

City of Launceston

Proposed Statutory Estimates **Year Ending 30 June 2021**

Statements and Schedules

Operating Statement	2021	2020
	\$'000	\$'000
<u>Revenues (Excluding Capital Grants)</u>		
Rates and Charges	64,856	61,942
Fire Service Rates	8,642	8,310
Fees	26,698	25,555
Grants and Contributions	7,773	7,579
Interest Earnings	1,237	2,095
Investments	3,474	3,224
Bequests and Donations	80	188
Other Income	2,052	2,118
	<u>114,812</u>	<u>111,011</u>
<u>Expenses</u>		
Labour	46,508	43,539
Materials and Services	24,006	23,327
Combined Drainage - TasWater	1,537	1,509
Depreciation	22,087	21,358
Fire Commission Levy	8,642	8,310
Administrative	5,336	5,104
Electricity and Gas	3,211	3,403
Contributions	2,878	3,006
Water, Rent and Land Tax	1,713	1,532
Remissions and Abatements	251	240
Interest	375	304
Amortised Rehabilitation	50	318
Asset Disposal Loss	200	200
	<u>116,794</u>	<u>112,150</u>
Underlying Operating Surplus (Deficit)	(1,982)	(1,139)
Add Capital Grants and Contributions	11,660	4,967
Operating Surplus (Deficit)	<u>9,678</u>	<u>3,828</u>

Note: Information has not as yet been received from the State Fire Commission as to the amount required to be raised. Provisional estimates have been included.

Comparative figures are taken from the previous statutory budget and not updated for budget changes during the year.

Funds (Cash) Statement	2021	2020
	\$'000	\$'000
<u>Source</u>		
Net Cash from Operating Activities	32,015	25,704
Loan Proceeds	4,200	4,200
	<u>36,215</u>	<u>29,904</u>
<u>Application</u>		
Capital Expenditure		
Capital Funds	23,769	20,412
Grant Funds	11,660	4,967
Future Works Provision	-	-
	<u>35,429</u>	<u>25,379</u>
Loan Repayments		
Standard Loans	-	-
Accelerated Loans	-	-
	<u>-</u>	<u>-</u>
	<u>35,429</u>	<u>25,379</u>
Net Cash Generated (Expended)	<u>786</u>	<u>4,525</u>
Reconciliation of Net Cash from Operating Activities	2021	2020
	\$'000	\$'000
Underlying Operating Surplus (Deficit)	(1,982)	(1,139)
Asset Disposal Loss	200	200
Capital Grants and Contributions	11,660	4,967
Change in Net Assets from Operations	<u>9,878</u>	<u>4,028</u>
Depreciation and Amortisation		
Infrastructure	14,925	14,561
Buildings	3,596	3,357
Plant and Equipment	2,864	2,820
Data Systems	702	620
Amortised Rehabilitation	50	318
Net Cash from Operating Activities	<u>32,015</u>	<u>25,704</u>

Expenditure Analysis

Labour

Several new roles were created as part of the Council's Organisational Alignment Project in 2019. As a result, labour costs have increased. The 2020/2021 budget also includes a yet to be determined increase as part of the upcoming Enterprise Agreement negotiations.

Council has an ongoing commitment to workplace health and safety, staff training and professional development which are all included in the overall labour cost.

Workers Compensation Insurance is included in labour costs, and has increased in line with industry trends.

Materials and Services

These costs relate to the operation and maintenance of the Council's facilities; they include labour, plant, contractors and materials.

The Council diligently monitors this expenditure to ensure any increases are appropriate and justified. The budgeted increase of 3.00% is below the 2019 Council Cost Index of 3.38%. This increase is largely driven by increased costs for waste disposal, recycling and processing (\$546K).

Depreciation

Depreciation is a significant non-cash expense and will continue to be affected by revaluation changes, revised estimates of the asset useful lives and the creation of new Council or externally funded projects. Given the Council's substantial asset portfolio, depreciation continues to be a significant cost in each operation budget. The increase in budget to \$22.1m (\$21.4 in 2019/20) is reflective of this.

Administrative

	2021	2020
	\$'000	\$'000
General Administration	818	850
Advertising and Promotion	241	249
Computer and Communications	412	358
Election Expense	30	30
Expert Advice	594	677
Insurance (excludes Workers Comp)	1,036	815
Maintenance	205	190
Payment Fees and Debt Recovery	497	460
Postage, Printing and Stationery	372	355
Councillors	588	573
Audit Fees	99	100
Vehicles	444	448
	5,337	5,105

General Administration includes a range of expenses including committee costs, bank fees, security services and safety services etc. The other sub-categories are self-explanatory. Insurance costs have increased significantly. This is consistent across the Local Government sector.

Combined Drainage - TasWater

	2021	2020
	\$'000	\$'000
Operating Cost Contribution	962	934
Capital Cost Contribution Provision	575	575
	1,537	1,509

Electricity and Gas

	2021	2020
	\$'000	\$'000
Gas	527	821
Electricity	2,684	2,582
	3,211	3,403

The reduction in gas costs is directly attributable to the approved installation of a new renewable energy system at the Launceston Aquatic Centre, which will be installed in 2020/2021.

Contributions, Community and Events Support

	2021	2020
	\$'000	\$'000
<u>Regional Cooperation</u>		
Northern Tas Development Corp	215	209
Tamar Region NRM	128	124
NRM North	64	61
Regional Tourism Organisation	145	174
	552	568
<u>Internal Service Provision</u>		
Launceston Flood Authority	182	182
<u>Provision of Services</u>		
NTCA	330	330
Business Events Tasmania	50	50
Theatre North	110	200
	490	580
<u>Contributions</u>		
LGAT	66	66
Cityprom	544	530
Community Assistance - Dogs and Cats	252	282
Conference and Business Incentives	32	37
Community Grants	80	80
	973	995
<u>Events Sponsorship</u>		
Major Events	210	210
Signature Events	225	215
New Year's Event	46	46
Small and Celebration Events	129	139
Special Event	70	70
	680	680
Total Contributions and Events Support	2,878	3,005

The reduction in the contribution to Theatre North comes as a result of the renegotiated lease agreement as at January 2020. The Council is receiving a reduction in lease income, which exceeds the decrease in the contribution made to Theatre North.

Water, Rent and Land Tax

	2021	2020
	\$'000	\$'000
Water Charges - Fixed	832	770
Water Charges - Volumetric	360	346
External Rent	34	36
Land tax	487	382
	1,713	1,534

Remissions and Abatements

	2021	2020
	\$'000	\$'000
Rating Remissions	251	240

Council Concessions

	2021	2020
	\$'000	\$'000
Pensioner Concessions		
Refuse Disposal	285	264
Parking Off-Street	161	137
	446	401

The Council provides a range of other concessions through its fee structure which includes free entry to the Museum and the Council's car parks and concessions for the Aquatic Centre and dog licences.

Debt Levels

In February 2017 the Council borrowed \$9m for the CH Smith carpark project as part of the State Government Accelerated Loan Program. In 2020/2021 the intent is to borrow an additional \$4.2m for the St John Street Redevelopment Project once commenced to take advantage of interest free as per the State Government Accelerated Loan Program. This is the final funding the City of Launceston will avail itself of under the State Government Accelerated Loan Program. The borrowing of these funds was deferred from 2019/2020, however, remain in the comparative figures as this was the approved budget.

The two loans (\$9m for the CH Smith Car Park Project already borrowed and the proposed borrowing of \$4.2m for the St John Street Redevelopment Project) will be repaid in full from currently existing funds when they are due.

As these two loans incur interest but are reimbursed by the State Government there is no impact from borrowings other than revenue and an equal expense (nil overall impact) for the 2020/2021 budget

Loan Schedule Extract	Interest \$000	Borrowing \$000	Repayment \$000	Balance \$000
30 June 2017 Actual	253	9,000	2,241	12,126
30 June 2018 Actual	441	-	2,357	9,769
30 June 2019 Actual	35	-	769	9,000
30 June 2020 Actual	-	-	-	9,000
30 June 2021 Proposed	-	4,200	-	13,200

The Council in 2020/2021 will only have interest free loans. Future loans are only anticipated to be used to fund projects that produce an economic return and/or generate revenue to service any loan funds.

Capital Program

The following table provides an extract from the draft Capital Works Program.

The Council seeks to prioritise the renewal of existing assets, however, it has been necessary in 2020/2021 to invest in the creation of several new, high value assets including the additional Waste Landfill Cell Liner (\$6m), the QVMAG Digitisation and Collection Audit (\$400K), UTAS Stadium Upgrade (\$1.5m externally funded) and the QVMAG Inveresk/Royal Park Redevelopment (\$1.5m externally funded).

Draft Capital Improvement Plan	2021 \$'000
Council Funding	23,769
Capital Grants	11,660
Gross Funding	<u>35,429</u>
Type of Work	
Renewal	15,808
Upgrade	9,511
Addition	10,110
Gross Funding	<u>35,429</u>
Renewal and Upgrade	71.46%
Additions	28.54%

OPERATING and CAPITAL Expenditure (Excluding Non-Cash Expenses - Depreciation and Asset Disposal Losses)	2021 \$000	2020 \$000
Governance	1,767	1,922
Organisational Support	14,336	12,318
Technical and Logistics Support	2,702	3,414
Cultural Facilities	9,545	7,970
Economic Development and Promotion	6,517	4,156
Other Community Amenities	2,924	3,070
Public Order and Safety	783	829
Health	1,229	1,165
Environmental Protection	309	-
Community Development	1,407	1,326
Planning Approvals	2,115	2,649
Building Control	1,070	1,045
Garbage Collection and Disposal	15,218	9,999
Fire Levy	8,650	8,318
Flood Mitigation	1,288	883
Cemetery and Crematoria	1,297	1,448
Recreational Facilities	33,391	30,947
Roads and Traffic	13,651	12,704
Street Lighting	1,259	1,229
Street Cleaning	2,462	2,561
Parking Facilities	4,001	4,575
Stormwater Drainage	3,590	2,822
Interest Expense	375	304
Loan Repayments	-	-
Future Works Provision	-	-
	129,886	115,653
Financed by:		
Operating Revenues (excludes Capital)	114,812	111,011
Grants and Contributions	11,660	4,967
Operating Revenues	126,472	115,978
Prior Year Funding	-	-
Loan Proceeds (Gross)	4,200	4,200
	130,672	120,178
Net Cash Generated (Expended)	786	4,525

Notes:

Comparative figures are taken from the previous statutory budget and not updated for budget changes during the year.

DETAILED BREAKDOWN

	2021	2020
	\$000	\$000
OPERATING and CAPITAL Expenditure		
(Excluding Non-Cash Expenses - Depreciation and Asset Disposal Losses)		
Governance	1,767	1,922
Operations Expenditure Other	863	1,086
TRNRM Contribution	128	123
LGAT Contribution	66	66
Election Costs	0	0
Pensioner Concessions - Parking	161	137
Pensioner Concessions - Refuse	285	264
Pensioner Concessions - Waste Levy	23	17
Rates Remission - General	241	230
Capital Expenditure	0	0
Organisational Support	14,336	12,318
Operations Expenditure	13,416	11,508
Capital Expenditure	920	810
Technical and Logistics Support	2,702	3,414
Operations Expenditure	619	1,796
Capital Expenditure	2,083	1,618
Cultural Facilities	9,545	7,970
Operations Expenditure Total	6,779	6,909
Capital Expenditure Total	2,766	1,061
Princess Theatre		
Operations Expenditure Total	380	454
Capital Expenditure Total	0	431
QVMAG		
Operations Expenditure Total	6,390	6,205
Capital Expenditure Total	2,766	629
Arts & Culture Unit		
Operations Expenditure Total	0	242
Capital Expenditure Total	0	0
Auto Museum		
Operations Expenditure Total	9	8
Capital Expenditure Total	0	0
Economic Development and Promotion	6,517	4,156
Operations Expenditure	6,517	4,056
Capital Expenditure	0	100

	2021	2020
	\$000	\$000
Other Community Amenities	2,924	3,070
Operations Expenditure Other	1,880	1,701
Public Toilets (excludes Parks Facilities)	329	279
Capital Expenditure	715	1,090
Public Order and Safety	783	829
Operations Expenditure Other Animal Control and By-laws	514	497
Pound and RSPCA Funding	269	302
Capital Expenditure	0	30
Health	1,229	1,165
Operations Expenditure	1,162	1,102
Immunisations	67	63
Capital Expenditure	0	0
Environmental Protection	309	0
Operations Expenditure	309	0
Capital Expenditure	0	0
Community Development	1,407	1,326
Operations Expenditure	1,407	1,326
Capital Expenditure	0	0
Planning Approvals	2,115	2,649
Operations Expenditure Other	2,115	2,619
Heritage and Strategic Planning	0	30
Capital Expenditure	0	0
Building Control	1,070	1,045
Operations Expenditure	1,070	1,045
Capital Expenditure	0	0
Garbage Collection and Disposal	15,218	9,999
Garbage Collection	5,520	4,972
Hard Goods Collection	60	60
Garbage Collection Rates Remission	2	2
Garbage Disposal	3,636	3,464
Capital Expenditure	6,000	1,500

	2021	2020
	\$000	\$000
Fire Levy	8,650	8,318
Operations Expenditure	8,642	8,310
Fire Levy Rates Remission	8	8
Capital Expenditure	0	0
Flood Mitigation	1,288	883
Operations Expenditure	1,288	843
Capital Expenditure	0	40
Cemetery and Crematoria	1,297	1,448
Operations Expenditure	1,242	1,243
Capital Expenditure	55	205
Recreational Facilities	33,391	30,947
Operations Expenditure	20,361	20,067
Capital Expenditure	13,030	10,881
Swimming Pools		
Operations Expenditure Total	5,154	5,124
Capital Expenditure Total	120	370
Community Halls		
Operations Expenditure Total	210	173
Capital Expenditure Total	0	20
Albert Hall		
Operations Expenditure Total	215	200
Capital Expenditure Total	7,035	160
Sporting Grounds		
Operations Expenditure Total	4,943	4,909
Capital Expenditure Total	1,780	9,599
Parks and Gardens		
Operations Expenditure Total	9,839	9,660
Capital Expenditure Total	4,095	732
Roads and Traffic	13,651	12,704
Operations Expenditure Other	3,024	3,071
Roads and Bridges	3,297	3,413
Capital Expenditure	7,330	6,220

	2021	2020
	\$000	\$000
Street Lighting	1,259	1,229
Operations Expenditure	1,259	1,229
Capital Expenditure	0	0
Street Cleaning	2,462	2,561
Operations Expenditure	2,462	2,561
Capital Expenditure	0	0
Parking Facilities	4,001	4,575
Operations Expenditure Other	2,712	3,146
Park and Ride (Tiger Bus)	259	263
Capital Expenditure	1,030	1,165
Stormwater Drainage	3,590	2,822
Operations Expenditure	2,090	2,162
Capital Expenditure	1,500	660
Interest Expense	375	304
Loan Repayments	0	0
Future Works Provision	0	0
	<u>129,886</u>	<u>115,653</u>

Trading and Major Facilities (including Full Cost Attribution)	2021 \$'000	2020 \$'000
Parking		
Income		
Fees	7,735	7,454
Concessions Reimbursed	161	137
	7,896	7,591
Less Expenses		
Operations	3,140	3,553
Depreciation	446	443
Full Cost Attribution	571	571
	4,157	4,567
Net Income (Expenses)	3,739	3,024
Capital Works	1,030	1,165
Launceston Waste Centre		
Income		
Fees	7,199	6,628
Concessions Reimbursed	285	264
	7,484	6,892
Less Expenses		
Operations	2,128	2,073
Depreciation	646	643
Amortisation	50	318
Full Cost Attribution	234	234
	3,058	3,268
Net Income (Expenses)	4,426	3,624
Capital Works	6,000	1,500
Queen Victoria Museum and Art Gallery		
Income		
Fees	391	494
Grants and Donations	1,717	1,786
	2,108	2,280
Less Expenses		
Operations	6,389	6,447
Depreciation	962	876
Full Cost Attribution	366	366
	7,717	7,689
Net Income (Expenses)	(5,609)	(5,409)
Capital Works	2,766	629

Trading and Major Facilities (including Full Cost Attribution)	2021 \$'000	2020 \$'000
Launceston Aquatic Income	4,443	4,344
Less Expenses		
Operations	5,095	5,075
Depreciation	849	798
Full Cost Attribution	168	168
	6,112	6,041
Net Income (Expenses)	(1,669)	(1,697)
Capital Works	120	370
York Park and Inveresk Precinct Income	2,370	2,405
Less Expenses		
Operations	4,375	4,319
Depreciation	1,174	1,160
Full Cost Attribution	165	165
	5,714	5,644
Net Income (Expenses)	(3,344)	(3,239)
Capital Works	1,780	4,750
Carr Villa Cemetery and Crematoria Income	1,358	1,247
Less Expenses		
Operations	1,242	1,243
Depreciation	134	135
Full Cost Attribution	73	73
	1,449	1,451
Net Income (Expenses)	(91)	(204)
Capital Works	55	205

	2021	2020
	\$000	\$000
Visitor Information Centre		
Income		
Fees	125	125
Grants	120	123
	245	248
Less Expenses		
Operations	547	532
Depreciation	3	3
Full Cost Attribution	48	48
	598	583
Net Income (Expenses)	(353)	(335)
Capital Works	-	-