



LONG-TERM FINANCIAL MANAGEMENT PLAN

2017-2037

Building Sustainable Communities



City of **HOBART**



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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 operating surpluses, has satisfactory liquidity and cash flow, low debt, a low reliance on external funding, and asset renewal requirements are being satisfactorily funded. It continues to receive a “low risk” assessment (the lowest possible) from the Tasmanian Auditor-General across all financial sustainability review areas.

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 four annual budgets, including the 2016/17 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 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 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. Council is forecast to achieve surpluses generally in the range of 2% of revenue to 3.1% and averaging 2.6%. 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 by debt once cash reserves have been utilised. Council’s strong position, current low level of debt, and the ongoing operating surpluses provide Council with the ability to take on, and comfortably service, increased debt.
- Lower 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. There is a short period within the plan period where funding will be less than 100%, but the backlog created will be caught up in subsequent years. Across the life of the plan, funding will be 100%.

These outcomes, together with the underpinning assumptions of revenue and cost growth indicate annual rate increases to the ratepayer in the order of 2.5% in the short term, and then reducing to 2.0%. 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 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 kerbside greenwaste collection service from 2016/17, the Myer site redevelopment and the expanded capital works program (incorporating Inner City Action Plan projects). The financial effects of the change to Council's waste disposal strategic plan (ie: the closure of McRobies Gully tip site intended to occur in 2017/18, now to be deferred) will need to be included in the next version of this plan, when determined.

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 \$1.4 billion in gross assets (replacement cost) and in 2016/17 has an operating budget of \$124 million, will raise \$77 million in rates and charges revenue, and will receive a further \$46 million in 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 \$1.4 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 infrastructure 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 rates 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*. The Tasmanian Government is seeking funding to implement recommendations from the report. 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 Strategy 2010 to 2015 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.

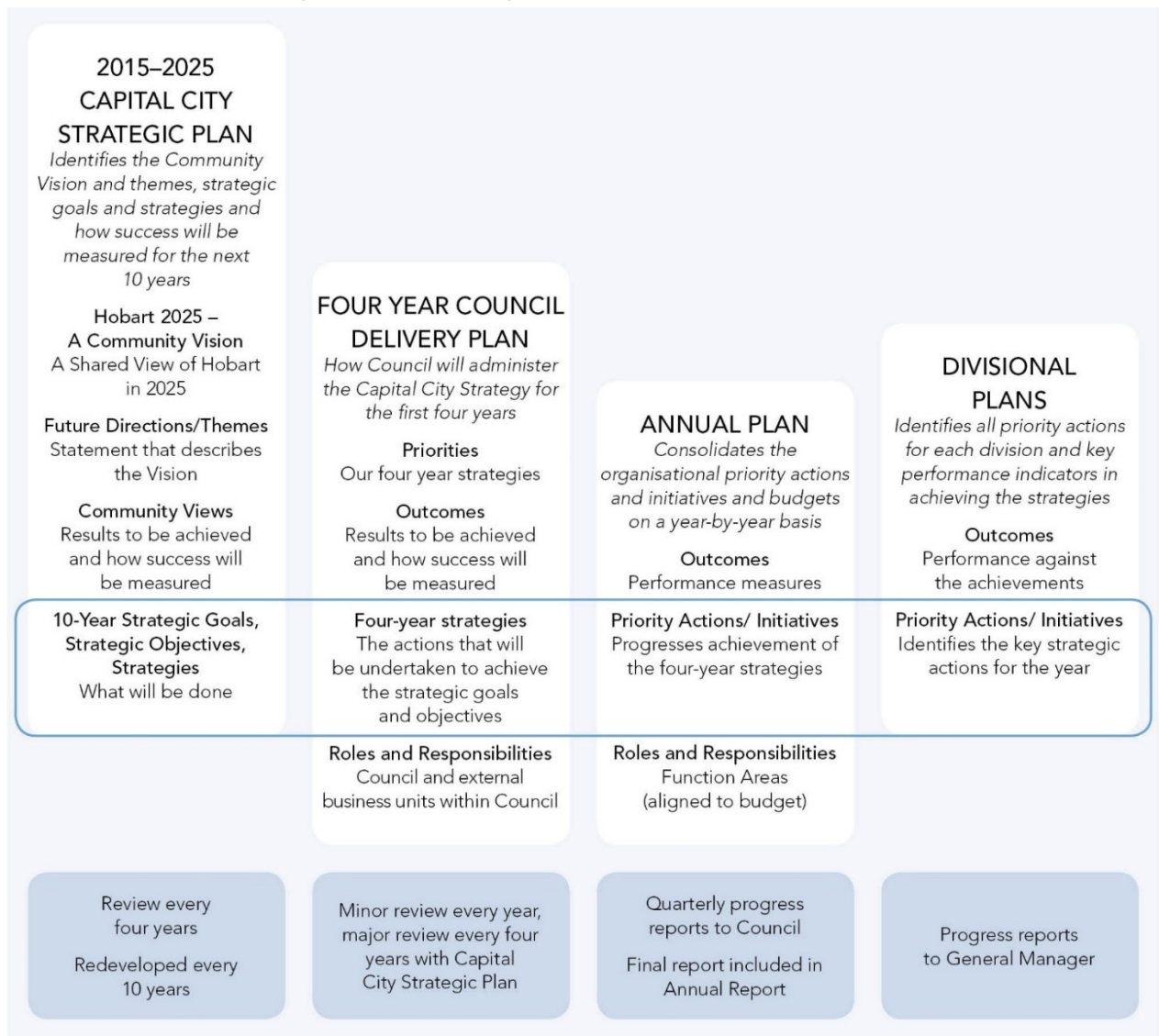
Linkages with the Strategic Framework

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 in 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.
- Developing an appropriate reduction/elimination strategy for Council annual deficits.
- Maintaining stable and predictable rates increases.
- Maintaining and enhancing community service levels.

The LTFMP has been prepared over a rolling 20 year period with the first planning year being 2016/17 and concluding in 2036/37. 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 2016/17 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 2.5% per annum.
- All maturing debt will be repaid as it falls due.

Specific

- The percentage of revenue uncollected on average at year-end is 4.4%.
- The percentage of creditors' payable on average at year-end is 14.5%.
- The percentage of commission received for collecting the Tasmanian fire service levy is 4%.
- The percentage of parking fines that result in bad debts is 5.5%.
- The employee on-cost percentage to be applied is 17.0% 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, costs arising from the Myer site redevelopment, and the introduction of a kerbside greenwaste collection service have been included – see New Initiatives in Chapter 7.
- The financial effects of the change to Council's waste disposal strategic plan (ie: the closure of McRobies Gully tip site intended to occur in 2017/18, now to be deferred) will need to be included in the next version of this plan, when determined.

The specific assumptions have been based on an analysis of recent experience. The variables used in Chapter 7 to underpin Council's long-term financial strategy have been based on a historical analysis of cost and revenue increases over the last four years. These variables are summarised on the following page:

Y/E 30 June			2017	2018-20	2021-24	2025-28	2029-32	2033-37
Operating Items								
INFLOWS	Rate increase (Council operations)	% change	3.1	2.5	2.5	2.25	2.25	2.0
	Rate increase (fire levy)	% change	0.55	0.7	0.7	0.7	0.7	0.7
	Rate base growth	% change	0.1	0.5	0.5	0.5	0.5	0.5
	Parking - car parks	% change	3.9	4.0	4.0	4.0	4.0	4.0
	Parking - on street	% change	6.2	3.0	3.0	3.0	3.0	3.0
	Parking - fines	% change	8.1	3.0	3.0	3.0	3.0	3.0
	Operating grants	% change	27.8	2.0	2.0	2.0	2.0	2.0
	Other fees and charges	% change	2.7	3.0	3.0	3.0	3.0	3.0
	Rent	% change	-3.9	3.0	3.0	3.0	3.0	3.0
	Interest revenue rate	%	2.6	3.5	3.75	4.0	4.25	4.5
OUTFLOWS	Operating costs	% change	7.7	2.5	2.5	3.0	3.0	3.0
	Employee salary & wages	% change	6.54	3.0	3.0	3.0	3.0	3.0
	Fire levy	% change	4.30	6.0	6.0	6.0	6.0	6.0
	Energy costs	% change	-7.2	2.5	2.5	2.5	2.5	2.5

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

- The inclusion of 2014/15 actual results;
- The inclusion of the 2015/16 budget;
- Revisions to the 2015/16 budget as approved by Council quarterly;
- Updated assumptions;
- Ongoing revisions to the 20 year asset renewal forecasts sourced from the updated asset management plans;
- Forecast distributions as advised by TasWater;
- Decreased interest rates; and
- The inclusion of the expanded ten year capital works program with associated funding strategy.

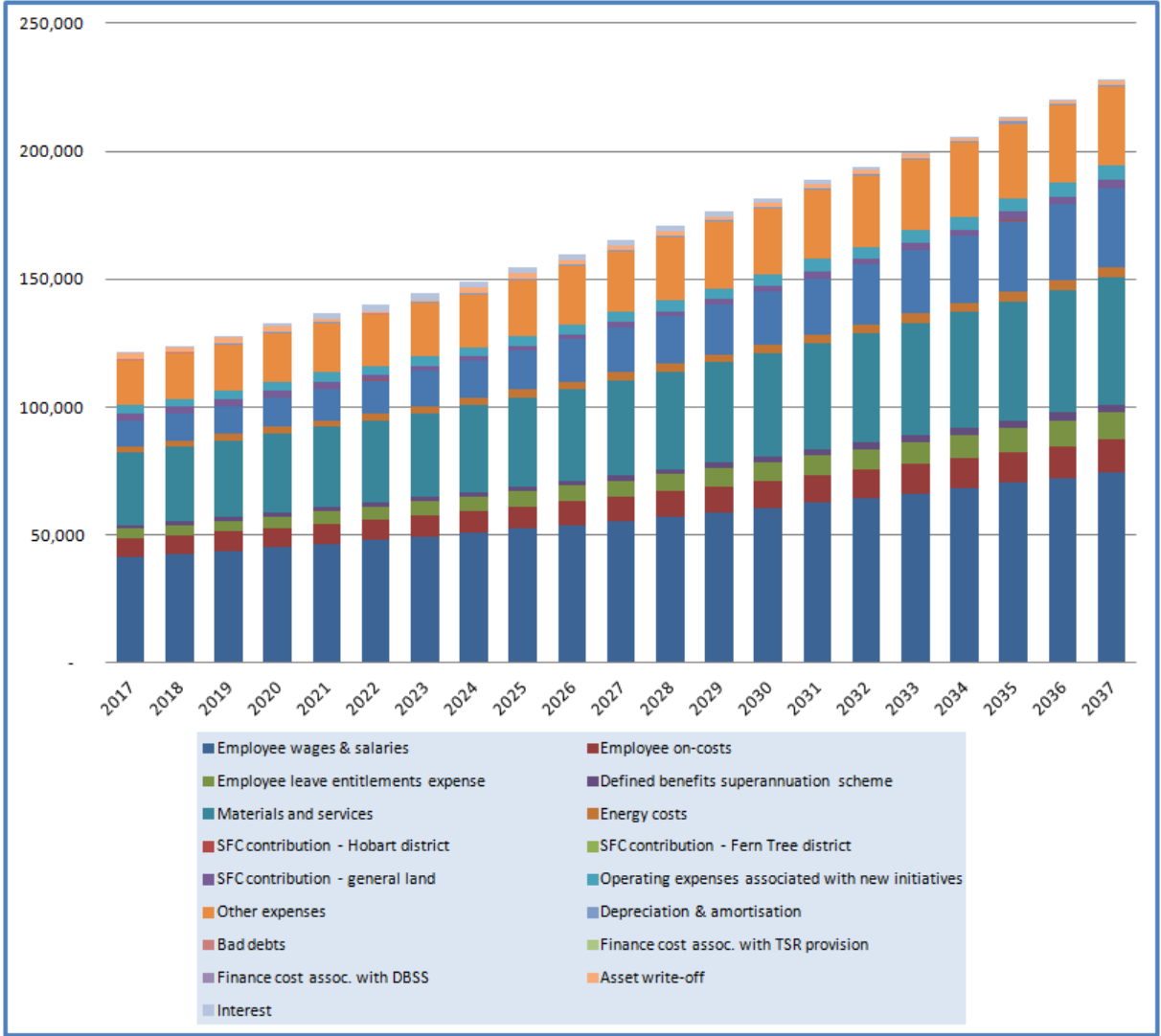
Council's 2016/17 Budget Estimates papers provide detail, but in relation to the 16/17 budget:

- The 3.1% rate increase includes a 2.25% increase generally, plus the new \$50 kerbside greenwaste collection charge which adds a further 0.70%.
- Rate base growth has been low due to successful objections decreasing property valuations arising from last year's city revaluation.
- Parking revenue will be increased for a range of reasons including growth in occupancy in car parks, 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 technology to detect vehicle overstays.
- Operating grants are up due primarily to one grant which is fully offset by additional operating costs.
- Operating costs of 7.7% is almost entirely due to the previous point, plus the costs of the greenwaste service.

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 2016/17 to 2036/37 (\$’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 17.0% of salaries and wages, based on the 2016/17 forecast rate.

Employee Leave Entitlements Expense

Leave entitlements expense is the annual accruals for employee leave. This has been assumed to increase by 5.0% 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 4.0% 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% to 3% per annum.

Energy Costs

The assumption regarding energy costs has been reduced to 2.5% given recent experience. 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 three 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 expenditure arising from new initiatives included in the model. Additional expenditure is sourced from the Myer site redevelopment, the closure of McRobies Gully tip site, projects expensed and replacement of corporate business systems.

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 3.0% per annum.

Depreciation and Amortisation

Depreciation is the financial representation of the annual decrease in the value of, or consumption of the service 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 4% per annum, due to rising asset valuations and capital expenditure.

Bad Debts Expense

This represents parking fines that result in bad debts. 5.5% 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 scheme liability at present value.

Tip Restoration Liability

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

Asset Write-offs

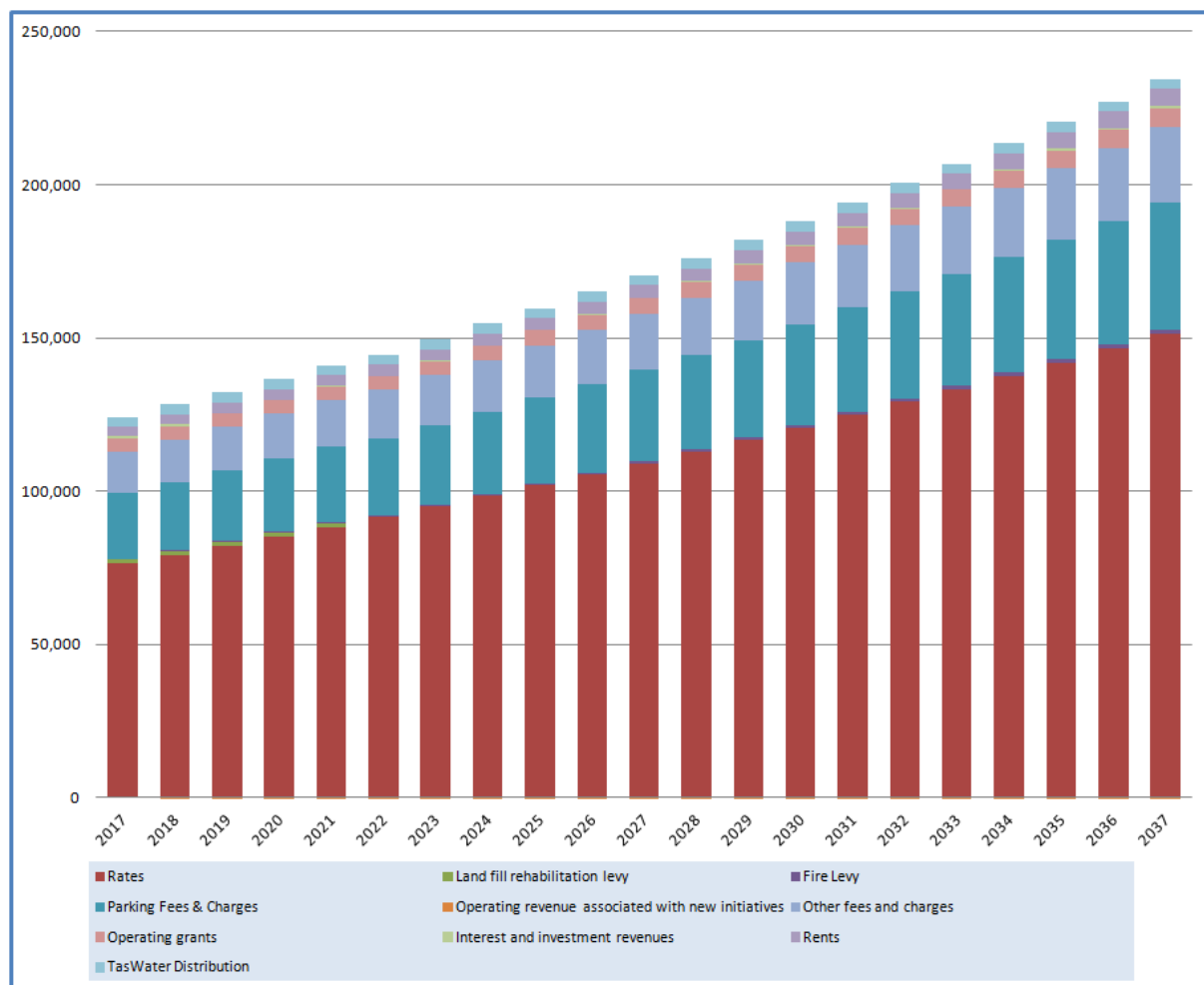
Asset write offs represents the residual value of infrastructure assets replaced. The forecast is difficult to predict.

Interest Expense

Interest expense is payable on debt. An interest rate of 5.5% has been assumed for new debt on the basis that interest rates will continue at or around current levels.

Operating Items – Revenue

Forecast Operating Revenue 2016/17 to 2036/37 ('000s)



Rates

Rates include revenue from General Rates, Service Rates and Charges (stormwater removal, waste management and fire protection) and late payment penalties, interest and supplementaries. Rate increases are forecast to be 2.5% per annum in the short term (plus fire levy estimated at 0.7%), reducing over the forecast period to 2.0% (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.

Total rate income includes rate and charge income. 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 matters.

Fire Levy Commission

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

Parking Fees & Charges

Parking revenue from on-street is forecast to increase by 3% per annum, off-street 4%, and fines by 3% per annum.

Operating Revenues associated with New Initiatives

This refers to additional revenue arising from new initiatives included in the model. In this case, it is represented by the decrease in revenue associated with the closure of the McRobies Gully tip site which was intended to occur in 2017/18. Council recently approved a new waste disposal strategic plan which included the site remaining open beyond this period. The financial effects of this change will need to be included in the next version of this plan, when determined.

Other Fees and Charges

Other fees and charges is all other fee and charge income including aquatic centre, landfill, external works income, sportsground hire, building and development fees, travel centre income, animal licences, hall hire, Taste Festival income and other amounts. 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 interest earned on cash investments. An interest rate of 3.5% increasing steadily to 4.5% per annum has been assumed. Interest earnings decrease significantly due to the expanded capital works program, but increase again towards the latter stages of the plan as cash balances rise again.

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 TasWater.

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 for capital purposes. They include Roads to Recovery grants, as well as other specific purpose capital grants. These are also difficult to reliably forecast and are therefore not budgeted for 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. They are not budgeted for.

Movement in TasWater Investment

This represents the annual adjustment to the value of Council's ownership interest in TasWater. This cannot be forecast reliably at this time.

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 almost \$1.4 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 the quantum, and timing, of the 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 previously part of the Inner City Action Plan. That program, and 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 by debt. However, both the program, and funding strategy, are to be reviewed annually. Increasing debts represents a departure from the previous version of this plan. However, the expanded works program will exhaust Council's cash balances, requiring debt to fund the balance. The debt level will remain within reasonable benchmarks. Council's strong position, current low level of debt, and the 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 introduction of a kerbside greenwaste collection service.
- The financial effects of assistance toward the Myer site redevelopment.
- Council's expanded capital works program. Any 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 (ie: the closure of McRobies Gully tip site intended to occur in 2017/18, now to be deferred) will need to be included in the next version of this plan, when determined.

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 11 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, 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 levy to meet the cost of rehabilitating the McRobies Gully Tip Site following completion of land filling.

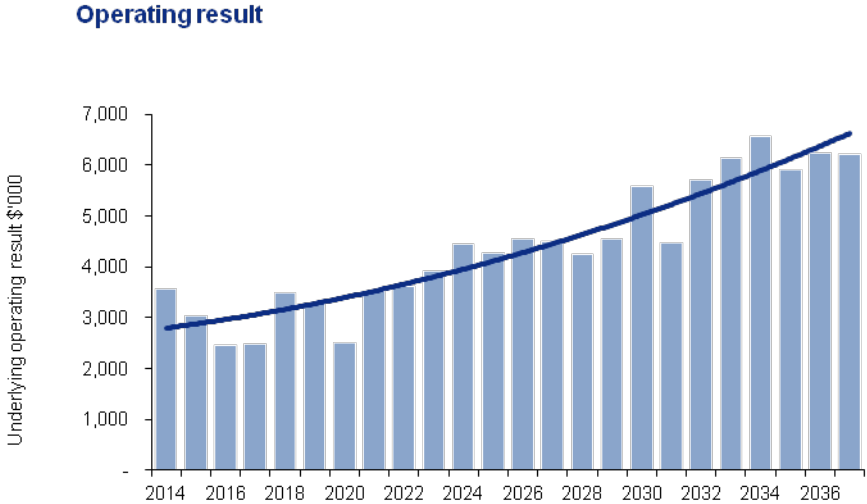
Other Project Carry-forwards

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

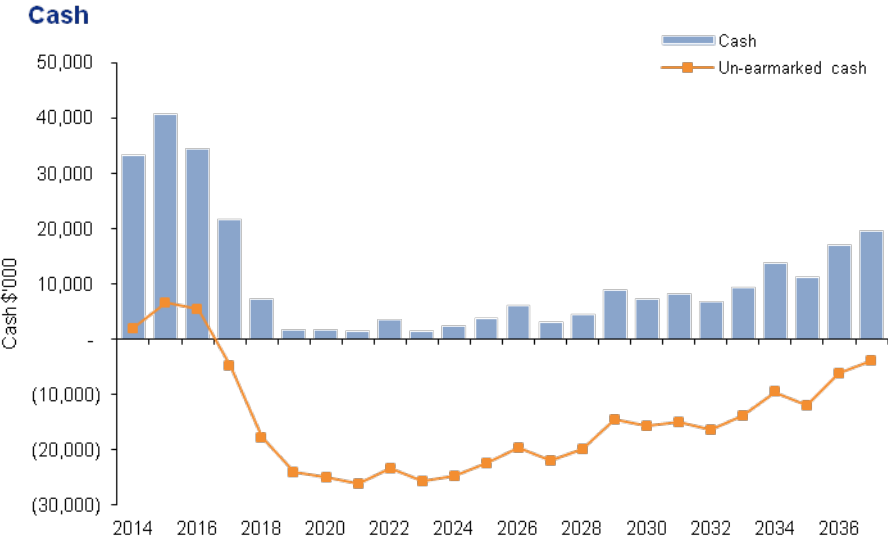
Based on the long-term financial strategy, the following outcomes will be achieved. More detail is provided in the forecast financial statements at Appendix 2.

Operating Result



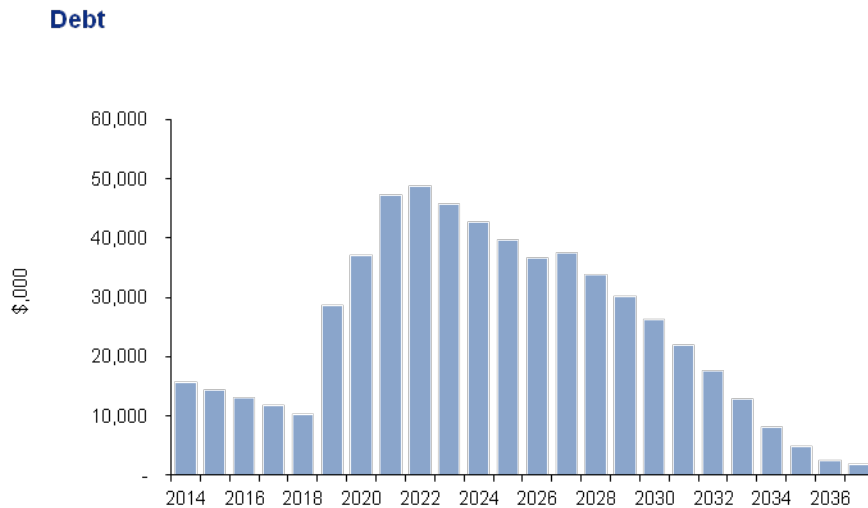
Based on the financial strategy Council will achieve ongoing modest underlying operating surpluses, which is reflective of good practice. This is discussed further in Chapter 10.

Cash



Cash balances are forecast to decrease due to the expanded capital works program over the next ten years. Balances and cash flow requirements will be closely monitored and further refined as the lower balance years become nearer. Balances rise modestly toward the latter stages of the plan period.

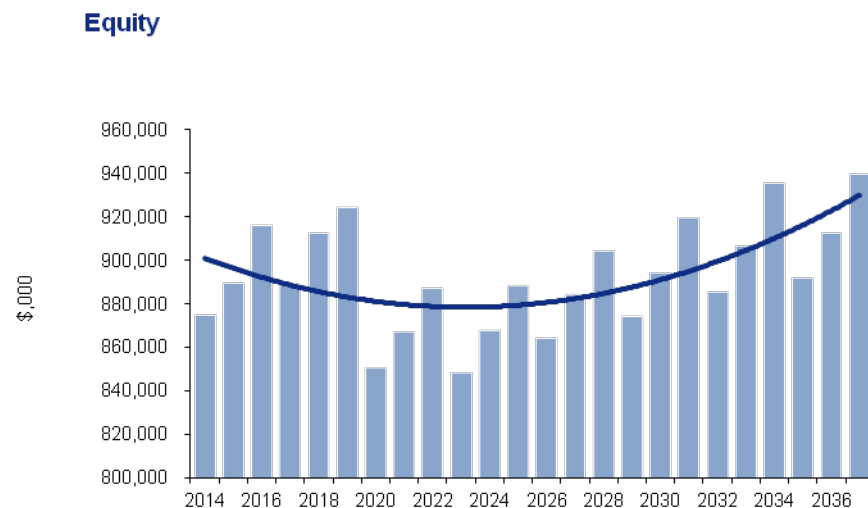
Debt



As a result of the expanded capital works program which will exhaust cash balances, borrowings will be needed to fund the balance of the program. Current estimates are for a need of approximately \$53M in new debt.

However, the debt level will remain within reasonable benchmarks. Council's strong financial position, current low level of debt, and the 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

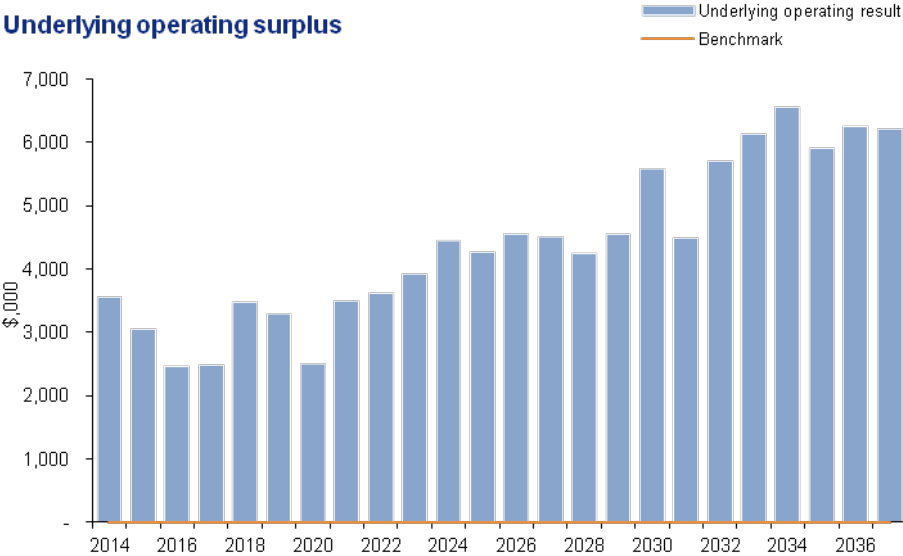
As outlined in Chapter 5, for the purposes of measuring the financial sustainability of Council’s LTFMP, eight financial sustainability measures have been adopted.

- 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 seen as a better indicator of sustainable or recurring operations as it excludes capital grants which can be project specific and thus non-recurring, and other amounts which are recorded as income due to accounting standard requirements.

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

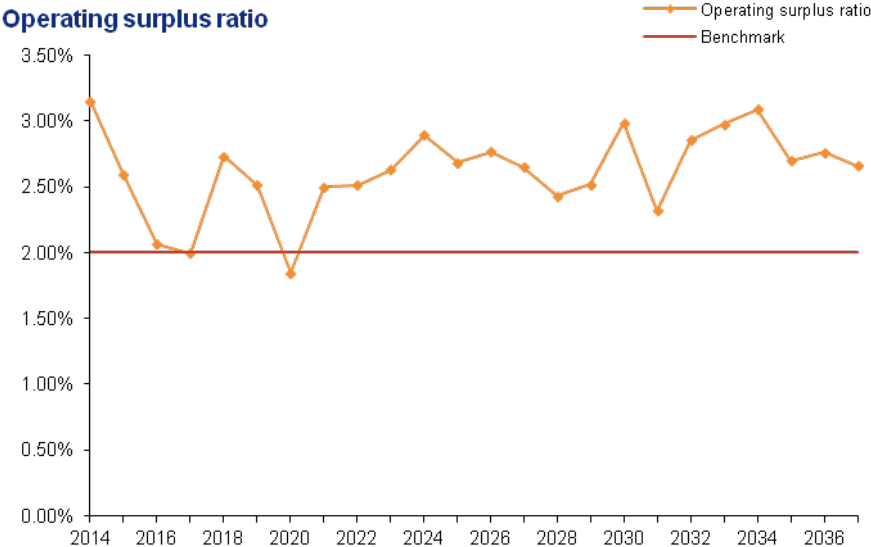


Council’s LTFMP indicates through the graph above that modest surpluses will be recorded over the plan period.

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.



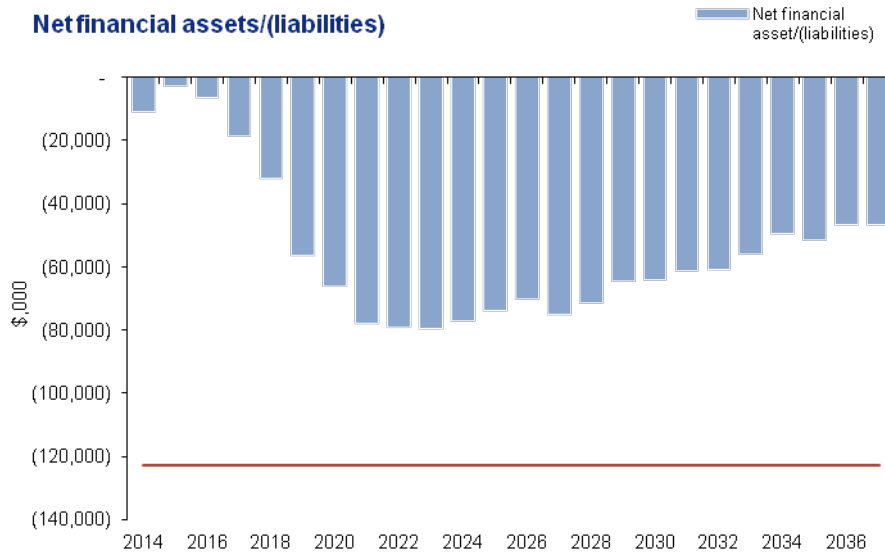
Council is forecast to achieve modest surpluses generally in the range of 2% of revenue to 3.1% and averaging 2.6%. It is important that Council generates sufficient revenue to cover all of its cash and non-cash costs, with a small buffer.

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.

Net financial assets/(liabilities)



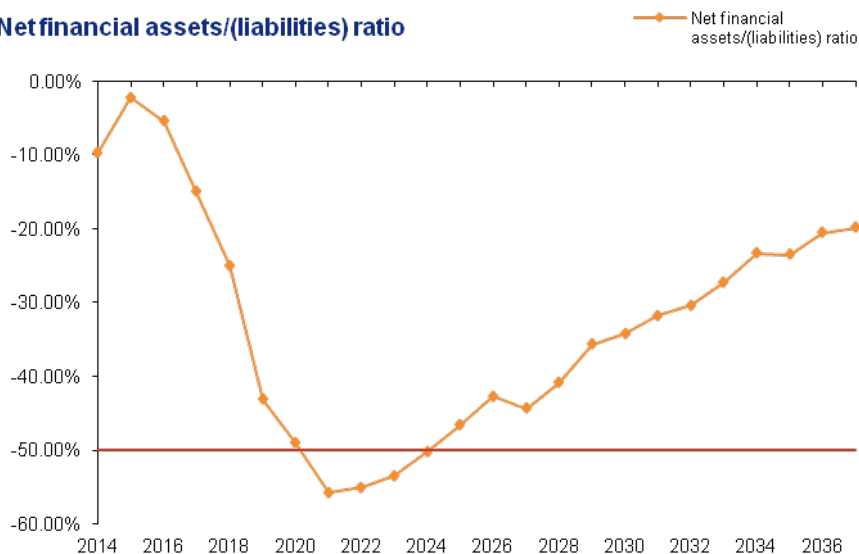
Council’s LTFMP indicates through the graph above that it will operate in a net financial liability position. Previous versions of this plan have shown Council initially in a small net liability position, but moving to a net financial asset position as cash balances were forecast to rise. This version of the plan incorporates Council’s expanded capital works program which will exhaust cash balances and require additional borrowings. The position will peak at around \$79 million in 2022/23. Council will reduce the net liability position by 30% by the end of the Plan 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 \$124 million 2016/17).

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.

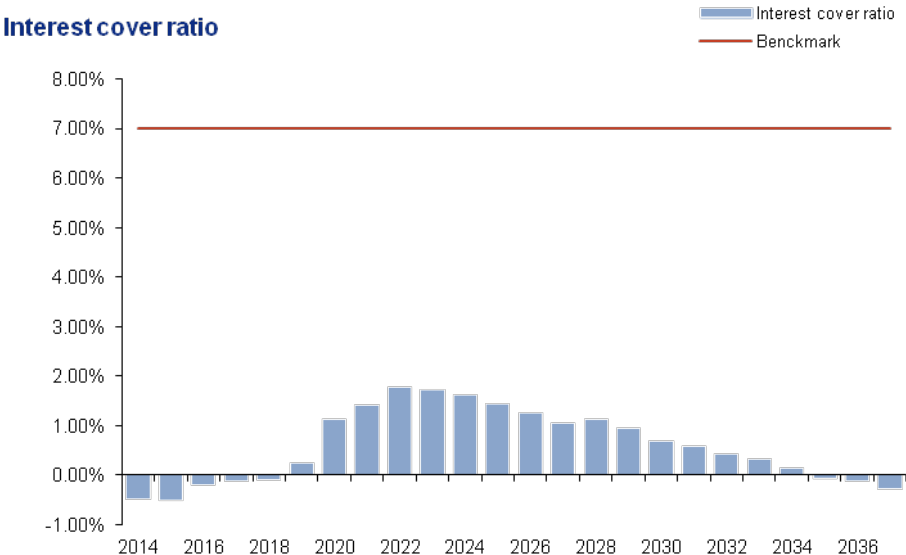
Net financial assets/(liabilities) ratio



As set out above, Council will be in a net financial liability position, peaking at 55.7% in 2020/21. Council’s net financial liability ratio will remain above 50% through to 2023/24 then reduce to 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.



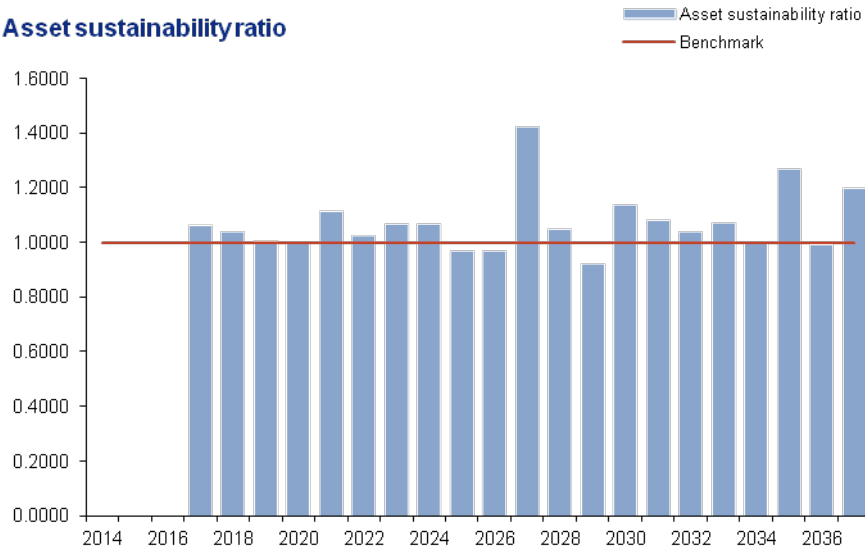
The above graph indicates that Council will operate in a net interest expense position – that is interest earned on cash investments will be exceeded by interest payable on debt. As with Indicator 3, this is a departure from the previous version where net interest revenue was forecast. A variety of targets 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 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 the 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.

Asset sustainability ratio



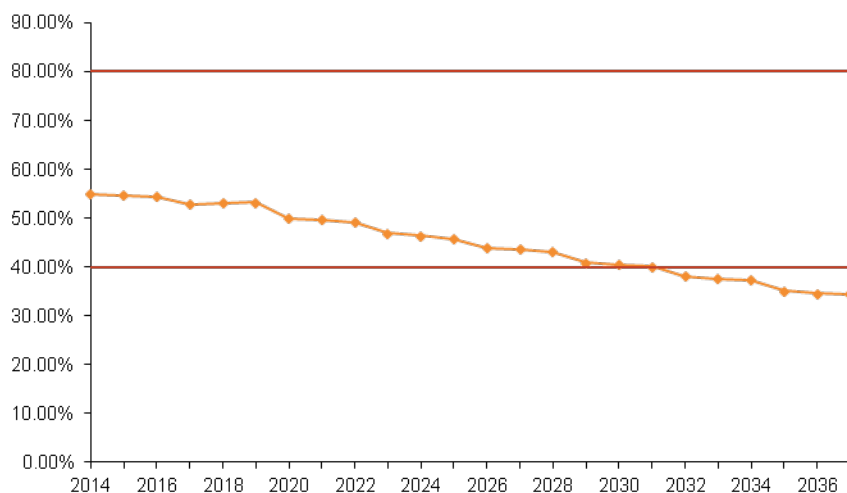
Council's LTFMP indicates through the graph above that it will operate at an average of just over 100% across the plan period. Local government proposed targets are typically set at 100%, however this does not allow for the sometime legitimate periods of less than 100% or more than 100%.

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.

Asset consumption ratio- Total Assets



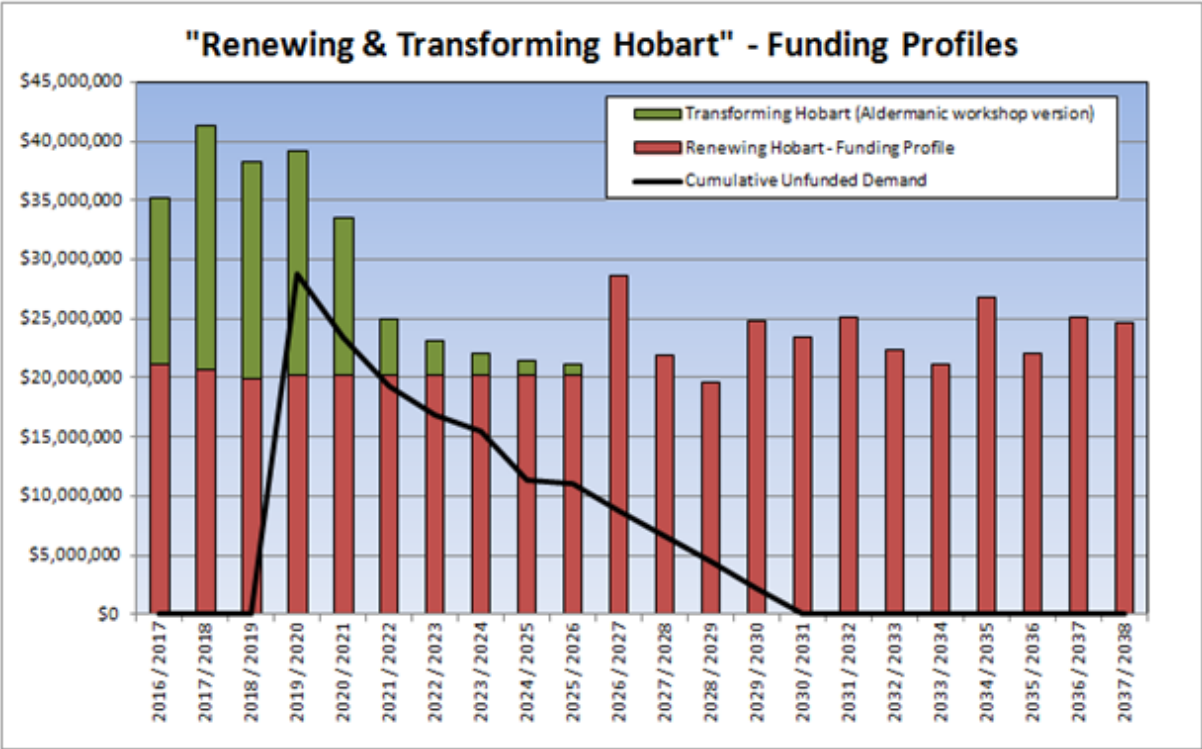
Council's LTFMP indicates through the graph above that the asset consumption ratio will decline over the plan period.

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 47%.

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, which represents all forecast capital expenditure (new, replacement, upgrades etc) that known asset replacement requirements will be fully funded over the period of the Plan. The funding requirements will peak in 2019/20 and will not be able to be fully funded in that year – creating a backlog of renewal capital works. However, that backlog will be reduced progressively over subsequent years and fully eliminated by 2030/31. That is, 100% of known asset replacement needs, as identified in Council’s asset management plans, will be funded over the plan period.

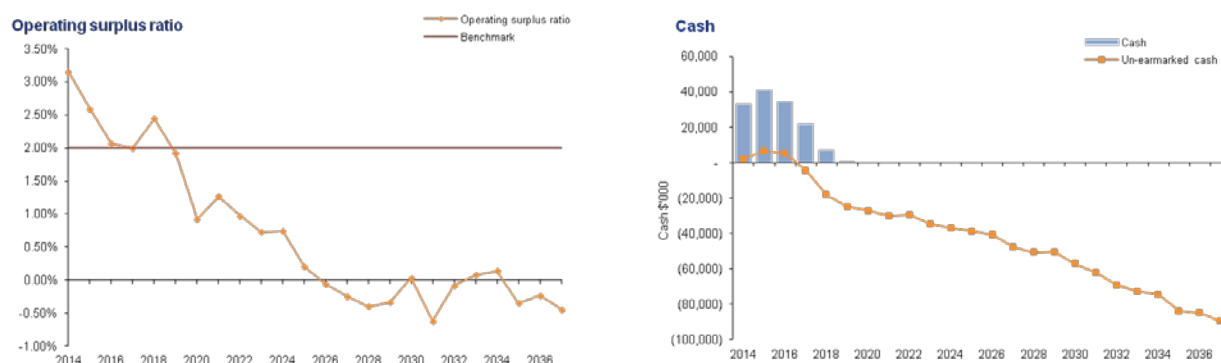
10. Sensitivity Analysis

As mentioned in chapter 8, Council's three largest expenses categories are employee salaries and wages, materials and services and depreciation. Council's largest revenue item is rate revenue. The outcomes of the LTFMP are significantly affected if actual results in these three categories are different to forecast.

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

Rates

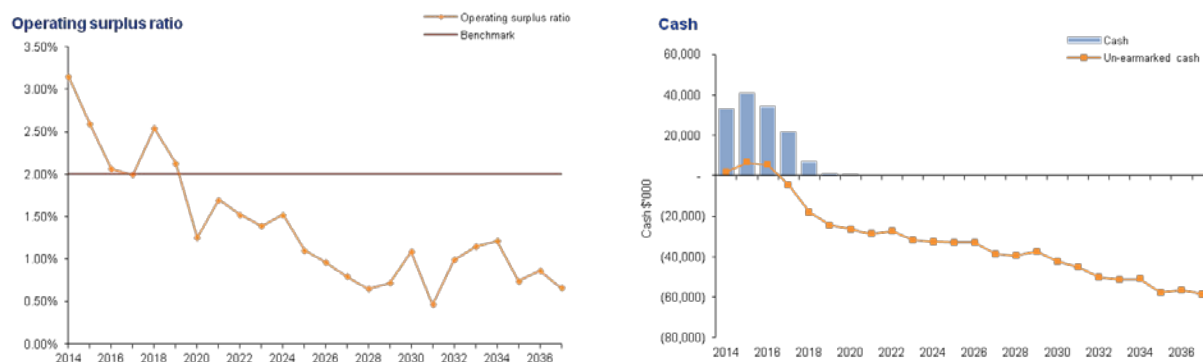
The LTFMP assumes rate increases (for Council operations) of 2.5% into the medium term (for six years), then decreasing to 2.5% then 2.0% over the life of the plan. If these rate increases are 0.5% lower over the next ten years the effect is as shown below.



With rate increases 0.5% lower over the next ten years, underlying operating deficits will be recorded from 25/26 onwards (excepting small surpluses in some of the latter years) and cash balances exhausted by 2018/19.

Employee Salaries and Wages

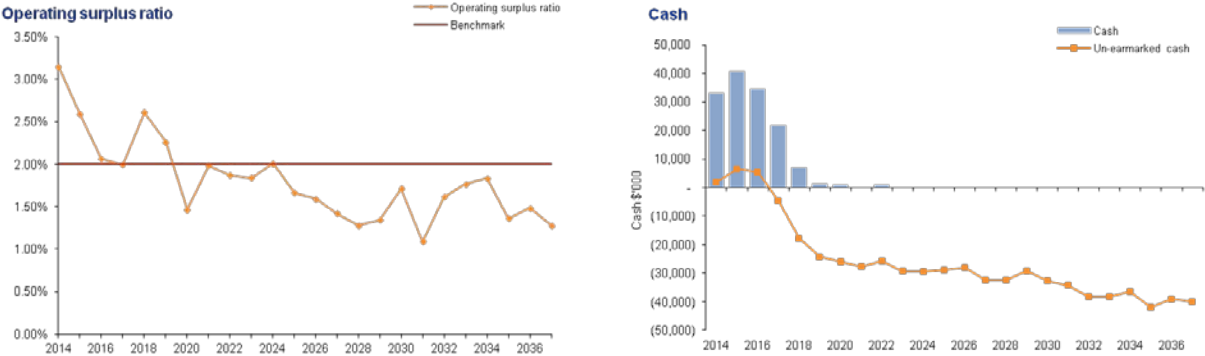
The LTFMP assumes increases in employee salaries and wages of 3% per annum. If employee salaries and wages increases are 0.5% higher over the next ten years the effect is as shown below.



With employee salary and wage increases 0.5% higher over the next ten years, lower underlying operating surpluses will be recorded in all years and cash balances will be exhausted by 2020/21. To restore the status quo, rate increases would need to be approximately 0.30% higher over the next ten years.

Materials and Services

The LTFMP assumes increases in materials and services of 2.5%-3% per annum over the life of the Plan. If these materials and services increases are 0.5% higher over the next ten years the effect is as shown below.



With materials and services increasing by a further 0.5% per annum over the next ten years, underlying operating surpluses are still recorded, but cash balances exhausted by 2020/21. To restore the status quo, rate increases would need to be approximately 0.20% 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 in 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 2.6% of revenue across the plan 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.
- Lower 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.

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 2.5% in the medium term, decreasing in later years to 2.0% (excluding the 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 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 the new greenwaste kerbside collection service, Council's waste disposal strategic plan (the financial effects of which will need updating) the Myer site redevelopment and the expanded capital works program.

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

Appendix 2 - Forecast Financial Statements

Hobart City Council																								
Income statement	Actual 2014	Actual 2015	Budget 2016	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
	\$000	\$000	\$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	(37,912)	(38,233)	(38,809)	(41,347)	(42,588)	(43,865)	(45,181)	(46,537)	(47,933)	(49,371)	(50,852)	(52,378)	(53,949)	(55,567)	(57,234)	(58,951)	(60,720)	(62,542)	(64,418)	(66,350)	(68,341)	(70,391)	(72,503)	(74,678)
Employee on-costs	(6,993)	(6,893)	(6,891)	(7,238)	(7,239)	(7,456)	(7,680)	(7,910)	(8,147)	(8,392)	(8,644)	(8,903)	(9,170)	(9,445)	(9,729)	(10,020)	(10,321)	(10,631)	(10,950)	(11,278)	(11,616)	(11,965)	(12,324)	(12,694)
Employee leave entitlements expense	(3,431)	(3,400)	(3,735)	(3,923)	(4,133)	(4,368)	(4,621)	(4,891)	(5,178)	(5,474)	(5,781)	(6,100)	(6,431)	(6,774)	(7,129)	(7,496)	(7,875)	(8,266)	(8,669)	(9,084)	(9,511)	(9,950)	(10,401)	(10,864)
Defined benefits superannuation scheme	(1,870)	(1,725)	(1,557)	(1,427)	(1,484)	(1,543)	(1,605)	(1,669)	(1,736)	(1,806)	(1,878)	(1,953)	(2,031)	(2,112)	(2,197)	(2,285)	(2,376)	(2,471)	(2,570)	(2,673)	(2,781)	(2,891)	(3,006)	(3,127)
Materials and services	(23,873)	(26,878)	(26,340)	(28,364)	(29,073)	(29,800)	(30,545)	(31,308)	(32,091)	(32,893)	(33,715)	(34,577)	(35,469)	(36,392)	(37,347)	(38,335)	(39,358)	(40,417)	(41,513)	(42,647)	(43,819)	(45,031)	(46,284)	(47,578)
Energy costs	(3,292)	(2,893)	(2,642)	(2,453)	(2,515)	(2,577)	(2,642)	(2,708)	(2,776)	(2,845)	(2,916)	(2,989)	(3,064)	(3,140)	(3,219)	(3,299)	(3,382)	(3,466)	(3,553)	(3,642)	(3,733)	(3,826)	(3,922)	(4,020)
SFC contribution - Hobart district	(8,214)	(8,772)	(9,287)	(9,886)	(10,267)	(10,883)	(11,536)	(12,228)	(12,962)	(13,740)	(14,564)	(15,438)	(16,364)	(17,342)	(18,373)	(19,459)	(20,599)	(21,894)	(23,243)	(24,646)	(26,104)	(27,617)	(29,186)	(30,811)
SFC contribution - Fern Tree district	(25)	(26)	(27)	(28)	(30)	(32)	(34)	(36)	(38)	(40)	(43)	(45)	(48)	(51)	(54)	(57)	(61)	(64)	(68)	(72)	(76)	(81)	(86)	(91)
SFC contribution - general land	(1)	(2)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(4)	(4)	(4)	(5)	(5)	(5)	(5)
Operating expenses associated with new initiatives	(1)	(2)	(3,712)	(3,033)	(2,801)	(2,800)	(2,821)	(2,838)	(2,858)	(2,881)	(2,907)	(2,935)	(2,964)	(2,994)	(3,025)	(3,058)	(3,092)	(3,127)	(3,163)	(3,200)	(3,238)	(3,277)	(3,317)	(3,358)
Other expenses	(2,833)	(2,519)	(2,944)	(3,170)	(3,250)	(3,331)	(3,414)	(3,499)	(3,587)	(3,677)	(3,769)	(3,862)	(3,956)	(4,051)	(4,148)	(4,246)	(4,345)	(4,445)	(4,546)	(4,648)	(4,751)	(4,855)	(4,960)	(5,066)
Depreciation & amortisation	(17,877)	(17,449)	(17,632)	(17,347)	(17,484)	(17,796)	(18,951)	(19,194)	(19,904)	(20,854)	(20,696)	(21,908)	(23,032)	(23,150)	(24,727)	(26,055)	(25,903)	(27,320)	(27,811)	(27,579)	(28,690)	(29,386)	(30,291)	(30,699)
Bad debts	(226)	(164)	(378)	(370)	(400)	(412)	(424)	(437)	(450)	(463)	(477)	(492)	(506)	(522)	(537)	(553)	(570)	(587)	(605)	(623)	(642)	(661)	(681)	(701)
Finance cost assoc. with Landfill provision	(215)	(188)	(202)	(182)	(163)	(144)	(133)	(131)	(130)	(127)	(125)	(123)	(121)	(119)	(117)	(115)	(113)	(111)	(109)	(107)	(105)	(103)	(101)	(99)
Finance cost assoc. with DBSS	(153)	(38)	(17)	(7)	(7)	(8)	(8)	(8)	(9)	(9)	(9)	(9)	(10)	(10)	(10)	(11)	(11)	(11)	(12)	(12)	(13)	(14)	(15)	(15)
Tip restoration liability	130	(2,100)	(2,012)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset write-off	(1,721)	(2,596)	(2,012)	(2,500)	(1,873)	(2,388)	(1,906)	(2,296)	(852)	(842)	(1,964)	(1,920)	(1,506)	(1,799)	(1,763)	(1,378)	(1,549)	(1,537)	(1,519)	(1,369)	(1,370)	(1,407)	(1,182)	(1,206)
Interest	(803)	(851)	(798)	(726)	(651)	(571)	(486)	(400)	(314)	(228)	(142)	(54)	(32)	(15)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total expenses	(109,309)	(114,607)	(116,951)	(121,804)	(123,946)	(127,936)	(133,014)	(138,631)	(140,002)	(144,739)	(149,249)	(154,532)	(159,549)	(165,107)	(170,823)	(176,362)	(181,512)	(188,741)	(193,966)	(199,764)	(205,938)	(213,487)	(219,971)	(227,418)
Revenues from ordinary activities																								
Rates and charges - general	49,457	52,386	54,256	55,934	57,833	59,785	61,789	63,847	65,959	68,126	70,349	72,381	74,453	76,563	78,711	80,896	83,117	85,374	87,664	89,984	91,733	93,689	95,708	98,265
Rates and charges - stormwater	4,394	4,423	4,306	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	4,788
Rates and charges - garbage disposal	6,600	6,832	6,942	6,269	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	13,995	14,765	15,577	16,433	17,337	18,291
Rates and charges - fire	7,931	8,469	8,958	9,327	9,887	10,480	11,109	11,775	12,482	13,231	14,025	14,866	15,758	16,704	17,706	18,768	19,894	21,088	22,353	23,694	25,116	26,623	28,220	29,914
Rates and charges - penalties, interest, supplementaries	1,262	572	205	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	1,241	1,247	1,250	1,283	1,283	1,283	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288
Fire levy commission - Hobart district	329	351	371	387	411	435	461	489	518	550	583	618	655	694	735	780	826	876	929	984	1,043	1,106	1,172	1,243
Fire levy commission - Fern Tree district	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	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	0	0
Fees and charges - car parks	7,173	7,866	8,103	8,419	8,756	9,106	9,471	9,849	10,243	10,653	11,079	11,522	11,983	12,463	12,961	13,480	14,019	14,580	15,163	15,769	16,400	17,056	17,738	18,448
Fees and charges - on-street parking	5,002	5,166	5,294	5,609	5,777	5,950	6,129	6,313	6,502	6,697	6,898	7,105	7,318	7,538	7,764	7,997	8,237	8,484	8,738	9,001	9,271	9,549	9,835	10,130
Fees and charges - parking fines	5,888	5,671	6,744	-	-	7,505	7,731	7,962	8,201	8,447	8,701	8,962	9,231	9,508	9,793	10,087	10,389	10,701	11,022	11,353	11,693	12,044	12,407	13,161
Operating revenue associated with new initiatives	-	-	-	-	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)
Other fees and charges	12,450	13,114	13,266	13,622	14,031	14,452	14,885	15,332	15,792	16,265	16,753	17,256	17,774	18,307	18,856	19,422	20,004	20,604	21,223	21,859	22,515	23,190	23,886	24,603
Operating grants	3,500	3,370	3,202	4,091	4,172	4,256	4,341	4,428	4,516	4,607	4,699	4,793	4,889	4,986	5,086	5,188	5,292	5,398	5,505	5,616	5,728	5,842	5,959	6,079
Interest and investment revenues	1,350	1,435	1,042	886	756	249	56	49	54	59	64	69	74	79	84	89	94	99	104	109	114	119	124	129
Rents	3,354	3,281	3,227	3,101	3,194	3,290	3,391	3,491	3,595	3,703	3,814	3,929	4,046	4,168	4,293	4,422	4,554	4,691	4,832	4,977	5,126	5,280	5,438	5,601
TasWater Distribution	2,930	3,468	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	112,862	117,652	119,416	124,284	127,425	131,234	135,511	140,133	143,612	148,651	153,693	158,791	164,090	169,604	175,073	180,915	187,093	193,222	199,658	205,890	212,499	219,401	226,215	233,623
Underlying operating result	3,553	3,045	2,465	2,480	3,479	3,298	2,497	3,502	3,609	3,912	4,444	4,259	4,542	4,496	4,250	4,553	5,581	4,480	5,701	6,125	6,562	5,914	6,244	6,205
Non-operating items																								
Capital grants	2,054	3,409	2,078	4,191	5,192	-	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation on investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve to the P&L	-	(0)	(0)	(0)	(0)	(0)	(14,580)	391	433	(14,749)	(0)	120	(13,904)	(0)	120	(16,298)	(0)	70	(13,277)	(0)	61	(12,983)	(0)	204
Gain on Disposal	-	1,477	288	-	508	38	603	70	65	60	46	47	39	-	-	-	-	-	-	-	-	-	-	-
Loss on Disposal	-	-	-	(29)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	1,102	4,477	-	-	-	-	-	-	-	-	-	-	-	-	(10)	(16)	(17)	(43)	(35)	(20)	(24)	(35)	(75)	(13)
Movement in TasWater	(38,661)	1,283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating items	(42,454)	1,183	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating items	(77,959)	11,829	2,366	4,162	5,700	38	(14,493)	994	2,503	(14,684)	60													

Hobart City Council																								
Cash flow	Actual 2014	Actual 2015	Budget 2016	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
	\$000	\$000	\$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																								
<i>Receipts</i>																								
Rates and charges	71,124	73,904	74,843	77,505	80,338	83,276	86,323	89,470	91,500	94,828	98,337	101,739	105,250	108,881	112,637	116,523	120,543	124,702	129,004	133,146	137,406	141,803	146,341	151,024
Fees and charges - parking	17,837	18,539	20,080	21,264	21,837	22,355	23,117	23,905	24,720	25,564	26,437	27,341	28,276	29,244	30,246	31,283	32,356	33,468	34,616	35,806	37,037	38,312	39,632	40,998
Other fees and charges	15,227	16,463	13,212	13,606	14,013	14,433	14,866	15,312	15,772	16,245	16,732	17,234	17,751	18,284	18,832	19,397	19,979	20,578	21,196	21,832	22,487	23,161	23,856	24,572
Operating grants	2,196	4,743	3,204	4,052	4,169	4,252	4,337	4,424	4,513	4,603	4,695	4,789	4,885	4,982	5,082	5,184	5,287	5,393	5,501	5,611	5,723	5,837	5,954	6,073
Rents	3,646	3,281	3,224	3,107	3,190	3,286	3,385	3,486	3,591	3,698	3,809	3,924	4,041	4,163	4,287	4,416	4,549	4,685	4,826	4,970	5,119	5,273	5,431	5,594
Interest and investment income	1,408	1,462	1,042	886	756	249	56	62	49	138	89	153	254	128	183	379	322	361	303	417	614	506	767	677
Operating revenue associated with new initiatives	-	-	-	-	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)	(898)
Other	2,254	1,965	415	388	411	436	462	489	519	550	583	618	655	694	736	780	827	877	929	985	1,044	1,107	1,173	1,243
Non-operating items	-	1,939	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Payments</i>																								
Less employee costs	(46,034)	(45,676)	(45,700)	(48,375)	(49,827)	(51,322)	(52,861)	(54,447)	(56,080)	(57,763)	(59,496)	(61,281)	(63,119)	(65,013)	(66,963)	(68,972)	(71,041)	(73,172)	(75,367)	(77,628)	(79,957)	(82,356)	(84,827)	(87,371)
Less leave entitlements paid	(3,514)	(3,772)	(3,030)	(3,182)	(3,342)	(3,511)	(3,687)	(3,873)	(4,067)	(4,272)	(4,487)	(4,713)	(4,950)	(5,199)	(5,460)	(5,735)	(6,023)	(6,326)	(6,644)	(6,979)	(7,330)	(7,698)	(8,086)	(8,492)
Less employer contributions DBS	(2,737)	(1,154)	(1,043)	(994)	(1,034)	(1,075)	(1,118)	(1,163)	(1,209)	(1,258)	(1,308)	(1,360)	(1,415)	(1,471)	(1,530)	(1,591)	(1,655)	(1,721)	(1,790)	(1,862)	(1,936)	(2,014)	(2,094)	(2,178)
Less operating costs	(32,313)	(34,824)	(28,842)	(30,551)	(31,476)	(32,263)	(33,069)	(33,896)	(34,743)	(35,612)	(36,502)	(37,419)	(38,361)	(39,336)	(40,346)	(41,391)	(42,472)	(43,589)	(44,743)	(45,935)	(47,166)	(48,436)	(49,746)	(51,096)
Less interest paid	(547)	(1,107)	(798)	(728)	(651)	(571)	(488)	(403)	(317)	(230)	(143)	(57)	(30)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Less operating expenses associated with new initiatives	-	-	(3,712)	(3,033)	(2,801)	(2,800)	(2,821)	(2,838)	(2,861)	(2,888)	(2,917)	(2,947)	(2,978)	(3,009)	(3,041)	(3,074)	(3,108)	(3,143)	(3,179)	(3,216)	(3,254)	(3,293)	(3,333)	(3,374)
Less cash paid out of TSR	(560)	(896)	(1,860)	(1,367)	(1,174)	(741)	(204)	(238)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)
Other	(10,041)	(10,217)	(12,136)	(12,796)	(13,453)	(14,146)	(14,879)	(15,653)	(16,470)	(17,333)	(18,245)	(19,204)	(20,211)	(21,266)	(22,370)	(23,524)	(24,728)	(25,982)	(27,286)	(28,640)	(29,994)	(31,398)	(32,852)	(34,356)
Non-operating items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash flows from operating activities	17,946	24,650	18,899	19,782	19,859	20,960	21,421	22,116	22,604	23,852	25,411	26,128	27,059	27,570	28,766	30,060	31,453	32,448	34,255	34,429	36,103	36,319	37,466	38,002
Cash flows from investing activities																								
<i>Receipts</i>																								
Capital grants	2,054	3,409	2,078	4,191	5,192	-	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TasWater Distribution	2,949	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258
Sale of assets	2,984	3,800	1,230	959	1,466	974	984	1,500	990	976	968	923	910	874	843	825	826	801	770	709	671	618	579	583
<i>Payments</i>																								
Employer costs/contracts capitalised	(2,530)	(2,619)	(3,027)	(3,225)	(3,322)	(3,421)	(3,524)	(3,630)	(3,738)	(3,851)	(3,966)	(4,085)	(4,208)	(4,334)	(4,464)	(4,598)	(4,736)	(4,878)	(5,024)	(5,175)	(5,330)	(5,490)	(5,655)	(5,824)
Materials/services/contracts capitalised	(18,152)	(20,458)	(22,283)	(28,885)	(37,245)	(43,218)	(48,635)	(53,915)	(59,445)	(65,117)	(71,032)	(77,289)	(83,988)	(90,631)	(98,220)	(106,855)	(116,536)	(127,264)	(139,040)	(151,862)	(165,740)	(180,674)	(196,674)	(203,847)
Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Renewals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Upgrades	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	(4,515)	(2,705)	(5,128)	(7,463)	(2,231)	(2,501)	(1,908)	(3,761)	(5,118)	(3,977)	(4,560)	(3,540)	(4,472)	(4,142)	(6,207)	(5,289)	(6,128)	(6,373)	(4,921)	(3,585)	(5,382)	(5,183)	(6,895)	(5,156)
New Assets	(4,515)	(2,705)	(5,128)	(3,798)	(170)	(236)	(119)	(50)	(173)	(69)	(173)	(175)	(34)	(9)	(170)	(15)	(18)	(15)	(99)	(11)	(47)	(11)	(57)	(11)
Asset Renewals	-	-	-	(3,664)	(2,061)	(2,265)	(1,789)	(3,711)	(4,945)	(4,492)	(3,365)	(4,438)	(4,134)	(6,037)	(5,274)	(6,111)	(6,358)	(4,822)	(3,574)	(5,336)	(5,336)	(5,336)	(5,336)	(5,336)
Asset Upgrades	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash flows from investing activities	(17,210)	(15,315)	(23,872)	(31,165)	(32,881)	(44,908)	(29,825)	(32,548)	(22,053)	(22,791)	(21,517)	(21,632)	(21,875)	(31,341)	(23,897)	(21,698)	(29,247)	(27,384)	(31,139)	(27,214)	(26,810)	(35,503)	(29,374)	(34,776)
Cash flows from financing activities																								
<i>Receipts</i>																								
Proceeds from borrowings	2,375	-	-	-	-	20,000	11,000	13,000	5,000	-	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-
<i>Payments</i>																								
Less repayment of borrowings	(542)	(1,734)	(1,334)	(1,406)	(1,482)	(1,562)	(2,539)	(2,924)	(3,407)	(3,167)	(3,013)	(2,877)	(3,037)	(3,205)	(3,562)	(3,760)	(3,969)	(4,189)	(4,422)	(4,667)	(4,927)	(3,208)	(2,291)	(761)
Net cash flows from financing activities	1,833	(1,734)	(1,334)	(1,406)	(1,482)	18,438	8,461	10,076	1,593	(3,167)	(3,013)	(2,877)	(3,037)	795	(3,562)	(3,760)	(3,969)	(4,189)	(4,422)	(4,667)	(4,927)	(3,208)	(2,291)	(761)
Net increase(decrease) in cash held	2,569	7,601	(6,307)	(12,789)	(14,504)	(5,509)	57	(356)	2,143	(2,106)	880	1,619	2,147	(2,976)	1,307	4,603	(1,762)	875	(1,306)	2,548	4,366	(2,392)	5,801	2,465
Cash held at beginning of the year	30,539	33,108	40,709	34,402	21,613	7,109	1,599	1,656	1,300	3,444	1,338	2,218	3,837	5,985	3,008	4,315	8,918	7,156	8,031	6,726	9,274	13,640	11,249	17,049
Cash held at end of the year	33,108	40,709	34,402	21,613	7,109	1,599	1,656	1,300	3,444	1,338	2,218	3,837	5,985	3,008	4,315	8,918	7,156	8,031	6,726	9,274	13,640	11,249	17,049	19,515
Closing cash balance earmarked for:																								
Debt redemption	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions in lieu of public open space	260	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363
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	135	135
Heritage account	1,361	1,380	1,380	1,415	1,415	1,414	1,414	1,417	1,420	1,427	1,434	1,441	1,449	1,461	1,473	1,485	1,498	1,516	1,534	1,553	1,573	1,594	1,615	1,688
Unspent grants	3,16																							

Hobart City Council

Balance sheet	Actual 2014 \$000	Actual 2015 \$000	Budget 2016 \$000	Forecast 2017 \$000	Forecast 2018 \$000	Forecast 2019 \$000	Forecast 2020 \$000	Forecast 2021 \$000	Forecast 2022 \$000	Forecast 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000	Forecast 2026 \$000	Forecast 2027 \$000	Forecast 2028 \$000	Forecast 2029 \$000	Forecast 2030 \$000	Forecast 2031 \$000	Forecast 2032 \$000	Forecast 2033 \$000	Forecast 2034 \$000	Forecast 2035 \$000	Forecast 2036 \$000	Forecast 2037 \$000	
Assets																									
Current assets																									
Cash & cash equivalents	33,108	40,709	34,402	21,613	7,109	1,599	1,656	1,300	3,444	1,338	2,218	3,837	5,985	3,008	4,315	8,918	7,156	8,031	6,726	9,274	13,640	11,249	17,049	19,515	
Inventories	310	342	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	331
Receivables	5,217	6,750	5,004	4,852	5,004	5,179	5,361	5,549	5,688	5,889	6,098	6,304	6,517	6,737	6,964	7,200	7,443	7,695	7,955	8,211	8,474	8,747	9,028	9,318	
Other	210	141	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	38,845	47,942	39,758	26,818	12,465	7,131	7,371	7,202	9,484	7,580	8,669	10,494	12,854	10,098	11,632	16,471	14,952	16,079	15,034	17,838	22,468	20,348	26,430	29,185	
Non current assets																									
Receivables	225	196	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	
Investment property	25,038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments in associates	159,591	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	160,874	
Other investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property, plant & equipment	700,394	730,674	761,175	745,910	783,066	819,563	755,606	783,700	804,774	765,878	783,489	800,953	772,485	797,545	814,572	777,164	796,951	819,121	784,707	801,036	823,428	782,056	797,614	824,472	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non current assets	885,248	891,744	922,275	907,010	944,166	980,663	916,706	944,800	965,874	926,978	944,589	962,053	933,585	958,645	975,672	938,264	958,051	980,221	945,807	962,136	984,528	943,156	958,714	985,572	
Total assets	924,093	939,686	962,033	933,828	956,631	987,795	924,077	952,003	975,358	934,559	953,259	972,547	946,440	968,743	987,305	954,735	973,003	996,300	960,841	979,973	1,006,996	963,504	985,144	1,014,758	
Liabilities																									
Current liabilities																									
Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payables - Creditors	(6,343)	(8,559)	(5,967)	(6,323)	(6,530)	(6,745)	(6,969)	(7,202)	(7,444)	(7,696)	(7,958)	(8,259)	(8,571)	(8,898)	(9,238)	(9,593)	(9,963)	(10,349)	(10,752)	(11,174)	(11,613)	(12,072)	(12,552)	(13,054)	
Payables - Wages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trust, deposits, retention	(2,583)	(2,601)	(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	(10,588)	(10,884)	(11,312)	(12,053)	(12,660)	(13,297)	(13,966)	(14,669)	(15,408)	(16,183)	(16,998)	(17,853)	(18,752)	(19,695)	(20,686)	(21,727)	(22,821)	(23,969)	(25,175)	(26,442)	(27,772)	(29,170)	(30,637)	(32,179)	
Unearned revenue	(490)	(538)	(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	(1,733)	(1,331)	(1,406)	(1,482)	(1,562)	(2,539)	(2,924)	(3,407)	(3,167)	(3,013)	(2,877)	(3,037)	(3,205)	(3,562)	(3,760)	(3,969)	(4,189)	(4,422)	(4,667)	(4,927)	(3,208)	(2,291)	(761)	(305)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total current liabilities	(21,737)	(23,913)	(22,020)	(23,194)	(24,068)	(25,917)	(27,196)	(28,615)	(29,355)	(30,229)	(31,169)	(32,484)	(33,864)	(35,491)	(37,020)	(38,624)	(40,308)	(42,076)	(43,931)	(45,878)	(45,929)	(46,870)	(47,287)	(48,873)	
Non current liabilities																									
Deferred liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Employee benefits	(3,107)	(2,913)	(3,190)	(3,400)	(3,571)	(3,750)	(3,939)	(4,138)	(4,346)	(4,564)	(4,794)	(5,035)	(5,289)	(5,555)	(5,835)	(6,128)	(6,437)	(6,760)	(7,101)	(7,458)	(7,833)	(8,227)	(8,641)	(9,076)	
Defined benefits scheme	(2,720)	(1,397)	(1,894)	(2,334)	(2,792)	(3,268)	(3,762)	(4,277)	(4,813)	(5,369)	(5,948)	(6,550)	(7,177)	(7,828)	(8,505)	(9,210)	(9,942)	(10,704)	(11,497)	(12,321)	(13,176)	(14,069)	(14,996)	(15,950)	
Loans & other borrowings	(14,429)	(13,097)	(11,670)	(10,189)	(8,627)	(6,988)	(5,164)	(3,164)	(43,757)	(45,590)	(42,576)	(38,663)	(33,457)	(28,895)	(24,167)	(21,978)	(17,556)	(12,889)	(7,962)	(4,754)	(2,463)	(1,702)	(1,397)	(1,397)	
Provision for landfill restoration	(7,410)	(8,802)	(7,144)	(5,959)	(4,948)	(4,351)	(4,280)	(4,202)	(4,113)	(4,015)	(3,904)	(3,409)	(2,768)	(2,184)	(1,408)	(582)	1	1	1	1	1	1	1	1	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total non current liabilities	(27,666)	(26,209)	(23,899)	(21,881)	(19,937)	(37,457)	(46,146)	(56,374)	(58,861)	(56,525)	(54,346)	(51,658)	(48,691)	(49,462)	(45,883)	(42,087)	(38,356)	(35,020)	(31,485)	(27,740)	(25,764)	(24,759)	(25,338)	(26,432)	
Total liabilities	(49,403)	(50,122)	(45,919)	(45,075)	(44,005)	(63,374)	(73,342)	(84,988)	(88,217)	(86,754)	(85,515)	(84,142)	(82,555)	(84,953)	(82,903)	(80,711)	(78,664)	(77,096)	(75,416)	(73,618)	(71,694)	(71,628)	(72,625)	(75,306)	
Net assets	874,690	889,564	916,114	888,754	912,606	924,420	850,735	867,014	887,141	847,805	867,744	888,405	863,884	883,790	904,402	874,024	894,338	919,205	885,425	906,355	935,302	891,876	912,519	939,452	
Equity																									
Asset revaluation reserve	(486,921)	(479,895)	(498,366)	(461,939)	(474,914)	(481,369)	(418,126)	(428,949)	(442,336)	(413,147)	(427,198)	(442,054)	(425,744)	(438,796)	(454,747)	(435,093)	(448,655)	(467,835)	(440,502)	(454,299)	(475,637)	(438,313)	(452,034)	(471,821)	
Capital appropriation reserve	(2,407)	(5,863)	(7,855)	(10,280)	(11,978)	(14,001)	(15,555)	(16,516)	(17,143)	(17,768)	(19,151)	(20,531)	(21,637)	(22,954)	(24,254)	(25,291)	(26,480)	(27,659)	(28,823)	(29,851)	(30,862)	(31,863)	(32,616)	(33,366)	
Other reserves	(69,583)	(73,153)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	(74,409)	
Accumulated (surplus)/deficit	(315,779)	(330,653)	(335,484)	(342,126)	(351,305)	(354,641)	(342,645)	(347,141)	(353,253)	(342,481)	(346,985)	(351,410)	(342,095)	(346,630)	(350,991)	(339,230)	(344,794)	(348,301)	(341,690)	(347,796)	(354,394)	(347,291)	(353,480)	(359,855)	
Total equity	(874,690)	(889,564)	(916,114)	(888,753)	(912,606)	(924,420)	(850,735)	(867,014)	(887,141)	(847,804)	(867,743)	(888,405)	(863,884)	(883,790)	(904,401)	(874,024)	(894,338)	(919,204)	(885,425)	(906,355)	(935,302)	(891,876)	(912,519)	(939,452)	

Hobart City Council

Budget estimates summary	Actual 2014	Actual 2015	Budget 2016	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
OPERATING																								
Expenditure	(48,336)	(48,606)	(49,435)	(52,508)	(53,947)	(55,649)	(57,406)	(59,221)	(61,094)	(63,029)	(65,027)	(67,090)	(69,221)	(71,421)	(73,694)	(76,041)	(78,466)	(80,971)	(83,558)	(86,231)	(88,993)	(91,846)	(94,794)	(97,840)
Employer contributions DBS	(2,737)	(1,154)	(1,043)	(994)	(1,034)	(1,075)	(1,118)	(1,163)	(1,209)	(1,258)	(1,308)	(1,360)	(1,415)	(1,471)	(1,530)	(1,591)	(1,655)	(1,721)	(1,790)	(1,862)	(1,936)	(2,014)	(2,094)	(2,178)
State fire commission levy	(8,240)	(8,800)	(9,315)	(9,716)	(10,299)	(10,917)	(11,572)	(12,266)	(13,002)	(13,782)	(14,609)	(15,486)	(16,415)	(17,400)	(18,444)	(19,550)	(20,723)	(21,967)	(23,285)	(24,682)	(26,163)	(27,732)	(29,396)	(31,160)
Interest expense	(803)	(851)	(798)	(726)	(651)	(571)	(486)	(398)	(309)	(220)	(131)	(42)	(48)	(54)	(60)	(67)	(74)	(81)	(89)	(97)	(106)	(115)	(125)	(135)
Other operating expenses	(29,998)	(32,090)	(31,926)	(33,987)	(34,837)	(35,708)	(36,601)	(37,516)	(38,453)	(39,415)	(40,400)	(41,598)	(42,831)	(44,100)	(45,407)	(46,754)	(48,140)	(49,567)	(51,037)	(52,550)	(54,108)	(55,713)	(57,365)	(59,066)
Internal costs	(159)	(159)	(95)	(846)	(651)	(453)	(263)	(83)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditure	(90,273)	(91,660)	(93,513)	(98,778)	(101,418)	(104,373)	(108,546)	(112,302)	(116,371)	(120,189)	(123,777)	(127,902)	(132,090)	(136,432)	(141,157)	(146,281)	(151,806)	(157,731)	(164,066)	(170,821)	(178,006)	(185,641)	(193,746)	(202,341)
Less TSR expenditure	(560)	(896)	(1,860)	(1,367)	(1,174)	(741)	(204)	(211)	(220)	(228)	(238)	(250)	(264)	(280)	(298)	(318)	(341)	(367)	(396)	(428)	(463)	(501)	(542)	(587)
Less capitalised costs	(20,682)	(23,077)	(25,310)	(32,110)	(40,566)	(46,639)	(52,159)	(57,244)	(61,844)	(65,944)	(69,544)	(72,644)	(75,244)	(77,344)	(78,944)	(79,644)	(79,444)	(78,344)	(76,344)	(73,444)	(69,644)	(65,044)	(60,644)	(56,444)
Net operating expenditure	(110,955)	(114,737)	(118,822)	(130,888)	(141,984)	(151,011)	(160,705)	(169,847)	(178,415)	(186,533)	(194,202)	(201,522)	(208,490)	(214,976)	(221,000)	(226,688)	(232,042)	(237,115)	(241,946)	(246,571)	(251,006)	(255,351)	(259,606)	(263,781)
Income																								
Operating grants	3,500	3,370	3,202	4,091	4,172	4,256	4,341	4,428	4,516	4,607	4,699	4,793	4,889	4,986	5,086	5,188	5,292	5,398	5,505	5,616	5,728	5,842	5,959	6,079
Fees and charges	31,754	33,064	34,647	34,937	36,069	37,239	38,447	39,695	40,985	42,317	43,693	45,114	46,583	48,100	49,668	51,287	52,961	54,690	56,476	58,322	60,230	62,200	64,237	66,342
Dividends	2,949	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258
Interest income	1,350	1,435	1,042	886	756	249	56	62	49	138	54	89	153	254	128	183	379	322	361	303	614	614	506	767
Other operating revenue	6,614	7,101	6,858	6,748	6,864	6,985	7,110	7,239	7,373	7,512	7,657	7,806	7,961	8,122	8,289	8,462	8,641	8,828	9,021	9,222	9,430	9,647	9,872	10,106
Internal revenue	159	159	95	846	651	453	263	83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating income	46,326	48,387	50,002	50,785	51,771	52,438	53,475	54,785	56,181	57,631	59,160	60,780	62,494	64,211	66,028	67,945	70,061	72,378	74,895	77,612	80,529	83,646	86,963	90,490
Net operating budget	(64,629)	(66,350)	(68,820)	(80,123)	(90,213)	(98,572)	(107,230)	(116,061)	(124,884)	(133,712)	(142,542)	(151,372)	(160,202)	(169,032)	(177,862)	(186,692)	(195,522)	(204,352)	(213,182)	(222,012)	(230,842)	(239,672)	(248,502)	(257,332)
Rates income	68,382	72,110	73,462	75,858	78,683	81,614	84,653	87,804	91,072	94,460	97,974	101,372	104,887	108,524	112,286	116,177	120,203	124,368	128,676	133,128	137,736	142,404	147,642	153,460
Funds from operations	3,753	5,760	4,642	(4,265)	(11,530)	(16,958)	(23,781)	(32,007)	(41,733)	(52,952)	(65,678)	(80,002)	(95,928)	(113,454)	(132,578)	(153,410)	(175,949)	(200,181)	(226,105)	(263,829)	(314,457)	(389,072)	(498,860)	(654,922)
CAPITAL																								
Capital expenditure	-	-	(18,546)	(18,406)	(18,157)	(17,884)	(18,558)	(21,362)	(20,364)	(22,229)	(22,015)	(21,141)	(22,306)	(23,936)	(25,854)	(28,965)	(29,381)	(29,540)	(28,883)	(29,456)	(28,573)	(37,170)	(29,969)	(36,668)
Asset replacement	-	-	(18,546)	(18,406)	(18,157)	(17,884)	(18,558)	(21,362)	(20,364)	(22,229)	(22,015)	(21,141)	(22,306)	(23,936)	(25,854)	(28,965)	(29,381)	(29,540)	(28,883)	(29,456)	(28,573)	(37,170)	(29,969)	(36,668)
New initiatives	-	-	(10,880)	(18,799)	(23,254)	(23,980)	(8,099)	(10,972)	(4,683)	(7,03)	347	1,415	3,361	2,787	2,701	2,977	3,753	3,235	3,966	3,359	4,291	3,875	4,307	4,367
Subtotal projects	-	-	(29,426)	(37,205)	(41,411)	(41,865)	(26,956)	(32,334)	(25,047)	(22,932)	(21,668)	(20,215)	(20,891)	(29,573)	(32,067)	(31,265)	(26,405)	(25,787)	(25,649)	(25,489)	(25,214)	(32,879)	(26,094)	(32,301)
Other capital expenditure	-	-	(3,143)	(2,368)	(1,396)	(7,275)	(7,111)	(4,973)	(3,256)	(4,075)	(5,996)	(4,075)	(5,996)	(4,932)	(4,516)	(6,926)	(5,655)	(5,655)	(5,655)	(5,524)	(6,500)	(7,117)	(6,326)	(6,326)
Property sales	2,984	3,800	1,230	959	1,466	974	984	1,500	990	976	968	923	910	874	825	826	801	770	709	671	618	579	593	593
Total capital expenditure	2,984	3,800	(31,339)	(38,614)	(41,331)	(48,166)	(33,083)	(35,806)	(27,311)	(26,049)	(24,775)	(24,890)	(25,133)	(34,599)	(37,155)	(32,505)	(30,642)	(34,397)	(30,472)	(30,068)	(38,761)	(32,632)	(38,034)	(38,034)
Financing																								
Loans	2,375	-	-	-	-	20,000	11,000	13,000	5,000	-	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-
Debt repayments	(542)	(1,734)	(1,334)	(1,406)	(1,482)	(1,562)	(2,539)	(2,924)	(3,407)	(3,167)	(3,013)	(2,877)	(3,037)	(3,205)	(3,562)	(3,760)	(3,969)	(4,189)	(4,422)	(4,667)	(4,927)	(3,208)	(2,291)	(761)
Net financing	1,833	(1,734)	(1,334)	(1,406)	(1,482)	18,438	8,461	10,076	1,593	(3,167)	(3,013)	(2,877)	(3,037)	795	(3,562)	(3,760)	(3,969)	(4,189)	(4,422)	(4,667)	(4,927)	(3,208)	(2,291)	(761)
Cash surplus/(deficit)	8,570	7,826	(28,031)	(44,285)	(54,343)	(46,686)	(27,199)	(29,008)	(18,020)	(20,161)	(15,515)	(15,509)	(14,099)	(28,324)	(14,952)	(10,473)	(23,601)	(18,718)	(26,657)	(19,505)	(16,128)	(30,871)	(15,297)	(24,867)

Debtors (% of revenue)	4.35%
Creditors (% of operating costs)	14.47%
Wages %	0.00%

