



CITY OF HOBART

# **AGENDA**

## **Special Meeting of All Council Committees**

### **Open Portion**

**Wednesday, 16 June 2021**

**at 5:15 pm**

**Council Chamber, Town Hall**

## THE MISSION

**Working together to make Hobart a better place for the community.**

## THE VALUES

**The Council is:**

<b>People</b>	We care about people – our community, our customers and colleagues.
<b>Teamwork</b>	We collaborate both within the organisation and with external stakeholders drawing on skills and expertise for the benefit of our community.
<b>Focus and Direction</b>	We have clear goals and plans to achieve sustainable social, environmental and economic outcomes for the Hobart community.
<b>Creativity and Innovation</b>	We embrace new approaches and continuously improve to achieve better outcomes for our community.
<b>Accountability</b>	We are transparent, work to high ethical and professional standards and are accountable for delivering outcomes for our community.

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## **ORDER OF BUSINESS**

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**Business listed on the agenda is to be conducted in the order in which it is set out, unless the committee by simple majority determines otherwise.**

### **APOLOGIES AND LEAVE OF ABSENCE**

- 1. CO-OPTION OF A COMMITTEE MEMBER IN THE EVENT OF A VACANCY ..... 4**
- 2. INDICATIONS OF PECUNIARY AND CONFLICTS OF INTEREST ..... 4**
- 3. TRANSFER OF AGENDA ITEMS..... 4**
- 4. REPORT ..... 5**
  - 4.1 Budget Estimates 2021-22..... 5**

**A Special Meeting of All Council Committees (Open Portion) held Wednesday, 16 June 2021 at 5:15 pm in the Council Chamber, Town Hall.**

**This Special Meeting of All Council Committees 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 title Chief Executive Officer is a term of reference for the General Manager as appointed by Council pursuant s.61 of the *Local Government Act 1993* (Tas).

**COMMITTEE MEMBERS**

Lord Mayor Reynolds  
Deputy Lord Mayor Burnet  
Zucco  
Briscoe  
Sexton  
Thomas  
Harvey  
Behrakis  
Dutta  
Ewin  
Sherlock  
Coats

**Apologies:**

**Leave of Absence:** Nil.

**1. CO-OPTION OF A COMMITTEE MEMBER IN THE EVENT OF A VACANCY**

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**2. INDICATIONS OF PECUNIARY AND CONFLICTS OF INTEREST**

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Ref: Part 2, Regulation 8(7) of the *Local Government (Meeting Procedures) Regulations 2015*.

Members of the Committee are requested to indicate where they may have any pecuniary or conflict of interest in respect to any matter appearing on the agenda, or any supplementary item to the agenda, which the Committee has resolved to deal with.

**3. TRANSFER OF AGENDA ITEMS**

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Regulation 15 of the *Local Government (Meeting Procedures) Regulations 2015*.

A Committee may close a part of a meeting to the public where a matter to be discussed falls within 15(2) of the above regulations.

In the event that the Committee transfer an item to the closed portion, the reasons for doing so should be stated.

Are there any items which should be transferred from this agenda to the closed portion of the agenda, or from the closed to the open portion of the agenda?

## **4. REPORT**

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### **4.1 Budget Estimates 2021-22** **File Ref: F21/54504**

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Report of the Chief Financial Officer and Director Community Life of  
11 June 2021 and attachments.

Delegation: Council

**REPORT TITLE: BUDGET ESTIMATES 2021-22****REPORT PROVIDED BY:** Chief Financial Officer  
Director Community Life**1. Report Purpose and Community Benefit**

- 1.1. The purpose of this report is to present the City's 2021-22 Estimates, Draft Annual Plan and Rates Resolution and the 2022-2042 Long Term Financial Management Plan for consideration. It is proposed that the Estimates be formally adopted at the Council meeting on 21 June 2021.

**2. Report Summary**

- 2.1. COVID-19 has presented an opportunity for the Council to reconsider its Long Term Financial Management Plan (LTFMP) and redefine what the pathway to sustainability looks like, with a particular focus on the growth the city is currently experiencing and is likely to continue to experience for some time.
- 2.2. As the Council continues its transition out of the pandemic the focus will be on continuing to deliver programs, services and works with a review of the budget outlook producing a mid-year revised budget and Long Term Financial Management Plan.
- 2.3. This report presents the City's 2021-22 Estimates, Annual Plan and Rates Resolution together with the Long Term Financial Management Plan 2022-2042.
- 2.4. The City's Estimates for 2021-22 have been shaped by the ongoing recovery from the impacts of the COVID-19 pandemic. The City is acutely aware of the continued and lasting impacts of COVID-19 on the community and has proposed a budget that includes a responsible rate increase to ensure the Council continues to offer service delivery that meets the community's expectations, including a \$42.9 million capital works program which supports the ongoing growth of the city.
- 2.5. It is proposed that a review be undertaken as per the Rating and Revenue Strategy, during the 2021-22 year to review how rates are levied. The review will give consideration to quarantining the additional revenue derived from the rate base growth and applying this to growth initiatives in the municipal area.
- 2.6. The 2021-22 budget proposes an average residential ratepayer rate increase of 2.73 per cent, with the majority of residential ratepayers to receive an increase of between 2.63 and 2.81 per cent.
- 2.7. In addition, the State Fire Commission has advised the Council that as required under the *Fire Services Act 1979*, the Fire Service Contribution required to be collected by the Council and passed to the State Fire Commission for 2021-22 has increased by \$1.16 million or 10.23 per cent. This equates to a \$32.33 increase in rates for 2021-22.

- 2.8. The Estimates focus on ongoing sustainability, while meeting the needs and expectations of the community as a service provider and delivering a modest but important capital program of \$42.9 million, of which two-thirds will be on infrastructure renewal.
- 2.9. The City will continue to actively seek grant funding to further expand the capital program and subsequently increase economic activity in the city.
- 2.10. It is proposed that the 2021-22 Estimates, 2021-22 Draft Annual Plan, Long Term Financial Management Plan 2022-2042 and the City's Rates Resolution 2021-22 be formally adopted at the Council meeting on 21 June 2021.
- 2.11. Development activity in the city during 2020-21 has resulted in a 1.12 per cent growth in the City's rates base for 2021-22, which in turn reduces pressure on individual ratepayers in terms of increases.
- 2.12. No increase is proposed to the Waste Management and Landfill Rehabilitation Service Charges or the Food Organics Garden Organics (FOGO) collection service charge.

### **3. Recommendation**

#### ***That:***

1. ***The expenses, revenues, capital expenditure, and plant and equipment expenditure detailed in the document 'City of Hobart Budget Estimates 2021-22' be approved.***
2. ***New borrowings of \$5 million be approved at this time, noting that the Council has consented to the borrowing of \$15 million in 2020-21. The City has approval pending from the State Treasurer for a borrowing facility of up to \$20 million.***
3. ***The Council delegate to the Chief Executive Officer the power to enter into loan agreements to source the above borrowings on the most favourable terms.***
4. ***The City of Hobart Rates Resolution 2021-22 be adopted, which includes:***
  - (i) ***The General Rate be 7.04 cents in the dollar of assessed annual value (AAV).***
  - (ii) ***The following Service Rates be made:***
    - (a) ***A Stormwater Removal Service Rate of 0.45 cents in the dollar of AAV; and***
    - (b) ***A Fire Service Rate of 1.23 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; and**
  - (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; and**
  - (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 0.90 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 0.94 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 2020-21 capital funding be carried-forward into 2021-22, with any necessary adjustments to be made in the September 2021 quarter financial report to the Council.**
- 6. The interest rate on unpaid rates be 7.87 per cent per annum, charged monthly.**
- 7. The 2021-22 Annual Plan be adopted.**
- 8. The Long Term Financial Management plan 2022-2042 be adopted.**



**9. The following delegations be approved:**

- (i) Pursuant to Section 22 of the Local Government Act 1993, the Council delegate to the Chief Executive Officer, being the General Manager as appointed by Council pursuant to section 61 of the Local Government Act 1993 (Tas) the power to expend monies on the Council's behalf identified as Delegation Classification 1 items in the Council's Annual Plan 2021-22; and, the Council authorise the Chief Executive Officer to delegate, pursuant Section 64 of the Local Government Act 1993, to such employees of the Council as she considers appropriate, the power to expend monies on the 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 the Council's behalf identified as Delegation Classification 2 items in the Council's Annual Plan 2021-22.**
- 10. The Council note that a mid-year review of the 2021-22 Budget Estimates and Long Term Financial Management Plan 2022-2042 will be undertaken.**
- 11. The Council note that a review of the mechanism adopted to determine future rate increases will be undertaken during the 2021-22 financial year.**
- 12. The Council note the observations of the Risk and Audit Panel as detailed in this report.**

**4. Background**

- 4.1. The City of Hobart's budget for 2021-22 has been shaped by the ongoing recovery from the impacts of the COVID-19 pandemic.
- 4.2. Like many businesses and organisations the City of Hobart has been and continues to be financially impacted by the health crisis. There are services or programs still unable to be delivered to the community or not delivered to full capacity. While the City has experienced these economic impacts, the City is also committed to maintaining essential services to the community and to assist those community members continuing to be impacted by the economic slowdown caused by the pandemic.

- 4.3. As the Council continues its transition out of the pandemic the focus will be on continuing to deliver programs, services and works with a review of the budget outlook producing a mid-year revised budget and Long Term Financial Management Plan.
- 4.4. The budget process for 2021-22 has included workshops/briefings with Elected Members and Committee/Council meetings on 2 March, 23 March, and 25 May to discuss matters impacting on the 2021-22 Estimates and the capital works program.
- 4.5. The Estimates have now been presented to the Risk and Audit Panel and are presented for Council consideration.

### **Risk and Audit Panel Observations**

- 4.6. The Risk and Audit Panel (RAP) met on 8 June to review the City of Hobart's 2021-22 draft Estimates, 2021-22 draft Annual Plan and Long Term Financial Management Plan 2022-2042.

As the Council would be aware, the RAP's objective is to provide assurance and advice to the Council in relation to the assessment, management and review of risk across all Council activities and services in accordance with a contemporary governance and risk management framework. The Panel is to undertake review of performance in relation to:

- The Council's financial system, financial governance arrangements and financial management arrangements;
- All plans of the Council under Part 7 of the *Local Government Act 1994* (the strategic plan, long-term financial management plan, financial management strategies, long-term asset management plans, asset management policies and strategies, annual plan, annual report);
- The policies, systems and controls the Council has in place to safeguard its long-term future.

The Risk and Audit Panel, in reviewing the City of Hobart's 2021-22 draft Estimates, 2021-22 draft Annual Plan and Long Term Financial Management Plan notes the following and advises Council:

1. That the documents appear consistent and broadly align with Council's Strategic Plan and Strategic Asset Management Plans, however will be subject to further review during the 2021-22 year.
2. That the capacity of the Council to meet its long term sustainability obligations, particularly in respect of new and enhanced infrastructure, is a critical strategic risk for the City.

3. That the level of accounting surplus derived from the 2021-22 Estimates is likely to be below that which will deliver sound long term financial sustainability.
4. That the Panel strongly supports the proposed reviews of both the Long Term Financial Management Plan and the strategic treatment of growth in the rate base during 2021-22.
5. The principles of financial sustainability, including the principles of intergenerational equity and capacity to pay, are important principles underpinning the 2021-22 and future Budget Estimates.
6. There are strategic risks associated with a growing city and the impact that growth is having on the City's requirement to deliver new infrastructure and services and respond to the impact on the existing asset base. This risk of capacity to invest in infrastructure that supports a growing city's needs is critical to the consideration of future Long Term Financial Management Plans and Budget Estimates.
7. The average residential ratepayer rate increase required to fund Council operations of 2.73 per cent, net of growth and the State Fire Levy is noted.
8. A summary report from the Risk and Audit Panel will be presented to assist the Finance and Governance Committee and/or Council in considering the draft 2021-22 Estimates.

### Estimates Preparation

#### 4.7. The Estimates documents comprise:

- This report;
- A separate document – 'City of Hobart Budget Estimates 2021-22', which is attached – refer **Attachment A** which contains discussion of all elements comprising the Estimates and is required pursuant to Section 82 of the *Local Government Act 1993*;
- The Annual Plan for the 2021-22 Financial Year, which is attached – refer **Attachment B**. This 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;
- The updated Long Term Financial Management Plan 2022-2042 (LTFMP), which is attached – refer **Attachment C**. This is required pursuant to Section 70 of the *Local Government Act 1993* and is to be consistent with the Council's Strategic Plan; and

- The Rates Resolution for 2021-22, which is attached – refer **Attachment D**. This document is required pursuant to Part 9 of the *Local Government Act 1993*.

### Estimates Overview

#### 4.8. Key aspects of the 2021-22 budget include:

- An operating budget of \$141.2 million for the delivery of services to the community;
- A capital works program of \$42.957 million that will focus on renewing and maintaining the City's assets. The City continues to apply for a range of grants and to date has been successful in securing \$8.4 million of grant monies to further the capital works program which is included in the above program total;
- A cost reduction of \$6.0 million across programs and activities; and
- New borrowings of \$5 million, noting that the City has a borrowing facility pending approval by the Treasurer of up to \$20 million.

### Operating Result

- 4.9. An underlying surplus is forecast of \$1.49 million in 2021-22. It is noted this amount falls short of the recommended operating surplus ratio or local government recommended by the Auditor General, of 2 per cent of operating revenue.
- 4.10. While greater detail is contained within the Budget Estimates document, the reasons for this are due to favourable forecasts of the Council's economic recovery from COVID-19. Some key factors impacting the Council's forecast underlying operating result of \$1.49 million are:
- 4.10.1. An increase in the rate base during 2020-21 as a result of the development happening across the city sees rate base growth of 1.12 per cent in 2021-22.
- 4.10.2. The rate base increase translates into a modest increase for the average rate payer. For the average residential rate payer this is an increase of 2.73 per cent or \$70 per annum. For the average non-residential rate payer the increase will be 3.00 per cent or \$402 per annum.
- 4.10.3. Estimates forecast total rates income of \$95.0 million, an increase of \$5.6 million from the 2020-21 forecast.
- 4.10.4. Parking fees and charges for car parks and on-street parking totalling \$19.0 million, are forecast to increase back to pre-COVID-19 levels.

4.10.5. A return to 100 per cent distributions from the Council's ownership share in TasWater, totalling \$2.172 million plus a further \$0.4 million as a catch up distribution for missed dividends.

4.10.6. Increases in rental income of \$0.97 million, which remains behind historic levels due to the smaller Salamanca Market footprint and the Council's decision to not operate the Taste of Tasmania in its previous form.

Partially offset by:

4.10.7. Increases in depreciation expense following the upwards revaluation of Council's storm water assets at 30 June 2020.

4.10.8. Decreases in cost across all expense types totalling \$6 million.

### **Cash Flows**

4.11. The Council's cash balance is forecast to increase by \$5.9 million from the forecast \$21.96 million at 30 June 2021 to \$27.90 million at 30 June 2022. With 2021-22 the last year that funds are planned to be borrowed to fund capital works, this balance allows the Council to move forward funding its operations, its capital works program and loan principal repayments each year from internal funds. As debt is retired and more cash becomes available future forecasts will show this being applied to increased capital works programs.

4.12. Cash provided by operating activities will increase by \$11.1 million, from \$24.4 million in 2020-21 to \$35.5 million in 2021-22.

### **Financing**

4.13. New borrowings of \$5 million will be undertaken in 2021-22 and existing debt principal repayments of \$5.37 million will be made.

4.14. 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 \$20.0 million, the City has approval pending for a borrowing facility of up to \$20.0 million.

4.15. While borrowings have been minimised for 2021-22 at this time, the level of borrowings will be the subject of a mid-year budget review once the financial outlook is clearer.

4.16. It should also be noted that the LTFMP previously provided for further borrowings in future years which are no longer forecast to be necessary. Modelling undertaken this year for the LTFMP sees the Council borrowing 'peaking' at \$66 million in 2020-21 but remaining within LTFMP benchmarks.

**Capital Expenditure - New Assets/Upgrades and Asset Renewal**

- 4.17. The Estimates include the proposed 2021-22 capital works program for Council consideration.
- 4.18. The 2021-22 budget provides capital works funding from the Council's own funds of \$34.6 million, comprising asset renewal of \$23.0 million, new assets/upgrades of \$5.2 million and plant and equipment funding of \$6.3 million. In addition, the budget provides for \$8.4 million of grant funded capital works, comprising \$1.3 million in asset renewals, and \$7.1 million in new/upgrade works.
- 4.19. Further detail on the individual projects in the capital works program for 2021-22 are included in the Estimates.

**Long Term Financial Management Plan**

- 4.20. The 2021-22 Estimates have been prepared in accordance with the updated LTFMP (refer **Attachment C**).
- 4.21. The LTFMP has been prepared on the basis of assumptions about the financial situation going forward. These include rates income increases of \$5.6 million, a capital works program including grant funded works averaging \$45 million, an ongoing amount of \$6 million removed from the operating budget and the majority of revenue sources returning to pre-COVID levels.
- 4.22. This modelling sees the Council return to a modest underlying operating surplus in 2021-22 and achieving the benchmark of 2 per cent of revenue in 2022-23 but only if the assumptions relating to operating budget and capital expenditure reductions and rate increases can be achieved.
- 4.23. The forecasts are however entirely dependent on the Council's and the City's ongoing recovery from COVID-19 as well as the work to be undertaken on a structural review of the Council's business model.
- 4.24. It is therefore proposed that a review of the LTFMP be undertaken as part of the mid-year budget review.

**Unspent Plant and Capital Funds**

- 4.25. As part of the budget approval process it is proposed that unspent capital budgets from 2020-21 be carried forward into 2021-22. This will include the unexpended cash for capital works for works programs which are substantially progressed.

## 5. Proposal and Implementation

- 5.1. It is proposed that the 2021-22 Estimates be formally considered at the Special Meeting of all Council Committees to be held on 16 June, and listed on the Council meeting agenda for 21 June for formal adoption by absolute majority.
- 5.2. Subject to any amendments that may arise at the Special Meeting of all Council Committees, the following are the draft resolutions that would be presented to the Council on 21 June:
  - 5.2.1. The expenses, revenues, capital expenditure, and plant and equipment expenditure detailed in the document 'City of Hobart Budget Estimates 2021-22' be approved.
  - 5.2.2. New borrowings of up to \$5 million be approved, noting that the Council has consented to the borrowing of \$15 million in 2020-21. The City has in place a borrowing facility of up to \$20 million.
  - 5.2.3. The Council delegate to the Chief Executive Officer 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 2021-22, which includes:
    - 5.2.4.1. The General Rate be 7.04 cents in the dollar of assessed annual value (AAV).
  - 5.2.5. The following Service Rates be made:
    - 5.2.5.1. A Stormwater Removal Service Rate of 0.45 cents in the dollar of AAV; and
    - 5.2.5.2. A Fire Service Rate of 1.23 cents in the dollar of AAV.
  - 5.2.6. A Waste Management Service Charge be made and varied according to the use or predominant use of land as follows:
    - 5.2.6.1. A Service charge of \$250 to apply to residential properties; and
    - 5.2.6.2. A Service charge of \$500 to apply to non-residential properties.

- 5.2.7. 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.
- 5.2.8. A Landfill Rehabilitation Service Charge be made and varied according to the use or predominant use of land as follows:
  - 5.2.8.1. A service charge of \$10 to apply to residential properties; and
  - 5.2.8.2. A service charge of \$20 to apply to non-residential properties.
- 5.2.9. The rates be subject to the following remissions:
  - 5.2.9.1. A remission of 0.90 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; and
  - 5.2.9.2. A remission of 0.94 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.
- 5.2.10. Unspent 2019-10 capital funding be carried forward into 2021-22, with any necessary adjustments to be made in the September 2021 quarter financial report to Council.
- 5.2.11. The interest rate on unpaid rates be 7.87 per cent 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 per cent. For 2021-22 this calculation results in a maximum rate of 7.87 per cent and this is the rate being recommended.
- 5.3. The 2021-22 Annual Plan be adopted.
- 5.4. The Long Term Financial Management plan 2022-2042 be adopted.



- 5.5. The following delegations be approved:
- 5.5.1. 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 she considers appropriate, the power to expend monies on the Council's behalf identified as Delegation Classification 1 items in the Council's Annual Plan.
  - 5.5.2. Pursuant to Section 22 of the *Local Government Act 1993*, the Council delegate to all the Council Committees the power to expend monies on the Council's behalf identified as Delegation Classification 2 items in the Council's Annual Plan.
- 5.6. The Council note that a mid-year review of the 2021-22 Budget Estimates and Long Term Financial Management Plan 2022-2042 will be undertaken.
- 5.7. The Council note that a review of the mechanism adopted to determine the rate increase for the average rate payer with consideration of removing the rate base growth subsidisation from this determination.
- 5.8. The Council note the observations of the Risk and Audit Panel as detailed in this report.

## **6. Strategic Planning and Policy Considerations**

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

*Quality services are delivered efficiently, effectively and safely:*

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

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

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

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

*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 the Council's revenue and expenditure for each financial year, and details what the Estimates must contain.
- 7.2. The Estimates must be adopted by the Council before 31 August by absolute majority.
- 7.3. As noted above, the 2021-22 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 the 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.*







Fiona Dixon  
**CHIEF FINANCIAL OFFICER**



Tim Short  
**DIRECTOR COMMUNITY LIFE**

Date: 11 June 2021  
File Reference: F21/54504

Attachment A: 2021-22 Budget Estimates ↴   
Attachment B: Draft 2021-22 City of Hobart Annual Plan ↴   
Attachment C: 2022-2042 Long Term Financial Management Plan ↴   
Attachment D: 2021-22 Rates Resolution ↴ 



# BUDGET ESTIMATES

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2021-2022 FINANCIAL YEAR

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## 1. Introduction

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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.

During 2020, the City of Hobart was significantly impacted by the COVID-19 health crisis. As a Council, we responded quickly to protect the health and wellbeing of our community and support residents, local businesses and community organisations whilst maintaining essential services and providing community support by assisting those most critically impacted by the economic slowdown caused by the pandemic.

The City is acutely aware of the continued and lasting impacts of COVID-19 on the community and has adopted a budget that balances a responsible rate increase to ensure the City can continue to provide programs, services and works required of a capital city council but also recognises the capacity of the community to pay increased rates.

Development activity in the city during 2020-21 has resulted in a 1.12 per cent growth in the City's rates base for 2021-22, which in turn reduces pressure on individual ratepayers in terms of increases in 2021-22.

While the Estimates forecast total Rates income of \$95.06 million, an increase of \$11.5 million, for the average residential ratepayer the increase will be 2.73%. Rate increases for the majority of residential ratepayers will be between 2.63% and 2.81% meaning increases in the range of \$53 and \$92 per annum, before the State Government Fire Levy.

In addition, the State Fire Commission has advised Council that as required under the *Fire Services Act 1979*, the Fire Service Contribution required to be collected by Council and passed to the State Fire Commission for 2021-22 has increased by \$1.16 million or 10.23%. This increase equates to a \$32 increase in rates for 2021-22 for the average residential ratepayer.

The City of Hobart's budget for 2021-22 has been cast on the assumption that the more significant economic impacts of the COVID-19 pandemic have now passed as we as a Council, and the Tasmanian community, move through the economic recovery phase.

During 2021-22, the City of Hobart expects to see continued normalisation of supplementary revenue streams including parking fees and charges, other fees and charges, distributions from Council's ownership share of TasWater and rental of Council properties. These revenue streams in particular were impacted during the peak of the COVID-19 health crisis and immediate economic recovery period.



Key aspects of the 2021-22 budget include:

- An operating budget of \$141.2 million for the delivery of services to the community.
- The 2021-22 budget provides capital works funding from Council's own funds of \$34.5 million, comprising asset renewal of \$23.0 million, new assets/upgrades of \$5.2 million and plant and equipment funding of \$6.3 million. In addition, the budget provides for \$8.4 million of grant funded capital works, comprising \$1.3 million in asset renewals, and \$7.1 million in new/upgrade works.
- A moderate underlying operating surplus of \$1.49 million. It is noted this amount falls short of the recommended operating surplus ratio for local government recommended by the Auditor General, of 2% of operating revenue
- A reduction of \$6.0 million across programs and activities.
- New borrowings of \$5 million will be undertaken in 2021-22. Existing debt principal repayments of \$5.37 million will be paid.

#### **Financial sustainability measures**

As outlined in Council's Long Term Financial Management Plan, eight financial sustainability measures have been adopted for the purpose of measuring Council's financial sustainability.

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

Based on the 2021-22 Budget Estimates, Council's forecast performance against the eight financial sustainability benchmark targets is as follows:

Indicator Number	Description	Target Benchmark	2020-21 Budget (\$'000)	2020-21 Benchmark Met	2021-22 Budget (\$'000)	2021-22 Benchmark Met
1	Underlying Result	Breakeven or better	(11,806)	✗	1,493	✓
2	Underlying Result Ratio	2%	-9.54%	✗	1.05%	✗
3	Net Financial Liabilities		(79,349)		(77,136)	
4	Net Financial Assets/Liabilities Ratio	-50%	-64.13%	✗	-54.06%	✗
5	Net Interest Cover Ratio	< 7%	1.39%	✓	1.41%	✓
6	Asset Sustainability Ratio	1	0.8037	✗	1.0683	✓
7	Asset Consumption Ratio	40% to 80%	53.5%	✓	53.04%	✓
8	Asset Renewal Funding Ratio	100%	90.5%	✗	92.24%	✗

## 2. Operating Budget

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

Council's underlying surplus is forecast to be \$1.49 million in 2021-22.

**Table 1: Operating Result**

	2020-21	2020-21	2021-22	Change
	Budget	Forecast	Budget	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Expenses</b>				
Labour	(60,104)	(58,041)	(61,741)	(1,637)
Materials and Services	(29,024)	(27,666)	(27,271)	1,753
Depreciation	(23,577)	(27,210)	(27,325)	(3,748)
Fire Levy	(11,388)	(11,388)	(12,552)	(1,164)
Energy Costs	(2,272)	(2,249)	(2,381)	(109)
Bad Debts	(350)	(350)	(351)	(1)
Finance Costs	(2,004)	(1,979)	(2,241)	(237)
Asset Write-Offs	(2,561)	(2,561)	(3,500)	(939)
Other	(4,267)	(3,734)	(3,825)	442
	<b>(135,547)</b>	<b>(135,178)</b>	<b>(141,187)</b>	<b>(5,640)</b>
<b>Revenues</b>				
Rates and Charges	83,540	89,427	95,056	11,516
Parking Fines	5,836	5,836	5,250	(586)
Operating Grants	3,356	3,455	3,366	10
Distributions from TasWater	1,086	1,086	2,606	1,520
Rents	2,388	1,826	2,801	413
Interest	225	221	130	(95)
Fire Levy Collection Fee	455	456	502	47
Fees and Charges - Car Parks	9,442	9,442	10,857	1,415
Fees and Charges - On Street Parking	5,270	5,270	8,175	2,905
Fees and Charges - Other	12,143	10,342	13,937	1,794
	<b>123,741</b>	<b>127,361</b>	<b>142,680</b>	<b>18,939</b>
<b>Underlying Result</b>	<b>(11,806)</b>	<b>(7,817)</b>	<b>1,493</b>	<b>13,299</b>
<b>Capital items and timing adjustments</b>				
Capital Grants	685	3,083	9,037	8,352
Financial Assistance Grants in Advance	(1,411)	-	(1,397)	14
<b>Result</b>	<b>(12,532)</b>	<b>(4,734)</b>	<b>9,133</b>	<b>21,665</b>

**2.1 Expenses****2.1.1 Labour****Table 2: Labour**

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	Change (\$'000)
Employee Costs	(59,530)	(57,237)	(61,237)	(1,707)
External Labour	(574)	(804)	(504)	70
	<b>(60,104)</b>	<b>(58,041)</b>	<b>(61,741)</b>	<b>(1,637)</b>

*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**

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	Change (\$'000)
Advertising And Promotions	(615)	(582)	(504)	111
Chemicals And Herbicides	(266)	(174)	(201)	65
Communications - Telephones, Faxes	(266)	(264)	(114)	152
Conferences And Seminars (Registration)	-	(6)	(63)	(63)
Consultancy Fees	(1,969)	(1,942)	(2,458)	(489)
Consumables	(195)	(194)	(166)	29
Contractor Charges	(10,840)	(10,468)	(10,333)	507
Credit Card Fees	(721)	(741)	(840)	(119)
Equipment Maintenance	(375)	(369)	(194)	181
Freight and Postage	(279)	(274)	(203)	76
Insurance	(1,124)	(1,097)	(1,273)	(149)
Lease And Rental	(1,388)	(1,388)	(1,406)	(18)
Legal Expenses	(857)	(817)	(1,012)	(155)
Licence Costs	(2,049)	(2,049)	(2,387)	(338)
Materials	(1,738)	(2,109)	(1,479)	259
Mobile Phone Costs	(252)	(251)	(225)	27
Motor Vehicle Registration	(206)	(176)	(205)	2
Plant Hire	(1,033)	(884)	(731)	302
Printing And Stationery	(403)	(376)	(353)	50
Publications/Subscriptions/Memberships	(346)	(355)	(375)	(29)
Security	(850)	(764)	(760)	90
Stock Purchases	(653)	(408)	(523)	131
Training Courses	(250)	(250)	(479)	(229)
Travel (Incl Accom, Fares, Meals Allow)	-	-	(128)	(128)
Vehicle Expenses - Fuel	(846)	(816)	(792)	54
Water And Sewerage Charges	(1,030)	(917)	(1,055)	(25)
Other	(3,615)	(2,894)	(1,734)	1,881
	<b>(32,166)</b>	<b>(30,564)</b>	<b>(29,993)</b>	<b>2,173</b>
Less Amounts Capitalised	3,142	2,898	2,722	(420)
	<b>(29,024)</b>	<b>(27,666)</b>	<b>(27,271)</b>	<b>1,753</b>

**2.1.3 Depreciation**

Depreciation expense is expected to increase by \$3.748 million from the 2020-21 original budget to \$27.325 million in 2021-22. This is a result of a significant stormwater assets revaluation increments at 30 June 2020, thereby increasing the asset values to be depreciated.

**2.1.4 Fire Levy**

The fire levy will increase by \$1.164 million (10.23%) to \$12.552 million in 2021-22 after a decision by the State Government to freeze Council contributions at 2019-20 levels during 2020-21. 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 increase by \$0.109 million to \$2.381 million due to expected CPI increase and a margin for increased usage requirements as the Council returns to normal operations after the peak of COVID-19 disruption.

**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 2020-21 at \$351 000.

**2.1.7 Finance Costs**

Finance costs are expected to increase by \$0.24 million from the 2020-21 budget to \$2.24 million due to the following:

- Interest on borrowings increasing from \$1.95 million to \$2.18 million due to the take-up of additional borrowings;
- Finance costs associated with Council's landfill restoration liability of \$57,000
- Finance costs associated with Council's defined-benefit superannuation scheme liability of \$3,000 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 \$3.5 million estimated for 2021-22 is \$0.939 million more than the original 2020-21 budget due to an ongoing increase in project close-out activity during 2021-22.

**2.1.9 Other Expenses**

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

Table 4: Other Expenses

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	Change (\$'000)
Grants And Specific Purpose Benefits	(1,848)	(1,730)	(2,283)	(435)
Rate Remissions (Net)	(57)	(57)	(53)	4
Auditors Remuneration	(180)	(180)	(180)	-
Fringe Benefits Tax	(290)	(290)	(290)	-
Land Tax	(1,017)	(601)	(1,017)	-
Myer Payments	(875)	(875)	-	875
Other	-	(1)	(2)	(2)
	<b>(4,267)</b>	<b>(3,734)</b>	<b>(3,825)</b>	<b>442</b>

*Grants and Specific Purpose Benefits*

Council supports a diverse range of community, cultural, economic and environmental organisations and events. The event and performing arts sector was particularly impacted during the peak of COVID-19 with a number of events and performances cancelled.

Council is expecting grants and sponsorship requirements to increase by \$0.435 million to \$2.283 million in 2021-22 with the anticipated return of the Dark Mofo and other community and cultural events.

*Myer Payments*

Council had an agreement in place with Myer Pty Ltd (Myer) in relation to the Myer site redevelopment in Liverpool Street. During 2020-21, an amount of \$0.875 million was paid as required by the terms of the agreement. The 2020-21 year was the last year of the agreement.

## 2.2 Revenues

### 2.2.1 Rates and Charges

The Budget Estimates propose an average residential ratepayer rate increase of 2.73 per cent, with the majority of residential ratepayers to receive an increase of between 2.63 and 2.81 per cent.

In addition, the State Fire Commission has advised Council that as required under the *Fire Services Act 1979*, the Fire Service Contribution required to be collected by Council and passed to the State Fire Commission for 2021-22 has increased by \$1.16 million or 10.23%. This equates to a \$32.33 increase in rates for 2021-22.

In total, rates revenue will be \$95.06 million, an increase of \$11.5 million over the prior year which included a \$4.6 million COVID-19 rates relief support package.

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 2021-22.

Waste management service charges remain unchanged from previous years at \$250 for residential properties and \$500 for non-residential properties. A kerbside green waste collection service charge was introduced in 2016-17 for properties meeting certain criteria within the municipal area. 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 green waste garbage bin. For 2020-21 the cost of the FOGO kerbside collection will remain unchanged from the previous year at \$60.

Pursuant to the *Fire Service Act 1979*, local government acts as a collection agent for this State Government tax, which is paid directly to the State Fire Commission. Council earns a 4% collection fee for this service. Council has been advised that it will be required to contribute \$12.55 million in 2021-22, which represents a \$1.16 million (10.23%) increase from the previous year.

Excluding the State Government fire levy, most residential ratepayers will receive increases of between 2.63% and 2.81%, meaning increases in the range \$53 to \$92 per annum. Lower-valued properties will experience lower increases, and higher-valued properties will experience higher increases. The average residential ratepayer will experience a rate increase of 3.99%, or \$102 including the State Government Fire Levy, comprised as follows:

General and storm water rates	\$70
Waste management service charge	\$0
Landfill rehabilitation service charge	\$0
Kerbside green waste collection service charge	\$0
Fire protection service rate	\$32
<b>Total</b>	<b>\$102</b>

**2.2.2 Parking Fines**

During 2020 the Council's revenue from parking fines was significantly impacted by COVID-19. Penalty unit fee increases are set by State Government for both parking meter and traffic infringements. Fines income is forecast to decrease by \$0.59 million to \$5.25 million in the 2021-22 Budget Estimates, compared to the original 2020-21 budget of \$5.84 million with improved levels of compliance by the community and increased patronage of off-street car parking facilities expected.

**2.2.3 Grants**

Operating grants mainly comprise of Commonwealth Government Financial Assistance Grants (FAGs) which will total \$2.795 million in the 2021-22 year.

Capital grants include \$0.685 million for Roads to Recovery project and \$8.352 million for the grant funded portion of the capital works program.

**2.2.4 Distributions from TasWater**

Distributions are received as a result of Council's ownership interest in TasWater. They comprise dividends, guarantee fees and income tax equivalent payments. Forecast amounts are based on advice from both TasWater and the State Government to provide distributions until 2025-26. The most recent correspondence from TasWater indicates a return to the normal level of distribution from 2021-22 following significantly reduced receipts during 2020-21.

**2.2.5 Rents**

Property rental income is expected to recover after the impacts of COVID-19 with an increase of \$0.41 million in 2021-22 to \$2.801 compared to the 2020-21 budget of \$2.39 million. During 2020-21, Council provided rental relief for owned properties in accordance with the *COVID-19 Disease Emergency (Commercial Leases) Act 2020*.

**2.2.6 Interest**

Interest income is expected to decrease by \$0.01 million from the 2020-21 budget due to lower forecast cash holdings and forecast 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 increase by \$0.047 million in line with the increase in the fire levy payment.

**2.2.8 Fees and Charges – Car Parks**

During the peak of the COVID-19 restrictions and recommended stay at home requirements in 2020, the City's revenue from the usage of car parks was significantly impacted. With restrictions lifted and recovery of car park utilisation, the

Council's fees and charges income from car parks is expected to increase by \$1.415 million on the 2020-21 budget to \$10.857 million during 2021-22

### 2.2.9 Fees and Charges – On-Street Parking

On-street parking collections were also significantly impacted by COVID-19 restrictions and stay at home recommendations during 2020. On-street parking utilisation is expected to return to normal occupancy volumes in the 2021-22 budget, with an increase of \$2.905 million to \$8.175 million.

### 2.2.10 Fees and Charges – Other

Income from other fees and charges is expected to recover from 2020-21 with an increase of \$1.79 million to \$13.94 million forecast in the 2021-22 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	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	Change (\$'000)
The Doone Kennedy Hobart Aquatic Centre	4,386	3,184	4,766	380
Landfill Charges	1,924	2,174	2,031	107
Plumbing Compliance Fees	374	464	637	263
Tasmanian Travel & Information Centre	771	194	486	(285)
Customer Services	300	300	300	0
Sporting Facility Hire	322	322	415	93
Public Health	144	232	470	326
Building Compliance Fees	320	350	460	140
Roads Policy & Management	151	89	92	(59)
Salamanca Market	-	10	17	17
External Services Revenue	503	304	249	(254)
Development Appraisal Fees	980	980	1,303	323
Stormwater Maintenance	154	154	100	(54)
Other	1,814	1,585	2,611	797
<b>Total Fees &amp; Charges</b>	<b>12,143</b>	<b>10,342</b>	<b>13,937</b>	<b>1,794</b>



### 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 \$42.957 million as summarised in the following table.

**Table 7: Capital Expenditure**

	2020-21	2020-21	2021-22	Change
	Budget	Forecast	Budget	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>New Assets / Upgrades</b>				
- Infrastructure	(9,177)	(9,177)	(12,317)	(3,140)
<b>Asset Renewal</b>				
- Infrastructure	(23,436)	(20,140)	(24,325)	(889)
<b>Plant &amp; Equipment</b>	(1,500)	(4,869)	(6,315)	(4,815)
<b>Total</b>	<b>(34,113)</b>	<b>(34,186)</b>	<b>(42,957)</b>	<b>(8,844)</b>

Funding sources for this \$42.957 million program comprise:

- Capital Grants \$8.35 million;
- Plant and Equipment sales \$0.7 million;
- Borrowings of up to \$5 million; and
- Funds from operations and cash reserves \$28.907 million.

Capital expenditure on infrastructure will be \$32.46 million in 2021-22 and includes \$5.8 million carried forward from 2020-21.

Further detail is provided in part 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 information technology equipment are normally subject to a rolling replacement program. In each case, forward estimates are compiled to aid replacement decision-making.

Capital expenditure on plant and equipment will total \$6.315 million in 2021-22, comprised as follows:

**Table 8: Plant and Equipment**

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	Change (\$'000)
Vehicle Fleet, Major And Minor Plant	(750)	(755)	(2,807)	(2,057)
Information Technology	(250)	(250)	(2,275)	(2,025)
General Plant Including Office Equipment	(500)	(602)	(1,233)	(733)
<b>Total</b>	<b>(1,500)</b>	<b>(1,607)</b>	<b>(6,315)</b>	<b>(4,815)</b>



#### 4. Financing

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

30 June 2020	\$54.48M
30 June 2021	\$66.13M
30 June 2022	\$64.75M

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 \$20 million, the City has a borrowing facility of up to \$20 million.

Initially, borrowings of \$5 million will be taken up to assist the Council fund its capital works in the city. Council will consider whether it will require additional borrowings in the mid-year budget review.

Council will also repay \$5.37 million of existing debt during 2021-22.

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

	2020-21	2020-21	2021-22	Change
	Budget	Forecast	Budget	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Expenses</b>				
Labour	(877)	(811)	(395)	482
Energy Costs	(148)	(148)	(140)	8
Materials and Services	(2,732)	(2,652)	(2,173)	559
Rates and Charges	(452)	(491)	(491)	(39)
Land Tax	(443)	(45)	(443)	-
Overheads	(813)	(813)	(813)	-
Depreciation	(736)	(1,646)	(1,646)	(910)
	<b>(6,201)</b>	<b>(6,606)</b>	<b>(6,101)</b>	<b>100</b>
<b>Revenues</b>				
Fees and Charges	9445	9,446	10,857	1,412
Rents	347	347	420	73
	<b>9,792</b>	<b>9,793</b>	<b>11,277</b>	<b>1,485</b>
<b>Surplus</b>	<b>3,591</b>	<b>3,187</b>	<b>5,176</b>	<b>1,585</b>

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

	2020-21	2020-21	2021-22	Change
	Budget	Forecast	Budget	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Expenses</b>				
Labour	(3,351)	(3,210)	(2,959)	392
Materials and Services	(1,979)	(1,792)	(1,709)	270
Bad Debts	(350)	(350)	(350)	-
Overheads	(703)	(703)	(703)	-
Depreciation	(195)	(550)	(550)	(355)
	<b>(6,578)</b>	<b>(6,605)</b>	<b>(6,271)</b>	<b>307</b>
<b>Revenues</b>				
Other Fees and Charges	5360	5,360	8,325	2,965
Fines	5836	5,836	5,250	(586)
	<b>11,196</b>	<b>11,196</b>	<b>13,575</b>	<b>2,379</b>
<b>Surplus</b>	<b>4,618</b>	<b>4,591</b>	<b>7,304</b>	<b>2,686</b>

## 5.3 The Doone Kennedy Hobart Aquatic Centre

Table 11: The Doone Kennedy Hobart Aquatic Centre

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	Change (\$'000)
<b>Expenses</b>				
Labour	(3,818)	(2,951)	(4,192)	(374)
Energy Costs	(451)	(431)	(459)	(8)
Materials and Services	(1,793)	(1,604)	(1,637)	156
Depreciation	(887)	(1,010)	(1,010)	(123)
Finance Costs	(60)	(35)	(41)	19
	<b>(7,009)</b>	<b>(6,031)</b>	<b>(7,339)</b>	<b>(330)</b>
<b>Revenues</b>				
Other Fees and Charges	4,360	3,158	4,736	376
Commission	15	20	15	-
Other	12	8	15	3
	<b>4,387</b>	<b>3,186</b>	<b>4,766</b>	<b>379</b>
<b>Surplus/(Deficit)</b>	<b>(2,622)</b>	<b>(2,845)</b>	<b>(2,573)</b>	<b>49</b>

## 5.4 Tasmanian Travel and Information Centre

Table 12: Tasmanian Travel and Information Centre (TTIC)

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	Change (\$'000)
<b>Expenses</b>				
Labour	(452)	(395)	(579)	(127)
Materials and Services	(234)	(72)	(147)	87
Depreciation	(9)	(9)	(9)	-
Other	-	-	(2)	(2)
	<b>(695)</b>	<b>(476)</b>	<b>(737)</b>	<b>(42)</b>
<b>Revenues</b>				
Commission	345	81	180	(165)
Other Fees and Charges	529	185	362	(167)
Grants	150	150	150	-
Interest	9	5	6	(3)
	<b>1,033</b>	<b>421</b>	<b>698</b>	<b>(335)</b>
<b>Surplus / (Deficit)</b>	<b>338</b>	<b>(55)</b>	<b>(39)</b>	<b>(377)</b>

## 6. Appendix - Capital Expenditure Program 2021-22

## 6.1 Grant Funded Capital Works Program 2021-22

Project	Amount (\$'000)
<b>GRANT FUNDED CAPITAL WORKS PROGRAM 2021-22</b>	
<b>New Assets</b>	
Placemaking	25
Kemp Street - Shared Zone Road Surface Art Work Trial	
Public Toilet Strategy	
Tolmans Hill New Public Convenience and BBQ	657
Traffic Infrastructure	
Anglesea Street Footpath Upgrade	62
Argyle Street - Campbell Street Bicycle Facilities	1,725
Augusta Road - Lenah Valley Retail Precinct 40 km/h Zone	90
Boa Vista Road Kerb Bulbing (Friends School Pedestrian Crossing)	30
Clare St/ Harding St Kerb Bulbing Works	141
Gladstone St Pedestrian Crossing and Kerb Bulbings	95
New Town Rd at Salvos - Pedestrian Crossing Kerb Bulbings and Median Island	94
New Town Road/ Cross Street Median	94
Pedder Street - Pedestrian Crossing	95
Princes Street Children's Crossing	53
Salamanca Lawns Accessible Footpath Upgrade	90
	3,251
<b>Asset Upgrades</b>	
Buildings	
DKHAC Change Room Improvement/Upgrade	250
City Innovation - Connected Hobart	
Safer Communities Grant - Security Infrastructure Upgrade CBD & Surrounding Areas	342
Parks Infrastructure	
Intercity Cycleway Extension	685
Swan Street Park Redevelopment	551
Placemaking	
Elizabeth Street Retail Precinct Upgrade (Midtown) - UTAS Contribution	500
Public Toilet Strategy 2015 - 2025	
Long Beach Toilets	535
<i>Continued Next Page</i>	

Project	Amount (\$'000)
Sporting Infrastructure	
Clare St Oval Changerooms Refurbishment and Upgrade	450
Traffic Infrastructure	
Burnett Street / Campbell Street Channelisation	240
Elizabeth Street / Patrick Street Kerb Extensions	132
Strickland Ave (Brewery-Huon) Delineation Improvement	125
	<hr/> 3,810
<b>Asset Renewal</b>	
Road Infrastructure - Civil Works	935
Road Infrastructure - Reseal & Repair	356
	<hr/> 1,291
<b>Total Grant Funded Capital Works Program</b>	<hr/> <b>8,352</b>

## 6.2 Council Funded Capital Works Program 2021-22

Project	Amount (\$'000)
<b><u>COUNCIL FUNDED CAPITAL WORKS PROGRAM 2021-22</u></b>	
<b>New Assets</b>	
Buildings	
Multistorey Car Parks - Roof Safety Fence (Centrepont)	250
Bushland Infrastructure	
Bushland Fund - Annual Allocation	50
City to Gardens Way - Davies Avenue Pedestrian Crossing	107
Queens Domain Traffic and Mobility Plan	50
Parks and Recreation	
Davies Avenue - Tennis Centre New concrete path	57
Davies Avenue - DKHAC to Tennis Centre - New Gravel Path	34
Davies Avenue - TCA Oval to Domain Athletics Centre - New Gravel Path	15
Davies Avenue Lighting Strategy	20
Davies Avenue Lighting Construction	280
City Innovation - Connected Hobart	
City Security - Security Operations Centre	200
Connected Precincts Infrastructure (CCTV, Digital Signage, WiFi, Sensors)	300
Crowded Spaces Response	180
City Innovation - Systems	
Employee Experience (HCM Project)	75
Enterprise Information Management and Collaboration (TRIM Replacement)	475
Phoenix Projects (Asset Master)	275
Phoenix Projects (Navision)	125
Emergency Management	
Realignment and Cadastre Consolidation	100
Parks Infrastructure	
Cleary's Gates and Vehicles - 2 Way Radio System Upgrade	150
New Street Trees	50
	<b>2,793</b>
<b>Asset Upgrades</b>	
Bushland Infrastructure	
City to Gardens Way - Design and Implementation of Interpretation and Signage	40
City to Gardens Way - Resurfacing Footpath Between Government House & Tasman Hwy	80
City to Gardens Way - Gravel Path Between SMA-RTBG	120
City to Gardens Way - Widening Roadside Footpath Btwn Government House & Gardens	83
City to Gardens Way - Lower Domain Road & Tasman Highway Pedestrian Crossing	10
<i>Continued Next Page</i>	

Project	Amount (\$'000)
City Innovation - Sustainable Hobart	
Energy Savings Action Plan Initiatives (2021-2025) - Annual Requirement	100
Street Light Acquisition	300
Parks and Recreation	
TCA Car Park Design	50
Placemaking	
Elizabeth Street Retail Precinct Upgrade (Midtown)	150
Public Toilet Strategy (2015-2025) - Annual Requirement	
Public Convenience - Annual Allocation for Accessibility Upgrades	50
Queens Domain Program	
Regatta Grounds Pathway - Bridge of Remembrance Cycleway Underpass	250
Sporting Infrastructure	
Clare St Oval Changerooms Refurbishment and Upgrade	650
Stormwater Reticulation & Rivulets	
Maypole Stormwater Upgrade	100
Traffic Upgrades	
Accessible Parking Annual Allocation	50
Accident Blackspot Project Annual Allocation	50
Implementation Of Transport Strategy	200
Local Area Traffic Management Works Annual Allocation	50
Walking Infrastructure	
City Laneways - Access and Lighting Upgrades	100
Road Strategy Project Annual Allocation - Disability Access	30
	<hr/> 2,463
<b>Asset Renewal</b>	
Buildings Renewal	3,958
Bushland Infrastructure Renewal	1,795
Parks Infrastructure Renewal	1,853
Roads Infrastructure Renewal	10,321
Smart Cities & Lighting Infrastructure Renewal	300
Solid Waste Management Renewal	315
Sporting Facilities Renewal	859
Stormwater Reticulation & Rivulets Renewal	2,953
Valuation Roll Renewal (Various Items)	680
	<hr/> 23,034
<b>Total Council Funded Capital Works Program</b>	<hr/> <b>28,290</b>

**6.3 Total Capital Expenditure Program 2021-22**

	2021-22 Budget (\$'000)
Grant Funded Capital Works Program	8,352
Council Funded Capital Works Program	28,290
Plant & Equipment	6,315
<b>Total Capital Expenditure Program</b>	<b>42,957</b>





**DRAFT**

## **City of Hobart Annual Plan 2021-22**

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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.

**ACKNOWLEDGEMENT OF COUNTRY**

In recognition of the deep history and culture of our city, we acknowledge the Tasmanian Aboriginal people as the Traditional Custodians of this land. We acknowledge the determination and resilience of the Palawa people of Tasmania who have survived invasion and dispossession and continue to maintain their identity, culture and rights.

We recognise that we have much to learn from Aboriginal people today, who represent the world's oldest continuing culture. We pay our sincere respects to Elders past and present and to all Aboriginal people living in and around Hobart.

## City of Hobart – Annual Plan 2021-22

The Annual Plan sets out the major actions and initiatives that the City of Hobart will focus on in 2021-22.

Tasmanians have done an outstanding job in facing the pandemic throughout 2020-21, however the social and economic impacts continue to be felt widely. The City of Hobart has supported the people and businesses of Hobart through grants, programs and initiatives, and will continue to work to build resilience in this frequently changing environment. Many Hobartians are still struggling, the City will work with all levels of government to advocate for the support needed in our community.

As the City faces the financial challenges arising from the impacts of the pandemic, we have been scrutinising our priorities and identifying where we can make savings in order to deliver an extensive works program, along with providing essential services and support for our community.

As a rapidly growing city in population and in attractions, we continue to work closely with State government, Clarence, Glenorchy and Kingborough councils to achieve the aims set out in the Hobart City Deal in key areas such as affordable housing, urban renewal and congestion busting. This partnership with our neighbouring councils is critical to provide a high-level strategic oversight in how we plan for our future. We collaborate to adapt to changes and to advocate for our residents across greater Hobart as we grow.

Hobart: A community vision for our island capital, remains at the core of our planning.

### Key Highlights

The City has an extensive works program in 2021-22, some of the more significant projects are:

- Design and install the first stage of the Elizabeth Street – Midtown Retail Precinct upgrade in collaboration with key stakeholders.
- Complete the final phase of the Salamanca Place Precinct upgrade.
- Improve parking, drainage and cycling infrastructure at the Regatta Grounds precinct to enhance and promote greater use of the area for outdoor activities and events.
- Develop a Cornelian Bay Precinct masterplan to guide and promote use of the area for sporting and recreational activities.
- Promote the truth of history and listen to the diverse perspectives responding to the public art commissions at the William Crowther statue in Franklin Square
- Improvements to the North Hobart retail and entertainment precincts based on community and stakeholder input.
- Identify and refurbish public toilet upgrades and finalise the installation of the Long Beach toilets in Sandy Bay and new toilets and barbecue shelter at the Tolmans Hill playground.
- Collaborate with key stakeholders to develop a transition plan for the future of the Taste of Tasmania.
- Celebrate the significant anniversaries of the 40<sup>th</sup> year of the Christmas Pageant and the 50<sup>th</sup> year of the Salamanca Market.

A summary of the Budget Estimates for 2021-22 is provided at Appendix 1 of this plan.

**Annual Plan 2021-22**

The 2021-22 Annual Plan sets out the major actions and initiatives for the City of Hobart for the 2021-22 financial year. It is aligned with the Capital City Strategic Plan 2019-29, the Capital Works Program and other informing strategies.

The Plan demonstrates the capacity of the City of Hobart to achieve the strategies in the Strategic Plan which reflect the aspirations of the community as expressed in Hobart: A community vision for our island capital.

The Annual Plan is required pursuant to section 71 of the Local Government Act 1993.

Development of the Annual Plan coincides with the development of the annual budget estimates and divisional and unit plans, which identify the operational priorities for each function area.

**Linking the Annual Plan to the Strategic Plan****Community Vision**

Hobart: A community vision for our island capital was developed in collaboration with Hobart communities and stakeholders and was endorsed by the Council in 2018.

The vision outlines what people value about Hobart and what they aspire to for its future. The vision guides the City of Hobart's work and calls on us to demonstrate long-term commitment to help create the Hobart our communities want.

The vision and its identity statements and pillars detail the values and special qualities that the community want to see reinforced, developed or improved and highlights the aspirations for the future of Hobart.

The vision has three parts:

1. Vision statement: The overarching message about the future of Hobart.
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 to deliver on the vision.

**Capital City Strategic Plan 2019-29**

A major review of the 2015-25 Capital City Strategic Plan was undertaken in 2019 which resulted in the development of the Capital City Strategic Plan 2019-29. The key elements of the Strategic Plan are drawn from the community vision. It 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 in the Annual Plan are aligned to and referenced to the strategic plan.

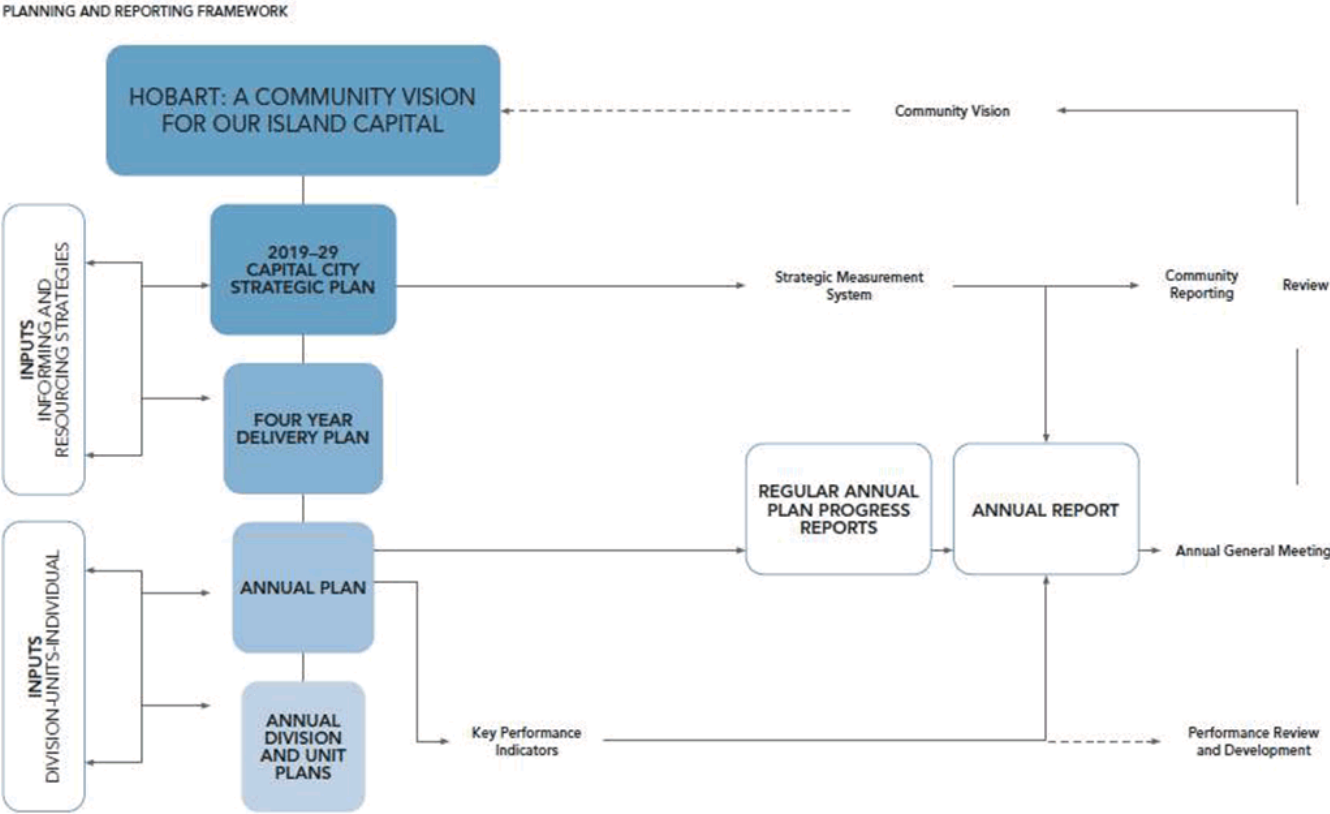
**Planning and Reporting Framework**

The relationship between the ten-year strategic plan, resource and informing strategic plans and the business plans for each of the City of Hobart's divisions is represented by the diagram on the following page.

Strategies identified in the ten-year strategic plan will be put into action through annual divisional and unit plans and the City's Annual Plan.

The effectiveness of the major actions and initiatives in the Annual Plan is monitored through four progress reports to the Council each year and the City of Hobart Annual Report.

Strategic indicators are being developed to report on the City's performance and achievements against the strategic plan.





## 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

- Bushland
- City Placemaking
- Community and Culture
- Parks and Recreation
- Roads and Capital Works
- Strategic Infrastructure Management

Strategic Reference	Major Actions and Initiatives
1.1.1 6.1.3 6.1.4	Continue to protect, manage and prioritise the natural landscape through strategic burning, fuel reduction, weed control, regeneration works and other methods.
1.1.4	Update the Corporate Climate Change Adaptation Plan and review the strategic risks to ensure that climate risk, resilience and adaptation planning are included.
1.1.4 8.5.7	Work with the Southern Tasmanian Councils Authority to progress the Regional Climate Change Strategy and council climate action plans template.
1.2.1	Implement the 2021-22 Capital Works Program.
1.2.1 1.2.5	Progress the first stage of the Midtown Retail Precinct (Elizabeth Street Block 1) in collaboration with key stakeholders, including design development and construction.
1.2.1 1.3.1	Complete Stage 3 of the Salamanca Place Precinct upgrade.
1.2.6 1.2.4	Enhance and maintain the cityscape and environment through active management of the City's parks and gardens and street trees.
1.3.2 8.5.6	Implement software to automate and support end-to-end Project and Portfolio Management (PPM) processes.

## 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

- Activation Programs and Tourism
- Bushland
- Community and Culture
- Doone Kennedy Hobart Aquatic Centre
- Environmental Health
- Parks and Recreation
- Projects and Support Services
- Smart and Sustainable City

<b>Strategic Reference</b>	<b>Major Actions and Initiatives</b>
2.1.1 2.1.3	Deliver the actions in the Aboriginal Commitment and Action Plan.
2.2.1 2.2.3 2.2.7 3.3.4 3.3.6	Deliver and continuously improve the City's 2021-22 grants and sponsorship programs and increase community awareness of funding opportunities.
2.2.3 2.2.6 4.2.1	As a member of the Welcoming Cities network progress towards national accreditation.
2.2.3 2.2.6	Design and implement targeted programs for young people that provide support, enhance social inclusion and increase participation.
2.2.3 2.2.6	Deliver the Still Gardening Program assisting older people to stay in their homes by providing gardening and social support.
2.2.6 2.2.1	Implement the Hobart A City for All – Community Inclusion and Equity Strategy, Affordable Housing and Homelessness Strategy and the City's community commitments.
2.2.6	Provide affordable and accessible services and activities through Mathers and Criterion House with programs focused on health, wellbeing and social inclusion.
2.2.7 2.2.1	Review and update the City's Event and Development Guide and checklist to support the delivery of inclusive and accessible public events by the City and community.
2.3.1	Deliver a wide variety of health and wellbeing, aquatic and recreational programs and activities at the Doone Kennedy Hobart Aquatic Centre.
2.3.1 2.3.2 7.3.1	Encourage and support sports at all levels through the provision of high quality and accessible sporting and recreation facilities.
2.3.1 6.5.4	Enhance and renew the Regatta Grounds precinct through parking improvements, cycling connections and stormwater management.
2.3.2 7.3.1	Progress development of the masterplan for the Cornelian Bay precinct in partnership with key stakeholders.

Strategic Reference	Major Actions and Initiatives
2.3.4	Encourage healthy living and active lifestyles through participation in the Healthy Hobart program.
2.4.1	Finalise the Hobart Community Recovery Plan 2021-24.
2.4.1 2.4.4	Ensure the City is prepared for a range of emergency situations, including natural disaster and pandemic-related risks, and ready to activate response procedures and implement the City's emergency management plans.
2.4.1 2.4.5 2.4.6	Update the Hobart Municipal Management Plan with a focus on: <ul style="list-style-type: none"> <li>a. Emergency relocation of crowds.</li> <li>b. Impact and damage assessment to the transport network from emergency events.</li> <li>c. Review of planning, licensing conditions and other safety measures required for major events.</li> <li>d. Integration of evacuation and recovery centre locations.</li> </ul>
2.4.3	Improve public awareness and education to increase community understanding and encourage compliance with Smoke-Free Hobart in the CBD.
2.4.4 2.4.3	Provide support and assistance with the rollout of the state's COVID-19 vaccination program in collaboration with all levels of government.
2.4.5	Collaborate with government, business and community partners to address matters of public safety and security in Hobart's retail and entertainment precincts.
2.4.5 8.2.4 5.3.5	Implement a multi-functional, multi-agency operations centre to enhance public safety and security.

## 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

- Activation Programs and Tourism
- Community and Culture
- Economic Development, Engagement and Strategy
- Parks and Recreation

Strategic Reference	Major Actions and Initiatives
3.1.1 8.1.4	Evaluate the success of Hobart Current 2021 and incorporate community feedback in planning for Hobart Current 2023.
3.1.4 3.1.5	Celebrate and commemorate 40 years of the Hobart Christmas pageant through delivery of an anniversary event in December 2021.
3.1.5 3.4.1	Plan and deliver the 2021-22 activation programs and events for the festive season (Christmas and New Year).
3.1.5	Develop and implement a transition plan for the future of the Taste of Tasmania.
3.2.1 3.2.3 2.1.3	Deliver the program of temporary public artwork in collaboration with Aboriginal people to support truth-telling about the lives of William Lanne and William Crowther, and commence development of a permanent response to the statue in Franklin Square.
3.3.5 3.3.1 3.2.1	Increase opportunities for mentorship and community participation in the arts for people living with disability through the Ability to Create program.
3.4.1	Finalise and implement an activation framework to provide clear direction for the City in promoting a sense of place, public safety, and social and economic vibrancy.
3.4.1 3.4.2	Support the activation of parks, reserves and other outdoor venues and spaces, ensuring they are fit-for purpose for a range of programs and activities.

## 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

- Activation Programs and Tourism
- City Placemaking
- Economic Development, Engagement and Strategy
- Strategic Infrastructure Management



Strategic Reference	Major Actions and Initiatives
4.1.2	Investigate and research methods to promote Hobart as an attractive destination for study, visitation, investment and lifestyle and establish future directions.
4.1.4	Upgrade existing City asset management plans utilising IPWEA NAMS+ to align with national standards for reporting.
4.1.6	Implement and monitor the Economic Recovery Plan to address the ongoing short-term and long-term impacts of COVID-19.
4.3.2 8.4.6	Continue to provide targeted support to the local business community through a refresh of business communications assets and tools and increase awareness of the <i>Hello Hobart</i> program.
4.3.2 8.4.4 8.4.5	Implement recommendations arising from community and stakeholder engagement for the North Hobart Retail and Entertainment Precinct, including Condell Place Car Park.
4.3.3 4.3.5 3.1.5	Celebrate the 50 <sup>th</sup> anniversary of Salamanca Market in January 2022 through various events.
4.3.3 7.3.3 1.3.1 1.2.1	Improve customer and stallholder experiences at the Salamanca Market through an increased footprint involving new trading zones and improved crowd movement, subject to post-pandemic conditions.
4.3.6	Facilitate tourism bookings, expert advice and information for visitors and tourists through the Hobart Tourism Hub and Hobart Info Hub.
4.3.7	Maintain Sister and Friendship City relationships through remote communications and community events, and work towards re-establishing a more focused program post-pandemic.
4.5.1 4.5.5	Develop and implement an Economic Development Strategy to drive economic outcomes and reinforce the City's role in recovery.
4.5.3	Participate in the Antarctic Cities Project in collaboration with other Antarctic cities, to build relationships and support relevant initiatives including the Antarctic Youth Coalition.

## 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

- City Information and Technology
- City Mobility
- Smart and Sustainable City

<b>Strategic Reference</b>	<b>Major Actions and Initiatives</b>
5.1.1	Commence preparation of the Hobart Parking Policy and the Hobart Centres Kerbside Allocation Review.
5.1.6 6.3.4	Work with the community and stakeholders to explore, identify and implement innovative approaches to reduce emissions and pollution.
5.2.2 5.2.6 5.3.1	In collaboration with all levels of government develop trials, guidelines and installation advice for new and emerging road and traffic devices and markings to support pedestrians and bicycles.
5.2.6 5.2.7	Implement the Primary Walking and Cycling Network Plans, to improve user experience and ensure public safety.
5.2.7	Complete the Campbell and Argyle Streets Bicycle Lanes trial, including installation of signals at Collins and Molle Street.
5.3.1 5.3.3	Deliver a technology roadmap to promote an improved understanding of current and future information and technology programs available to support organisational growth, agility and responsiveness.
5.3.7 2.2.7 8.5.1	Promote and encourage greater use of the EasyPark mobile application through community education and awareness of new digital and touchless City services.
5.4.1 8.1.1	Implement an integration environment between business platforms, systems and end-points.
5.4.3 8.1.5 8.1.3 8.1.4	Develop the Hobart Transport System Performance Monitoring Report for the purposes of ongoing and longitudinal reporting.
5.4.3	Ensure improved customer experiences and business continuity through renewal of the organisation's network, server, disaster recovery and desktop assets and services.
5.4.3 5.4.1	Replace the City's legacy record management system with a contemporary information content store and collaboration platform.
5.4.3 5.4.1	Enhance current and future business processes and operations through various Microsoft reporting tools.

## 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

- Bushland
- Cleansing and Solid Waste
- Environmental Health
- Projects and Support Services
- Stormwater

<b>Strategic Reference</b>	<b>Major Actions and Initiatives</b>
6.1.2 6.5.1	Identify and pursue strategic opportunities to acquire land that enhances open space connectivity and the existing network of walking, cycling, mountain biking and other recreational tracks and trails, reserves and public spaces.
6.1.3 6.1.4 1.1.4	Promote biodiversity and the conservation of local flora and fauna through habitat management, restoration and protection.
6.2.1 6.2.2 6.2.3	Continue to deliver the Bush Adventures Program.
6.2.2 6.5.2 6.5.5 1.1.1	Encourage and promote the safe and appropriate use of kunanyi / Mt Wellington and enhance visitor experiences through delivery of the Mountain Ambassadors Program.
6.2.3 6.2.2	Work with the community to improve the natural environment through Bushcare, Trackcare and specific programs of weed control and native fauna protection.
6.3.1	Deliver waste services in accordance with the Waste Management Strategy 2015-2030.
6.3.1 6.3.5	Evaluate overall levels of business compliance with the Single-use Plastics By-law 1 of 2020.
6.3.2	Progress implementation of the Environmental Management Plan for the McRobies Gully landfill.
6.3.3	Progress the introduction of electric vehicle and hybrid vehicle options to enhance the City's passenger transport fleet.
6.3.7	Finalise and implement the City of Hobart Stormwater Strategy.
6.4.11	Work with community stakeholders to develop a regional greenhouse gas target.
6.5.4 6.5.1	Maintain and improve walking tracks, mountain bike tracks, access and facilities to encourage and promote community use.

## 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

- City Placemaking
- Cleansing and Solid Waste
- Community and Culture
- Parks and Recreation
- Roads and Capital Works
- Smart and Sustainable City
- Stormwater
- Strategic Infrastructure Management

Strategic Reference	Major Actions and Initiatives
7.1.1 7.1.2 7.1.3 2.2.6	Collaborate with the government, not-for-profit sector and people with lived experience to address issues of housing and homelessness.
7.3.1	Deliver the Clearys Gates Road Safety Improvement Project.
7.3.1	Complete drainage and irrigation upgrades to Sandown Park Oval.
7.3.1	Complete replacement of the Darcy Street retaining wall.
7.3.1	Complete the Wynyard Street Bridge upgrade.
7.3.1	Complete repairs and renewal works for the left bank wall of the Hobart Rivulet in the vicinity of 82-84 Liverpool Street in the CBD.
7.3.1	Complete relining works for the stormwater mains at Parliament Lawns and Salamanca Place.
7.3.1 7.3.4	Complete the replacement of public toilet facilities at Long Beach Reserve.
7.3.1 7.3.4	Complete the construction of new public toilet facilities and barbecue shelter at Tolmans Hill Playground.
7.3.2 8.5.10 8.5.6	Replace existing asset management software, ensuring integration with current and emerging business platforms and processes.
7.3.4	Cleanse and maintain the City's public areas including streets, footpaths, parks, reserves, public areas and public toilet facilities.
7.4.1	Support progress of the Hobart Local Provisions Schedule and implementation through the Tasmanian Planning Scheme.
7.4.2 7.4.4 1.2.5	Continue to progress the Central Hobart Precincts Plan in collaboration with the Tasmanian Government, the University of Tasmania and the community.
7.4.8 7.4.7	Develop a sophisticated digital spatial representation of the city's complex built physical environments.

## 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

- City Innovation
- Communications
- Doone Kennedy Hobart Aquatic Centre
- Economic Development, Engagement and Strategy
- Office of the CEO
- Rates, Procurement and Finance Operations
- Strategic Financial Management



<b>Strategic Reference</b>	<b>Major Actions and Initiatives</b>
8.1.1	Enhance financial business practices, including management systems and reporting, ensuring procedures are practical and user-friendly.
8.1.1	Provide strong strategic financial management and leadership, ensuring long-term sustainability and accountability.
8.1.1 8.1.2 8.5.9	Prepare an annual budget that reflects community values and the corporate priorities outlined in the Long-term Financial Management Plan.
8.1.3 8.1.4	Commission a community satisfaction survey with a representative sample of the community.
8.1.3	Develop strategic measures to track the progress of the strategic plan.
8.1.4 5.4.2 2.2.4	Ensure the learnings, opportunities and broader understanding of community needs and priorities arising as a result of COVID-19 continue to guide decision-making, processes and responses.
8.1.5 8.5.6	Implement a new human resources management system, ensuring best practice approaches to privacy and data capture.
8.2.1 8.2.3	Provide support and leadership on implementation of the Hobart City Deal and Greater Hobart Act.
8.2.3 5.3.1	Chair and actively participate in the Greater Hobart City Deal Smart Cities Working Group to progress a business case for the development of a Digital Twin and a Smart Precinct Strategy.
8.2.4	Actively participate in the activities of the Council of Capital City Lord Mayors (CCCLM) and support projects that benefit Hobart.
8.3.2 8.1.1	Develop and implement a diversity and inclusion framework to guide recruitment, participation, and safety and support services across all areas of the City of Hobart workforce.
8.4.2 7.4.7	Provide a variety of opportunities for the community to engage and provide input into City projects, policies and programs.
8.4.2 8.4.3	Develop and implement a corporate communications strategy based on best practice principles and methods to guide and strengthen public communications.

Strategic Reference	Major Actions and Initiatives
8.5.1 8.1.1 2.2.7	Ensure customer-facing platforms and processes are user friendly, easy to access, customer focused and respond to community needs, including new approaches to the corporate website and payment methods.
8.5.2	Deliver a fraud and corruption awareness training program for all employees.
8.5.2 8.1.2	Undertake a review of internal workplace health and safety processes to enhance risk management, accountability, communications and consistency across the organisation.
8.5.2 8.5.5 8.3.4 8.1.1	Implement a workforce plan that reflects the values of the City and the community and ensures effective and efficient service delivery.
8.5.4 8.1.2	Review and update the City of Hobart Procurement Strategy 2018-2022, implement relevant actions for the current financial year, and commence development of the next strategy.
8.5.7 8.4.6	Identify and actively manage reputational risks for the organisation.
8.5.8	Undertake rates modelling to inform an appropriate rating strategy that supports the outcomes of the next Hobart municipal revaluation.
8.5.9 8.1.1 8.1.2	Review and update the Long-term Financial Management Plan, ensuring sustainable, flexible and adaptable financial management to respond to changing business needs and disruption, such as a global pandemic.
8.5.11 2.3.2 7.3.1	Enhance and improve accessibility, inclusivity and capability for the Doone Kennedy Hobart Aquatic Centre by seeking funding opportunities to progress the Centre's redevelopment masterplan and ensure it meets current and future community needs.

## 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. The estimates must be adopted by an absolute majority of the Council before 31 August.

A summary by budget function is provided at Appendix 1.

### Operating Result Forecast

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	2022-23 Budget (\$'000)	2023-24 Budget (\$'000)	2024-25 Budget (\$'000)	2025-26 Budget (\$'000)
<b>EXPENSES</b>							
Labour	(60,104)	(58,040)	(61,741)	(63,695)	(65,713)	(67,795)	(69,944)
Materials and services	(29,024)	(27,666)	(27,093)	(27,924)	(27,829)	(28,573)	(29,115)
Depreciation	(23,577)	(27,210)	(27,325)	(26,773)	(27,966)	(29,010)	(29,602)
Fire Levy	(11,388)	(11,388)	(12,553)	(13,306)	(14,105)	(14,951)	(15,848)
Energy costs	(2,272)	(2,249)	(2,381)	(2,434)	(2,495)	(2,558)	(2,622)
Bad Debts	(350)	(350)	(351)	(316)	(322)	(328)	(335)
Finance Costs	(2,004)	(1,979)	(2,229)	(2,141)	(1,979)	(1,829)	(1,687)
Asset write-offs	(2,561)	(2,561)	(3,501)	(2,802)	(2,732)	(2,679)	(2,607)
Other	(4,267)	(3,734)	(4,014)	(4,104)	(4,207)	(4,312)	(4,420)
	<b>(135,547)</b>	<b>(135,179)</b>	<b>(141,187)</b>	<b>(143,496)</b>	<b>(147,348)</b>	<b>(152,035)</b>	<b>(156,179)</b>
<b>REVENUES</b>							
Rates and Charges	83,540	89,175	94,802	98,547	102,439	106,281	110,479
Parking Fines	5,836	5,836	5,250	5,355	5,462	5,571	5,682
Operating Grants	3,356	3,455	3,366	3,434	3,502	3,572	3,644
Distributions from TasWater	1,086	1,086	2,606	2,606	2,606	2,606	2,606
Rents	2,388	1,826	2,801	2,857	2,914	2,973	3,032
Interest	225	221	130	275	228	293	410
Fire Levy collection fee	455	457	502	532	564	598	634
Fees and Charges - car parks	9,442	9,442	10,857	11,128	11,406	11,692	11,984
Fees and Charges - on street parking	5,270	5,270	8,175	8,380	8,589	8,804	9,024
Fees and Charges - other	12,143	10,596	14,191	14,470	14,754	15,044	15,383
	<b>123,741</b>	<b>127,363</b>	<b>142,680</b>	<b>147,584</b>	<b>152,466</b>	<b>157,434</b>	<b>162,879</b>
<b>Underlying Surplus</b>	<b>(11,806)</b>	<b>(7,816)</b>	<b>1,493</b>	<b>4,087</b>	<b>5,118</b>	<b>5,399</b>	<b>6,700</b>
<b>CAPITAL ITEMS</b>							
Capital Grants	685	685	9,037	685	685	685	685
Financial assistance grants in advance	(1,411)	(1,411)	(1,397)	-	-	-	-
2018 Storm Event	-	527	-	-	-	-	-
Asset sales	-	-	-	-	-	3,259	-
<b>Surplus</b>	<b>(12,532)</b>	<b>(8,015)</b>	<b>9,133</b>	<b>4,772</b>	<b>5,803</b>	<b>9,343</b>	<b>7,385</b>

## Cash Flow Forecast

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	2022-23 Budget (\$'000)	2023-24 Budget (\$'000)	2024-25 Budget (\$'000)	2025-26 Budget (\$'000)
<b>OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee Costs	(54,184)	(52,625)	(56,153)	(57,855)	(59,610)	(61,419)	(63,284)
Fire Levy	(11,388)	(11,388)	(12,553)	(13,306)	(14,105)	(14,951)	(15,848)
Interest	(1,944)	(1,919)	(2,169)	(2,087)	(1,927)	(1,778)	(1,637)
Other	(38,495)	(37,018)	(34,686)	(34,493)	(34,549)	(35,774)	(36,706)
	<b>(106,011)</b>	<b>(102,950)</b>	<b>(105,561)</b>	<b>(107,741)</b>	<b>(110,191)</b>	<b>(113,922)</b>	<b>(117,475)</b>
<b>Receipts</b>							
Rates and Charges	83,715	89,392	94,879	98,683	102,571	106,414	110,601
Grants	3,353	3,322	3,369	3,431	3,500	3,570	3,641
Fees and Charges	33,163	32,517	38,489	39,232	40,177	41,103	42,051
Rents	2,416	1,854	2,771	2,856	2,913	2,971	3,030
Interest	225	221	130	275	228	293	410
	<b>122,872</b>	<b>127,306</b>	<b>139,638</b>	<b>144,477</b>	<b>149,389</b>	<b>154,351</b>	<b>159,733</b>
<b>Net Cash Flows from Operating Activities</b>	<b>16,861</b>	<b>24,357</b>	<b>34,075</b>	<b>36,736</b>	<b>39,197</b>	<b>40,429</b>	<b>42,259</b>
<b>INVESTING ACTIVITIES</b>							
<b>Payments</b>							
<b>New Assets / Upgrades</b>							
- Infrastructure	(9,177)	(9,177)	(10,864)	(5,729)	(4,638)	(5,364)	(3,828)
- Property	-	-	-	-	-	-	-
- Plant and Equipment	(146)	(218)	(2,221)	(120)	(123)	(175)	(130)
<b>Asset Renewal</b>							
- Infrastructure	(23,437)	(20,140)	(21,595)	(27,592)	(23,763)	(24,968)	(25,528)
- Plant and Equipment	(1,354)	(4,651)	(5,777)	(7,374)	(3,647)	(3,929)	(3,020)
	<b>(34,114)</b>	<b>(34,186)</b>	<b>(40,457)</b>	<b>(40,816)</b>	<b>(32,171)</b>	<b>(34,436)</b>	<b>(32,506)</b>
<b>Receipts</b>							
Grants	685	685	9,037	685	685	685	685
Distributions from TasWater	1,086	1,086	2,606	2,606	2,606	2,606	2,606
Plant and equipment sales	699	699	655	834	855	6,876	898
Property sales	-	-	-	-	-	-	-
	<b>2,470</b>	<b>2,470</b>	<b>12,298</b>	<b>4,125</b>	<b>4,146</b>	<b>10,167</b>	<b>4,189</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(31,644)</b>	<b>(31,716)</b>	<b>(28,159)</b>	<b>(36,690)</b>	<b>(28,025)</b>	<b>(24,269)</b>	<b>(28,316)</b>
<b>FINANCING ACTIVITIES</b>							
<b>Payments</b>							
Debt Repayment	(4,429)	(4,356)	(5,371)	(4,778)	(4,612)	(4,460)	(4,600)
<b>Receipts</b>							
Proceeds from Borrowings	15,000	15,000	5,000	-	-	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>10,571</b>	<b>10,644</b>	<b>(371)</b>	<b>(4,778)</b>	<b>(4,612)</b>	<b>(4,460)</b>	<b>(4,600)</b>
<b>Net Cash Surplus / (Deficit)</b>	<b>(4,212)</b>	<b>3,284</b>	<b>5,546</b>	<b>(4,732)</b>	<b>6,561</b>	<b>11,701</b>	<b>9,342</b>
<b>Opening Cash On Hand</b>	<b>25,443</b>	<b>18,676</b>	<b>21,960</b>	<b>27,506</b>	<b>22,774</b>	<b>29,335</b>	<b>41,036</b>
<b>Closing Cash On Hand</b>	<b>21,231</b>	<b>21,960</b>	<b>27,506</b>	<b>22,774</b>	<b>29,335</b>	<b>41,036</b>	<b>50,379</b>

### Reserved Funds Balance Sheet Forecast

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	2022-23 Budget (\$'000)	2023-24 Budget (\$'000)	2024-25 Budget (\$'000)	2025-26 Budget (\$'000)
Closing Cash Balance ear-marked for (a): -							
Contributions in Lieu of Public Open Space	114	134	134	134	134	134	134
Contributions in Lieu of Parking	135	135	135	135	135	135	135
Heritage Account	1,467	1,523	1,483	1,449	1,415	1,380	1,345
Plant and equipment carry-forwards (b)	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bushland Fund	282	158	208	258	308	358	408
McRobies Gully Tip Site Rehabilitation	3,417	3,440	3,499	3,552	3,599	3,325	2,824
Other project carry-forwards (b)	-	-	2,500	2,500	2,500	2,500	2,500
Refundable Deposits	1,534	1,421	1,421	1,421	1,421	1,421	1,421
Future Asset Renewal Reserve	12,282	13,150	16,126	11,325	17,824	29,783	39,612

- 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 decisions and may therefore be used for other purposes at Council's discretion.
- b) Carry-forwards take account of annual allocations included in the capital 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

	2020-21 Budget (\$'000)	2020-21 Forecast (\$'000)	2021-22 Budget (\$'000)	2022-23 Budget (\$'000)	2023-24 Budget (\$'000)	2024-25 Budget (\$'000)	2025-26 Budget (\$'000)
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	21,231	21,960	27,506	22,774	29,335	41,036	50,379
Inventories	331	331	331	331	331	331	331
Receivables	3,969	3,969	4,055	4,240	4,389	4,537	4,697
Other	22	22	22	22	22	22	22
	<b>25,553</b>	<b>26,282</b>	<b>31,914</b>	<b>27,367</b>	<b>34,077</b>	<b>45,926</b>	<b>55,429</b>
<b>Non-Current Assets</b>							
Receivables	226	226	226	226	226	226	226
Investment in TasWater	190,946	146,616	146,616	146,616	146,616	146,616	146,616
Property, plant and equipment	1,666,320	1,912,195	1,930,580	1,913,024	1,923,246	1,925,696	1,899,507
	<b>1,857,492</b>	<b>2,059,037</b>	<b>2,077,422</b>	<b>2,059,866</b>	<b>2,070,088</b>	<b>2,072,538</b>	<b>2,046,349</b>
<b>Total Assets</b>	<b>1,883,045</b>	<b>2,085,319</b>	<b>2,109,337</b>	<b>2,087,234</b>	<b>2,104,165</b>	<b>2,118,464</b>	<b>2,101,777</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Payables	(4,837)	(4,838)	(5,232)	(5,403)	(5,592)	(5,788)	(5,992)
Trust, Deposits, Retention	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)
Employee benefits	(20,351)	(16,521)	(20,721)	(25,088)	(29,630)	(34,353)	(39,265)
Unearned Revenue	(446)	(446)	(446)	(446)	(446)	(446)	(446)
Loans	(4,968)	(5,371)	(4,778)	(4,612)	(4,460)	(4,600)	(4,746)
	<b>(33,492)</b>	<b>(30,066)</b>	<b>(34,066)</b>	<b>(38,439)</b>	<b>(43,017)</b>	<b>(48,077)</b>	<b>(53,339)</b>
<b>Non-Current Liabilities</b>							
Employee benefits	(5,088)	(4,131)	(5,180)	(6,272)	(7,407)	(8,588)	(9,816)
DB Superannuation Scheme	(854)	(3,735)	(4,077)	(4,462)	(4,891)	(5,366)	(5,889)
Loans	(60,752)	(60,755)	(60,978)	(56,366)	(51,906)	(47,306)	(42,560)
Other Provisions	(4,363)	(4,760)	(4,622)	(4,472)	(4,314)	(3,834)	(3,125)
	<b>(71,057)</b>	<b>(73,381)</b>	<b>(74,857)</b>	<b>(71,572)</b>	<b>(68,518)</b>	<b>(65,094)</b>	<b>(61,390)</b>
<b>Total Liabilities</b>	<b>(104,549)</b>	<b>(103,447)</b>	<b>(108,923)</b>	<b>(110,011)</b>	<b>(111,535)</b>	<b>(113,171)</b>	<b>(114,730)</b>
<b>Net Assets</b>	<b>1,778,496</b>	<b>1,981,872</b>	<b>2,000,413</b>	<b>1,977,223</b>	<b>1,992,630</b>	<b>2,005,293</b>	<b>1,987,048</b>

## 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 power to expend monies was linked to the delegation categories shown in this Annual Plan.

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 budget functions 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 FOR 2021-22 ARE TO:

- Improve public awareness and education to increase community understanding and encourage compliance with Smoke-Free Hobart in the CBD.
- Provide support and assistance with the rollout of the state's COVID-19 vaccination program in collaboration with all levels of government.
- Evaluate overall levels of business compliance with the Single-use Plastics By-law 1 of 2020.

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: General Manager	2021-22 Operating Expenditure	2021-22 Operating Revenue	2021-22 Net Operating	2021-22 Net Property, Plant & Equipment	2021-22 Net Projects
11105 - Civic Support	446,504	0	446,504	0	0
11110 - General Manager's Office	1,090,847	(225,000)	865,847	0	0
11115 - City Marketing	295,461	0	295,461	0	0
Total (11 - General Manager Division)	1,832,812	(225,000)	1,607,812	0	0

Division: City Governance	2021-22 Operating Expenditure	2021-22 Operating Revenue	2021-22 Net Operating	2021-22 Net Property, Plant & Equipment	2021-22 Net Projects
12135 - Administration - City Governance	160,387	0	160,387	0	0
12145 - Halls	714,771	(145,000)	569,771	0	0
12150 - Council Support	695,808	0	695,808	0	0
12151 - Aldermanic Allowances and Expenses	678,300	0	678,300	0	0
12155 - Legal and Property Services	485,608	(565,000)	(79,393)	0	0
12160 - Customer Services	963,886	(300,000)	663,886	0	0
12170 - People and Capability	2,673,562	(140,000)	2,533,562	0	0
12175 - Risk and Governance	1,351,727	0	1,351,727	0	0
12180 - Strategic Financial Management	797,286	0	797,286	767,646	0
12184 - Finance Operations	3,542,083	(4,226,449)	(684,366)	0	0
12197 - Commercial Services and Rates	13,606,591	(94,660,217)	(81,053,626)	0	680,000
12198 - Central Procurement	1,153,329	0	1,153,329	0	0
Total (12 - City Governance Division)	26,823,336	(100,036,666)	(73,213,329)	767,646	680,000

Division: City Amenity	2021-22 Operating Expenditure	2021-22 Operating Revenue	2021-22 Net Operating	2021-22 Net Property, Plant & Equipment	2021-22 Net Projects
<b>13 - City Amenity Division</b>					
13210 - City Amenity Divisional	492,689	(50,000)	442,689	0	0
13211 - Administration - City Amenity	684,275	0	684,275	0	0
13215 - After Hours Service	173,360	0	173,360	0	0
13220 - Bushland and Reserves Management	397,746	(30,433)	367,313	0	0
13225 - Open Space Planning	347,765	0	347,765	0	0
13230 - Bushland Recreation and Engagement	650,214	(255,140)	395,074	0	0
13235 - Fire and Biodiversity	1,550,288	(5,000)	1,545,288	0	0
13240 - Bushland Infrastructure	1,946,282	0	1,946,282	0	2,585,000
13250 - Parks and Recreation Management	303,517	0	303,517	0	0
13255 - Parks and Reserves	3,320,489	(308,492)	3,011,997	0	4,737,950
13260 - Recreation and Projects	1,756,756	(19,800)	1,736,956	0	1,759,379
13262 - Turf Operations	2,309,988	(415,000)	1,894,988	0	0
13265 - Hobart Regional Nursery	382,820	(21,424)	361,396	0	0
13270 - Arboricultural Services	1,652,220	(10,000)	1,642,220	0	50,000
13285 - Project and Support Services Management	510,401	(140,000)	370,401	0	0
13290 - Emergency Management	61,400	0	61,400	0	150,000
13295 - Corporate Property and Administration	3,164,520	0	3,164,520	0	4,458,000
13300 - Clearys Gates Support Services	587,459	0	587,459	0	0
13305 - Fabrication Services	262,491	0	262,491	0	0
13310 - Fleet Operations - Major Plant	(616,462)	0	(616,462)	655,000	0
13311 - Fleet Operations - Heavy Vehicles	(777,772)	0	(777,772)	1,306,780	0
13312 - Fleet Operations - Light Vehicles	(384,866)	0	(384,866)	545,000	0
13313 - Fleet Operations - Minor Plant	(464)	0	(464)	300,000	0
13353 - Road Project Planning	491,906	0	491,906	0	0
13354 - Roads Management	249,985	(1,755,941)	(1,505,956)	0	0
13355 - Road Assets Strategy & Planning	705,355	0	705,355	0	11,742,375
13356 - Road Services	797,653	(30,000)	767,653	0	0
13357 - Road Maintenance and Capital Works	2,569,326	(12,523)	2,556,804	0	0
13360 - Stormwater Asset Strategy and Planning	697,235	0	697,235	0	3,052,601
13361 - Stormwater Management	193,398	0	193,398	0	0
13362 - Stormwater Services	514,779	0	514,779	0	0
13363 - Stormwater Maintenance and Capital Works	751,013	(100,000)	651,013	0	0
13370 - Solid Waste Strategy and Projects	461,168	(240,000)	221,168	0	0
13375 - City Cleansing	3,416,968	(35,248)	3,381,720	0	0
13380 - Solid Waste Operations and Maintenance	5,084,620	(907,000)	4,177,620	0	315,000
13385 - McRobies Gully WMC Operations and Management	1,227,598	(2,056,000)	(828,402)	0	0
<b>Total (13 - City Amenity Division)</b>	<b>35,936,124</b>	<b>(6,392,001)</b>	<b>29,544,123</b>	<b>2,806,780</b>	<b>28,850,305</b>

Division: Community Life	2021-22 Operating Expenditure	2021-22 Operating Revenue	2021-22 Net Operating	2021-22 Net Property, Plant & Equipment	2021-22 Net Projects
14405 - Community Life Divisional	378,640	0	378,640	0	0
14406 - Administration - Community Life	481,719	0	481,719	0	0
14407 - Communications	458,698	0	458,698	0	0
14415 - Tourism	308,984	(10,000)	298,984	0	0
14420 - Tasmanian Travel and Information Centre	670,629	(641,100)	29,529	0	0
14425 - Salamanca Market	1,119,632	(1,116,251)	3,381	100,000	0
14430 - Taste of Tasmania	300,000	0	300,000	0	0
14440 - Creative Communities	655,612	0	655,612	0	0
14445 - Community Programs	699,897	(80,575)	619,322	0	0
14450 - Equal Access Co-ordination	67,513	0	67,513	0	0
14455 - Positive Ageing	591,807	(282,346)	309,461	0	0
14460 - Youth Programs	379,649	(36,933)	342,716	0	0
14470 - Economic Development	1,194,499	0	1,194,499	0	0
14475 - Future and Engaged Communities	779,991	0	779,991	0	0
14480 - Events, Activations and Grants	900,730	(114,500)	786,230	50,000	0
14481 - Grants and Assistance Accounts	1,197,176	0	1,197,176	0	0
14490 - Administration, Management and Marketing DKHAC	1,388,141	0	1,388,141	315,000	250,000
14491 - Customer Service and Events - DKHAC	1,430,210	(2,526,000)	(1,095,790)	0	0
14492 - Facility Operations - DKHAC	1,933,355	0	1,933,355	0	0
14493 - Programs and Participation - DKHAC	1,576,725	(2,239,754)	(663,029)	0	0
<b>Total (14 - Community Life Division)</b>	<b>16,513,606</b>	<b>(7,047,459)</b>	<b>9,466,146</b>	<b>465,000</b>	<b>250,000</b>

Division: City Planning	2021-22 Operating Expenditure	2021-22 Operating Revenue	2021-22 Net Operating	2021-22 Net Property, Plant & Equipment	2021-22 Net Projects
15505 - City Planning Divisional	1,271,722	(28,200)	1,243,522	0	0
15506 - Administration – City Planning	757,713	(25,000)	732,713	0	0
15507 - City Placemaking	0	0	0	0	675,000
15510 - Public Health Services	1,204,663	(470,158)	734,505	0	0
15520 - Development Compliance	1,376,209	(1,317,375)	58,834	0	0
15525 - Legal and Animal Management	794,000	(299,620)	494,380	0	0
15530 - Development Appraisal	2,403,560	(1,302,700)	1,100,860	0	0
15535 - Planning Policy	600,013	(62,000)	538,013	0	0
15545 - Heritage and Conservation	517,830	(77,000)	440,830	0	0
15550 - Surveying Services	909,668	(32,455)	877,213	0	0
15555 - Design Services	1,006,041	0	1,006,041	0	0
15560 - Traffic Strategy and Projects	1,165,507	(488,500)	677,006	0	3,415,449
<b>Total (15 - City Planning Division)</b>	<b>12,006,925</b>	<b>(4,103,008)</b>	<b>7,903,917</b>	<b>0</b>	<b>4,090,449</b>

Division: City Innovation	2021-22 Operating Expenditure	2021-22 Operating Revenue	2021-22 Net Operating	2021-22 Net Property, Plant & Equipment	2021-22 Net Projects
16575 - City Innovation Divisional	578,525	0	578,525	0	0
16576 - Administration - City Innovation	324,527	0	324,527	0	0
16577 - City Information and Technology	5,889,776	0	5,889,776	2,275,165	1,050,000
16578 - Smart and Sustainable City	10,735,645	(24,876,600)	(14,140,955)	0	1,722,000
16579 - Strategic Infrastructure Management	2,498,903	0	2,498,903	0	0
<b>Total (16 - City Innovation Division)</b>	<b>20,027,376</b>	<b>(24,876,600)</b>	<b>(4,849,225)</b>	<b>2,275,165</b>	<b>2,772,000</b>

<b>Total of All Divisions */**</b>	<b>113,140,179</b>	<b>(142,680,735)</b>	<b>(29,540,556)</b>	<b>6,314,591</b>	<b>36,642,754</b>
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\*The division totals do not include:

- Depreciation.
- Asset write-offs.
- Adjustments to Defined Benefits Superannuation Scheme.

\*\*Function totals do not include:

- Rehabilitation costs for the landfill site.





# LONG TERM FINANCIAL MANAGEMENT PLAN

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**2022 – 2042**



City of **HOBART**

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## 1. Executive Summary

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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.

Following Council's initial response to the COVID-19 health crisis in 2019-20, Council has continued to experience financial challenges. Over the course of the last year business operations, for the most part have returned to a semblance of normality. Some of Council's operations continue to operate at reduced capacity in accordance with health advice to protect the health and wellbeing of our community.

COVID-19 has presented an opportunity for the Council to reconsider its Long Term Financial Management Plan (LTFMP) and redefine what the pathway to sustainability looks like, with a particular focus on the growth the city is currently experiencing and is likely to continue to experience for some time.

As Council continues its transition out of the pandemic the focus will be on continuing to deliver programs, services and works with a review of the budget outlook producing a mid-year revised budget and Long Term Financial Management Plan.

The focus of this LTFMP is therefore on ongoing sustainability, while meeting the needs and expectations of the community as a service provider and has been shaped by the on-going economic impacts of the COVID-19 pandemic. In the absence of another shock such as COVID-19 this plan forecasts with more certainty Council's transition to a financially sustainable position over the next few years.

Underpinning this plan are Council's current key financial strategies: moderate underlying surpluses, sufficient liquidity and cash flow to meet Council's obligations, minimal debt, and asset renewal requirements being satisfactorily funded.

Council has again adopted a conservative approach to its capital works program while prioritising the direction of funds to maintaining the existing asset base. Both the program and its funding strategy are 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 the plan:

- The achievement of modest underlying operating surpluses. Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range 1.05% to 5.27% of revenue, and averaging 3.74%. 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.
- On the back of COVID-19 and its impact on Council's financial resilience, Council has adopted a strategy in this plan to minimise debt. As a result, there will only be an increase in debt in the 2021-22 year with no further increases thereafter. The debt position for 2021-22 will see Council remain within reasonable benchmarks. The capital

works program over the next ten years has been recast to direct funding to renewal capital works which this plan has funded by Council's operations.

- Cash balances in the short term will initially be supported by increased debt until Council moves beyond the recovery period when forecasts indicate the City will be able to generate sufficient cash to fund its operations and the capital works program. Balances and cash flow requirements will need to be closely monitored and further refined to ensure adequate liquidity.
- The average renewal funding ratio over the next few years exceeds the benchmark for this key financial sustainability indicator while reaching 92% funding of forecast asset renewal requirements for 2021-22. 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% to 4.50% are required in the short to mid-term, and then remaining at 3.00% in the longer term. 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 aim to achieve 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

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### ***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 previously 974,364 tourists to the city annually. The City's visitor numbers dropped significantly due to COVID-19 travel restrictions. 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 \$142 million in 2021-22, comprising \$95 million of rates and charges and \$47 million of fees, charges and other income. Council has a workforce of 572 full time equivalent employees as at April 2021.

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 150 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 keeping rate rises to a minimum and having sound long-term financial management.

### 3. Council's Planning and Reporting Framework

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#### ***Strategic Framework***

The City of Hobart's Planning and Reporting Framework aligns operational, corporate and strategic plans to deliver services, programs and projects.

Hobart: A community vision for our island capital

The vision for 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.

The vision outlines what people value about Hobart and what they aspire to for its future. It guides the City of Hobart's work and calls on us to demonstrate long-term commitment to help create the Hobart our communities want.

The vision and its identity statements and pillars detail the values and special qualities that the community want to see reinforced, developed or improved and highlights the aspirations for the future of Hobart.

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 to deliver on the vision.

#### Capital City Strategic Plan 2019-29

A major review of the 2015-25 Capital City Strategic Plan was undertaken in 2019 which resulted in the development of the Capital City Strategic Plan 2019-29. The key elements of the Strategic Plan are drawn from the community vision. The Plan is built around the eight pillars in the vision and it will guide the City's work over the next ten years. It also recognises and plans for the key challenges and opportunities that Hobart faces now and into the future.

#### Annual Plan

The City is required, under section 71 of the Local Government Act 1993, to produce an Annual Plan that sets out the major actions and initiatives for the City for the financial year ahead. The Annual Plan is aligned to the Capital City Strategic Plan 2019-29, the Capital Works Program and other informing strategies.

The Plan demonstrates the capacity of the City of Hobart to achieve the strategies in the Strategic Plan and includes a summary of the budget estimates and major strategies to address public health goals and objectives.

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.

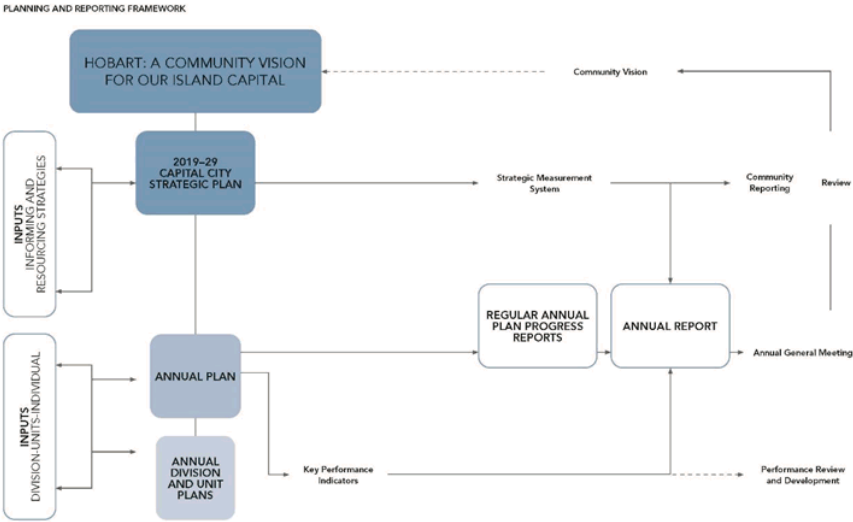
### ***Linkages with the Strategic Framework***

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

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

The 20-year Financial Management Plan and 20-year Asset Management Plan are integral documents that identify the resources required to deliver services and the City's capacity to achieve its strategic priorities. The 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

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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 2021-22 and concluding in 2041-42. The LTFMP is a 'living' document and is updated annually as part of Council's planning and budget process and on an ongoing basis to reflect changing internal and external circumstances. This year, as Council transitions from the impacts of the pandemic the City will update the budget outlook and long term forecasts.

#### ***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

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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 2021-22 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 in 2021-22 with that reduction maintained in future years as resolved by Council in 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 3.15%.
- The percentage of creditors' payable on average at year-end is 11.41%.
- 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 6.01%.
- The employee on-cost percentage relating to payroll tax, contribution scheme superannuation, and workers compensation insurance is 23.9%, with employee leave entitlements expense and defined benefit superannuation expense separately shown in the model.
- Capital expenditure continues to be lower than historical levels with an average of \$39 million assumed for each of the first ten years of the plan.
- Costs arising from Council's major development assistance policy commitments 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 historical analysis of cost and revenue increases over the last five years and include forecast increases expected to occur as Council transitions to a more financially sustainable long term position. These variables are summarised in the following table: -

		Year end 30 June	2023-25	2026-29	2030-33	2034-37	2038-42
Operating Items							
Inflows	Rate income increase (Council operations)	% change	2.75	2.75	2.75	3.00	3.00
	Rate increase (Fire levy)	% change	0.70	0.70	0.70	0.70	0.70
	Rate base growth	% change	0.50	0.50	0.50	0.50	0.50
	Parking - car parks	% change	2.50	2.50	2.50	2.50	2.50
	Parking - on-street	% change	2.50	2.50	2.50	2.50	2.50
	Parking - fines	% change	2.00	2.00	2.00	2.00	2.00
	Operating grants	% change	2.00	2.00	2.00	2.00	2.00
	Rent	% change	2.00	2.00	2.00	2.00	2.00
	Interest revenue rate	%	1.00	1.00	1.00	1.00	1.00
Outflows	Operating costs	% change	2.50	2.50	2.50	2.50	2.50
	Employee salary & wages	% change	3.00	3.00	3.00	3.00	3.00
	Fire levy	% change	6.00	6.00	6.00	6.00	6.00
	Energy costs	% change	2.50	2.50	2.50	2.50	2.50
	Interest expense rate	%	2.50	2.50	2.50	2.50	2.50

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 2021-22 Budget Estimates document provides further detail, but in relation to the 2021-22 budget: -

- Rate base growth (1.12%) due to development activity in the City.
- Parking revenue derived from carparks and on-street parking is forecast to return to pre COVID-19 levels. Revenue from parking fines will remain lower as Council sees an improvement in parking compliance in the City.
- Operating cost reductions are due to the ongoing reduction in some of Council's activities. 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 cost reduction initiatives implemented in 2020-21 will be largely maintained with the exception of the freeze on a wage increase. The forecast includes an assumption that employee salary and wages will increase by 2.4% under the Enterprise Agreement negotiations.

Forecasts from 2022-23 onwards are based, in the short term, on Council's recovery to normal operating levels, specifically;

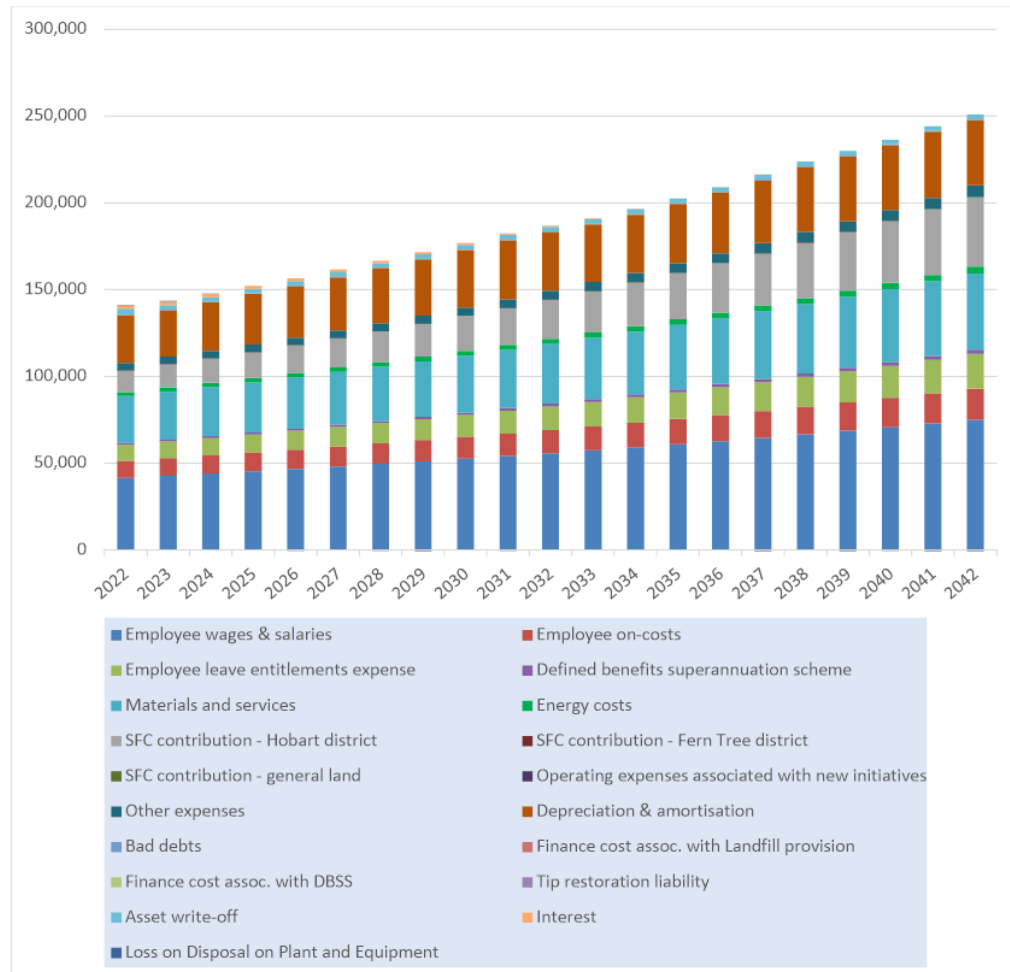
- Rate increases of 2.75% to 2032-33 increasing to 3% from 2033-34.
- Reduction in operating costs of \$6M in 2021-22 and maintained thereafter.
- Fees and charges revenue return largely to pre pandemic levels



## 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 2021-22 to 2041-42 (\$'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, redundancy payments (if any) and external labour.

Costs have been assumed to increase by 3.0% per annum from 2022-23. 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 Superannuation Scheme expense), payroll tax, and workers compensation less labour on-costs capitalised. On costs for these items are assumed at 23.88% of salaries and wages, based on the 2021-22 forecast rate.

### **Employee Leave Entitlements Expense**

Leave entitlements expense is the accrual for employee leave. This has been assumed to increase by 4.00% per annum from 2021-22 and thereafter.

### **Defined Benefit Superannuation Expense**

Defined benefit (DB) superannuation expense is the annual DB scheme expense, as actuarially determined. It is not the annual employer contributions to the scheme. This item is difficult to forecast as it is based on discount rates and interest rates among other factors. 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 include subcontractors, communication costs, consultants, licences, insurance, fuel, advertising and marketing, equipment maintenance, water and sewer charges, printing and stationery costs, and legal costs. This has been assumed to increase by 2.25% for 2022-23, then 2.50% thereafter.

### **Energy Costs**

Energy costs have been assumed to increase by 2.25% for 2022-23, then 2.50% thereafter.

### **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 its method of calculation by the State Fire Commission is prone to substantial fluctuations, year on year. Annual increases of 6% have been assumed from 2022-23.

### **Operating Expenses associated with New Initiatives**

This refers to additional or reduced expenses arising from new initiatives included in the financial model.

**Other Expenses**

Other expenses include grants and specific purpose benefits, audit fees, fringe benefits tax and land tax.

**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. 6.01% of parking fines are assumed to result in bad debts.

**Finance Costs of Tip Site Rehabilitation Provision**

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

**Finance Costs of Defined Benefit Superannuation Scheme**

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

**Tip Restoration Liability**

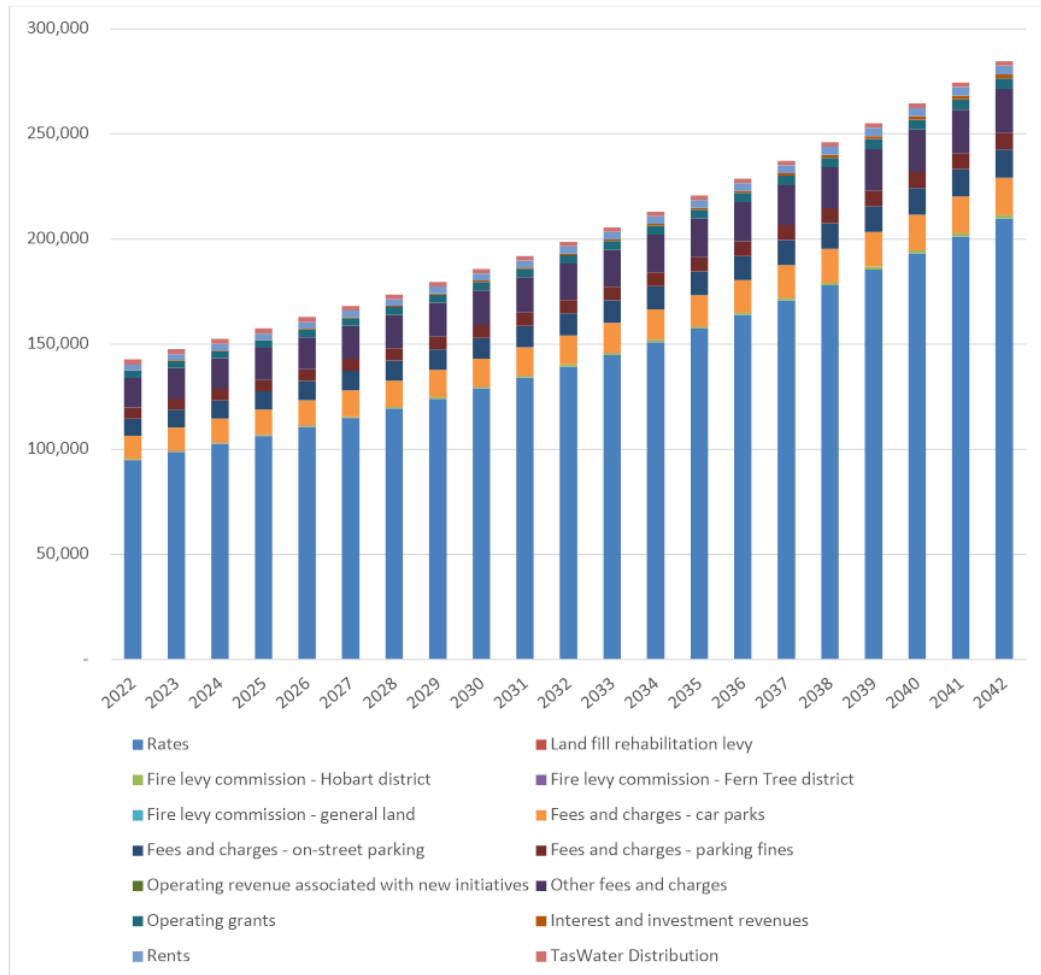
This is the increase (if any) in the current forecast cost of rehabilitating the McRobies Gully landfill site.

**Asset Write-offs**

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

**Interest Expense**

Interest expense is payable on debt. A commercial interest rate of 2.50% has been assumed for new debt forecast in the plan. Interest on new debt taken out in 2021-22 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 2021-22 to 2041-42 ('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) plus late payment penalties and interest, and supplementary rates. Increases from 2022-23 are forecast to be 2.75% per annum in the short term (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 4.00% is earned for collecting the State Government fire levy.

**Parking Fees & Charges**

From 2021-22 the City's parking fees will increase together with an increase in the usage of parking in the city as the COVID-19 recovery continues.

**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 been assumed to increase by 2.00% from 2022-23.

**Operating Grants**

Operating grants are predominantly the Commonwealth financial assistance grants and generally minor other operating grants. They are forecast to increase by 2.00% per annum from 2022-23.

In addition, for the three years from 2022 the State Government will provide relief for 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 1.00% has been assumed from 2023 on the basis of external forecasts. For 2022, interest income will be lower due to forecast lower cash holdings at the end of 2021-22 and current lower interest rates. Interest earnings show progressive increases across the plan period, reflecting changes in cash balances as Council rebuilds its financial resilience and moves to a financially sustainable position.

**Rental Income**

Rental income is earned from Council's property portfolio and Salamanca Market stallholders. It is forecast to increase by 2.00% per annum from 2023 assuming occupancy levels of Council's commercial property portfolio remain consistent. In the short term rental income will be lower than historic levels as the City continues its transition following COVID-19 and therefore operates less or lower capacity events attracting rental income.

**Distributions from TasWater**

Distributions are received as a result of Council's ownership interest in TasWater. They comprise dividends, guarantee fees and income tax equivalent payments. Forecast amounts are based on advice from both TasWater and the State Government to provide distributions until 2025-26. The most recent correspondence from TasWater indicates a return to the normal level of distribution from 2021-22 following significantly reduced receipts during 2020-21 plus a further \$0.4 million as a catch up distribution for missed dividends.

***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 result in revaluation increments and decrements arising from periodic reviews of 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) for 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 of rate payers 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 2021-22 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 effect of the COVID-19 pandemic will have a financial impact beyond the immediate fiscal year. This is reflected in the LTFMP documents.

**Borrowings**

New borrowings of \$5 million will be undertaken in 2021-22 and principal repayments of \$5.37 million on existing borrowings will be made.

## **7. Long Term Risk, Contingency and Reserves**

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The LTFMP has included all known variables and has made certain assumptions about the future. However, as 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 expense 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 to be reviewed and updated regularly – on at least an annual basis to coincide with the adoption of the Council budget, and more frequently when new information is available which may have an impact on the LTFMP.

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.



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 \$20 million, the City has a borrowing facility of up to \$20 million.

The Plan includes borrowings of \$4 million in 2021-22 to assist the Council's capital works in the City.

Council will consider whether it will require additional borrowings in the mid-year budget review. As the debt management strategy mentioned earlier in the plan, no further borrowings are forecast beyond the 2021-22 fiscal year.

### ***New Initiatives***

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

- 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).
- The embedding of ongoing \$6 million in cost savings over the life of the plan

**Bushland Fund**

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

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

**McRobies Gully Tip Site Rehabilitation**

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

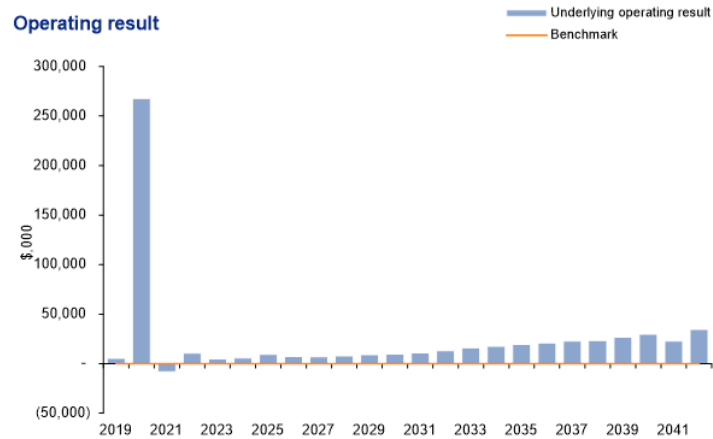
**Other Project Carry-forwards**

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

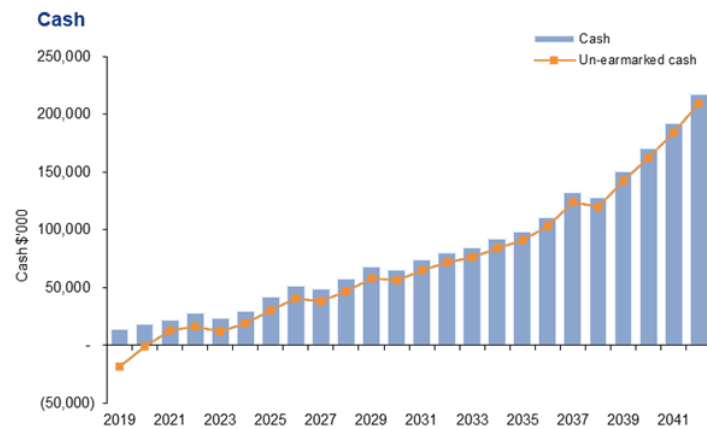
Based on the long-term financial strategy, the following outcomes will be achieved. More detail is provided in the forecast financial statements at Appendix 2.

### 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.

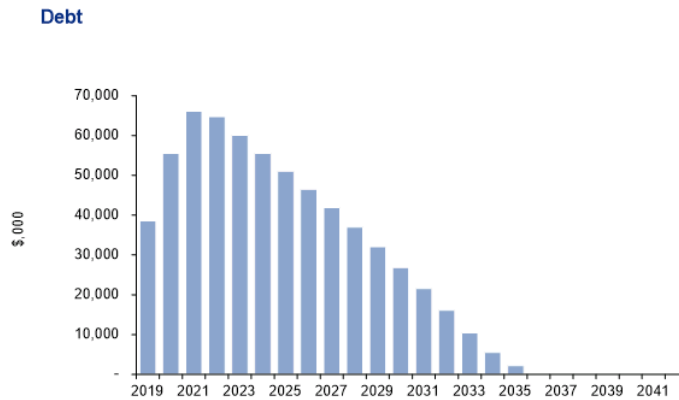
### Cash



Borrowings will be required in the short term to ensure that cash balances support funding operational expenditure, capital works and principal loan repayments. Cash balances 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 but will be a key focus of the planned half year review.

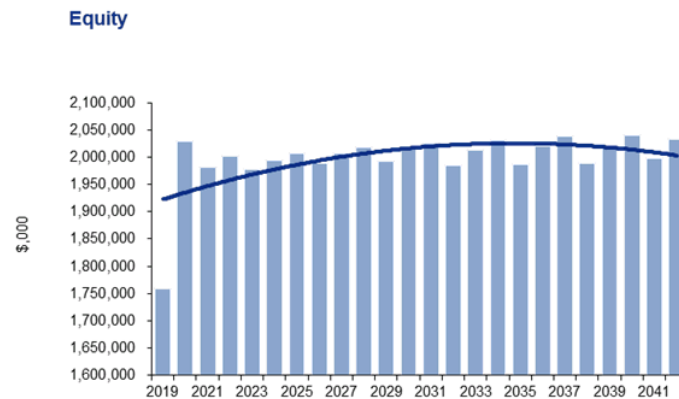
### Debt



The reduced capital works program supports Council's recovery from the pandemic and reduces the need to borrow funds beyond the 2021-22 financial year.

Debt levels therefore remain within accepted benchmarks.

### Equity



Equity is forecast to be relatively stable across the plan period based on forecast operating surpluses and asset revaluations.

## 9. Financial Sustainability Outcomes

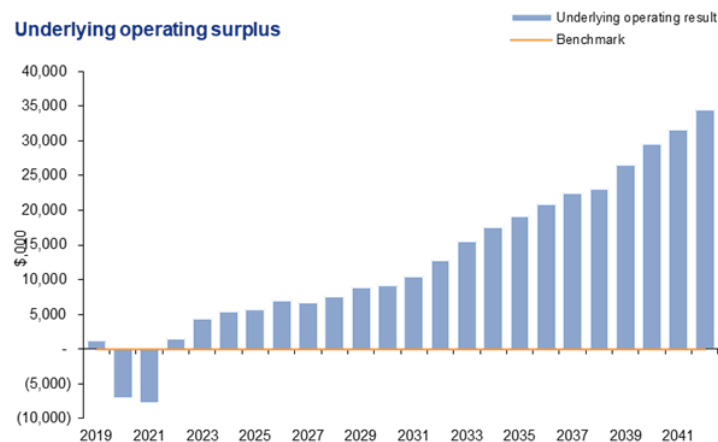
As outlined in Chapter 4, for the purpose of measuring Council's financial sustainability, eight financial sustainability measures have been adopted.

- 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.

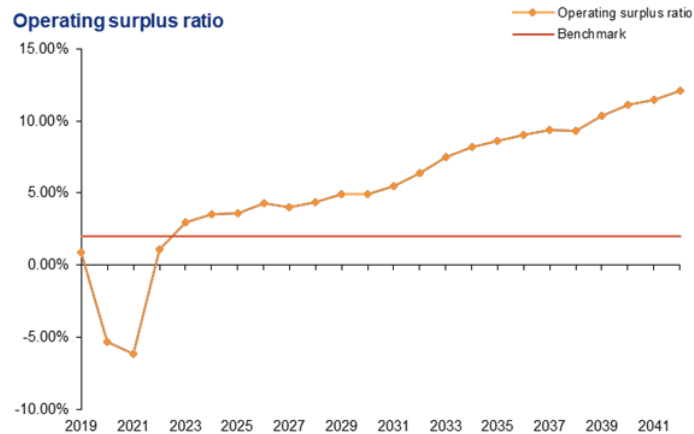
An operating surplus arises when operating revenue exceeds operating expenses for the period. An operating deficit arises when the opposite is true. Council's long term financial sustainability is dependent upon ensuring that on average, over time, its expenses are less than associated revenues. This 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 short term. 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.

### **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 Property, Plant and Equipment (PP&E) and asset revaluation increments/decrements). It expresses the underlying operating result relative to annual revenue.

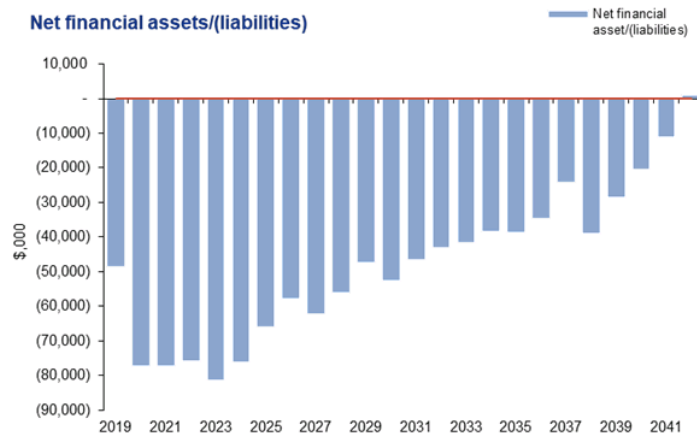


Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range 1.05% and 5.28% of revenue, and averaging 3.76%. Surpluses then increase beyond this 10 year period to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed. It 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 10 year average from 2023 is 3.76%. Operating surpluses also generate cash surpluses required to retire debt (principal payments are not recorded in the operating result) and for the defined benefit superannuation scheme where accounting standard requirements can result in actual employer contributions being higher than the expense that appears in the operating result. Differences in the asset valuation rates used for financial reporting purposes and asset renewal purposes also require cash surpluses to be generated.

### **Indicator 3 – Net Financial Assets/ (Liabilities)**

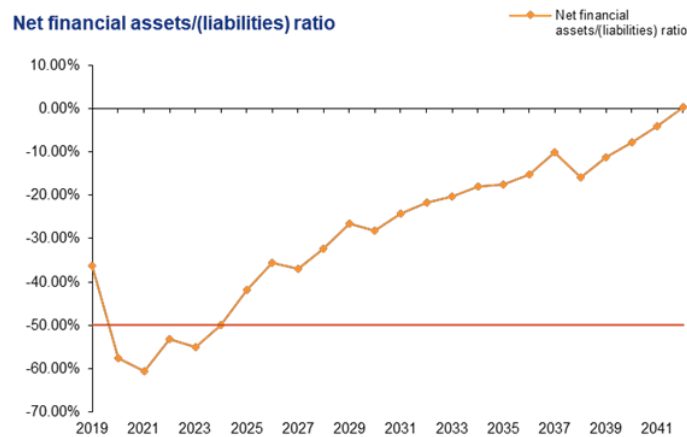
What is owed to others less cash held/invested and receivables and is thus a measure of net indebtedness. It is broader than just loan debt, as it includes amounts owed to creditors, employee provisions, amounts held in trust and all other liabilities.



Council's LTFMP indicates through the graph above that it will continue to operate in a net financial liability position. The position will peak at around -\$81 million in 2022-23. A net financial asset position is forecast to be achieved by 2041-42.

### **Indicator 4 – Net financial liabilities ratio**

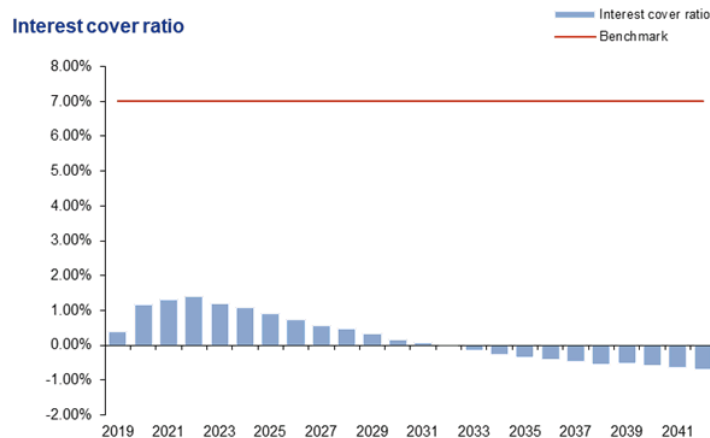
This ratio is net financial liabilities expressed as a percentage of income. It indicates the extent to which net financial liabilities can be met by the Council's income. Where the ratio is increasing it indicates the Council's capacity to meet its financial obligations from income is strengthening.



As set out above, Council will continue to operate in a net financial liability position. Council's net financial liability ratio will peak at -55.12% in 2022-23 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.



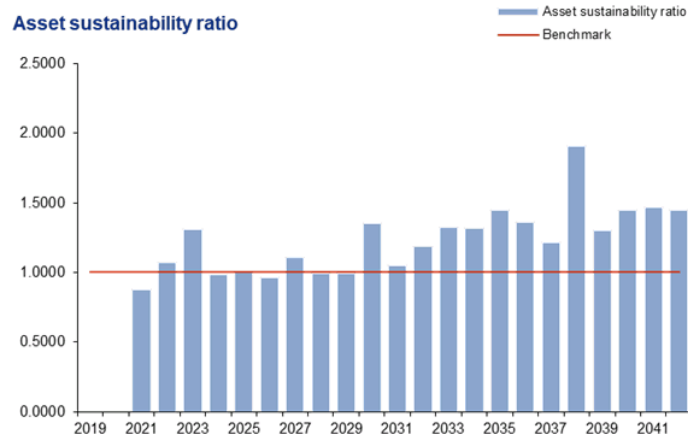
The above graph indicates that Council will operate in a net interest expense position (i.e. interest earned on investments is exceeded by interest payable on debt) until late in the plan period. Tasmanian Treasury adopts a 7% net interest expense benchmark when assessing local government loan requests.

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.



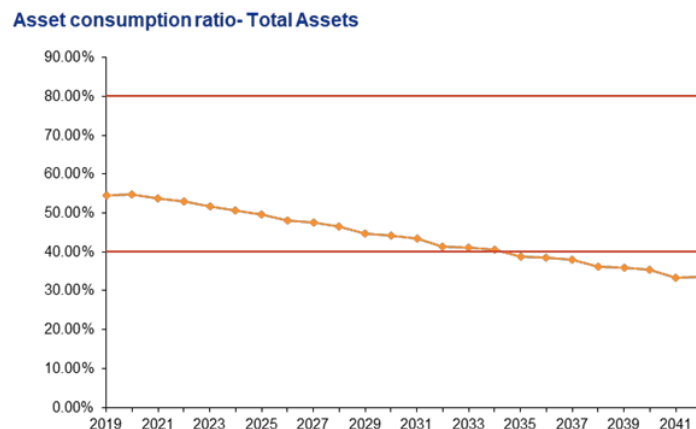


Council's LTFMP indicates through the graph above that it will operate at an average of more than 100% across the plan period. Local government proposed targets are typically set at 100%, however this does not allow for the sometimes legitimate periods of less than 100% or more than 100%.

#### **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.



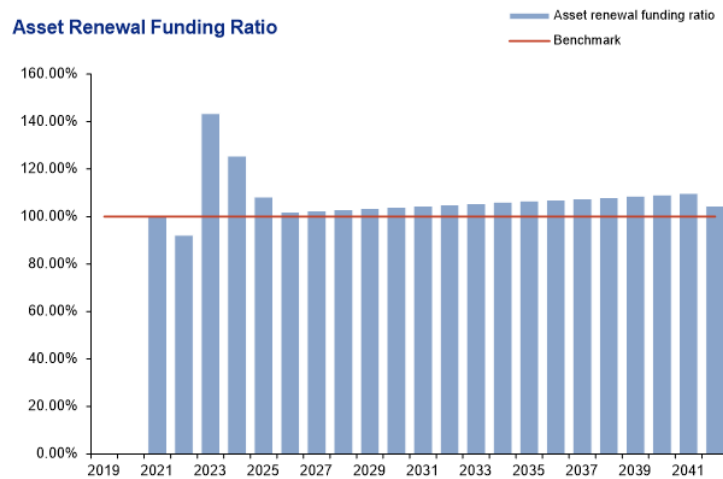
Council's LTFMP indicates through the graph above that the asset consumption ratio will decline over the plan period.

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 45.6%.

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.



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.

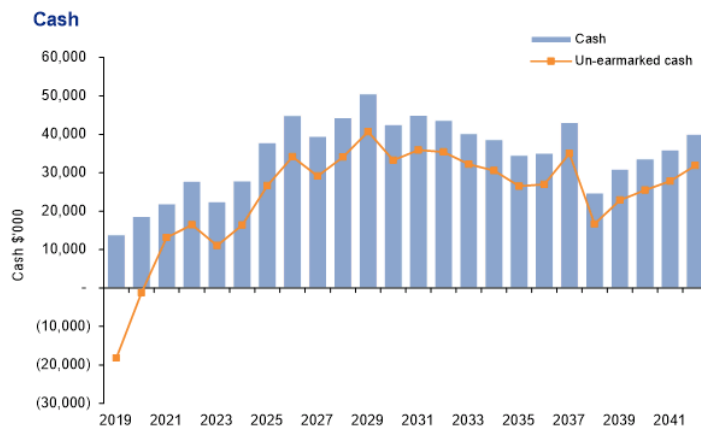
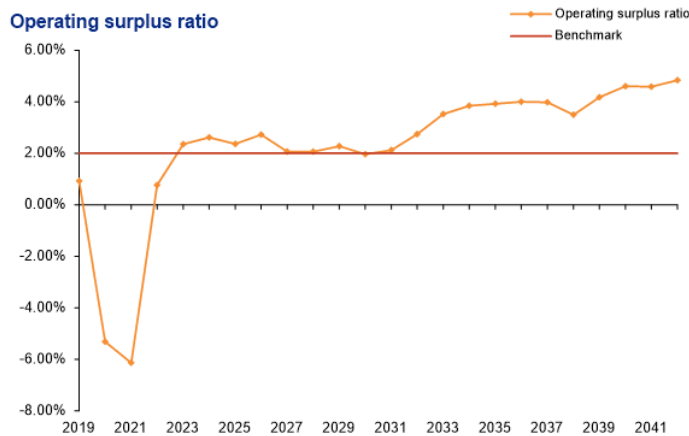
## 10. Sensitivity Analysis

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

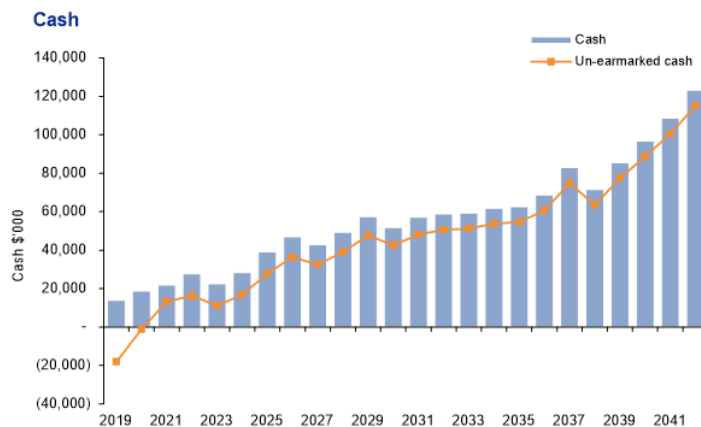
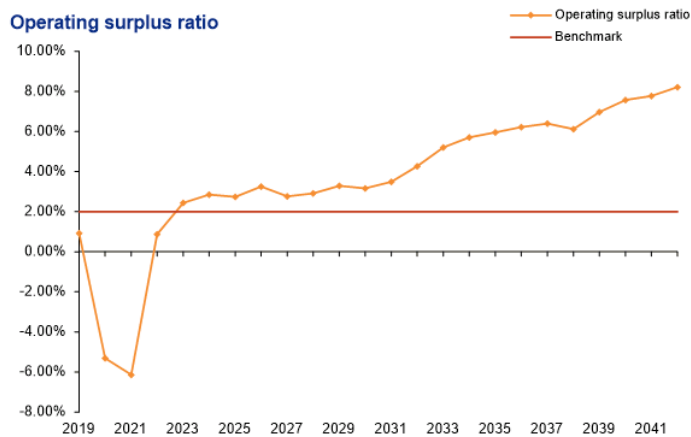
The LTFMP assumes rates income increases (for Council operations) of 4.50% per annum in the short term (for one year) then reducing to 2.75% and 3.00% per annum. If these rates income increases are 0.5% per annum lower over the next ten years the effect is as shown below.



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 close to the 2.0% benchmark. Cash balances remain positive for the duration of the plan but are halved under this scenario.

### Employee Salaries and Wages

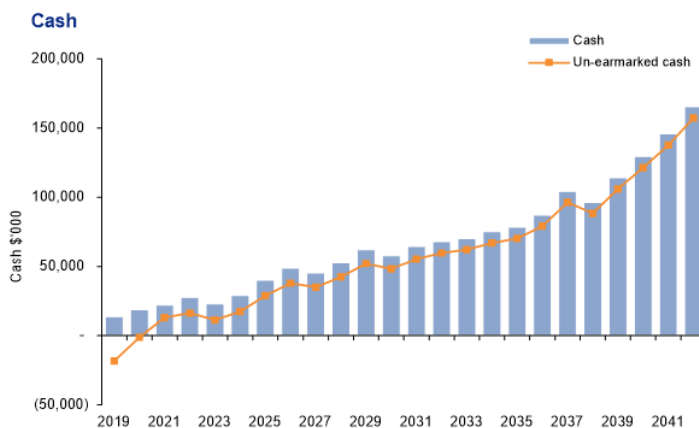
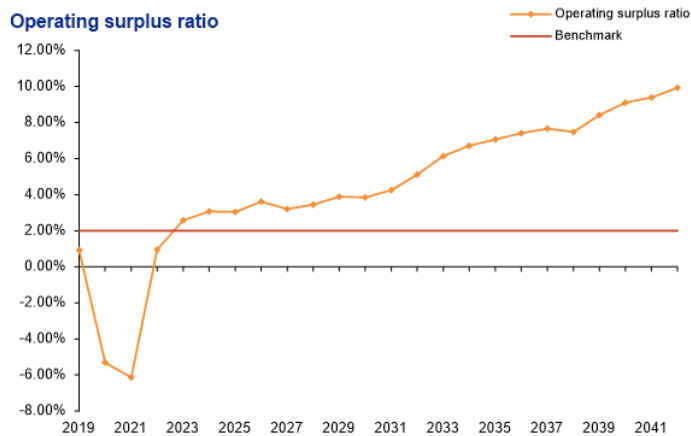
The LTFMP assumes increases in employee salaries and wages of 2.9% to 3% per annum. If employee salaries and wages increases are 0.5% per annum higher over the next ten years the effect is as shown below.



With employee salary and wage increases 0.5% per annum higher over the next ten years, surpluses would continue to be recorded, but at a lower level and closer to bench mark. Cash balances would increase but at a much slower rate. To restore the status quo, rate increases would need to be approximately 0.3% per annum higher.

### Materials and Services

The LTFMP assumes increases in materials and services of 2.0% to 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 with results closer to the benchmark. Cash balances would reduce considerably by the end of the plan period. To restore the status quo, rate increases would need to be approximately 0.3% per annum higher over the next ten years.

## 11. Conclusions

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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 ongoing recovery from the economic impacts of the COVID-19 pandemic. This Plan forecasts a recovery to a financially sustainable position in the short term 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 considered to have been achieved when Council is providing expected services at defined levels to its community that are 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 3.76% 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 appropriate 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 continues its recovery. A half-year review during 2021-22 will be undertaken to assess the ongoing impact of the pandemic 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

<b>Hobart City Council</b>																					
Income statement	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Expenses from ordinary activities</b>																					
Employee wages & salaries	(41,588)	(42,815)	(44,100)	(45,423)	(46,788)	(48,189)	(49,835)	(51,124)	(52,858)	(54,237)	(55,884)	(57,540)	(59,287)	(61,045)	(62,878)	(64,782)	(66,705)	(68,708)	(70,787)	(72,890)	(75,077)
Employee on-costs	(9,928)	(10,228)	(10,533)	(10,848)	(11,174)	(11,509)	(11,855)	(12,210)	(12,577)	(12,954)	(13,343)	(13,743)	(14,155)	(14,580)	(15,017)	(15,468)	(15,932)	(16,410)	(16,902)	(17,409)	(17,931)
Employee leave entitlements expense	(8,180)	(9,547)	(9,929)	(10,328)	(10,739)	(11,169)	(11,618)	(12,080)	(12,564)	(13,069)	(13,598)	(14,132)	(14,683)	(15,258)	(15,857)	(16,533)	(17,184)	(17,882)	(18,597)	(19,341)	(20,115)
Defined benefits superannuation scheme	(1,084)	(1,108)	(1,151)	(1,197)	(1,245)	(1,294)	(1,346)	(1,400)	(1,458)	(1,514)	(1,575)	(1,638)	(1,703)	(1,772)	(1,842)	(1,918)	(1,993)	(2,072)	(2,155)	(2,242)	(2,331)
Materials and services	(28,887)	(27,492)	(28,178)	(28,883)	(29,605)	(30,346)	(31,104)	(31,882)	(32,679)	(33,498)	(34,333)	(35,192)	(36,071)	(36,973)	(37,897)	(38,845)	(39,818)	(40,811)	(41,832)	(42,878)	(43,949)
Energy costs	(2,381)	(2,434)	(2,495)	(2,558)	(2,622)	(2,687)	(2,754)	(2,823)	(2,894)	(2,968)	(3,040)	(3,118)	(3,194)	(3,274)	(3,358)	(3,440)	(3,528)	(3,614)	(3,704)	(3,797)	(3,892)
SFC contribution - Hobart district	(12,514)	(13,285)	(14,081)	(14,905)	(15,759)	(16,747)	(17,752)	(18,817)	(19,948)	(21,143)	(22,411)	(23,758)	(25,181)	(26,692)	(28,294)	(29,992)	(31,791)	(33,698)	(35,720)	(37,864)	(40,135)
SFC contribution - Fern Tree district	(36)	(36)	(41)	(43)	(48)	(49)	(52)	(55)	(58)	(61)	(65)	(69)	(73)	(78)	(82)	(87)	(92)	(98)	(104)	(110)	(117)
SFC contribution - general land	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(6)	(6)	(7)	(7)	(7)
Operating expenses associated with new initiatives	(207)	(433)	350	310	491	(34)	453	556	(75)	388	298	237	299	179	328	573	(307)	577	501	531	670
Other expenses	(4,014)	(4,104)	(4,207)	(4,312)	(4,420)	(4,530)	(4,643)	(4,760)	(4,879)	(5,001)	(5,126)	(5,254)	(5,385)	(5,520)	(5,658)	(5,799)	(5,944)	(6,093)	(6,245)	(6,401)	(6,561)
Depreciation & amortisation	(27,325)	(28,773)	(27,968)	(29,010)	(29,802)	(30,811)	(31,857)	(32,377)	(33,095)	(34,120)	(33,878)	(33,121)	(33,558)	(34,168)	(35,092)	(36,285)	(37,491)	(37,811)	(37,273)	(38,152)	(37,558)
Bad debts	(351)	(318)	(322)	(328)	(335)	(342)	(349)	(358)	(363)	(370)	(377)	(385)	(393)	(400)	(408)	(417)	(425)	(433)	(442)	(451)	(460)
Finance cost assoc. with Landfill provision	(57)	(51)	(49)	(48)	(48)	(41)	(33)	(28)	(27)	(22)	(15)	(11)	-	-	-	-	-	-	-	-	-
Finance cost assoc. with DBSS	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(7)	(7)
Asset write-off	(3,500)	(2,834)	(2,814)	(2,816)	(2,807)	(2,805)	(2,800)	(2,583)	(2,672)	(2,881)	(2,713)	(2,657)	(2,678)	(2,678)	(2,640)	(2,643)	(2,751)	(2,572)	(2,653)	(2,712)	(2,854)
Interest	(2,169)	(2,087)	(1,927)	(1,778)	(1,637)	(1,492)	(1,341)	(1,188)	(1,025)	(858)	(680)	(508)	(323)	(168)	(71)	(10)	-	-	-	-	-
Loss on Disposal on Plant and Equipment	(0)	(168)	(118)	(62)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>(141,187)</b>	<b>(143,498)</b>	<b>(147,348)</b>	<b>(152,035)</b>	<b>(156,179)</b>	<b>(161,852)</b>	<b>(168,292)</b>	<b>(171,131)</b>	<b>(176,973)</b>	<b>(182,110)</b>	<b>(186,726)</b>	<b>(190,894)</b>	<b>(196,388)</b>	<b>(202,464)</b>	<b>(208,813)</b>	<b>(215,633)</b>	<b>(223,078)</b>	<b>(229,435)</b>	<b>(235,907)</b>	<b>(243,727)</b>	<b>(250,324)</b>
<b>Revenues from ordinary activities</b>																					
Rates and charges - general	70,164	71,847	74,371	76,977	79,889	82,853	85,930	89,103	92,373	95,744	99,218	102,793	106,839	111,023	115,348	119,820	124,441	129,217	135,523	141,079	148,284
Rates and charges - stormwater	4,752	5,938	5,968	5,998	6,028	6,058	6,088	6,118	6,149	6,180	6,211	6,242	6,273	6,304	6,336	6,368	6,399	6,431	6,090	5,176	5,266
Rates and charges - garbage disposal	6,418	6,771	7,144	7,536	7,951	8,388	8,850	9,336	9,850	10,392	10,963	11,566	12,202	12,873	13,581	14,328	15,116	15,948	16,825	17,750	18,727
Rates and charges - green waste	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902
Rates and charges - fire	12,051	12,774	13,540	14,353	15,214	16,127	17,094	18,120	19,207	20,360	21,581	22,876	24,249	25,704	27,246	28,881	30,613	32,450	34,397	36,481	38,649
Rates and charges - penalties, interest, supplementaries	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire levy commission - Hobart district	501	531	562	596	632	670	710	753	798	846	896	950	1,007	1,068	1,132	1,200	1,272	1,348	1,429	1,515	1,605
Fire levy commission - Fern Tree district	1	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	4	4	4	4	5
Fees and charges - car parks	10,857	11,128	11,408	11,692	11,984	12,283	12,591	12,905	13,228	13,559	13,898	14,245	14,601	14,966	15,340	15,724	16,117	16,520	16,933	17,356	17,790
Fees and charges - on-street parking	8,175	8,380	8,589	8,804	9,024	9,250	9,481	9,718	9,961	10,210	10,465	10,727	10,995	11,270	11,551	11,840	12,136	12,440	12,751	13,069	13,396
Fees and charges - parking fines	5,250	5,355	5,462	5,571	5,682	5,796	5,912	6,030	6,151	6,274	6,399	6,527	6,658	6,791	6,927	7,065	7,207	7,351	7,498	7,648	7,801
Other fees and charges	13,937	14,216	14,500	14,790	15,086	15,388	15,695	16,009	16,330	16,656	16,989	17,329	17,676	18,029	18,390	18,757	19,133	19,515	19,908	20,304	20,710
Operating grants	3,386	3,434	3,502	3,572	3,644	3,717	3,791	3,867	3,944	4,023	4,103	4,185	4,269	4,355	4,442	4,530	4,621	4,713	4,808	4,904	5,002
Interest and investment revenues	130	275	228	293	410	504	479	564	671	843	729	788	833	909	972	1,093	1,303	1,285	1,487	1,691	1,908
Rents	2,801	2,857	2,914	2,973	3,032	3,093	3,155	3,218	3,282	3,348	3,415	3,483	3,553	3,624	3,696	3,770	3,846	3,922	4,001	4,081	4,163
TasWater Distribution	2,606	2,606	2,606	2,606	2,606	2,606	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	-	-	-	-	43	82	131	252	280	417	673	749	801	703	694	675	805	784	763	808	-
<b>Total Revenues</b>	<b>142,880</b>	<b>147,584</b>	<b>152,468</b>	<b>157,434</b>	<b>162,879</b>	<b>168,053</b>	<b>173,498</b>	<b>179,584</b>	<b>185,815</b>	<b>192,241</b>	<b>199,131</b>	<b>206,051</b>	<b>213,548</b>	<b>221,210</b>	<b>229,248</b>	<b>237,644</b>	<b>246,802</b>	<b>255,497</b>	<b>265,004</b>	<b>274,920</b>	<b>284,378</b>
<b>Underlying operating result</b>	<b>1,493</b>	<b>4,087</b>	<b>5,118</b>	<b>5,399</b>	<b>6,700</b>	<b>6,401</b>	<b>7,206</b>	<b>8,453</b>	<b>8,841</b>	<b>10,131</b>	<b>12,408</b>	<b>15,157</b>	<b>17,160</b>	<b>18,746</b>	<b>20,435</b>	<b>22,011</b>	<b>22,824</b>	<b>26,082</b>	<b>29,095</b>	<b>31,193</b>	<b>34,054</b>
<b>Non-operating items</b>																					
Capital grants	9,037	885	885	885	885	885	885	885	885	885	885	885	885	885	885	885	885	885	885	885	885
Revaluation reserve to the P&L	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,983)	-
Gain on Other Disposals	-	-	-	3,197	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on Other Disposals	-	-	-	62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating items	(1,397)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total non-operating items</b>	<b>7,640</b>	<b>885</b>	<b>885</b>	<b>3,944</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>(8,298)</b>	<b>885</b>
<b>Net surplus / (deficit)</b>	<b>9,133</b>	<b>4,772</b>	<b>5,803</b>	<b>9,343</b>	<b>7,385</b>	<b>7,086</b>	<b>7,891</b>	<b>9,138</b>	<b>9,526</b>	<b>10,816</b>	<b>13,091</b>	<b>15,842</b>	<b>17,845</b>	<b>19,431</b>	<b>21,120</b>	<b>22,896</b>	<b>23,309</b>	<b>26,747</b>	<b>29,781</b>	<b>22,895</b>	<b>34,739</b>

Hobart City Council																					
Cash flow	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Forecast 2031	Forecast 2032	Forecast 2033	Forecast 2034	Forecast 2035	Forecast 2036	Forecast 2037	Forecast 2038	Forecast 2039	Forecast 2040	Forecast 2041	Forecast 2042
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>																					
<i>Receipts</i>																					
Rates and charges	94,879	98,683	102,571	106,414	110,601	114,959	119,244	123,946	128,842	133,931	139,222	144,721	150,788	157,121	163,720	170,597	177,762	185,228	193,007	201,114	209,560
Fees and charges - parking	24,164	24,493	25,123	25,725	26,342	26,974	27,621	28,284	28,962	29,657	30,369	31,098	31,845	32,610	33,393	34,195	35,017	35,859	36,720	37,603	38,507
Other fees and charges	13,824	14,207	14,491	14,781	15,077	15,378	15,686	15,999	16,319	16,646	16,979	17,318	17,665	18,018	18,378	18,746	19,121	19,503	19,893	20,291	20,697
Operating grants	3,369	3,431	3,500	3,570	3,641	3,714	3,789	3,864	3,942	4,020	4,101	4,183	4,267	4,352	4,439	4,528	4,618	4,711	4,805	4,901	4,999
Rents	2,771	2,858	2,913	2,971	3,030	3,091	3,153	3,216	3,280	3,346	3,413	3,481	3,550	3,621	3,694	3,768	3,843	3,920	3,998	4,078	4,160
Interest and investment income	130	275	228	293	410	504	479	564	671	643	729	786	833	909	972	1,093	1,303	1,205	1,487	1,691	1,908
Other	501	531	563	597	633	671	711	754	799	847	898	951	1,009	1,069	1,133	1,201	1,273	1,350	1,431	1,517	1,607
<i>Payments</i>																					
Less employee costs	(51,497)	(53,041)	(54,833)	(56,272)	(57,960)	(59,699)	(61,490)	(63,334)	(65,234)	(67,191)	(69,207)	(71,283)	(73,422)	(75,624)	(77,893)	(80,230)	(82,637)	(85,116)	(87,669)	(90,300)	(93,008)
Less leave entitlements paid	(3,931)	(4,088)	(4,252)	(4,422)	(4,599)	(4,783)	(4,974)	(5,173)	(5,380)	(5,595)	(5,819)	(6,052)	(6,294)	(6,546)	(6,808)	(7,080)	(7,363)	(7,658)	(7,964)	(8,282)	(8,614)
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	(29,038)	(29,851)	(30,589)	(31,353)	(32,137)	(32,941)	(33,764)	(34,608)	(35,474)	(36,360)	(37,269)	(38,201)	(39,156)	(40,135)	(41,138)	(42,167)	(43,221)	(44,302)	(45,409)	(46,544)	(47,708)
Less interest paid	(2,169)	(2,087)	(1,927)	(1,778)	(1,637)	(1,492)	(1,341)	(1,188)	(1,025)	(858)	(688)	(508)	(323)	(168)	(71)	(10)	-	-	-	-	-
Less operating expenses associated with new initiatives	(207)	(433)	350	310	491	(34)	453	556	(75)	388	296	237	299	179	328	573	(307)	577	501	531	670
Less cash paid out of TSR	(195)	(201)	(207)	(528)	(755)	(415)	(146)	(420)	(527)	(255)	(843)	(200)	-	-	-	-	-	-	-	-	-
Other	(16,402)	(17,314)	(18,208)	(19,154)	(20,153)	(21,208)	(22,322)	(23,499)	(24,743)	(26,058)	(27,447)	(28,914)	(30,466)	(32,106)	(33,840)	(35,673)	(37,610)	(39,660)	(41,827)	(44,118)	(46,542)
Non-operating items	(1,367)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash flows from operating activities</b>	<b>34,075</b>	<b>36,738</b>	<b>39,197</b>	<b>40,429</b>	<b>42,259</b>	<b>43,995</b>	<b>46,373</b>	<b>48,237</b>	<b>49,832</b>	<b>52,435</b>	<b>54,010</b>	<b>56,893</b>	<b>59,870</b>	<b>62,575</b>	<b>65,583</b>	<b>68,817</b>	<b>71,074</b>	<b>74,952</b>	<b>78,248</b>	<b>81,758</b>	<b>85,511</b>
<b>Cash flows from investing activities</b>																					
<i>Receipts</i>																					
Capital grants	9,037	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685
TasWater Distribution	2,608	2,608	2,608	2,608	2,608	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	655	834	855	876	898	921	944	967	869	891	913	936	959	983	1,008	1,033	1,059	1,085	1,100	1,165	-
<i>Payments</i>																					
Infrastructure	(32,459)	(33,321)	(28,401)	(30,332)	(26,356)	(36,563)	(31,413)	(32,359)	(44,463)	(37,963)	(44,069)	(45,263)	(45,009)	(49,318)	(48,417)	(45,036)	(74,834)	(51,081)	(56,062)	(58,080)	(56,515)
New Assets	(5,159)	(1,355)	(1,066)	(1,066)	(765)	(3,117)	(1,258)	(829)	(1,444)	(1,481)	(1,460)	(1,491)	(1,578)	(1,884)	(1,832)	(1,879)	(1,794)	(1,794)	(1,835)	(1,879)	(2,039)
Asset Renewals	(21,595)	(27,592)	(23,763)	(24,968)	(25,528)	(28,117)	(25,965)	(28,349)	(38,405)	(31,751)	(37,819)	(38,947)	(39,271)	(42,295)	(41,902)	(38,104)	(67,709)	(43,517)	(48,344)	(50,174)	(48,045)
Asset Upgrades	(5,705)	(4,374)	(3,832)	(4,265)	(3,063)	(8,329)	(4,149)	(3,161)	(4,814)	(4,731)	(4,720)	(4,825)	(5,060)	(5,338)	(5,693)	(5,299)	(5,445)	(5,750)	(5,862)	(6,026)	(6,431)
Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	(7,998)	(7,494)	(3,770)	(4,104)	(3,150)	(5,922)	(5,388)	(3,992)	(6,417)	(4,227)	(2,433)	(4,999)	(5,174)	(7,395)	(5,972)	(6,301)	(3,990)	(5,816)	(5,795)	(5,965)	(6,469)
New Assets	(888)	(11)	(12)	(18)	(12)	(13)	(13)	(22)	(13)	(17)	(17)	(18)	(18)	(19)	(19)	(19)	(20)	(20)	(21)	(21)	(22)
Asset Renewals	(5,777)	(7,374)	(3,647)	(3,929)	(3,020)	(5,789)	(5,252)	(3,763)	(6,274)	(4,049)	(2,261)	(4,812)	(4,982)	(7,199)	(5,771)	(6,095)	(3,778)	(5,399)	(6,573)	(5,737)	(6,238)
Asset Upgrades	(1,336)	(109)	(112)	(159)	(117)	(120)	(123)	(207)	(130)	(161)	(165)	(199)	(174)	(178)	(182)	(187)	(192)	(196)	(201)	(206)	(209)
<b>Net cash flows from investing activities</b>	<b>(28,156)</b>	<b>(36,690)</b>	<b>(28,026)</b>	<b>(24,266)</b>	<b>(28,316)</b>	<b>(41,707)</b>	<b>(33,000)</b>	<b>(32,527)</b>	<b>(47,154)</b>	<b>(38,441)</b>	<b>(42,763)</b>	<b>(46,469)</b>	<b>(47,267)</b>	<b>(52,873)</b>	<b>(51,625)</b>	<b>(47,447)</b>	<b>(74,908)</b>	<b>(52,735)</b>	<b>(57,900)</b>	<b>(60,002)</b>	<b>(60,126)</b>
<b>Cash flows from financing activities</b>																					
<i>Receipts</i>																					
Proceeds from borrowings	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Payments</i>																					
Less repayment of borrowings	(5,371)	(4,778)	(4,812)	(4,460)	(4,800)	(4,746)	(4,896)	(5,052)	(5,213)	(5,379)	(5,552)	(5,730)	(5,014)	(3,421)	(1,909)	(394)	-	-	-	-	-
<b>Net cash flows from financing activities</b>	<b>(371)</b>	<b>(4,778)</b>	<b>(4,812)</b>	<b>(4,460)</b>	<b>(4,800)</b>	<b>(4,746)</b>	<b>(4,896)</b>	<b>(5,052)</b>	<b>(5,213)</b>	<b>(5,379)</b>	<b>(5,552)</b>	<b>(5,730)</b>	<b>(5,014)</b>	<b>(3,421)</b>	<b>(1,909)</b>	<b>(394)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>	<b>5,546</b>	<b>(4,732)</b>	<b>6,361</b>	<b>11,701</b>	<b>9,342</b>	<b>(2,458)</b>	<b>8,476</b>	<b>10,659</b>	<b>(2,735)</b>	<b>8,614</b>	<b>5,695</b>	<b>4,694</b>	<b>7,589</b>	<b>6,281</b>	<b>12,149</b>	<b>20,976</b>	<b>(3,834)</b>	<b>22,217</b>	<b>20,349</b>	<b>21,753</b>	<b>25,386</b>
<b>Cash held at beginning of the year</b>	<b>21,960</b>	<b>27,506</b>	<b>22,774</b>	<b>29,335</b>	<b>41,036</b>	<b>50,379</b>	<b>47,920</b>	<b>56,397</b>	<b>67,055</b>	<b>64,320</b>	<b>72,935</b>	<b>78,630</b>	<b>83,324</b>	<b>90,913</b>	<b>97,164</b>	<b>109,343</b>	<b>130,319</b>	<b>126,485</b>	<b>148,702</b>	<b>169,051</b>	<b>190,804</b>
<b>Cash held at the end of the year</b>	<b>27,506</b>	<b>22,774</b>	<b>29,335</b>	<b>41,036</b>	<b>50,379</b>	<b>47,920</b>	<b>56,397</b>	<b>67,055</b>	<b>64,320</b>	<b>72,935</b>	<b>78,630</b>	<b>83,324</b>	<b>90,913</b>	<b>97,164</b>	<b>109,343</b>	<b>130,319</b>	<b>126,485</b>	<b>148,702</b>	<b>169,051</b>	<b>190,804</b>	<b>216,169</b>
<b>Closing cash balance earmarked for:</b>																					
Debt redemption	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions in lieu of public open space	134	134	134	134	134	134	134	134	134	134	134	134	134	134	134	134	134	134	134	134	134
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	1,463	1,449	1,415	1,380	1,345	1,310	1,274	1,238	1,202	1,165	1,128	1,091	1,053	1,015	978	938	898	858	818	777	735
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	208	259	308	358	408	458	508	558	608	658	708	758	808	858	908	958	1,008	1,058	1,108	1,158	1,158
McRobies Gully tip site rehabilitation	3,499	3,552	3,599	3,625	3,624	2,414	2,288	1,848	1,321	1,066	223	23	23	23	23	23	23	23	23	23	23
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	2,500
Refundable deposits	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421
<b>Future Asset Renewal Reserve</b>	<b>16,126</b>	<b>11,325</b>	<b>17,824</b>	<b>29,783</b>	<b>38,612</b>	<b>37,549</b>	<b>48,157</b>	<b>57,221</b>	<b>64,999</b>	<b>63,855</b>	<b>70,361</b>	<b>75,262</b>	<b>82,839</b>	<b>89,108</b>	<b>101,248</b>	<b>122,211</b>	<b>118,366</b>	<b>140,573</b>	<b>160,912</b>	<b>182,656</b>	<b>208,033</b>

<b>Hobart City Council</b>																					
<b>Balance sheet</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Assets</b>																					
<b>Current assets</b>																					
Cash & cash equivalents	27,506	22,774	29,335	41,039	50,379	47,920	55,397	67,055	84,320	72,935	78,830	83,324	90,913	67,194	109,343	130,319	126,485	148,702	199,051	190,804	216,189
Inventories	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331
Receivables	4,055	4,240	4,389	4,537	4,697	4,863	5,026	5,205	5,389	5,581	5,780	5,988	6,211	6,445	6,689	6,942	7,205	7,478	7,762	8,058	8,365
Other	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
<b>Total current assets</b>	<b>31,914</b>	<b>27,367</b>	<b>34,077</b>	<b>46,928</b>	<b>55,429</b>	<b>53,138</b>	<b>61,776</b>	<b>72,613</b>	<b>70,083</b>	<b>78,869</b>	<b>84,763</b>	<b>89,663</b>	<b>97,477</b>	<b>103,992</b>	<b>116,385</b>	<b>137,614</b>	<b>134,043</b>	<b>156,533</b>	<b>177,166</b>	<b>199,215</b>	<b>224,907</b>
<b>Non current assets</b>																					
Receivables	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226
Investments in associates	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616	146,616
Property, plant & equipment	1,930,580	1,913,024	1,923,246	1,925,696	1,899,507	1,921,983	1,926,330	1,890,721	1,917,661	1,921,957	1,877,821	1,904,007	1,919,921	1,874,773	1,903,247	1,911,889	1,875,335	1,895,617	1,908,755	1,855,954	1,878,527
<b>Total non current assets</b>	<b>2,077,422</b>	<b>2,059,856</b>	<b>2,070,088</b>	<b>2,072,538</b>	<b>2,046,349</b>	<b>2,068,825</b>	<b>2,073,172</b>	<b>2,037,563</b>	<b>2,064,503</b>	<b>2,068,799</b>	<b>2,024,663</b>	<b>2,050,849</b>	<b>2,066,763</b>	<b>2,021,615</b>	<b>2,050,089</b>	<b>2,058,728</b>	<b>2,022,177</b>	<b>2,042,459</b>	<b>2,055,567</b>	<b>2,002,796</b>	<b>2,025,369</b>
<b>Total assets</b>	<b>2,109,337</b>	<b>2,087,234</b>	<b>2,104,165</b>	<b>2,118,464</b>	<b>2,101,777</b>	<b>2,121,961</b>	<b>2,134,946</b>	<b>2,110,176</b>	<b>2,134,586</b>	<b>2,147,668</b>	<b>2,109,426</b>	<b>2,140,512</b>	<b>2,164,240</b>	<b>2,125,608</b>	<b>2,166,473</b>	<b>2,196,342</b>	<b>2,156,220</b>	<b>2,168,962</b>	<b>2,232,764</b>	<b>2,202,011</b>	<b>2,250,276</b>
<b>Liabilities</b>																					
<b>Current liabilities</b>																					
Payables - Creditors	(5,232)	(5,403)	(5,592)	(5,788)	(5,992)	(6,205)	(6,428)	(6,659)	(6,901)	(7,154)	(7,417)	(7,693)	(7,980)	(8,280)	(8,594)	(8,923)	(9,266)	(9,625)	(10,001)	(10,394)	(10,805)
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	(20,721)	(25,088)	(29,630)	(34,353)	(39,265)	(44,374)	(49,687)	(55,213)	(60,960)	(66,936)	(73,152)	(79,617)	(86,331)	(93,331)	(100,603)	(108,165)	(116,030)	(124,209)	(132,716)	(141,563)	(150,764)
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	(4,778)	(4,812)	(4,490)	(4,800)	(4,746)	(4,896)	(5,052)	(5,213)	(5,379)	(5,552)	(5,730)	(5,914)	(6,101)	(6,291)	(6,484)	(6,681)	(6,882)	(7,087)	(7,296)	(7,509)	(7,726)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>(34,066)</b>	<b>(38,439)</b>	<b>(43,017)</b>	<b>(48,077)</b>	<b>(53,339)</b>	<b>(58,812)</b>	<b>(64,503)</b>	<b>(70,421)</b>	<b>(76,578)</b>	<b>(82,978)</b>	<b>(89,635)</b>	<b>(96,559)</b>	<b>(103,676)</b>	<b>(108,857)</b>	<b>(112,927)</b>	<b>(120,424)</b>	<b>(128,632)</b>	<b>(137,170)</b>	<b>(146,053)</b>	<b>(155,293)</b>	<b>(164,905)</b>
<b>Non current liabilities</b>																					
Employee benefits	(5,180)	(6,272)	(7,407)	(8,588)	(9,816)	(11,094)	(12,422)	(13,803)	(15,240)	(16,734)	(18,288)	(19,904)	(21,585)	(23,333)	(25,151)	(27,041)	(29,007)	(31,052)	(33,179)	(35,391)	(37,691)
Defined benefits scheme	(4,077)	(4,452)	(4,891)	(5,395)	(5,899)	(6,403)	(6,907)	(7,411)	(7,915)	(8,419)	(8,923)	(9,427)	(9,931)	(10,435)	(10,939)	(11,443)	(11,947)	(12,451)	(12,955)	(13,459)	(13,963)
Loans & other borrowings	(60,678)	(56,366)	(51,908)	(47,308)	(42,560)	(37,663)	(32,611)	(27,399)	(22,019)	(16,468)	(10,736)	(5,724)	(2,303)	(394)	-	-	-	-	-	-	-
Provision for landfill restoration	(4,622)	(4,472)	(4,314)	(3,834)	(3,125)	(2,751)	(2,638)	(2,248)	(1,748)	(1,513)	(885)	(498)	(498)	(498)	(498)	(498)	(498)	(498)	(498)	(498)	(498)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total non current liabilities</b>	<b>(74,857)</b>	<b>(71,572)</b>	<b>(68,518)</b>	<b>(65,094)</b>	<b>(61,390)</b>	<b>(57,971)</b>	<b>(54,759)</b>	<b>(51,215)</b>	<b>(47,508)</b>	<b>(44,011)</b>	<b>(39,861)</b>	<b>(37,192)</b>	<b>(35,435)</b>	<b>(37,329)</b>	<b>(39,873)</b>	<b>(42,950)</b>	<b>(46,200)</b>	<b>(49,598)</b>	<b>(53,161)</b>	<b>(56,896)</b>	<b>(60,809)</b>
<b>Total liabilities</b>	<b>(108,923)</b>	<b>(110,011)</b>	<b>(111,535)</b>	<b>(113,171)</b>	<b>(114,730)</b>	<b>(116,782)</b>	<b>(119,262)</b>	<b>(121,636)</b>	<b>(124,084)</b>	<b>(126,989)</b>	<b>(129,497)</b>	<b>(132,851)</b>	<b>(137,512)</b>	<b>(144,183)</b>	<b>(152,800)</b>	<b>(163,384)</b>	<b>(174,832)</b>	<b>(186,768)</b>	<b>(199,214)</b>	<b>(212,189)</b>	<b>(225,714)</b>
<b>Net assets</b>	<b>2,000,413</b>	<b>1,977,223</b>	<b>1,992,630</b>	<b>2,005,293</b>	<b>1,987,048</b>	<b>2,005,179</b>	<b>2,015,687</b>	<b>1,988,540</b>	<b>2,010,482</b>	<b>2,020,679</b>	<b>1,979,929</b>	<b>2,007,661</b>	<b>2,026,728</b>	<b>1,981,425</b>	<b>2,013,674</b>	<b>2,032,958</b>	<b>1,981,389</b>	<b>2,012,224</b>	<b>2,033,550</b>	<b>1,989,822</b>	<b>2,024,562</b>
<b>Equity</b>																					
Asset revaluation reserve	(903,610)	(873,396)	(880,855)	(881,054)	(853,323)	(862,336)	(862,942)	(824,669)	(835,144)	(832,622)	(776,891)	(787,132)	(786,750)	(720,453)	(730,339)	(725,687)	(649,553)	(652,848)	(643,561)	(576,078)	(575,611)
Capital appropriation reserve	(54,063)	(56,314)	(58,459)	(61,580)	(63,681)	(65,711)	(67,725)	(69,712)	(71,653)	(73,556)	(75,447)	(77,095)	(78,701)	(80,263)	(81,506)	(82,748)	(84,002)	(84,795)	(85,626)	(86,487)	(86,953)
Other reserves	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922	479,922
Accumulated (surplus)/deficit	(1,522,662)	(1,527,435)	(1,533,238)	(1,542,581)	(1,546,966)	(1,557,052)	(1,564,942)	(1,574,081)	(1,583,607)	(1,594,423)	(1,607,514)	(1,623,355)	(1,641,199)	(1,660,631)	(1,681,751)	(1,704,447)	(1,727,756)	(1,754,503)	(1,784,284)	(1,807,180)	(1,841,919)
<b>Total equity</b>	<b>(2,000,413)</b>	<b>(1,977,223)</b>	<b>(1,992,630)</b>	<b>(2,005,293)</b>	<b>(1,987,048)</b>	<b>(2,005,179)</b>	<b>(2,015,687)</b>	<b>(1,988,540)</b>	<b>(2,010,482)</b>	<b>(2,020,679)</b>	<b>(1,979,929)</b>	<b>(2,007,661)</b>	<b>(2,026,728)</b>	<b>(1,981,425)</b>	<b>(2,013,674)</b>	<b>(2,032,958)</b>	<b>(1,981,389)</b>	<b>(2,012,224)</b>	<b>(2,033,550)</b>	<b>(1,989,822)</b>	<b>(2,024,562)</b>

**2021-22 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 1<sup>st</sup> July 2021 and ending on 30<sup>th</sup> June 2022.
3. Pursuant to Section 90 of the Local Government Act 1993, a General Rate of 7.04 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 0.45 cents in the dollar of AAV;
  - 4.2 a Fire Service Rate of 1.23 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 <sup>st</sup> Instalment	15 August 2021
2 <sup>nd</sup> Instalment	15 November 2021
3 <sup>rd</sup> Instalment	15 February 2022
4 <sup>th</sup> Instalment	15 April 2022

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 0.90 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 0.94 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 \$42 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 7.87% 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 1<sup>st</sup> July 2021, remains unpaid in the financial year beginning 1<sup>st</sup> July 2021, 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 1<sup>st</sup> July 2021, at a rate equal to the rate fixed for the purposes of Section 128(1)(c) and operative on and after 1<sup>st</sup> July 2021, being at a rate of 7.87% per annum, charged monthly.

Dated this                day of                2021

(Kelly Grigsby)

**CHIEF EXECUTIVE OFFICER**, being the General Manager as appointed by Council pursuant to section 61 of the *Local Government Act 1993 (Tas)*