SPECIAL COUNCIL MEETING
AGENDA
FRIDAY, 19 JUNE 2020

GLENORCHY CITY COUNCIL

QUALIFIED PERSON CERTIFICATION

The General Manager certifies that, in accordance with section 65 of the *Local Government Act 1993*, any advice, information and recommendations contained in the reports related to this agenda have been prepared by persons who have the qualifications or experience necessary to give such advice, information and recommendations.

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Tony McMullen
General Manager

16 June 2020

Hour:	12:00 noon
Present (in Chambers):	
Present (by video link):	
In attendance (in Chambers):	
In attendance (by video link):	

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1. APOLOGIES

2. PECUNIARY INTEREST NOTIFICATION

GOVERNANCE

Community goal: "Leading our community"

3. 2020/21 BUDGET ESTIMATES

Author: Manager Finance and ICT (Tina House)

Qualified Person: Director Corporate Services (Jenny Richardson)

ECM File Reference: Annual Budget 2020/2021

Community Plan Reference:

Leading Our Community

We will be a progressive, positive community with strong council leadership, striving to make Our Community's Vision a reality.

The communities of Glenorchy will be confident that the Council manages the community's assets soundly for the long-term benefit of the community.

Strategic or Annual Plan Reference:

Leading Our Community

Objective 4.2 Prioritise resources to achieve our communities' goals

Strategy 4.2.1 Deploy the Council's resources effectively to deliver value

Action 4.2.1.07 Develop the annual budget estimates in line with the Financial Management Strategy and provide regular reporting of actuals to budget

Reporting Brief:

To present the proposed 2020/21 Budget estimates and Long Term Financial Management Plan 2020/21 to 2029/30 for Council's adoption.

Proposal in Detail:

Executive Summary

This report presents Council's 2020/21 annual budget estimates and Long Term Financial Management Plan 2020/21 to 2029/30 to Council for adoption.

The COVID-19 pandemic and the potential forecast impacts have created an uncertain and dynamic environment. Social distancing requirements, business closures, job losses, border closures and various stimulus packages have created unprecedented economic and fiscal conditions at every level of government.

Council's Community Assistance Package (which it adopted on 18 May 2020) includes a number of support and stimulus measures, including the COVID-19 Rate Relief Rebate which ensures Glenorchy ratepayers have no total bill increase in 2020/21

As a result of the COVID-19 pandemic, the focus of the 2020/21 budget is:

- Providing community assistance measures to support the community through difficult financial times.
- Increasing expenditure on capital works, and
- Investing in economic recovery and stimulus projects.

As a result of these and other impacts of COVID-19, Council's budget for next year forecasts a deficit of $9.6m.

The budget and Long Term Financial Management Plan will be reviewed again in August 2020 and January 2021 to ensure that the Council is able to adjust its budget settings, if required, in response to any unanticipated changes in operating context given the current dynamic environment.

Background

Prior to the emergence of the COVID-19 crisis in late February and early March, Council had been working towards delivering a balanced budget that was intended to produce a modest surplus and build on Council's long-term financial sustainability. However, the need to respond to the COVID-19 crisis and its associated impacts on our local economy has meant that Council's financial direction has changed significantly, both in the final months of the current financial year, and, more significantly, for next financial year.

The new focus of the 2020/21 budget estimates is to ensure Council supports our community and economy, while safeguarding Council's long-term financial sustainability. To that end, Council will continue to deliver services; and build and maintain infrastructure while also implementing a range of community support and economic stimulus measures.

At the special Council meeting on 18 May 2020, Council approved a COVID-19 Community Assistance Package for the 2020/21 financial year, to respond to the significant social and economic impact of the COVID-19 pandemic on our communities. The measures in the Community Assistance Package have been incorporated into the budget that is being presented to Council.

The financial implications of the Community Assistance Package will significantly impact Council's overall operating result and cash reserves. The package, as approved, is expected to have a total cost to Council of $4m over the 2020/21 year. The assistance measures, together with additional forecast financial impacts on both income and expenditure, will result in a forecast operating deficit for 2020/21 of $9.6m.

The Long-Term Financial Management Plan forecasts consistent ongoing improvements to the expected 2020/21 result over the coming years. However, the depth of the COVID-19 downturn means that the forecast does not indicate a return to operating surpluses until 2028/29.

The key features of the 2020/21 Budget estimates as proposed are:

- Estimated Operating Deficit - $9.6m (which includes Community Assistance Package policy measures of $4.1m)
- Operating Revenue - $54m
- Operating Expenditure - $63.6m
- Depreciation and asset write off - $14.6m
- Capital expenditure - $21.1m
- Cash Balance at 30 June 2021 - $10.1m
- New borrowings of $5m

Initiatives funded in the 2020/21 budget are focused on delivery of essential services, progressing existing Annual Plan priorities and delivering economic and social recovery projects.

Key operational activities for 2020/21 include:

- delivery of the Community Development Strategy
- implementation of the Customer Service Strategy
- implementation of the Open for Business improvement plan
- implementation of the Economic Development Strategy and Economic Recovery Plan
- facilitation of major developments and investments
- implementation of the Future Glenorchy Program
- strategic investment in parks, reserves and sporting facilities and repurposing underutilised land
- implementation of the Waste Management Strategy with a priority of extending the Jackson Street landfill [including the Full year roll out of FOGO (Food Organics and Garden Organics)]
- Improvement of Council's asset management practices
- Undertaking an organisation-wide review of our technology requirements
- Implementation of our People and Culture Strategy
- Implementation of our Communications Strategy
- Developing an Arts and Culture Strategy
- Launching a new Glenorchy City Council website

Capital works priorities for the 2020/21 budget are focused on the renewal and maintenance of existing community assets, flood mitigation and grant-funded and stimulus projects. Key capital works projects for the 2020/21 financial year include:

- delivering on the Australian Government Grants Program and commencing works on new sporting and play facilities
- road resurfacing
- footpath renewal
- road pavement rehabilitation, and
- stormwater asset renewal and flood mitigation

2020/21 Budget

Section 82 of the *Local Government Act 1993* requires the General Manager to prepare estimates of the Council's revenue and expenditure for each financial year.

Section 82 (2) and (3) read as follows:

(2) Estimates are to contain details of the following:

(a) the estimated revenue of the council;

(b) the estimated expenditure of the council;

(c) the estimated borrowings by the council;

(d) the estimated capital works of the council;

(e) any other detail required by the Minister.

(3) Estimates for a financial year must –

(a) be adopted by the council, with or without alteration, by absolute majority; and

(b) be adopted before 31 August in that financial year; and

(c) not be adopted more than one month before the start of that financial year."

The 2020/21 Budget Summary, which includes the estimates required under the Act, is Attachment 1 to this report.

Council's Long-Term Financial Management Plan 2020/21 to 2029/2030 (updated to reflect the results of this year's budget) is Attachment 2.

The assumptions which underpin the 2020/21 Budget are contained in the Long-Term Financial Management Plan (**LTFMP**) and are consistent with Council's Financial Management Strategy 2019-2028 (**FMS**).

The major elements of the 2020/21 Budget are:

1. COVID-19 impacts
2. Operating income and expenditure
3. Statement of Financial Position
4. Capital Expenditure
5. Cash Flow and Funding
6. Risks
7. Long Term Financial Management Plan and Financial Management Strategy

Key information about each of these is provided below.

1. COVID-19 IMPACTS

A conservative approach has been taken to forecasting the financial impacts of both Council policy decisions and external impactors that have arisen from the COVID-19 pandemic.

The 2020/21 budget estimates (as presented) represent the best approximations available at the time of preparation, taking into account that there are many external financial factors outside of Council's control that may crystallise over the coming months. Because of the level of uncertainty around external factors, the budget will be reviewed and an update provided to the Council meeting in August 2020, and again in January 2021.

Table 1.1 shows a summary of the expected COVID-19 impacts on Council's operating finances for the 2020/21 financial year:

LTFMP Summary of Assumptions		
		2020/21 $'000
Covid-19 Revenue Impactors		
Rates & Charges	a	(1,992)
TasWater reduced dividend	b	(2,172)
Childcare Activity reduction	c	(1,566)
Rental Income reduction	d	(657)
		(6,387)
Covid-19 Expenditure Impactors		
Pandemic Leave Provision	e	228
EA Increase removal	f	(339)
Increased Maintenance Activity	g	909
Economic stimulus package	h	1,580
Debt Write Off	i	1,000
		3,377
Covid-19 Total Financial Impact		**(9,764)**

Table 1.1 – Operating Financial impacts 2020/21

The following comments are made in relation to those impacts:

<u>Revenue</u>

- the impact on Rates and Charges ($1.992m) reflects Council's decision in May 2020 to waive the charging of penalties and interest on overdue rates payments for the coming financial year ($191k), together with the COVID-19 Relief Rebate which offsets the entire 2.5% rates increase and all waste and recycling charge increases
- TasWater has indicated that, due to its expected operating losses, it is unlikely that full dividends will be paid to owner Councils in 2020/21. The budget makes allowance for zero TasWater dividend payments in 2020/21
- external factors such as social distancing, parental job losses, and Federal Government support initiatives have, and will, continue to impact on Council's childcare services during the coming year. While Council will continue to provide services in accordance with new regulations, it is expected that activity levels, and, consequently, income will be negatively impacted
- Council's COVID-19 Community Assistance Package (approved in May 2020) included rental relief for tenants of Council-owned properties and grassroots community and sporting organisations. The rental relief provisions are in line with the Federal Government's National Cabinet Mandatory Code of Conduct for SME Commercial Leasing Principles for COVID 19 and complementary Tasmanian legislation. ;

<u>Expenses</u>

- A special leave provision has been created as a work health and safety measure to support staff affected by the pandemic
- Council has put a freeze on automatic wage increases that staff would have been entitled to for the 2020/21 financial year
- to help stimulate activity in the local community, the budget includes additional expenditure on maintenance activities
- Council proposes to borrow $5m for economic stimulus measures under the Tasmanian Government's Local Government Loan Program. $1.58m of these borrowings will be used for operational components of stimulus projects
- Council is forecasting that the relief measures provided under Council's Financial Hardship Policy will result in $1.0m in debt write offs for 2020/21.

2. OPERATING INCOME AND EXPENDITURE 2020/21

Table 2.1 shows Council's budgeted Statement of Comprehensive Income for 2020/21.

GLENORCHY CITY COUNCIL			
FORECAST STATEMENT OF COMPREHENSIVE INCOME			
	Budget 2020/2021 $'000	Budget 2019/2020 $'000	Movement $'000
Operating Revenue			
Rates	36,165	35,538	627
Covid-19 Community Assistance Measures	(1,992)	-	(1,992)
State Fire Commission Income	5,928	5,928	-
Statutory Charges	1,575	1,692	(117)
User Charges	9,584	10,666	(1,082)
Covid-19 Community Assistance Measures	(657)	-	(657)
Grants and Subsidies	2,687	5,115	(2,428)
Investment Income	200	2,635	(2,435)
Other Income	522	611	(89)
Total Operating Revenue	**54,012**	**62,185**	**(8,173)**
Operating Expenditure			
Finance Charges	235	200	35
Employee Benefits	24,603	24,968	(365)
Administration & Office Costs	6,092	5,957	135
Materials, Services and Contractors	9,690	10,750	(1,060)
Covid-19 Community Assistance Measures	2,489	0	2,489
State Fire Commission Contribution	5,898	5,899	(1)
Depreciation and Amortisation	13,507	13,719	(212)
Asset Write Off	1,100	500	600
Total Operating Expenditure	**63,614**	**61,994**	**1,620**
Operating Surplus / (Deficit)	**(9,602)**	**191**	**(9,793)**
Non Operating Income			
Capital Grants	1,303	579	724
Donated Assets	2,120	0	2,120
Profit / (Loss) on Disposal of Land	(504)	37	(541)
Profit / (Loss) on Disposal of Plant and Equipment	173	0	173
Total Non Operating Income	**3,092**	**616**	**2,476**
Total Comprehensive Surplus / (Deficit)	**(6,510)**	**806**	**(7,317)**

Table 2.1 – Statement of Forecast Comprehensive Income 2020/21

An operating deficit of $9.6m (exclusive of capital income and expenditure) has been forecast for the forthcoming financial year. This compares to a forecast 2019/20 operating surplus of $191k.

2.1 Rates revenue

The rates revenue budget has been prepared with a general rate increase of 2.5% together with a growth factor of 0.5% in accordance with Council's Long Term Financial Management Plan.

In response to the COVID-19 pandemic, the budget includes the COVID-19 Rates Relief Rebate. This rebate will offset the increases in general rates and will ensure that where a ratepayer's circumstances have not changed from the prior year, there will be no increase in the amount of rates and charges that they have to pay for the 2020/21 year.

For the current (2019/20) financial year, Council implemented differential rating for all properties to ensure that each category (residential and non-residential) contributed to Council's revenue consistently.

The differential rating model will be continued for the 2020/21 financial year.

2.2 User Charges

The sale of the Derwent Entertainment Centre (DEC), which is expected to be finalised in the last half of the 2020 calendar year, will result in user charges for DEC activities reducing to Nil. This will result in a full-year decrease of $1.3m in revenue from user charges.

However, the revenue reduction will be offset by the elimination of all operational expenses associated with the Derwent Entertainment Centre (DEC).

2.3 Operating Grant Subsidies

Council's budgeted operating grant income for the current year, $2.687m, is materially reduced from the 2019/20 forecast of $5.115m.

This is due to one-off grants last year totalling $1.5m (for flood recovery from the May 2018 flood event) and a predicted decline in grant funding for child care services.

The Australian Government has advised that Financial Assistance Grants to local government will continue to be paid, with the first half of the 2020/21 allocation to be paid before the end of June 2020.

This is consistent with prior year allocations and payment timings. Council budgets each year for the advance payment, which ensures that Council will receive $2.5m for the 2020/21 financial year.

2.4 Investment Income

Council's largest investment income stream is as an owner and shareholder in TasWater.

As noted above it is expected that that TasWater will not pay any dividends to its shareholders for the 2020/21 financial year.

Council's remaining investment income stream is derived from interest earned on cash balances. A combination of low deposit interest rates and lower than expected cash balances is expected to result in minimal income from interest received by Council for the financial year.

2.5 Finance Charges

In order to implement the proposed Economic Stimulus package, Council proposes to borrow an additional $5m through the Tasmanian Government's Local Government

Loan Program. This additional borrowing will result in loan interest payable of $82k in 2020/21. Interest payable on this loan will be partially offset by a grant, resulting in what is effectively an interest free loan for three of the five years.

2.6 Employee Benefits

In response to the challenging economic environment, and to ensure Council can continue to support our community and provide job security for its employees, in May 2020 it was decided to implement a freeze on the payment of annual percentage wage increases for 2020/21. In ordinary times, the budget would have incorporated an across the board wage percentage increase, which would have been granted to all staff as an entitlement. This has not been incorporated into next year’s budget.

This freeze, together with expected savings to be made from turnover vacancies (timing of replacement recruitment) and the removal of DEC employee costs on the sale of the DEC, is forecast to result in a reduction in employee benefits expenditure for 2020/21 of $365k compared to the current year. Council will consider paying part or all of the percentage wage increase when the budget is reviewed in January 2021, if there are sufficient improvements to the forecast position.

2.7 Administration and Office Costs

Council adopted a new process for the development of its operational budget for 2020/21, with the introduction of a zero-based budgeting model.

This has resulted in a detailed analysis of major budget lines and has resulted in savings across a number of categories, including Administration Costs. No material increase in this class of expenditure is expected for 2020/21.

2.8 Materials, Services and Contractors

As mentioned above, utilisation of a zero-based budget approach to forecasting has resulted in Council’s forecast effectively absorbing cost increases without significant increases in expenditure budget requirements for ‘business as usual’ activities.

In addition to the normal operating activities, this category also includes an extra $1.58m in expenditure which is the forecast operating component of Council’s Economic Recovery Package (to be funded by the $5m loan through the Local Government Loan Program).

It is expected that as project plans for economic stimulus projects are fully developed during the year, the Materials, Contractors and Services budget will be re-allocated to other expenditure categories. Any reallocation will be included in the August and January budget reviews.

2.9 Depreciation and Amortisation

This non-cash category of expenditure is expected to remain materially in line with 2019/20 budget estimates.

A revaluation of Council's Stormwater assets is expected at the end of the 2020/21 financial year, with significant resultant increases in depreciation anticipated for the following financial year as a result.

2.10 Asset Write-off

As Council's assets are renewed and replaced in line with our Asset Management Strategy, the residual value of the replaced assets is required to be written off.

This results in operating expenditure each year that has traditionally been difficult to forecast accurately. To ensure that write-offs do not exceed budget, a cap has been applied to the capital works program for the 2020/21 financial year.

2.11 Capital Grants

Only capital grants which Council is relatively certain to receive are included in the budget forecasts.

The budget for 2020/21 reflects expected Roads to Recovery Grant funding of $724k for the maintenance of road infrastructure assets to facilitate access and safety improvements, and the recently announced Local Road and Community Infrastructure Program grants of $579k. This is a Federal Government grant program for the delivery of priority road and community infrastructure projects. Council is planning on utilising this grant to fund projects within the proposed Economic Recovery Program.

Though already approved, Federal Government Grants for new sporting and play facilities, are to be paid to Council only after work milestones are completed. Accordingly, no receipts are expected during 2020/21 with the first payments due the following financial year.

2.12 Donated Assets

As a result of ongoing developments within the municipality (particularly subdivision), Council is given ownership of infrastructure assets during each financial year. These assets are primarily roads, stormwater and footpaths. Council is required to include the value of these assets in its asset register and record the donation of them as non-operating revenue.

Traditionally, Council has not included the expected value of these transactions in the budget. From 2020/21 the expected non-operating revenue is captured in the budget estimates, amounting to $2.120m in these forecasts.

2.13 Profit / (Loss) on Disposal of Assets

Council has embarked on a program of surplus land disposal that will generate an inflow of cash, as well as accounting (non-cash) losses. Accounting standards applicable to government require asset values to be recorded at market value rather than historical cost price. As a result, disposals appear as a loss because of the costs associated with land disposal. However, there is a positive impact on the Council's cash balance from disposal proceeds.

Disposals of Plant and Equipment also occur during the year, predominantly for fleet vehicles.

However, the largest impactor on the forecast result in this category for 2020/21 is the expected disposal of fixtures and fittings at the Derwent Entertainment Centre. Most of these long-life assets have a low book value that will generate a surplus once disposed of.

3. STATEMENT OF FINANCIAL POSITION

Table 3.1 below shows the budgeted Statement of Financial Position as at 30 June 2021. The Statement shows that the budgeted Net Asset position of Council will not materially change from the current financial year.

GLENORCHY CITY COUNCIL			
FORECAST STATEMENT OF FINANCIAL POSITION			
	Forecast 2020/2021 $'000	Budget 2019/2020 $'000	Movement $'000
Assets			
Current Assets			
Cash and Cash Equivalents	10,156	14,190	(4,034)
Trade and Other Receivables	8,405	3,405	5,000
Inventories	115	115	-
Other Assets	1,119	1,119	-
Total Current Assets	**19,795**	**18,829**	**966**
Non Current Assets			
Investment in TasWater	191,317	191,317	-
Property, Plant and Euqipment	696,497	700,760	(4,263)
Intangible Assets	190	190	-
Other Non Current Assets	4,487	4,671	(184)
Total Non Current Assets	**892,491**	**896,938**	**(4,447)**
Total Assets	**912,286**	**915,767**	**(3,481)**
Liabilities			
Current Liabilities			
Trade and Other Payables	3,893	3,893	-
Borrowings	1,834	1,005	829
Provisions	4,534	4,534	-
Other Current Liabilities	2,783	2,783	-
Total Current Liabilities	**13,044**	**12,215**	**829**
Non Current Liabilities			
Borrowings	3,355	1,155	2,200
Provisions	3,952	3,952	-
Total Non Current Liabilities	**7,307**	**5,107**	**2,200**
Total Liabilities	**20,351**	**17,322**	**3,029**
Net Assets	**891,935**	**898,445**	**(6,510)**
Equity			
Accumulated Surpluses	526,623	533,132	(6,510)
Reserves	365,313	365,313	-
Total Equity	**891,936**	**898,445**	**(6,510)**

Table 3.1 – Forecast Statement of Financial Position

Please note: The figures for 2019/20 are based on the forecast position, not the original budget as approved by Council in June 2019.

3.1 Assets

During the 2020/21 financial year, the total value of Council's assets is expected to decline by $3.4m. This is caused by asset disposals and write-offs exceeding additions and renewals by $4.2m. The largest impactor on this result is the expected disposals of surplus land totalling $12.3m.

Council's cash position will also be detrimentally affected by the COVID-19 pandemic and approved community assistance measures which are detailed above. It is expected that receivables will increase by $5m by the end of the 2021 financial year, decreasing the cash position by a similar amount, offset by the receipt of capital grants.

The Long-Term Financial Management Plan forecast indicates that our cash position will continue to decrease until the end of the 2022 financial year. Current information suggests there is expected to be a return to a more favourable financial climate after 2022, resulting in a slow but progressive improvement of Council's financial position and cash reserves.

3.2 Liabilities

Council's liabilities will increase during 2020/21 as a result of borrowing $5m to fund the Economic Recovery Package (refer to Borrowings at section 5.2, above)

This borrowing will be offset by reductions in liabilities as existing borrowing repayments are continued.

3.3 Equity

Council's equity will only move by expected decreases in surpluses as discussed above.

4. CAPITAL EXPENDITURE

Chart 4.1 (below) shows the proposed Capital Expenditure Program for 2020/21. Capital investment of $21.1m is proposed across Council. The Capital Works Program for 2020/21 is included at Attachment 3.

The program represents a significant increase on prior years' commitments (for example, it is a $7m increase on 2019/20) with the major contributors of the increase being:

- significant State and Federal Government Grants of $4m, and
- economic recovery projects of $3m

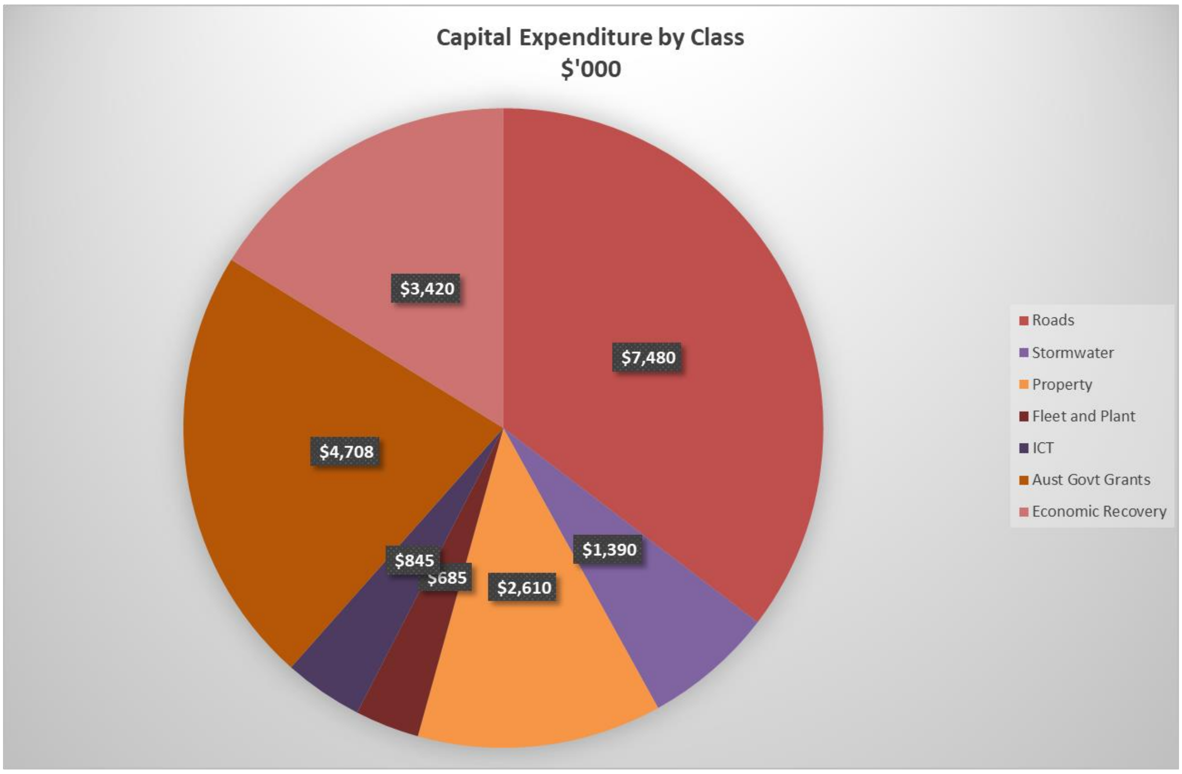

Chart 4.1 – Capital Expenditure by Class 2020/21

Investment by Asset Class

4.1 Transport Infrastructure

Council's transport infrastructure capital works budget for 2020/21 is $7.48m, of which $2m is for new and/or upgraded assets and $5.48m for renewal and replacement of existing assets.

Major capital works budgeted for in the Transport Infrastructure Program include:

- road resurfacing - $2m
- footpath renewal - $1.75m
- pavement rehabilitation - $1.5m
- CBD revitalisation - $1m
- road user safety improvements - $0.45m
- bridge and street lighting renewal - $0.18m
- heavy patching - $0.35m

4.2 Stormwater

The stormwater capital works budget for 2020/21 is $1.39m of which $0.83m is for new and/or upgraded assets and $0.56m is for renewal and replacement of existing assets.

Due to the long-life nature of Council's stormwater assets, which are approximately halfway through their useful lives, renewal demand is not high as the assets do not deteriorate at a uniform rate.

Major capital works budgeted for in the Stormwater program include:

- Flood Mitigation and System upgrade - $0.58m
- Service extensions - $0.25m
- Asset Renewal - $0.56m, and

4.3 Property and Environment Program

The property and environment capital works budget for 2020/21 is $2.61m, of which $1.94m is for new and/or upgraded assets and $0.67m is for replacement and renewal of existing assets.

This program, as detailed above, does not include the substantial works program to be undertaken as a result of receiving State and Federal Government grants for sporting and community facilities. This is detailed separately below.

Major capital projects budgeted for in the Property and Environment Program include:

- Jackson Street Landfill extension - $1m
- public toilet upgrades - $0.385m
- tracks and trails - $0.475m
- commercial building works - $0.2m

4.4 Vehicle Fleet

The 2020/21 vehicle fleet budget of $0.375m enables the timely replacement of Council vehicles.

The majority of light vehicles are commercial and are replaced on a like-for-like basis. Options are being investigated to implement smaller more fuel-efficient vehicles where possible and consider alternatives to owning fleet vehicles (e.g. public transport).

4.5 Plant and Equipment

Replacement of minor and mobile equipment has been budgeted at $0.235m for the 2020/21 financial year. In addition, kerbside and recycling bin replacement has been forecast to be $0.075m.

4.6 Information Communication and Technology (ICT) Program

Council continues its investment in technology for 2020/21 allocating a budget of $0.845m for the financial year. $0.5m will be invested in new and upgraded technologies of software and hardware. Software upgrades will enable improvement of Council's community engagement online, drive efficiency through use of an online induction portal and enable transparency by digitising Council records, while hardware upgrades will see new and upgraded mobile devices and desktop equipment. $0.345m will be invested in renewal and replacement of existing hardware (mobile and desktop equipment) and software (information and cyber security measures).

4.7 State and Federal Government Grants Program

Council has been granted funds to enable the upgrade of a number of sporting and recreation (play) facilities, with works commencing on five projects during the 2020/21 financial year.

Council is required to first undertake the works and then seek milestone reimbursements, resulting in timing delays between the completion of works and the receipt of funds. The new projects commencing in the new financial year and budget allocations are:

- Giblins Reserve Play Space - $1.075m
- Montrose Foreshore Play Space - $0.25m
- Eady Street Sports Facility - $1.0m
- KGV Football Facility - $2.173m
- North Chigwell Football and Community Facility - $0.210m

4.8 Economic Recovery Program

Of Council's proposed $5m Economic Recovery Program, it is forecast that $3.42m will be for capital works (being new and upgraded assets).

Ten projects to be progressed:

- Activity City – a business support program and buy local campaign
- Greater Glenorchy Plan – planning for strategic investment in tourism, retail and hospitality
- City Scape - creating a vibrant city centre for Glenorchy
- Green-shoots in Glenorchy – a small business and start-up incubator
- Showcase – delivering an Arts and Culture Strategy and creative workforce hub
- Corridor of Modern Art – leveraging Glenorchy's arts and culture reputation through a public art trail and tourism asset
- Marine and Defence precinct and innovation – leveraging the marine and defence precinct
- Regional Sport and Recreation Hub
- Cycling Hub at Tolosa Park, and
- Making the Berriedale Peninsula Caravan Park development ready.

The Economic Recovery Program includes projects that will be both operating and capital expenditure, with the capital categorisation to be determined as project plans are developed and refined.

Acknowledging the significance of these borrowings, detailed project costings including whole of life costs will be developed and considered prior to the drawdown of loan funding.

Any material shift in the nature of the expenditure will be reported to Council for endorsement and approval.

5. CASH FLOW AND FUNDING

5.1 Cash

Council's cash position is expected to decline by $4.0m as a result of additional expenditure, reduced revenue and uncollected debt due to the COVID-19 pandemic. Further detail is included in section 3.1 Assets (above).

5.2 Borrowings

As noted above, Council will borrow to deliver a $5m Economic Recovery Program supported through the Tasmanian Government's $150m Local Government Loan Program.

The details of the Economic Recovery Program are provided above at section 4.8.

6. RISKS

6.1 Contingency

In previous budgets, Council has included a contingency amount as a buffer against unforeseen expenses that arise during the year.

No contingency has been included in the current forecasts. A contingency allocation will be considered again at the August 2020 and January 2021 forecast review, if there are sufficient improvements to the forecast position.

6.2 Economic Conditions

User charges, by their nature, are variable revenue items and are dependent on services provided by Council generating the projected revenue. Approximately 20% of Council revenue comes from user charges, including building and planning application fees.

Over the past three (3) years, Council had experienced increased economic activity, resulting in revenue from user charges trending upwards in a number of areas including planning, building and plumbing, the Jackson Street Waste Management Centre and the Derwent Entertainment Centre (which is scheduled for disposal during 2020/21). However, the current economic climate has significantly shifted, meaning

Council has taken previous trends and the current environment into account in developing the 2020/21 budget and has conservatively stated anticipated revenue projections, against which expenses have been matched.

6.3 Interest Rates on Investment Funds

Council's cash reserves are invested to supplement operating revenue and are dependent on maximising returns on investment while also weighing the risk/return trade-off.

Recent decisions by the Reserve Bank of Australia on the cash rate see interest rates continuing at record low levels, which will require prudent management of funds to maximise returns during current unprecedented monetary conditions.

6.4 Payments for Materials, Contractors and Other Expenses

Over the past three years, this expense category has remained steady at just under 40% of total operating expenditure as Council pursues value for money through its purchasing processes.

We rely on competitive procurement processes and for our suppliers to be competitive and remain viable in provision of their services in order to keep costs down.

Any change in their ability to remain competitive and viable may impact on the cost to Council.

6.5 Infrastructure Damage

The risk of damage to Council infrastructure including road, stormwater and property from events such as extreme weather, earthquake, or acts of terrorism are not insured due to the prohibitive cost. Council is exposed to significant costs to repair or replace these infrastructure assets should such events occur.

Council accepts this risk because the cost of mitigation by insurance coverage for the infrastructure assets is too high. There are, however, potential sources of relief or partial relief available to Council in the event of major damage, through the State Government Emergency and Disaster Relief Fund.

7. LONG TERM FINANCIAL MANAGEMENT PLAN AND FINANCIAL MANAGEMENT STRATEGY

The long life nature of Council's assets which support the many Council services necessitates that Council's budget reflects the long-term provision of services that meet community expectations whilst ensuring ongoing financial sustainability.

In line with the requirements of the *Local Government Act 1993*, Council has developed a Long-Term Financial Management Plan (LTFMP) and Financial Management Strategy (FMS) to provide a longer term context and to support decision making particularly during the budget development process.

The *Local Government (Management Indicators) Order 2014* provides for seven measures that Council is assessed against for financial sustainability. Table 7.1 provides a summary of these indicators for the forthcoming year.

Indicator	Target Range	2020/2021 Budget
Underlying Surplus / (Deficit)	> $0	($9,602)
Underlying Surplus / (Deficit) Ratio	> 0%	(17.8%)
Net financial liabilities	> $0	$1,790
Net financial liabilities ratio	> 0%	3.3%
Asset consumption ratio	> 60%	62%
Asset renewal funding ratio	> 90%	80%
Asset sustainability ratio	100%	66%

Table 7.1 – Forecast Management Indicators 2020/21

Council has previously planned and budgeted for an underlying budget surplus. However as indicated earlier in this report, this is not expected for 2020/21 due to the impacts of COVID-19.

Asset renewal funding and sustainability ratios are also below the target ranges for 2020/21. Whilst these ratios are reported annually, the impact is considered on a multi-year rolling average. As Council manages long term assets, it is expected that over the life of the asset the average of these ratios will be 100%. This ensures that Council is maintaining and renewing its existing assets before expenditure on growing the asset base.

SUMMARY

The 2020/21 Budget achieves Council's aim of demonstrating ongoing financial sustainability, while supporting our community through relief and stimulus initiatives.

This has been achieved without forecasting significant rate increases in future years, resulting in a significant operating deficit this year, decreased cash reserves and increased borrowings for the 2020/21 financial year, with forecast impacts continuing into the following year, and not achieving a return to budget surpluses until late in the decade.

Consultations:

Aldermen (Budget workshops held on 3 February, 16 March, 6 April, 20 April and 9 June)

Executive Leadership Team

Managers and Coordinators

Finance staff

Human Resource / Financial and Risk Management Implications:

Human resources

Officers have prepared and will implement the budget as part of their ordinary duties. The budget forecasts employee benefit expenses of $24.603m next financial year, representing a decrease of $365k over the budget for the current year.

The budget incorporates a freeze on automatic CPI wage increases for employees for the 2020/21 financial year, which contributes to that saving.

Financial

Financial implications of the proposed budget are outlined in detail in the report.

Risk management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
Adopt the recommendation Ongoing substantial budget deficits leading to depleted cash reserves as a result of changes to economic conditions or other unforeseen events, leads to a loss of financial sustainability or the need to borrow or increase rates above community expectations.	Severe (C5)	Unlikely (L1)	Notable	Budget and LTFMP to be formally reviewed during the year. Prudent debt management and consistent monitoring of financial conditions enabling an appropriate response. LTFMP reviewed annually and adjustments made in future budgets to account for any unforeseen events. The current LTFMP forecasts ongoing modest rate increases, generally in line with CPI.
Further economic changes result in estimates that are not materially accurate, leading to a need to revise estimates either up or down during the year	Minor (C2)	Possible (L3)	Moderate	Commitment to Council that an updated 2020/21 budget and estimates will be provided for the August 2020 Council meeting and again as at December 2020.
Suppliers, contractors and service providers are unable to provide goods and services or at competitive prices.	Minor (C2)	Possible (L3)	Moderate	Robust procurements to engage with a broad range of potential suppliers and service providers to minimise dependencies.
Damage to Council infrastructure from unpredictable events resulting in significant costs to repair or replace.	Major (C4)	Unlikely (L2)	Moderate	Limited insurance coverage in place for some events with Council accepting risk of a significant event where other financial support is not made available (e.g. State Government)
Do not adopt the recommendation An alternative or updated version of the Annual Budget would need to be developed and endorsed, resulting in delayed implementation of revenue raising in the 2020/21 year, financial uncertainty and	Major (C4)	Likely (L4)	Significant	Consultation and integration of feedback received is part of the Annual Budget drafting process to make sure the final draft meets Aldermanic expectations.

Community Consultation and Public Relations Implications:

Community consultation

Council undertakes frequent community consultation on a range of projects and programs which helps inform its organisational priorities for the year. These are then incorporated into the Annual Plan and Budget.

Additionally, major impactors on the 2020/21 estimates, being the COVID-19 Community Assistance Package and projects under Council's Economic Recovery Program, have been released publicly during Council meetings in April and May 2020 (and through our communications channels, including video updates from the Mayor).

In previous years, Council has held a series of public information sessions on its draft budget prior to the budget's adoption, however this was not possible for the new budget due to COVID-19 restrictions.

Public relations

Council will communicate the key information about this year's budget through its Facebook page and website. A series of videos are currently being produced with the aim of explaining the key aspects of the budget in a clear and accessible way.

Recommendations:

That Council:

1. APPROVE the Glenorchy City Council 2020/21 Budget Estimates as set out in Attachment 1, and note that the estimates include the COVID-19 Community Assistance Package approved at the special Council meeting on 18 May including application of a COVID-19 Rate Relief Rebate to ensure no bottom line increase in rate bills in 2020/21 when compared to the corresponding bills in 2019/20.
2. APPROVE the Glenorchy City Council Long Term Financial Management Plan 2020/21 to 2029/2030 as set out in Attachment 2
3. RESOLVE that pursuant to section 90 of the *Local Government Act 1993* (**the Act**), for the period commencing on 1 July 2020 and ending on 30 June 2021 inclusive (**the financial year**), Council makes a general rate of 8.536 cents in the dollar based on the assessed annual value (AAV) of all rateable land in the municipal area of Glenorchy
4. RESOLVE that pursuant to section 107(1)(a) of the Act, for the financial year, Council varies the general rate down to 7.825 cents in the dollar based on the AAV, for all rateable land in the municipal area of Glenorchy used for residential purposes;
5. RESOLVE that pursuant to section 90(4) of the Act, for the financial year, Council sets the minimum amount payable in respect of the general rate at $196.30

6. RESOLVE that pursuant to section 93A of the Act, for the financial year, Council makes the following service rates in respect of fire protection based on the AAV of all rateable land on the valuation roll or assessment roll prepared under the *Valuation of Land Act 2001* as follows:

   a) 1.338 cents in the dollar for Council's contribution to the State Fire Commission for land that is situated within the Hobart Permanent Brigade Rating District, with a minimum contribution for each parcel of land of $41.00 applying, and

   b) 0.10 cents in the dollar for Council's contribution to the State Fire Commission for land that is situated outside the Hobart Permanent Brigade Rating District with a minimum contribution for each parcel of land of $41.00 applying.

7. RESOLVE that pursuant to section 94(1) of the Act, for the financial year Council makes a waste management service charge for services provided by Council upon rateable land within the municipal area of Glenorchy of $469.60 to each property

8. RESOLVE that pursuant to Section 94(3) of the Act, for the financial year Council varies the waste management service charge within the municipal area according to the use of land and / or according to the level of service provided to the land as follows:

   a) In respect of all land within the municipality where a 140 litre bin has been provided by Council for mobile recycling bin services, the service charge is varied down by $372.30 to $97.30 for those properties that nominate to receive a fortnightly collection service

   b) In respect of all land within the municipality where a 240 litre bin has been provided by Council for mobile recycling bin services, the service charge is varied down by $372.30 to $97.30 for those properties that nominate to receive a fortnightly collection service

   c) In respect of all land within the municipality where a 140 litre bin has been provided by Council for mobile recycling bin services, the service charge is varied down by $275.00 to $194.60 for those properties that nominate to receive a weekly collection service

   d) In respect of all land within the municipality where a 240 litre bin has been provided by Council for mobile recycling bin services, the service charge is varied down by $275.00 to $194.60 for those properties that nominate to receive a weekly collection service

   e) In respect of all land within the municipality, for mobile recycling bin services, the service charge is varied down by $372.30 to $97.30 for those properties that contain multiple dwellings within one property

   f) In respect of land used for non-residential purposes, where a 240 litre bin has been provided by Council for mobile garbage bin services, the service charge is varied down $199.80 to $269.80 for those properties that nominate to receive a fortnightly collection service

g) In respect of land used for non-residential purposes, where a 140 litre bin has been provided by Council for mobile garbage bin services, the service charge is varied down by $195.50 to $274.10 for those properties that nominate to receive a weekly collection service

h) In respect of land used for non-residential purposes, where a 140 litre bin has been provided by Council for mobile garbage bin services, the service charge is varied down by $312.50 to $157.10 for those properties that nominate to receive a fortnightly collection service

i) In respect of land used for residential purposes, where a 240 litre bin has been provided by Council for mobile garbage bin services, the service charge is varied down by $159.70 to $309.90 for those properties that nominate to receive a weekly collection service

j) In respect of land used for residential purposes, where a 140 litre bin has been provided by Council for mobile garbage bin services, the service charge is varied down by $288.80 to $180.80 for those properties that nominate to receive a weekly collection service

k) In respect of land used for residential purposes, where a 240 litre bin has been provided by Council for mobile garbage bin services, the service charge is varied down by $314.50 to $155.10 for those properties that nominate to receive a fortnightly collection service

l) In respect of land used for residential purposes, where a 140 litre bin has been provided by Council for mobile garbage bin services, the service charge is varied down by $379.00 to $90.60 for those properties that nominate to receive a fortnightly collection service

m) In respect of land used for residential purposes, for mobile garbage bin services the service charge is varied down by $379.00 to $90.60 for properties that contain multiple dwellings within one property, and

n) In respect of all land within the municipality where a food organics green organics (FOGO) service is provided by Council; the service charge is varied down by $394.60 to $75.00.

9. RESOLVE that in accordance with section 129 of the Act, for the financial year Council will provide a rebate to all ratepayers calculated as the difference between all rates and waste service charges applicable at 30 June 2020 and the corresponding rates and waste service charges applied for the financial year (to be referred to as the COVID-19 Rate Relief Rebate)

10. RESOLVE that a penalty of 10% is to apply to the amount of any instalment not paid by the due date, except where a ratepayer falls behind on their rates bill during the COVID-19 emergency period

11. RESOLVE that interest at a rate of 6.85% per annum is to apply to the amount of any instalment not paid by the due date in accordance with section 128 of the Act, except where a ratepayer falls behind on their rates bill during the COVID-19 emergency period

12. RESOLVE that as permitted by section 129(4) of the Act, no penalty or interest is to apply during the period 1 August 2020 and 30 April 2021 inclusive where payment is made by direct debit and there are no arrears owing, and

13. RESOLVE that rates levied in accordance with this resolution are payable to the Council by four (4) equal instalments:

    a) the first notice on or before the 31^{st} day after the issue of the rates notice;

    b) the second instalment on or before 15 October 2020

    c) the third instalment on or before 15 January 2021, and

    d) the fourth instalment on or before 15 March 2021

14. RESOLVE to review the Glenorchy City Council 2020/21 budget estimates and Long Term Financial Management Plan 2020/21 to 2029/30 at the 31 August 2020 meeting of Council and the ordinary Council meeting in January 2021.

Attachments/Annexures

1 Budget Estimates 2020/21
⇨

2 Long Term Financial Management Plan 2020/21 to 2029/30
⇨

3 Capital Works Program 2020/21
⇨

4. GLENORCHY CITY COUNCIL ANNUAL PLAN 2020/21 TO 2023/24

Author:	Manager City Strategy and Economic Development (Erin McGoldrick)
Qualified Person:	Director Strategy and Development (Samantha Fox)
ECM File Reference:	Annual Plan 2020/21 to 2023/24

Community Plan Reference:

Leading our community

We will be a progressive, positive community with strong Council leadership, striving to make Our Community's Vision a reality.

The Community looks to Council to advocate for its needs and lead it into a preferred future.

Strategic or Annual Plan Reference:

Leading our community

Objective 4.1	Govern in the best interests of our community
Strategy 4.1.1	Manage Council for maximum efficiency, accountability and transparency
Objective 4.2	Prioritise resources to achieve our communities' goals
Strategy 4.2.1	Deploy the Council's resources effectively to deliver value

Reporting Brief:

The requirement for Council to adopt an Annual Plan is set out in section 71 of the *Local Government Act 1993* (**the Act**), which provides:

(1) A council is to prepare an annual plan for the municipal area for each financial year.

(2) An annual plan is to –

- *(a) be consistent with the strategic plan; and*
- *(b) include a statement of the manner in which the council is to meet the goals and objectives of the strategic plan; and*
- *(c) include a summary of the estimates adopted under section 82; and*
- *(d) include a summary of the major strategies to be used in relation to the council's public health goals and objectives.*

The draft *Glenorchy City Council Annual Plan 2020/21 to 2023-24* is Attachment 1 to this report.

Proposal in Detail:

How the Annual Plan fits into Council's strategic planning

The *Glenorchy Community Plan 2015-2040* identifies the following community goals:

- Making lives better
- Open for business
- Valuing our environment
- Leading our community, and
- Building image and pride.

The *Glenorchy City Council Strategic Plan 2016-2025* was re-confirmed by Council on 26 November 2018. The Strategic Plan aims to deliver on the goals in the Community Plan through ten objectives and twenty-one strategies.

The draft Annual Plan aligns to those strategies and identifies actions to be undertaken by Council over the next four years to deliver on the Community's goals and vision.

Actions are developed by Council coordinators and managers, presented to, and reviewed by, the Executive Leadership Team, General Manager and Aldermen.

The Annual Plan and budget development processes are aligned and interlinked to ensure Council has the financial capacity and resources to efficiently deliver the actions planned for the coming year, within a balanced and realistic budget.

The format of the Annual Plan has been updated with the intention of making the priorities of Council clearer for our community. Against each of the five community goals, the Annual Plan identifies a small number of priority actions for 2020/21 that reflect Council's primary focus. The Annual Plan also identifies supporting actions, which include service delivery and actions to be delivered over the next four years. This is included in the appendix at the end of the document.

In alignment with the processes outlined in the 2020/21 Budget report, a conservative approach has been taken in light of the impacts of COVID-19 socially, economically and financially. The planned actions for 2020/21 are based on the best information available at the time of preparation. The actions that are most likely to be impacted have Asterix (**) against their action title.

If required, the actions in the Annual Plan will be reviewed by Council in August 2020, in line with the 2020/21 Budget review resolution.

Annual Plan Priority Actions for 2020/21

Council's Annual Plan incorporates 14 priority actions.

The priority actions were identified by assessment against a priority matrix, which combined:

- contribution to Council's Community Plan priorities, and

- contribution towards mitigation of risks identified in Council's Strategic and Key Operational Risk Register.

The results from this assessment were then reviewed by ELT for final inclusion as a priority action.

The priority actions included in the 2020/21 Annual Plan are a continuation of the previous year's priorities, with actions being rolled forward from 'development' into 'implementation' if they are multi-year or adjusted to reflect activities specific to 2020/21.

Two priority actions were added and reviewed by ELT. These are:

- 'Invest strategically in parks, reserves and sporting facilities and repurpose underutilised land' (covering the delivery of the Federally Funded playground and recreation facilities), and
- 'Implement the Communications Strategy'.

As noted above, this year the prioritisation process resulted in fourteen (14) priority actions for 2020/21. Priority actions for each Community Plan goal are:

<u>Making Lives Better</u>

- Deliver the Community Development Strategy
- Implement the Customer Service Strategy

<u>Open for Business</u>

- Implement the Open for Business improvement plan
- Implement the Economic Development Strategy and Economic Recovery Plan
- Facilitate major developments and investments

<u>Valuing our Environment</u>

- Implement the Future Glenorchy Program
- Invest strategically in parks, reserves and sporting facilities and repurpose underutilised land
- Implement the Waste Management Strategy with a priority of extending the Jackson Street landfill

<u>Leading our Community</u>

- Improve Council's Asset Management practices
- Undertake an organisation wide review of technology requirements
- Implement the People and Culture Strategy

<u>Building Image and Pride</u>

- Implement the Communications Strategy
- Deliver an Arts and Culture Strategy
- Launch redeveloped Glenorchy City Council website

Delivering the Annual Plan

If the Annual Plan is adopted by Council, individual actions will be translated down to more detailed business plans at departmental level, work unit level and individual position level.

Key performance indicators and quarterly indicators have been identified for each goal in the Annual Plan to enable performance monitoring by Council and management.

The implementation of Annual Plan actions will be monitored during the year, with a quarterly report provided to Council, as a key part of the suite of reports that constitute the Council’s Corporate Reporting Framework.

Consultations:

The Annual Plan was informed by consultation with the Executive Leadership Team and departmental managers starting in early December 2019, with and revisions made through to June 2020.

Aldermen participated in a Council workshop on 9 June 2020 to provide final feedback on the draft document.

Human Resource / Financial and Risk Management Implications:

<u>Financial</u>

The development of the Annual Plan was coupled to the budget development process. The actions identified in the Draft Annual Plan can be delivered within the Council’s proposed 2020/21 budget. The Annual Plan includes a four-year outlook to assist with Council’s financial forward planning.

Given the underlying financial risks associated with the development of the 2020/21 budget, the Annual Plan will be considered for revision again in August aligning with the proposed budget review.

Any significant budgetary adjustments may require adaptation or reduction of actions included in the 2020/21 year of the Annual Plan.

<u>Human resources</u>

When the Annual Plan is adopted by Council, individual actions will be translated down to more detailed business plans at departmental level, work unit level and individual position level. To ensure delivery against the agreed action in the Annual Plan within existing human resource capacity, individual Performance Review objectives form part of this strategic line of sight.

<u>Risk management</u>

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
Adopt the recommendation				
Annual plan priorities and actions do not allow Council to achieve its goals and are not in line with community expectations.	Moderate (C3)	Unlikely (L2)	Moderate	The Annual Plan is monitored continuously and reported on quarterly, which enables the identification of deficiencies and shifts in priorities.
Economic changes result in budget estimates that are not materially accurate, resulting in significant changes to the capacity of Council to deliver Annual Plan actions	Minor (C2)	Possible (L3)	Moderate	An opportunity to update the 2020-2021 Annual Plan will be provided for the August 2020 Council meeting in the event that this risk eventuates.
Do not adopt the recommendation				
If Annual Plan not adopted, Council will be in breach of its statutory obligations under s. 71 of the *Local Government Act 1993.*	Moderate (C3)	Almost certain (L5)	Significant	Prepare an alternative Annual Plan for adoption with consequent duplication of resources.
An alternative or updated version of the Annual Plan would need to be developed and endorsed, resulting in delayed implementation and reporting for the 2020/21 year.	Major (C4)	Almost certain (L5)	High	Consultation and integration of feedback received is part of the Annual Plan drafting process to make sure the final draft meets Aldermanic expectations.

Community Consultation and Public Relations Implications:

Community consultation

Under section 71(3) of the Act, the following steps must be taken to publicly notify an annual plan:

As soon as practicable after a council adopts an annual plan, the General Manager is to:

(a) make a copy of the annual plan available for public inspection at the public office during ordinary business hours; and

(b) provide the Director (of Local Government) *and the Director of Public Health with a copy of the annual plan.*

Once adopted, public notification about the Annual Plan will occur in accordance with these statutory requirements and the Plan will be posted to Council's website.

Public relations

The Annual Plan of Council outlines the key actions and priorities guiding operations for the upcoming 2020/21 year. The core activities of Council are summarised in the document. Priorities identified may illicit interest from the public and/or media.

Recommendation:

That Council:

1. ADOPT the Glenorchy City Council Annual Plan 2020/21 to 2023/24 in the form of Attachment 1.
2. RESOLVE to review Glenorchy City Council Annual Plan 2020/21 to 2023/24 at the 31 August 2020 meeting of Council.

Attachments/Annexures

1 Draft Annual Plan 2020-21 to 2023-24
⇨

5. SCHEDULE OF FEES AND CHARGES

Author: Accounting Coordinator (Mark Patmore)

Qualified Person: Director Corporate Services (Jenny Richardson)

ECM File Reference: Annual Budget 2020/2021

Community Plan Reference:

Leading Our Community

We will be a progressive, positive community with strong council leadership, striving to make Our Community's Vision a reality.

The communities of Glenorchy will be confident that Council manages the community's assets soundly for the long term benefit of the community.

Strategic or Annual Plan Reference:

Leading Our Community

Objective 4.1	Govern in the best interests of our community
Strategy 4.1.1	Manage Council for maximum efficiency, accountability and transparency
Strategy 4.1.2	Manage the City's assets soundly for the long-term benefit of the community
Objective 4.2	Prioritise resources to achieve our communities' goals
Strategy 4.2.1	Deploy the Council's resources effectively to deliver value

Reporting Brief:

To present the proposed Schedule of Fees and Charges for the 2020/2021 financial year to Council for adoption.

Proposal in Detail:

Attachment 1 to this report is Council proposed Schedule of Fees and Charges for 2020/2021 (**Schedule**).

The Schedule sets out both the fees charged for the 2019/20 financial year and the proposed fees for 2020/21. Overall, a small number of fees have been eliminated, a significant number of community fees have not been increased and a range of fee increases in the order of approximately 2.5% are proposed.

The revenue from user charges varies from year to year depending on the activity level within the community. In prior years this revenue could be as high as 40%. However, in the current economic climate with the impacts from the COVID-19 pandemic being felt, it has been forecast that only approximately 20% of Council's revenue will come from user charges in the 2020/21 financial year.

All fees and charges are reviewed annually to ensure statutory compliance to take financial and budgetary considerations into account.

For the 2020/21 financial year, the impact of increases in fees and charges on the community and our economic recovery has also been taken into consideration. Accordingly, not all fees and charges are proposed to increase.

In the current environment, it is also recognised that there may be a number of users of Council's services who are suffering from financial hardship. Residents who are having difficulty paying fees and charges due to financial hardship caused by the impacts of COVID-19 may be eligible for the waiver or reduction of some fees and will be encouraged and assisted to apply under COVID-19 Council's Financial Hardship Guidelines.

Summary of fee movements

<u>Animal Control</u>

Fees in this category have been increased in line with CPI movements, except for the purchase of dog anti-barking collars, which have been sourced and on sold at a cheaper rate and a new fee for the refill of the new anti-barking collar.

<u>Assets</u>

Fees in this category have been increased in line with CPI movements and a Service location fee increased, based on cost recovery assessments.

<u>Building</u>

Fees in this category have been increased in line with CPI movements.

<u>Child Care Centres</u>

Fees in this category have not been increased.

Management has considered the circumstances of the COVID-19 pandemic with the associated impact on the Child Care Centres and proposes that charges remain at the 2019/20 rate to assist with the rebuilding of enrolments at both centres. It is proposed to review the fee levels prior to the end of the calendar year with a view to implementing any increase from the start of the new calendar year.

<u>Customer Service</u>

Fees in this category have not been increased.

The sale of Glenorchy History books is old stock meaning that increases in fees are not required to offset costs. The credit card surcharge that we charge ratepayers is a flat rate fee and is a cost recovery fee based on Council bank fees.

Environmental Health Services

Council approved the fees in this category at its May 2020 Council meeting. A summary is included in this paper for completeness.

Fees in this category have been increased in line with CPI movements with the exception of Food Business licence renewals.

Council is not proposing to increase renewal fees this financial year due to the implementation of a new business classification structure and higher than normal fee increases commencing 1 July 2019. Annual renewal of the Food Business licences has been delayed by the State Government until December 2020.

Council will undertake a six-month renewal process in December 2020 and a further full year renewal process in June 2021.

Hall Hire

Fees in this category have been increased in line with CPI movements.

Information Management

The fee for making Right to Information requests is set by State Government legislation.

Landfill Operations

Fees in this category have been increased in line with CPI movements, with the exception of the Minimum gate fee and Volume based Charging schedule used when the weighbridge is non-operational.

These types of fees are rarely used and have not been increased due to cash handling operational efficiency reasons.

Licences

Fees in this category have been increased in line with CPI movements.

Miscellaneous

Fees in this category have not been increased due to the minimal increase in both fee revenue and costs incurred.

Moonah Arts Centre

Fees in this category have not been increased.

Management has considered the circumstances of the COVID-19 pandemic with the associated impact on the arts industry and community organisations and proposed charges remain at the 2019/2020 rate. It is envisaged that any hiring of the facilities will take some time to recover and by not increasing at this time acknowledge the hardship situation of our customers and may assist in encouraging recovery.

Parking Permits

The Disabled Parking Permit fee has not been increased due to the minimal increase in fee revenue and the desire to maintain accessibility for our residents.

Planning Services

Fees in this category have been increased in line with CPI movements.

Plumbing

Fees in this category have been increased in line with CPI movements.

Property Assets

Fees in this category have been increased in line with CPI movements.

Reserves

Fees in this category have been increased in line with CPI movements.

Revenue

Fees in this category have been increased in line with CPI movements, with the exception of Payment Dishonour Fees and the minimum Landfill Account fee that have not been increased with costs not increasing warranting an increase.

Tolosa Park

Fees in this category have not been increased with the fees being above the hire fees for similar facilities in other municipalities.

Waste Services

Council approved the fees in this category at the May 2020 Council meeting. This summary is included in this paper for completeness.

Fees in this category have been increased in line with CPI movements with the exception of Recycling fees and the FOGO fee. The Recycling fees have been increased to cover additional costs associated with the service.

The FOGO fee represents a full year fee with the current financial year fee representing a part year fee with the introduction of the service.

Consultations:

Executive Leadership Team
Managers and Coordinators
Senior Finance Staff

Human Resource / Financial and Risk Management Implications:

Financial

Approximately 20% of Council's revenue is derived from user charges and being a significant part of Council's budgeted income.

The revised Schedule of Fees and Charges accounts for changes in the cost of undertaking business, including CPI cost increases or other cost recovery increases and it is important that the Schedule is adopted to assist Council maintain services at the existing level.

Human resources

There are no material human resource implications.

Risk management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
Adopt the recommendation Adverse public reaction to the decision to increase fees and charges.	Minor (C2)	Possible (L3)	Moderate	Communicate to the community that fee increases have been kept to a minimum, with several fees not being increased and with a General Rate and Waste Services Levy Rebate introduced.
Do not adopt the recommendation Adverse financial implications for Council with a risk of not meeting Long Term Financial Management Plan revenue objectives.	Moderate (C3)	Unlikely (L2)	Moderate	Consider cost savings to counteract the revenue shortfall objectives.

Community Consultation and Public Relations Implications:

Community consultation

Not applicable.

Public relations

In setting the proposed fees included in the Schedule, Council has tried to balance the need to ensure financial sustainability with minimising the impact on ratepayers and continuing to deliver essential services to the Glenorchy community.

The Schedule of Fees and Charges will be published on Council's website, once adopted.

Recommendation:

That Council:

APPROVE the Glenorchy City Council schedule of Fees and Charges 2020/21 in the Form of Attachment 1.

Attachments/Annexures

1 Schedule of Fees and Charges 2020 21

⇨

CLOSED TO MEMBERS OF THE PUBLIC

GOVERNANCE

Community goal: "Leading our community"

6. DEC AND WIKLINSONS POINT - URGENT UPDATE FROM STATE GOVERNMENT

This item is to be considered at a closed meeting of the Special Council by authority of the Local Government (Meeting Procedures) Regulations 2015 Regulation 15(2)(b) (Information that, if disclosed, is likely to confer a commercial advantage or impose a commercial disadvantage on a person with whom the Council is conducting, or proposes to conduct, business) and (2)(c) (Commercial information of a confidential nature that, if disclosed, is likely to: prejudice the commercial position of the person who supplied it; confer a commercial advantage on a competitor of the Council; or reveal a trade secret) and (2)(g) (Information of a personal and confidential nature or information provided to the Council on the condition it is kept confidential).