



CITY OF HOBART

MINUTES ATTACHMENT

COUNCIL MEETING

OPEN PORTION OF THE MEETING

MONDAY, 27 JUNE 2022

AT 5:00 PM

VENUE: COUNCIL CHAMBER, TOWN HALL

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**The Lord Mayor presents the
2022-23 Budget Estimates
Monday 27 June 2022 at 5pm
The Council Chamber, Hobart Town Hall**

Introduction

On behalf of the elected members of the City of Hobart, I present the Budget Estimates for the 2022-23 year.

The 2022-23 Budget we are considering tonight is responsible and balanced.

We are delivering a modest surplus of \$0.53 million, while also ensuring that we continue to invest in our City's future, with a record investment of over \$72 million in new or improved infrastructure.

Noting the significant cost of living pressures being faced by our residents, we have done everything in our power to limit the increase in rates to one of the lowest average increases across all Councils in the State, with an average increase in residential rates of 2.27 per cent, or \$43.

This budget, with our Annual Plan is designed to deliver a city for all people and improve what matters to residents, businesses and visitors.

The opportunity we have, right now, to boldly support innovation and prioritise opportunities to shape a prosperous, sustainable and liveable city that creates a Hobart that is better for the now and is future ready.

Navigation of the challenges of COVID-19

While the headline figures of this Budget may seem fairly unremarkable at first, it is worth noting just how significant it is that we have been able to deliver this responsible financial forecast.

This Budget is a reflection of Council's remarkable efforts to successfully navigate the extreme events of COVID-19 over the last two years.

Our ability to deliver a prudent result today stems from the extraordinary focus and dedication of elected members and officers, who have successfully guided our City through the significant challenges we have faced.

While our focus tonight is on our future operations, I would like to take this opportunity to reiterate our thanks to Council's staff for their tireless dedication over this very challenging period.

Core services

This year's budget represents another year in which we continue to get our focus on the fundamentals right.

While we know that "roads, rates, and rubbish" is certainly not the limit of Council's responsibilities, this catch-phrase does represent a significant and important part of what we continue to do on behalf of the City. And, it is how we improve these core services through innovation and continual improvement that will continue to enhance our city's sustainability and livability.

As I have reflected on previously, it is worth reminding ourselves of the significant infrastructure and services we continue to maintain and deliver consistently and well for the Hobart community.

We deliver more than 300 services to 50,000 residents, and many more workers, students, and visitors; from waste management, planning, and public health, to sports facilities, public art, and community programs.

This year's budget continues to dedicate appropriate resources to maintaining and improving our delivery of these priorities, ensuring we have a well-serviced city both now and into the future.

Investment in Capital Works

While our focus remains on delivering these core services well, we are also continuing to improve our city with a record capital works budget of over \$72 million.

Nearly \$31.7 million will be spent on new assets or upgrades, with some key projects being:

- \$7.6 million for a new warm water pool at the Doone Kennedy Hobart Aquatic Centre;
- \$2.15 million for new change room facilities at Queenborough Oval;
- \$1.52 million for the New Town retail precinct upgrade (which includes grant funding of \$1.37 million from the Australian Government Local Roads and Community Infrastructure Program);
- \$753,000 in new or upgraded stormwater infrastructure;
- \$200,000 for a new playground at Tolmans Hill; and
- \$50,000 for new street trees.

\$34.5 million will be spent on asset renewal in addition to the capital works deferred from 2021-22, with key improvements including:

- \$10.2 million in roads renewal;
- \$3 million in supporting infrastructure for bushland, parks, and gardens; and
- \$2.6 million in renewal of recreational facilities;

Investment in Services

Through this Budget, Council will also continue to invest in programs and services that will benefit the people of Hobart and create a vibrant future for our City. This includes:

- \$3.7 million in city safety and cleaning;
- \$13.9 million to manage our on and off street car parking;
- \$7.9 million for managing our sportsfields and parks;
- \$7 million to collect and manage our waste and recycling;
- \$2.4 million for bushfire mitigation initiatives; and
- \$2.2 million in events, festivals and activations, including long-term planning for key growth precincts across the city such as North Hobart, Central Hobart, Salamanca, and the proposed Civic and Cultural Precinct.

Challenges

As in other years, the 2022-23 budget period is certainly not without its challenges.

The huge increases in property values in Hobart over recent years has put significant pressure on the affordability of housing.

New property valuations by the Valuer-General will take effect on 1 July 2022, for Council rating purposes, with an overall increase of 29 per cent in municipal assessed annual value or AAV from 2019, and significant variation in increases between different properties.

This has required us to carefully manage corresponding rates increases on properties across the municipality, to ensure that we minimise any potential “bill shock” in a challenging economic environment.

This budget period will also be the first in which the City is required to collect the State Government’s landfill levy. While this will be used to fund important improvements to how our state manages waste, it is a further cost burden on our ratepayers at a time when rising costs are already placing a lot of pressure on household budgets.

The Council is also required to collect the State Government fire service levy, which has increased by 6.6 per cent. This is not a City of Hobart charge. Councils act as a collection agent for this State Government tax, which is paid directly to the State Fire Commission.

This year you will notice an additional State Government levy on your rates notice for waste and resource recovery.

The new landfill ley of \$10 per household will be administered by the City of Hobart on behalf of the State Government and used by the State Government to fund various waste management programs and projects across Tasmania.

Rates

Notwithstanding these challenges, and as we continue to deliver high-quality services and capital improvements, we have also been able to significantly minimise financial impacts for our ratepayers.

At 2.27 per cent or \$43, the Council-driven component of our average residential rates increase is one of the lowest in both Greater Hobart and the State.

The increase for our average commercial ratepayer is 0.63 per cent or \$154, before the increases required for the State Government fire and landfill levies. Due to the City's managed approach to rate increases from the municipal revaluation, no commercial ratepayer will experience an increase to the Council-driven component of the rates of more than 1.6 per cent.

Operating Result

Taking all of this into account, our overall operating result puts Council in a strong position moving into the future.

Our overall budget of \$225.8 million, with operating expenditure of \$153.8 million, gets the balance right between delivering and improving our services, and providing stable and ongoing financial stability for the City.

Conclusion

I commend my elected member colleagues, the CEO and the officers who have worked very hard to ensure the best outcomes possible in presenting this budget for 2022-23.

Through this Budget, and our Annual Plan, we are building city-shaping infrastructure; boosting our creative city and events calendar; building momentum to create a better-connected, and more dynamic city; and delivering initiatives to make the Hobart Community Vision come to life.

This is a responsible and balanced budget that responds effectively to the ongoing needs of our City. It is a document we should all be proud to support.

I now invite a motion to adopt the recommendations of the Finance and Governance Committee in respect to the 2022-23 Budget Estimates.