishing.
- Education, participation, leadership and partnerships all contribute to Hobart's strong environmental performance and healthy ecosystems.
- Hobart is a city with renewable and ecologically sustainable energy, waste and water systems.
- Hobart is responsive and resilient to climate change and natural disasters.
- Hobart's bushland, parks and reserves are places for sport, recreation and play.

Pillar 7 – Built environment

- Hobart has a diverse supply of housing and affordable homes.
- Development enhances Hobart's unique identity, human scale and built heritage.
- Infrastructure and services are planned, managed and maintained to provide for community wellbeing.
- Community involvement and an understanding of future needs help guide changes to Hobart's built environment.

Pillar 8 – Governance and civic involvement

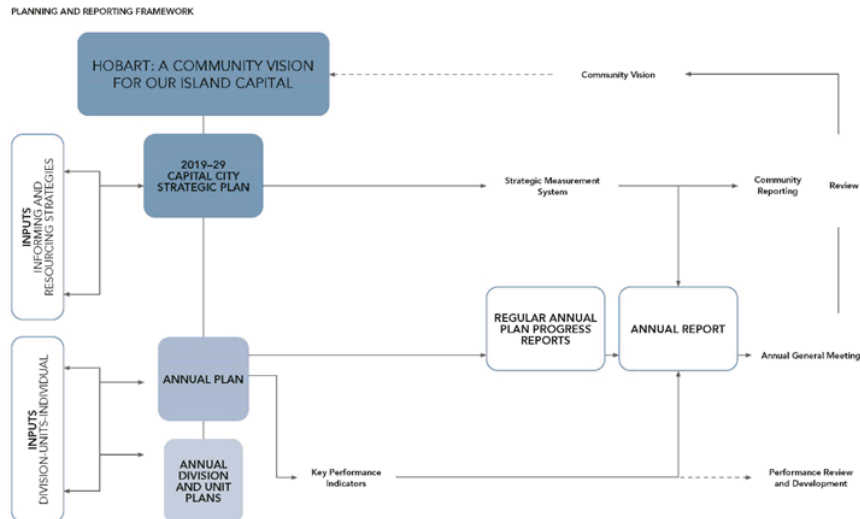
- Hobart is a city of best practice, ethical governance and transparent decision-making.
- Strong partnerships and regional collaboration make Hobart a thriving capital city.
- City leadership is accessible and reflects Hobart communities.
- People are involved in civic life, and the City's communication and engagement with Hobart communities are proactive and inclusive.
- Quality services are delivered efficiently, effectively and safely.

Linkages with the Strategic Framework

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

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

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

Council's Planning & Reporting Framework

4. Introduction to Long-Term Financial Management Plan

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

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

The LTFMP is aimed at: -

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

The LTFMP has been prepared over a rolling 20 year period with the first planning year being 2020-21 and concluding in 2040-41. The LTFMP is a 'living' document and is updated annually as part of Council's annual planning and budget process and on an ongoing basis to reflect changing internal and external circumstances. This year, as the full extent of the pandemic becomes clearer the City will update the budget outlook and long term forecasts and release a mid-year revised budget and LTFMP.

Measuring Financial Sustainability

Council has adopted the recommended suite of financial sustainability measures identified in *The Framework for Long-term Financial and Asset Management Planning for all Tasmanian Councils* reports as key to securing long-term financial sustainability.

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

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

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

5. Assumptions and Methodology

The preparation of the LTFMP is underpinned by a 20-year financial model. The financial model allows for analysis and modelling of various financial scenarios. For the purpose of financial modelling the following key assumptions for years beyond 2020-21 have been made:

General

- The LTFMP generally provides for maintenance of existing services noting however that the forecasts are predicated on a reduction of \$6 million in operating expenditure from 2021-22 as resolved by Council on 27 April 2020.
- Council parking operations are self-funding in that parking income (fines, on and off-street parking income) exceeds the cost of parking operations. The net surplus contributes to Council's other services and programs.
- Annual asset renewal requirements are based on Council's Asset Management Plans, which set out the forecast capital renewal requirements for the next 100 years. These plans are expressed in today's dollars, but for the financial model have been indexed at 2.5% per annum.
- All maturing debt will be repaid as it falls due.

Specific

- The percentage of revenue uncollected on average at year-end is 3.53%.
- The percentage of creditors' payable on average at year-end is 10.78%.
- The percentage of commission received for collecting the Tasmanian fire service levy is 4%.
- The percentage of parking fines that result in bad debts is 5.88%.
- The employee on-cost percentage relating to payroll tax, contribution scheme superannuation, and workers compensation insurance is 27.6%, with employee leave entitlements expense and DB superannuation expense separately shown in the model.
- Capital expenditure has been significantly reduced with an average of \$35 million assumed for each year.
- Costs arising from Council's major development assistance policy commitments (including the Myer site redevelopment) have been included.
- The financial effects of the change to Council's waste disposal strategic plan (i.e. deferring closure of the McRobies Gully Waste Management Centre until 2030) have been included (see New Initiatives in Chapter 6).

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

Y/E 30 June			2021	2022-24	2025-28	2029-32	2033-36	2037-41
Operating Items								
INFLOWS	Rate increase (Council operations)	% change	0.0	2.75	3.0	3.0	3.0	3.0
	Rate increase (fire levy)	% change	0.0	0.7	0.7	0.7	0.7	0.7
	Rate base growth	% change	0.85	0.5	0.5	0.5	0.5	0.5
	Parking - car parks	% change	0.0	3.0	3.0	3.0	3.0	3.0
	Parking - on street	% change	0.0	3.0	3.0	3.0	3.0	3.0
	Parking - fines	% change	0.0	3.0	3.0	3.0	3.0	3.0
	Operating grants	% change	3.05	5.16	2.0	2.0	2.0	2.0
	Other fees and charges	% change	0.0	3.0	3.0	3.0	3.0	3.0
	Rent	% change	0.0	3.0	3.0	3.0	3.0	3.0
	Interest revenue rate	%	0.89	3.25	3.25	3.25	3.25	3.25
OUTFLOWS	Operating costs	% change	-7.31	2.5	2.5	2.5	2.5	2.5
	Employee salary & wages	% change	-0.84	3.0	3.0	3.0	3.0	3.0
	Fire levy	% change	0.0	6.0	6.0	6.0	6.0	6.0
	Energy costs	% change	2.5	2.5	2.5	2.5	2.5	2.5
	Interest expense rate	%	2.45	2.45	2.45	2.45	2.45	2.45

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

- The inclusion of prior years actual results;
- The inclusion of the current year budget;
- Revisions to the current year budget as approved by Council quarterly;
- Updated assumptions;
- Revisions to depreciation forecasts; and
- Revisions to the 20 year capital expenditure forecasts sourced from the updated asset management plans.

Council's 2020-21 Budget Estimates document provides further detail, but in relation to the 2020-21 budget: -

- Rate base growth (0.85%) due to development activity in the City.
- Parking revenue is forecast to be lower due to the on-going impact of COVID-19 on visitors to the City. Consistent with Other Fees and Charges, there will be no increase in on-street or off-street parking fees in 2020-21.
- Operating cost decreases are due to the forecast reduction in some of Council's activities during 2020-21. In particular, forecast reductions in the use of some facilities, reduction in events normally supported by Council such as the Taste, Dogs on the Domain and Dark Mofo.

- Employee salary and wages decrease is due to the previously forecast 2.5% Enterprise Agreement increase is forecast not to be paid in 2020-21 plus other initiatives to reduce employee costs, including a freeze on recruitment.

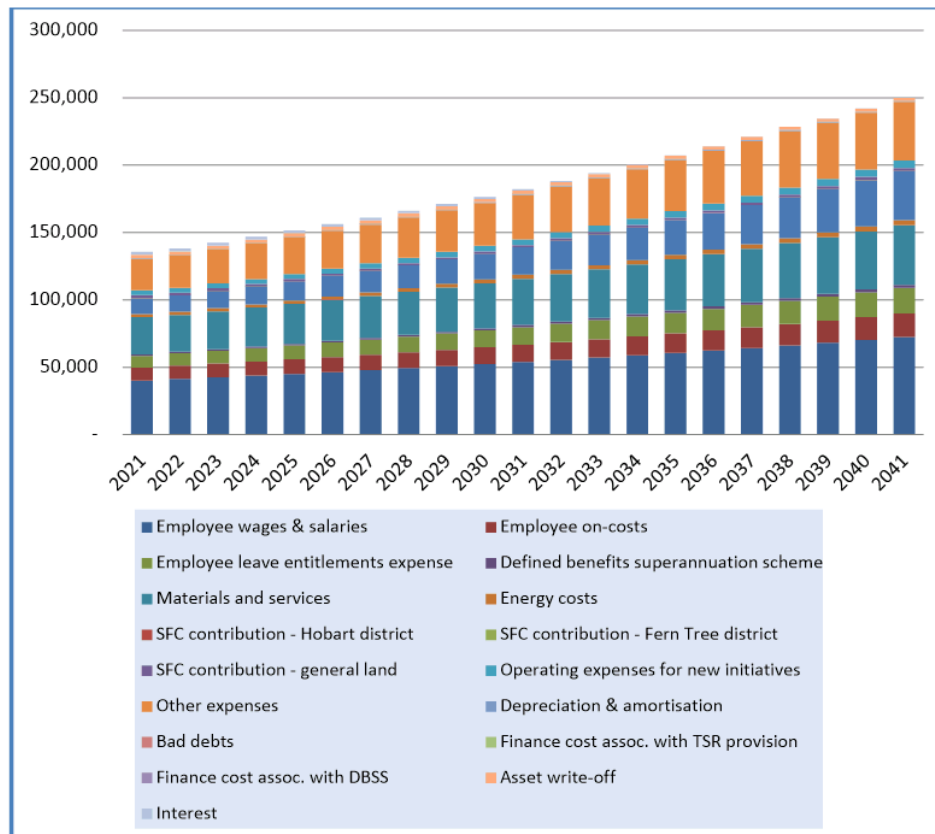
Forecasts from 2021-22 onwards are based, in the short term, on Council's recovery to normal operating levels, specifically;

- Rate increases of 2.75% for three years increasing to 3% from 2024-25.
- Reduction in operating costs of \$6M from 2021-22.
- Fees and charges revenue return to 90% of pre pandemic levels

6. Key Financial Strategies

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

Forecast Operating Expenses 2020-21 to 2040-41 (\$'000s)



Operating Items - Expenses

Salaries and Wages

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

Costs have been assumed to increase by 3% per annum from 2021-22, inclusive of reclassifications and any new positions. For 2020-21, costs will decrease due to the impact of COVID-19. It is inherent in the assumption that leave amounts paid and amounts capitalised will increase by the same amount.

Employee On-costs

Employee on-costs include superannuation (but not including Defined Benefits (DB) Superannuation Scheme expense), payroll tax, and workers compensation less labour on-costs capitalised. On costs for these items are assumed at 27.6% of salaries and wages, based on the 2019-20 forecast rate.

Employee Leave Entitlements Expense

Leave entitlements expense is the annual accruals for employee leave. This has been assumed to increase by 5.79% per annum in 2020-21 and 4% per annum thereafter.

Defined Benefit Superannuation Expense

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

Materials and Services

Materials and services is all expenditure not included elsewhere. Major items includes subcontractors, communication costs, consultants, licences, external labour, insurance, fuel, advertising and marketing, equipment maintenance, water and sewer charges, printing and stationery costs, and legal costs. This has been assumed to decrease in 2020-21 due to the impact of COVID-19 on Council operations.

Energy Costs

Energy costs have been assumed to increase at 2.5% per annum.

Fire Levy

Pursuant to the *Fire Services Act 1979*, local government acts as a collection agent for this levy, which is paid directly to the State Fire Commission. This item is difficult to forecast as given its method of calculation by the State Fire Commission, is prone to substantial fluctuations, year on year. For the 2020-21 year, there will be no increase in the fire levy from 2019-20 to assist the community recover from COVID-19. The average of the last five years has been 5.3%. Annual increases of 6% have been assumed from 2021-22. A 4% commission is received for collecting the levy.

Operating Expenses associated with New Initiatives

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

Other Expenses

Other expenses include grants and specific purpose benefits, audit fees, fringe benefits tax and land tax. In total a decrease has been assumed in 2020-21 due to the impact of COVID-19 on Council operations.

Depreciation and Amortisation

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

Bad Debts Expense

This represents parking fines that result in bad debts. 5.88% of parking fines are assumed to result in bad debts.

Finance Costs of Tip Site Rehabilitation Provision

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

Finance Costs of DB Superannuation Scheme

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

Tip Restoration Liability

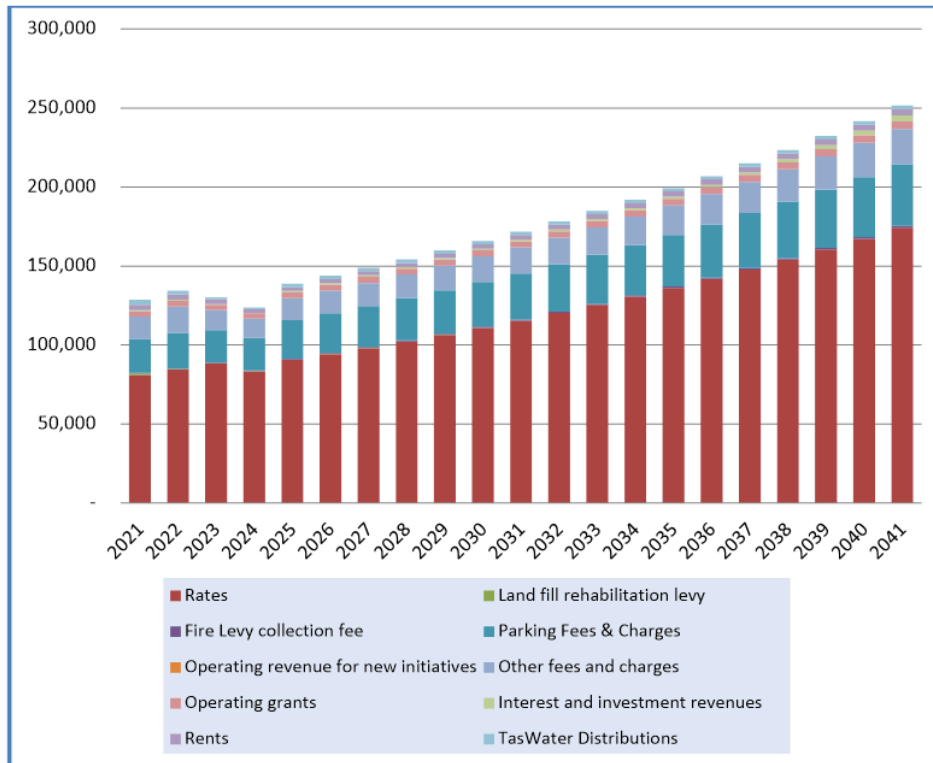
This is the increase (if any) in the current forecast cost of rehabilitating the McRobies Gully landfill site.

Asset Write-offs

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

Interest Expense

Interest expense is payable on debt. A commercial interest rate of 2.45% has been assumed for new debt forecast in the plan. Interest on new debt taken out in 2020-21 for projects identified for inclusion in the State Government stimulus package will be refunded to Council via grants for the first three years of the term of the loan.

Operating Items - Revenue**Forecast Operating Revenue 2020-21 to 2040-41 ('000s)****Rates**

Rates include revenue from general rates, service rates (stormwater removal and fire protection) and service charges (waste management, food organics garden organics kerbside collection and landfill rehabilitation) and late payment penalties and interest, and supplementary rates. Rates will not increase in 2020-21. Increases from 2021-22 are forecast to be 2.75% per annum in the short term (plus fire levy estimated at 0.7%) increasing to 3.0% in 2024-25 (plus fire levy estimated at 0.7%). If development growth continues at historic levels, annual rate revenue increases will be approximately 0.5% more than the above figures.

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

Fire Levy Commission

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

Parking Fees & Charges

As part of the City's COVID-19 community support package parking fees will not increase in 2020-21. As a result, parking revenue from on-street operations, car park operations and fines are all forecast to reduce due to the impact of COVID-19.

Operating Revenues associated with New Initiatives

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

Other Fees and Charges

Other fees and charges income includes all other user fees and charges including aquatic centre, landfill, external works income, sportsground hire, building and development fees, travel centre income, animal licences, hall hire and community events income. These fees and charges have also been included in Council's COVID-19 community support package and will not increase in 2020-21.

Operating Grants

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

In addition, for the three years from 2022 the State Government will provide relief of interest costs associated with borrowings for particular projects to be undertaken by Council in its recovery from COVID-19 via grant funding.

Interest and Investment Revenue

Interest revenue is earned on cash investments. An interest rate of 3.25% has been assumed from 2022 on the basis of external forecasts. For 2021, interest income will be lower due to forecast lower cash holdings at the end of 2020-21 and current interest rates. Interest earnings show little variation until the later years of the plan period, reflecting only minor changes in cash balances during the first half of the plan period.

Rental Income

Rental income is earned from Council's property portfolio and Taste and Salamanca Market stallholders. It is forecast to increase by 3% per annum from 2022 assuming occupancy levels of Council's commercial property portfolio remain consistent. For the 2020-21 year rental income there will be no increase in rental fees as this is also part of the City's COVID-19 community support package. Total income is forecast to reduce in 2020-21 due to COVID-19 impacts.

Distributions from TasWater

Distributions are received as a result of Council's ownership interest in TasWater. They comprise dividends, guarantee fees and tax equivalent payments. Forecast amounts are based on advice from both TasWater and the State Government to provide distributions until 2024-25. The most recent correspondence from TasWater has confirmed no dividends will be paid for second half of 2019-20 or the first half 2020-21. Payment of the second instalment in 2020-21 remains uncertain but it is included in the forecast.

Non-Operating Items**Contributed Assets**

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

Capital Grants

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

Asset Revaluations

Asset revaluations are revaluation increments and decrements arising from periodic asset values. Usually these amounts are credited or debited directly to equity but on occasions are accounted for through the income statement.

Movement in TasWater Investment

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

Capital Items**Asset Replacement**

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

Council discharges its asset management obligations responsibly. As set out in this plan, Council aims to achieve modest underlying operating surpluses. This will ensure that the current generation is fully paying for the current cost of service provision and asset consumption.

Asset management plans will continue to be enhanced over time across all asset classes.

Capital works program

The works program for 2020-21 has been approved by Council and is included in this Plan. It provides for both new assets and asset renewal but has a strong focus on asset renewal. Recovery from the COVID-19 pandemic will require a review of capital works beyond 2020-21.

Borrowings

New borrowings of \$15 million will be undertaken in 2020-21 and principal repayments of \$4.43 million on existing borrowings will be made.

As a result of a successful application to the State Government's local government three year interest free loan scheme, where the City nominated infrastructure projects estimated to cost \$24.5 million as well as \$4.6 million for rates financial hardship assistance, the City has a borrowing facility of up to \$31 million.

The Plan includes borrowings of \$15 million in 2020-21 to assist the Council's cash flow, capital works in the City and provide support to those who need it most in the community by way of the community support package.

Council will consider whether it will require additional borrowings in the mid-year budget review. While the Plan includes \$15 million of borrowings for 2020-21, the level of borrowings required does rely on borrowings in future years.

New Initiatives

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

- The financial impacts of Council's major development assistance policy commitments (including the Myer site redevelopment).
- The financial effects of the change to Council's waste disposal strategic plan (i.e. deferring closure of the McRobies Gully landfill site until 2030).

7. Long Term Risk, Contingency and Reserves

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

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

The LTFMP is reviewed and updated regularly – on at least an annual basis to coincide with the adoption of the Council budget, and more frequently when new information is available which may have an impact on the LTFMP. This year, as the full extent of the pandemic becomes clearer the City will update the budget outlook and long term forecasts and release a mid-year revised budget and LTFMP.

In order to mitigate financial risk, the LTFMP has made provision for contingencies and reserves. These are outlined below. It should be noted these reserves may not necessarily be fully cash backed. Depending on the amount of cash reserves at any point in time, the total balance of reserves may in fact exceed the balance of cash holdings. Where Council's cash balances are exhausted it will be necessary to undertake borrowings.

Contributions in Lieu of Public Open Space

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

Contributions in Lieu of Parking

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

Heritage Account

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

The Act requires that funds transferred into the Heritage Account be applied for the provision of financial or other assistance in relation to an entry in either the National Trust

Register kept by the National Trust of Australia (Tasmania) or the Tasmanian Heritage Register.

Bushland Fund

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

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

McRobies Gully Waste Management Centre Rehabilitation

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

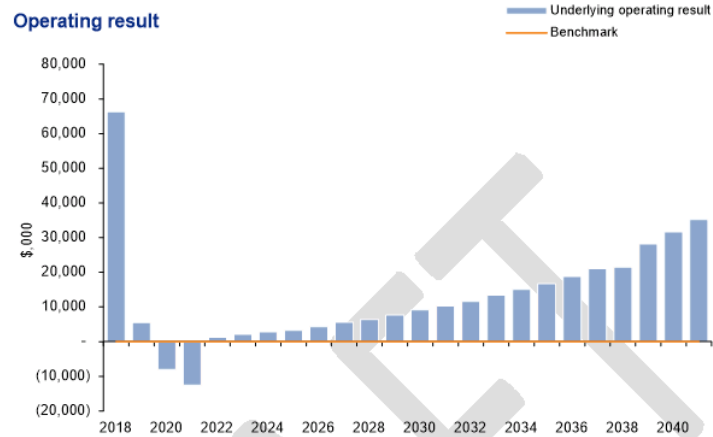
Other Project Carry-forwards

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

8. Forecast Position and Analysis

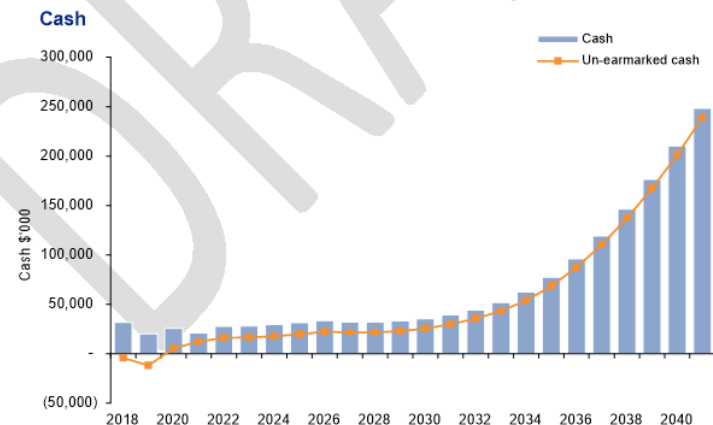
Based on the long-term financial strategy, the following outcomes will be achieved. More detail is provided in the forecast financial statements at Appendix 2.

Operating Result

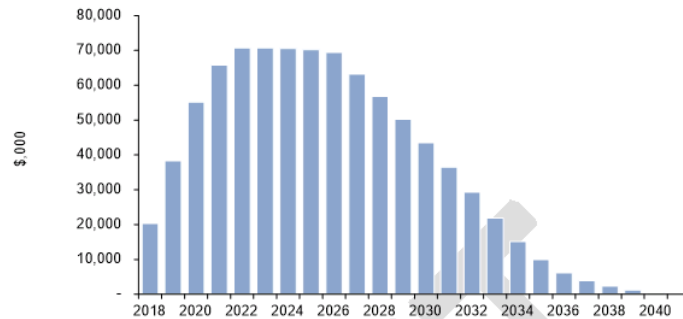


Based on the financial strategy Council will commence its return to a financially sustainable position with ongoing modest underlying operating surpluses from 2022. This is discussed further in Chapter 9.

Cash

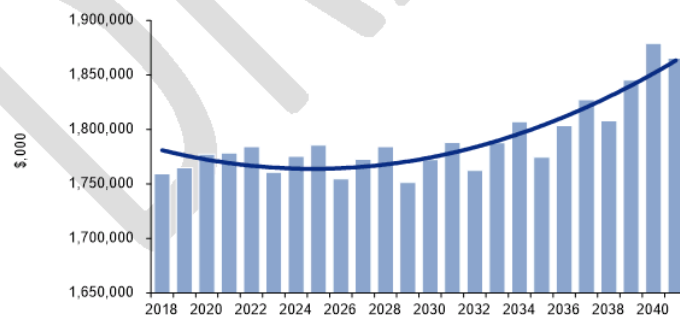


Borrowings will be required to ensure that cash balances remain around estimated minimum levels over the first half of the plan period. Balances then rise during the latter part of the plan period to aid the funding of forecast asset replacement requirements. Balances and cash flow requirements will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

Debt**Debt**

Borrowings will need to be undertaken to provide funding for the capital works program and rates relief (remissions support). Current estimates indicate that approximately \$45 million of new borrowings will be required over the next 6 years which will be partly offset by repayments of existing debts.

However, the debt level will remain within accepted benchmarks. Council's financial recovery plan from the COVID-19 pandemic forecasts Council being able to service increased debt. See also Indicators 4 and 5 in Chapter 9.

Equity**Equity**

Following the COVID-19 pandemic recovery period equity is forecast to increase due to operating surpluses and asset revaluations.

9. Financial Sustainability Outcomes

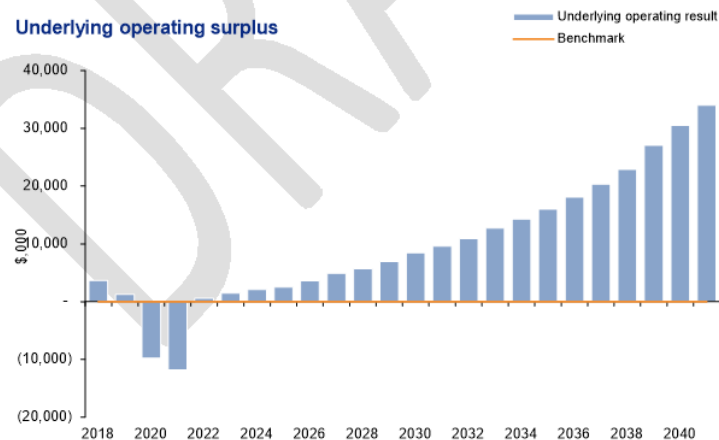
As outlined in Chapter 4, for the purpose of measuring Council's financial sustainability, eight financial sustainability measures have been adopted.

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

Indicator 1 – Underlying Operating Result

This indicator measures the difference between day-to-day income and expenses for the period and is recognised as a better indicator of sustainability than the all-inclusive operating result. The underlying operating result excludes capital grants which can be project specific and thus non-recurring, and other amounts which are required to be recognised as income by accounting standards.

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

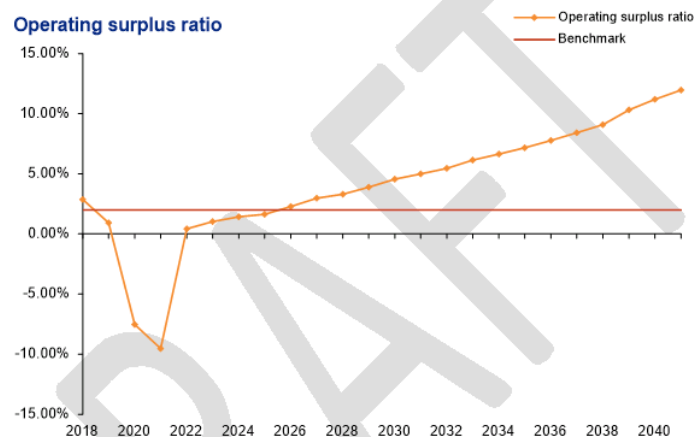


Council's LTFMP indicates, following recovery from the COVID-19 pandemic, modest surpluses will be recorded over the remaining plan period. The surpluses rise in the later years due to net interest costs reducing, and revenue growth assumptions being slightly higher than expenditure growth assumptions, to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed.

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

Indicator 2 – Operating Surplus Ratio

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

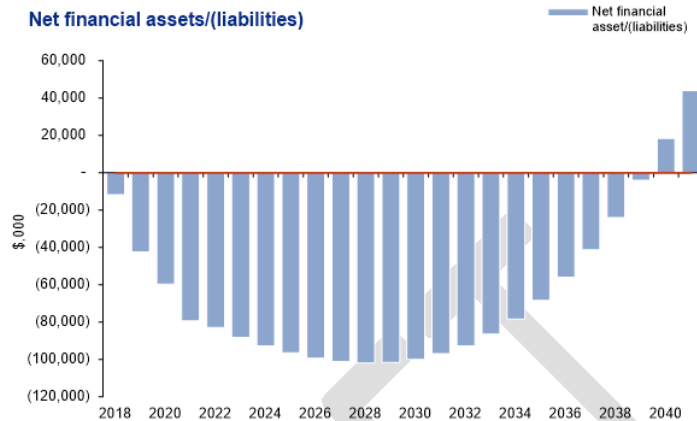


Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range -9.5% and 4.5% of revenue, and averaging 1.20%. Surpluses then increase beyond this 10 year period to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed. It is important that Council generates sufficient revenue to cover all of its cash and non-cash costs, with a small buffer.

Research indicates a wide range of views on appropriate targets. Reviews indicate targets of 0% to 15%, 2.5% to 7.5%, 5% but within the range of 0% to 10% and greater than 0%. Historically Council has supported a 2% Operating Surplus ratio as part of its LTFMP which provides a small margin in the event of unexpected events. The average operating surplus ratio for this plan is negatively impacted by the COVID-19 pandemic effects on the business in 2019-20 and 2020-21. The 10 year average from 2022 is 2.65%. Operating surpluses also generate cash surpluses required to retire debt (principal payments are not recorded in the operating result) and for the DB superannuation scheme where accounting standard requirements can result in actual employer contributions being higher than the expense that appears in the operating result. Differences in the asset valuation rates used for financial reporting purposes and asset renewal purposes also require cash surpluses to be generated.

Indicator 3 – Net Financial Assets/ (Liabilities)

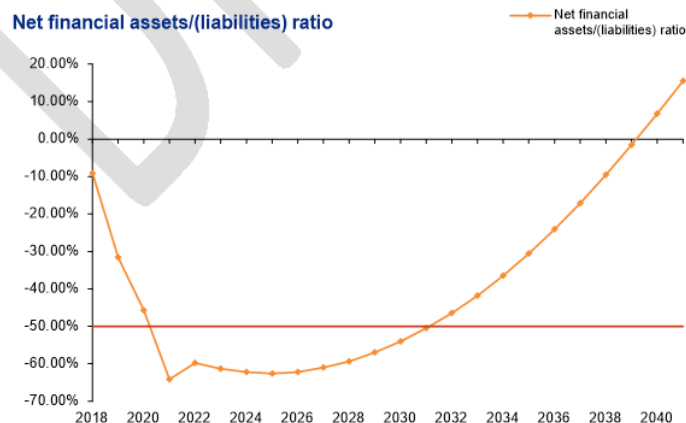
What is owed to others less cash held/invested and receivables and is thus a measure of net indebtedness. It is broader than just loan debt, as it includes amounts owed to creditors, employee provisions, amounts held in trust and all other liabilities.



Council's LTFMP indicates through the graph above that it will continue to operate in a net financial liability position. As noted earlier, the impact on Council's operations resulting from the COVID-19 pandemic and Council's community support package will exhaust cash balances and necessitate increased borrowings. The position will peak at around -\$102 million in 2027-28. A net financial asset position is forecast to be achieved by 2039-40.

Indicator 4 – Net financial liabilities ratio

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

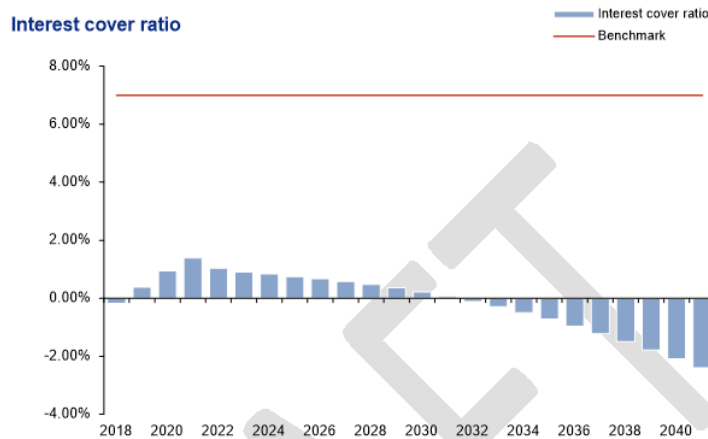


As set out above, Council will continue to operate in a net financial liability position. Council's net financial liability ratio will peak at -62.59% in 2024-25 then reduce across the

remainder of the plan. The Tasmanian Auditor-General suggests a ratio of 0% to -50% represents low risk, -50% to -100% moderate risk, and greater than -100% high risk.

Indicator 5 – Net interest expense cover ratio

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

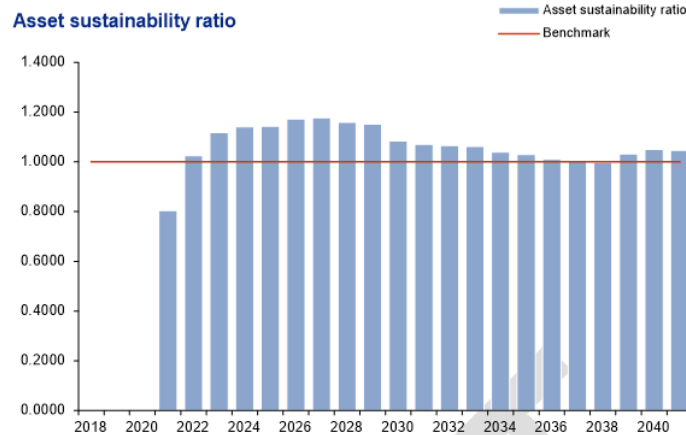


The above graph indicates that Council will operate in a net interest expense position (i.e. interest earned on investments is exceeded by interest payable on debt) until late in the plan period. Tasmanian Treasury adopts a 7% net interest expense benchmark when assessing local government loan requests.

Indicators 3, 4, and 5 show that Council's level of indebtedness will remain within benchmarks. Council's financial recovery approach adopted in this plan provides Council with the ability to take on and comfortably service increased debt.

Indicator 6 – Asset sustainability ratio

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

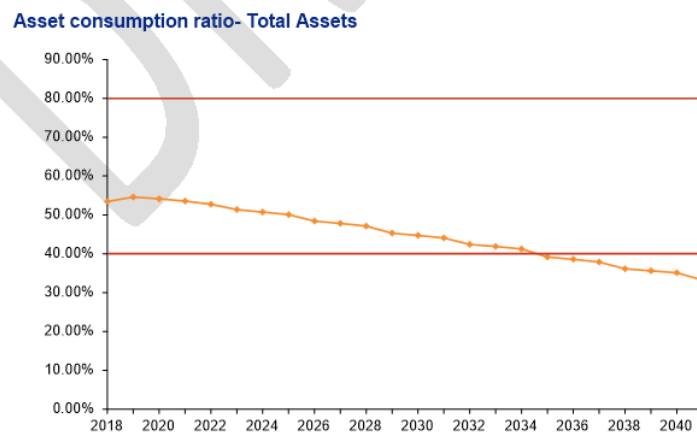


Council's LTFMP indicates through the graph above that it will operate at an average of more than 100% across the plan period. Local government proposed targets are typically set at 100%, however this does not allow for the sometimes legitimate periods of less than 100% or more than 100%.

Indicator 7 – Asset consumption ratio

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

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



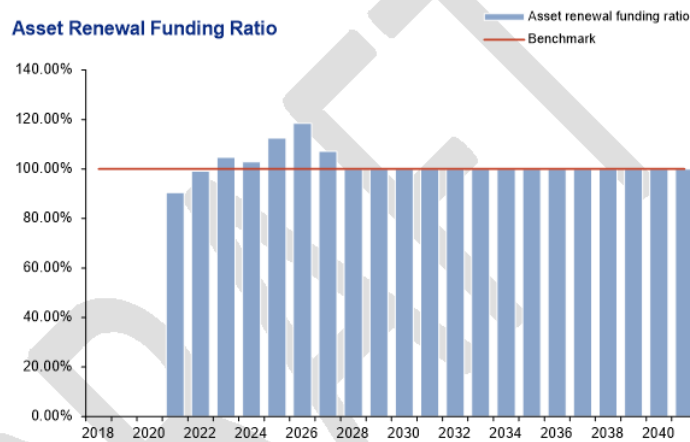
Council's LTFMP indicates through the graph above that the asset consumption ratio will decline over the plan period.

An appropriate target is difficult to define and one source suggests a ratio between 40% and 80%. The Tasmanian Auditor-General considers the road asset class in isolation and suggests a ratio of >60% to represent low risk, 40 to 60% moderate risk and less than 40% high risk. Council's road assets are currently at 44.8%.

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

Indicator 8 – Asset renewal funding ratio

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



In the 2020-21 year Council's focus will be on asset renewal, looking after the assets we have while the City supports its community through their COVID-19 recovery.

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

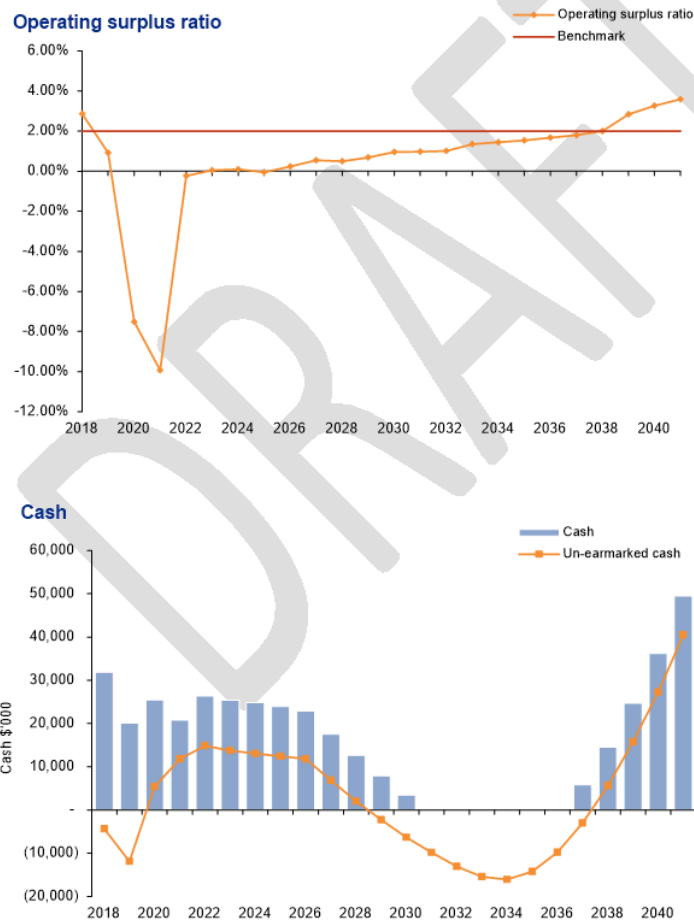
10. Sensitivity Analysis

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

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

Rates

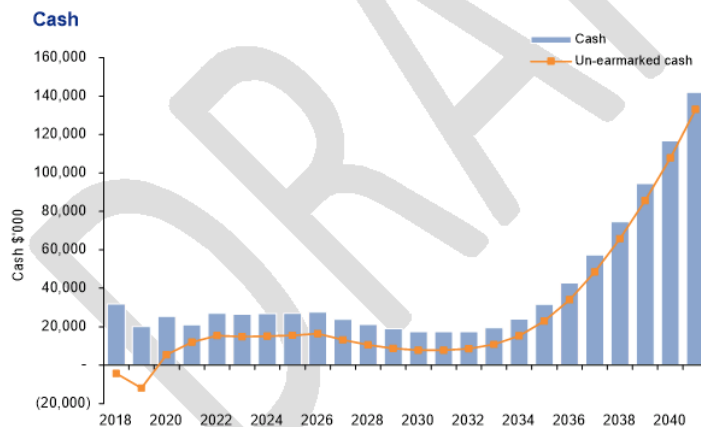
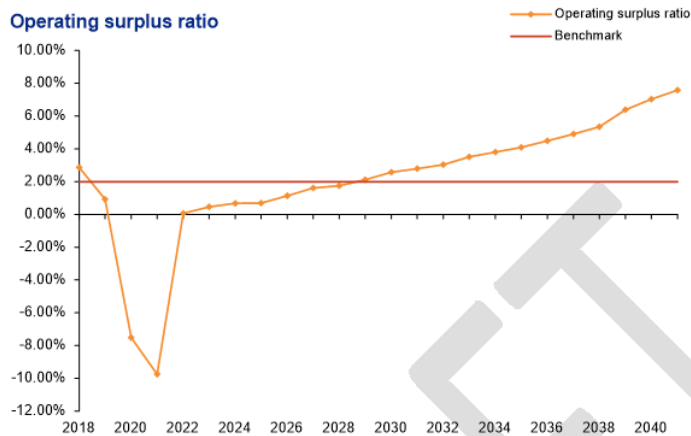
The LTFMP assumes rate increases (for Council operations) of 2.75% per annum in the short term (for three years) then increasing to 3.0% per annum. If these rate increases are 0.5% per annum lower over the next ten years the effect is as shown below.



With rate increases 0.5% per annum lower over the next ten years, surpluses would continue to be recorded in most years but these would be below benchmark for most of the plan period. Cash balances would be exhausted by 2029-30.

Employee Salaries and Wages

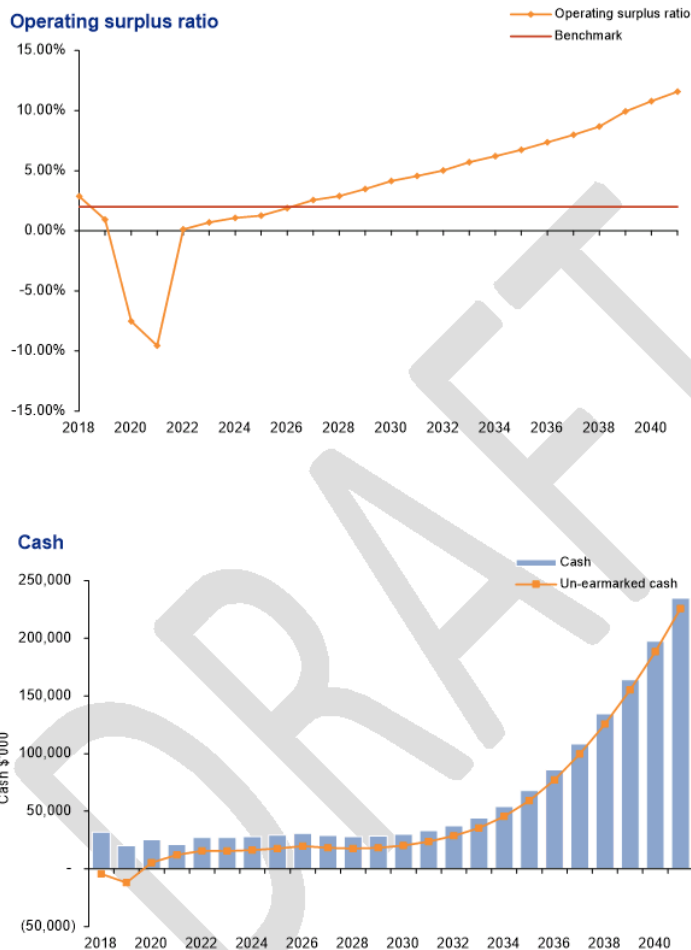
The LTFMP assumes increases in employee salaries and wages of 3% per annum. If employee salaries and wages increases are 0.5% per annum higher over the next ten years the effect is as shown below.



With employee salary and wage increases 0.5% per annum higher over the next ten years, surpluses would continue to be recorded, but the benchmark level would be achieved three years later. Cash balances would almost halve by the end of the plan period. To restore the status quo, rate increases would need to be approximately 0.2% per annum higher over the next ten years.

Materials and Services

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



With materials and services increases 0.5% per annum higher over the next ten years, surpluses would continue to be recorded, but the benchmark level would be achieved one year later. Cash balances would reduce by \$61 million by the end of the plan period. To restore the status quo, rate increases would need to be approximately 0.2% per annum higher over the next ten years.

11. Conclusions

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

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

This LTFMP, in the short term, has been shaped by the economic impacts of the COVID-19 pandemic. While difficult to estimate the financial impacts and therefore how quickly the City will recover, this Plan forecasts a recovery to a financially sustainable position over the next five years but only if the plan assumptions relating to operating and capital expenditure reductions and rate increases can be achieved.

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

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

In financial terms, it will result in: -

- Council achieving modest operating surpluses averaging 2.65% of revenue across the first half of the plan period commencing from 2021-22 (higher in the second half of the plan period) in line with best practice.
- An increased, but manageable and affordable level of debt.
- The funding of 100% of forecast asset renewal requirements over the Plan period.
- Cash balances being maintained at estimated minimum levels over the first half of the plan period. Balances then rise during the latter part of the plan period. Balances and cash flow requirements will need to be closely monitored and further refined to ensure adequate liquidity.

Council will actively monitor revenue and cost growth as it moves through the recovery period. A half-year review during 2020-21 will be undertaken to assess the full impact of COVID-19 on business operations.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rate increases to the ratepayer in the order of 2.75% to 3% (excluding fire levy increases, any redistributive effects of revaluations, AAV indexation or changes to council rating policy).

12. Appendices**Appendix 1 – Financial Sustainability Indicators**

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

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

Appendix 2 – Forecast Financial Statements

Hobart City Council																					
Income statement	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses from ordinary activities																					
Employee wages & salaries	(40,102)	(41,305)	(42,544)	(43,820)	(45,135)	(46,489)	(47,883)	(49,320)	(50,799)	(52,323)	(53,893)	(55,510)	(57,175)	(58,891)	(60,657)	(62,477)	(64,351)	(66,282)	(68,270)	(70,318)	(72,428)
Employee on-costs	(9,578)	(9,885)	(10,161)	(10,466)	(10,780)	(11,103)	(11,438)	(11,780)	(12,133)	(12,497)	(12,872)	(13,258)	(13,656)	(14,065)	(14,487)	(14,922)	(15,370)	(15,831)	(16,306)	(16,795)	(17,299)
Employee leave entitlements expense	(8,827)	(9,180)	(9,548)	(9,929)	(10,327)	(10,740)	(11,169)	(11,616)	(12,081)	(12,564)	(13,067)	(13,589)	(14,133)	(14,698)	(15,286)	(15,897)	(16,533)	(17,195)	(17,882)	(18,598)	(19,342)
Defined benefits superannuation scheme	(1,023)	(1,064)	(1,106)	(1,151)	(1,197)	(1,245)	(1,294)	(1,346)	(1,400)	(1,456)	(1,514)	(1,575)	(1,638)	(1,703)	(1,772)	(1,842)	(1,916)	(1,993)	(2,072)	(2,155)	(2,242)
Materials and services	(27,699)	(27,505)	(28,193)	(28,897)	(29,620)	(30,360)	(31,119)	(31,897)	(32,695)	(33,512)	(34,350)	(35,209)	(36,089)	(36,991)	(37,916)	(38,864)	(39,835)	(40,831)	(41,852)	(42,898)	(43,971)
Energy costs	(2,272)	(2,329)	(2,387)	(2,447)	(2,508)	(2,571)	(2,635)	(2,701)	(2,769)	(2,838)	(2,909)	(2,981)	(3,056)	(3,132)	(3,211)	(3,291)	(3,373)	(3,458)	(3,544)	(3,633)	(3,723)
SFC contribution - Hobart district	(11,353)	(12,034)	(12,756)	(13,522)	(14,333)	(15,193)	(16,104)	(17,071)	(18,095)	(19,181)	(20,331)	(21,551)	(22,844)	(24,215)	(25,668)	(27,208)	(28,841)	(30,571)	(32,405)	(34,350)	(36,411)
SFC contribution - Fern Tree district	(33)	(35)	(37)	(39)	(42)	(44)	(47)	(50)	(53)	(56)	(59)	(63)	(66)	(70)	(75)	(79)	(84)	(89)	(94)	(100)	(106)
SFC contribution - general land	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(6)	(6)	(8)
Operating expenses - new initiatives	(2,854)	(1,975)	(1,842)	(1,472)	(1,592)	(1,825)	(1,511)	(1,472)	(1,507)	(1,605)	(1,643)	(2,018)	(1,925)	(1,847)	(1,927)	(1,810)	(1,894)	(1,909)	(2,004)	(2,365)	(2,365)
Other expenses	(3,512)	(3,487)	(3,574)	(3,864)	(3,755)	(3,849)	(3,945)	(4,044)	(4,145)	(4,249)	(4,355)	(4,464)	(4,575)	(4,690)	(4,807)	(4,927)	(5,050)	(5,177)	(5,308)	(5,439)	(5,576)
Depreciation & amortisation	(23,577)	(24,396)	(25,065)	(26,264)	(27,242)	(27,978)	(28,809)	(29,915)	(30,842)	(31,650)	(32,980)	(34,068)	(35,167)	(36,659)	(38,054)	(39,464)	(40,727)	(41,988)	(43,246)	(44,503)	(45,763)
Bad debts	(350)	(343)	(448)	(461)	(475)	(489)	(504)	(519)	(535)	(551)	(567)	(584)	(602)	(620)	(639)	(658)	(678)	(698)	(719)	(740)	(763)
Finance cost assoc. with Landfill provision	(57)	(51)	(49)	(48)	(46)	(41)	(33)	(28)	(27)	(22)	(15)	(11)	-	-	-	-	-	-	-	-	-
Finance cost assoc. with DBSS	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(6)	(7)
Asset write-off	(2,561)	(2,484)	(2,478)	(2,458)	(2,452)	(2,450)	(2,447)	(2,451)	(2,457)	(2,419)	(2,423)	(2,409)	(2,388)	(2,392)	(2,391)	(2,371)	(2,380)	(2,383)	(2,345)	(2,335)	(2,329)
Interest	(1,944)	(2,132)	(2,200)	(2,156)	(2,116)	(2,095)	(2,061)	(1,873)	(1,680)	(1,480)	(1,273)	(1,060)	(840)	(612)	(413)	(270)	(163)	(105)	(65)	(33)	(17)
Loss on Disposal on Plant and Equipment	-	-	-	(15)	(24)	(34)	(61)	(98)	(143)	(155)	(182)	(136)	(144)	(156)	(167)	(197)	(212)	(218)	(243)	(181)	(17)
Total expenses	(135,547)	(138,191)	(142,394)	(146,814)	(151,649)	(156,311)	(161,008)	(166,187)	(171,366)	(176,564)	(182,441)	(188,492)	(194,308)	(200,751)	(207,479)	(214,318)	(221,407)	(228,737)	(234,864)	(242,209)	(250,055)
Revenues from ordinary activities																					
Rates and charges - general	58,995	65,228	67,642	70,130	72,940	75,848	78,857	81,971	85,191	88,522	91,967	95,527	99,208	103,012	106,942	111,002	115,194	119,523	123,992	128,955	134,180
Rates and charges - stormwater	4,415	4,437	4,459	4,482	4,504	4,527	4,549	4,572	4,595	4,618	4,641	4,664	4,687	4,711	4,734	4,758	4,782	4,806	4,830	4,853	4,874
Rates and charges - garbage disposal	7,768	8,193	8,644	9,119	9,621	10,150	10,708	11,297	11,918	12,574	13,265	13,995	14,765	15,577	16,433	17,337	18,291	19,297	20,358	21,478	22,654
Rates and charges - green waste	711	711	711	711	711	711	711	711	711	711	711	711	711	711	711	711	711	711	711	711	711
Rates and charges - fire	10,932	11,588	12,284	13,021	13,802	14,630	15,508	16,438	17,425	18,470	19,578	20,753	21,998	23,318	24,717	26,200	27,772	29,439	31,205	33,077	35,062
Rates and charges - penalties, interest, supp	467	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	-
Land fill rehabilitation levy	254	254	254	254	254	254	254	254	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire levy commission - Hobart district	454	481	510	541	573	608	644	683	724	767	813	862	914	969	1,027	1,088	1,154	1,223	1,296	1,374	1,458
Fire levy commission - Fern Tree district	1	1	1	2	2	2	2	2	2	2	3	3	3	3	3	3	4	4	4	4	4
Fire levy commission - general land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and charges - car parks	9,442	10,097	10,400	10,712	11,033	11,364	11,705	12,058	12,418	12,790	13,174	13,569	13,976	14,396	14,827	15,272	15,730	16,202	16,688	17,189	17,705
Fees and charges - on-street parking	5,270	6,050	6,850	7,055	7,267	7,485	7,709	7,941	8,179	8,424	8,677	8,937	9,205	9,482	9,766	10,059	10,361	10,672	10,992	11,322	11,661
Fees and charges - parking fines	5,836	7,617	7,846	8,081	8,323	8,573	8,830	9,095	9,368	9,649	9,939	10,237	10,544	10,860	11,186	11,522	11,867	12,223	12,590	12,968	13,357
Operating revenue - new initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other fees and charges	12,137	13,893	14,310	14,739	15,181	15,637	16,108	16,589	17,087	17,599	18,127	18,671	19,231	19,808	20,402	21,015	21,645	22,294	22,963	23,652	24,362
Operating grants	3,356	3,791	3,839	3,888	3,933	3,976	4,017	4,056	4,092	4,127	4,161	4,194	4,227	4,259	4,290	4,319	4,348	4,376	4,404	4,431	4,458
Interest and investment revenues	225	600	901	914	960	1,015	1,088	1,164	1,243	1,324	1,407	1,491	1,576	1,662	1,750	1,839	1,929	2,020	2,112	2,205	2,300
Rents	2,388	2,460	2,534	2,610	2,688	2,769	2,852	2,938	3,026	3,116	3,210	3,308	3,408	3,508	3,613	3,721	3,833	3,948	4,066	4,188	4,314
TasWater Distribution	1,086	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172
Gain on Disposal on Plant and Equipment	6	9	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	123,741	138,789	143,872	148,944	154,179	159,965	165,991	171,879	178,306	185,019	192,032	199,378	207,033	215,067	223,512	232,403	241,762	251,603	261,923	272,729	284,036
Underlying operating result	(11,806)	598	1,478	2,130	2,530	3,653	4,925	5,692	6,940	8,454	9,591	10,886	12,727	14,316	16,033	18,085	20,355	22,866	27,058	30,521	33,981
Non-operating items																					
Capital grants	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685
Revaluation reserve to the P&L	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating items	(1,411)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating items	(726)	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	(1,400)	1,154	1,182
Net surplus / (deficit)	(12,532)	1,283	2,163	2,815	3,215	4,338	5,610	6,377	7,625	9,139	10,276	11,571	13,412	15,001	16,718	18,770	21,040	21,466	28,213	31,702	35,188

Hobart City Council																						
Cash flow	Forecast 2021 \$'000	Forecast 2022 \$'000	Forecast 2023 \$'000	Forecast 2024 \$'000	Forecast 2025 \$'000	Forecast 2026 \$'000	Forecast 2027 \$'000	Forecast 2028 \$'000	Forecast 2029 \$'000	Forecast 2030 \$'000	Forecast 2031 \$'000	Forecast 2032 \$'000	Forecast 2033 \$'000	Forecast 2034 \$'000	Forecast 2035 \$'000	Forecast 2036 \$'000	Forecast 2037 \$'000	Forecast 2038 \$'000	Forecast 2039 \$'000	Forecast 2040 \$'000	Forecast 2041 \$'000	
Cash flows from operating activities																						
Receipts																						
Rates and charges	83,715	90,866	94,382	98,100	102,201	106,483	110,945	115,349	120,184	125,232	130,491	135,972	141,683	147,634	153,834	160,285	167,028	174,043	181,353	188,969	196,908	
Fees and charges - parking	20,543	23,879	24,726	25,373	26,135	26,919	27,728	28,558	29,415	30,297	31,208	32,142	33,106	34,100	35,123	36,176	37,262	38,379	39,531	40,717	41,938	
Other fees and charges	12,164	13,831	14,295	14,724	15,166	15,621	16,089	16,572	17,069	17,581	18,109	18,652	19,212	19,788	20,382	20,993	21,623	22,271	22,940	23,628	24,337	
Operating grants	3,353	3,776	3,837	3,886	3,942	3,703	3,777	3,853	3,930	4,009	4,089	4,171	4,254	4,339	4,426	4,514	4,605	4,697	4,791	4,886	4,984	
Rents	2,416	2,458	2,531	2,607	2,685	2,766	2,849	2,934	3,023	3,113	3,207	3,303	3,402	3,504	3,609	3,717	3,829	3,944	4,062	4,184	4,309	
Interest and investment income	225	690	901	914	960	1,015	1,088	1,044	1,043	1,078	1,149	1,281	1,440	1,684	2,033	2,510	3,123	3,874	4,746	5,732	6,831	
Other	466	482	511	541	574	608	645	684	725	768	814	863	915	970	1,028	1,090	1,155	1,224	1,298	1,375	1,458	
Payments																						
Less employee costs	(46,679)	(51,170)	(52,705)	(54,286)	(55,915)	(57,592)	(59,320)	(61,099)	(62,932)	(64,820)	(66,765)	(68,768)	(70,831)	(72,956)	(75,145)	(77,399)	(79,721)	(82,113)	(84,576)	(87,113)	(89,727)	
Less leave entitlements paid	(3,780)	(3,931)	(4,088)	(4,251)	(4,422)	(4,598)	(4,782)	(4,974)	(5,173)	(5,379)	(5,595)	(5,818)	(6,051)	(6,293)	(6,545)	(6,807)	(7,079)	(7,362)	(7,657)	(7,963)	(8,281)	
Less employer contributions DBS	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	(725)	
Less operating costs	(30,201)	(29,849)	(30,499)	(31,262)	(32,043)	(32,845)	(33,666)	(34,507)	(35,370)	(36,254)	(37,161)	(38,090)	(39,042)	(40,018)	(41,018)	(42,044)	(43,095)	(44,172)	(45,277)	(46,409)	(47,569)	
Less interest paid	(1,944)	(2,132)	(2,200)	(2,166)	(2,116)	(2,095)	(2,061)	(1,873)	(1,680)	(1,480)	(1,273)	(1,060)	(840)	(612)	(413)	(270)	(163)	(105)	(65)	(33)	(11)	
Less operating expenses - new initiatives	(2,654)	(1,975)	(1,842)	(1,472)	(1,562)	(1,625)	(1,511)	(1,472)	(1,507)	(1,605)	(1,643)	(2,016)	(1,925)	(1,847)	(1,927)	(1,810)	(1,884)	(1,909)	(2,004)	(2,365)	(2,365)	
Less cash paid out of TSR	(686)	(195)	(201)	(207)	(528)	(755)	(415)	(146)	(420)	(527)	(255)	(843)	(200)	-	-	-	-	-	-	-	-	
Other	(14,930)	(15,487)	(16,282)	(17,134)	(18,035)	(18,989)	(19,990)	(21,052)	(22,174)	(23,360)	(24,613)	(25,938)	(27,338)	(28,819)	(30,384)	(32,040)	(33,790)	(35,641)	(37,599)	(39,670)	(41,860)	
Non-operating items	(1,411)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flows from operating activities	16,882	30,318	32,641	34,853	36,988	37,895	40,650	43,144	45,407	47,928	51,035	53,126	57,080	60,748	64,277	68,201	72,168	76,405	80,818	85,214	90,225	
Cash flows from investing activities																						
Receipts																						
Capital grants	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	
TasWater Distribution	1,086	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	
Sale of assets	699	779	834	855	876	898	921	944	967	899	891	913	936	959	983	1,008	1,033	1,059	1,085	1,100	1,185	
Payments																						
Infrastructure	(29,317)	(27,021)	(29,215)	(30,660)	(31,807)	(31,905)	(32,882)	(34,060)	(34,264)	(34,324)	(35,408)	(34,592)	(40,044)	(38,512)	(41,040)	(39,317)	(40,041)	(39,623)	(45,764)	(45,639)	(46,780)	
New Assets	(2,643)	(3,388)	(2,007)	(1,149)	(968)	(474)	(306)	(385)	(395)	(1,181)	(1,219)	(985)	(1,227)	(1,283)	(1,319)	(1,384)	(1,385)	(1,385)	(1,559)	(1,342)	(1,375)	
Asset Renewals	(20,140)	(17,751)	(22,135)	(24,721)	(25,947)	(26,846)	(27,953)	(28,848)	(29,010)	(27,633)	(28,508)	(28,204)	(32,500)	(31,113)	(33,201)	(31,600)	(32,224)	(31,862)	(36,871)	(37,139)	(38,067)	
Asset Upgrades	(6,534)	(5,882)	(5,073)	(4,791)	(4,862)	(4,584)	(4,623)	(4,827)	(4,860)	(5,509)	(5,684)	(5,403)	(6,317)	(6,136)	(6,520)	(6,333)	(6,432)	(6,375)	(7,334)	(7,159)	(7,338)	
Plant & Equipment	(4,797)	(5,479)	(6,660)	(6,112)	(5,884)	(6,728)	(6,717)	(6,529)	(7,340)	(8,320)	(8,302)	(10,211)	(8,579)	(8,559)	(7,208)	(10,137)	(10,649)	(12,335)	(7,493)	(8,949)	(9,172)	
New Assets	-	-	-	-	-	-	-	-	-	(252)	(251)	(266)	(151)	(247)	(198)	(315)	(327)	(388)	(214)	(231)	(237)	
Asset Renewals	(4,651)	(4,835)	(5,872)	(5,411)	(5,209)	(5,942)	(5,948)	(5,797)	(6,502)	(6,891)	(6,881)	(8,485)	(4,950)	(7,115)	(6,031)	(8,378)	(8,801)	(10,159)	(6,275)	(7,484)	(7,671)	
Asset Upgrades	(146)	(644)	(788)	(701)	(674)	(786)	(769)	(732)	(838)	(1,177)	(1,170)	(1,480)	(777)	(1,198)	(979)	(1,444)	(1,521)	(1,788)	(1,005)	(1,233)	(1,264)	
Net cash flows from investing activities	(31,644)	(28,864)	(32,184)	(33,060)	(33,958)	(34,878)	(35,822)	(36,789)	(37,780)	(38,918)	(39,962)	(41,033)	(42,130)	(43,255)	(44,408)	(45,589)	(46,800)	(48,042)	(49,314)	(50,631)	(51,911)	
Cash flows from financing activities																						
Receipts																						
Proceeds from borrowings	15,000	10,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments																						
Less repayment of borrowings	(4,429)	(4,988)	(5,081)	(5,182)	(5,323)	(5,757)	(6,204)	(6,391)	(6,585)	(6,785)	(6,991)	(7,204)	(7,425)	(6,752)	(5,203)	(3,736)	(2,272)	(1,526)	(1,163)	(792)	(402)	
Net cash flows from financing activities	10,571	5,012	(61)	(182)	(323)	(757)	(6,204)	(6,391)	(6,585)	(6,785)	(6,991)	(7,204)	(7,425)	(6,752)	(5,203)	(3,736)	(2,272)	(1,526)	(1,163)	(792)	(402)	
Net increase/(decrease) in cash held	(4,211)	6,486	396	1,411	1,707	2,260	(1,375)	(35)	1,042	2,223	4,081	4,889	7,505	10,742	14,667	18,876	23,095	26,838	30,340	33,791	37,913	
Cash held at beginning of the year	25,443	21,231	27,717	28,113	29,524	31,232	33,491	32,116	32,081	33,123	35,346	39,428	44,317	51,822	62,564	77,230	96,107	119,202	146,039	176,379	210,171	
Cash held at the end of the year	21,231	27,717	28,113	29,524	31,232	33,491	32,116	32,081	33,123	35,346	39,428	44,317	51,822	62,564	77,230	96,107	119,202	146,039	176,379	210,171	248,083	
Closing cash balance earmarked for:																						
Contributions in lieu of public open space	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	
Contributions in lieu of parking	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	
Heritage account	1,487	1,466	1,465	1,464	1,463	1,462	1,461	1,460	1,458	1,457	1,456	1,454	1,453	1,451	1,450	1,448	1,447	1,445	1,443	1,441	1,439	
Plant and equipment carry-forwards	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
Bushland fund	282	332	382	432	482	532	582	632	682	732	782	832	882	932	982	1,032	1,082	1,132	1,182	1,232	1,282	
Biennial election costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
McRobies Gully tip site rehabilitation	3,417	3,476	3,529	3,576	3,302	2,801	2,391	2,245	1,825	1,298	1,043	200	-	-	-	-	-	-	-	-	-	
Other project carry-forwards	-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	
Refundable deposits	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	
Future Asset Renewal Reserve	12,282	16,160	16,454	17,769	19,701	22,413	21,399	21,461	22,875	25,578	29,664	35,547	43,204	53,897	68,516	87,343	110,390	137,179	167,471	201,215	239,080	

Hobart City Council																						
Balance sheet		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets																						
Current assets																						
Cash & cash equivalents	21,231	27,717	28,113	29,524	31,232	33,491	32,116	32,081	33,123	35,346	39,428	44,317	51,822	62,564	77,230	98,107	119,202	146,039	176,379	210,171	248,083	
Inventories	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	
Receivables	3,969	4,452	4,520	4,685	4,854	5,042	5,237	5,431	5,643	5,862	6,091	6,328	6,575	6,832	7,099	7,377	7,665	7,966	8,278	8,603	8,941	
Other	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	
Total current assets	25,553	32,523	32,986	34,662	36,439	38,886	37,706	37,865	39,119	41,561	45,871	50,968	58,750	69,749	84,682	103,836	127,220	154,358	185,011	219,127	257,378	
Non current assets																						
Receivables	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments in associates	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	190,946	
Other investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property, plant & equipment	1,866,320	1,875,690	1,857,390	1,876,412	1,890,653	1,862,659	1,882,283	1,864,836	1,861,393	1,880,878	1,893,408	1,863,559	1,882,759	1,894,146	1,851,362	1,867,919	1,877,285	1,840,722	1,857,926	1,869,202	1,829,925	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non current assets	1,857,492	1,866,862	1,848,532	1,887,584	1,881,825	1,853,831	1,873,455	1,886,008	1,852,565	1,872,050	1,884,580	1,854,731	1,873,931	1,885,318	1,842,534	1,859,091	1,868,457	1,831,894	1,849,098	1,860,374	1,821,097	
Total assets	1,883,045	1,899,385	1,881,518	1,902,146	1,918,263	1,892,717	1,911,162	1,923,873	1,891,684	1,913,611	1,930,451	1,905,729	1,932,681	1,955,067	1,927,216	1,962,927	1,965,677	1,986,252	2,034,109	2,079,501	2,078,475	
Liabilities																						
Current liabilities																						
Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payables - Creditors	(4,838)	(4,894)	(5,062)	(5,237)	(5,419)	(5,609)	(5,807)	(6,013)	(6,228)	(6,452)	(6,686)	(6,930)	(7,185)	(7,451)	(7,729)	(8,019)	(8,322)	(8,640)	(8,971)	(9,318)	(9,681)	
Payables - Wages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trust, deposits, retention	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	
Employee benefits	(20,351)	(24,551)	(28,918)	(33,461)	(38,185)	(43,098)	(48,207)	(53,521)	(59,048)	(64,796)	(70,773)	(76,990)	(83,455)	(90,179)	(97,172)	(104,444)	(112,008)	(119,874)	(128,054)	(136,562)	(145,410)	
Unearned revenue	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	
Loans & other borrowings	(4,968)	(5,061)	(5,182)	(5,323)	(5,757)	(6,204)	(6,391)	(6,585)	(6,785)	(6,991)	(7,204)	(7,425)	(7,652)	(7,893)	(8,148)	(8,418)	(8,694)	(8,976)	(9,264)	(9,558)	(9,858)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total current liabilities	(33,493)	(37,842)	(42,498)	(47,357)	(52,697)	(58,246)	(63,741)	(69,455)	(75,396)	(81,574)	(87,999)	(94,680)	(100,727)	(106,168)	(111,972)	(118,071)	(125,192)	(133,013)	(141,154)	(149,618)	(158,428)	
Non current liabilities																						
Deferred liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Employee benefits	(5,088)	(6,138)	(7,230)	(8,365)	(9,546)	(10,774)	(12,052)	(13,380)	(14,762)	(16,199)	(17,693)	(19,247)	(20,864)	(22,545)	(24,293)	(26,111)	(28,002)	(29,968)	(32,014)	(34,141)	(36,353)	
Defined benefits scheme	(854)	(1,196)	(1,581)	(2,010)	(2,485)	(3,008)	(3,582)	(4,207)	(4,886)	(5,621)	(6,415)	(7,269)	(8,187)	(9,171)	(10,222)	(11,345)	(12,542)	(13,815)	(15,169)	(16,605)	(18,128)	
Loans & other borrowings	(60,752)	(65,691)	(66,509)	(66,186)	(64,430)	(63,226)	(66,835)	(60,250)	(43,465)	(36,474)	(29,270)	(21,845)	(15,094)	(9,891)	(6,155)	(3,883)	(2,357)	(1,194)	(402)	(0)	-	
Provision for landfill restoration	(4,363)	(4,219)	(4,067)	(3,908)	(3,426)	(2,712)	(2,330)	(2,212)	(1,819)	(1,314)	(1,074)	(242)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non current liabilities	(71,057)	(77,243)	(78,387)	(79,469)	(79,887)	(79,721)	(74,798)	(70,049)	(64,932)	(59,608)	(54,452)	(48,804)	(44,187)	(41,848)	(40,712)	(41,381)	(42,943)	(45,019)	(47,628)	(50,788)	(54,523)	
Total liabilities	(104,550)	(115,085)	(120,885)	(126,826)	(132,584)	(137,967)	(138,539)	(139,504)	(140,328)	(141,183)	(142,451)	(143,284)	(144,914)	(147,817)	(152,684)	(159,452)	(168,134)	(178,032)	(188,780)	(200,406)	(212,951)	
Net assets																						
	1,778,496	1,784,299	1,760,634	1,775,320	1,785,680	1,754,750	1,772,622	1,784,369	1,751,355	1,772,428	1,788,000	1,762,445	1,787,768	1,807,250	1,774,632	1,803,475	1,827,543	1,808,220	1,845,320	1,879,095	1,865,524	
Equity																						
Asset revaluation reserve	(558,710)	(660,878)	(632,739)	(642,385)	(647,346)	(609,941)	(620,158)	(623,518)	(580,904)	(590,994)	(594,469)	(555,547)	(565,777)	(568,814)	(517,583)	(526,358)	(527,995)	(495,817)	(493,526)	(494,408)	(444,463)	
Capital appropriation reserve	(52,988)	(55,340)	(57,851)	(59,876)	(62,059)	(64,197)	(66,242)	(68,252)	(70,228)	(72,070)	(73,892)	(75,687)	(77,369)	(79,012)	(80,807)	(82,005)	(83,396)	(84,786)	(85,975)	(87,154)	(88,341)	
Other reserves	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	166,295	
Accumulated (surplus)/deficit	(1,233,093)	(1,234,376)	(1,236,539)	(1,239,354)	(1,242,599)	(1,246,907)	(1,252,517)	(1,258,894)	(1,266,519)	(1,275,558)	(1,285,934)	(1,297,505)	(1,310,917)	(1,325,919)	(1,342,637)	(1,361,407)	(1,382,447)	(1,403,912)	(1,432,125)	(1,463,827)	(1,499,015)	
Total equity	(1,778,496)	(1,784,300)	(1,760,634)	(1,775,321)	(1,785,680)	(1,754,751)	(1,772,623)	(1,784,370)	(1,751,355)	(1,772,429)	(1,788,000)	(1,762,445)	(1,787,768)	(1,807,251)	(1,774,632)	(1,803,476)	(1,827,543)	(1,808,221)	(1,845,330)	(1,879,095)	(1,865,525)	

**2020-21 RATES**

That:-

1. Rates and Charges be made in accordance with the provisions of Part 9 of the Local Government Act 1993, to provide for the estimates of revenue and expenditure.
2. The Rates and Charges be for the period commencing on 1st July 2020 and ending on 30th June 2021.
3. Pursuant to Section 90 of the Local Government Act 1993, a General Rate of 6.85 cents in the dollar of Assessed Annual Value (AAV) be made.
4. Pursuant to Section 93 of the Local Government Act 1993, the following Service Rates be made: -
 - 4.1 a Stormwater Removal Service Rate of 0.38 cents in the dollar of AAV;
 - 4.2 a Fire Service Rate of 1.11 cents in the dollar of AAV.
- 5A. Pursuant to Section 94 of the Local Government Act 1993, a Waste Management Service Charge be made in the sum of \$500.00 for all rateable land within the municipal area.
- 5B. Pursuant to Section 94(3) of the Local Government Act 1993, the Council by absolute majority hereby varies the Waste Management Service Charge (as previously made) for all rateable land within the municipal area which is used or predominantly used for residential purposes to \$250.00.
6. Pursuant to Section 94 of the Local Government Act 1993, a Waste Management Service Charge for food organics garden organics collection be made in the sum of \$60.00 for all rateable land within the municipal area to which Council supplies or makes available a food organics garden organics waste collection service utilising a food organics garden organics collection bin.
- 7A. Pursuant to Section 94 of the Local Government Act 1993, a Landfill Rehabilitation Service Charge be made in the sum of \$20.00 for all rateable land within the municipal area.
- 7B. Pursuant to Section 94(3) of the Local Government Act 1993, the Council by absolute majority hereby varies the Landfill Rehabilitation Service Charge (as previously made) for land within the municipal area which is used or predominantly used for residential purposes to \$10.00.
8. Pursuant to Section 124 of the Local Government Act 1993, the Rates may be payable by four instalments.
9. The Rates shall be payable on the following dates:-

1 st Instalment	15 August 2020
2 nd Instalment	15 November 2020
3 rd Instalment	15 February 2021
4 th Instalment	15 April 2021

10. Pursuant to Section 129(4) of the Local Government Act 1993, the Council determines by absolute majority that the following rates remissions shall apply:-
- (a) A remission of 0.81 cents in the dollar on the Assessed Annual Value of any land or building which is within the Fern Tree Volunteer Brigade Rating District as defined by the State Fire Commission.
 - (b) A remission of 0.83 cents in the dollar on the Assessed Annual Value of any land or building which are within areas other than Permanent Brigade Rating Districts or the Fern Tree Volunteer Brigade Rating District as defined by the State Fire Commission.
11. For lands otherwise exempt from General Rates pursuant to Section 87 of the Local Government Act 1993, Service Rates pursuant to Section 93 of the Local Government Act 1993 and Service Charges pursuant to Section 94 of the Local Government Act 1993 will apply.
12. Notwithstanding anything contained above in relation to the General Rate, Service Rates, Service Charges or Remissions, a minimum Tasmanian Fire Service contribution in the sum of \$41 shall apply in accordance with Section 81D(3) of the Fire Service Act 1979, as amended.
13. **Penalty and Interest**
- Pursuant to Section 128 of the Local Government Act 1993:-
- (a) where any amount of rates or charges remains unpaid after the date on which it is to be paid, there shall be payable penalty and interest in accordance with Section 128(1)(c) of the Act, with penalty to be calculated at the rate of 3% of the amount and interest on that amount calculated at the rate of 6.81% per annum, charged monthly, in accordance with the prescribed percentage contained in Section 128(2) of the Act.
 - (b) where any amount of rates or charges that was payable in a financial year beginning prior to 1st July 2020, remains unpaid in the financial year beginning 1st July 2020, and there is payable interest on that amount pursuant to a determination under Section 128(1)(c) in that first-mentioned financial year, there shall be payable interest on that amount on and after 1st July 2020, at a rate equal to the rate fixed for the purposes of Section 128(1)(c) and operative on and after 1st July 2020, being at a rate of 6.81% per annum, charged monthly.

Dated this day of 2020

(N D Heath)
GENERAL MANAGER