



CITY OF HOBART

AGENDA

Special Finance Committee Meeting

Open Portion

Monday, 3 July 2017

at 4.15 pm

Lady Osborne Room, Town Hall

THE MISSION

Our mission is to ensure good governance of our capital City.

THE VALUES

The Council is:

about people	We value people – our community, our customers and colleagues.
professional	We take pride in our work.
enterprising	We look for ways to create value.
responsive	We're accessible and focused on service.
inclusive	We respect diversity in people and ideas.
making a difference	We recognise that everything we do shapes Hobart's future.

ORDER OF BUSINESS

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

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**Special Finance Committee Meeting (Open Portion) held Monday, 3 July 2017
at 5.00 pm in the Lady Osborne Room, Town Hall.**

COMMITTEE MEMBERS

Deputy Lord Mayor Christie
Zucco
Ruzicka
Sexton
Thomas (Chairman)

Apologies: Nil

Leave of Absence: Nil

ALDERMEN

Cocker
Lord Mayor Hickey
Briscoe
Burnet
Reynolds
Denison
Harvey

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

2. INDICATIONS OF PECUNIARY AND CONFLICTS OF INTEREST

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

Aldermen 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

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 REPORTS

4.1 2017/2018 Budget Estimates - Further Information **File Ref: F17/83947**

Memorandum of the General Manager of 30 June 2017 and attachments.

Delegation: Council



City of **HOBART**

MEMORANDUM: FINANCE COMMITTEE

2017/2018 Budget Estimates - Further Information

Purpose

The purpose of this memorandum is to provide the Council with further information specifically in relation to capital expenditure and the Council's ability to expend project funds contained in the 2017/2018 financial year as well as any other efficiency savings.

Background

In considering the Budget Estimates 2017/2018 at a special Finance Committee meeting held on 27 June 2017, the Committee resolved as follows:

The matter be deferred to a Special Finance Committee meeting to be held on Monday 3 July 2017 prior to the Council meeting. The General Manager to provide additional information on capital expenditure and specifically the Council's ability to expend projects contained in the 2017/18 financial year as well as any other efficiency savings.

Discussion

In response to the Committee resolution, the Executive Leadership Team (ELT) has reviewed the capital works program.

This process commenced with ELT reviewing the 2016/2017 capital works program.

The original Council approved capital works program for 2016/2017 comprised as follows:

\$35.5M in project funding
\$22.3M in carry forwards from previous years
\$2.9M of 2016/2017 budget adjustments
TOTAL \$60.7M

Whilst we don't yet have finalised 2016/2017 financial statements at the time of writing this report, the summary of the status of projects in 16/17 is as detailed below:

Status as at 31 May 2017	Quantum (\$ and %)	Project Example
Completed	\$23.5M/ 39%	10 public toilets; West Hobart Oval; Morrison Street; Solar Panel installation; Sandy Bay Cycleway; Domain Athletic Centre track resurfacing; fire trails and breaks
Work in Progress	\$10.7M/18%	Sandy Bay Retail Precinct; City Hall renewal; Salamanca pedestrian works; Great Short Walk; Ancanthe Park Master Plan; Project Phoenix; Queens Domain Joggers Loop upgrade
Contracted/Negotiations/Work Order Issued	\$17.3M/29%	Soldiers Memorial Oval playground; Buckingham Bowls Club wall replacement; The Springs infrastructure upgrade; Brooker Bridge; Mellifont Street surface renewal; Regent Street pedestrian access; Argyle Street toilets
Being planned/designed/procured	\$6.5M/10%	Tasman Highway Bridge; Doone Kennedy Hobart Aquatic Centre; Olinda Grove; Crelin Street reconstruction
Not progressed to date	\$2.7M/4%	Bus Mall; Council Centre Hydraulics
TOTAL	\$60.7M/100%	

The above table shows 57 per cent of work has either been completed or on-ground works are underway, with a further 29 per cent of work contracted.

A further 10 per cent is undergoing detailed planning, design and consultation, whilst for various reasons the remaining 4 per cent has not progressed at this stage.

In order to deliver the 2016/2017 program, ELT introduced enhanced project management systems which increased our capacity to deliver projects in the 2016/2017 financial year and will provide ongoing improvement to our capacity to deliver our capital works program in the future.

The projects still in progress or contracted will need to be achieved in addition to the new work scheduled in the 2017/2018 budget.

The original 2017/2018 budget Estimates presented last week were predicated on the full delivery of the 10 year capital works program as approved by the Council in April 2017. This capital expenditure program included a significant loading of projects in the first few years.

Following the Finance Committee meeting last week, ELT has reviewed this program in the light of what has been achieved in 2016/2017 and the Finance Committee's apparent desire to 'smooth' the capital works program in order to achieve an improved financial outcome.

ELT has undertaken the 'smoothing' exercise applying the following principles:

- No project has been removed and the total value of the capital works program over 10 years remains unchanged;
- Significant projects have generally not been affected, such as the Brooker Bridge and Tasman Highway Bridge, the Local Area Precinct Plans, the Battery Point Walkway, Doone Kennedy Hobart Aquatic Centre upgrade, and public toilet upgrades;
- Projects have been timed based on our organisational capacity to deliver the projects and the understanding of the complexity of delivering these projects;
- Generally asset replacement projects have been untouched, although there has been some 'smoothing' which will result in 100 per cent funding of asset arrangement plans being delivered over the 10 years, albeit, there will be some years when it falls marginally below 100 percent.

The original 10 year program as approved by the Council in April 2017 is at **attachment A**. The proposed revised program is at **attachment B**.

As a result of the 'smoothing' of the capital works and consequent reduction in borrowings, the following rate rise options are presented:

Rate rise 17/18 %	Rate rise 2018 & beyond %	Surplus \$M 17/18	Surplus \$M 18/19	Impact on 17/18 CapEx	Total Borrowings \$	Net debt to revenue (Treasury) <40%	Net financial liabilities ratio (AG) <50% low risk	Comments
3.25	3.0	\$1.45M	\$0.5M	(\$5.5M)	\$86M	Peaks at 26%	Peaks at 48.5%	Preferred
3.00	3.0 +	\$1.26M	\$0.36M	(\$5.5M)	\$89M	Peaks at 27%	Peaks at 49.5%	Not preferred due to impact on future rate increases
2.35	3.0 +	\$0.76M	(\$0.17M)	(\$5.5M)	\$97M	Peaks at 29%	Peaks at 52.1%	Not supported

The 'smoothing' of the capital works program and consequent reduction in borrowings together with some reduction in the surplus could generate a rate increase around 3 per cent.

Maintaining the rate increase at 3.25 per cent with the revised 'smoothed' capital works program would have the advantage of reducing borrowings further and taking the pressure off higher rate increases in the next few years.

This is consistent with the attached (**attachment C**) advice from the Risk and Audit Panel meeting of 20 June 2017.

A rate increase significantly below 3 per cent is not recommended due to the impact on borrowings and future surpluses. Whilst ELT has been able to smooth the capital works program without the loss of projects, any further rate reduction would result in increased borrowings and/or necessitate the removal of projects from the program.

The Finance Committee resolution also required consideration of any other efficiency measures. The Council is advised that the Long Term Financial Management Plan, attached to this agenda (**attachment D**), is predicated on a \$1M operating efficiency dividend in 2018/2019.

A number of other issues were raised by Aldermen in discussion at the Finance Committee, including contractor costs at Doone Kennedy Hobart Aquatic Centre, credit card fees and parking and employee costs. Information in relation to these items will be placed on the HUB for Aldermen within the next week.

RECOMMENDATION

That:

- 1. Based on a reduction in the council's debt profile, maintenance of a moderate surplus and lessening the impact on future rate increases, the Council endorse a rate increase of 3.25 per cent.***
- 2. The Council endorse the revised 2017/18 capital works program with a further report on the balance of the 10 year program to be provided for Council consideration in November 2017.***
- 3. The Council approve the Budget Estimates and rates resolution as at attachment E to this memorandum.***
- 4. The General Manager be delegated the authority to make any minor and consequential amendments to the 2017/2018 Estimates document, 2017/2018 Annual Plan (attachment F), and Long Term Financial Management Plan given the amendments to the capital works program.***

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.



N.D Heath
GENERAL MANAGER

Date: 30 June 2017
File Reference: F17/83947

Attachment A: Capital Works Program - Council approved - April 2017 ↓
Attachment B: Capital Works Program - amended ↓
Attachment C: Risk and Audit Panel - Draft Resolution - 20 June 2017 ↓
Attachment D: Long Term Financial Management Plan ↓
Attachment E: Budget Estimates and rates resolution ↓
Attachment F: Annual Plan 2017/18 ↓

10 Year Capital Works Program - Transforming Hobart (as at 11/04/2017)

Sub Program	Project	Reference	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
New Assets / Upgrades												
Buildings	City Hall Renewal - Major Refurbishment	2015-017913	200,000	-	-	1,000,000	1,000,000	-	-	-	-	-
	DKHAC - Major Refurbishment & Upgrade Works	2015-017915	-	7,500,000	1,000,000	-	-	-	-	-	-	-
	Elizabeth St Mall Information Booth Renewal	2015-012345	40,000	-	-	-	-	-	-	-	-	-
	Energy Savings Action Plan Implementation - Buildings	2015-020613	100,000	100,000	100,000	100,000	-	-	-	-	-	-
	Gateway Visitor Centre Upgrade	2016-003435	-	150,000	1,350,000	-	-	-	-	-	-	-
Buildings Total			340,000	7,750,000	2,450,000	1,100,000	1,000,000	-	-	-	-	-
Bushland Infrastructure	Bushland Fund - Annual Allocation	Various	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Hobart Rivulet to Knocklofty Reserve	2012-027228	-	60,000	-	-	-	-	-	-	-	-
	Pipeline Track Renewal Works	2015-021561	-	-	50,000	500,000	-	-	-	-	-	-
	Shelter - Entry to SMA	2015-014372	-	-	-	-	70,000	-	-	-	-	-
Bushland Infrastructure Total			50,000	110,000	100,000	550,000	120,000	50,000	50,000	50,000	50,000	50,000
Corporate Governance	Phoenix Project - Software Procurement	2016-021695	1,290,000	50,000	-	-	-	-	-	-	-	-
	Valuation Roll Renewal 2021 / 22	2016-021620	-	-	-	-	680,000	-	-	-	-	-
Corporate Governance Total			1,290,000	50,000	-	-	680,000	-	-	-	-	-
Inner City Action Plan	AP01 - Liverpool and and Collins Street Upgrades - (Elizabeth to Murray)	2012-029051	250,000	500,000	-	-	-	-	-	-	-	-
	AP02 - No 3 - Elizabeth Street Bus Mall - Construction	2015-008107	100,000	1,500,000	-	-	-	-	-	-	-	-
	AP04 - Collins Street / Hobart Rivulet Linear Park Connection (ICAP)	2015-008685	100,000	1,400,000	-	-	-	-	-	-	-	-
	AP05 - Elizabeth Mall / Wellington Court Connection	2015-020237	-	-	-	50,000	500,000	500,000	-	-	-	-
	AP06 - Campbell Street Upgrade (City Campus Project)	2015-020239	-	100,000	600,000	600,000	500,000	-	-	-	-	-
	AP08 - Castray Esplanade Upgrade (ICAP)	2014-014639	300,000	-	-	-	-	-	-	-	-	-
	AP09 - Collins Court Revitalisation (Stage 2- Pedestrian Amenity)	2015-013029	400,000	-	-	-	-	-	-	-	-	-
	AP14 - Salamanca Pedestrian Works Stage 2 - Salamanca Montpellier Intersection	2016-021940	150,000	500,000	-	-	-	-	-	-	-	-
	AP14 - Salamanca Pedestrian Works Stage 3 - Morrison Castray Salamanca rationalisation	2016-021941	-	500,000	1,000,000	-	-	-	-	-	-	-
	AP16 - Battery Point Walkway - Stage 1	2015-020429	150,000	150,000	500,000	3,000,000	3,000,000	-	-	-	-	-
	AP17 - Hunter/Evans redevelopment post MAC1	2015-020400	-	-	100,000	500,000	500,000	400,000	-	-	-	-
	AP18 - Tasman Highway Shared Bridge	2015-008687	6,700,000	-	-	-	-	-	-	-	-	-
	AP19 - Kemp Street Upgrade	2015-020406	1,100,000	-	-	-	-	-	-	-	-	-
	Linking CBD to the Waterfront (ICAP)	2015-020388	-	-	100,000	4,000,000	-	-	-	-	-	-
	Macquarie Point Linkage to CBD	2016-004630	-	-	-	500,000	-	-	-	-	-	-
	Traffic improvements - Bathurst/ Elizabeth	2015-020409	-	-	100,000	1,900,000	-	-	-	-	-	-
Inner City Action Plan Total			9,250,000	4,650,000	2,400,000	10,550,001	4,500,000	900,000	-	-	-	-
Local Retail Precinct Plan	Elizabeth Street Retail Precinct Upgrade	2015-020295	-	-	2,500,000	-	-	-	-	-	-	-
	Lenah Valley Retail Precinct Upgrade	2015-020386	2,000,000	-	-	-	-	-	-	-	-	-
	New Town Retail Precinct Upgrade	2015-020234	100,000	1,900,000	-	-	-	-	-	-	-	-
	Sandy Bay Retail Precinct Upgrade Project	2014-008925	200,000	-	-	-	-	-	-	-	-	-
	South Hobart Retail Precinct Upgrade	2015-020390	-	-	-	2,000,000	-	-	-	-	-	-
Local Retail Precinct Plan Total			2,300,000	1,900,000	2,500,000	2,000,000	-	-	-	-	-	-
Miscellaneous Items	North Hobart Parking Expansion	2015-021097	-	-	-	-	-	-	-	-	-	500,000
Miscellaneous Items Total			-	-	-	-	-	-	-	-	-	500,000
Parks Infrastructure	Cascade Gardens Car Park	2015-012933	200,000	-	-	-	-	-	-	-	-	-
	Hobart Rivulet Linear Park - Vicinity of Anglesea Street	2011-029515	125,000	125,000	125,000	125,000	-	-	-	-	-	-
	New Town Rivulet Linear Park Plan - Stage 1	2015-020081	-	-	600,000	-	-	-	-	-	-	-
	New Town Rivulet Linear Park Plan - Stage 2	2015-020082	-	-	-	1,000,000	-	-	-	-	-	-
	Queens Domain cycleway connect to city via Macquarie Point	2015-020609	-	-	500,000	-	-	-	-	-	-	-
	Sandy Bay Rivulet Linear Park Implementation	2015-020342	-	-	500,000	-	-	1,000,000	-	-	-	-
	Tolmans Hill Playground	2015-020083	300,000	-	-	-	-	-	-	-	-	-
Parks Infrastructure Total			625,000	125,000	1,725,000	1,125,000	-	1,000,000	-	-	-	-
Public Infrastructure Fund	Battery Point Retail Precinct Upgrade	2015-020391	-	-	-	-	1,750,000	-	-	-	-	1,750,000
Public Infrastructure Fund Total			-	-	-	-	1,750,000	-	-	-	-	1,750,000
Public Toilet Strategy 2015-2025	Argyle St Carpark Public Convenience Internal Furbishment	2016-003477	500,000	-	-	-	-	-	-	-	-	-
	Battery Point - New Public Convenience	2016-001698	-	-	-	-	-	-	-	-	-	250,000
	Cascade Gardens Public Convenience - Accessible Toilet Installation	2016-001692	-	-	-	100,000	-	-	-	-	-	-
	Clare St Oval Public Convenience Renewal	2015-019186	-	-	-	200,000	-	-	-	-	-	-
	Cornelian Bay Public Convenience Internal Refurbishment	2015-019188	-	-	-	-	-	100,000	-	-	-	-
	Domain Athletics Centre - Public Convenience Internal Refurbishment	2015-015688	100,000	-	-	-	-	-	-	-	-	-
	Domain Summit Public Convenience	2016-000580	250,000	-	-	-	-	-	-	-	-	-
	Friends Park Public Convenience Accessible Toilet Provision	2016-001718	-	-	-	-	-	100,000	-	-	-	-
	Hobart Central Car Park Public Convenience Internal Refurbishment	2015-019182	-	-	150,000	-	-	-	-	-	-	-
	Hobart Rivulet Park - Lower Section New Public Convenience	2015-019179	-	-	-	250,000	-	-	-	-	-	-
	K&D Brickworks Development New Public Convenience	2015-019198	-	-	-	-	-	250,000	-	-	-	-
	Knocklofty Reserve - New Public Convenience	2016-001694	-	-	-	-	-	-	-	275,000	-	-

10 Year Capital Works Program - Transforming Hobart (as at 11/04/2017)

Sub Program	Project	Reference	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Lenah Valley Shopping Precinct New Public Convenience	2016-001720	-	-	-	-	-	-	-	-	-	250,000
	Long Beach Surf Life Saving Pavilion - Internal Refurbishment	2016-001690	-	-	-	-	-	100,000	-	-	-	-
	Lower Sandy Bay Playground Toilet Renewal	2015-019163	-	-	400,000	-	-	-	-	-	-	-
	Mt Nelson Public Convenience - Improve Accessibility	2015-015545	-	-	-	-	-	200,000	-	-	-	-
	New Town Oval Public Convenience Works (Further scoping required) FY19/20	2016-000814	-	-	200,000	-	-	-	-	-	-	-
	New Town Oval Public Convenience Works (Further scoping required) FY21/22	2016-000816	-	-	-	-	200,000	-	-	-	-	-
	North Hobart Cultural Park - Amenities Building Renewal	2013-014356	-	300,000	-	-	-	-	-	-	-	-
	North Hobart Oval Public Conveniences - Further Review Required to Establish Program	2016-001712	-	-	-	-	-	200,000	200,000	-	-	350,000
	Nutgrove Beach Reserve Toilet Access Pathway Improvement	2015-019165	-	-	50,000	-	-	-	-	-	-	-
	Prossers Restaurant Public Convenience Internal Refurbishment	2015-015698	50,000	-	-	-	-	-	-	-	-	-
	Public Convenience - Annual Allocation for Accessibility Upgrades	2016-003180	50,000	50,000	50,000	50,000	50,000	50,000	50,000	-	-	-
	Queenborough Oval Toilet Works (Further scoping required) FY 20/21	2016-000818	-	-	-	200,000	-	-	-	-	-	-
	Queenborough Oval Toilet Works (Further scoping required) FY 23/24	2016-000822	-	-	-	-	-	-	200,000	-	-	-
	Queenborough Oval Toilet Works (Further scoping required) FY 24/25	2016-000824	-	-	-	-	-	-	-	100,000	-	-
	Queens Walk Oval Public Convenience Accessible Works	2015-019190	-	-	-	-	-	-	100,000	-	-	-
	Regatta Ground Colvin Stand Public Convenience Upgrade	2015-019200	-	-	-	-	-	-	200,000	-	-	-
	Regatta Ground Pavilion Renewal to Toilets Only	2015-015452	-	350,000	-	-	-	-	-	-	-	-
	South Hobart Oval Public Conveniences Internal Refurbishments	2015-019174	-	-	150,000	-	-	-	-	-	-	-
	South Hobart Shopping Precinct - New Public Convenience	2016-001697	-	-	-	-	-	-	-	-	-	250,000
	Swan St Public Convenience Building Renewal	2015-015685	250,000	-	-	-	-	-	-	-	-	-
	TCA Ground Toilet Block - Building Renewal	2015-010672	-	350,000	-	-	-	-	-	-	-	-
	Tolmans Hill New Public Convenience	2015-019167	-	-	-	-	250,000	-	-	-	-	-
	Washington St Playground Public Convenience Internal Refurbishment	2015-019172	250,000	-	-	-	-	-	-	-	-	-
	Waterworks Reserve No.1 Public Convenience - Remove and Replace	2015-019170	-	-	-	200,000	-	-	-	-	-	-
	Waterworks Reserve No.2 Public Convenience Internal Refurbishment	2015-019168	-	-	-	-	50,000	-	-	-	-	-
	Wellington Park Fern Tree Park Public Convenience Renewal	2012-027367	250,000	-	-	-	-	-	-	-	-	-
	Wellington Park Lenah Valley Rd Entrance New Public Convenience	2016-001722	-	-	-	-	-	-	150,000	-	-	-
	Wellington Park St Crispins Well New Public Convenience	2016-001723	-	-	150,000	-	-	-	-	-	-	-
	Wellington Park The Chalet New Public Convenience	2016-001725	-	-	150,000	-	-	-	-	-	-	-
	West Hobart Oval Public Conveniences Internal Refurbishment	2015-015702	-	85,000	-	-	-	-	-	-	-	-
Public Toilet Strategy 2015-2025 Total			1,700,000	1,135,000	1,300,000	1,000,000	550,000	1,000,000	900,000	425,000	-	1,100,000
Queens Domain Program	City to Gardens Way	2012-026679	-	400,000	-	1,000,000	-	-	-	-	-	-
	Domain Paid Parking area - improvements to footpath and lighting	2015-020340	-	1,000,000	-	-	-	-	-	-	-	-
	Domain Summit Facilities	2015-021564	250,000	-	250,000	250,000	-	-	-	-	-	-
	Queens Domain Joggers Loop Upgrade	2011-026205	-	-	-	-	500,000	-	-	-	-	-
	Queens Domain Master Plan - Beaumaris Zoo Precinct Planning	2013-015812	-	30,000	-	-	-	-	-	-	-	-
	TCA Ground playing surface replacement	2015-015907	1,276,000	-	-	-	-	-	-	-	-	-
Queens Domain Program Total			1,526,000	1,430,000	250,000	1,250,000	500,000	-	-	-	-	-
Road infrastructure	City Laneways - Access and Lighting Upgrades	2015-020057	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	-
	Huon Road Uphill Widening for Cyclists	2015-020032	25,000	475,000	-	-	-	-	-	-	-	-
	Implementation Of Transport Strategy	2016-000605	300,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	-
	King Street Pedestrian Improvements	2015-020054	300,000	-	-	-	-	-	-	-	-	-
	Lower Sandy Bay Retail Precinct Upgrade	2016-003659	-	-	-	-	-	-	-	-	-	1,000,000
	Street Light Acquisition (TasNetworks)	2015-020055	500,000	-	-	-	-	-	-	-	-	-
	Summerleas Road Footpaths	2015-020058	25,000	625,000	-	-	-	-	-	-	-	-
Road Infrastructure Total			1,250,000	1,700,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	1,000,000
Solid Waste Management	Kemp St Commercial Waste & Recycling Receiving Facility	2016-000206	450,000	-	-	-	-	-	-	-	-	-
Solid Waste Management Total			450,000	-	-	-	-	-	-	-	-	-
Stormwater Reticulation & Rivulets	Implementation of Stormwater Strategy	2015-021091	60,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	-
	Maypole Stormwater Upgrade	2015-020056	100,000	1,900,000	-	-	-	-	-	-	-	-
Stormwater Reticulation & Rivulets Total			160,000	2,100,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	-
Wellington Park - One Mountain	Great Short Walks - Pinnacle Track - Springs To Zig Zag Track	2015-016184	-	710,000	-	-	-	-	-	-	-	-
	Great Short Walks - Springs Feeder Tracks	2009-020588	-	210,000	-	-	-	-	-	-	-	-
	Kunanyi Gravity Trail - Track and Toilets	2014-009295	-	700,000	550,000	-	-	-	-	-	-	-
	Pipeline Trail - Fern Tree Park Master Plan	2012-001343	500,000	250,000	-	-	-	-	-	-	-	-
	Spring Public Facilities Upgrade (Part Of GSW)	2015-021555	-	300,000	-	-	-	-	-	-	-	-
Wellington Park - One Mountain Total			1,420,000	1,250,000	550,000	-	-	-	-	-	-	-
New Assets / Upgrades GRAND TOTAL			20,361,000	22,200,000	12,075,001	18,375,001	9,900,000	3,750,000	1,750,000	1,275,000	850,000	4,400,000
Asset Renewals			Proposed in Project Management System		Planned Renewal Expenditure							
Asset Renewals			21,409,530	26,171,558	27,299,961	22,182,548	22,182,548	22,182,548	22,182,548	22,182,548	22,182,548	22,182,548
			21,409,530	26,171,558	27,299,961	22,182,548	22,182,548	22,182,548	22,182,548	22,182,548	22,182,548	22,182,548
Renewing Hobart GRAND TOTAL			41,770,530	48,371,559	39,374,962	40,557,549	32,082,548	25,932,548	23,932,548	23,457,548	23,032,548	26,582,548

10 Year Capital Works Program - Transforming Hobart (as at 11/04/2017)

Sub Program	Project	Reference	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
New Assets / Upgrades												
Buildings	City Hall Renewal - Major Refurbishment	2015-017913	200,000	-	-	-	-	-	2,500,000	-	-	-
	DICHAC - Major Refurbishment & Upgrade Works	2015-017915	-	7,500,000	1,000,000	-	-	-	-	-	-	-
	Elizabeth St Mall Information Booth Renewal	2015-012345	40,000	-	-	-	-	-	-	-	-	-
	Energy Savings Action Plan Implementation - Buildings	2015-020613	100,000	100,000	100,000	100,000	-	-	-	-	-	-
	Gateway Visitor Centre Upgrade	2016-003435	-	-	-	150,000	1,350,000	-	-	-	-	-
Buildings Total			340,000	7,600,000	1,100,000	250,000	1,350,000	-	2,500,000	-	-	-
Bushland Infrastructure	Bushland Fund - Annual Allocation	Various	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Hobart Rivulet to Knocklofty Reserve	2012-027228	-	60,000	-	-	-	-	-	-	-	-
	Pipeline Track Renewal Works	2015-021561	-	-	-	50,000	500,000	-	-	-	-	-
	Shelter - Entry to SMA	2015-014372	-	-	-	-	-	-	70,000	-	-	-
Bushland Infrastructure Total			50,000	110,000	50,000	100,000	550,000	50,000	120,000	50,000	50,000	50,000
Corporate Governance	Phoenix Project - Software Procurement	2016-021695	900,000	440,000	-	-	-	-	-	-	-	-
	Valuation Roll Renewal 2021 / 22	2016-021620	-	-	-	-	680,000	-	-	-	-	-
Corporate Governance Total			900,000	440,000	-	-	680,000	-	-	-	-	-
Inner City Action Plan	AP01 - Liverpool and and Collins Street Upgrades - (Elizabeth to Murray)	2012-029051	50,000	200,000	500,000	-	-	-	-	-	-	-
	AP02 - No 3 - Elizabeth Street Bus Mall - Construction	2015-008107	100,000	2,000,000	-	-	-	-	-	-	-	-
	AP04 - Collins Street / Hobart Rivulet Linear Park Connection (ICAP)	2015-008685	50,000	700,000	-	-	-	-	-	-	-	-
	AP05 - Elizabeth Mall / Wellington Court Connection	2015-020237	-	-	-	-	-	-	-	-	-	-
	AP06 - Castray Street Upgrade (City Campus Project)	2015-020239	-	-	100,000	900,000	800,000	-	-	50,000	500,000	500,000
	AP08 - Castray Esplanade Upgrade (ICAP)	2014-014639	-	-	300,000	-	-	-	-	-	-	-
	AP09 - Collins Court Revitalisation (Stage 2- Pedestrian Amenity)	2015-013029	100,000	300,000	-	-	-	-	-	-	-	-
	AP14 - Salamanca Pedestrian Works Stage 2 - Salamanca Montpellier Intersection	2016-021940	150,000	500,000	-	-	-	-	-	-	-	-
	AP14 - Salamanca Pedestrian Works Stage 3 - Morrison Castray Salamanca rationalisation	2016-021941	-	500,000	1,000,000	-	-	-	-	-	-	-
	AP16 - Battery Point Walkway - Stage 1	2015-020429	-	-	-	-	150,000	150,000	500,000	3,000,000	3,000,000	-
	AP17 - Hunter/Evans redevelopment post MAC1	2015-020400	-	-	-	-	-	-	100,000	500,000	500,000	400,000
	AP18 - Tasman Highway Shared Bridge	2015-008687	5,000,000	1,700,000	-	-	-	-	-	-	-	-
	AP19 - Kemp Street Upgrade	2015-020406	1,100,000	-	-	-	-	-	-	-	-	-
	Linking CBD to the Waterfront (ICAP)	2015-020388	-	-	-	-	100,000	4,000,000	-	-	-	-
	Macquarie Point Linkage to CBD	2016-004630	-	-	-	-	-	-	500,000	-	-	-
	Traffic Improvements - Bathurst/ Elizabeth	2015-020409	-	-	-	-	-	-	-	100,000	1,900,000	-
Inner City Action Plan Total			6,550,000	5,900,000	1,900,000	900,000	1,050,000	4,150,000	1,100,000	3,650,000	5,900,000	900,000
Local Retail Precinct Plan	Elizabeth Street Retail Precinct Upgrade	2015-020295	-	-	1,000,000	1,500,000	-	-	-	-	-	-
	Lenah Valley Retail Precinct Upgrade	2015-020386	2,000,000	-	-	-	-	-	-	-	-	-
	New Town Retail Precinct Upgrade	2015-020234	100,000	900,000	1,000,000	-	-	-	-	-	-	-
	Sandy Bay Retail Precinct Upgrade Project	2014-008925	200,000	-	-	-	-	-	-	-	-	-
	South Hobart Retail Precinct Upgrade	2015-020390	-	-	-	1,000,000	1,000,000	-	-	-	-	-
Local Retail Precinct Plan Total			2,300,000	900,000	2,000,000	2,500,000	1,000,000	-	-	-	-	-
Miscellaneous Items	North Hobart Parking Expansion	2015-021097	-	-	-	-	-	-	-	-	-	500,000
Miscellaneous Items Total			-	-	-	-	-	-	-	-	-	500,000
Parks Infrastructure	Cascade Gardens Car Park	2015-012933	200,000	-	-	-	-	-	-	-	-	-
	Hobart Rivulet Linear Park - Vicinity of Anglesea Street	2011-029515	125,000	125,000	125,000	125,000	-	-	-	-	-	-
	New Town Rivulet Linear Park Plan - Stage 1	2015-020081	-	-	-	-	600,000	-	-	-	-	-
	New Town Rivulet Linear Park Plan - Stage 2	2015-020082	-	-	-	-	-	1,000,000	-	-	-	-
	Queens Domain cycleway connect to city via Macquarie Point	2015-020609	300,000	200,000	-	-	-	-	-	-	-	-
	Sandy Bay Rivulet Linear Park Implementation	2015-020342	-	-	-	-	500,000	1,000,000	-	-	-	-
	Tolmans Hill Playground	2015-020083	300,000	-	-	-	-	-	-	-	-	-
Parks Infrastructure Total			925,000	325,000	125,000	125,000	1,100,000	2,000,000	-	-	-	-
Public Infrastructure Fund	Battery Point Retail Precinct Upgrade	2015-020391	-	-	-	-	750,000	1,000,000	-	-	-	1,750,000
Public Infrastructure Fund Total			-	-	-	-	750,000	1,000,000	-	-	-	1,750,000
Public Toilet Strategy 2015-2025	Argyle St Carpark Public Convenience Internal Refurbishment	2016-003477	500,000	-	-	-	-	-	-	-	-	-
	Battery Point - New Public Convenience	2016-001698	-	-	-	-	-	-	-	-	-	250,000
	Cascade Gardens Public Convenience - Accessible Toilet Installation	2016-001692	-	-	-	100,000	-	-	-	-	-	-
	Clare St Oval Public Convenience Renewal	2015-019186	-	-	-	200,000	-	-	-	-	-	-
	Cornelian Bay Public Convenience Internal Refurbishment	2015-019188	-	-	-	-	-	100,000	-	-	-	-
	Domain Athletics Centre - Public Convenience Internal Refurbishment	2015-015688	100,000	-	-	-	-	-	-	-	-	-
	Domain Summit Public Convenience	2016-000580	50,000	200,000	-	-	-	-	-	-	-	-
	Friends Park Public Convenience Accessible Toilet Provision	2016-001718	-	-	-	-	-	100,000	-	-	-	-
	Hobart Central Car Park Public Convenience Internal Refurbishment	2015-019182	-	-	150,000	-	-	-	-	-	-	-
	Hobart Rivulet Park - Lower Section New Public Convenience	2015-019179	-	-	-	250,000	-	-	-	-	-	-
	K&D Brickworks Development New Public Convenience	2015-019198	-	-	-	-	-	250,000	-	-	-	-
	Knocklofty Reserve - New Public Convenience	2016-001694	-	-	-	-	-	-	-	275,000	-	-

10 Year Capital Works Program - Transforming Hobart (as at 11/04/2017)

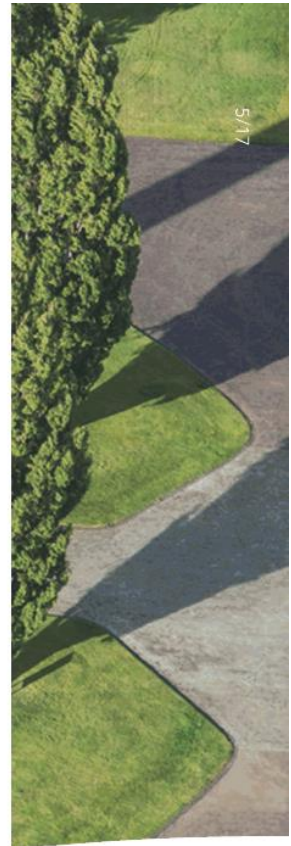
Sub Program	Project	Reference	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Lenah Valley Shopping Precinct New Public Convenience	2016-001720	-	-	-	-	-	-	-	-	-	250,000
	Long Beach Surf Life Saving Pavilion - Internal Refurbishment	2016-001690	-	-	-	-	-	100,000	-	-	-	-
	Lower Sandy Bay Playground Toilet Renewal	2015-019163	-	-	400,000	-	-	-	-	-	-	-
	MT Nelson Public Convenience - Improve Accessibility	2015-015545	-	-	-	-	-	200,000	-	-	-	-
	New Town Oval Public Convenience Works (Further scoping required) FY19/20	2016-000814	-	-	200,000	-	-	-	-	-	-	-
	New Town Oval Public Convenience Works (Further scoping required) FY21/22	2016-000816	-	-	-	-	200,000	-	-	-	-	-
	North Hobart Cultural Park - Amenities Building Renewal	2013-014356	-	-	-	300,000	-	-	-	-	-	-
	North Hobart Oval Public Conveniences - Further Review Required to Establish Program	2016-001712	-	-	-	-	-	200,000	200,000	-	-	350,000
	Nutgrove Beach Reserve Toilet Access Pathway Improvement	2015-019165	-	-	50,000	-	-	-	-	-	-	-
	Prossers Restaurant Public Convenience Internal Refurbishment	2015-015698	50,000	-	-	-	-	-	-	-	-	-
	Public Convenience - Annual Allocation for Accessibility Upgrades	2016-003180	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	-	-
	Queenborough Oval Toilet Works (Further scoping required) FY 20/21	2016-000818	-	-	-	200,000	-	-	-	-	-	-
	Queenborough Oval Toilet Works (Further scoping required) FY 23/24	2016-000822	-	-	-	-	-	-	200,000	-	-	-
	Queenborough Oval Toilet Works (Further scoping required) FY 24/25	2016-000824	-	-	-	-	-	-	-	100,000	-	-
	Queens Walk Oval Public Convenience Accessible Works	2015-019190	-	-	-	-	-	-	100,000	-	-	-
	Regatta Ground Colvin Stand Public Convenience Upgrade	2015-019200	-	-	-	-	-	-	200,000	-	-	-
	Regatta Ground Pavilion Renewal to Toilets Only	2015-015452	-	350,000	-	-	-	-	-	-	-	-
	South Hobart Oval Public Conveniences Internal Refurbishments	2015-019174	-	-	150,000	-	-	-	-	-	-	-
	South Hobart Shopping Precinct - New Public Convenience	2016-001697	-	-	-	-	-	-	-	-	-	250,000
	Swan St Public Convenience Building Renewal	2015-015685	50,000	200,000	-	-	-	-	-	-	-	-
	TCA Ground Toilet Block - Building Renewal	2015-010672	-	-	-	350,000	-	-	-	-	-	-
	Tolmans Hill New Public Convenience	2015-019167	-	-	-	-	250,000	-	-	-	-	-
	Washington St Playground Public Convenience Internal Refurbishment	2015-019172	250,000	-	-	-	-	-	-	-	-	-
	Waterworks Reserve No.1 Public Convenience - Remove and Replace	2015-019170	-	-	-	200,000	-	-	-	-	-	-
	Waterworks Reserve No.2 Public Convenience Internal Refurbishment	2015-019168	-	-	-	-	50,000	-	-	-	-	-
	Wellington Park Fern Tree Park Public Convenience Renewal	2012-027367	50,000	200,000	-	-	-	-	-	-	-	-
	Wellington Park Lenah Valley Rd Entrance New Public Convenience	2016-001722	-	-	-	-	-	-	150,000	-	-	-
	Wellington Park St Crispins Well New Public Convenience	2016-001723	-	-	-	150,000	-	-	-	-	-	-
	Wellington Park The Chalet New Public Convenience	2016-001725	-	-	-	150,000	-	-	-	-	-	-
	West Hobart Oval Public Conveniences Internal Refurbishment	2015-015702	-	85,000	-	-	-	-	-	-	-	-
Public Toilet Strategy 2015-2025 Total			1,100,000	1,085,000	1,000,000	1,950,000	550,000	1,000,000	900,000	425,000	-	1,100,000
Queens Domain Program	City to Gardens Way	2012-026679	-	400,000	-	1,000,000	-	-	-	-	-	-
	Domain Paid Parking area - improvements to footpath and lighting	2015-020340	-	-	-	1,000,000	-	-	-	-	-	-
	Domain Summit Facilities	2015-021564	50,000	200,000	250,000	250,000	-	-	-	-	-	-
	Queens Domain Joggers Loop Upgrade	2011-026205	-	-	-	-	500,000	-	-	-	-	-
	Queens Domain Master Plan - Beaumaris Zoo Precinct Planning	2013-015812	-	30,000	-	-	-	-	-	-	-	-
	TCA Ground playing surface replacement	2015-015907	-	-	-	-	-	-	-	-	-	-
Queens Domain Program Total			1,276,000	630,000	250,000	2,250,000	500,000	-	-	-	-	-
Road Infrastructure	City Laneways - Access and Lighting Upgrades	2015-020057	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	-
	Huon Road Uphill Widening for Cyclists	2015-020032	-	25,000	475,000	-	-	-	-	-	-	-
	Implementation Of Transport Strategy	2016-000605	300,000	250,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	-
	King Street Pedestrian Improvements	2015-020054	300,000	-	-	-	-	-	-	-	-	-
	Lower Sandy Bay Retail Precinct Upgrade	2016-003659	-	-	-	-	-	-	-	-	-	1,000,000
	Street Light Acquisition (TasNetworks)	2015-020055	500,000	-	-	-	-	-	-	-	-	-
	Summerleas Road Footpaths	2015-020058	-	25,000	625,000	-	-	-	-	-	-	-
Road Infrastructure Total			1,200,000	400,000	1,700,000	600,000	600,000	600,000	600,000	600,000	600,000	1,000,000
Solid Waste Management	Kemp St Commercial Waste & Recycling Receiving Facility	2016-000206	450,000	-	-	-	-	-	-	-	-	-
Solid Waste Management Total			450,000	-	-	-	-	-	-	-	-	-
Stormwater Reticulation & Rivulets	Implementation of Stormwater Strategy	2015-021091	60,000	100,000	200,000	200,000	200,000	200,000	-	200,000	200,000	-
	Maypole Stormwater Upgrade	2015-020056	-	-	-	100,000	1,900,000	-	-	-	-	-
Stormwater Reticulation & Rivulets Total			60,000	100,000	200,000	300,000	2,100,000	200,000	-	200,000	200,000	-
Wellington Park - One Mountain	Great Short Walks - Pinnacle Track - Springs To Zig Zag Track	2015-016184	710,000	-	-	-	-	-	-	-	-	-
	Great Short Walks - Springs Feeder Tracks	2009-020588	210,000	-	-	-	-	-	-	-	-	-
	Kunanyi Gravity Trail - Track and Toilets	2014-009295	-	-	-	700,000	550,000	-	-	-	-	-
	Pipeline Trail - Fern Tree Park Master Plan	2012-001343	50,000	450,000	250,000	-	-	-	-	-	-	-
	Springs Public Facilities Upgrade (Part Of GSW)	2015-021555	-	-	-	-	-	300,000	-	-	-	-
Wellington Park - One Mountain Total			970,000	450,000	250,000	700,000	550,000	300,000	-	-	-	-
New Assets / Upgrades GRAND TOTAL			16,171,000	17,940,000	8,575,000	9,675,000	10,780,000	9,300,000	5,220,000	4,925,000	6,750,000	5,300,000
Asset Renewals			Proposed in Project Management System				Planned Renewal Expenditure					
Asset Renewals			21,409,530	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373
Renewing Hobart GRAND TOTAL			21,409,530	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373	23,194,373
Total 10 Year Capital Works Program GRAND TOTAL			37,580,530	41,134,373	31,769,373	32,869,373	33,974,373	32,494,373	28,414,373	28,119,373	29,944,373	28,494,373

Risk and Audit Panel.

Draft resolution – item 6.1.

The Panel resolved the following recommendation, as detailed below, be received and noted:

1. In accordance with Section 4.6.1 Long Term Sustainability of the Risk and Audit Panel Terms of Reference the Panel:
 - (i) Notes the Long Term Financial Management Plan appears to be in alignment with the City of Hobart Capital City Strategic Plan 2015-2025.
 - (ii) Notes the proposed 2017-18 Budget Estimates appear to be consistent with achieving the objectives of the City's Long Term Financial Management Plan 2018-2038.
2. The Panel notes that the modelling of the various financial scenarios and LTFMP indicate reduced flexibility in future decision making (mainly due to increased debt levels as a result of the increased capital works program) and encourages Council to use the Plan not only for forecasting, but as a planning tool.
 - (i) The Panel notes that the LTFMP and the Capital Works Program are reviewed annually by the Council and that scenario analyses will be included as part of this annual review.
3. Notes the thorough process undertaken in the preparation and development of the budget.



LONG-TERM FINANCIAL MANAGEMENT PLAN

2018–2038

Building Sustainable Communities



City of **HOBART**



Hobart City Council
GPO Box 503
Hobart, TAS 7001
Tel: 03 – 6238 2711
Fax: 03 – 6234 7109
Email: coh@hobartcity.com.au
Web: www.hobartcity.com.au

ABN: 39 055 343 428
6 June 2017

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1. Executive Summary

Council is currently in a strong financial position. It has strongly improved its operating result over recent years toward achieving underlying surpluses, has satisfactory liquidity and cash flow, low debt, a low reliance on external funding, and asset renewal requirements are being satisfactorily funded.

Previous versions of this plan have flagged the need for restraint in cost growth in order for forecast rate increases to be moderated. The last five annual budgets, including the 2017/18 budget, have contained an active program of cost reduction. As a result of this, cost growth assumptions for the future have been able to be reduced, thus allowing forecast rate increases to be reduced. Council is confident it now has an embedded cost management ethic.

Council recently considered an expanded ten year capital works program and approved, in principle, for the program to be funded substantially by debt. However, both the program and funding strategy are to be reviewed annually. The program includes a number of projects under the banner of 'Transforming Hobart' and includes projects which were previously part of the Inner City Action Plan. That program and funding strategy have been incorporated into this document.

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

- The achievement of modest underlying operating surpluses. Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range 0%-4% of revenue, and averaging 2%. Surpluses then increase beyond this 10 year period. It is important that Council generates sufficient revenue to cover all of its cash and non-cash costs, with a small buffer.
- An increased level of debt, but remaining within reasonable benchmarks. As mentioned above, the expanded capital works program over the next ten years will be funded substantially by debt. Council's strong position, current low level of debt, and ongoing surpluses provide Council with the ability to take on, and comfortably service, increased debt.
- Minimal cash balances. As a result of the expanded capital works program, cash balances will be minimal for a large part of the plan period. Balances and cash flow requirements will need to be closely monitored and further refined to ensure adequate liquidity.
- 100% funding of forecast asset renewal requirements, which is a key financial sustainability indicator. An appropriate benchmark is considered to be 90-100%. Renewal forecasts are continually being refined and the funding level continually monitored.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rate increases in the order of 3% in the short term, and then reducing to 2.5%. This is exclusive of the state government fire levy, any redistributive effects of revaluations, AAV indexation or changes to council rating policy.

These outcomes ensure the financial sustainability of Council, thus ensuring the ability to deliver services, at their current levels, into the future. It will ensure an equitable distribution of costs between current and future generations.

The LTFMP is based upon Council maintaining existing services at their existing service levels, except for the inclusion of the Myer site redevelopment, the expanded capital works program (incorporating Inner City Action Plan projects) and the financial effects of the change to Council's waste disposal strategic plan (i.e. deferring closure of the McRobies Gully tip site until 2030).

2. Background

City of Hobart

The City of Hobart (Council) is a Capital City council situated in Australia's second oldest city. The Council services an immediate population of 50,078 residents and 640,100 tourists to the city annually. Council offers more than 300 services to the community and the infrastructure required of a Capital City location.

Council has \$1.9 billion in gross assets (replacement cost) and will generate revenues of \$129 million in 2017/18, comprising \$81.5 million of rates and charges revenue and \$47.5 million of fees, charges and other income. Council has a workforce of 578 full time equivalent employees.

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?

There is not a universally accepted definition of financial sustainability, however, many organisations have defined what financial sustainability means to them.

In order for a situation to be sustainable both present and future needs are required to be met. Extending this definition to financial sustainability requires Council to manage its resources so that its financial commitments can be met both now and in the future. It is designed to ensure equality between generations of ratepayers in that each generation is responsible for the cost of resources they consume.

Financial sustainability can then be taken to mean whether Council can sustain its current practices in financial terms and whether community needs are currently met and will be met in the future. The SA Local Government Financial Sustainability Inquiry of 2005 defined financial sustainability as follows:

"A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."

This definition was endorsed nationally at the National General Assembly of Local Government in Canberra in November 2006. Other financial sustainability reviews have used similar definitions.

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 of in some cases well over 100 years.

Council has \$1.9 billion in physical assets, including buildings, parks infrastructure, plant, vehicles & equipment, playground equipment, road infrastructure, sporting facilities,

stormwater infrastructure and The Doone Kennedy Hobart Aquatic Centre. The expected life of physical assets varies from 10 years for plant and vehicles to 160 years for buildings.

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

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

In 2007 Local Government Association of Tasmania (LGAT) commissioned an independent review into the financial sustainability in relation to Tasmanian councils. The independent review suggested that most of the challenges facing Councils result from short-term thinking which fails to address the long-term nature of infrastructure.

The Local Government and Planning Ministers' Council at their meeting on 26 March 2007 endorsed three nationally consistent frameworks for assessing financial sustainability, asset planning and management and financial planning and reporting and agreed that each State and Territory governments apply the frameworks by 31 December 2010. The three frameworks are: -

- Assessing local government financial sustainability.
- Asset planning and management.
- Financial planning and reporting.

In June 2009 the Prime Minister announced that the Australian Government would provide \$25 million to establish a Local Government Reform Fund to: -

- Assist councils implement financial and asset planning and management in accordance with the frameworks, and
- Support reforms to council operations through greater regional cooperation and collaboration.

The LGAT commissioned a project to assess the benefits of and barriers to implementing the common specified framework for long-term financial planning and strategic asset management planning in all Tasmanian councils.

Findings from the project have been released in a report *The Framework for Long-term Financial and Asset Management Planning for all Tasmanian Councils*. Key recommendations relating to financial sustainability include: -

- Agreed sustainability indicators for reporting by all Tasmanian councils.
- An agreed long-term financial plan template.
- Long-term financial plans in place in all councils.

Council has been proactive in both its asset management and financial sustainability pursuits outlined in Council's Asset Management Strategies and plans, and this 20-year Financial Management Plan respectively.

3. Council's Planning and Reporting Framework

Strategic Framework

Council has worked with the community to establish a 20 year vision for the city and a set of statements that describe what the city will be like if that vision is achieved.

The *Future Direction Statements* have been used as the basis for developing a strategic framework outlining the key strategies that will need to be undertaken by the Council to achieve the community vision.

In late 2015 the Council endorsed a new 10 year Capital City Strategic Plan, 2015-2025, for the City of Hobart. This is a significant change from previous five year strategic planning cycles. Due to changes in the *Local Government Act 1993*, all Councils are required to make the transition to 10 year plans. The Strategic Plan sets out the priority areas of activity which will be the focus for the next 10 years to progress the Council in achieving the Community's 2025 Vision and the Future Directions which describe the Vision.

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

Future Directions Statements

FD1 -Offers opportunities for all ages and a city for life

In 2025 Hobart will be a city that provides opportunities for education, employment and fulfilling careers. A city that is able to retain its young people and provide a lifestyle that will encourage all ages to see the city as a desirable location and lifelong home.

FD2 -Is recognised for its natural beauty and quality of environment

In 2025 Hobart will be a city that respects the natural beauty of *kunanyi*/Mount Wellington, the Derwent River, the bushland surrounds and waterfront locations. It has worked to enhance the community connection through the protection of views, vistas, access and linkages and the physical environment has been conserved in a manner that will ensure a healthy and attractive city.

FD3 -Is well governed at a regional and community level

In 2025 Hobart will be a city that works effectively to lead an integrated approach to the planning and development of the metropolitan region. It will create partnerships with governments, the private sector and local communities in achieving significant regional, city and community goals.

FD4 -Achieves good quality development and urban management

In 2025 Hobart will be a city that remains unique in its own right, protecting its built heritage and history while pursuing quality development, the principles of sustainable cities and the

reduction of ecological impacts. It will value access to the waterfront, foreshores, public and open spaces and continues to enjoy the benefits of scale and proximity.

FD5-Is highly accessible through efficient transport options

In 2025 Hobart will be a city that maintains its convenience and accessibility through the greater use of transport alternatives and an effective road and travel network.

Improved public transport options, cycle ways and walking tracks linking open spaces for transport and recreation, the availability of adequate parking for commuters and shoppers, the take up of sustainable transport options, the reduction of through traffic and the management of an efficient road network are the result of an integrated approach to transport planning within the city and across the metropolitan region.

FD6 -Builds strong and healthy communities through diversity, participation and empathy

In 2025 Hobart will be a city that reflects a spirit of community and tolerance. By valuing diversity and encouraging participation by all ages in the life of their community, a friendly and compassionate society will underpin a safe and healthy city.

FD7-Is dynamic, vibrant and culturally expressive

In 2025 Hobart will be a city that is a destination of choice and a place for business. Clever thinking and support for creativity will help build a strong economic foundation, and entertainment, arts and cultural activities promote the distinctive character of the city. Lifestyle opportunities and strong communities will ensure a vibrancy and way of life that is Hobart.

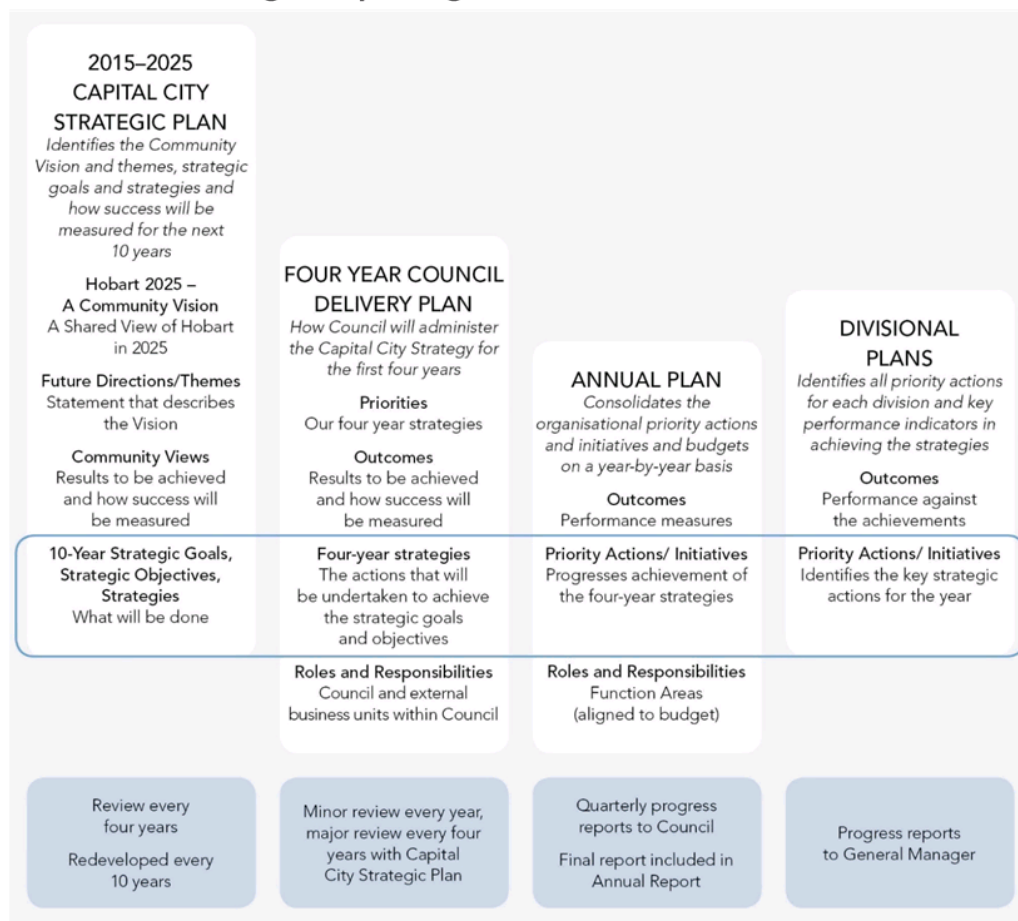
Linkages with the Strategic Framework

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

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

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

Council's Planning & Reporting Framework



4. Introduction to Long-Term Financial Management Plan

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

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

The LTFMP is aimed at: -

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

The LTFMP has been prepared over a rolling 20 year period with the first planning year being 2017/18 and concluding in 2037/38. The LTFMP is a 'living' document and is updated annually as part of Council's annual planning and budget process and on an ongoing basis to reflect changing internal and external circumstances.

Measuring Financial Sustainability

There is not universal agreement on which measures should be used to measure financial sustainability. However, the Report *The Framework for Long-term Financial and Asset Management Planning for all Tasmanian Councils* recommends a suite of financial sustainability measures identified 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 measures of indebtedness, and the last three measures of asset management.

5. Assumptions and Methodology

The preparation of the LTFMP is underpinned by a 20-year financial model. The financial model allows for analysis and modelling of various financial scenarios. For the purpose of financial modelling the following key assumptions for years beyond 2017/18 have been made: -

General

- Service delivery will be maintained at existing levels. The LTFMP provides for maintenance of existing services at their existing service levels.
- 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 3% per annum.
- All maturing debt will be repaid as it falls due.

Specific

- The percentage of revenue uncollected on average at year-end is 4%.
- The percentage of creditors' payable on average at year-end is 10.2%.
- 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 4.77%.
- The employee on-cost percentage to be applied is 18.5% being payroll tax, contribution scheme superannuation, and workers compensation insurance with employee leave entitlements expense and defined benefit superannuation expense separately shown in the model.
- Costs and capital expenditure arising from Council's expanded ten year capital works program have been included.
- Costs arising from Council's major development assistance policy commitments (including the Myer site redevelopment) have been included.
- The financial effects of the change to Council's waste disposal strategic plan (i.e. deferring closure of the McRobies Gully tip site until 2030) have been included (see New Initiatives in Chapter 6).

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

Y/E 30 June			2018	2019-21	2022-25	2026-29	2030-33	2034-38
Operating Items								
INFLOWS	Rate increase (Council operations)	% change	3.25	3.0	3.0	2.5	2.5	2.0
	Rate increase (fire levy)	% change	0.67	0.7	0.7	0.7	0.7	0.7
	Rate base growth	% change	0.72	0.8	0.5	0.5	0.5	0.5
	Parking - car parks	% change	2.30	3.0	3.0	3.0	3.0	3.0
	Parking - on street	% change	6.68	3.0	3.0	3.0	3.0	3.0
	Parking - fines	% change	5.31	3.0	3.0	3.0	3.0	3.0
	Operating grants	% change	0.97	2.0	2.0	2.0	2.0	2.0
	Other fees and charges	% change	1.71	3.0	3.0	3.0	3.0	3.0
	Rent	% change	4.68	3.0	3.0	3.0	3.0	3.0
	Interest revenue rate	%	2.44	2.5	3.0	3.5	3.5	3.5
OUTFLOWS	Operating costs	% change	1.29	2.5	2.5	2.5	2.5	2.5
	Employee salary & wages	% change	6.56	3.0	3.0	3.0	3.0	3.0
	Fire levy	% change	5.50	6.0	6.0	6.0	6.0	6.0
	Energy costs	% change	7.57	2.5	2.5	2.5	2.5	2.5
	Interest expense rate	%	4.80	4.8	5.3	5.8	5.8	5.8

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

- The inclusion of 2015/16 actual results;
- The inclusion of the 2016/17 budget;
- Revisions to the 2016/17 budget as approved by Council quarterly;
- Updated assumptions;
- Revisions to depreciation forecasts;
- Ongoing revisions to the 20 year asset renewal forecasts sourced from the updated asset management plans;
- The inclusion of the financial impacts of the change to Council's waste disposal strategic plan (i.e. deferring closure of the McRobies Gully tip site until 2030);
- Forecast distributions as advised by TasWater;
- Decreased interest rates; and
- The inclusion of the expanded ten year capital works program with associated funding strategy.

Council's 2017-18 Budget Estimates document provides further detail, but in relation to the 2017-18 budget: -

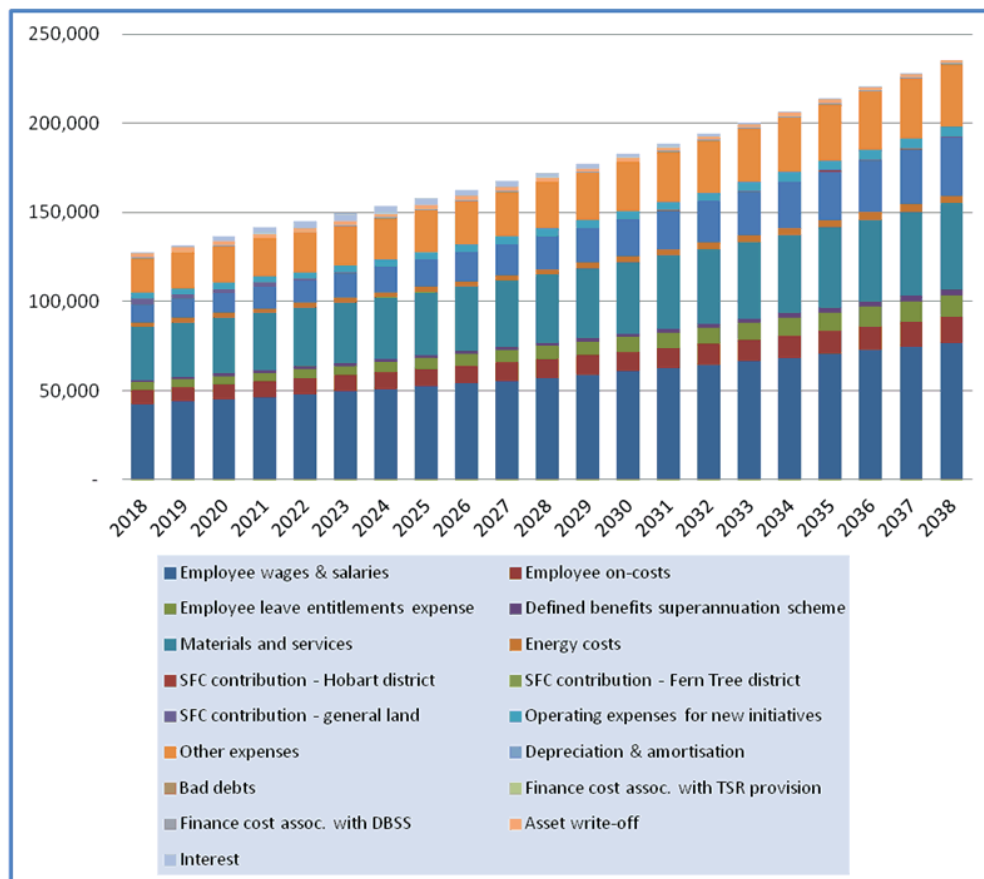
- Parking revenue increases will be higher than normal for a range of reasons including expected increases in car park occupancy rates, some revisions to pricing in car parks and meter fees, an increase in the state government penalty unit (applicable to fines) and the introduction of new technology to detect vehicle overstay.
- Operating cost increases (1.29%) are lower than normal due to progressive upward revisions of the 2016-17 forecast for external labour due to a number of vacant positions being filled externally. At the same time, the 2016-17 forecast for wages and salaries was progressively revised downwards (see next dot point).
- Employee salary and wages increases (6.56%) are higher than normal because the 2016-17 forecast was progressively revised downwards due to a number of vacant positions. As these positions were filled externally, the 2016-17 forecast for external labour was progressively revised upwards throughout the year (see dot point above).

- Energy cost increases (7.57%) are higher than normal due to significant increases in electricity prices expected during 2017-18.

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 2017-18 to 2037-38 (\$'000s)



Operating Items - Expenses

Salaries and Wages

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

Costs have been assumed to increase by 3.0% per annum, inclusive of reclassifications and any new positions. It is inherent in the assumption that leave amounts paid and amounts capitalised will also increase by 3.0% per annum.

Employee On-costs

Employee on costs includes superannuation (but not including Defined Benefits Superannuation Scheme expense), payroll tax, and workers compensation less labour overheads capitalised. On costs are assumed at 18.5% of salaries and wages, based on the 2017/18 forecast rate.

Employee Leave Entitlements Expense

Leave entitlements expense is the annual accruals for employee leave. This has been assumed to increase by 5.6% per annum.

Defined Benefit Superannuation Expense

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

Materials and Services

Materials and services is all expenditure not included elsewhere. Major items includes subcontractors, communication costs, consultants, licences, external labour, insurance, fuel, advertising and marketing, equipment maintenance, water and sewer charges, printing and stationery costs, and legal costs. This has been assumed to increase at 2.5% per annum.

Energy Costs

Energy costs have been assumed to increase at 2.5% per annum. Council has a target of 30% reduction in electricity use by 2020 based on 2009/10 consumption. This is expected to be achieved by energy efficiency gains, such as with lighting, building services and possible retirement of some assets.

Fire Levy

Pursuant to the *Fire Services Act 1979*, local government acts as a collection agent for this levy, which is paid directly to the State Fire Commission. This item is difficult to forecast as given its method of calculation by the State Fire Commission, is prone to substantial fluctuations, year on year. The average of the last four years has been 5.6%. Annual increases of 6% have been assumed. A 4% commission is received for collecting the levy.

Operating Expenses associated with New Initiatives

This refers to additional or reduced expenses arising from new initiatives included in the model such as those related to the Myer site redevelopment, expensed projects, replacement of corporate business systems, and operational cost savings.

Other Expenses

Other expenses include grants and specific purpose benefits, audit fees, fringe benefits tax and land tax. This has been assumed to increase at 2.5% per annum.

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 thus 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. 4.77% 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

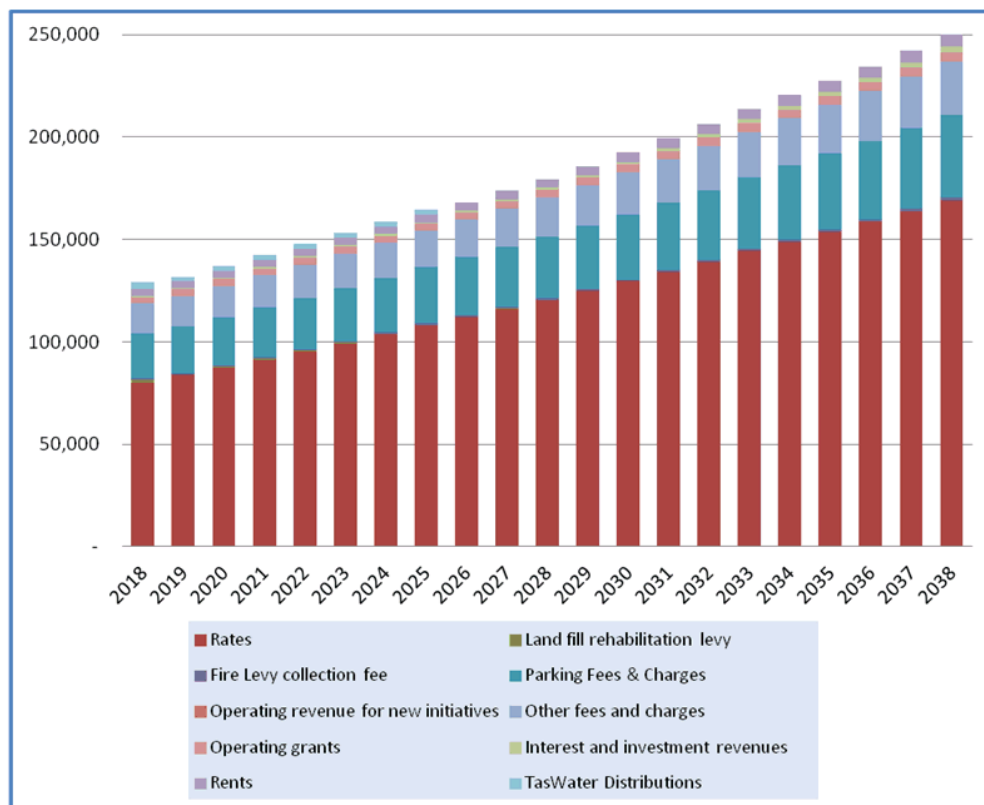
Asset write offs represents the residual value of infrastructure assets replaced. The forecast is difficult to predict.

Interest Expense

Interest expense is payable on debt. Interest rates ranging from 4.8% per annum in the short-term to 5.8% per annum in the medium to long-term have been assumed for new debt on the basis that interest rates are expected to increase beyond the short-term.

Operating Items – Revenue

Forecast Operating Revenue 2017-18 to 2037-38 ('000s)

**Rates**

Rates include revenue from general rates, service rates (stormwater removal and fire protection) and service charges (waste management and landfill rehabilitation) and late payment penalties and interest, and supplementaries. Rate increases are forecast to be 3% per annum in the short term (plus fire levy estimated at 0.7%) reducing over the forecast period to 2.5% (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 rating strategy – it simply models total rate revenue required per annum irrespective of how that is apportioned to individual properties. For the same reason, the LTFMP is unaffected by periodic revaluations or the application of AAV indexing by the Valuer-General. However, the impact on individual ratepayers may be affected by these factors.

Fire Levy Commission

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

Parking Fees & Charges

Parking revenue from on-street operations, car park operations and fines are all forecast to increase by 3% per annum.

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 Taste Festival sales. Annual increases of 3% have been assumed.

Operating Grants

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

Interest and Investment Revenue

Interest revenue is earned on cash investments. An interest rate of 2.5% increasing steadily to 3.5% per annum has been assumed. Interest earnings show little variation until the later years of the plan period, reflecting only minor changes in cash balances during the first half of the plan period.

Rental Income

Rental income is earned from Council's property portfolio. It is forecast to increase by 3% per annum assuming occupancy levels of Council's commercial property portfolio remain consistent.

Distributions from TasWater

Distributions are received as a result of Council's ownership interest in TasWater. They comprise guarantee fees, tax equivalent payments, and dividends. Forecast amounts are based on advice from both TasWater and the State Government to provide distributions until 2024-25. No distributions have been forecast beyond this.

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, Tasman Highway Shared Bridge grants and other specific-purpose capital grants. These are also difficult to reliably forecast and are therefore not included unless specific advice has been received.

Asset Revaluations

Asset revaluations are revaluation increments and decrements arising from periodic asset revaluations. Usually these amounts are credited or debited directly to equity but on occasions are accounted for through the income statement. No amounts are expected.

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 \$1.9 billion and it is important that each generation pays their way, rather than allowing assets to run down creating a financial impost (or lower service levels) on future generations.

Council discharges its asset management obligations responsibly. As set out in this plan, Council aims to achieve modest underlying operating surpluses. This will ensure that the current generation is fully paying for the current cost of service provision and asset consumption. In addition, over recent years practices have evolved significantly to the point where Council now has well-developed asset management plans in place for all asset classes. Council is able to demonstrate this through its involvement in the Municipal Association of Victoria Advanced STEP program where in benchmarking and other reviews, performs at the upper end of participating councils.

These asset management plans will continue to evolve and improve, particularly in the buildings and stormwater asset classes. Further, the plans are based on current service levels but the aim will be, over the medium term, to link the plans with service delivery plans.

The asset renewal requirements contained within the LTFMP are fully-sourced from the asset management plans meaning that, based on information currently available, the forecasts are the organisation's best estimate of both the quantum and timing of funds required to renew assets for the next 20 years.

Capital works program

Council has a ten year capital works program comprising both new assets and asset renewal. The program includes a number of projects under the banner of 'Transforming Hobart' and includes projects which were previously part of the Inner City Action Plan. That program and the associated funding strategy have been incorporated into this document.

Borrowings

Council predominantly funds its capital works program from operations. Borrowings are undertaken for specific purposes on a case by case basis. However, Council has recently considered an expanded ten year capital works program and approved, in principle, for the program to be funded substantially by debt. However, both the program and the funding strategy are to be reviewed annually. Debt levels will remain within accepted benchmarks. Council's strong position, current low level of debt, and ongoing operating surpluses provide Council with the ability to take on, and comfortably service, increased debt.

New Initiatives

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

- The financial impacts of Council's major development assistance policy commitments (including the Myer site redevelopment).
- Council's expanded capital works program. Any additional associated asset write-offs in relation to these projects have not yet been quantified, and thus are not included.
- The financial effects of the change to Council's waste disposal strategic plan (i.e. deferring closure of the McRobies Gully landfill site until 2030).

7. Long Term Risk, Contingency and Reserves

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

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

The LTFMP will 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. The underpinning financial model is updated several times throughout the year.

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. With the expanded capital works program which will exhaust Council's cash balances necessitating borrowings, this will certainly be the case.

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.

Public Infrastructure Fund

Council has established a Public Infrastructure Fund for the purpose of identifying funding available for the projects identified in Council's Inner City Action 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 \$0.10 million of the annual allocation of \$0.15 million to assist with servicing of the associated debt.

McRobies Gully Tip Site Rehabilitation

Commencing in 2011/12, funding of \$1.25 million per annum is being provided by a special service charge to meet the cost of rehabilitating the McRobies Gully Tip Site following completion of land filling.

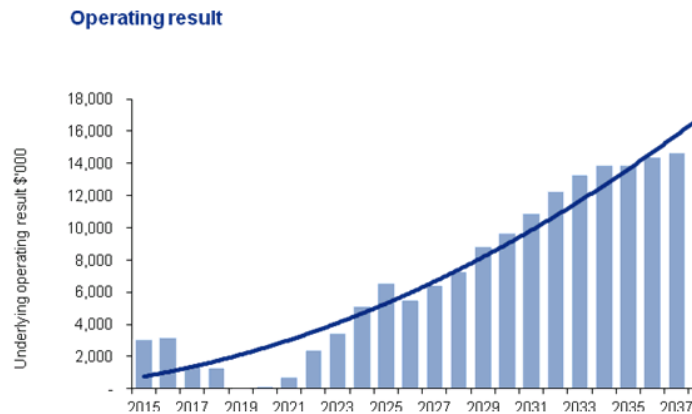
Other Project Carry-forwards

This item represents an estimate of the value of unspent projects 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

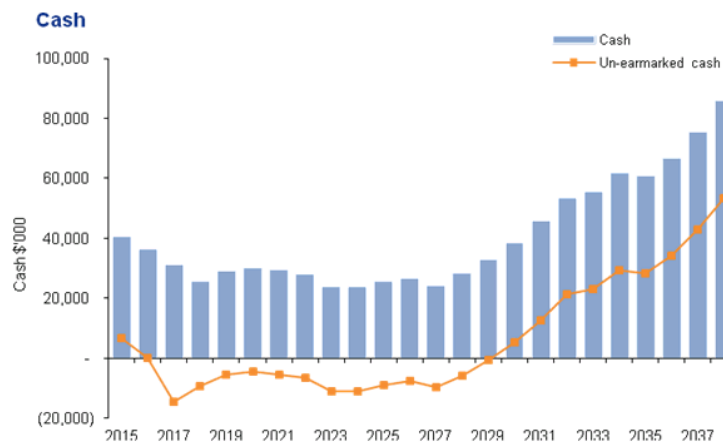
Based on the long-term financial strategy, the following outcomes will be achieved. More detail is provided in the forecast financial statements at Appendix 2.

Operating Result



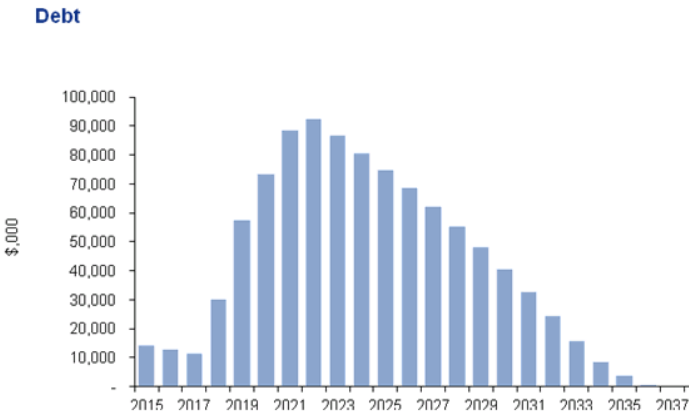
Based on the financial strategy Council will achieve ongoing modest underlying operating surpluses, which is reflective of good practice. This is discussed further in Chapter 9.

Cash



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

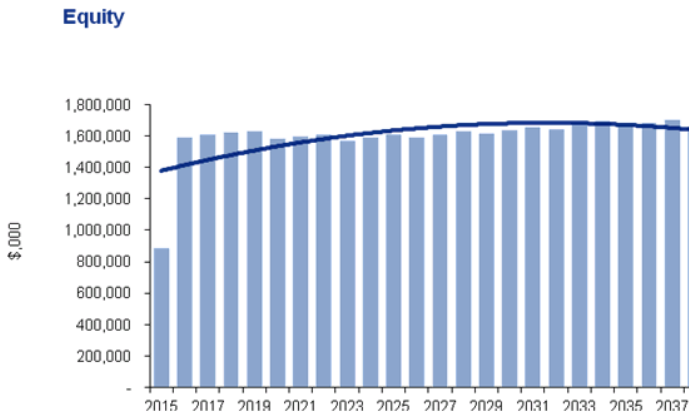
Debt



An increased borrowing program will need to be undertaken to provide funding for the expanded capital works program. Current estimates indicate that approximately \$100M of new borrowings will be required over the next 5 years.

However, the debt level will remain within accepted benchmarks. Council’s strong financial position, current low level of debt, and ongoing operating surpluses provide Council with the ability to take on, and comfortably service, increased debt.

Equity



Based on the financial strategy Council’s equity is forecast to increase due to operating surpluses and asset revaluations.

9. Financial Sustainability Outcomes

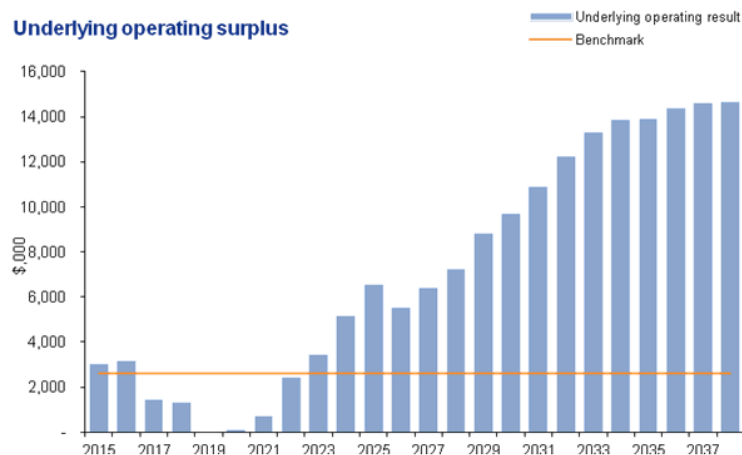
As outlined in Chapter 4, for the purpose of measuring Council's financial sustainability, eight financial sustainability measures have been adopted.

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

Indicator 1 – Underlying Operating Result

The difference between day-to-day income and expenses for the period, adjusted (excluding contributed assets, asset revaluations and capital grants). This indicator is recognised as a better indicator of sustainability than the all-inclusive operating result because it 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.

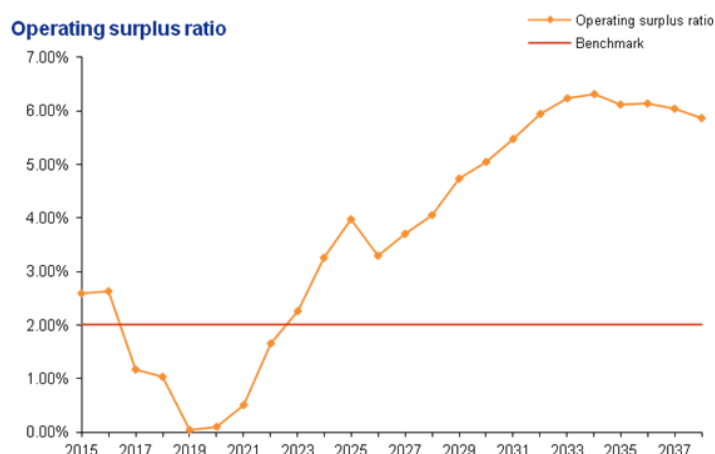


Council's LTFMP indicates through the graph above that modest surpluses will be recorded over the plan period. The surpluses rise in the later years due to revenue growth assumptions being slightly higher than expenditure growth assumptions, to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed.

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

Indicator 2 – Operating Surplus Ratio

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

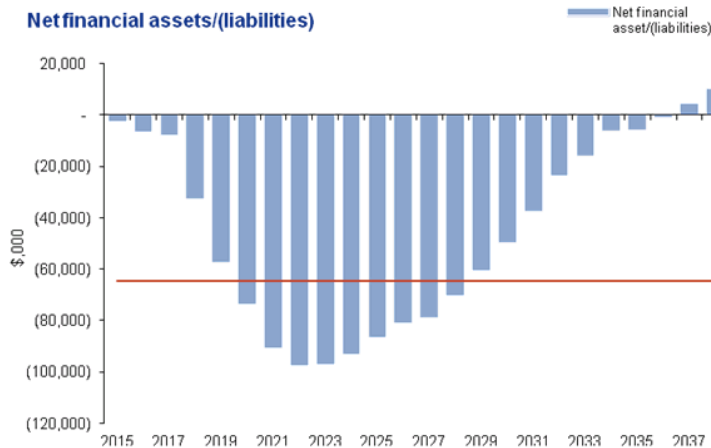


Over the next 10 year period, Council is forecast to achieve underlying surpluses in the range 0%-4% of revenue, and averaging 2%. Surpluses then increase beyond this 10 year period to generate cash surpluses needed for asset replacement. These forecasts will continue to be reviewed. It is important 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%. A target of 2.0% has been selected which is still modest, but that provides a small margin in the event of unexpected events, however, a higher target could be contemplated. 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.

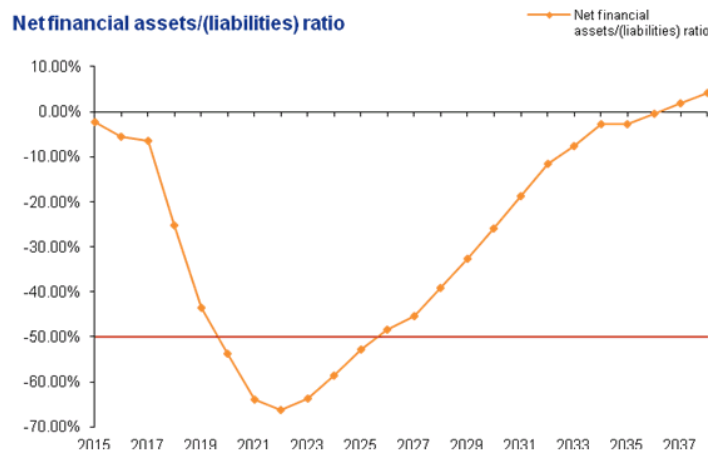


Council's LTFMP indicates through the graph above that it will continue to operate in a net financial liability position. As noted earlier, Council's expanded capital works program will exhaust cash balances and necessitate increased borrowings. The position will peak at around \$98 million in 2021-22. A net financial asset position will be recorded by the end of the plan period due to liabilities decreasing as debt is paid off, the defined benefit superannuation scheme net liability position improves and cash balances increase.

One sustainability report suggests a maximum level of net financial liabilities between nil and total operating income (approx \$129 million 2017/18).

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.

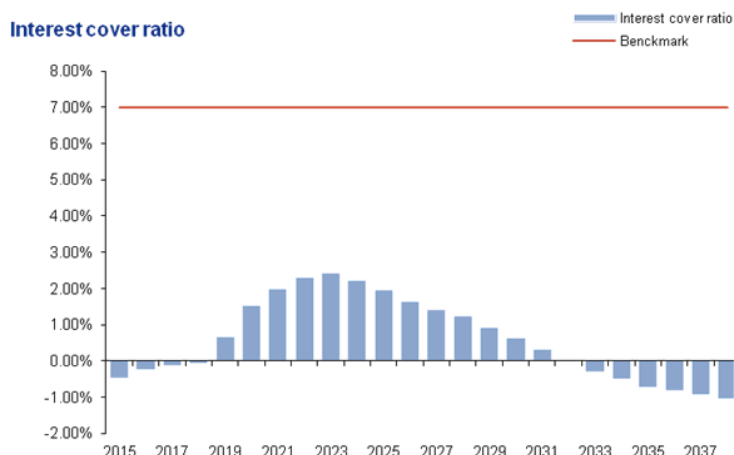


As set out above, Council will continue to operate in a net financial liability position, peaking at 66% in 2021-22. Council's net financial liability ratio will remain above 50% until 2025-26

then reduce across the remainder of the plan. One sustainability report suggests a maximum ratio of 0% to -100%. 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.

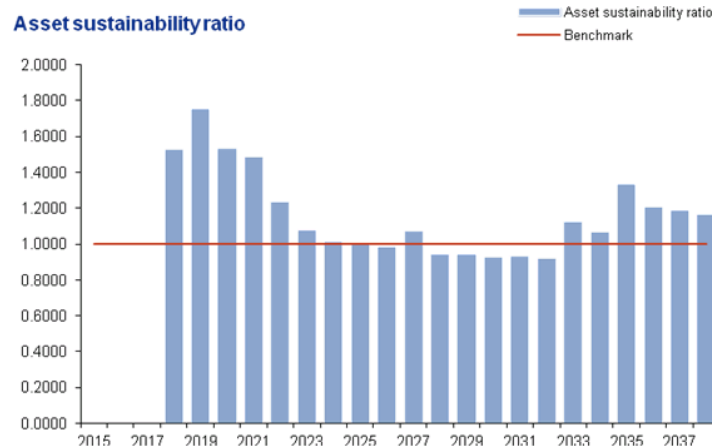


The above graph indicates that Council will operate in a net interest expense position (i.e. interest earned on investments is exceeded by interest payable on debt) until late in the plan period. A variety of targets for net interest expense have been suggested in sustainability reviews, including 0% to 10%, 2% to 5%, and 15% (with a range of 7% to 20%). Tasmanian Treasury adopts 7% when assessing local government loan requests.

Indicators 3, 4, and 5 show Council's level of indebtedness increasing from previous versions of this plan and this is mainly due to Council's expanded capital works program. However, the indicators show Council remaining within benchmarks. Council's strong position, current low level of debt, and ongoing operating surpluses provide 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 > 100%. Over time, if it averages at or near 100% the service of the asset portfolio is being maintained.

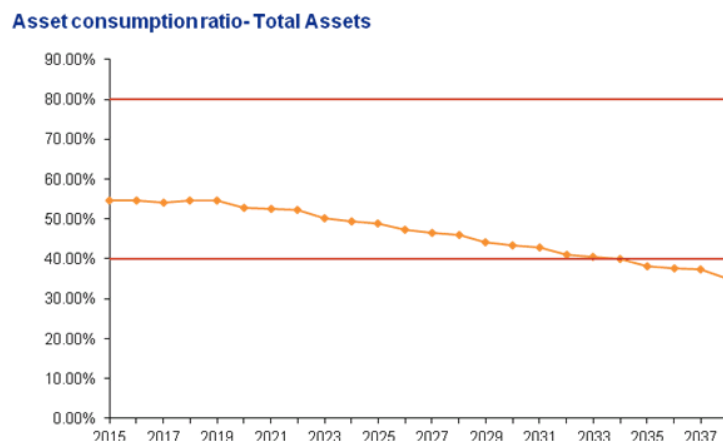


Council's LTFMP indicates through the graph above that it will operate at an average of more than 100% across the plan period. Local government proposed targets are typically set at 100%, however this does not allow for the sometime legitimate periods of less than 100% or more than 100%.

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 well prepared 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.



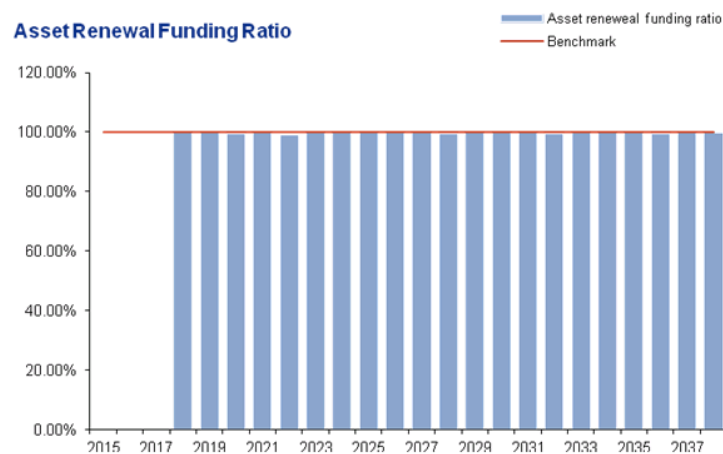
Council's LTFMP indicates through the graph above that the asset consumption ratio will decline over the plan period.

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 46%.

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 replacement expenditure as per this plan relative to the future asset replacement expenditure requirement sourced from asset management plans. It therefore 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.



Council's LTFMP indicates through the above graph that known asset replacement requirements will be fully-funded. That is, 100% of known asset replacement needs, as identified in Council's asset management plans, will be funded.

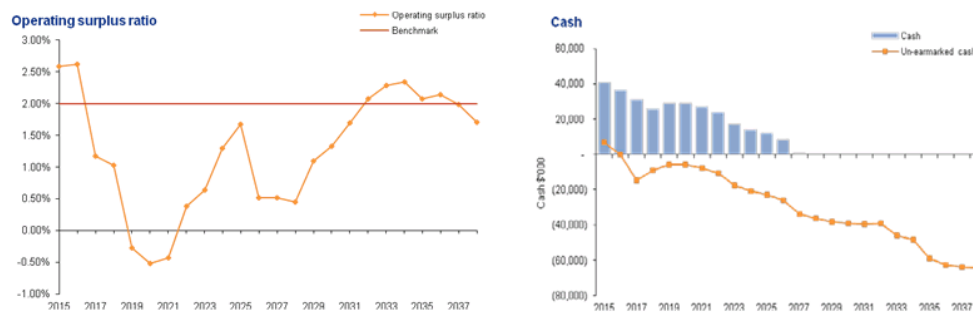
10. Sensitivity Analysis

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

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

Rates

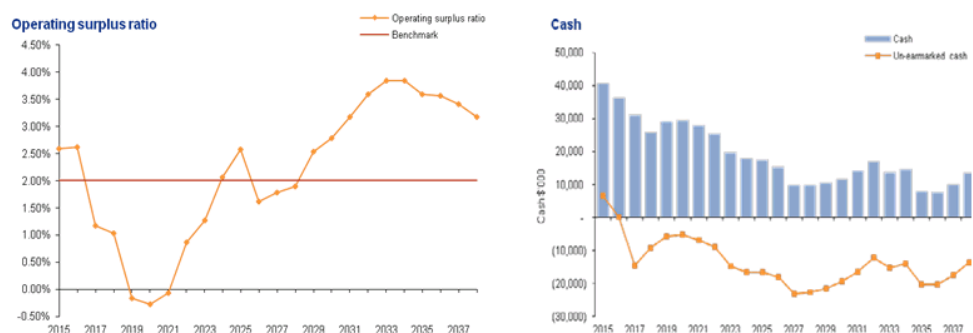
The LTFMP assumes rate increases (for Council operations) of 3% per annum into the medium term (for seven years), then decreasing to 2.5% then 2.0% over the life of the plan. If these rate increases are 0.5% per annum lower over the next ten years the effect is as shown below.



With rate increases 0.5% per annum lower over the next ten years, underlying operating deficits will be recorded for three years, and surpluses beyond that will be smaller. Cash balances would be exhausted by 2027-28.

Employee Salaries and Wages

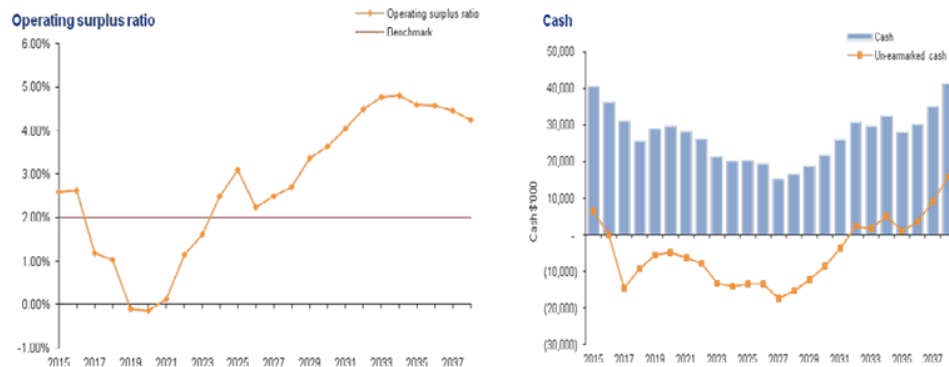
The LTFMP assumes increases in employee salaries and wages of 3% per annum. If employee salaries and wages increases are 0.5% per annum higher over the next ten years the effect is as shown below.



With employee salary and wage increases 0.5% per annum higher over the next ten years, deficits will be recorded for three years, and surpluses beyond that will be smaller. Cash balances would reduce by \$73M 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.

Materials and Services

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



With materials and services increases 0.5% per annum higher over the next ten years, deficits will be recorded for two years, and surpluses beyond that will be smaller. Cash balances would reduce by \$45M by the end of the plan period. To restore the status quo, rate increases would need to be approximately 0.2% per annum higher over the next ten years.

11. Conclusions

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

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

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

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

The achievement of the outcomes in this LTFMP will ensure Council's financial sustainability, thus ensuring the ability to deliver services, at their current levels, into the future while sharing the cost between current and future generations of ratepayers. It will ensure the delivery of Council's community vision.

In financial terms, it will result in: -

- Council achieving modest operating surpluses averaging 2% of revenue across the first half of the plan period (higher in the second half of the plan period) in line with good practice.
- An increased, but manageable and affordable level of debt.
- The continued funding of 100% of forecast asset renewal requirements over the Plan period demonstrating excellent asset management policies.
- Cash balances being maintained at estimated minimum levels (being the equivalent of two months cashflow) over the first half of the plan period. Balances then rise modestly 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 need to actively monitor revenue and cost growth in order to ensure the assumptions in the LTFMP are achieved.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rate increases to the ratepayer in the order of 3% in the medium term, decreasing in later years to 2.5% (excluding fire levy increases, any redistributive effects of revaluations, AAV indexation or changes to council rating policy).

These outcomes ensure the financial sustainability of Council, thus ensuring the ability to deliver services, at their current levels, into the future. It will ensure that current and future generations pay their fair share.

The LTFMP is based upon Council maintaining existing services at their existing service levels, except for the inclusion of the financial effects of Council's major development assistance policy commitments, the expanded capital works program and the effects of the change to Council's waste disposal strategic plan (the deferral of the closure of the McRobies Gully landfill site until 2030).

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	The ratio of asset replacement expenditure relative to depreciation for a period. It measures whether assets are being replaced at the rate

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

Appendix 2 – Forecast Financial Statements

Hobart City Council																						
Income statement	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses from ordinary activities																						
Employee wages & salaries	(39,960)	(42,811)	(43,880)	(45,205)	(46,563)	(47,959)	(49,398)	(50,880)	(52,407)	(53,979)	(55,598)	(57,265)	(58,884)	(60,754)	(62,578)	(64,453)	(66,387)	(68,379)	(70,430)	(72,543)	(74,718)	(76,961)
Employee on-costs	(7,130)	(7,894)	(8,100)	(8,343)	(8,593)	(8,851)	(9,117)	(9,390)	(9,672)	(9,962)	(10,261)	(10,569)	(10,888)	(11,212)	(11,549)	(11,895)	(12,252)	(12,620)	(12,998)	(13,388)	(13,790)	(14,203)
Employee leave entitlements expense	(3,923)	(4,142)	(4,373)	(4,617)	(4,875)	(5,147)	(5,434)	(5,737)	(6,055)	(6,395)	(6,752)	(7,126)	(7,527)	(7,947)	(8,390)	(8,858)	(9,352)	(9,874)	(10,425)	(11,007)	(11,621)	(12,270)
Defined benefits superannuation scheme	(1,534)	(1,377)	(1,432)	(1,489)	(1,549)	(1,611)	(1,675)	(1,742)	(1,812)	(1,885)	(1,960)	(2,038)	(2,120)	(2,205)	(2,293)	(2,385)	(2,480)	(2,579)	(2,682)	(2,790)	(2,901)	(3,017)
Materials and services	(29,239)	(29,816)	(30,357)	(31,116)	(31,893)	(32,691)	(33,508)	(34,346)	(35,204)	(36,084)	(36,987)	(37,911)	(38,859)	(39,830)	(40,826)	(41,847)	(42,893)	(43,965)	(45,065)	(46,191)	(47,346)	(48,530)
Energy costs	(2,378)	(2,559)	(2,623)	(2,689)	(2,756)	(2,825)	(2,895)	(2,968)	(3,042)	(3,118)	(3,196)	(3,278)	(3,358)	(3,442)	(3,528)	(3,615)	(3,708)	(3,799)	(3,894)	(3,991)	(4,091)	(4,193)
SFC contribution - Hobart district	(9,685)	(10,219)	(10,832)	(11,482)	(12,171)	(12,901)	(13,675)	(14,495)	(15,360)	(16,287)	(17,264)	(18,300)	(19,398)	(20,562)	(21,795)	(23,103)	(24,490)	(25,959)	(27,517)	(29,168)	(30,918)	(32,773)
SFC contribution - Fern Tree district	(28)	(30)	(32)	(34)	(36)	(38)	(40)	(42)	(45)	(48)	(51)	(54)	(57)	(60)	(64)	(68)	(72)	(76)	(81)	(85)	(91)	(96)
SFC contribution - general land	(11)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(13)	(13)	(13)	(13)	(13)	(13)	(14)	(14)	(14)	(15)	(15)	(15)	(15)
Operating expenses for new initiatives	(2,834)	(3,013)	(3,228)	(3,485)	(3,785)	(4,130)	(4,521)	(4,959)	(5,444)	(5,978)	(6,561)	(7,194)	(7,878)	(8,612)	(9,400)	(10,245)	(11,150)	(12,118)	(13,153)	(14,259)	(15,440)	(16,699)
Other expenses	(3,432)	(3,478)	(3,563)	(3,652)	(3,744)	(3,837)	(3,933)	(4,031)	(4,132)	(4,236)	(4,341)	(4,450)	(4,561)	(4,675)	(4,792)	(4,912)	(5,035)	(5,161)	(5,290)	(5,422)	(5,557)	(5,696)
Depreciation & amortisation	(18,684)	(19,239)	(19,825)	(20,437)	(20,998)	(21,618)	(22,277)	(22,989)	(23,800)	(24,615)	(25,435)	(26,260)	(27,091)	(27,928)	(28,771)	(29,620)	(30,475)	(31,336)	(32,203)	(33,076)	(33,955)	(34,839)
Bad debts	(370)	(350)	(369)	(380)	(391)	(403)	(415)	(427)	(440)	(453)	(467)	(481)	(495)	(510)	(526)	(541)	(558)	(574)	(591)	(609)	(627)	(646)
Finance cost assoc. with Landfill provision	(122)	(104)	(92)	(83)	(82)	(80)	(78)	(76)	(74)	(72)	(70)	(68)	(66)	(64)	(62)	(60)	(58)	(56)	(54)	(52)	(50)	(48)
Finance cost assoc. with DBSS	(40)	47	49	51	53	55	57	59	62	64	67	70	72	75	78	81	85	88	92	95	99	103
Tip restoration liability	(1,190)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset write-off	(2,500)	(2,487)	(2,398)	(2,433)	(2,285)	(2,313)	(2,323)	(2,128)	(2,138)	(2,150)	(2,039)	(2,020)	(1,805)	(1,895)	(1,888)	(1,880)	(1,826)	(1,846)	(1,889)	(1,910)	(1,932)	(1,952)
Interest	(729)	(651)	(1,531)	(2,841)	(3,597)	(4,314)	(4,559)	(4,287)	(3,977)	(3,688)	(3,384)	(3,065)	(2,731)	(2,380)	(2,012)	(1,629)	(1,221)	(799)	(441)	(205)	(46)	(1,752)
Total expenses	(123,608)	(127,692)	(131,697)	(136,737)	(141,537)	(146,194)	(150,801)	(155,441)	(160,142)	(164,902)	(169,723)	(174,604)	(179,545)	(184,546)	(189,607)	(194,728)	(199,900)	(205,123)	(210,398)	(215,725)	(221,104)	(226,535)
Revenues from ordinary activities																						
Rates and charges - general	56,219	58,897	61,570	64,271	67,106	69,980	72,895	75,839	78,829	81,864	84,945	88,072	91,246	94,465	97,728	101,035	104,387	107,785	111,229	114,719	118,255	121,837
Rates and charges - stormwater	4,328	4,350	4,371	4,393	4,415	4,437	4,459	4,482	4,504	4,527	4,549	4,572	4,595	4,618	4,641	4,664	4,687	4,711	4,734	4,758	4,782	4,806
Rates and charges - garbage disposal	6,289	6,614	6,977	7,361	7,766	8,193	8,644	9,119	9,621	10,150	10,708	11,297	11,918	12,574	13,265	13,990	14,750	15,557	16,403	17,297	18,240	19,232
Rates and charges - fire	9,327	9,840	10,431	11,056	11,720	12,423	13,168	13,958	14,796	15,684	16,625	17,622	18,680	19,800	20,988	22,248	23,583	24,998	26,497	28,087	29,772	31,555
Rates and charges - penalty, interest, supp	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515	515
Land fill rehabilitation levy	1,250	1,263	246	246	246	246	246	246	246	246	246	246	246	246	246	246	246	246	246	246	246	246
Fire levy commission - Hobart district	387	409	433	459	487	516	547	580	615	651	691	732	778	822	872	924	980	1,038	1,101	1,167	1,237	1,311
Fire levy commission - Fern Tree district	1	1	1	1	1	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	4	4
Fire levy commission - general land	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and charges - car parks	8,800	9,002	9,272	9,551	9,837	10,132	10,439	10,749	11,072	11,404	11,746	12,098	12,461	12,835	13,220	13,617	14,025	14,446	14,880	15,326	15,786	16,259
Fees and charges - on-street parking	5,356	5,715	5,886	6,063	6,245	6,432	6,625	6,824	7,029	7,239	7,457	7,680	7,911	8,148	8,392	8,644	8,904	9,171	9,446	9,729	10,021	10,322
Fees and charges - parking fines	7,330	7,719	7,951	8,189	8,435	8,688	8,949	9,217	9,494	9,778	10,072	10,374	10,685	11,008	11,336	11,676	12,028	12,387	12,759	13,141	13,536	13,942
Operating revenue for new initiatives	890	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other fees and charges	14,082	14,323	14,752	15,195	15,651	16,120	16,604	17,102	17,615	18,144	18,688	19,246	19,820	20,421	21,034	21,661	22,301	22,954	23,621	24,301	25,004	25,730
Operating grants	3,079	3,109	3,171	3,234	3,299	3,366	3,432	3,501	3,571	3,643	3,715	3,790	3,865	3,943	4,022	4,102	4,184	4,268	4,353	4,440	4,529	4,620
Interest and investment revenues	886	760	644	729	757	880	839	722	721	904	934	853	901	1,155	1,353	1,601	1,871	2,163	2,480	2,833	3,223	3,643
Rents	3,101	3,246	3,344	3,444	3,547	3,654	3,764	3,876	3,993	4,112	4,238	4,363	4,494	4,629	4,767	4,911	5,058	5,210	5,366	5,527	5,693	5,863
TasWater Distributions	3,258	3,258	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	125,078	129,020	131,738	136,881	142,260	147,837	153,053	158,005	164,494	168,083	173,889	179,539	185,864	192,433	199,262	206,373	213,747	220,452	227,513	234,938	242,022	249,842
Underlying result	1,470	1,328	42	144	722	2,443	3,452	5,164	6,552	8,547	10,434	12,272	14,061	15,800	17,491	19,134	20,730	22,280	23,785	25,246	26,663	28,037
Non-operating items																						
Capital grants	4,619	2,694	514	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600
Gain on Disposal	200	800	-	27	-	-	25	72	124	180	240	299	360	428	498	571	648	729	814	903	996	1,093
Loss on Disposal	(29)	(33)	(387)	-	(55)	(18)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in TasWater investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating items	1,318	(1,318)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating items	6,108	2,113	127	627	545	582	625	672	724	780	840	899	960	1,018	1,074	1,129	1,184	1,238	1,291	1,343	1,395	1,446
Net surplus / (deficit)	7,578	3,441	169	771	1,268	3,025	4,076	5,836	7,275	9,326	11,274	13,171	15,021	16,818	18,565	20,264	21,914	23,518	25,079	26,599	28,078	29,503

Hobart City Council																																													
Cash flow	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	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																							
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000																							
Cash flows from operating activities																																													
Receipts																																													
Rates and charges	77,760	81,333	84,004	87,662	91,667	95,519	99,521	103,690	108,035	112,044	116,181	120,234	124,873	129,285	134,069	138,030	144,174	148,815	153,577	158,492	163,564	168,798																							
Fees for charges - parking	21,412	22,732	23,408	24,128	24,832	25,567	26,344	27,134	27,948	28,787	29,650	30,540	31,456	32,400	33,372	34,374	35,404	36,460	37,542	38,649	39,787	40,948																							
Other fees and charges	14,080	14,313	14,735	15,177	15,632	16,101	16,585	17,082	17,595	18,122	18,666	19,226	19,803	20,397	21,009	21,639	22,288	22,957	23,646	24,355	25,086	25,838																							
Operating grants	3,045	3,108	3,169	3,232	3,297	3,362	3,430	3,498	3,568	3,640	3,712	3,787	3,862	3,940	4,018	4,099	4,181	4,264	4,350	4,437	4,525	4,616																							
Rents	3,107	3,241	3,340	3,440	3,543	3,650	3,759	3,872	3,988	4,108	4,231	4,358	4,489	4,623	4,762	4,905	5,052	5,203	5,360	5,520	5,686	5,857																							
Interest and investment income	886	780	644	729	757	880	839	722	721	904	934	853	991	1,155	1,353	1,601	1,871	1,943	2,163	2,130	2,333	2,643																							
Operating revenue for new initiatives	890	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																							
Other	388	409	434	460	487	516	547	580	615	652	691	733	777	823	873	925	980	1,036	1,102	1,168	1,238	1,312																							
Non-operating items																																													
Payments																																													
Less employee costs	(48,910)	(50,475)	(51,990)	(53,549)	(55,156)	(56,811)	(58,515)	(60,270)	(62,078)	(63,941)	(65,859)	(67,835)	(69,870)	(71,968)	(74,125)	(76,349)	(78,636)	(80,988)	(83,428)	(85,931)	(88,509)	(91,164)																							
Less leave entitlements paid	(3,182)	(3,360)	(3,547)	(3,745)	(3,954)	(4,175)	(4,408)	(4,654)	(4,914)	(5,188)	(5,477)	(5,783)	(6,106)	(6,448)	(6,808)	(7,186)	(7,587)	(8,010)	(8,457)	(8,929)	(9,427)	(9,953)																							
Less employer contributions DBS	(905)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)	(918)																							
Less operating costs	(31,352)	(32,118)	(32,867)	(33,720)	(34,563)	(35,427)	(36,313)	(37,220)	(38,151)	(39,105)	(40,082)	(41,084)	(42,112)	(43,164)	(44,243)	(45,350)	(46,483)	(47,645)	(48,837)	(50,057)	(51,309)	(52,592)																							
Less interest paid	(726)	(651)	(1,531)	(2,841)	(3,597)	(4,314)	(4,568)	(4,267)	(3,977)	(3,688)	(3,384)	(3,095)	(2,731)	(2,380)	(2,012)	(1,626)	(1,221)	(766)	(441)	(205)	(46)	-																							
Less operating expenses for new initiatives	(2,634)	(2,328)	(1,985)	(2,056)	(1,800)	(1,330)	(21)	44	66	(107)	113	119	122	125	128	125	(183)	(103)	(522)	(334)	(316)	(312)																							
Less cash paid out of TSR	(1,296)	(915)	(680)	(1,185)	(1,061)	(1,001)	(201)	(528)	(755)	(1,107)	(1,415)	(1,648)	(2,021)	(2,527)	(2,655)	(2,843)	(3,083)	(3,383)	(3,743)	(4,164)	(4,646)	(5,188)																							
Other	(14,807)	(13,657)	(14,357)	(15,094)	(15,872)	(16,693)	(17,561)	(18,477)	(19,445)	(20,468)	(21,548)	(22,689)	(23,895)	(25,170)	(26,517)	(27,940)	(29,445)	(31,036)	(32,718)	(34,497)	(36,377)	(38,306)																							
Non-operating items	1,318	(1,318)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																							
Net cash flows from operating activities	21,048	19,126	20,809	22,068	23,185	25,729	27,454	29,796	31,689	33,422	35,411	37,433	39,198	41,227	43,729	45,483	48,442	50,119	51,341	52,790	54,212	55,606																							
Cash flows from investing activities																																													
Receipts																																													
Capital grants	4,619	2,664	514	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800																							
Tax/Water Distribution	3,258	3,258	2,172	2,172	2,172	2,172	2,172	2,172	2,172	-	-	-	-	-	-	-	-	-	-	-	-	-																							
Sale of assets	1,159	1,073	528	972	880	902	925	948	972	996	1,021	974	1,076	818	1,024	932	720	916	988	1,240	1,191	1,083																							
Payments																																													
Employee costs capitalised	(3,225)	(3,438)	(3,539)	(3,645)	(3,755)	(3,867)	(3,983)	(4,103)	(4,226)	(4,353)	(4,483)	(4,618)	(4,756)	(4,899)	(5,048)	(5,198)	(5,353)	(5,514)	(5,679)	(5,850)	(6,025)	(6,206)																							
Materials/services/contracts capitalised	(27,301)	(42,210)	(39,184)	(29,785)	(33,319)	(25,152)	(19,082)	(17,312)	(17,183)	(17,004)	(21,696)	(17,289)	(17,252)	(19,229)	(18,662)	(19,751)	(28,719)	(26,335)	(39,668)	(31,396)	(31,990)	(33,275)																							
Property	(330)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																							
New Assets	(330)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																							
Asset Renewals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																							
Asset Upgrades	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																							
Plant & Equipment	(2,975)	(4,993)	(5,400)	(7,255)	(5,738)	(5,879)	(6,026)	(6,177)	(6,331)	(6,460)	(6,652)	(6,347)	(7,008)	(5,330)	(6,672)	(6,073)	(4,961)	(6,305)	(6,803)	(8,538)	(8,201)	(7,455)																							
New Assets	(650)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																							
Asset Renewals	(2,325)	(4,435)	(4,740)	(6,044)	(5,078)	(5,205)	(5,335)	(5,469)	(5,606)	(5,746)	(5,889)	(5,619)	(6,205)	(4,719)	(5,907)	(5,377)	(4,387)	(5,575)	(6,015)	(7,560)	(7,252)	(6,562)																							
Asset Upgrades	-	(558)	(660)	(851)	(658)	(674)	(691)	(708)	(726)	(744)	(763)	(728)	(803)	(611)	(785)	(696)	(574)	(730)	(787)	(988)	(944)	(863)																							
Net cash flows from investing activities	(24,795)	(43,044)	(44,812)	(38,942)	(39,157)	(31,225)	(25,395)	(23,872)	(23,966)	(26,340)	(31,210)	(26,666)	(27,341)	(28,040)	(28,795)	(29,490)	(37,712)	(30,639)	(47,363)	(43,644)	(44,425)	(45,253)																							
Cash flows from financing activities																																													
Receipts																																													
Proceeds from borrowings	-	20,000	30,000	20,000	20,000	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																							
Payments																																													
Less repayment of borrowings	(1,406)	(1,482)	(2,503)	(4,043)	(4,945)	(5,876)	(5,970)	(5,936)	(5,624)	(6,213)	(6,517)	(6,836)	(7,170)	(7,521)	(7,889)	(8,278)	(8,681)	(7,205)	(4,708)	(3,043)	(934)	-																							
Net cash flows from financing activities	(1,406)	18,518	27,497	15,957	15,055	4,124	(5,970)	(5,936)	(5,624)	(6,213)	(6,517)	(6,836)	(7,170)	(7,521)	(7,889)	(8,278)	(8,681)	(7,205)	(4,708)	(3,043)	(934)	-																							
Net increase/(decrease) in cash held																								(5,153)	(5,399)	3,395	1,113	(617)	(1,371)	(3,511)	(12)	1,766	888	(2,316)	3,937	4,687	5,696	7,084	7,218	2,049	6,276	(629)	5,803	8,854	10,353
Cash held at beginning of the year	36,305	31,152	25,752	29,147	30,260	29,343	27,672	24,061	24,050	25,819	26,687	24,371	28,308	32,994	38,690	45,744	53,462	55,512	61,788	60,858	66,061	75,515																							
Cash held at the end of the year	31,152	25,752	29,147	30,260	29,343	27,672	24,061	24,050	25,819	26,687	24,371	28,308	32,994	38,690	45,744	53,462	55,512	61,788	60,858	66,061	75,515	85,867																							
Closing cash balance earmarked for:																																													
Contributions in lieu of public open space	495	495	495	495	495	495	495	495	495	495	495	495	495	495	495	495	495	495	495	495	495	495																							
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	135																							
Heritage account	1,464	1,462	1,449	1,435	1,421	1,414	1,406	1,398	1,390	1,389	1,387	1,386	1,384	1,383	1,381	1,380	1,378	1,376	1,374	1,372	1,420	1,470																							
Unspent grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																							
Public infrastructure fund	5,310	3,800	3,800	3,800	3,800	3,350	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800																							
Plant and equipment carry-forwards	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000																							
Bushland fund	389	439	489	539	589	639	689	739	789	839	889	939	989	1,039	1,089	1,139	1,189	1,239	1,289	1,339	1,389	1,389																							
McKies Gully site rehabilitation	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317																							
Other project carry-forwards	29,650	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000																							
Refundable deposits	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317																							
Future Asset Renewal Reserve	(14,824)	(9,230)	(5,437)	(4,422)	(5,430)	(6,445)	(10,893)	(10,893)	(6,977)	(7,648)	(6,644)	(5,609)	(751)	5,393	12,663	21,197	26,198	28,446	34,203	42,958	53,261																								

Hobart City Council																						
Balance sheet	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets																						
Current assets																						
Cash & cash equivalents	31,152	25,752	29,147	30,260	29,343	27,872	24,061	24,050	25,819	26,887	24,371	28,308	32,994	38,890	46,744	53,462	55,512	61,788	60,858	66,661	75,515	85,867
Inventories	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331
Receivables	4,852	4,702	4,842	5,038	5,241	5,441	5,850	5,866	6,062	6,304	6,524	6,741	6,977	7,221	7,474	7,735	8,006	8,258	8,517	8,784	9,060	9,345
Other	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Total current assets	36,357	30,808	34,342	35,648	34,937	33,766	30,084	30,289	32,263	33,344	31,247	35,402	40,324	46,234	53,371	61,551	63,871	70,398	69,728	75,796	84,928	95,595
Non current assets																						
Receivables	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226
Investment in TasWater	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612	163,612
Property, plant & equipment	1,494,503	1,494,222	1,527,936	1,496,310	1,524,142	1,545,272	1,506,854	1,522,928	1,538,962	1,513,052	1,530,132	1,542,187	1,515,350	1,525,555	1,534,758	1,508,512	1,528,031	1,538,940	1,501,967	1,521,515	1,535,793	1,491,203
Total non current assets	1,658,341	1,658,060	1,691,774	1,664,148	1,687,950	1,709,110	1,673,492	1,688,798	1,702,700	1,678,890	1,693,970	1,706,025	1,679,188	1,689,303	1,668,505	1,672,350	1,689,890	1,702,778	1,665,405	1,685,353	1,696,931	1,655,041
Total assets	1,654,698	1,688,868	1,726,116	1,694,797	1,722,916	1,742,876	1,703,556	1,717,035	1,734,963	1,710,233	1,725,217	1,741,427	1,716,513	1,735,827	1,752,187	1,735,901	1,753,740	1,773,176	1,735,133	1,781,152	1,784,559	1,750,606
Liabilities																						
Current liabilities																						
Payables - Creditors	(4,573)	(4,689)	(4,843)	(5,003)	(5,169)	(5,342)	(5,522)	(5,709)	(5,904)	(6,109)	(6,317)	(6,537)	(6,766)	(7,005)	(7,254)	(7,513)	(7,784)	(8,069)	(8,361)	(8,669)	(8,990)	(9,326)
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)	(2,890)
Employee benefits	(11,594)	(12,174)	(12,818)	(13,498)	(14,215)	(14,973)	(15,774)	(16,618)	(17,510)	(18,452)	(19,448)	(20,498)	(21,604)	(22,774)	(24,010)	(25,314)	(26,691)	(28,145)	(29,681)	(31,301)	(33,013)	(34,819)
Unearned revenue	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)	(446)
Loans & other borrowings	(1,482)	(2,503)	(4,043)	(4,945)	(5,878)	(6,970)	(8,336)	(9,924)	(11,781)	(13,977)	(16,671)	(19,921)	(23,781)	(28,299)	(33,541)	(39,519)	(46,305)	(53,959)	(62,551)	(72,151)	(82,839)	(94,685)
Total current liabilities	(20,985)	(22,702)	(25,040)	(26,782)	(28,595)	(30,521)	(32,611)	(34,887)	(37,363)	(40,041)	(42,981)	(46,221)	(49,801)	(53,781)	(58,221)	(63,181)	(68,621)	(74,621)	(81,261)	(88,621)	(96,781)	(105,781)
Non current liabilities																						
Employee benefits	(3,282)	(3,434)	(3,615)	(3,807)	(4,009)	(4,223)	(4,449)	(4,687)	(4,936)	(5,204)	(5,485)	(5,781)	(6,094)	(6,424)	(6,772)	(7,140)	(7,528)	(7,936)	(8,374)	(8,842)	(9,340)	(9,868)
Defined benefits scheme	(4,146)	(4,561)	(5,028)	(5,547)	(6,120)	(6,749)	(7,433)	(8,173)	(8,970)	(9,824)	(10,737)	(11,709)	(12,741)	(13,833)	(14,985)	(16,207)	(17,500)	(18,864)	(20,309)	(21,836)	(23,447)	(25,143)
Loans & other borrowings	(10,189)	(27,666)	(53,643)	(88,998)	(128,822)	(174,953)	(228,487)	(290,517)	(362,143)	(443,365)	(534,183)	(634,605)	(745,629)	(868,255)	(1,002,483)	(1,148,413)	(1,306,945)	(1,478,079)	(1,662,815)	(1,861,253)	(2,074,391)	(2,306,229)
Provision for landfill restoration	(5,514)	(4,703)	(4,115)	(4,013)	(3,905)	(3,790)	(3,687)	(3,586)	(3,482)	(3,372)	(3,257)	(3,137)	(3,012)	(2,882)	(2,747)	(2,607)	(2,462)	(2,312)	(2,157)	(2,000)	(1,840)	(1,678)
Total non current liabilities	(23,114)	(40,364)	(86,396)	(146,862)	(229,784)	(339,174)	(481,527)	(649,687)	(845,829)	(1,077,212)	(1,341,625)	(1,640,921)	(1,975,935)	(2,353,389)	(2,774,916)	(3,240,420)	(3,751,932)	(4,309,456)	(4,914,992)	(5,569,533)	(6,274,983)	(7,031,430)
Total liabilities	(44,099)	(63,066)	(111,440)	(173,644)	(258,379)	(369,695)	(510,138)	(684,574)	(933,192)	(1,217,853)	(1,583,606)	(2,006,946)	(2,496,856)	(3,051,774)	(3,677,137)	(4,378,591)	(5,154,882)	(6,019,411)	(6,976,252)	(8,026,583)	(9,281,419)	(10,762,861)
Net assets	1,610,630	1,625,782	1,634,676	1,585,951	1,597,459	1,611,627	1,578,493	1,564,004	1,618,140	1,598,001	1,615,404	1,635,936	1,618,790	1,639,989	1,661,500	1,646,018	1,674,024	1,698,945	1,696,874	1,684,573	1,704,515	1,685,914
Equity																						
Asset revaluation reserve	(492,378)	(501,684)	(508,778)	(457,163)	(465,639)	(476,156)	(435,324)	(445,692)	(460,261)	(432,531)	(443,823)	(458,402)	(428,651)	(438,487)	(447,185)	(420,517)	(430,517)	(437,599)	(384,343)	(392,822)	(398,126)	(340,908)
Capital appropriation reserve	(11,184)	(13,589)	(15,735)	(17,769)	(19,499)	(21,122)	(22,704)	(23,966)	(25,216)	(26,455)	(27,454)	(28,447)	(29,253)	(30,091)	(30,941)	(31,808)	(32,538)	(33,275)	(34,027)	(34,470)	(34,937)	(35,427)
Other reserves	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)	(65,790)
Accumulated (surplus)/deficit	(1,041,297)	(1,044,738)	(1,044,374)	(1,045,202)	(1,046,531)	(1,048,559)	(1,052,676)	(1,058,557)	(1,064,873)	(1,071,225)	(1,078,537)	(1,085,297)	(1,092,501)	(1,100,151)	(1,107,585)	(1,115,585)	(1,124,000)	(1,132,815)	(1,142,030)	(1,151,645)	(1,161,660)	(1,172,075)
Total equity	(1,610,630)	(1,625,782)	(1,634,677)	(1,585,951)	(1,597,459)	(1,611,627)	(1,578,493)	(1,564,004)	(1,618,140)	(1,598,001)	(1,615,404)	(1,635,936)	(1,618,791)	(1,639,990)	(1,661,501)	(1,646,018)	(1,674,024)	(1,698,945)	(1,696,875)	(1,684,574)	(1,704,515)	(1,685,914)

Budget Estimates Recommendation***That:***

- 1. The expenses, revenues, capital expenditure, and plant and equipment expenditure detailed in the document 'City of Hobart, Budget Estimates, for the 2017-2018 Financial Year' be approved.***
- 2. New borrowings of up to \$15M be approved for infrastructure.***
- 3. The Council delegate to the General Manager the power to enter into loan agreements to source the above borrowings on the most favourable terms.***
- 4. The General Rate be 7.75 cents in the dollar of assessed annual value (AAV).***
- 5. The following Service Rates be made:***
 - (i) A Stormwater Removal Service Rate of 0.47 cents in the dollar of AAV; and***
 - (ii) A Fire Service Rate of 1.30 cents in the dollar of AAV.***
- 6. A Waste Management Service Charge be made and varied according to the use or predominant use of land as follows:***
 - (i) A Service charge of \$250 to apply to residential properties;***
 - (ii) A Service charge of \$500 to apply to non-residential properties;***
- 7. A Waste Management Service Charge of \$50 be made for kerbside green waste collection for all rateable land within the municipal area to which Council supplies or makes available a green waste collection service utilising a green waste collection bin.***
- 8. A Landfill Rehabilitation Service Charge be made and varied according to the use or predominant use of land as follows:***
 - (i) A Service charge of \$50 to apply to residential properties;***
 - (ii) A Service charge of \$100 to apply to non-residential properties.***
- 9. The rates be subject to the following remissions:***
 - (i) A remission of 0.94 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.***
 - (ii) A remission of 1.01 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.***

10. ***Unspent 2016/17 capital funding be carried-forward into 2017/18, with any necessary adjustments to be made in the September 2017 quarter financial report to Council.***
11. ***The interest rate on unpaid rates be 8.72% per annum, charged monthly.***
12. ***The 2017-2018 Annual Plan be adopted.***
13. ***The Long Term Financial Management plan 2018-2038 be adopted.***
14. ***The following delegations be approved:***
 - (i) ***Pursuant to Section 22 of the Local Government Act 1993, the Council delegate to the General Manager the power to expend monies on Council's behalf identified as Delegation Classification 1 items in the Council's Annual Plan; and, the Council authorise the General Manager to delegate, pursuant Section 64 of the Local Government Act 1993, to such employees of the Council as he considers appropriate, the power to expend monies on Council's behalf identified as Delegation Classification 1 items in the Council's Annual Plan.***
 - (ii) ***Pursuant to Section 22 of the Local Government Act 1993, the Council delegate to all the Council Committees the power to expend monies on Council's behalf identified as Delegation Classification 2 items in the Council's Annual Plan.***



2017/18 RATES

That:-

1. Rates and Charges be made in accordance with the provisions of Part 9 of the Local Government Act 1993, to provide for the estimates of revenue and expenditure.
2. The Rates and Charges be for the period commencing on 1st July 2017 and ending on 30th June 2018.
3. Pursuant to Section 90 of the Local Government Act 1993, a General Rate of 7.75 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 0.47 cents in the dollar of AAV;
 - 4.2 a Fire Service Rate of 1.30 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 green waste collection be made in the sum of \$50.00 for all rateable land within the municipal area to which Council supplies or makes available a green waste collection service utilising a green waste collection bin.
- 7A. Pursuant to Section 94 of the Local Government Act 1993, a Landfill Rehabilitation Service Charge be made in the sum of \$100.00 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 \$50.00.
8. Pursuant to Section 124 of the Local Government Act 1993, the Rates may be payable by four instalments.

9. The Rates shall be payable on the following dates:-

1 st Instalment	15 August 2017
2 nd Instalment	15 November 2017
3 rd Instalment	15 February 2018
4 th Instalment	15 April 2018

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 0.94 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 1.01 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 \$39 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 8.72% per annum, charged monthly, in accordance with the prescribed percentage contained in Section 128(2) of the Act.
- (b) where any amount of rates or charges that was payable in a financial year beginning prior to 1st July 2017, remains unpaid in the financial year beginning 1st July 2017, and there is payable interest on that amount pursuant to a determination under Section 128(1)(c) in that first-mentioned financial year, there shall be payable interest on that amount on and after 1st July 2017, at a rate equal to the rate fixed for the purposes of Section 128(1)(c) and operative on and after 1st July 2017, being at a rate of 8.72% per annum, charged monthly.

Dated this day of

GENERAL MANAGER



City of **HOBART**



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INTRODUCTION

In late 2015 the Hobart City Council endorsed a new ten-year Capital City Strategic Plan 2015–25, as required by an amendment to the Local Government Act 1993. Accordingly, future annual plans and annual reports will be based on the ten-year strategic plan.

The strategic plan sets out the priority areas of activity which will be the focus for the next ten years to achieve the future directions within the Hobart 2025 community vision.

It is important to note that the Council has also endorsed the development of a four-year delivery plan which will sit between the annual planning cycle and the ten-year strategic plan. The four-year plan aims to achieve continuity of the annual plans, within the ten-year strategic plan.

The 2017–18 Annual Plan sets out the major actions and initiatives for the 2017–18 financial year.

VISION FOR THE CITY OF HOBART

In 2025 Hobart will be a city that:

- offers opportunities for all ages and a city for life
- is recognised for its natural beauty and quality of environment
- is well governed at a regional and community level
- achieves good quality development and urban management
- is highly accessible through efficient transport options
- builds strong and healthy communities through diversity, participation and empathy
- is dynamic, vibrant and culturally expressive.

OUR MISSION IS TO ENSURE GOOD GOVERNANCE OF OUR CAPITAL CITY

We're about people

We value people—our community, customers and colleagues

We're professional

We take pride in our work

We're enterprising

We look for ways to create value

We're responsive

We're accessible and focused on service

We're inclusive

We respect diversity in people and ideas

We're making a difference

We recognise that everything we do shapes Hobart's future.



FUTURE DIRECTION STATEMENTS

FD1—OFFERS OPPORTUNITIES FOR ALL AGES AND A CITY FOR LIFE

In 2025 Hobart will be a city that provides opportunities for education, employment and fulfilling careers. A city that is able to retain its young people and provide a lifestyle that will encourage all ages to see the city as a desirable location and lifelong home.

FD2—IS RECOGNISED FOR ITS NATURAL BEAUTY AND QUALITY OF ENVIRONMENT

In 2025 Hobart will be a city that respects the natural beauty of Mount Wellington, the River Derwent, the bushland surrounds and waterfront locations. It has worked to enhance the community connection through the protection of views, vistas, access and linkages and the physical environment has been conserved in a manner that will ensure a healthy and attractive city.

FD3—IS WELL GOVERNED AT A REGIONAL AND COMMUNITY LEVEL

In 2025 Hobart will be a city that works effectively to lead an integrated approach to the planning and development of the metropolitan region. It will create partnerships with governments, the private sector and local communities in achieving significant regional, city and community goals.

FD4—ACHIEVES GOOD QUALITY DEVELOPMENT AND URBAN MANAGEMENT

In 2025 Hobart will be a city that remains unique in its own right, protecting its built heritage and history while pursuing quality development, the principles of sustainable cities and the reduction of ecological impacts. It will value access to the waterfront, foreshores, public and open spaces and continues to enjoy the benefits of scale and proximity.



FD5—IS HIGHLY ACCESSIBLE THROUGH EFFICIENT TRANSPORT OPTIONS

In 2025 Hobart will be a city that maintains its convenience and accessibility through the greater use of transport alternatives and an effective road and travel network.

An integrated approach to transport planning within the city and across the wider metropolitan region will be the result of improved public transport options, cycleways and walking tracks linking open spaces for transport and recreation, the availability of adequate parking for commuters and shoppers, the take up of sustainable transport options, the reduction of through traffic and the management of an efficient road.

FD6—BUILDS STRONG AND HEALTHY COMMUNITIES THROUGH DIVERSITY, PARTICIPATION AND EMPATHY

In 2025 Hobart will be a city that reflects a spirit of community and tolerance. By valuing diversity and encouraging participation by all ages in the life of their community, a friendly and compassionate society will underpin a safe and healthy city.

FD7—IS DYNAMIC, VIBRANT AND CULTURALLY EXPRESSIVE

In 2025 Hobart will be a city that is a destination of choice and a place for business. Clever thinking and support for creativity will help build a strong economic foundation, and entertainment, arts and cultural activities promote the distinctive character of the city.

Lifestyle opportunities and strong communities will ensure a vibrancy and way of life that is Hobart.

GOALS

To achieve the Hobart 2025 community vision, the Capital City Strategic Plan 2015–25 focuses on the goals of:

- **Goal 1** Economic development, vibrancy and culture
- **Goal 2** Urban management
- **Goal 3** Environment and natural resources
- **Goal 4** Strong, safe and healthy communities
- **Goal 5** Governance.

PLANNING AND REPORTING FRAMEWORK

The key elements within the Capital City Strategic Plan 2015–25 continue to be drawn from the Hobart 2025 community vision. The vision and its seven future direction statements detail the overall outcomes that the strategic plan is seeking to achieve.

The strategic plan takes the next step and identifies the issues, ten-year priorities, strategic objectives and strategies over the 2015–25 period that will achieve the Hobart 2025 vision.

A four-year delivery plan will detail the higher priority actions from the strategic plan.

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

Priorities identified in the ten-year strategic plan will be put into action through the annual divisional and unit plans and the City of Hobart annual plan (strategies, major actions and initiatives and budget).

The effectiveness of these actions is monitored through progress reports to the Council.

2017–18 ANNUAL PLAN

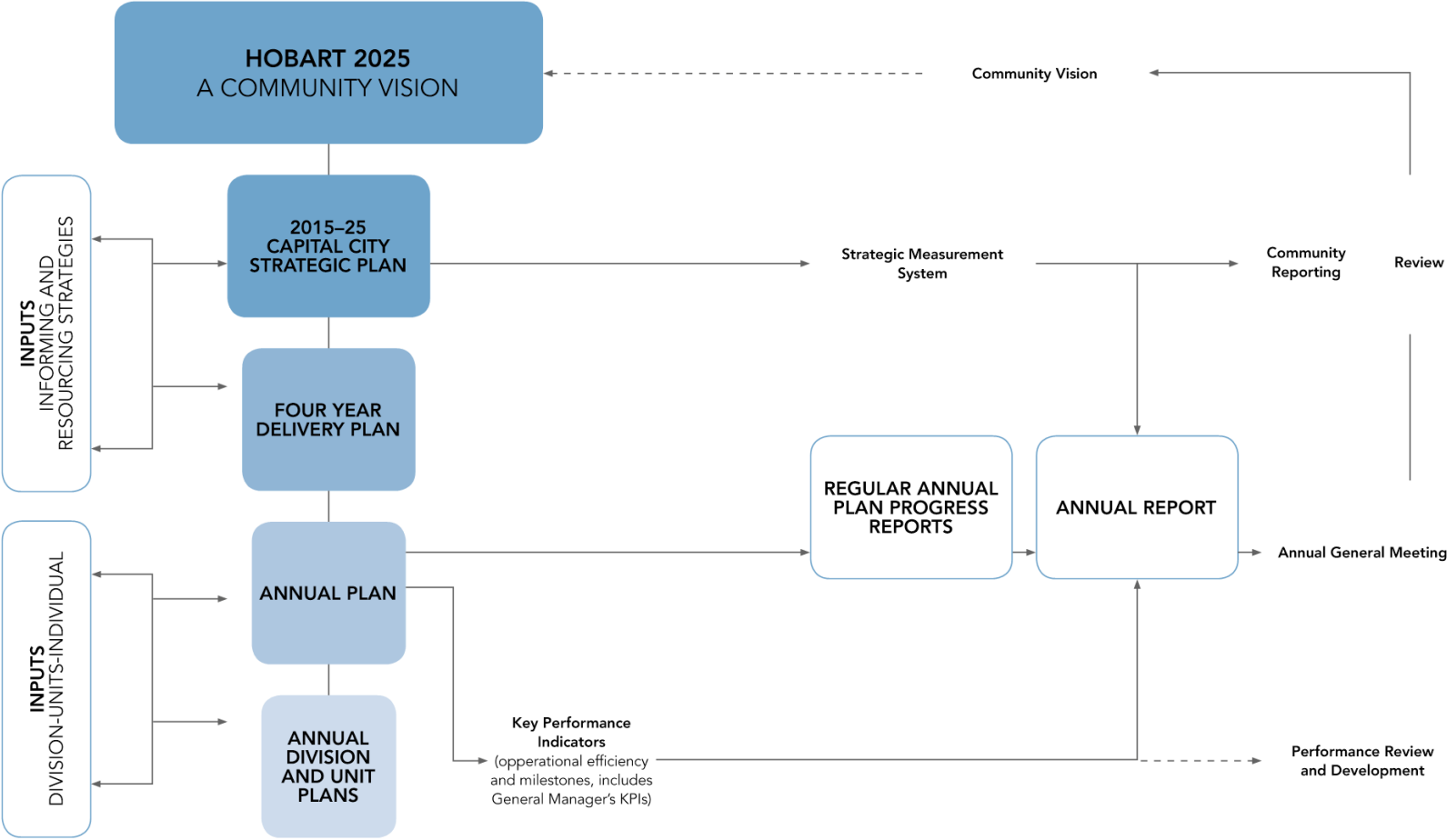
The annual plan contains the major actions and initiatives and budget estimates for each year. These actions are referenced to the relevant strategic objectives within the ten-year Capital City Strategic Plan 2015–25.

Development of the 2017–18 Annual Plan followed the completion of divisional and unit plans, which identified the operational priorities and major actions and initiatives and annual budget estimates for each function area.

Copies of Hobart 2025—A Strategic Framework and the Capital City Strategic Plan 2015–25 are available on the City of Hobart website at hobartcity.com.au



PLANNING AND REPORTING FRAMEWORK





GOAL 1 ECONOMIC DEVELOPMENT, VIBRANCY AND CULTURE

City growth, vibrancy and culture comes when everyone participates in city life

FD1—OFFERS OPPORTUNITIES FOR ALL AGES AND A CITY FOR LIFE

In 2025 Hobart will be a city that provides opportunities for education, employment and fulfilling careers. A city that is able to retain its young people and provide a lifestyle that will encourage all ages to see the city as a desirable location and lifelong home.

FD7—IS DYNAMIC, VIBRANT AND CULTURALLY EXPRESSIVE

In 2025 Hobart will be a city that is a destination of choice and a place for business. Clever thinking and support for creativity will help build a strong economic foundation, and entertainment, arts and cultural activities promote the distinctive character of the city. Lifestyle opportunities and strong communities will ensure a vibrancy and way of life that is Hobart.

STRATEGIC OBJECTIVES

- 1.1 Partnerships with government, the education sector and business create city growth.
- 1.2 Strong national and international relationships.
- 1.3 Vibrant city centre and suburban precincts.
- 1.4 An enriched visitor experience.
- 1.5 Cultural and creative activities build community wellbeing and economic viability.

KEY FUNCTION AREAS

- Cultural Development
- Tasmanian Travel and Information Centre
- Community Development Policy and Management
- City Marketing
- Events
- Economic Development
- The Taste of Tasmania
- Salamanca Market
- Design Services
- Traffic Engineering
- Cleansing and Solid Waste

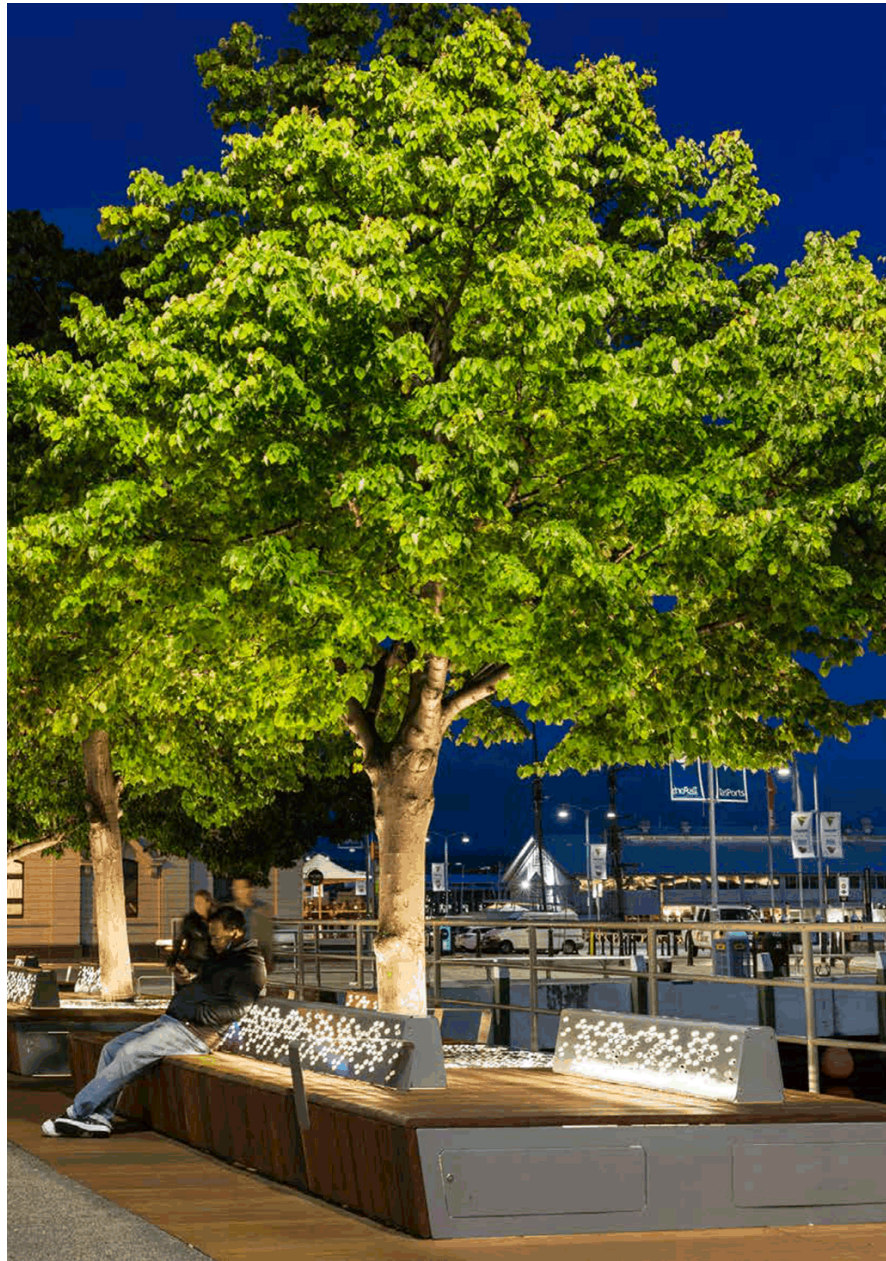
2017-18 MAJOR ACTIONS AND INITIATIVES

Strategy Reference	Major Actions and Initiatives
1.1.1	Deliver a business grants program.
1.3.1	Continue to deliver a range of operational improvements at Salamanca Market,
1.3.5	including the development of a business plan, communications plan, an entertainment program and a waste management strategy.
1.1.2	Continue to deliver against the Memorandum of Understanding 2015-18 between the University of Tasmania and the City of Hobart.
1.1.2	Actively support the University of Tasmania's business case for the science, technology, engineering and mathematics (STEM) development, through our capacity as a community leader.
1.1.5	Develop a revised economic development strategy and commence implementation.
1.2.3	Continue to deliver against the International Relations Action Plan 2016.
1.2.4	Host a 20th anniversary reception for the sister-city relationship between Hobart and L'Aquila in the Hobart Town Hall.
1.2.4	Consider the potential of relationships with Freiberg (Germany), Portland (Oregon/USA) and Katowice (Poland).
1.3.1	Deliver the annual opening of the Antarctic Season reception for a maximum of 150 attendees, plus 10 Institute for Marine and Antarctic Studies students.
1.3.1	Implement a vehicle identification system at the Salamanca Market.
1.3.1	Deliver the 2017-18 The Taste of Tasmania, subject to Council approval.
1.3.1	Deliver a range of events including the Commonwealth Games Queen's Baton Relay, the Christmas Pageant and annual floral shows.
1.3.1	Provide support of events, festivals and activities that activate Hobart through the Community Development Grants Program.

Strategy Reference	Major Actions and Initiatives
1.3.1	Continue to work in partnership with key event organisers to deliver major events and festivals.
1.3.1	Deliver the Super Sidewalk Saturday event in the city centre.
1.3.2	
1.3.5	
1.3.2	Refurbish the existing Elizabeth Mall Information Booth to provide for visitor information and booking services in the city centre delivered by the Tasmanian Travel and Information Centre. The booth accommodates an increase in demand for visitor services and supports the major retail and hospitality precincts.
1.3.2	Implement the City Centre Marketing Strategy.
1.3.2	Assist the tourism industry and local economy through support of the cruise ship industry in Hobart and Tasmania and through relationships with key stakeholders (Tasports, Destination Southern Tasmania and Tourism Tasmania).
1.3.2	Undertake master planning for the Battery Point slipyards site.
1.3.2	Finalise and implement actions arising from the Civic Square master plan.
1.3.3	Progress the Local Retail Precincts Plan: <ul style="list-style-type: none"> - develop detailed designs for the Lenah Valley retail precinct - deliver the Lenah Valley retail precinct upgrade - undertake community engagement and develop concept plans for the New Town retail precinct.
1.3.3	Complete the Sandy Bay shopping centre upgrade.
1.3.4	Finalise and implement an innovative whole-of-Council activation framework.
1.3.5	

Strategy Reference	Major Actions and Initiatives
1.4.1	Implementation of initiatives to ensure streets are cleaned and public toilets are maintained to a high standard.
1.4.1	Deliver accessibility upgrades at the Hobart Town Hall.
1.4.1	Install external facade lighting at the Hobart Town Hall.
1.4.1	Improve the southern gateway visitor experience at Hobart Airport and the MAC 2 cruise terminal.
1.4.2	Develop a business plan for the Tasmanian Travel and Information Centre.
1.4.3	Implement the Creative Hobart Strategy.
1.5.1	Host a curated series of Creative Hobart forums that engage the community and cultural sector.
1.5.1	Implement actions from the City of Hobart Art Prize review.
1.5.3	Investigate and implement a broad range of public art projects, in particular complete the installation of the Franklin Square public art project.
1.5.3	Complete the installation of the digital urban screen at the Elizabeth Street forecourt of the University of Tasmania's Hobart Apartments.
1.5.3	Develop a public art master plan for Bidencopes Lane.





GOAL 2 URBAN MANAGEMENT

*City Planning promotes
our city's uniqueness, is
people focused and provides
connectedness and accessibility*

FD4—ACHIEVES GOOD QUALITY DEVELOPMENT AND URBAN MANAGEMENT

In 2025 Hobart will be a city that remains unique in its own right, protecting its built heritage and history while pursuing quality development, the principles of sustainable cities and the reduction of ecological impacts. It will value access to the waterfront, foreshores, public and open spaces and continues to enjoy the benefits of scale and proximity.

FD5—IS HIGHLY ACCESSIBLE THROUGH EFFICIENT TRANSPORT SYSTEMS

In 2025 Hobart will be a city that maintains its convenience and accessibility through the greater use of transport alternatives and an effective road and travel network. An integrated approach to transport planning within the city and across the wider metropolitan region will be the result of improved public transport options, cycleways and walking tracks linking open spaces for transport and recreation, the availability of adequate parking for commuters and shoppers, the take up of sustainable transport options, the reduction of through traffic and the management of a safe and efficient road network.

STRATEGIC OBJECTIVES

- 2.1 A fully accessible and connected city environment.
- 2.2 A people-focused city with well-designed and managed urban and recreation spaces.
- 2.3 City and regional planning ensures quality design, meets community needs, and maintains residential amenity.
- 2.4 Unique heritage assets are protected and celebrated.

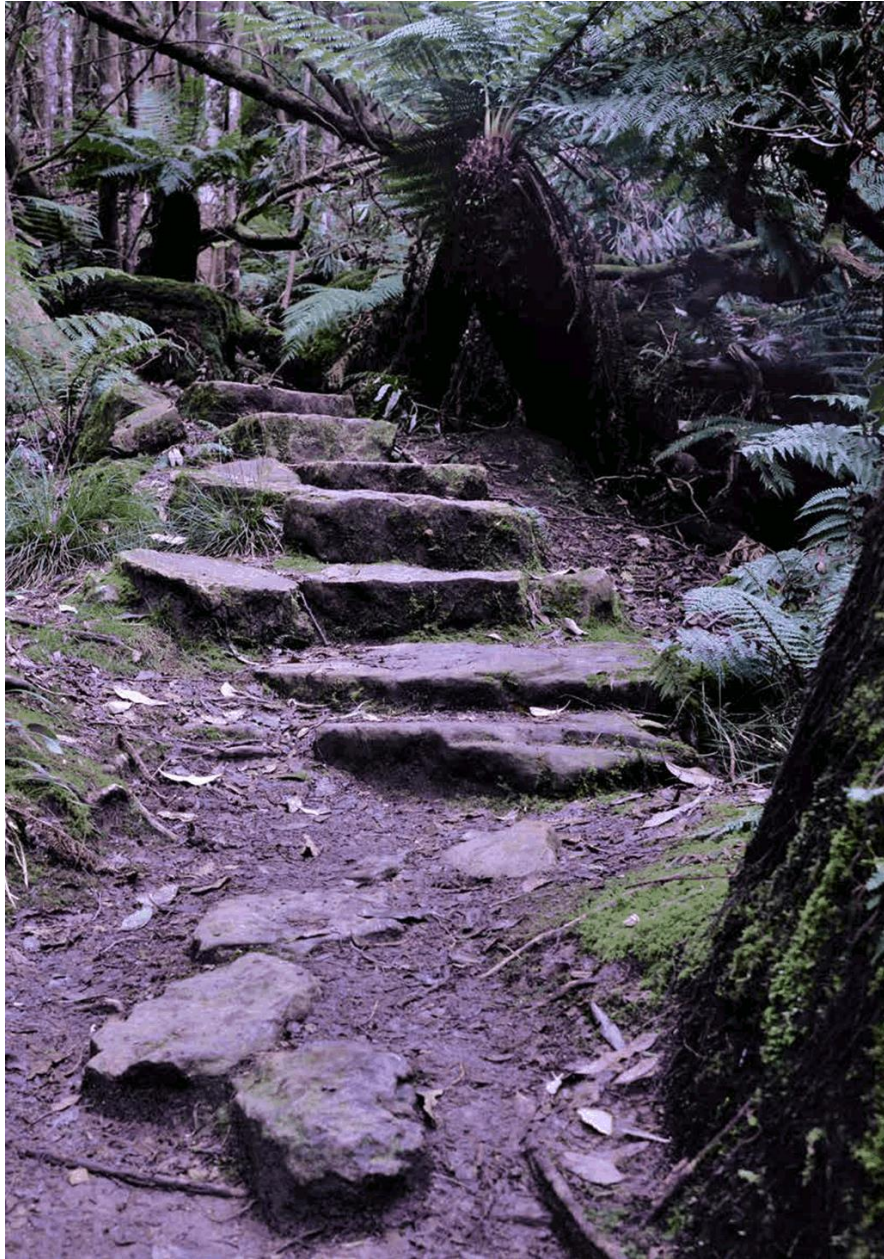
KEY FUNCTION AREAS

- Traffic Engineering
- Design Services
- Parking Operations
- Road and Environmental Engineering
- Asset Services
- Civil Works
- Planning Policy
- Project Delivery
- Parks and Recreation
- Cleansing and Solid Waste
- Open Space Group
- City Design
- Heritage and Conservation
- Community Development Policy and Management

2017–18 MAJOR ACTIONS AND INITIATIVES

Strategy Reference	Major Actions and Initiatives
2.1.1	Develop a transport strategy: <ul style="list-style-type: none"> – undertake community engagement to identify transport issues – develop a draft strategy in response to the issues identified
2.1.4	Review and create a new parking strategy that encompasses the introduction of the integrated parking system and the central control system for car parks, with links to the transport strategy as appropriate.
2.1.4	Install the integrated parking system.
2.1.5	Work with the developer of the proposed Hyatt Centric hotel to ensure that public transport services can continue to operate during major construction in the Elizabeth Street bus mall.
2.1.6	Plan, design and construct the shared path on Castray Esplanade from the Institute for Marine and Antarctic Studies to the Commonwealth Scientific and Industrial Research Organisation.
2.1.6	Prepare concept design for improved bicycle connections along Collins Street.
2.2.5	Seek endorsement from the Council for a preferred design for the second stage of the Collins Court revitalisation project, following appropriate stakeholder consultation. Oversee the construction of the approved plan.
2.2.1	Undertake consultation and progress design on the City to Gardens Way project, as part of the Queens Domain Master Plan 2013–33.
2.2.2	Construction of the Soldiers Memorial Oval Community Hub, as part of the Queens Domain Master Plan 2013–33.

Strategy Reference	Major Actions and Initiatives
2.2.2	Refurbishment of the Tasmanian Cricket Association (TCA) Ground surface.
2.2.2	Develop a New Town sporting precinct master plan.
2.2.2	Complete first stage design and commence reconstruction of Carlton Street, New Town.
2.2.2	Develop a business plan for the City Hall site and undertake stage two of the building works.
2.2.2	Continue implementation of the Public Toilet Strategy 2015–25.
2.2.5	Oversee the commencement and completion of the Brooker Avenue shared bridge.
2.2.5	Oversee the commencement and completion of the Tasman Highway shared bridge.
2.2.5	Lead on the awareness and understanding of smart cities programs, initiatives, developments and related opportunities for Hobart.
2.2.6	Continue implementation of the Graffiti Management Plan.
2.2.6	Work collaboratively with businesses and the community to implement a range of graffiti prevention measures, including the development of urban art walls.
2.3.2	Prepare a road network plan to provide guidance and direction in the future development of the road and access network.
2.3.2	Progress implementation of a street tree strategy.
2.3.3	As part of the Salamanca Place Precinct project, develop concept plans for the second stage of the Salamanca pedestrian works.
2.3.4	Continue the translation of the Hobart Interim Planning Scheme 2015 and the Sullivans Cove Planning Scheme 1997 into the proposed Tasmanian Planning Scheme.
2.3.4	Complete a review of the Heritage Precincts for translation into the proposed Tasmanian Planning Scheme.



GOAL 3 ENVIRONMENT AND NATURAL RESOURCES

*An ecologically sustainable city
maintains its unique character
and values our natural
resources*

FD2—IS RECOGNISED FOR ITS NATURAL BEAUTY AND QUALITY OF ENVIRONMENT

In 2025 Hobart will be a city that respects the natural beauty of Mount Wellington, the Derwent River, the bushland surrounds and foreshore locations. The community connection to the environment has been enhanced through the protection of views, vistas, access and linkages. The physical environment has been conserved in a manner that will ensure a healthy and attractive city.

STRATEGIC OBJECTIVES

- 3.1 Increased resilience to climate change.
- 3.2 Strong environmental stewardship.
- 3.3 A highly valued natural and cultural open space network.
- 3.4 Leadership in environmental performance with the efficient use of natural resources.

KEY FUNCTION AREAS

- Road and Environmental Engineering
- Open Space Group
- Planning Policy and Heritage
- Cleansing and Solid Waste
- Asset Services
- Environmental Planning

2017-18 MAJOR ACTIONS AND INITIATIVES

Strategy Reference	Major Actions and Initiatives
3.1.1	Undertake consultation for a review of the Hobart climate change strategy.
3.1.3	Develop and implement a Hobart coastal hazards strategy.
3.2.1	Implement a multi-year works program to improve the City's asset protection zones (fire breaks) network, consistent with the new Tasmania Fire Service Fuel Break Guidelines.
3.2.1	Undertake year two of the City's fire trail renewal program.
3.2.2	Complete a stormwater plan for the urban portions of the New Town Rivulet catchment.
3.2.2	Complete a stormwater plan for the Maypole Rivulet catchment.
3.2.2	Undertake another stage of vegetation removal and rehabilitation of the banks of the New Town Rivulet.
3.2.3	Complete the investigation for flood mitigation works associated with the lower reaches of the Maypole Rivulet and New Town Rivulet catchments.
3.2.4	Complete and implement the audit schedule for the regulation of Level 1 activities, as defined under the <i>Environmental Management and Pollution Control Act 1994</i> , that may cause environmental harm and in respect of which a planning permit is required.
3.2.4	Examine the effectiveness of a phase out and subsequent ban on non-compostable single-use food packaging and consider the findings of the plastic pollution impact statement for the feasible implementation of recommendations.
3.2.4	Implement the revised Environment Management and Pollution Control (Smoke) Regulations due to be issued in 2017, specifically the regulation of smoke emissions from residential premises.

3.2.5	Continue implementation of the Waste Management Strategy 2015-30.
Strategy Reference	Major Actions and Initiatives
3.2.6	Progress implementation of the Environmental Management Plan for the McRobies Gully landfill.
3.2.7	Prepare a biodiversity policy that outlines the City's role and practices in biodiversity management and identifies conservation priorities and gaps in biodiversity data.
3.3.1	Continue support of the Bushcare program to assist in maintaining and improving the bushland network.
3.3.2	Progress implementation of the Fern Tree Visitor Node Master Plan.
3.3.2	Implement stage two of the Rejuvenating the Great Short Walk project.
3.4.4	Prepare an energy savings action plan for 2018-20.
3.4.4	Complete the Hobart Town Hall energy efficiency retrofit.
3.4.4	Investigate the feasibility of installing an additional 140 kilowatts of solar power on the City's buildings.



GOAL 4 STRONG, SAFE AND HEALTHY COMMUNITIES

*Our communities are resilient,
safe and enjoy healthy lifestyles*

**FD6—BUILDS STRONG AND HEALTHY
COMMUNITIES THROUGH DIVERSITY,
PARTICIPATION AND EMPATHY**

In 2025 Hobart will be a city that reflects a spirit of community and tolerance. By valuing diversity and encouraging participation by all ages in the life of their community a friendly and compassionate society will underpin a safe and healthy city.

STRATEGIC OBJECTIVES

- 4.1 Community connectedness and participation realises the cultural and social potential of the community.
- 4.2 City facilities, infrastructure and open spaces support healthy lifestyles.
- 4.3 Build community resilience, public health and safety.
- 4.4 Community diversity is encouraged and celebrated.

KEY FUNCTION AREAS

- Doone Kennedy Hobart Aquatic Centre
- Positive Ageing
- Equal Access
- Coordination
- Youth Programs
- Environmental Health
- Cultural Programs
- Parks and Recreation
- Community Development Policy and Management
- Design Services

2017–18 MAJOR ACTIONS AND INITIATIVES

Strategy Reference	Major Actions and Initiatives
4.1.1	Implement the Social Inclusion Strategy
4.1.2	2017–18 Action Plan in conjunction with the Community Sector Reference Group, including the delivery of a project to support 'social prescribing' to address isolation for older people and investigate the potential for Hobart to become an age-friendly city.
4.4.1	Implement the 2017–18 action plans for the Equal Access, Positive Ageing, Youth, Multicultural and Children and the Families strategies.
4.1.1	Deliver the Still Gardening program in accordance with the Department of Social Services funding agreement.
4.1.2	Partner with Glenorchy City Council, Clarence City Council and Tascare Society for Children to deliver the Access All Areas event to celebrate the International Day of People with Disability.
4.1.4	Continue to develop the City's relationship with the Hobart Hurricanes.
4.1.4	Support the North Melbourne Football Club community engagement program.
4.1.4	Deliver and support community events including Children and Families Week, National Youth Week, Harmony Day and Adult Learners week.
4.1.7	Deliver the Community Development Grants Program and explore opportunities to work more closely with recipients.
4.2.4	Strengthen and develop the Positive Ageing volunteer program.
4.1.5	Implement the Doone Kennedy Hobart Aquatic Centre refurbishment in accordance with the approved master plan.
4.1.6	Review and develop a new playground strategy.
4.2.1	
4.2.2	

Strategy Reference	Major Actions and Initiatives
4.2.4	Investigate and implement Creative Hobart residency opportunities using City-owned space as short-term studios.
4.3.2	Support the Red Cross emergency management plan for vulnerable members of the community when responding to emergency and recovery planning, in particular for aged home care.
4.3.5	Incorporate 'safety in design' for all City infrastructure projects.
4.3.5	Undertake a promotional program to raise community awareness of existing smoke-free areas declared under the <i>Public Health Act 1997</i> .
4.3.5	Support the determination of a consistent statewide approach to the disposal of sharps from non-commercial sources.
4.3.5	Implement the new Meningococcal W immunisation program for older teenagers in response to an increased number of notifications in Tasmania.
4.3.5	Implement the revised Guidelines for the Control of Legionella to be issued in 2017 under the <i>Public Health Act 1997</i> , specifically the regulation of warm-water systems.
4.3.5	Implement the revised Recreational Water Quality Guidelines to be issued in 2017 under the <i>Public Health Act 1997</i> , specifically beach and swimming/spa pool monitoring.
4.3.6	Review and update the Corporate Climate Adaptation Plan 2013–16.
4.3.8	Deliver a secure taxi rank as part of the Street Teams project in partnership with the Salvation Army and Tasmania Police.
4.3.8	Develop and implement a community safety strategy.



GOAL 5 GOVERNANCE

*Leadership provides for
informed decision making for
our capital city*

FD3—IS WELL GOVERNED AT A REGIONAL AND COMMUNITY LEVEL

In 2025 Hobart will be a city that works effectively to lead an integrated approach to the planning and development of the metropolitan region. Partnerships with governments, the private sector and local communities in achieving significant regional, city and community goals will be created.

STRATEGIC OBJECTIVES

- 5.1 The organisation is relevant to the community, and provides good governance and transparent decision making.
- 5.2 Opportunities are embraced and risks are recognised and managed.
- 5.3 Quality services are delivered in the most safe, cost effective and efficient way.
- 5.4 An engaged civic culture where people feel part of decision-making.
- 5.5 Capital City leadership is provided.

KEY FUNCTION AREAS

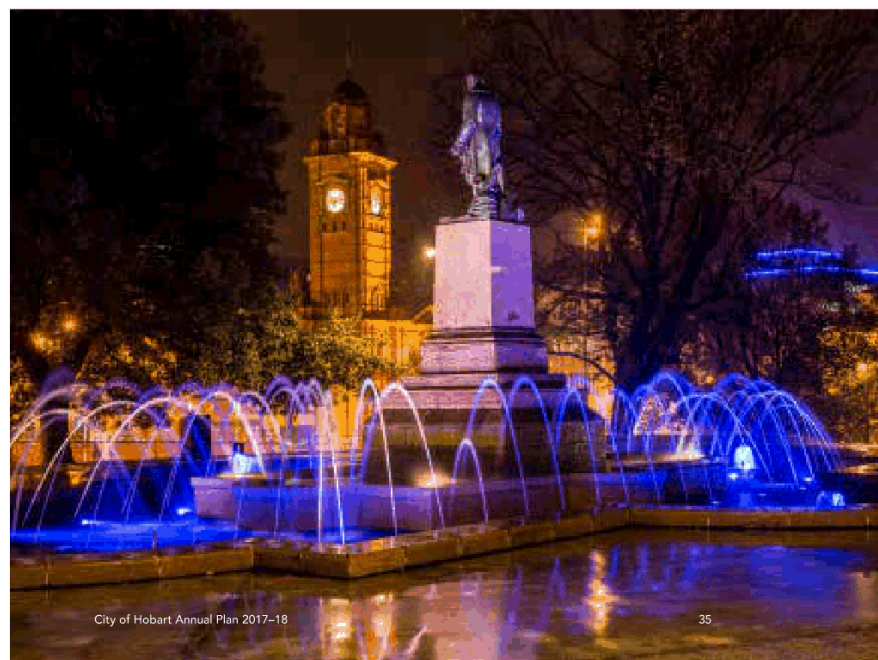
- Financial Management
- Asset Services
- Rates and Commercial Services
- Central Procurement
- Cleansing and Solid Waste—Policy, Compliance and Customer Liaison
- General Manager's office
- Strategic Planning and Performance
- City Marketing
- Development Appraisal
- Human Resources
- Planning Policy and Heritage
- Information and Communication Technology Services
- Information Management
- Media and Community Relations
- City Government
- Legal and Governance
- Design Services
- Community and Cultural Programs

2017–18 MAJOR ACTIONS AND INITIATIVES

Strategy Reference	Major Actions and Initiatives
5.1.2	Progress the implementation of new integrated business systems throughout the organisation.
5.1.2	Review the structure and resourcing of the Information and Communication Technology Services unit to support the new business systems environment.
5.1.2	Build capability to manage integration of business systems to enable more efficient interoperation with other in-house systems and external systems, including cloud and external agencies.
5.1.2	Complete the plan for the decommissioning of replaced business systems.
5.1.3	Undertake a review of proprietary software used and disseminate information to Aldermen.
5.1.4	Scope the planning and delivery of a new strategic measurement system to track annual and longitudinal performance.
5.1.7	Update the City's financial model, and prepare a long-term financial management plan for 2019–39.
5.1.8	Revise the Municipal Rating and Valuation Strategy in accordance with legislative amendments.
5.1.9	Implement actions from the City of Hobart Procurement Strategy 2017–19.
5.1.9	Develop and deliver training and awareness covering all aspects of procurement policy.
5.1.9	Develop and implement a contract management tool kit and training program for employees.
5.2.7	Lead discussions about what the federal government's 'city deal' proposal should deliver for Hobart. Communicate this to state and federal governments.
5.3.1	Review security management processes, skills and resourcing in the Information and Communication Technology Services unit.

Strategy Reference	Major Actions and Initiatives
5.3.1	Develop framework for mobile device management.
5.3.1	Continue implementation of electronic record keeping and information distribution, specifically replacement of hard copy functions files.
5.3.1	Ongoing digitisation of historical records.
5.3.2	Develop and implement a training program for project management skills across all six divisions.
5.3.3	Assess the impact of Transforming Hobart service-driven projects on the long-term financial management plan for asset-related expenditure.
5.3.4	Implement major actions identified in the Asset Management Strategy.
5.3.5	Implement the outcomes of the review of the Human Resources unit.
5.3.5	Deliver mental health training to supervisors and employees as an adjunct to organisational and systems change management.
5.3.5	Develop a revised employee Code of Conduct.
5.3.6	Continue the implementation of the Leadership Development Program following the 2015 employee culture survey.
5.3.7	Continue preparatory work for the expansion of online services, following implementation of the new enterprise business systems.
5.4.1	Implement actions from a revised community engagement framework.
5.4.3	Develop a methodology for effective community engagement for children aged under 12 years.
5.4.3	Co-create with the community a new city vision for Hobart.
5.4.4	Update the communications policy and develop relevant guidelines.
5.4.4	Deliver a social media business policy for the use of social media for the whole organisation.
5.4.4	Develop and distribute a new residents' kit.

Strategy Reference	Major Actions and Initiatives
5.4.4	Introduce a welcome pack for refugee arrivals to Hobart.
5.5.1	Actively participate with state government, other councils, regional and local partners to progress capital city growth.
5.5.3	Actively participate in the Council of Capital City Lord Mayors activities and support projects that will benefit Hobart.





SUMMARY OF BUDGET ESTIMATES

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

A summary by budget function is provided at Appendix 1.

OPERATING RESULT FORECAST

	2016-17 FORECAST (\$'000)	2017-18 BUDGET (\$'000)	2018-19 BUDGET (\$'000)	2019-20 BUDGET (\$'000)	2020-21 BUDGET (\$'000)	2021-22 BUDGET (\$'000)
EXPENSES						
Labour	(54,960)	(56,949)	(58,774)	(60,658)	(62,608)	(64,622)
Materials and services	(28,592)	(30,519)	(30,830)	(31,223)	(32,046)	(32,237)
Depreciation	(18,684)	(19,241)	(19,825)	(20,437)	(20,998)	(21,678)
Fire Levy	(9,715)	(10,250)	(10,866)	(11,518)	(12,209)	(12,941)
Energy costs	(2,378)	(2,559)	(2,623)	(2,689)	(2,756)	(2,825)
Bad Debts	(370)	(350)	(369)	(380)	(391)	(403)
Finance Costs	(888)	(708)	(1,574)	(2,873)	(3,626)	(4,339)
Asset write-offs	(2,500)	(2,487)	(2,398)	(2,433)	(2,285)	(2,313)
Other	(5,521)	(4,629)	(4,438)	(4,527)	(4,619)	(3,837)
	(123,608)	(127,692)	(131,697)	(136,738)	(141,538)	(145,195)
REVENUES						
Rates and Charges	77,908	81,478	84,110	87,842	91,828	95,674
Parking Fines	7,330	7,719	7,951	8,189	8,435	8,688
Operating Grants	3,969	3,109	3,171	3,234	3,299	3,365
Distributions from TasWater	3,258	3,258	2,172	2,172	2,172	2,172
Rents	3,101	3,246	3,344	3,444	3,547	3,654
Interest	886	760	643	728	756	879
Fire Levy collection fee	388	410	434	460	488	518
Fees and Charges - car parks	8,800	9,002	9,272	9,551	9,837	10,132
Fees and Charges - on street parking	5,356	5,715	5,886	6,063	6,245	6,432
Fees and Charges - other	14,082	14,323	14,755	15,198	15,653	16,123
	125,078	129,020	131,738	136,881	142,260	147,637
Underlying Surplus / (Deficit)	1,470	1,328	41	143	722	2,442
CAPITAL ITEMS						
Capital Grants	4,619	2,664	514	600	600	600
Financial assistance grants in advance	1,318	(1,318)	-	-	-	-
Asset sales	171	767	(387)	27	(55)	(18)
Surplus / (Deficit)	7,578	3,441	168	770	1,267	3,024



CASH FLOW FORECAST

	2016-17 FORECAST (\$'000)	2017-18 BUDGET (\$'000)	2018-19 BUDGET (\$'000)	2019-20 BUDGET (\$'000)	2020-21 BUDGET (\$'000)	2021-22 BUDGET (\$'000)
OPERATING ACTIVITIES						
Payments						
Employee Costs	(51,057)	(54,753)	(56,455)	(58,212)	(60,028)	(61,904)
Fire Levy	(9,715)	(10,250)	(10,866)	(11,518)	(12,209)	(12,941)
Interest	(726)	(651)	(1,531)	(2,841)	(3,597)	(4,314)
Other	(40,378)	(39,464)	(39,396)	(39,467)	(40,471)	(39,971)
	(101,876)	(105,118)	(108,248)	(112,038)	(116,305)	(119,130)
Receipts						
Rates and Charges	77,798	81,333	84,004	87,692	91,667	95,519
Grants	5,253	1,790	3,169	3,232	3,297	3,362
Fees and Charges	35,880	37,120	37,900	39,043	40,227	41,449
Rents	3,107	3,241	3,340	3,440	3,543	3,650
Interest	886	760	644	729	757	880
	122,924	124,244	129,057	134,136	139,491	144,860
Net Cash Flows from Operating Activities	21,048	19,126	20,809	22,098	23,186	25,730
INVESTING ACTIVITIES						
Payments						
New Assets / Upgrades						
- Tasman Highway Shared Bridge	(500)	(6,700)	-	-	-	-
- Core Business Systems	(2,029)	(1,290)	-	-	-	-
- Infrastructure	(3,754)	(2,987)	(12,612)	(8,333)	(10,957)	(7,208)
- Property	(330)	-	-	-	-	-
- Plant and Equipment	(650)	(558)	(660)	(851)	(658)	(674)
Asset Renewal						
- Deferred from prior years	-	(9,695)	-	-	-	-
- Infrastructure	(24,243)	(24,974)	(30,111)	(25,098)	(26,117)	(21,812)
- Plant and Equipment	(2,325)	(4,435)	(4,740)	(6,404)	(5,078)	(5,205)
	(33,831)	(50,639)	(48,123)	(40,686)	(42,810)	(34,899)
Receipts						
Grants	4,619	2,664	514	600	600	600
Distributions from TasWater	3,258	3,258	2,172	2,172	2,172	2,172
Plant and equipment sales	959	873	526	972	880	902
Property sales	200	800	-	-	-	-
	9,036	7,595	3,212	3,744	3,652	3,674
Net Cash Flows from Investing Activities	(24,795)	(43,044)	(44,911)	(36,942)	(39,158)	(31,225)

	2016-17 FORECAST (\$'000)	2017-18 BUDGET (\$'000)	2018-19 BUDGET (\$'000)	2019-20 BUDGET (\$'000)	2020-21 BUDGET (\$'000)	2021-22 BUDGET (\$'000)
FINANCING ACTIVITIES						
Payments						
Debt Repayment	(1,406)	(1,482)	(2,503)	(4,043)	(4,945)	(5,876)
Receipts						
Proceeds from Borrowings	-	20,000	30,000	20,000	20,000	10,000
Net Cash Flows from Financing Activities	(1,406)	18,518	27,497	15,957	15,055	4,124
Net Cash Surplus / (Deficit)	(5,153)	(5,400)	3,395	1,113	(917)	(1,371)
Opening Cash On Hand	36,305	31,152	25,752	29,147	30,260	29,343
Closing Cash On Hand	31,152	25,752	29,147	30,260	29,343	27,972

	2016-17 (\$'000)	2017-18 (\$'000)	2018-19 (\$'000)	2019-20 (\$'000)	2020-21 (\$'000)	2021-22 (\$'000)
CLOSING CASH BALANCE EAR-MARKED FOR (a): -						
Contributions in Lieu of Public Open Space	495	495	495	495	495	495
Contributions in Lieu of Parking	135	135	135	135	135	135
Heritage Account	1,464	1,462	1,449	1,435	1,421	1,414
Public Infrastructure Fund	5,310	3,800	3,800	3,800	3,800	3,350
Plant and equipment carry-forwards (b)	3,000	3,000	3,000	3,000	3,000	3,000
Bushland Fund	389	439	489	539	589	639
McRobies Gully Tip Site Rehabilitation	2,971	3,334	2,900	2,961	3,017	3,068
Other project carry-forwards (b)	29,695	20,000	20,000	20,000	20,000	20,000
Refundable Deposits	2,317	2,317	2,317	2,317	2,317	2,317
Future Asset Renewal Reserve (c)	(14,624)	(9,230)	(5,438)	(4,422)	(5,431)	(6,446)

- (a) Some of Council's cash reserves are restricted. In some cases, this restriction is imposed by legislation (e.g. The Heritage Account). Others have been earmarked for certain purposes by Council decision and may therefore be used for other purposes at Council's discretion.
- (b) Carry-Forwards take account of annual allocations included in the capital expenditure budget but which may not be expended during the year, and are therefore on hand at the end of the year i.e. capital works in progress or not yet commenced.
- (c) The above table also shows that the Future Asset Renewal Reserve (total cash less reserved amounts) falls into the negative during 2016-17 and remains so over the next 5 years. This situation results from Council's expanded capital works program which will necessitate borrowings. This means that the aggregate of reserved amounts exceeds the available cash balance. Of itself, this is not a concern because the majority of reserved amounts can be utilised for other purposes by Council decision, and not all amounts are required at the same point in time. However, balances and cash flow requirements will need to be closely monitored and further refined to ensure adequate liquidity.

BALANCE SHEET FORECAST

	2016-17 FORECAST (\$'000)	2017-18 BUDGET (\$'000)	2018-19 BUDGET (\$'000)	2019-20 BUDGET (\$'000)	2020-21 BUDGET (\$'000)	2021-22 BUDGET (\$'000)
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	31,152	25,752	29,147	30,260	29,343	27,972
Inventories	331	331	331	331	331	331
Receivables	4,852	4,702	4,842	5,035	5,240	5,441
Other	22	22	22	22	22	22
	36,357	30,807	34,342	35,648	34,936	33,766
NON-CURRENT ASSETS						
Receivables	226	226	226	226	226	226
Investment in TasWater	163,612	163,612	163,612	163,612	163,612	163,612
Property, plant and equipment	1,454,503	1,494,222	1,527,936	1,495,310	1,524,142	1,545,272
	1,618,341	1,658,060	1,691,774	1,659,148	1,687,980	1,709,110
TOTAL ASSETS	1,654,698	1,688,867	1,726,116	1,694,796	1,722,916	1,742,876
LIABILITIES						
CURRENT LIABILITIES						
Payables	(4,573)	(4,689)	(4,843)	(5,003)	(5,169)	(5,342)
Trust, Deposits, Retention	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)	(2,890)
Employee benefits	(11,564)	(12,174)	(12,818)	(13,498)	(14,215)	(14,973)
Unearned Revenue	(446)	(446)	(446)	(446)	(446)	(446)
Loans	(1,482)	(2,503)	(4,043)	(4,945)	(5,876)	(5,970)
	(20,955)	(22,702)	(25,040)	(26,782)	(28,596)	(29,621)
NON-CURRENT LIABILITIES						
Employee benefits	(3,262)	(3,434)	(3,615)	(3,807)	(4,009)	(4,223)
DB Superannuation Scheme	(4,148)	(4,561)	(5,028)	(5,546)	(6,126)	(6,763)
Loans	(10,189)	(27,686)	(53,643)	(68,698)	(82,822)	(86,853)
Other Provisions	(5,514)	(4,703)	(4,115)	(4,013)	(3,905)	(3,790)
	(23,113)	(40,384)	(66,401)	(82,064)	(96,862)	(101,629)
TOTAL LIABILITIES	(44,068)	(63,086)	(91,441)	(108,846)	(125,458)	(131,250)
NET ASSETS	1,610,630	1,625,781	1,634,675	1,585,950	1,597,458	1,611,626



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. The only exceptions are:

- Conferences and seminars (non-Aldermanic), which is delegation 1 or 3 at a cost of \$223 900.
- Aldermanic expenses (including conferences and seminars), which is delegation 1 or 3 at a cost of \$71 800.



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 for 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 Goal 4 of the Capital City Strategic Plan 2015–2025.

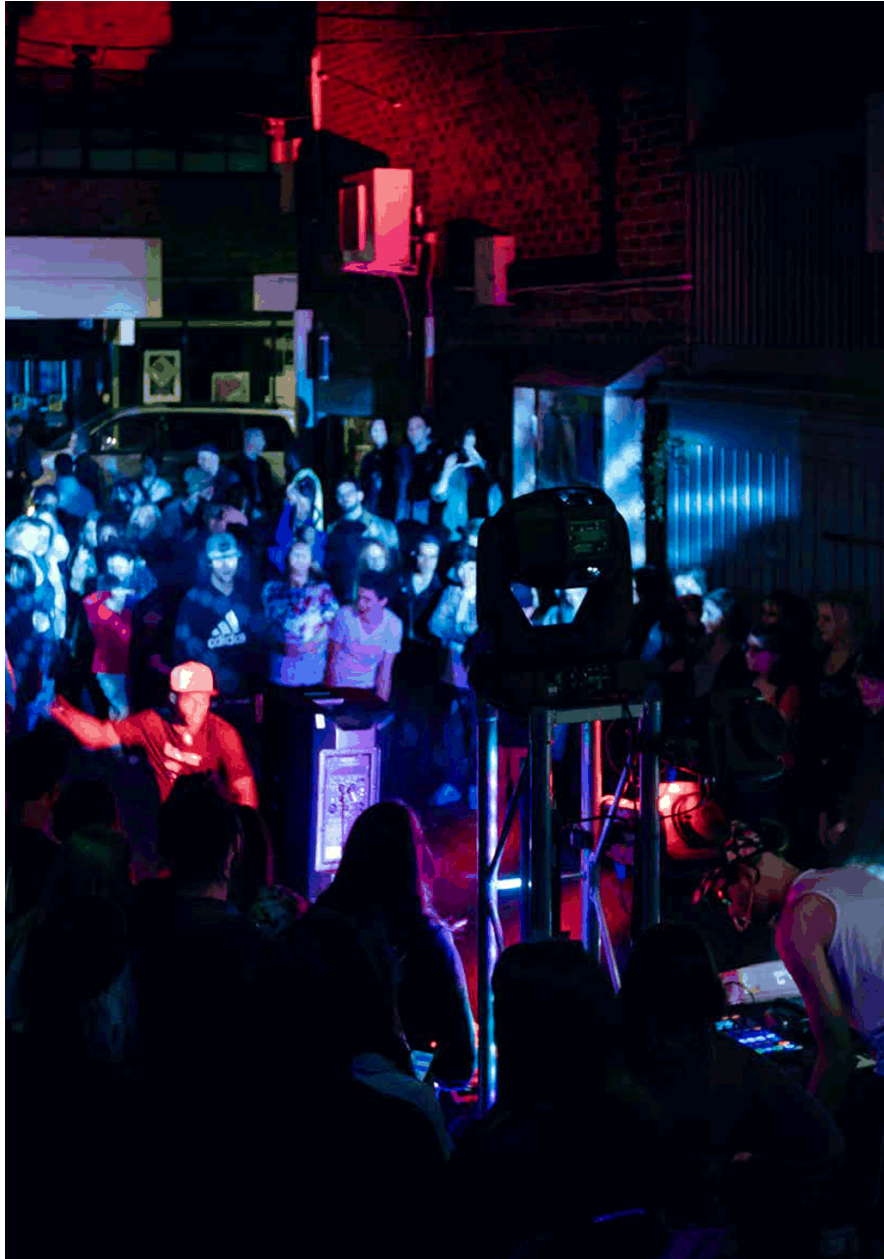
STRATEGIC OBJECTIVE 4.3.5

Protect and improve public and environmental health outcomes

MAJOR ACTIONS FOR 2017–18 ARE TO:

- Undertake a promotional program to raise community awareness of existing smoke-free areas declared under the Public Health Act 1997.
- Support the determination of a consistent statewide approach to the disposal of sharps from non-commercial sources.
- Implement the new Meningococcal W immunisation program for older teenagers in response to an increased number of notifications in Tasmania.
- Implement the revised Guidelines for the Control of Legionella to be issued in 2017 under the Public Health Act 1997, specifically the regulation of warm water systems.
- Implement the revised Recreational Water Quality Guidelines to be issued in 2017 under the Public Health Act 1997, specifically beach and swimming/spa pool monitoring.

These actions, in addition to a broad range of statutory public health, food safety and environmental management initiatives, 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.



APPENDIX 1 SUMMARY BY BUDGET FUNCTION

DIVISION: GENERAL MANAGER					
	2017-18	2017-18	2017-18	2017-18	2017-18
	OPERATING EXPENDITURE \$	OPERATING REVENUE \$	NET OPERATING \$	NET PROPERTY, PLANT & EQUIPMENT \$	NET PROJECTS \$
035 - Economic Development	1,890,167	0	1,890,167	0	0
110 - Lord Mayoral Support	527,335	0	527,335	0	0
120 - Strategic Planning and Performance	455,549	0	455,549	0	0
125 - General Manager's Office	854,407	0	854,407	0	0
Total General Manager	3,727,458	0	3,727,458	0	0

DIVISION: CORPORATE SERVICES					
	2017-18	2017-18	2017-18	2017-18	2017-18
	OPERATING EXPENDITURE \$	OPERATING REVENUE \$	NET OPERATING \$	NET PROPERTY, PLANT & EQUIPMENT \$	NET PROJECTS \$
050 - Administration - City Planning	634,796	0	634,796	0	0
080 - Admin - Community Development	295,449	0	295,449	0	0
090 - Admin - Financial Services	338,120	0	338,120	0	0
101 - Human Resources	2,413,876	(150,000)	2,263,876	0	0
104 - Legal, Risk and Property Services	1,504,751	(589,000)	915,751	0	0
106 - City Government	508,553	0	508,553	0	0
107 - Aldermanic Allowances & Expenses	622,320	0	622,320	0	0
130 - Admin - Corporate Services	410,962	0	410,962	0	0
135 - Corporate Services Division	378,155	(500)	377,655	124,328	1,290,000
152 - Information Services	3,741,440	0	3,741,440	733,074	0
155 - Customer Services	1,055,302	(535,000)	520,302	0	0
192 - Records Management	1,013,287	0	1,013,287	0	0
195 - Information Management	341,102	0	341,102	0	0
330 - Halls	611,926	(130,000)	481,926	0	0
350 - Administration - Parks and City Amenity	511,924	0	511,924	0	0
360 - Emergency Management	10,306,770	0	10,306,770	0	0
850 - Administration - City Infrastructure	459,315	0	459,315	0	0
Total Corporate Services	25,148,048	(1,404,500)	23,743,548	857,402	1,290,000

DIVISION: PARKS AND CITY AMENITY					
	2017-18	2017-18	2017-18	2017-18	2017-18
	OPERATING EXPENDITURE \$	OPERATING REVENUE \$	NET OPERATING \$	NET PROPERTY, PLANT & EQUIPMENT \$	NET PROJECTS \$
160 - Parks and City Amenity Divisional	632,317	(93,000)	539,317	119,887	0
175 - After Hours Service	162,330	0	162,330	0	0
201 - City Cleansing	2,824,524	(224,448)	2,600,076	0	0
240 - Solid Waste Strategy & Projects	1,553,179	(214,000)	1,339,179	0	263,000
243 - Solid Waste Operations & Maintenance	4,172,208	(714,101)	3,458,107	0	0
245 - McRobies Gully WMC Operations & Maintenance	1,955,495	(2,901,249)	(945,754)	0	647,702
300 - Parks and Reserves Management	1,237,976	(241,665)	996,311	0	2,961,437
301 - Parks and Reserve Operations	2,380,724	(59,504)	2,321,220	0	20,700
311 - Cafe, Retail & Customer Service	1,694,270	(1,180,723)	513,547	0	0
312 - Pool Operations & Swim School	1,931,913	(2,853,477)	(921,564)	0	1,020,000
313 - Health & Fitness Gymnasium	1,151,302	(1,223,886)	(72,584)	0	0
314 - Administration, Management & Marketing	505,517	(24,000)	481,517	0	0
320 - Visitor Services	1,223,331	(215,248)	1,008,083	0	2,731,450
323 - Bushland and Reserves Management	312,402	(28,843)	283,559	0	0
340 - Recreation and Projects Management	1,212,749	(410,251)	802,498	0	2,670,123
343 - Arboricultural and Nursery Management	221,215	0	221,215	0	40,000
348 - Hobart Regional Nursery	408,744	(54,000)	354,744	0	0
351 - Open Space Planning	370,849	0	370,849	0	0
365 - Parks & Recreation Management	301,772	0	301,772	0	0
372 - Parks Bldg Mtce & Enviro Services Ops	231,250	0	231,250	0	0
373 - Project and Asset Management	578,344	(26,311)	552,033	0	0
374 - Arboricultural Services Operations	1,446,797	(132,224)	1,314,573	0	0
383 - Bushland Asset Maintenance	1,371,689	0	1,371,689	0	0
386 - Fire & Biodiversity	1,558,528	(5,000)	1,553,528	0	0
392 - Sporting Fac. B Mtce & Env Services Ops	235,710	0	235,710	0	0
395 - Turf Operations	2,058,861	(206,500)	1,852,361	0	0
817 - Fleet and Fabrication Management	576,630	(100,000)	476,630	0	0
819 - Major Plant	975,880	(1,164,000)	(188,120)	684,323	0
820 - Heavy Vehicles	1,535,371	(1,693,824)	(158,453)	371,091	0
821 - Light Vehicles	602,214	(875,744)	(273,530)	893,361	0
822 - Minor Plant	204,741	(204,741)	0	257,330	0
824 - Fabrication Services	552,321	(299,534)	252,787	0	0
855 - Clearys Gates Support Services	691,384	0	691,384	0	34,000
Total Parks and City Amenity	36,872,537	(15,146,273)	21,726,264	2,325,992	10,388,412

DIVISION: COMMUNITY DEVELOPMENT					
	2017-18	2017-18	2017-18	2017-18	2017-18
	OPERATING EXPENDITURE \$	OPERATING REVENUE \$	NET OPERATING \$	NET PROPERTY, PLANT & EQUIPMENT \$	NET PROJECTS \$
053 - Youth Programs	418,055	(39,605)	378,450	0	0
060 - Community Development Policy Management	986,701	(117,663)	869,038	0	0
062 - Equal Access Co-ordination	61,486	0	61,486	0	0
065 - Cultural Development	703,805	0	703,805	80,000	0
070 - Positive Ageing	635,165	(289,388)	345,777	0	0
075 - Community Development Divisional	373,800	0	373,800	84,365	120,000
140 - Tasmanian Travel and Information Centre	1,279,179	(1,196,105)	83,074	0	0
335 - Salamanca Market	1,128,521	(1,268,785)	(140,264)	200,000	0
344 - Events	1,085,342	(21,000)	1,064,342	0	0
345 - Taste of Tasmania	2,587,952	(1,812,800)	775,152	175,000	0
451 - City Marketing	1,619,119	(26,760)	1,592,359	238,000	0
Total Community Development	10,879,125	(4,772,106)	6,107,019	777,365	120,000

DIVISION: CITY PLANNING					
	2017-18	2017-18	2017-18	2017-18	2017-18
	OPERATING EXPENDITURE \$	OPERATING REVENUE \$	NET OPERATING \$	NET PROPERTY, PLANT & EQUIPMENT \$	NET PROJECTS \$
001 - Development Appraisal	1,836,935	(845,800)	991,135	0	0
005 - Planning Policy	391,423	(7,550)	383,873	0	0
010 - Heritage & Conservation	549,420	(92,600)	456,820	0	0
015 - Environmental Planning	441,375	0	441,375	0	0
025 - Development Compliance	1,241,415	(947,500)	293,915	0	0
040 - City Design	0	0	0	0	7,614,000
165 - City Planning Divisional	896,936	0	896,936	13,321	0
220 - Legal and Animal Management	752,276	(279,000)	473,276	0	0
251 - Public Health Services	950,391	(341,650)	608,741	0	0
Total City Planning	7,060,171	(2,514,100)	4,546,071	13,321	7,614,000

DIVISION: CITY INFRASTRUCTURE					
	2017-18	2017-18	2017-18	2017-18	2017-18
	OPERATING EXPENDITURE \$	OPERATING REVENUE \$	NET OPERATING \$	NET PROPERTY, PLANT & EQUIPMENT \$	NET PROJECTS \$
020 - Corporate Property	1,382,092	0	1,382,092	0	605,000
170 - City Infrastructure Divisional	887,049	0	887,049	71,045	0
510 - Civil Construction	651,401	(59,962)	591,439	0	0
515 - Civil Maintenance	3,042,567	(82,086)	2,960,481	0	0
516 - Civil Internal Operations	1,364,284	(1,364,284)	0	0	0
517 - Civil Internal Projects	314,653	(102,342)	212,311	0	0
525 - Civil Works Support	397,800	0	397,800	0	0
540 - Road Strategy & Projects	1,908,333	(1,744,028)	164,305	0	1,227,000
550 - Traffic Strategy & Projects	1,063,692	(164,700)	898,992	0	2,635,000
620 - Stormwater Strategy & Projects	1,052,061	(130,000)	922,061	0	1,021,908
830 - Project Delivery Services	1,053,006	0	1,053,006	0	50,000
831 - Design Services	1,373,562	0	1,373,562	0	250,000
840 - Asset Management	1,864,958	0	1,864,958	0	9,018,650
860 - Surveying Services	1,051,221	(18,600)	1,032,621	0	0
Total City Infrastructure	17,406,679	(3,666,002)	13,740,677	71,045	14,807,558

DIVISION: FINANCIAL SERVICES					
	2017-18	2017-18	2017-18	2017-18	2017-18
	OPERATING EXPENDITURE \$	OPERATING REVENUE \$	NET OPERATING \$	NET PROPERTY, PLANT & EQUIPMENT \$	NET PROJECTS \$
150 - Financial Services Divisional	91,330	(4,717,963)	(4,626,633)	31,082	0
151 - Commercial Services and Rates	793,319	(80,792,000)	(79,998,681)	0	0
153 - Accounting Operations	2,025,189	(680,000)	1,345,189	0	0
154 - Budgets and Financial Reporting	710,947	0	710,947	0	0
401 - Off-Street and Paid On-Street Parking	4,320,250	(9,361,871)	(5,041,621)	130,500	650,000
420 - On-Street Unmetered Parking	142,121	(2,500)	139,621	0	0
421 - Parking Enforcement	5,493,584	(13,515,247)	(8,021,663)	0	0
851 - Central Procurement	1,001,412	0	1,001,412	0	0
899 - Unallocated	(371,599)	(1,800,000)	(2,171,599)	(800,000)	0
Total Financial Services	14,206,553	(110,869,581)	(96,663,028)	(638,418)	650,000

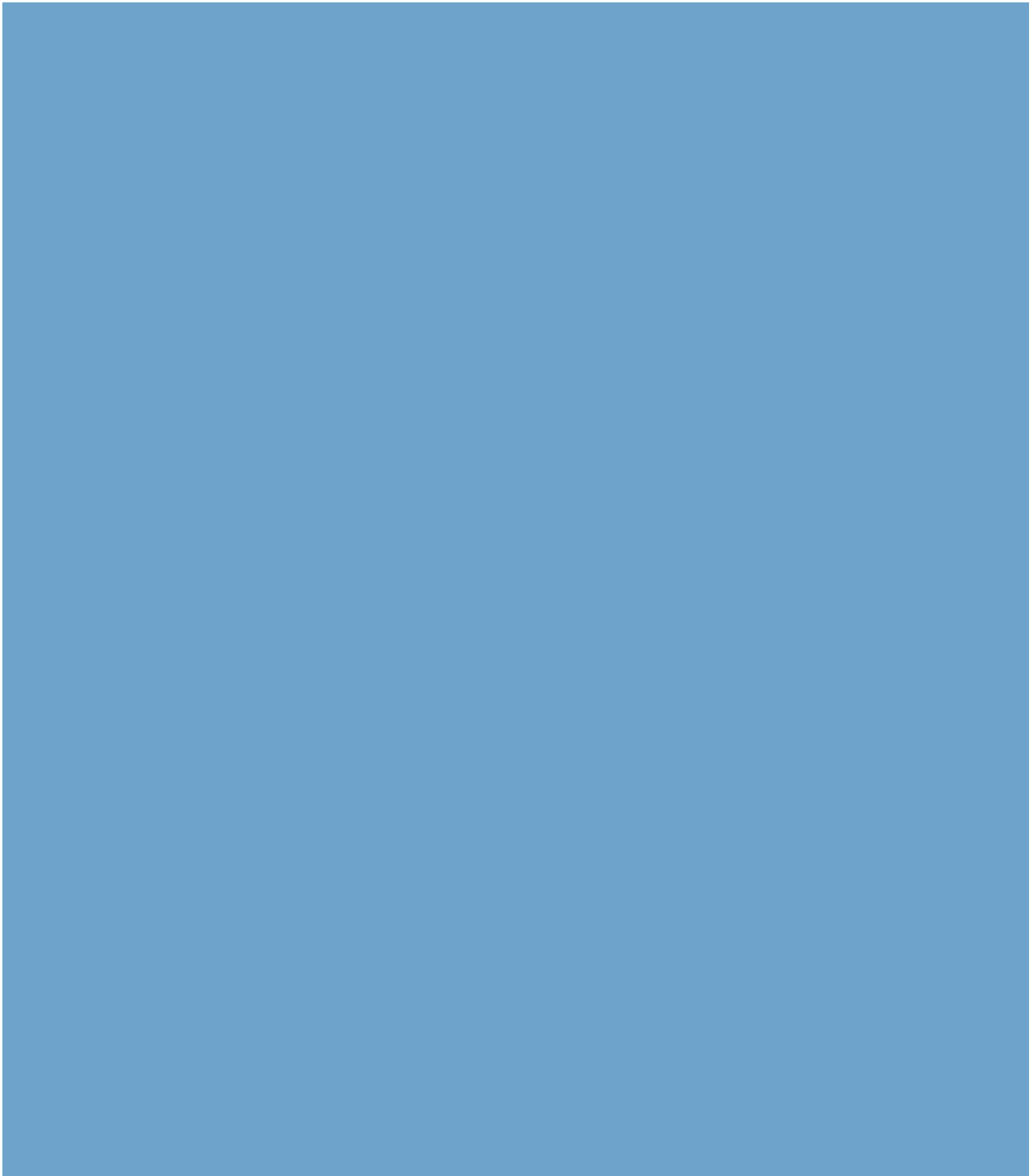
Total of all Functions * / **	115,300,571	(138,372,562)	(23,071,991)	3,406,707	34,869,970
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*Please note that Function Totals do not include:

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

**Please note that Function Totals do include:

- Rehabilitation costs for the landfill site
- Both "internal charges" (in operating expenditure) and "cost recoveries" (in operating revenue)



Hobart Town Hall,
Macquarie Street,
Hobart, TAS 7000
T 03 6238 2711
F 03 6238 2186
E coh@hobartcity.com.au
W hobartcity.com.au

5. QUESTIONS WITHOUT NOTICE

Section 29 of the *Local Government (Meeting Procedures) Regulations 2015*.
File Ref: 13-1-10

An Alderman may ask a question without notice of the Chairman, another Alderman, the General Manager or the General Manager's representative, in line with the following procedures:

1. The Chairman will refuse to accept a question without notice if it does not relate to the Terms of Reference of the Council committee at which it is asked.
2. In putting a question without notice, an Alderman must not:
 - (i) offer an argument or opinion; or
 - (ii) draw any inferences or make any imputations – except so far as may be necessary to explain the question.
3. The Chairman must not permit any debate of a question without notice or its answer.
4. The Chairman, Aldermen, General Manager or General Manager's representative who is asked a question may decline to answer the question, if in the opinion of the respondent it is considered inappropriate due to its being unclear, insulting or improper.
5. The Chairman may require a question to be put in writing.
6. Where a question without notice is asked and answered at a meeting, both the question and the response will be recorded in the minutes of that meeting.
7. Where a response is not able to be provided at the meeting, the question will be taken on notice and
 - (i) the minutes of the meeting at which the question is asked will record the question and the fact that it has been taken on notice.
 - (ii) a written response will be provided to all Aldermen, at the appropriate time.
 - (iii) upon the answer to the question being circulated to Aldermen, both the question and the answer will be listed on the agenda for the next available ordinary meeting of the committee at which it was asked, where it will be listed for noting purposes only.

6. CLOSED PORTION OF THE MEETING

The following items were discussed: -

- | | |
|------------|--|
| Item No. 1 | Indications of pecuniary and conflicts of interest |
| Item No. 2 | Questions without notice – File Ref: 13-1-10 |