Launceston Flood Authority

Annual Report 2017

Report for the period ending 30 June 2017
The Tamar River before raking (July 2013)

Photo courtesy The Examiner
Launceston’s levee system will soon be complete, with construction of the final section at Newstead now in progress. Therefore, this will be my last annual report as Chairman of the Flood Authority.

The relentless process of natural sedimentation had reached crisis point when I joined the Board in 2012. Expert engineering advice warned that uncontrolled sediment growth, was not only a blight on the City, but if not addressed, would be a growing threat to the effectiveness of the $58m flood mitigation system to protect life and property.

A State funded $4m dredging program had been undertaken between 2008 and 2009, but despite the high cost, the accumulation rate remained greater than the speed of removal. More dredging was therefore not an option, it could not be afforded and was not effective. New answers had to be found, not only for flood mitigation, but also for the wider amenity of Launceston, its businesses, residents and visitors. The Examiner photo shows the clogged Estuary in July 2013. It was an eyesore and a threat to health, river cruises, sailing and rowing. The photo overleaf is of the stranded boats and mud at Seaport, also taken at low tide in 2013. When the mud was exposed twice daily by the tidal cycle, it gave off a putrid smell and was the cause of justified complaint at Launceston’s prime riverfront areas.

The answers to these problems came through vessel operator Karl Krause, who was engaged to rake the mud banks and shoals and to eradicate the mud from Seaport. Raking is now a proven successful process to get the clay based mud into suspension, so that outgoing river flows can disperse the material down river. Karl also devised an effective way to clear the sediment from Seaport and my sincere thanks go to him for his extraordinary skill, dedication and the success of his work.

2017 was a dry winter, resulting in no Dam overspills and therefore, no opportunities for effective raking. However, we remain ahead of the game, the Yacht Basin now has 150,000 cubic meters less sediment than when the LFA first tackled the problem 5 years ago. During those 5 years, sedimentation averaging 12,000 cubic meters per month continued and therefore, the removal of the new material, while reducing the backlog, has been most effective and achieved at only 5% of the cost of dredging.

Raking has been established as the best and least expensive way to reduce sediment, but year on year success is dependent on a significant South Esk flow down the Cataract Gorge. Hydro Tasmania has consistently refused to make water releases to assist raking and other environmental needs, on the basis that they are an unacceptable charge to their profit. However, the time is surely fast approaching when a future Government will come to the obvious conclusion that the benefits to public amenity, tourism, clean rivers, reliable sediment management and public safety, is of greater worth, than the small profit contributed from the Trevallyn power station, which produces less than 3% of Tasmania’s electricity.

The clear answer to many of the problems, which continue at the head of the Tamar Estuary, is for the South Esk to be returned to the Gorge now. Once that is done, and if Hydro Tasmania then wish to install an in-river generating system, that would be welcomed, so long as the South Esk is returned to the Cataract Gorge as our premier natural attraction and cleansing system.

Sincere thanks are owed to Andrew Nikolic AM, our recent Member for Bass. Andrew dedicated himself to Tamar River recovery immediately on election as our Federal Member in 2013. During his time in
Stranded boats in Seaport mud
office, he arranged frequent visits by the former Minister for the Environment, Greg Hunt and both Prime Ministers, Abbott and Turnbull to view and understand our difficulties at first hand. The visits won their interest and we received significant Commonwealth grants to tackle river problems. $3m over 3 years was contributed by the Federal Government to establish an effectively monitored raking method, repair major riverbank slips, develop a common user 3D model of the Tamar, construct a Sediment Tracer study and set up an active cooperative body involving TasWater, NRM North, the Launceston City Council and the Flood Authority. Working together, this group achieved significant river improvements through the highly effective “Tamar River Recovery Program”.

As Chairman, I could not have had a better focused, supportive and more proactive Board of Directors. The Mayor, Alderman Albert van Zetten, always made time available in a busy schedule for advice, help and encouragement. The Council’s General Manager, Robert Dobrzysnki was a tough operator, but made sure of his availability to listen and assist.

Dr. Own Ingles, BA, MSc, PhD, FRSC, FIE Aust, FRPSL, MAIEN, MIE, CChem, CEng, CPEng, so knowledgeable and how generously he gave his time and wisdom up to his death while still on the job. Also Don Wing, a lawyer, a previous President of the Upper House, a Mayor of Launceston and font of generously shared knowledge and experience. Andrew Fullard was our highly professional General Manager during the time and did an outstanding job with a small dedicated staff, to deliver a world class flood mitigation scheme. It has been a great team.

The City of Launceston has boundless potential, but will always need protection from its greatest asset, but also its greatest danger - the rivers. The Flood Authority’s purpose has been to accept the protection of life and property as its prime responsibility, but in a way consistent with Launceston’s aim to become Australia’s most livable City.

Significant areas of riverbank land have been returned to the Citizens and river improvements have combined to create a bustling clean and attractive waterfront. The offering to citizens and visitors now includes riverside cycling and walking, eating al fresco at the excellent restaurants which are now flourishing at Seaport, high quality hotel accommodation existing and in the course of construction, and the exciting changes at NorthBank, from industrial use to recreation, sporting and wide public enjoyment.

It has been a privilege to have been involved in this exciting and productive time for Launceston and its rivers. I extend my thanks to all involved and wish the Flood Authority well in its future roles, changing from Constructor to Manager.

Alan Birchmore AO
Chairman
TESTIMONIALS:

“On behalf of the Tamar Rowing Club I would like to thank you [Alan Birchmore] and your Authority for the recent raking of the Home Reach section of the Tamar River to Royal Park which has significantly improved the navigable sections of the river for rowing and we look forward to an annual maintenance program being put in place.”

Jim Guy, President Tamar Rowing Club

“I would like to thank you all at the City Council for getting Karl in to do the raking, it is really good to see the water all the way across the North and south Esk, at low ride, not only can we navigate safely, but it is a real positive for the city and all local business. I am looking forward to the upcoming season to showcase the area to all our visitors, forward bookings are looking good and winter was exceptional. Once again many, many thanks to all concerned in the raking clean-up.”

Alfred Gude, Director Tamar River Cruises

“Southern Marine Shiplift supports the Launceston Flood Authority’s raking of the Tamar River in times of strong tidal movement or in times of flood as a short term solution to the Tamar’s ever increasing siltation problem.”

Sean Richardson, General Manager, Southern Marine Shiplift
This year witnessed the official sign-off of the Launceston Flood Risk Management Project with the independent engineering report submitted to DPIPWE certifying the levee construction was as designed. The Flood Authority is now charged with the ongoing maintenance and reporting on the levee system.

With the start of this reporting period demonstrating the success of the Launceston Flood Risk Management Project by withstanding the June 2016 floods, Geoscience Australia was funded to undertake a Cost Benefit Analysis (CBA) of the $58 million investment in the flood protection system. The CBA found the avoided damage cost (loss) from the floods, had the levees failed, was approximately four times the total investment in the new levee system.

The June 2016 floods highlighted a vulnerable area in Newstead where several properties and buildings were inundated. The Flood Authority designed an adjunct to the flood protection system in the form of a new levee that would fit within the Newstead Sporting Reserve without undue disruption to the amenity of the precinct. At the time of writing this report, federal funding had been received and the new levee works were commenced. The levee is due to be completed in early 2018.

30 June 2017 also saw the completion of the Tamar River Recovery Plan (TRRP). This $3 million federally funded program commenced in 2014. The Program was a partnership between the City of Launceston, the Launceston Flood Authority, NRM North and TasWater to address sediment entering the waterways, reduce sediment in the upper estuary and to understand the longstanding issues of Launceston’s combined sewerage and stormwater system.

The TRRP achieved outstanding results by exceeding all targets in reducing sediment in the upper estuary, sediment entering the catchment, riparian river bank planting and excluding stock from rivers. The erosion grants and clean river grants leveraged a threefold return on investment and enticed 63 farming enterprises to change management practices for environmental gain, demonstrating the value of investing in the environment.

Since the Launceston Flood Risk Management Act 2015 was promulgated the Authority has had an ongoing role of being a referral agency to development applications in the flood prone areas with the principal role of reducing risk to property and life, balanced against the ever-present need for development.

As rainfall over the year provided few high flow events in the Esk Rivers, sediment raking has been in the main put on hold with the exception of clearing the sediments from the Seaport Marina area. The Authority does however remain poised to resume raking at the first opportunity as the most recent surveys reveal the sediment is continuing to accumulate and again threatens to reduce the effectiveness of the flood protection system.

The Flood Authority looks forward to the year ahead and its role in protecting Launceston’s communities.

Andrew Fullard
General Manager
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Appendix—Audited Financial Statements
Inveresk Walkway & Cycleway by night

Concrete panel depicting the river system and significant flood dates
The Launceston Flood Authority

It is acknowledged that parts of the City of Launceston are subject to flood hazards. The City needs well designed and reliable flood protection to reduce the risks of harm to persons, and major damage to buildings and infrastructure from the occurrence of a flood event. This was demonstrated in Launceston in 1929 when part of the CBD and its northern suburb of Invermay were severely flooded rendering 4000 people homeless with many homes and buildings declared uninhabitable.

In 2005, after the levees that were built in the 1960s were assessed as not fit-for-purpose due to the ongoing settlement and other structural degradation, the Launceston City Council entered into an agreement with the State Government, whereby the Launceston Flood Risk Management Deed 2008 was promulgated, with a requirement to establish the Launceston Flood Authority to manage a reconstruction project and take responsibility for the levees.

The Launceston Flood Authority (Authority) was established under Section 30 of the Local Government Act 1993 as a Single Authority.

There are two main areas of activity that the Authority is involved in today, which can be broadly summarised as: 1) flood protection; and 2) management of the sediments in the Tamar River estuary. Within those two activities the following distinct tasks are involved:

- Design, construct and maintain the Invermay Flood Levees to increase the resilience of flooding by withstanding a 1 in 200 year ARI flood;
- Maintain all publicly owned flood levees in the Launceston Flood Protection Scheme (LFPS);
- Management of the sediments in the upper reaches of the Tamar River estuary including development of longer term management strategies.
As a ‘Single Authority’ established under the Local Government Act 1993, the Authority is governed by a Board of Directors. The composition of the Board is the Mayor and General Manager of the City of Launceston and skill-based community members being Mr Alan Birchmore AO (Chairman), Mr Don Wing and Dr Owen Ingles.

The Board has adopted scheduled quarterly meetings. In this reporting year, the Board of the Authority, held five meetings.

<table>
<thead>
<tr>
<th></th>
<th>Board Meetings Attended</th>
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<tbody>
<tr>
<td>Alan Birchmore AO (Chair)</td>
<td>5</td>
</tr>
<tr>
<td>Albert van Zetten</td>
<td>4</td>
</tr>
<tr>
<td>Robert Dobrzynski</td>
<td>2</td>
</tr>
<tr>
<td>Dr Owen Ingles (deceased 17 June 2017)</td>
<td>3</td>
</tr>
<tr>
<td>Don Wing</td>
<td>5</td>
</tr>
</tbody>
</table>
Vale - Dr Owen Graeme Ingles

BA, MSc, PhD, FRSC, FIE Aust, FRPSL, MAIEN, MIE, CChem, CEng, CPEng

On 17 June 2017, scholar, scientist, moderator of the Presbyterian Church and Director of the Flood Authority, Dr Owen Graeme Ingles, passed away.

Born on 22 December 1923, Dr Ingles was a student at Scotch College from 1932 to 1941. He finished his secondary education as an accomplished student obtaining four credits, four higher passes and being awarded Dux of the school.

Commencing university in 1942 Dr Ingles undertook two degrees, the first a Bachelor of Applied Science in Pure and Applied Chemistry and the second a Bachelor of Arts in Modern Languages studying both French and German. Whilst working in Japan sometime later, he added the Japanese art of Ikebana flower arranging to his credentials.

Following a research fellowship from the Government in 1972 he was appointed Associate Professor of Civil Engineering Materials at the University of NSW where his research work on soils, roads, dams and statistical controls resulted in awards of the Myers Medal, The Medal of Mexican Soils Mechanics Society and the Medal of Wroclaw University (Poland). He also completed his dissertation and was awarded a Doctorate of Philosophy from the University of NSW. He published over 150 papers in his life and was the leading researcher in his field.

Dr Ingles joined the Board of the Launceston Flood Authority in 2009 and remained a learned contributor until his passing, for which Launceston should be forever grateful.
The Launceston Flood Risk Management Project commenced in 2008 charging the Authority with responsibility to reconstruct the levees, north of the North Esk River surrounding Invermay, to provide flood risk mitigation up to the level of a 1 in 200 year ARI flood.

The reinforced concrete levees were completed in December 2013 and have now entered the monitoring and maintenance phase. The flood in June 2016 confirmed the stability and adequacy of the design that will stand for the design period of eighty years.

As reported last year, the majority of earth levees requiring reconstruction under the Flood Risk Management Project are now structurally complete and capable of providing the 1 in 200 year flood protection as is required under the Authority's obligations.

At 6 June, the day of the 2016 floods, final works were undertaken to close the remaining gap which had been maintained for Boral's egress. The levee was taken to 5.1m AHD which equates to the 1:200 flood level plus 400mm freeboard as per the other levees in the flood protection scheme.

The construction of the final section of levee was preceded by the construction of a temporary road between the Boral site entry and the Taroona Street floodgate.

On 27 September 2015, the Launceston Flood Risk Management Project was officially opened by Andrew Nikolic AM CSC (former Federal Member for Bass), Sarah Courtney MP (State Member for Bass), Alderman Albert van Zetten (Mayor of Launceston) and Alan Birchmore AO (Chairman Launceston Flood Authority).

The event was held on the new walkway observation deck in Inveresk and was attended by interested community members. The observation deck provides a view of the North Esk River with the CBD riverside precinct as a backdrop.

As reported in 2015, the Inveresk Precinct Levee Paths & Cycle Ways project reached practical completion in December 2014. The 12.5 kilometre walkway and cycleway joins Mowbray and Heritage Forest to the City of Launceston and is partially built atop the new 1 in 200 year flood levees, aimed at encouraging Launceston residents and visitors to appreciate the rivers. The paths are being used by literally thousands of people a month demonstrating the value of this element of the project to the community.

15 properties were compulsorily acquired by the City of Launceston for flood protection purposes encompassing 27 claims for compensation, one compensation claim is yet to be determined. The City of Launceston is negotiating the settlement of this remaining claim, the subject matter of which is ‘commercial-in-confidence’.

In October 2017 a report by the Bushfire & Natural Hazards CRC, commissioned by the State Government, determined that the reconstructed flood protection system avoided losses of $216 million from the June 2016 floods. In addition to the financial losses avoided, the levees prevented over 1300 people being adversely impacted by the floods.

The Bushfire & Natural Hazards CRC report confirmed the decision to invest $58 million into the flood protection system as a sound decision.
Tamar River Recovery Plan

The Flood Authority managed this program for the City of Launceston with funding obtained under the Federal Government’s National Landcare Program.

The purpose of the Tamar River Recovery Plan (TRRP) was to improve the health and water quality of the Upper Tamar River and its tributaries by removing and reducing the input of sediments and nutrients from the combined sewage and storm water overflows and other areas of the catchment. The program includes Sediment Management; Riverbank Stabilisation; Stormwater/sewer outlet improvements; Riparian protection and restoration; Community engagement; and Monitoring and evaluation.

The program commenced in June 2014 and completed in June 2017. A grant of $3.0 million was provided to fund Program delivery.

The Tamar River estuary and its tributary rivers, the North Esk and South Esk have a catchment comprising approximately 15% of the landmass of Tasmania. It was this supply of fresh water that was instrumental in Launceston’s development. Today, Launceston is a city of more than 60,000 people and the State’s primary northern metropolis supporting major businesses and the north eastern regional areas.

The estuary over the eons has gradually become clogged with sediments delivered by the two tributary rivers, the North and South Esk Rivers. In addition to the sediment, these rivers periodically flood the estuary with potentially devastating consequences for Launceston.

Launceston’s northern inner city suburb of Invermay has been developed on these sediments and in the past has been flooded, with the worst resulting in multiple deaths, 4000 people dislocated and 1000 homes declared uninhabitable, in one night, in 1929.

The estuary also provided the shipping corridor that enabled development of Launceston such that a major port existed in Launceston until the late 1960s. Keeping the port open was a challenge for the city as the rivers continually deposit sediments into the estuary.

A scientific report in 1985 by Forster, Nittim & Walker established that in an average year 30,000m$^3$ of sediments is brought down the rivers and deposited into the estuary. In some years, up to an estimated 100,000m$^3$ of silt and sediments can be deposited.

The deposition of this sediment combined with the tidal characteristics of the estuary causes unsightly mud-flats to develop in the upper catchment within sight of the CBD. These mud-flats have restricted access and use of the estuary and have been the focus of considerable public displeasure over the last 40 years or so.

Also contributing to the community angst about the estuary are the other pollutants and nutrients that flow from catchment and the combined stormwater/sewage system which at times enter the Tamar River estuary.

The combined result of these influences on the estuary is that the amenity of the upper reaches has become unusable being below recreational usage standards for the majority of the time. This has stifled development of the rivers-edge precincts and restricted business development in the city.
ENVIRONMENTAL OUTCOMES
The TRRP exceeded all its environmental targets in the focus areas of riverbank erosion management, debris removal, revegetation, weed treatment and management practice change.

Specifically, nearly 918,000 tonnes of sediment was removed from the target area of the upper Tamar against a target of 100,000 tonnes. With over 28 klns of stream bank repaired and 20 Ha of erosion area treated.

63 farming entities adopted sustainable farming practices against a target of 17 entities resulting in 556 Ha of sustainable change and 894 Ha of improved management practice against targets of 10 Ha each.

Revegetation of 27.1 Ha with 28,524 individual plantings exceeded the target of 3 Ha and 3000 plantings.

The proposed Innovation Grants aimed at innovative stormwater treatment were originally undersubscribed resulting in the funds being reallocated to a single Water Sustainable Urban Design (WSUD) project in partnership with the Northern Midland Council for the Youl Road Stormwater System (Sheepwash Creek) WSUD redevelopment at Perth, Tasmania. The annual reduction in urban pollutant loads being delivered to the Tamar estuary will be 10,000 kg sediment, 24 kg phosphorus and 182 kg nitrogen, as well as smaller quantities of trace pollutants such as petrochemicals.

SOCIAL OUTCOMES
With over 63 farming entities involved in the TRRP, a collegiality was developed amongst the grantees' of program funds and the general farming communities by undertaking best-practice projects to reduce detrimental environmental practices that were widely recognized.

Sediment in the Tamar Estuary has been a significant social issue in recent history demonstrated by the unfavorable comment in the local press and social media. Due to the success of the sediment management program, this social comment has all but disappeared from the collective consciousness of the community. An excellent result but nonetheless temporary, for without an ongoing funded program, the sediment will return to historic levels.

Although not yet fully completed, the WSUD project in Perth will evolve an open paddock with an urban drain into an attractive open wetland that will provide a lovely amenity for that community.

ECONOMIC OUTCOMES
The TRRP had strong economic outcomes leveraging significant funds from the community well above the program contributions.

The Clean Rivers Dairy grants program with a total funding pool of $200,500 over the life of the TRRP leveraged an additional $545,625 of community expenditure bringing the total investment under this stream of the program to $746,125; a tremendous result for our rivers in reducing nutrients and excluding stock from our rivers.

The Riverbank Erosion Grants had a similar outcome leveraging a total expenditure for 2016/17 alone of nearly $615,000 from an investment of $267,000 funded by the program.
NEWSTEAD LEVEE

As reported last year, a survey and cost benefit analysis was undertaken in 2013 to establish the feasibility of providing levee protection to 29 low lying properties in Newstead that would be impacted by the 1 in 200 year ARI South Esk River flood.

The June 2016 floods saw that prediction come to fruition where the North Esk River swelled to record flows, well above the 1 in 200 year ARI level, with consequential property damage and loss.

The proposed levee was redesigned with a height increase to protect to the level of the June floods. An additional stormwater retention basin was included in the project which resulted in a substantial increase in the projects costs. The project is now being funded by contributions from the Federal Government, City of Launceston and the Flood Authority.

Work is programmed to commence in the second half of 2017 with a completion early in 2018.

MAINTENANCE AND MOWING

The current Contractor, Complete Grounds and Garden Maintenance Pty Ltd, continues to perform extremely well, maintaining the standard of the levees to the finish required under the contract. A varying scale of levee maintenance has been specified whereby the inner city levees receive the highest standard and the lesser used levees, such as the Kings Wharf Levee, receive a level of service more aligned with the utilitarian purpose of their design.
6. Contracts Awarded

ONGOING CONTRACTS as at 1 JULY 2016

The following contracts were continuing from the previous reporting period:

**Capital Works:**

*Contract CD020/2010 - Scottsdale & Kings Wharf Levee Upgrade*
This was contract was suspended in 2014 and reactivated in March 2016. The works were substantially completed before the June 2016 floods.

**Maintenance:**

*Contract CD050/2015 - Complete Grounds and Garden Maintenance*
Levee Mowing & Maintenance (24 months period with an option for a further 24 months)
$150,003 ($75,001.50 per annum ex GST)

WORKS TENDERED

The following public tenders were conducted in 2016/17:

*Newstead Levee - CD042/2016*

CONTRACTS AWARDED

There were no contracts awarded in 2016/17.
LAUNCESTON FLOOD RISK MANAGEMENT PROJECT

As at 30 June 2017 the Authority had expended $53.9 million on the flood levee project and other flood risk mitigation works. This amount was made up as follows:

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>$'million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levee construction and design</td>
<td>27.3</td>
</tr>
<tr>
<td>Land acquisition/compensation</td>
<td>24.4</td>
</tr>
<tr>
<td>Other Flood Risk Mitigation</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>56.1</strong></td>
</tr>
<tr>
<td>Less Capital Projects funded from the Reserve</td>
<td>(2.2)</td>
</tr>
<tr>
<td><strong>Total Project (to date)</strong></td>
<td><strong>53.9</strong></td>
</tr>
</tbody>
</table>

Funding for the project is a contribution from the Commonwealth, State and Local Governments and is comprised as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>$'million</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Launceston and miscellaneous grants</td>
<td>3.7</td>
</tr>
<tr>
<td>City of Launceston - Deed</td>
<td>13.0</td>
</tr>
<tr>
<td>State and Commonwealth - Deed</td>
<td>26.0</td>
</tr>
<tr>
<td>June 2011 Funding Commitment</td>
<td>13.5</td>
</tr>
<tr>
<td>Interest earned</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59.3</strong></td>
</tr>
</tbody>
</table>
As at 30 June 2017 the Authority's operations account had income and expenditure as summarised in the following table. Details are provided in the audited statements in the Appendix:

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2017**

<table>
<thead>
<tr>
<th>FLOOD AUTHORITY RESERVE</th>
<th>Year ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Jun-17</td>
<td>30-Jun-16</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Opening Balance Surplus/(Deficit) 01 July</td>
<td>498,514</td>
<td>241,185</td>
</tr>
<tr>
<td>Net Operations Surplus/(Deficit)</td>
<td>39,601</td>
<td>(257,455)</td>
</tr>
<tr>
<td>Operations Result Non-Cash Expense Adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Disposal Loss (Pre 2008 assets)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>564,940</td>
<td>563,508</td>
</tr>
<tr>
<td>Reserve Funded levee Improvement Capital Projects</td>
<td>(131,372)</td>
<td>(48,724)</td>
</tr>
<tr>
<td></td>
<td>971,683</td>
<td>498,514</td>
</tr>
</tbody>
</table>

**FLOOD LEVEE RECONSTRUCTION PROJECT**

This project is jointly funded by the Commonwealth Government, the State Government & the Launceston City Council under the Natural Disaster Mitigation Program. It is expected to be completed by 2015.
Sources of Funding

- $26.0 million
- $13.5 million
- $3.7 million
- $3.1 million

City of Launceston and miscellaneous grants
City of Launceston - Deed
State and Commonwealth - Deed
June 2011 Funding Commitment
Interest earned

June 2011 Funding Commitment
1 November 2017

Mr M Stretton  
General Manager  
Launceston City Council  
PO Box 396  
LAUNCESTON  TAS  7250

Dear Mr Stretton

Launceston City Council – Audit of Launceston Flood Authority Special Purpose Financial Report for the Year Ended 30 June 2017

The audit of the special purpose financial report for the Launceston Flood Authority (the Authority) has been completed. I have issued my audit report, a copy of which is enclosed, on the financial report signed by the Chairman and Manager Finance on 24 August 2017.

Audit Findings

The audit was completed with no issues outstanding.

You will appreciate that my normal audit procedures are designed primarily to enable me to form an opinion on the financial report as a whole and therefore do not necessarily bring to light at each audit all the weaknesses in internal control or accounting practice which a special investigation might do.

I have prepared this report solely for the use of Council. As you know, this report forms part of a continuing dialogue between Council and the Auditor-General and, therefore, it is not intended to include every matter, whether large or small, that has come to my attention. For this reason I believe that it would be inappropriate for this report or letter to be made available to third parties and, if such a third party were to obtain a copy without my prior written consent, I would not accept any responsibility for any reliance that they might place on it.
Appreciation is expressed for the assistance and co-operation provided to my staff during the course of the audit.

If you have any queries regarding the audit or any other matters, please contact Mrs Debbie Scott on 6173 0971.

Yours sincerely

Ric De Santi
Deputy Auditor-General

Encl.

Copy for:
Ald A Birchmore, Chairman
Mr P Gimpl, Acting Director Corporate Services
Independent Auditor’s Report

To the Aldermen of Launceston City Council

Launceston Flood Authority


Opinion

I have audited the special purpose financial report of the Launceston Flood Authority (the Authority), which comprises the statement of revenues and expenses, accompanying notes and the statement on behalf of the Authority for the year ended 30 June 2017.

In my opinion, the accompanying financial report:

(a) presents fairly, in all material respects, the financial performance of the Authority for the year ended 30 June 2017

(b) is in accordance with the Local Government Act 1993 and the Authority’s Rules.

Basis of Preparation and Restriction on Distribution

Without modifying my opinion, I draw attention to Note 1 to the financial report, which describes the basis of preparation and significant accounting policies. The financial report is a special purpose financial report prepared for the purpose of fulfilling the Authority’s financial reporting responsibilities under the Local Government Act 1993, the Audit Act 2008 and the Authority’s Rules. As a result, the financial report may not be suitable for another purpose. My report is intended solely for Council and should not be relied on by parties other than Council.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.
The Audit Act 2008 further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General’s opinion are significant.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the General Manager for the Financial Report

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the Local Government Act 1993 and the Authority’s Rules and for such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the General Manager is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Members are responsible for overseeing Authority’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Ric De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Tasmanian Audit Office

1 November 2017
Hobart
STATEMENT ON BEHALF OF THE
LAUNCESTON FLOOD AUTHORITY
FOR THE YEAR ENDED 30 JUNE 2017

In the opinion of the Launceston Flood Authority (the Authority) members:

(a) the attached special purpose financial report is drawn up so as to give a true and fair
view of the result from the activities of the Authority for the year ended 30 June 2017.

(b) the special purpose financial report has been prepared in order to satisfy the financial
reporting requirements of the Authority under section 36A of the Local Government

(c) there are, when this statement is made out, reasonable grounds to believe that the
Authority will be able to pay its debts as and when they become due and payable.

Signed at Launceston this 24th day of August 2017.

A Birchmore
Chairman, Launceston Flood Authority

P Gimpl
Manager Finance, City of Launceston
LAUNCESTON FLOOD AUTHORITY

Special Purpose Financial Report

STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>30-Jun-17</th>
<th>30-Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>REVENUES</td>
<td></td>
</tr>
<tr>
<td>Commonwealth Government - Tamar River Recovery Plan</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>State Government - Flood Mitigation</td>
<td>311,632</td>
<td>305,845</td>
</tr>
<tr>
<td>State Government - Operational Funding</td>
<td>184,722</td>
<td>182,485</td>
</tr>
<tr>
<td>Launceston City Council - Operational Funding</td>
<td>174,745</td>
<td>173,876</td>
</tr>
<tr>
<td>Council Land Use and Occupation Fees</td>
<td>16,991</td>
<td>12,788</td>
</tr>
<tr>
<td>Interest Received</td>
<td>11,729</td>
<td>18,179</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>1,699,820</td>
<td>1,693,133</td>
</tr>
<tr>
<td></td>
<td>EXPENSES</td>
<td></td>
</tr>
<tr>
<td>River Management &amp; Improvement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>River Works &amp; Sediment Management</td>
<td>245,488</td>
<td>330,399</td>
</tr>
<tr>
<td>NRM North - Riparian Works &amp; Riverbank Stabilisation</td>
<td>338,999</td>
<td>429,332</td>
</tr>
<tr>
<td>Taswater - Wastewater Improvement Works</td>
<td>169,603</td>
<td>284,743</td>
</tr>
<tr>
<td>Levee Maintenance</td>
<td>126,916</td>
<td>130,417</td>
</tr>
<tr>
<td>Depreciation</td>
<td>564,940</td>
<td>563,508</td>
</tr>
<tr>
<td>Asset Disposal Loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provision for Doubtful Debts</td>
<td>3,879</td>
<td>8,288</td>
</tr>
<tr>
<td>Gross Employee Benefits</td>
<td>79,414</td>
<td>63,167</td>
</tr>
<tr>
<td>Labour Charged Recovery</td>
<td>(14,679)</td>
<td>(14,679)</td>
</tr>
<tr>
<td>Management Consultant</td>
<td>60,725</td>
<td>60,700</td>
</tr>
<tr>
<td>Land Tax</td>
<td>22,423</td>
<td>25,774</td>
</tr>
<tr>
<td>Committee Representative Costs</td>
<td>3</td>
<td>16,679</td>
</tr>
<tr>
<td>Other Overheads</td>
<td>4</td>
<td>52,280</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>1,660,219</td>
<td>1,950,588</td>
</tr>
<tr>
<td></td>
<td>NET OPERATIONS SURPLUS/(DEFICIT)</td>
<td>39,601</td>
</tr>
</tbody>
</table>

The accompanying notes form part of the special purpose financial report.
LAUNCESTON FLOOD AUTHORITY

Special Purpose Financial Report

NOTES TO THE STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework
The members have determined that the Launceston Flood Authority (the Authority) is not a reporting entity as there are no users who are dependant on its general purpose financial reports. The financial report is therefore a special purpose financial report which has been prepared to satisfy the financial reporting requirements of the Authority under section 36A of the Local Government Act 1993, Section 17 of the Audit Act 2008 and the Authority rules. The financial report has been prepared on an accruals basis and in accordance with the mandatory professional reporting requirements in Australia, but not all the disclosure requirements specified by Australian Accounting Standards.

Statements of Financial Position, Changes in Equity and Cash Flows required by AASB 101 Presentation of Financial Statements have not been prepared as the Authority has no assets or liabilities in its own right. The Authority manages assets for the City of Launceston (Council) and the capital expenditure incurred is done so on behalf of Council. Although the Authority has no assets, depreciation and any gain or loss on asset disposal has been allocated to reflect the availability of Council’s assets for use by the Authority.

Significant Accounting Policies
Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions and other events reported. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Employee Benefits
i) Total salary and the associated direct labour on-costs of Council employees working for the Authority has been reported. The labour charged to Provision of Services and credited back as labour recovery is separately listed to provide gross employee benefits.

ii) Provision is made by Council for benefits accruing to employees in respect of annual leave and long service leave at 30 June when it is probable that settlement will be required and they are capable of being measured reliably. The remuneration rate expected to apply at the time of settlement has been used in the calculation of the entitlements with on-costs included and charged to the Authority.

(b) Depreciation
The Authority has no assets in its own right but a depreciation charge has been determined by Council and allocated to the Authority to reflect the availability of Council’s assets for use by the Authority.

(c) Goods and Services Tax (GST)
Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the revenue or expense amount is stated inclusive of GST.
LAUNCESTON FLOOD AUTHORITY

Special Purpose Financial Report

NOTES TO THE STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Revenue Recognition
Revenue is recognised in the period to which it relates.

2 ACTIVITIES OF THE AUTHORITY

The Launceston Flood Authority was established on 10th September 2008 as a single authority of Council under section 30 of the Local Government Act 1993 to take over the flood protection responsibilities and obligations of the Upper Tamar River Improvement Authority (UTRIA).

The Authority is to "perform all tasks necessary for the construction and maintenance of flood levees, to initiate and manage effective emergency management procedures and to take all necessary measures, so as to address the flood risk to the 'flood risk area', principally by providing a 1 in 200 year level of protection."

The operating activities of the Authority in the attached special purpose report includes operational revenues and expenses related particularly to levee maintenance, silt management, emergency management, general planning and administration of the Authority.

The Authority is also responsible for a major levee reconstruction project jointly funded by the State and Federal Governments together with Council. This project is intended to achieve 1 in 200 year flood protection for the Invermay area. The capital expenditure incurred on this project is summarised in the following table.

<table>
<thead>
<tr>
<th>LAUNCESTON FLOOD RISK MANAGEMENT PROGRAMME</th>
<th>2017 ($'000)</th>
<th>2016 ($'000)</th>
<th>Prior Years ($'000)</th>
<th>Inception to Date ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Levee Improvement Projects</td>
<td>49</td>
<td>156</td>
<td>27,150</td>
<td>27,355</td>
</tr>
<tr>
<td>Land Acquisition</td>
<td>943</td>
<td>2,339</td>
<td>21,126</td>
<td>24,408</td>
</tr>
<tr>
<td>Other Risk Mitigation Costs</td>
<td>131</td>
<td>49</td>
<td>4,190</td>
<td>4,370</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>1,123</td>
<td>2,544</td>
<td>52,466</td>
<td>56,133</td>
</tr>
<tr>
<td>Less Capital Projects funded from the Reserve (Note 3)</td>
<td>(131)</td>
<td>(49)</td>
<td>(2,035)</td>
<td>(2,215)</td>
</tr>
<tr>
<td>Capital Expenditure - Launceston Flood Risk Management</td>
<td>982</td>
<td>2,485</td>
<td>50,431</td>
<td>53,918</td>
</tr>
</tbody>
</table>

The Authority is a single authority under the Local Government Act (1993). Assets acquired as part of the flood levee project (e.g. property and flood levees) have been done so on behalf of Council. These assets are not included in the Authority’s financial statements.
3 COMMITTEE REPRESENTATIVE COSTS
Committee representative costs are made up of an honorarium paid to the independent chairman and sitting fees for the independent board members.

4 OTHER OVERHEADS
Other overhead expenses represent various costs incurred by Council on behalf of the Authority. These expenses include water charges, insurance, expert advice and internal service charges.

5 CASH ON HAND
The finances of the Authority are administered by Council and the transactions are included in Council’s audited financial statements from which these details are extracted. The closing reserve balance shown in the following table is recognised as funds pledged by Council for Launceston Flood Authority purposes.

<table>
<thead>
<tr>
<th>FLOOD AUTHORITY RESERVE</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance Surplus/(Deficit) 01 July</td>
<td>498,614</td>
<td>241,185</td>
</tr>
<tr>
<td>Net Operations Surplus/(Deficit)</td>
<td>39,601</td>
<td>(257,455)</td>
</tr>
<tr>
<td>Operations Result Non-Cash Expense Adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Disposal Loss (Pre 2008 assets)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>564,940</td>
<td>563,508</td>
</tr>
<tr>
<td>Reserve Funded Levee Improvement Capital Projects</td>
<td>(131,372)</td>
<td>(48,724)</td>
</tr>
<tr>
<td>Closing Balance Surplus/(Deficit) 30 June</td>
<td>971,683</td>
<td>498,514</td>
</tr>
</tbody>
</table>

This financial report has been prepared on an accrual basis. Non-cash expenses are included in both the current and comparative results on the Statement of Revenues and Expenses. Non-cash expenses are added back to the operating result and Capital expenditure on specific projects, identified as being funded from the Reserve, is deducted to determine the closing balance in the Flood Authority Reserve.

6 COMMITMENTS FOR CAPITAL EXPENDITURE

<table>
<thead>
<tr>
<th></th>
<th>2017 ($'000)</th>
<th>2016 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the reporting date the Authority had entered into contracts for the following Capital expenditures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>34</td>
<td>215</td>
</tr>
<tr>
<td>Land Acquisition</td>
<td>10,747</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>10,781</strong></td>
<td><strong>215</strong></td>
</tr>
</tbody>
</table>

These expenditures are due for payment:

Not later than one year

<table>
<thead>
<tr>
<th></th>
<th>2017 ($'000)</th>
<th>2016 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,781</td>
<td>215</td>
</tr>
</tbody>
</table>