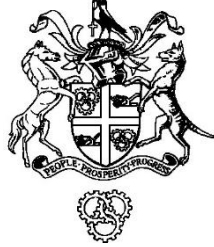


**SPECIAL COUNCIL MEETING
AGENDA
MONDAY, 17 JUNE 2024**



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.

A handwritten signature in blue ink, appearing to read 'Tony McMullen'.

Tony McMullen
General Manager
MONDAY, 17 JUNE 2024

Hour: 3.30pm

Present (in Chambers):

Present (by video link):

**In attendance (in
Chambers):**

**In attendance (by video
link):**

Leave of Absence:

ELECTED MEMBER STATEMENT OF INTENT

November 2022

We will...	By...
Be curious, open to change and difference	Being progressive, proactive, and innovative Taking calculated risks Asking questions before offering opinions or solutions Debating ideas without getting personal Remembering everyone is equal Always having an open mind
Be authentic and act with integrity	Being accessible Being honest and trustworthy Demonstrating transparency and accountability
Be respectful to each other	Going to the source, in person, early Assuming good intent, always Acting with good intent, always Actively listening, seeking to understand Valuing other's opinions Being prepared
Own and right our wrongs	Self-reflecting Being open to feedback Being brave enough to be vulnerable
Show strong leadership	Challenging the status quo Continually learning and practicing good governance Striving for financial sustainability and strength Having clarity on role and purpose
Consider the impact we have on others	Practicing emotional intelligence Hearing both sides before making judgement Remembering our behaviour and words matter to staff



ELECTED MEMBER LEGACY
November 2022

At the end of our term, we will have made a real difference because, together:

We deliver

We're active and present

We put people first

We are inclusive

We are future focussed and brave

We improved communication and community engagement

We empowered our community

We rebuilt pride

We were accountable

We created a safe, clean, equitable city

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6. GLENORCHY CITY COUNCIL ANNUAL PLAN 2024/2025-2027/202847

1. APOLOGIES

2. PECUNIARY INTEREST NOTIFICATION

3. PUBLIC QUESTION TIME (15 MINUTES)

Please note:

The Council Meeting is a formal meeting of the Elected Members elected by the Glenorchy community. It is chaired by the Mayor. Public question time is an opportunity in the formal meeting for the public to ask questions of their elected Council representatives about the matters that affect ratepayers and citizens.

In accordance with regulation 31(2) and (3) (Public question time) Local Government (Meeting Procedures) Regulations 2015, Council will allocate 15 minutes during each Council Meeting to invite members of the public to ask questions relating to the activities of Council.

The following rules and procedures apply to Public Question Time:

1. questions must relate to the activities of Council
2. members of the public are to announce their name and residential address before asking a question (which will be recorded in the minutes)
3. questions are to be put succinctly and in the form of a question, not a comment
4. questions must not be inflammatory, abusive, defamatory, contain a personal attack or otherwise breach any rules of the meeting which have been explained by the Chairperson
5. the Chairperson may limit the number of questions asked by each member of the public in order to ensure that all members of the public wishing to ask questions are given the opportunity within the allocated time
6. the Chairperson will decide the order in which questions are to be asked and may rotate the order between different members of the public if individuals have more than one question to ask
7. the Chairperson may, in their absolute discretion:
 - a) refuse to answer a question if the Chairperson deems that it is inappropriate or does not comply with these rules or the rules of the Council meeting, or
 - b) take a question 'on notice', in which case the answer will be provided in writing prior the next Council meeting and included on the agenda for the next Council meeting
8. if a question is taken on notice, the Chairperson may request that the member of the public submit their question in writing and may refuse to provide a response if the question is not provided as requested, and
9. the 15 minutes allocated for Public Question Time may be extended at the discretion of the Chairperson at the conclusion of the time period. Council is to publish information relating to Public Question Time, including any additional rules and procedures, on Council's website.

GOVERNANCE

Community Goal – Leading our Community

4. 2024/25 BUDGET ESTIMATES

Author: Chief Financial Officer (Michael Sokulski)

Qualified Person: Director Community and Corporate Services (Tracey Ehrlich)

ECM File Reference: 2024/25 Annual Budget

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: We are a leader and partner that acts with integrity and upholds our community's best interests.

Strategy: Listen to our community to understand their needs and priorities.

Strategy: Make informed decisions that are open and transparent and in the best interests of our community.

Objective: We responsibly manage our community's resources to deliver what matters most.

Strategy: Manage the City's assets responsibly for the long-term benefit and growth of our community.

Strategy: Deploy the Council's resources effectively to deliver value while being financially responsible.

Reporting Brief:

To seek Council's adoption of the proposed Budget Estimates 2024/25, Long-Term Financial Management Plan 2024/25 to 2033/34 and Rates & Charges 2024/25.

Proposal in Detail:

Executive Summary

The 2024/25 Budget Estimates (budget), Long-Term Financial Management Plan 2024/25 to 2033/34 (LTFMP) and Rates & Charges 2024/25 are presented to Council for consideration and adoption by absolute majority.

The focus for this budget has been to continue to balance investment in the services that underpin the objectives in our 2023-32 Strategic Plan - and particularly the actions in Council's 2024/25 to 2027/28 Annual Plan - with the need to improve Council's financial sustainability. In other words, we are aiming to balance the demand for services with sustainable rates.

Council's priority actions for 2024/25, in summary, are:

- Commence the project to repair and reopen the Glenorchy War Memorial Pool
- Seek grants for Tolosa Park Stage B and a future redevelopment of the pool
- Construct the Berriedale-Windermere Foreshore trail
- Complete Soccer projects at KGV and North Chigwell
- Construct the Claremont Pump Track and Skate Ramp
- Extend the life of the Jackson Street landfill
- Explore improved youth opportunities
- Work on improved safety and inclusion in our community
- Tackle graffiti
- Work within Council's remit to increased housing supply in our City

Due to inflationary pressures over the past three years, Council has had to be prudent in setting a budget that puts Glenorchy on a path towards a balanced surplus. We are midway through that plan and expect 2025/26 to be the year where we start moving towards a more normal setting.

The 2024/25 budget is supported by the LTFMP with the reducing deficit largely in line with the target set last year.

The proposed budget includes an average 5.95% general rate revenue increase which is lower than last year's 8.95% increase. A 5% increase in recycling and FOGO kerbside waste management charges was adopted on 27 May 2024. Due to the doubling of the State Landfill Levy to \$44.88 per tonne, it has been necessary to increase the kerbside garbage waste management charge by 10% as Council's estimated liability for the levy has increased to \$1.98 million in 2024/25.

Council is also required to contribute \$6.737 million towards the State Fire Levy which is an increase of \$0.216 million or 3.3% over the 2023/24 amount.

The combination of differing increases across the general rate, waste management charges and state fire levy contribution results in a bill increase for the median residential property of \$85 per year or \$1.64 per week.

In its capital works program, Council has planned expenditure of \$26.9 million for 2024/25 including a total budget of about \$7.988 million for major projects – some of which are listed under the priority projects (above).

Importantly, Council is fully funding its renewal demand in transport, stormwater and property assets – to ensure that the level of service provided to the community by our roads, footpaths, drainage, community buildings and recreation facilities is maintained.

Capital projects for 2024/25 (not already mentioned above as priority actions) include:

- Resurfacing up to 7.3km of roads (2% of network)
- Replacing up to 4.1km footpaths (1% of network)
- Stage 2 Road Reconstructions in Ashbourne Grove and Renfrew Circle
- Cycling Grant - Stage 1B – Main Road Granton Shared Path
- Black Spot Projects in Grove Road, Main Road Austins Ferry and Kensington Street
- Vulnerable Road User Projects in Gavitt Street, Wrights Avenue, Bayswater Road and Bowden Street
- Replacement of various picnic shelters, seating, tables and BBQs
- Public toilet replacement at Berriedale Bay
- Redlands Drive flood mitigation (sedimentation basin)
- Chandos Drive stormwater upgrade (190 Marys Hope Road)
- Chapel Street Reserve DN300 replacement
- New Town Rivulet Outlet Redevelopment – (CoH project)

Council's budget for 2024/25 forecasts an underlying deficit of \$2.302 million which represents a reduction to the 2023/24 original underlying deficit of \$3.639 million. With key focus areas of financial sustainability and strategic plan objectives at the forefront, the 2024/25 budget concentrates on:

- ensuring we have sufficient cash to service operations within the Tasmanian Audit Office published range of 3 to 6 months
- planning for a returning to surplus in the 2025/26 budget year
- providing enhanced services in line with community expectations and the strategic plan
- completing grant funded major capital works projects by 30 June 2025

This year is also a municipal revaluation year for Glenorchy. The Valuer-General has revalued all properties in the City. As a result, there is a significant average increase in the “assessed annual value” (AAV) of properties due to the strong property market since the last revaluation in 2018. Most property values have gone up but by differing amounts. Some property values have gone down. As a result, while the overall average rate revenue increase is 5.95%, rate bills for individual properties will have differing levels of increase or decrease.

Consistent with changes made in 2023/24, the budget is able to deliver assistance through extended rate payment dates, reduced late payment fees and through Council’s Hardship Policy.

Operating Budget Overview

Key features of the proposed 2024/25 operating budget estimates are:

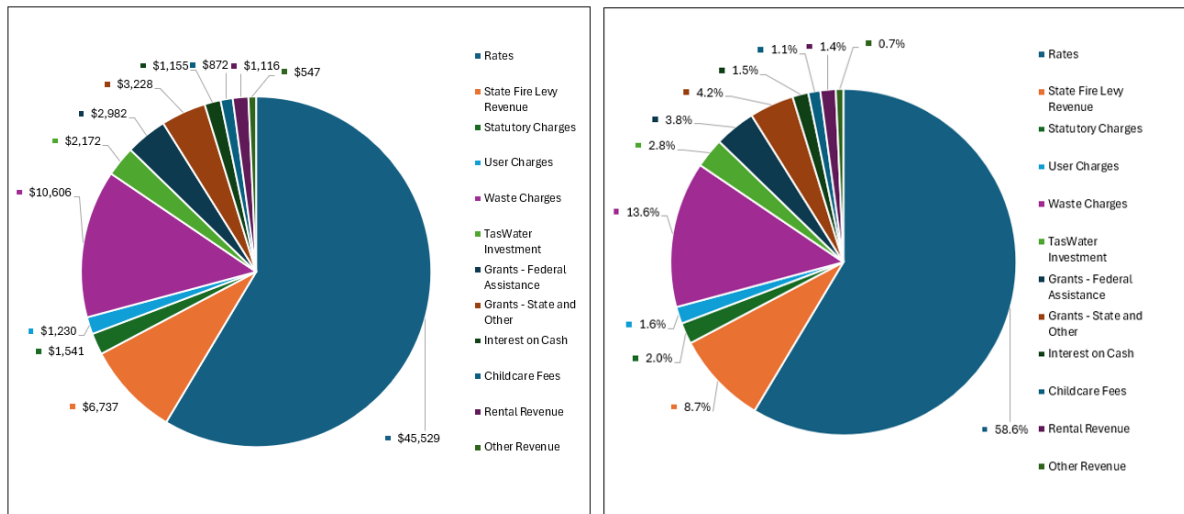
- Operating Deficit \$0.227 million
- Underlying Operating Deficit \$2.302 million
- Rate Revenue \$45.529 million
- Operating Revenue \$77.715 million
- Operating Expenditure \$77.942 million
- Depreciation and Amortisation \$16.282 million
- Asset Write-off and Disposal \$1.700 million
- Capital Expenditure \$26.9 million
- Cash Balance at 30 June 2025 \$29.6 million
- No new borrowings

Revenue

The proposed 2024/25 budget generates an additional \$4.901 million in revenue. Of this \$2.390 million is derived from Rates, \$1.155 million total from Interest on Investments and an additional \$0.795 million in Grant revenue is also expected.

Waste charges revenue is increasing \$1.072 million primarily due to state levy charges.

Chart 1.1 Revenue (\$'000)



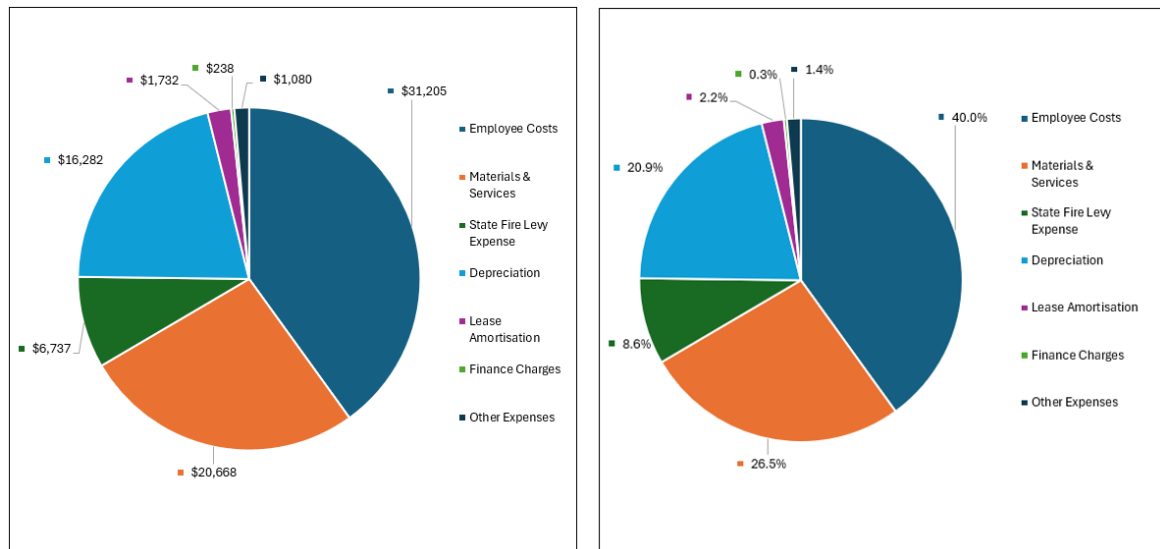
Expenditure

The proposed 2024/25 budget allows for an increase in expenditure of \$3.827 million. Of this \$2.611 million increase in Employee Costs, \$1.420 million is due to increases in Materials & Services, and \$0.457 million in other expenses.

Employee Costs have risen due to the final year of the enterprise bargaining agreement, additional workers compensation premium costs and the legislated increase to the Superannuation Guarantee rate.

Of particular note are unavoidable increases to our State Landfill Levy liability (up from \$0.920 million to \$1.978 million), Land Tax (up from \$0.654 million to \$0.876 million) and Insurance Premiums (up from \$0.863 million to \$0.980 million).

Chart 1.2 Expenditure (\$'000)



Annual Plan Key Priority Actions 2024/25

- Commence the project to repair and reopen the Glenorchy War Memorial Pool
- Actively pursue external grant funding to support and deliver on strategic priority projects including Tolosa Park Stage B and the Glenorchy War Memorial Pool
- Increase Council's tracks and trails network through the Berriedale-Windermere Foreshore Project
- Complete the delivery of the federally funded sport and recreation projects at KGV Soccer Park and North Chigwell Soccer Club
- Develop a new Pumptrack/Skatepark at Claremont
- Extend the Jackson Street landfill cell to increase Council's waste management capacity
- Deliver programs to improve opportunities for our young people
- Partner with government and community organisations to deliver programs that improve community safety and inclusion
- Research and recommend an improved approach to tackle graffiti in our City
- Support increased housing supply in the City through land release, proactive planning and advocacy

Capital Budget Overview

A separate report for the 2024/25 Capital Works program and Budget is presented to this Special Council meeting. However, a snapshot of the capital budget reveals works totalling \$26.910 million are planned.

Capital works priorities for the proposed budget are focused on the renewal and maintenance of existing community assets and the delivery of grant funded facilities.

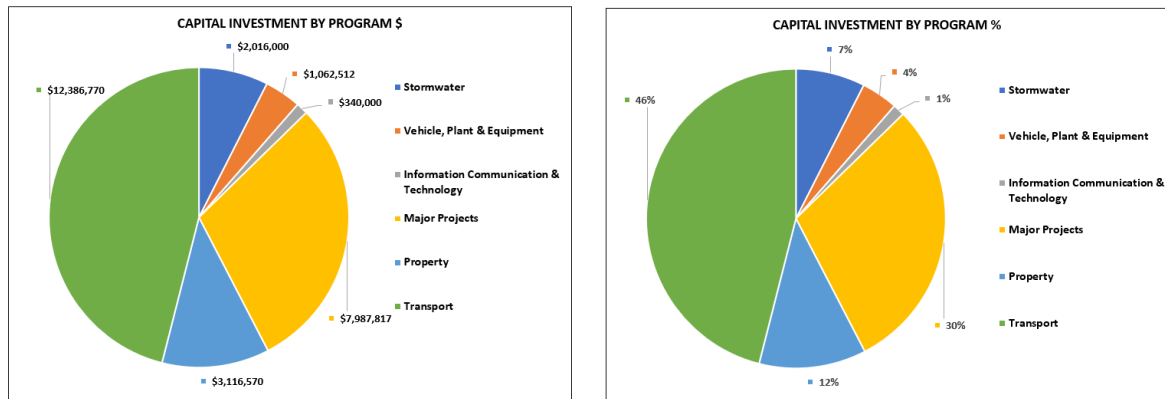
Key Major Projects for the 2024/25 financial year total \$7.988 million and include:

- North Chigwell soccer redevelopment
- KGV soccer redevelopment
- Landfill Lift
- Benjafield child care renovations
- Roseneath Reserve
- Cooina Reserve
- Landfill office accommodation

Key renewal and upgrade projects for the 2024/25 financial year total \$15.907 million and include:

- Renfrew Circle Road Reconstruction and Traffic Improvement
- Ashbourne Grove Stage 2
- Berriedale Foreshore
- Redlands Drive Flood Remediation Works
- Abbotsfield Road Footpath Improvement (35721, 33814)
- Main Road Granton Shared Path - Stage 2
- Claremont Skatepark
- Tracks and Trails - Windermere
- Main Road Granton Shared Path - Stage 1
- New Town Rivulet Outlet Remediation

Chart 2.1 Capital Works



2024/25 Budget Details

Section 82 of the *Local Government Act 1993* (the Act) requires the General Manager to prepare estimates of Council’s revenue and expenditure for each financial year, in particular:

- (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;*
 - (b) *be adopted before 31 August in that financial year;*
 - (c) *not be adopted more than one month before the start of that financial year.*

The 2024/25 Budget Summary, which includes the estimates required under the Act, are pages two and three in Attachment 1 to this report.

The Long-Term Financial Management Plan 2024/25 to 2032/33 is page four in Attachment 1 to this report.

The assumptions which underpin the 2024/25 Budget are contained in the Long-Term Financial Management Plan and are consistent with Council’s Financial Management Strategy 2023-2032.

The major elements of the 2024/25 Budget are:

1. Statement of Comprehensive Income;
2. Changes to Rates Due Dates, Interest and Penalty;
3. Statement of Financial Position;
4. Capital Expenditure;
5. Cash Flow and Funding;
6. Risks; and
7. Long-Term Financial Management Plan and Financial Management Strategy.

1. STATEMENT OF COMPREHENSIVE INCOME 2024/25

Table 1(a) Statement of Comprehensive Income for 2024/25.

GLENORCHY CITY COUNCIL STATEMENT OF COMPREHENSIVE INCOME	Proposed Budget 2024/25	Original Budget 2023/24	Budget Difference
Operating Revenue			
Rates	45,528,618	43,138,605	2,390,013
State Fire Commission Levy	6,737,163	6,520,779	216,384
User Charges and Licences	15,387,955	13,961,904	1,426,051
Interest	1,155,000	1,100,000	55,000
Grants	6,209,698	5,414,980	794,718
Contributions - Cash	43,114	41,061	2,053
Investment TasWater	2,172,000	2,172,000	0
Other	481,342	464,173	17,169
Total Operating Revenue	77,714,890	72,813,502	4,901,388
Operating Expenditure			
Employee Costs	31,205,236	28,594,097	2,611,139
Materials and Services	20,366,112	18,945,624	1,420,488
Depreciation and Amortisation	18,013,128	18,844,633	(831,505)
Finance Costs	150,607	154,112	(3,505)
Other	8,206,955	7,749,496	457,459
Internal Income/Expenses	0	(173,398)	173,399
Total Operating Expenditure	77,942,038	74,114,563	3,827,475
OPERATING SURPLUS / (DEFICIT)	(227,148)	(1,301,061)	1,073,913
Non-Operating Income / Expenditure			
Assets Written Off	(1,700,000)	(1,920,000)	220,000
Asset Disposal	(375,000)	(417,974)	42,974
Total Non-Operating Income / Expenditure	(2,075,000)	(2,337,974)	177,026
UNDERLYING SURPLUS / (DEFICIT)	(2,302,148)	(3,639,035)	1,250,939
Capital Income			
Assets - Capital - Donated / Gifted	2,625,000	2,500,000	125,000
Assets - Capital - Found	1,050,000	1,000,000	50,000
Grants - Capital - Roads to Recovery Program	578,000	578,000	0
Grants - Capital – LR&CI	365,130	0	365,130
Grants - Capital – State & Federal	6,655,000	8,620,000	(1,965,000)
Total Capital Income	11,273,130	12,698,000	(1,424,870)
RESULT FROM CONTINUING OPERATIONS	8,970,982	9,058,965	(173,931)
Capital Budget			
Renewal Works	15,875,099	18,702,206	(2,827,107)
Upgrade Works	8,845,570	8,415,979	429,591
New Works	2,189,000	5,568,500	(3,379,500)
Total Capital Works	26,909,669	32,686,685	(5,777,016)

The comprehensive income statement for the 2024/25 budget reports an operating deficit of \$227,148 and an underlying deficit of \$2.302 million made up of the following items:

1.1. Rates Revenue

The Rate Revenue budget includes:

General Rate

The general rate revenue calculated on the Assessed Annual Value has been framed around an 5.95% increase to the rate in the dollar and a 0.75% growth factor. This general rate revenue is budgeted to increase by \$2.628 million to \$47.396 million, excluding statutory rate remissions.

Remissions

The Act provides for exemptions to the general rate for various classes of property, notably public land and land used for charitable purposes. The offset to the general rate revenue for these remissions is \$1.517 million.

Penalty and Interest

In 2023/24, Council lowered the penalty on overdue rates from 10% to 5% and extended the period before penalty was charged to 21-days, covering an initial grace period of 7-days followed by a further 14-days after the issuing of an overdue rate account. A lowering of the penalty to 5% has resulted in the penalty budget reducing from \$400,000 to \$100,000, thus generating a saving to ratepayers who would have previously been subject to the 10% amount in a shorter period of time.

The Act allows Council to charge daily interest on unpaid instalments, which is currently set at 4.735% per annum. The Act prescribes the maximum rate allowed, being the 10-year Long-Term Bond Rate plus 6%. The March 2024 bond rate is 4.141% thereby setting the 2024/25 maximum rate at 10.141%. In line with the penalty reduction by half, it is similarly proposed to set the 2024/25 interest rate at half the maximum permissible being 5.0705%.

Direct Debits

Ratepayers can choose weekly, fortnightly, monthly, instalment or lump sum, including ratepayers in arrears. There is no extra cost to the ratepayer by choosing to pay by direct debit.

There are currently 4,797 ratepayers taking advantage of our direct debit options. The direct debit dates proposed for 2024/25 allow:

- 40 weekly payments
- 20 fortnightly payments
- 10 monthly payments
- 4 instalment payments
- 1 in full payment

The benefit of direct debit is the ratepayer can spread regular payments across nine months, with no payments required in July and the following May and June. The three-month moratorium on rate payments is of benefit to many ratepayers and also assists Council with its obligation to give advance notice of a change to the direct debit amount in July before deductions recommence.

Overdue Rates

A ratepayer with overdue rates has the opportunity to avoid future penalty and interest charges by selecting a weekly, fortnightly or monthly direct debit plan and adhering to the plan without default. Penalty and interest fees charged prior to the direct debit application cannot be waived and will be included in the payment calculation.

Legal Fee Recovery

If legal action is taken to recover overdue rates, the costs are recoverable. An amount of \$30,030 has been allowed for in the budget.

Differential Rating

The differential rating model between residential and non-residential rates will be continued for the 2024/25 financial year.

Municipal Revaluation

The Valuer-General has undertaken a complete revaluation of every property in Glenorchy City Council area, which occurs every six years with indexation applied every two years in between. These new valuations will be used from 1 July 2024 for the calculation of General Rates and the State Fire Levy. While the budget contains a 5.95% rate increase, the actual increase (and in some cases decrease) on individual ratepayer accounts will vary in proportion to the change in the property valuation.

1.2. State Fire Contribution

The *Fire Service Act* 1979 requires Council to pay a contribution to the State Fire Commission. The contribution for the 2024/25 financial year is \$6.737 million and is recovered as part of the annual rates notice.

1.3. User Charges

A wide range of user fees and charges across fifteen programs generate approximately \$15.388 million or 19.8% of Council's total operating revenue for 2024/25. The Schedule of Fees and Charges was approved by Council at the 27 May 2024 meeting. Further information can be obtained by viewing the report under 27 May 2024 Minutes and Agendas on our website.

1.4. Operating Grants and Subsidies

The 2024/25 budget for operating grants and subsidies totals \$6.210 million and only includes amounts for which Council has signed commitments. This includes:

- Financial Assistance Grant
- Digital Ready for Daily Life
- 26TEN
- Full Gear
- Glenorchy Jobs Hub
- Multicultural Hub
- Child Care Subsidy and Special Needs Programs

It is expected new grants will become available during the financial year.

1.5. Investment Income

Council's largest investment income stream is as a part owner and shareholder in TasWater. Advance notice has been received from TasWater that our dividend for 2024/25 will be \$2.172 million. TasWater propose to pay a special dividend to catch up on dividends not paid due to Covid-19. As this is subject to TasWater having available funds, it has not been included in the 2024/25 budget.

Council's remaining investment income stream is derived from interest earned on cash invested in short-term deposits. Interest rates remain high at this point in time. However, two rate reductions have been factored into the interest calculation resulting in a budget of \$1.155 million for 2024/25.

1.6. Finance Charges

The budget for 2024/25 is \$238,000 which includes interest on loans and an assumed rate on interest on our leases of heavy vehicles used by the Works and Landfill programs.

1.7. Employee Costs

This includes a range of employee-related expenditure such as wages, superannuation, payroll tax, workers compensation insurance, fringe benefits tax and recruitment costs.

The increase to budgeted employee costs in 2024/25 is \$2.611 million with primary contributors being:

- enterprise agreement increase 3.1% from July 2024 to May 2025
- transitioning of Glenorchy Jobs Hub staff from outsourced to in-house
- additional allowance for worker compensation insurance
- incremental step increases within grades
- superannuation guarantee legislated increase of 0.5%
- new works positions to maintain existing and new assets
- staffing investment in the childcare program
- proportional increase in the Payroll Tax liability

1.8. Materials, Services and Contractors

The budget has increased to \$20.366 million up by \$1.420 million or 7.4%, representing a combination of mandatory increases and new initiatives as well as some savings including:

- increase to the State Landfill Levy \$1.058 million
- savings on transitioning the Glenorchy Jobs Hub from outsourced to in-house \$554,000
- increased kerbside waste management contractors - \$240,000
- temporary savings for the Glenorchy Pool operations - \$212,000
- new Child & Youth Safe Framework project - \$170,000
- increased Insurance Premiums on mandatory policies - \$117,000
- new Enterprise Bargaining Agreement consultancy from 1 May 2025 - \$50,000
- new Glenorchy Diamond Jubilee celebrations - \$30,000
- new Ten Lives Cat Centre contribution - \$26,000

1.9. Depreciation and Amortisation

The term depreciation refers to an accounting method used to allocate the cost of a tangible or physical asset over its useful life. Depreciation represents how much of an asset's value has been used. Typical classes of assets depreciated by Council include:

- roads, gutters and footpaths
- stormwater drains
- building
- plant and vehicles
- office equipment and furniture
- information communications and technology

Council invests in its own new assets such as sporting facilities, playgrounds, public toilets and upgraded roads and drains. Council also receives donated assets such as roads, drains and playgrounds from developers of residential subdivisions.

Depreciation is budgeted to decrease in 2024/25 by \$0.832 million to \$18.013 million primarily the result of lower asset revaluations and the anticipated impact of indexation.

1.10. Other Expenses

There is an increase of \$457,000 in other expenses for 2024/25 primarily the result of increases in the State Fire Levy Contribution of \$216,000 and Land Tax of \$199,000.

1.11. 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. For the 2024/25 budget, a base amount of \$1.700 million has been included.

1.12. Capital Grants

The 2024/25 budget for capital grants totals \$9.198 million and only includes amounts for which Council has signed commitments. This includes:

- North Chigwell / KGV Redevelopment - \$5.000 million
- Playground Renewals - \$1.000 million
- Roads to Recovery - \$578,000
- Blackspot Funding Commitments - \$380,000
- Local Roads & Community Infrastructure - \$365,130
- Claremont Skate Park/Pump Track - \$275,000

Federal Grants for new sporting and play facilities are only paid to Council after work milestones are completed, that is the grant is paid in arrears.

1.13. Donated and Found Assets

As a result of ongoing developments within the municipality particularly subdivisions, 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. In addition, regular field audits of our assets will identify infrastructure not currently recorded in our asset register resulting in found assets, typically hidden or underground. The total budget for donated and found assets is \$3.675 million.

1.14. Profit / (Loss) on Disposal of Assets

Council has approved a surplus land sales program. Sales will generate cash flow but may also generate accounting surpluses or deficits depending on the relativity of the sale price to the value recorded in the asset system. Australian Accounting standards applicable to government require asset values to be recorded at market value rather than historical cost price.

As a result, sales may appear to have generated a loss even though there is a positive impact on the Council's cash balance from actual proceeds of each sale (it is important to note the reverse may occur). In addition to land sales, there is also the disposal of changeover plant, vehicles and computer equipment throughout the year. For this reason, only sale expenses in the amount of \$375,000 are included in the budget.

2. STATEMENT OF FINANCIAL POSITION

Table 2(a) details the budgeted Statement of Financial Position. The Statement shows that the budgeted Net Asset position of Council will not materially change from the current financial year.

Table 2(a) Statement of Financial Position for 2024/25.

GLENORCHY CITY COUNCIL		
2024/25 BUDGETED STATEMENT OF FINANCIAL POSITION		
	Proposed Budget 2024/25 \$'000	Revised Budget 2023/24 \$'000
Asset		
Current assets		
Cash and Cash Equivalents	29,629	28,955
Trade and Other Receivables	1,925	2,132
Inventories	118	118
Other Current Assets	1,936	1,942
Total Current Assets	33,608	33,147
Non-Current Assets		
Property, Infrastructure, Plant and Equipment	884,503	886,228
Investment in Water Corporation	168,373	168,373
Other Non-Current Assets	1,528	64
Total Non-Current Assets	1,054,404	1,054,665
Total Assets	1,088,012	1,087,812
Liabilities		
Current Liabilities		
Trade & Other Payables	5,720	5,720
Provisions	4,964	4,711
Borrowings	336	141
Other Current	3,306	2,556
Total Current Liabilities	14,326	13,128
Non-Current Liabilities		
Provisions	7,064	7,536
Borrowings	198	843
Other Non-Current	1,037	1,037
Total Non-Current Liabilities	8,299	9,416
Total Liabilities	22,625	22,544
Net Position	1,065,387	1,065,268
Equity		
Accumulated Surpluses	572,440	570,037
Reserves	492,947	495,231
Total Equity	1,065,387	1,065,268

2.1. Assets

It is not expected that Council's assets will materially change during the forthcoming financial year.

The Long-Term Financial Management Plan forecast projects Council's cash position to progressively improve over the life of the ten-year plan, subject to restrained new capital expenditure.

2.2. Liabilities

It is not expected that Council's liabilities will materially change during the forthcoming financial year except for the making of loan repayments totalling \$336,000.

2.3. Equity

This will only change in unison with the movement in assets and liabilities. The budget allows for an increase in our equity position at 30 June 2025.

3. CAPITAL EXPENDITURE

A separate report for the 2024/25 Capital Works program and Budget is presented to this Special Council meeting. It is that report which formally recommends adoption of the 2024/25 Capital Works budget.

However so that all aspects of Council's 2024/25 budget are presented in this report, a snapshot of the capital budget reveals works totalling \$26.910 million are planned.

It is proposed the 2024/25 capital program will expend the budgeted funds on:

Asset Investment	Amount %	Amount %
Renewal	\$15,875,099	59%
Upgrade	\$8,845,570	33%
New	\$2,189,000	8%

3.1. Transport infrastructure

The transport infrastructure capital works budget for 2024/25 is \$12.387 million of which \$2.148 million is for new and/or upgraded assets and \$10.239 million for renewal and replacement of existing assets.

Major capital works budgeted for in the transport infrastructure program include:

- Pavement rehabilitation - \$3.391 million
- Road resurfacing - \$3.065 million
- Footpath renewal - \$3.271 million
- New footpath and cycleways - \$1.205 million
- Road safety - \$944,000
- Bridge and street lighting - \$360,000
- Heavy patching - \$150,000

3.2. Stormwater

The stormwater capital works budget for 2024/25 is \$2.016 million of which \$1.020 million is for new and/or upgraded assets and \$996,000 is for renewal and replacement of existing assets.

Major capital works budgeted for in the transport infrastructure program include:

- Flood mitigation and system upgrades - \$1.321 million
- Stormwater asset renewal - \$695,000

3.3. Property and Environment

The Property and Environment capital works budget for 2024/25 is \$3.117 million of which \$852,000 is for new and/or upgraded assets and \$2.265 million is for replacement and renewal of existing assets.

Major capital expenditure budgeted for the Property and Environment program include:

- Parks and reserves - \$1.000 million
- Facilities and sportsgrounds - \$425,000
- Public toilet replacement - \$550,000
- Council buildings - \$691,750
- Tracks and trails - \$450,000

3.4. Major Projects

The Major Projects capital works budget for 2024/25 is \$7.988 million including large projects:

- North Chigwell soccer redevelopment - \$4 million
- KGV soccer redevelopment - \$1 million
- Landfill Lift - \$700,000
- Benjafield child care renovations - \$500,000
- Roseneath Reserve - \$440,000
- Cooina Reserve - \$380,000
- Landfill office accommodation - \$350,000

3.5. Vehicle Fleet

The 2024/25 vehicle fleet budget of \$450,000 enables the timely replacement of Council vehicles. Nine vehicles are scheduled for replacement. However, it is noted that delays are being experienced in the availability of new vehicles.

3.6. Plant and Equipment

Replacement of minor and mobile equipment has been budgeted at \$613,000 for the 2024/25 financial year. The largest projects within this category include the replacement of the landfill excavator and Works Centre forklift.

3.7. Information Communication and Technology (ICT)

The ICT capital works budget for 2024/25 is \$340,000, of which \$245,000 is for the replacement of laptops, PC's, tablets and monitors. Funds will also be utilised for GIS improvements and audio-visual device replacement.

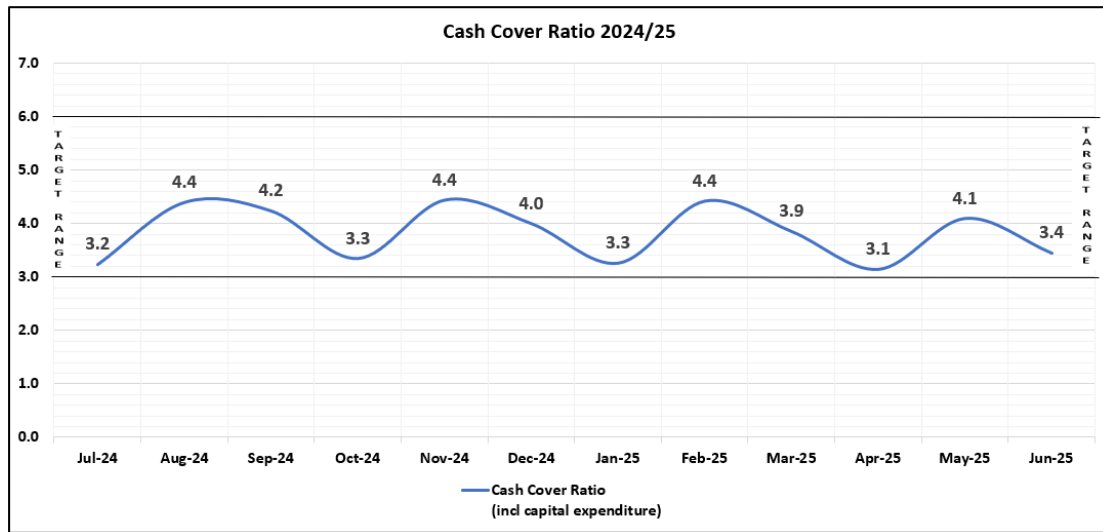
4. CASH FLOW AND FUNDING

4.1. Cash

Current forecasts indicate Council's cash position at 30 June 2024 (i.e. total cash held in operational and investment accounts and not allowing for restricted cash items) will be stronger than expected at \$43.294 million. However as at 30 June 2025, this is forecast to reduce to \$29.629 million due to (a) the operating deficit in the 2024/25 budget and (b) a substantial 2024/25 capital works program of \$26.910 million. The cash balance will be influenced by the timing of Federal Government grants for major projects because they are only paid after Council completes works.

A basic "*opening balance plus revenue less expenditure*" analysis of the monthly cash flow indicates we will have sufficient cash to cover the recommended 3 to 6 months expenditure cover.

Chart 5.1 Cash Cover Ratio



4.2. Borrowings

Council has shown solid restraint in its borrowing decisions for some years. There are only three active loans at present:

- Loan 25 \$58,508 final payment due in 2024/25
- Loan 27 \$82,349 final payment due in 2026/27
- Loan 31 \$377,456 to be paid out in 2025/26 (Covid economic stimulus loan)

A non-scheduled lump sum repayment of \$450,000 was made against Loan 31 as the funds were no longer required for the purpose for which they were borrowed.

In 2024/25 there will be principal repayments of \$335,873 and interest repayments of \$7,907.

There is no proposal for Council to borrow funds in 2024/25.

5. RISKS

5.1. Contingency

No contingency has been included in the budget while an underlying deficit exists.

5.2. Economic Conditions

The annual movement in the most recent LGAT Council Cost Index is 3.74% (LG Index). The Local Government Association of Tasmania releases the LG Index each year as it is believed this measure better reflects the cost increases associated with the delivery of local government services. This compares to an increase of 4.0% in the Consumer Price Index for March 2023.

In recent budgets, general expenditure and revenue increases have been capped with a variation applied in certain circumstances. It is considered this cap has been underfunding the cost of doing business and has reached the stage where it must be addressed in the 2024/25 budget.

This ensures financial sustainability by addressing cash-flow concerns, funding services to the required standard and returning to surplus in the short-term.

5.3. Interest on Cash Investments

Cash reserves are invested in short-term deposits to generate additional operating revenue. The average interest rate at the beginning of 2023/24 was 4.51% with a forecast closing average interest rate of 5.05% at 30 June 2024.

The interest income budget has increased to \$1.155 million for 2024/25 based upon historical cash investments, forecast cash balances, recent Reserve Bank reports and two interest decreases in 2024/25.

5.4. Payments for Materials, Services and Contractors

Council relies on competitive procurement processes and for our preferred suppliers to remain financially viable in the provision of their services in order to keep costs down as this makes up 23% of our total operating expenditure.

Unfortunately, the state of the economic environment over the past twelve months has kept the increased pressure on costs albeit with lower increases expected in 2024/25 compared with prior periods.

5.5. 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.

5.6. Local Government Reform

The Tasmanian Government has now issued the Future of Local Government Report. We are currently awaiting further information on the progress of the recommended initiatives. The budget assumes that any material changes in operations as a result of the implementation of this report will be funded through State Government.

Therefore, the 2024/25 Budget and Long-Term Financial Management Plan does not consider or make any allowances for possible local government reform impacts.

6. LONG-TERM FINANCIAL MANAGEMENT PLAN AND FINANCIAL MANAGEMENT STRATEGY

Council must plan for ongoing financial sustainability over the long term because it relies on long-life assets to continue to deliver critical community services.

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, in line with the requirements of the *Local Government Act 1993*.

The LTFMP developed to support the 2024/25 Rates revenue budget provides for the following long-term assumptions:

Table 6.1 – Long-Term Financial Management Plan Assumptions

	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029 and onwards
General Rate % Increase	5.95%	4.95%	3.50%	3.50%	3.50%

The *Local Government (Management Indicators) Order 2014* provides for seven measures that Council is assessed against for financial sustainability. Table 6.2, below, provides a summary of these indicators for the forthcoming year.

Table 6.2 – Forecast Management Indicators 2024/25

Indicator	Target Range	2024/25 Budget
Underlying Surplus / (Deficit)	>\$0	(\$2.303m)
Underlying Surplus / (Deficit) Ratio	>0%	(3%)
Net Financial Liabilities	>\$0	\$8.929m
Net Financial Liabilities Ratio	>0%	11.5%
Asset Consumption Ratio	>60%	56%
Asset Renewal Funding Ratio	>90%	127%
Asset Sustainability Ratio	100%	112%

In framing the budget for 2024/25, Council has focussed on financial sustainability with targeted new initiatives to address community priorities.

The effect of the proposed budget on the management indicators is:

- the underlying deficit has been reduced and is forecast to return to surplus in 2025/26
- asset consumption ratio has improved to 56%.
- all other asset ratios meet minimum targets.

BUDGET SUMMARY

The demand for increased services and infrastructure has risen over recent years as has the cost of providing and maintaining those services and infrastructure to the required level. The budget for 2024/25 balances these needs with an appropriate rate revenue increase of 5.95% which is consistent with the LTFMP that was set in the prior financial year.

The 2024/25 budget seeks to assure Council's financial sustainability, provide appropriate funds for the operations of Council, acknowledging the difficult economic environment and cost of living concerns.

Consultations:

Elected Members (7 Council workshops)
Executive Leadership Team
Managers and Coordinators
Finance Department Staff

Human Resource / Financial and Risk Management Implications:

Human resources

The budget provides for funding of staff positions that are required to provide or support the activities of the council. Therefore, those positions will implement the budget as part of their ordinary duties.

Risk management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
<p>Adopt the recommendation</p> <p>An operating and underlying deficit is approved for the 2024/25 budget.</p>	Moderate (C3)	Likely (L4)	High	<p>Present monthly Financial Performance Reports to Council so as to monitor the budget-to-actual position.</p> <p>Define a pathway to surplus through the Long Term Financial Management Plan.</p>
<p>Unforeseen economic changes result in budget estimates that are no longer materially accurate.</p>	Major (C4)	Possible (L3)	High	<p>Monitoring of internal and external financial conditions enabling remedial action to be taken.</p> <p>Budget and LTFMP to be reviewed monthly and revised if required.</p>
<p>Our ratepayers have difficulty in making on-time rate payments.</p>	Moderate (C3)	Unlikely (L2)	Medium	<p>Level of overdue rates is monitored monthly to assess cash flow implications.</p> <p>Financial hardship processes are easily available.</p>
<p>The cash cover ratio falls below the minimum of three months.</p>	Moderate (C3)	Unlikely (L2)	Medium	<p>Available cash is regularly monitored and cash requirements are planned for the following three months.</p> <p>Consider the option of borrowing funds, noting Council's low debt levels.</p>
<p>Do not adopt the recommendation</p> <p>The 2024/25 Budget would need to be amended and adopted at a later meeting, resulting in revenue and expenditure financial uncertainty.</p>	Major (C4)	Possible (I3)	High	<p>Undertake prior comprehensive discussions with Elected Members to ensure the presented Budget is acceptable.</p>
<p>The Council fails to adopt the budget before the legislated date of 31 August.</p>	Major (C4)	Possible (I3)	High	<p>Undertake post comprehensive discussions with Elected Members to ensure the presented Budget is acceptable.</p>

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 which may lead to Annual Plan actions or a Budget allocation. For the 2024/25 budget, Council has undertaken a range of consultative measures including:

- Annual Future Directions Survey which was open from 6 Oct to 17 Dec 2023. This was the third time in recent years Council has sought feedback and there were 213 survey responses, 209 quick polls and 37 ideas boards.
- Community Budget Briefing on 12 June 2024.

Public relations

Council will communicate key information relating to the 2024/25 budget through social media, our website and media releases.

Recommendation:

That Council:

1. ADOPT the Glenorchy City Council 2024/25 Budget Estimates as set out in Attachment 1 in concurrence with the 2024/25 Capital Works Programs and Budget report
2. APPROVE the Glenorchy City Council Long-Term Financial Management Plan 2024/25 to 2033/2034 as set out in Attachment 1
3. RESOLVE that pursuant to section 90 of the *Local Government Act 1993 (the Act)*, for the period commencing on 1 July 2024 and ending on 30 June 2025 inclusive (**the financial year**), Council makes a general rate of 7.8780 cents in the dollar based on the adjusted 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 6.2690 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 \$240.00
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) 1.0035 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 \$49.00 applying, and

- b) 0.1900 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 \$49.00 applying
- 7. RESOLVE that a penalty of 5% pursuant to section 128(a) of the Act is to apply to the amount of any instalment not paid by the overdue reminder due date; and
- 8. RESOLVE that interest at a rate of 5.0705% per annum pursuant to section 128(a) of the Act calculated daily is to apply to the amount of any instalment not paid by the overdue reminder due date, and
- 9. RESOLVE that rates levied in accordance with this resolution are payable to the Council by four (4) equal as practicable instalments:
 - a) the first instalment on the date specified in the rate notice being on or before the 31st day after the issue of the rates notice
 - b) the second instalment on or before 1 November 2024
 - c) the third instalment on or before 1 February 2025
 - d) the fourth instalment on or before 1 May 2025
- 10. RESOLVE a ratepayer may enter into an approved Direct Debit agreement in lieu of instalment payments detailed in recommendation 9
- 11. NOTE waste management charges for kerbside bin collections were adopted at the 27 May 2024 Council meeting.

Attachments/Annexures

- 1** Attachment 1 - 2024/25 Budget Estimates



5. 2024/25 CAPITAL WORKS PROGRAM AND BUDGET

Author: Manager Asset, Engineering and Design (Patrick Marshall)

Qualified Person: Deputy General Manager (Emilio Reale)

ECM File Reference: 2024/25 Annual Budget

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: We are a leader and partner that acts with integrity and upholds our community's best interests.

Strategy: Make informed decisions that are open and transparent and in the best interests of our community.

Objective: We responsibly manage our community's resources to deliver what matters most.

Strategy: Manage the City's assets responsibly for the long-term benefit and growth of our community.

Strategy: Deploy the Council's resources effectively to deliver value while being financially responsible.

Reporting Brief:

To present the proposed capital works program to Council for the 2024/25 financial year and seek Council's approval of the \$26.9 million program.

Proposal in Detail:

Background

Council is responsible for the acquisition, operation, maintenance, renewal and disposal of an extensive range of physical assets, including roads, footpaths, drainage networks, bridges, public buildings, parks, recreation facilities, fleet, ICT and other equipment.

Council owns an asset pool currently valued at over \$1 billion (total replacement cost), which provide essential services to the Glenorchy community and the general public.

From a replacement value perspective, the top four asset classes that Council owns are Transport Assets, Drainage Assets, Building Assets and Parks and Recreation Assets, with an estimated total replacement value of \$982 million in the 2022/23 financial year (FY2022/23).

The importance of these assets to the community and their significance for the budget means that asset management is a critical part of the Council's long-term planning and service delivery, and these assets must be maintained and replaced accordingly.

As required under the *Local Government Act 1993* (the Act), Council develops and maintains a set of crucial asset management documents, including its Asset Management Policy (the Policy), the Asset Management Strategy (AMS) and Strategic Asset Management Plan (SAMP). Each of the four major asset classes also has its own class-specific Asset Management Plan (AMP) developed to ensure they are managed in-line with the goals and objectives set out in the SAMP.

The AMS, SAMP and individual AMPs identify the community's need and demand for these assets and provides long-term projections of the renewal, upgrade and new asset acquisitions required, based on the adopted levels of service.

To deliver the objectives and goals in the SAMP and individual AMPs, Council develops and maintains a 10-year capital works program.

In addition to the projects from the four major asset classes, there are several minor asset classes, including Plant and Equipment, Vehicles and Fleet, and Information Communication and Technology (ICT) assets. Assets in these classes are also included in Council's annual capital works program to ensure Council's overall asset base is sufficiently renewed and reflects the emerging needs within the community.

This report is to present Council with the proposed 2024/25 financial year (FY2024/25) capital works program and seeks Council's approval of the capital expenditure associated with the program.

How the capital works program is developed

Council is required to maintain a 10-year capital works program and have the expenditure of the program projected in its Long-Term Financial Management Plan (LTFMP).

The development of the 10-year capital works program considers community objectives, affordability, and levels of service.

In general, the projects listed in the first year (Yr. 1) of the capital works program are used for budgeting and project programming purposes and give the most certainty in terms of costs and timing. The Yr. 1 program is the FY2024/25 capital works program which is presented to Council for endorsement as part of this report.

Subsequent years (Yr. 2 to Yr. 10) in the capital works program have been nominated and prioritised but are not confirmed until adopted for the budget year in which they are scheduled to commence.

The projects included in the capital works program are generated from several sources, including asset condition assessment and analysis, risk ratings, necessity, requests from the public and initiatives from community groups. These projects are further explored and prioritised by asset managers before being included in the capital works program.

For external-facing projects, such as transport, stormwater, property and environmental projects, community consultation and engagement form a vital part of the projects and program development process. Guided by Council’s community engagement framework, suitable levels of engagement (e.g., ‘inform’, ‘consult’ or ‘empower’) were used further to refine the scope and outcomes of the projects.

This process ensures the outcomes of these projects are aligned with the Council’s strategic direction and asset management goals, and that the benefits outweigh the expenditure over the whole lifespan of the assets.

FY2024/25 capital works program summary

For FY2024/25, Council officers have proposed a capital works program valued at \$26.9m for asset renewal, upgrade and acquisition.

The program consists of infrastructure projects from the four major asset classes as well as minor asset classes (e.g., ICT and vehicles and equipment) to ensure all the high-priority asset renewals, upgrades, and acquisitions are captured and budgeted for.

The program consists of six (6) sub-programs, mainly based on asset classes, and results in a total proposed capital expenditure of \$26.9m that Council is required to fund.

The table below presents the names of these six capital sub-programs and their capital expenditures:

No.	Sub-Programs	Expenditure (\$)
1	Transport	\$12.4m
2	Stormwater	\$2.0m
3	Property and Environment	\$3.1m
4	Major Projects	\$8.0m
5	Fleet and Plant	\$1.1m
6	Information, Communication and Technology (ICT)	\$0.3m
Total Capital Budget Required:		\$26.9m

A copy of the FY2024/25 capital works program summary is included in Attachment 1 to this report.

Of the \$26.9m Capital Works Program proposed, \$15.9m would be spent on asset renewal works, such as road resurfacing, footpath replacement and playground renewal, to provide a safe and fit-for-purpose environment for the residents and the

wider community to use. The remainder (\$11.0m) would be spent on upgrading existing assets or acquiring new assets to improve levels of service.

The overall FY2024/25 capital works program is approximately \$6m lower than last year’s program. However, the last two years have seen a significant increase on prior years’ commitments, largely because of State and Federal Government grant funded projects that are included in the Major Projects capital works program. The total capital works program for FY2024/25 is smaller because some of these major externally-funded projects have now been completed.

The breakdowns between renewal and new/upgrade amounts for each sub-program are presented in the table below (Figure 1).

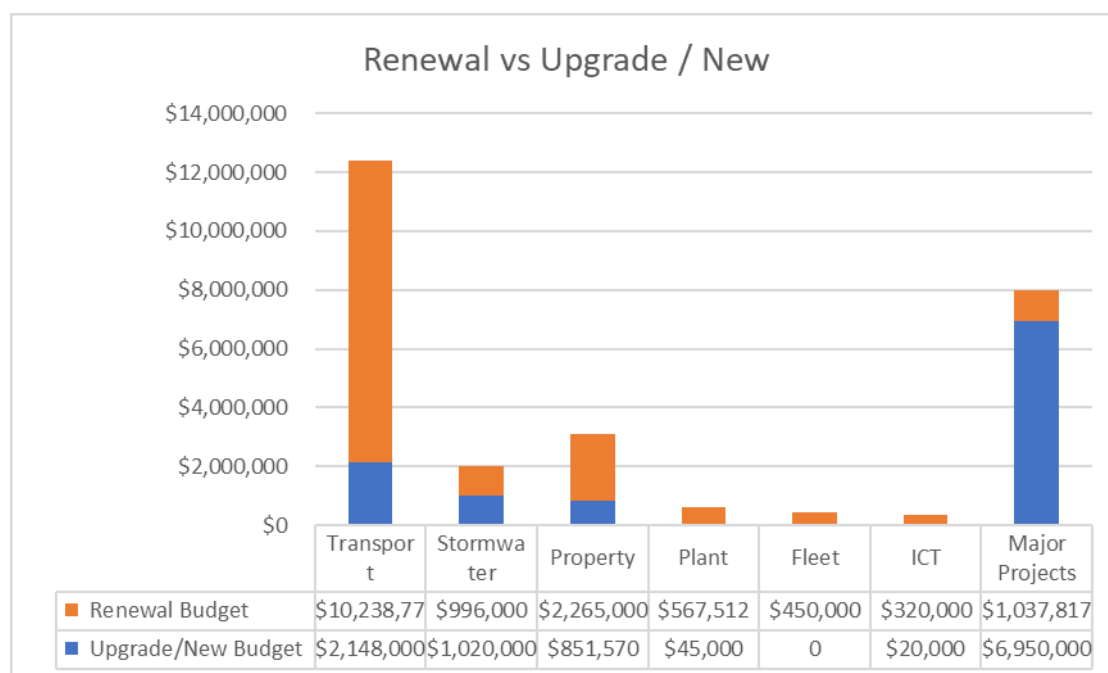


Figure 1: FY24/25 Capital Works Program Renewal and Upgrade/New Expenditure

The diagram above shows that the ‘Transport’ and ‘Major Projects’ capital works programs are the two most extensive capital programs in terms of their overall expenditures, around \$12.4m and \$8.0m respectively in FY2024/25.

It is noted that the majority (approximately 83%) of the Transport capital works program is made of renewal projects. A significant amount of upgrade and new expenditure (\$7.0m) has been included in the Major Projects works program. This is mainly comprised of projects funded by the State and Federal Governments, with \$8.0m in works planned in FY2024/25 to renew and construct new facilities and playgrounds (e.g. North Chigwell and KGV Soccer projects, four new playgrounds and the Tolosa Dam Reintegration project).

FY2024/25 capital works programs in detail

The FY2024/25 Capital Works Program consists of projects and assets from six (6) sub-programs and results in capital expenditure of \$26.9m that Council is required to fund.

Key information about each of the sub-capital works programs are:

1. Transport Capital Works Program and Budget

The Transport Capital Works Program is traditionally the most prominent capital works program in Council given the value (over \$550m) of Council-owned transport assets and the critical service they provide to the community.

Transport capital projects can vary from large-scale civil construction works, such as full road segment reconstruction, to minor upgrades, such as adding a pair of kerb ramps to an existing intersection.

Council's proposed transport capital works budget for FY2024/25 is valued at \$12.4m, of which \$10.2m is for renewal and replacement of existing assets and \$2.2m is for new and/or upgraded assets.

Comparing this with the FY2023/24 budget, Council has increased spending on transport asset renewals, with an increase of over \$1.6m planned in FY2024/25. This was a deliberate measure to focus on renewing the existing asset base and improving the condition of Glenorchy's roads and footpaths, which have been underfunded prior to 22/23.

Pleasingly, Council is now meeting the renewal spending required for transports assets as identified in the SAMP. This is a significant achievement for Council.

Major capital works budgeted for in the Transport Capital Works Program include:

- Resurface up to 7.3km of roads (2% of network);
- Replace up to 4.1km footpaths (1% of network);
- Stage 2 of Ashbourne Grove Reconstruction (Garden to Reiby);
- Stage 2 of Renfrew Circle Reconstruction (Allardyce to Barron);
- Cycling Grant - Stage 1B – Main Road Granton Shared Path
- Black Spot Projects
 - Grove Road / Anfield Street intersection (same as Constance Ave)
 - 119 Main Road Austins Ferry safety barrier and pathway
 - Kensington Street school crossing (raised table)

- Vulnerable Road User Projects
 - Gavitt Street and Main Road pedestrian crossings
 - KGV Pedestrian crossing near Wrights Ave (to cycleway)
 - Bayswater Road kerb ramps (cycling access from Brooker)
 - Bowden Street to Terry Street footpath realignment (cycling access)

2. Major Projects

This program consists of the significant sporting and community infrastructure projects funded by State and Federal Government grants as well as other major projects not within Council's usual capital works program.

The State and Federal Government grant projects are the main drivers of a significant amount of new and upgraded asset spending (\$11m+) planned in FY2024/25.

The State and Federal Government grant projects, with a total budget of about \$10.5m, are:

- North Chigwell Football (Soccer) Facility - \$4.0m
- KGV Football (Soccer) Facility - \$1.0m
- Playspace Renewal (four smaller playgrounds) - \$1.0m
- Benjafield Childcare Renovations - \$0.5m

The program also includes \$0.2m towards the Tolosa Park Redevelopment Project Part A, co-funded with TasWater and \$0.7m for the next Jackson Street Landfill lift.

The preparation works for these projects has already commenced during FY2023/24, focusing on project initiation, design and tendering. Construction has started on some of the projects.

In FY2024/25, many of these grant projects will come to fruition, with construction works expected to be completed during the year. Some of these projects have spanned over multiple financial years. Council should note that under the terms and conditions of the funding agreements, Council must first undertake the works and then seek milestone reimbursements. This results in timing delays between completing works and receiving payment of grant funds.

With the amount of new and upgraded assets, as detailed above, coming to Council's Property and Environment asset portfolio at the end of the financial year, a significant increase in depreciation and maintenance costs is expected, estimated to be over \$0.7m (this is equivalent to 2.2% of Council's general rate).

This cost increase needs to be catered for in the development of next and future years' operational budgets and reflected in Council's LTFMP.

3. Property and Environment capital works program and budget

The total Property and Environment capital works budget for the 2024/25 financial year is \$3.1m, of which \$2.3m is for the replacement and renewal of existing assets and \$0.9m is for new and/or upgraded assets.

The Council-initiated capital projects budgeted in the Property and Environment Program include:

- Replacement of various picnic shelters, seating, tables and BBQs
- Claremont pump track
- Boardwalk, bridge and trail at Windermere Bay
- Public toilet replacement at Berriedale Bay

4. Stormwater Capital Works Program and Budget

The proposed stormwater capital works program (also known as the drainage program), focuses on the renewal, upgrade and extension of Council's stormwater system. It deals with stormwater-related issues, such as soakage and flooding, across the municipal area. Its purpose is to ensure sufficient drainage services are provided to the residents living in the urban area.

Council's proposed stormwater capital works budget for FY2024/25 is \$2.0m, with almost \$1.3m to be spent on flood mitigation and system upgrade projects. This is higher than previous years as Council is focussed on reducing the risk of flooding to its residents following recent flooding from high intensity rain events.

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 these assets do not deteriorate at a uniform rate.

The major Stormwater Capital Works Program proposed for FY2024/25 are:

- Redlands Drive flood mitigation (sedimentation basin)
- Chandos Drive stormwater upgrade (190 Marys Hope Road)
- Chapel Street Reserve DN300 replacement
- New Town Rivulet Outlet Redevelopment – (CoH project)

The stormwater capital works program also has some recurring projects, such as \$100,000 per year, allocated to stormwater pit replacement and \$20,000 per year, allocated to patching repairs to ensure a functional underground drainage network is maintained.

5. Information Communication and Technology (ICT) program and budget

Council continues its investment in technology for FY2024/25, allocating a budget of \$0.3m to its hardware and software replacement.

We will see the replacement and upgrade of Council's mobile devices (e.g. laptops) and hardware to enable mobility and ensure business continuity.

6. Fleet and Plant program and budget

In FY2024/25, Council is planning to replace 9 vehicles, valued at \$0.45m, as part of its rolling fleet replacement program. Council's fleet has been managed based on a 3-year to 5-year replacement cycle, depending on the type of vehicles and the optimum point between resale value and holding cost.

Most of these vehicles are commercial vehicles (e.g. utility vehicles) 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 or leasing fleet vehicles.

The overall plant and equipment budget for FY2023/24 is \$0.35m, including the replacement of several items of equipment and plant that service Council's day-to-day construction and maintenance activities.

These plant and equipment items range from small items, such as mowers, to large machines, such as an excavator.

In addition, kerbside and recycling bin replacements are included, given the fact that every year a small number of these bins are damaged and are required to be reissued to residents.

Conclusion:

In summary, the FY2024/25 capital works program has a total value of \$26.9m, made of six sub-programs based on asset classes. The capital works program allocates \$15.9m for asset renewal and \$11.0m for upgraded and/or new assets.

A copy of the Capital works program from the 2024/25 financial year is included in Attachment 1 for information.

Consultations:

Elected Members
Executive Leadership Team
Managers and Coordinators
Finance staff

Human Resource / Financial and Risk Management Implications:

Benchmarking SAMP and LTFMP with Budget

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

In line with the requirements of the Act, Council has developed its SAMP and AMPs for major asset classes. The capital expenditure projected in the SAMP and AMPs, reflects the renewal and upgrade demands from an asset management perspective, matching the levels of service that the community needs.

Under the Act, Council is also required to develop and maintain its Long-term Financial Management Plan (LTFMP) and Financial Management Strategy to provide a longer-term context in managing its financial performance.

The LTFMP takes the capital expenditures projected in the SAMP and AMPs and adjusts them in the context of Council's long-term financial sustainability. The capital expenditures included in the LTFMP reflects what the community can afford in realistic terms.

The SAMP, AMPs and LTFMP are critical documents to support decision making, particularly during the budget development process. The funding gaps between AMPs, LTFMP and the annual capital budget need to be highlighted and their impacts need to be appropriately managed due to the long-term implications on Council's financial sustainability and asset performance.

Some comparisons between the renewal and upgrade/new amounts suggested in the AMPs, LTFMP and the proposed budget are illustrated below:

1. Budget vs. AMP Renewal Demand

Figure 2, below, presents the budget amounts proposed for the three major capital works programs, namely Transport, Stormwater and Property and Environment, compared with the renewal demand which is forecast in the relevant AMPs.

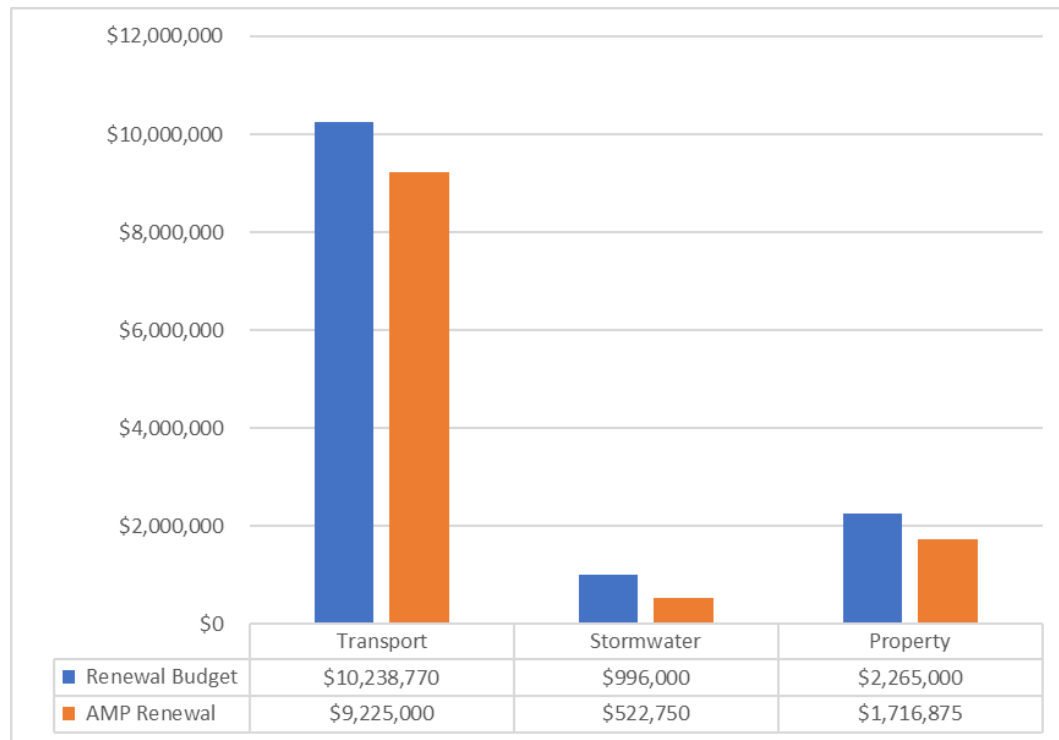


Figure 2: Budget vs. AMP Renewal Demand

The diagram above shows that the Transport, Stormwater and Property Capital Programs are funding near to or beyond their renewal demand in FY2024/25. This is similar to last financial year and a significant turnaround compared to previous years.

2. Budget vs. LTFMP Upgrade/New Forecast

Figure 3, below, presents the upgrade/new budget amounts proposed for all the capital works sub-programs and the amounts forecasted in the LTFMP.

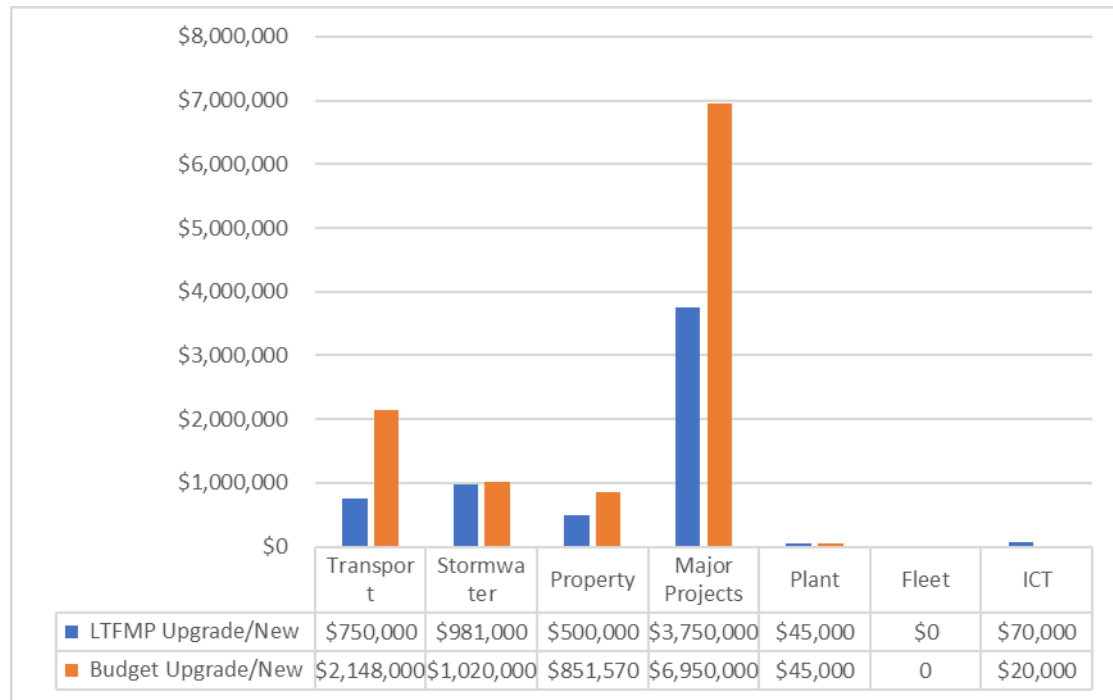


Figure 3: Budget vs LTFMP Upgrade / New Forecast

In the preparation of its LTFMP, Council recognised that there would be a significant amount of the State and Federal Government grants being injected into the Capital Works Program in FY2024/25.

Comparing the upgrade/new amount (\$11.0m) for the proposed FY2024/25 budget and the amount forecast in the LTFMP (\$6.1m), there is a significant amount of additional funding required compared to forecast. This is due to progress of the Major Projects and the requirement for the funding to be carried over from FY2023/24.

It is recommended that Council recognise the impacts of increasing its investment on upgraded/new assets and revises its LTFMP to cater for these long-term impacts.

Gifted assets

As part of urban expansion, Council receives a significant amount of assets, such as roads, footpaths and drainage, for 'free' after subdivision works are carried out by developers in the city.

Although in most cases there is no upfront cost to Council to acquire the assets, they become part of our public transport and drainage networks serving the community and need to be maintained and replaced by Council for the rest of their asset lives.

It is expected that in FY2023/24, approximately \$1.0m transport and \$1.1m stormwater assets will be handed over to Council from individual developments. This additional \$2.1m in assets would enlarge Council's asset base and increase the total asset replacement value.

It is noted that gifted assets have no material impact on the proposed FY2024/25 capital works budget. However, the depreciation and maintenance costs associated with taking over gifted assets will have an ongoing impact on Council's operating expenditure and needs to be reflected in the LTFMP and funded accordingly.

The forecast \$2.1m in gifted transport and drainage assets would result in a total asset value increase to \$29m (\$26.9m capital works program and \$2.1m gifted assets).

Infrastructure Damage

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

Human resources

Council has several departments involved in the planning, scoping, design and delivery of the annual capital works program and sourced its staff accordingly. It is confident that officers are prepared to implement the FY2024/25 capital works program.

Council has internal construction crews skilled and equipped to deliver some of the infrastructure projects proposed in the transport and stormwater capital works program. For projects outside of Council's current internal construction capacity or skill sets, the projects would go through the appropriate procurement processes (tenders, RFQs etc) and will be awarded to external contractors for construction.

Due to the size of the capital budget proposed for FY2024/25, it is understandable that Council would be facing human resource constraints when delivering these projects. The current construction market boom and potential skill shortage in the next 12 months may also hinder Council’s ability to source contractors at a reasonable price.

Council officers are aware of the human resource risk associated with the proposed annual capital works program. Council’s internal capital program governance group (the Infrastructure Management Group) and individual project managers will monitor the risk periodically and react to any risk related changes. Any major variations to the budget will be reported back to Council accordingly as either part of the quarterly financial report or on an “as required” basis.

Risk management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
<p>Adopt the recommendation</p> <p>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</p>	Minor (C2)	Possible (L3)	Medium	Updated 2024/25 budget and estimates will be presented at the January 2025 Council meeting.
<p>The budget amount in one particular year is different from the capital expenditure projected in the Strategic Asset Management Plan and the Long-Term Financial Management Plan, causing adverse impacts on Council’s long-term financial sustainability and asset performance.</p>	Major (C4)	Likely (L4)	High	Monitoring the performance of Council’s assets on an ongoing basis and revising the projection in both the Strategic Asset Management Plan and the Long-term Financial Management Plan to ensure Council’s elected members and Management can make an informed decision should Council wish to underfund its capital renewal expenditure or overfund new/upgrade assets.
<p>Suppliers, contractors, and service providers are unable to provide goods and services or at competitive prices.</p>	Minor (C2)	Possible (L3)	Medium	Robust procurements to engage with a broad range of potential suppliers and service providers to minimise dependencies.
<p>Damage to Council infrastructure from unpredictable events resulting in significant costs to repair or replace.</p>	Major (C4)	Unlikely (L2)	Medium	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).
<p>Do not adopt the recommendation</p> <p>Delayed implementation of the capital works program in the 2023/24 financial year and adding financial uncertainty to Council as a result of the need to develop and endorse an alternative or updated version of the Annual Budget.</p>	Major (C4)	Likely (L4)	High	Consultation and integration of feedback received is part of the Annual Budget drafting process to make sure the final draft meets Elected Members expectations.

Community Consultation and Public Relations Implications:

Council officers have carried out consultation with the key stakeholders who would be affected by the capital works program and its projects, including residents, community groups, utilities, and the wider community.

For instance, during the scoping and concept design phase of the stormwater projects where machinery access to private properties is required, affected residents have been approached by Council officers and relevant consents obtained when Council has no easement or existing assets within the properties.

Consultation with key stakeholders has been recognised as one of the critical success factors in the successful delivery of the FY2024/25 Capital Works Program and will be continually carried out through the whole lifespan of the capital works program.

Council will communicate the key information about this year's budget through face-to-face discussion and online platforms (e.g. Facebook and Council website), to explain the key aspects of the budget in a clear and accessible way.

Council will also periodically report the progress of its capital works program through a variety of channels including quarterly reporting to Council as well as website and social media updates.

Recommendation:

That Council:

1. ENDORSE the Glenorchy City Council Capital Works Program for the 2024/25 financial year, as detailed in this report; and
2. ADOPT the Proposed 2024/25 Capital Works Summary Budget Estimates as set out in Attachment 1 in concurrence with the 2024/25 Budget Estimates report.

Attachments/Annexures

- 1 Capital Works Budget Summary



6. GLENORCHY CITY COUNCIL ANNUAL PLAN 2024/2025-2027/2028

Author: Coordinator Executive and Strategy (Emma Watkins)

Qualified Person: General Manager (Tony McMullen)

ECM File Reference: Annual Plan 2024/25-2027/28

Leading Our Community

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

Strategic or Annual Plan Reference:

Leading Our Community

Objective	We responsibly manage our community's resources to deliver what matters most.
Strategy	Manage the City's assets responsibility for the long-term benefit and growth of our community.
Strategy	Deploy Council's resources effectively to deliver value while being financially responsible.

Reporting Brief:

Council is required to adopt an Annual Plan under s.71 of the *Local Government Act 1993* (the Act). The draft *Glenorchy City Council Annual Plan 2024/25 - 2027/28* (Annual Plan) is Attachment 1 to this report.

Proposal in Detail:

Statutory Requirements

The Act sets out that:

- (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 Annual Plan complies with the requirements of the Act.

Background and link to the Strategic Plan

The *Glenorchy City Council Strategic Plan 2023-2032* was developed following the installation of the Council after the 2022 Local Government Elections. Council adopted the *Glenorchy City Council Strategic Plan 2023 - 2032* (Strategic Plan) on 27 March 2023.

The Strategic Plan identifies the following community goals:

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

The Strategic Plan aims to deliver on the goals in the Community Plan through 10 objectives and 32 strategies.

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

This is the second Annual Plan linked to this Strategic Plan. This Annual Plan maintains Council's commitment to building facilities and providing services that the community wants. The new program will build on the progress made in 2023/24 and will continue to put the community at the heart of Council's growth.

Development of the Annual Plan

The Annual Plan and Budget development processes are aligned 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.

To develop the Annual Plan, an environmental scan was conducted to identify current and future factors that may impact the Council. The Annual Plan actions from the previous year were then reviewed and categorised as either:

- Complete
- Ongoing unchanged (i.e. multiyear projects)
- Ongoing amended (i.e. ongoing projects with a change/update, e.g. Tolosa Park moving from Stage A to Stage B)

The language and context of the collated actions was then refined. Gaps and opportunities were identified, and new actions were drafted where necessary by Council's Executive Leadership Team and managers. 10 priority actions for 2024/25 Annual Plan were identified which highlight Council's key focus areas.

The Annual Plan actions and priorities were then presented to and reviewed by Elected Members at a Council Workshop on 20 May 2024, with feedback incorporated into the final draft.

Priority Actions for 2024/25

The 10 priority actions for 2024/25 incorporated into the draft Annual Plan are:

1. Commence the project to repair and reopen the Glenorchy War Memorial Pool
2. Actively pursue external grant funding to support and deliver on strategic priority projects including Tolosa Park Stage B and the Glenorchy War Memorial Pool
3. Increase Council's tracks and trails network through the Berriedale-Windermere Foreshore Project
4. Complete the delivery of the federally funded sport and recreation projects at KGV Football Park and North Chigwell Junior Soccer Club
5. Redevelop the Claremont Pump Track and Skate ramp
6. Extend the Jackson Street landfill cell to increase Council's waste management capacity
7. Deliver programs to improve opportunities for our young people
8. Partner with government and community organisations to deliver programs that improve community safety and inclusion
9. Research and recommend an improved approach to tackle graffiti in our City
10. Support increased housing supply in the City through land release, proactive planning and advocacy

These priority actions are highlighted at the front of the Annual Plan for clear and quick identification and are also emphasised in bold type within the full list of actions.

Monitoring and Reporting on Progress

Individual Annual Plan actions will be further clarified in detailed business plans at a team and individual position level. Progress reporting against the Strategic Plan via the Annual Plan will be delivered via Quarterly and Annual Reports to Council.

Outcomes and deliverables have been set out and various measures have been identified against the deliverables. This ensures that Council can clearly demonstrate and articulate how the Annual Plan, and in turn the Strategic Plan, is being delivered.

The 10 priority actions will garner a more detailed level of reporting in each Quarterly Report.

Consultations:

Elected Members
 Executive Leadership Team
 All Managers

Human Resource / Financial and Risk Management Implications:

Financial and Human resources

The development of the Annual Plan is aligned to the Budget development process. The actions identified in the Annual Plan can be delivered within the Council’s proposed 2024/25 budget and human resource capacity. The Annual Plan includes a four-year outlook to assist with Council’s financial and workforce forward planning.

Risk Management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
<p>Adopt the recommendation</p> <p>Annual plan priorities and actions do not allow Council to achieve its Strategic Plan goals and are not in line with community expectations.</p>	Moderate (C3)	Unlikely (L2)	Medium	The Annual Plan is monitored continuously and reported on quarterly, which enables progress tracking and provides an opportunity to identify barriers to delivery.
<p>Do not adopt the recommendation</p> <p>If a 2024/24-2027/8 Annual Plan is not adopted, Council will be in breach of its statutory obligations under s. 71 of the <i>Local Government Act 1993</i>.</p>	Moderate (C3)	Unlikely (L2)	Medium	Prepare an alternative Annual Plan for adoption at the June Ordinary Council Meeting.
<p>Delayed implementation and reporting for the 2024/25 year as a result of the need to develop an alternative or updated version of the Annual Plan.</p>	Moderate (C3)	Unlikely (L2)	Medium	Prepare an alternative Annual Plan for adoption at the June Ordinary Council Meeting

Community Consultation and Public Relations Implications:

Under s. 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, the Annual Plan will be made available in accordance with the requirements and will also be posted to Council's website.

The Annual Plan of Council outlines the key actions and priorities for the upcoming year and may attract interest from the public and/or media.

Recommendation:

That Council:

1. ADOPT the Glenorchy City Council Annual Plan 2024/25 - 2027/28, as at Attachment 1 to this report.
2. NOTE that the Glenorchy City Council Annual Plan 2024/25 - 2027/28 foreword page will be updated, including the inclusion of the elected Mayor's photograph and signature, following the conclusion of the current Glenorchy City Council byelection.

Attachments/Annexures

- 1 Glenorchy City Council Annual Plan 2024/5 - 2027/8

