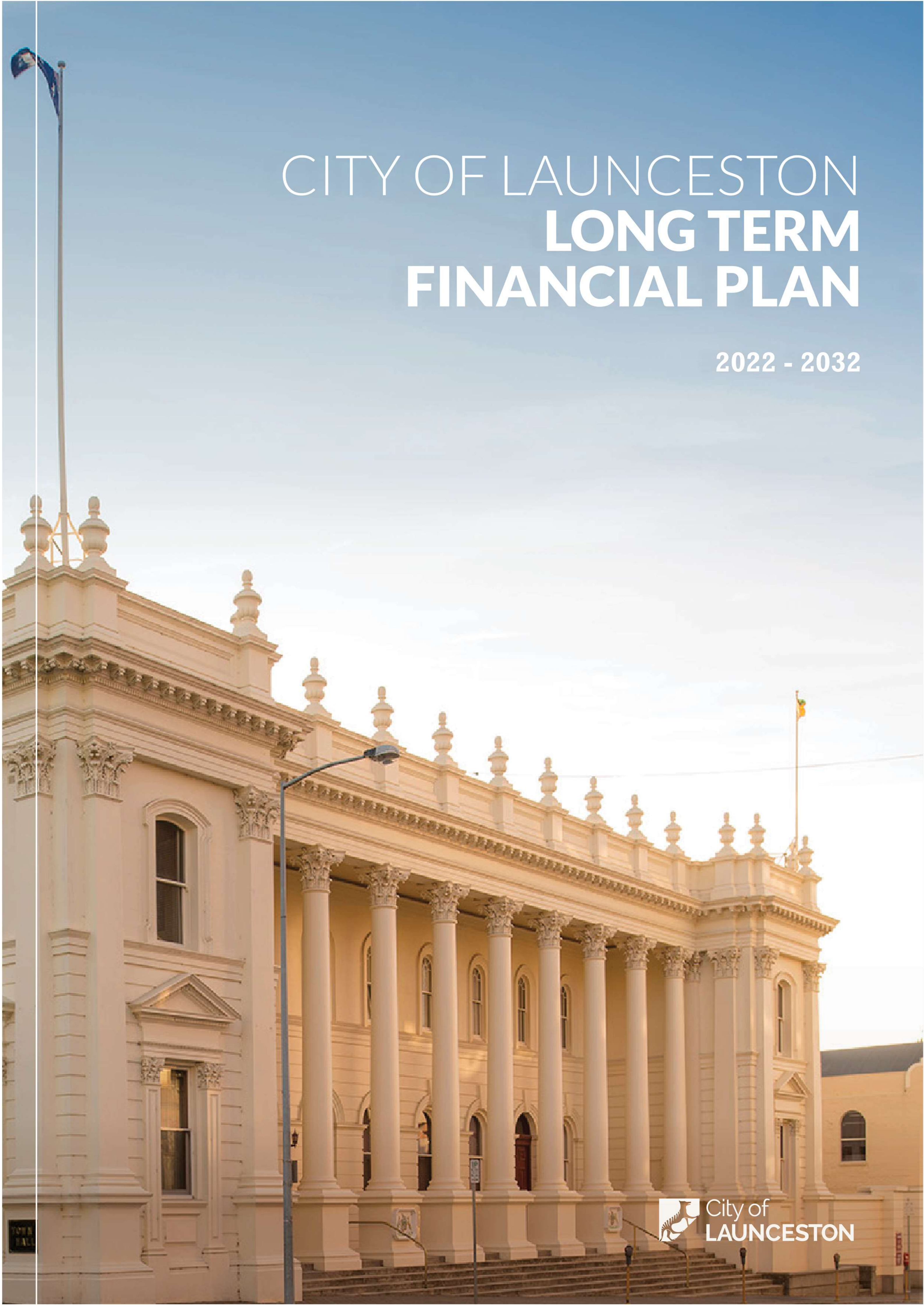
CITY OF LAUNCESTON

LONG TERM FINANCIAL PLAN

2022 - 2032



City of LAUNCESTON

About this document

This document represents a key element of the City of Launceston's Strategic Planning Framework. The Long Term Financial Plan sets out Council's objectives, goals, and operating requirements in financial terms.

The provision of the necessary financial resources, in a sustainable and affordable manner, underpins the delivery of quality services to our Community.

The Long Term Financial Plan models the financial needs of the organisation over the medium term against forecast revenue, including reinvestment in our community's assets as set out in the Strategic Asset Management Plan.

Contents

1 Executive Summary

The City of Launceston Long Term Financial Plan 2022-2032 (LTFP) is a strategic planning document informed by a series of financial models, strategies and performance indicators, which establish the strategic financial framework within which sound financial decisions will be made.

The LTFP is a framework based on a range of assumptions that assesses the financial requirements to achieve our strategic objectives. It demonstrates the Council's obligation and commitment to sound financial planning to ensure the future prosperity of the City.

The LTFP does not assume that all desired projects will automatically be funded, particularly those requiring external grant funding. Projects are only included in the LTFP when funding is reasonably assured and committed to by the Council. This establishes a picture of what the Council can currently afford and deliver with reasonable certainty over the forecast period.

The LTFP illustrates that overall, the Council is in a sound financial position. This is based on strong liquidity and cash reserves, and manageable levels of debt. Council has strong capacity to fund its short term obligations in terms of asset renewal and core operations, as well as consider appropriate future investment opportunities to support the ongoing economic prosperity of our Municipal Area and region.

Revenue growth requirements, averaged across the life of the plan, are forecast to be below the Council Cost Index (CCI) forecasts:

- Average rate revenue growth requirements of 3.65% per annum;
- CCI forecast to increase by 3.50% per annum (average over 10yrs);
- CPI forecast to increase by between 3.00% and 3.50% per annum.

Council has a large asset base with a replacement cost in excess of $2.52 billion dollars, and the LTFP in conjunction with the Strategic Asset Management Plan demonstrate that Council has the capacity to fund asset renewal liabilities as they fall due. Our challenge is in managing the additional operational costs arising from new and upgraded assets, both Council and grant funded.

The LTFP considers a comprehensive range of factors that influence the financial sustainability of our organisation, including the ongoing financial impacts of the Covid-19 Pandemic, climate change and sustainability initiatives, and macroeconomic factors that affect not only Council, but all members of our community. Given the likely changing nature of many of these factors, the LTFP is updated annually, and is subject to major review every four years, in line with the electoral cycle. As and when funding is secured for desired projects, the Plan is amended to include the changing circumstances.

Michael Stretton

CHIEF EXECUTIVE OFFICER

2 Current Financial Situation

The City of Launceston is currently in a solid financial position , despite Covid-19 contributing to underlying deficits in 2019/2020 and 2020/2021, and the Council's position is based on strong liquidity and cash flow, and satisfactory funding provision for asset renewal and investment activities. Recent challenges have included changes in the accounting treatment of assets, dividend restructuring and the cost of operating regional assets. The Covid-19 Pandemic presented a significant challenge both in an immediate sense and in the medium to long term and Council has now entered into the budget repair stage.

Council debt remains limited to interest free loans. At 30 June 2022, Council had $26.0m of interest free loans. This is comprised of $6.0m for the Paterson Street Central Carpark purchase (due in 2024/25) and $20.0m worth of interest free loans borrowed in 2020/21 as part of the Local Government Loans Program developed by the State Government in response to the Covid-19 pandemic (due in 2023/2024). Council has approval for $6.0m borrowing in 2022/23 and at the date of review of this LTFP it is Council's intention to draw down on this funding.

This revision of the LTFP makes certain assumptions regarding the ongoing financial impact of the Covid-19 pandemic and delivers a pathway to underlying operating surplus in the medium term - that is, by 2025/26.

2.1 Recent Financial Challenges

Council has managed a litany of financial challenges and shocks in recent years, including;

- Covid-19 Community Care and Recovery package of $10m approved by Council in April 2020, which included a decision to freeze rates in 2020/2021 which led to a revenue shortfall of $2.2m that is compounded annually.
- TasWater dividend reduction of $1.36m per annum
- TasWater additional charges for the arbitrated agreement over the Combined Drainage System averaging $1.432m per annum from 2016/2017 to 2021/2022, a total of $8.597m during that time.
- Increased depreciation costs due to escalating construction costs and revaluation of existing assets of approximately $1.5m - $2m per annum
- Decrease in Interest Revenue of $1.5m per annum between 2018/2019 - 2021/2022 due to the low Official Cash Rate
- Loss of Launceston Airport dividend of $1.4m during Covid-19 pandemic
- Reduced TasWater dividend of $2.7m during Covid-19 pandemic
- Introduction of Food Organics Garden Organics (FOGO) service at a cost of $0.78m per annum without, initially, a charge to users for the first four years.
- Court decision to prevent to rating of retirement villages $0.8m per annum
- Changes in accounting standards requiring Masterplans to be categorised as operational expenditure $0.4m - $0.5m per annum.
- Insurance costs have increased by 34% since 2016/17 $0.32m, while workers compensation premiums have increased by 148% since 2016/17 $0.3m
- Riverbend Park Operational costs - $0.25m per year

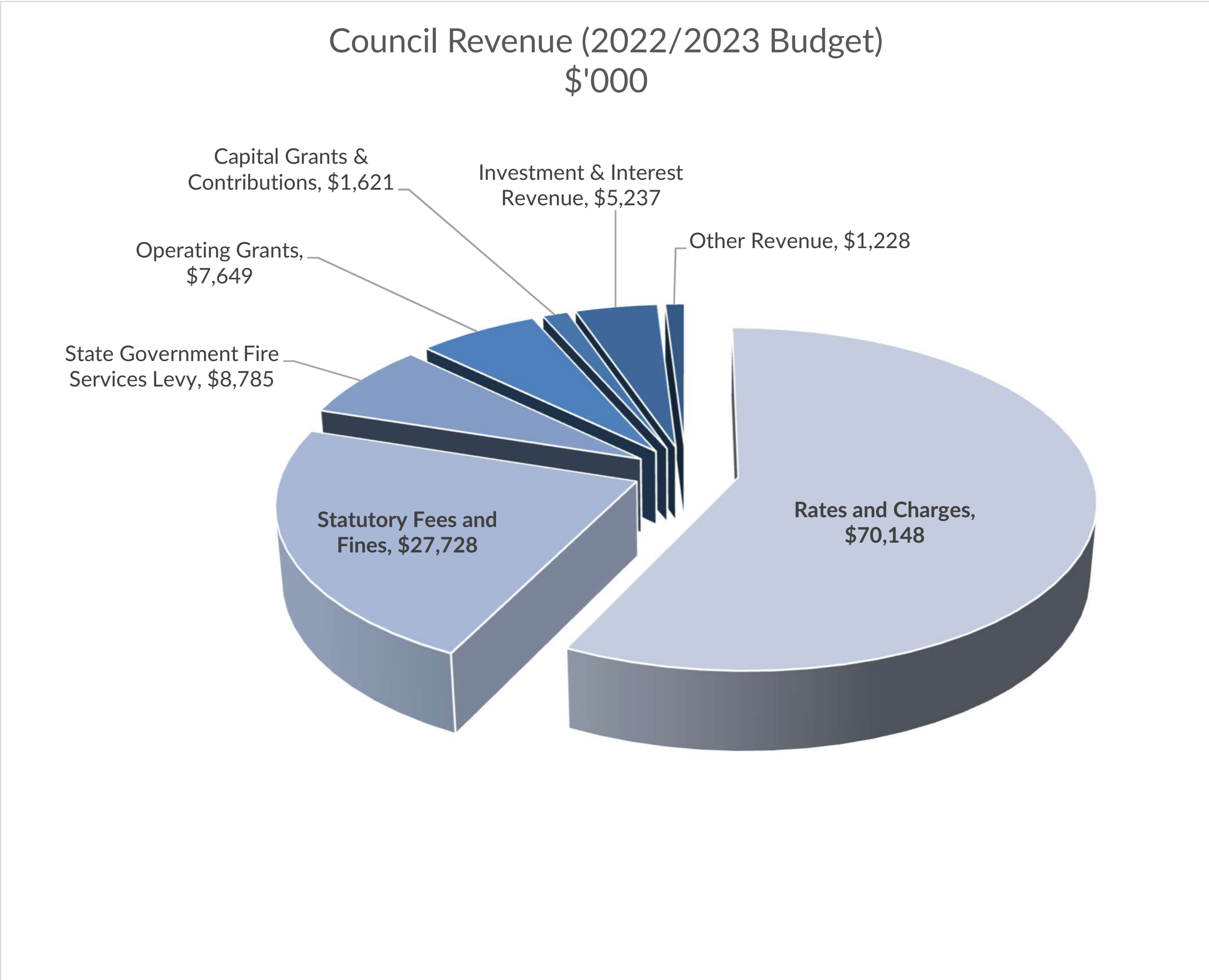


Figure 1: Whole of Council Revenue Breakdown

Future revenue assumptions across the life of the LTFP have been detailed in Table 2 and Table 4.

Several major capital projects, including the construction of the Riverbend Park Precinct, the redevelopment of both Macquarie House and Civic Square and the Brisbane Street Mall, have associated ongoing operational and maintenance costs which Council is required to fund. Although these projects have been primarily funded through the assistance of Federal and State grants, the ongoing operational and maintenance costs are the responsibility of Council to fund annually.

For the last ten years rate increases have been below the Council Cost Index (CCI) published by the Local Government Association of Tasmania (LGAT). Council has managed internal costs to maintain rate increases below CCI, but this is not an appropriate long term strategy if applied in isolation. Reviewing our Levels of Service is key. The shortfall in CCI and actual rate increases since 2013/14 equates to over $0.635m annually.

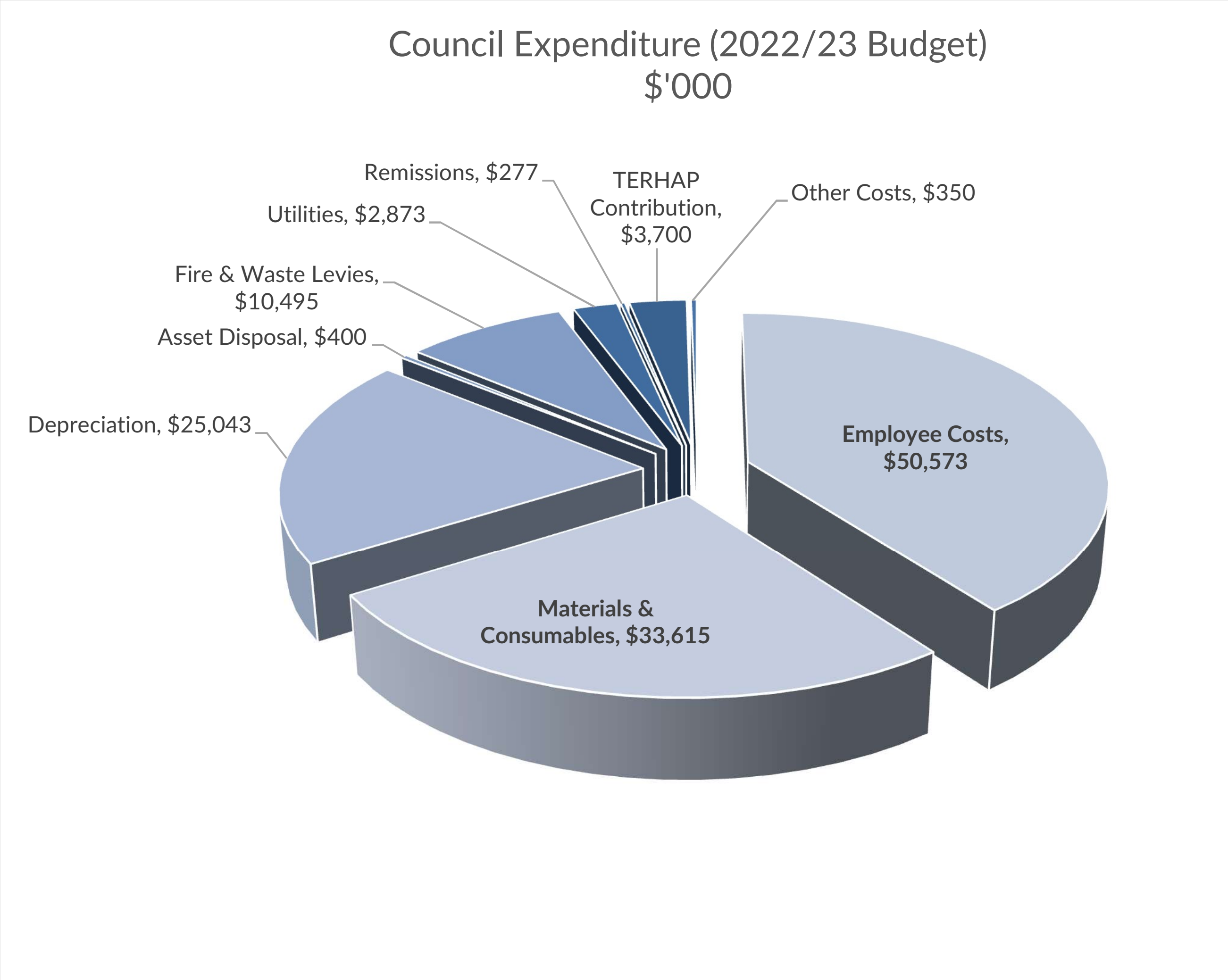


Figure 2: Whole of Council Expenditure Breakdown

Council faces several significant operating pressures into the near future. Commitments to various major Capital projects, the Launceston City Deal, the Northern Suburbs revitalisation, Tamar Estuary River Health Action Plan, changes to the financial distributions received from TasWater and fluctuating Consumer Price and Council Cost Indices will make maintaining an underlying surplus a challenge.

2.2 Financial Sustainability

Within the Local Government sector in Australia, there is not a universally accepted definition (or set of metrics) that specify what financial sustainability is. As a public service entity with the core responsibility of serving our community over the long-term, achieving intergenerational equity should be the ultimate measure of financial sustainability. It should not be left for one generation to "pay the way" for another.

While this outcome is difficult to quantify at any point in time, adopting an underlying mindset that Council should provide quality and efficient service delivery to the community both now and into the future, while ensuring that each generation is responsible for the cost of services and resources they consume, provides the foundation to achieve this long-termoutcome.

2.3 Financial Sustainability Indicators

The Local Government Sustainability Objectives and Indicators report presented by the Department of Premier and Cabinet (DPac) prescribes seven indicators that can be used to measure financial sustainability. Council reports its performance against these indicators in its Annual Report, and has adopted these as the principle indicators for the purposes of measuring our financial sustainability in the LTFP:

- Underlying Surplus or Deficit
- Underlying Surplus Ratio
- Net Financial Liabilities
- Net Financial Liabilities Ratio
- Asset Consumption Ratio
- Asset Renewal Funding Ratio
- Asset Sustainability Ratio

Adopted benchmarks have been based on a combination of Council's desired outcomes and guidelines provided by DPac.

Table 1: Adopted Financial Performance Indicators

INDICATOR	DEFINITION	BENCHMARK	2020/21 Actual
Underlying Surplus or Deficit	The recurrent income (not including income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) of Council for the financial year less the recurrent expenses of Council for the financial year. Serves as an overall measure of financial operating effectiveness.	Between $0 and $1m *Note: future projections show Council achieving this benchmark*	$(3,109,000)
Underlying Surplus Ratio	The underlying surplus or deficit divided by the recurrent income (not including income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) for the financial year. Serves as an overall measure of financial operating effectiveness.	Greater than 0% *Note: future projections show Council achieving this benchmark*	(2.8)%
Net Financial Liabilities	Liquid financial assets (cash and cash equivalents plus trade and other receivables plus other financial assets) less total liabilities. Indicates what is owed to others less money held, invested or owed to Council.	Greater than $0	$14.3m
Net Financial Liabilities Ratio	Net financial liabilities divided by recurrent income. Indicates the extent to which net financial liabilities could be met by operating income.	0% to 50%	12.9%
Asset Consumption Ratio	The depreciated replacement cost of plant, equipment and infrastructure assets divided by the current replacement cost of depreciable assets. Indicates the level of remaining service potential in the Council's existing asset base.	Greater than 60%	64.7%

INDICATOR	DEFINITION	BENCHMARK	2020/21 Actual
Asset Renewal Funding Ratio	The current value of projected capital funding outlays for an asset class identified in the long-term financial plan divided by the value of projected capital expenditure funding for an asset class identified in the long-term strategic asset management plan of Council. Indicates the Council's asset renewal and replacement performance.	90% to 100%	100%
Asset Sustainability Ratio	The amount of capital expenditure by Council in a financial year on the replacement and renewal of existing assets divided by Council's annual depreciation expense for the financial year. Indicates Council's capacity to fund future asset replacement requirements.	100%	70.9%
Debt Service Ratio	Total Principal repayments and interest expense divided by operating revenue (excl. Capital Grants). Indicates the amount of recurrent income that is used to repay debt and interest charges.	0% to 20%	0.49%

3 Planning Framework

This LTFP sets out CoL's strategy to deliver our organisational plans and objectives in financial terms. The first comprehensive LTFP was produced as part of an integrated approach to defining our organisational resource capacity and needs, and is reliant on data from its partner document, the SAMP.

This analysis, and tools created in developing this plan, will be used to guide the CoL on its journey towards better service provision to our community, and long term financial sustainability. Financial planning and management is one of the many factors influencing strategic planning at the CoL, as shown in Figure 3.

There are many spheres of influence - near and far. The CoL recognises its role as a key stakeholder, along with the other Local Government municipalities, in greater Launceston and the wider northern Tasmania region and as such recognise that their success is our success and vice versa. Working together as a Council, a city and a region is fundamental to a sustainable future for all of our communities.

Figure 3: Financial Management within the wider strategic environment

The Long Term Financial Plan along with the Strategic Asset Management Plan and the (proposed) Corporate Resourcing Plan become major iterative influences in terms of inputs to and outputs of the central corporate planning document, the Corporate Strategic Plan.

Figure 4 shows the hierarchy that becomes the framework for the CoL's strategic planning through to service delivery activities and operations. The framework demonstrates the clear alignment towards achievement of corporate objectives from the Community Vision through the Corporate Strategic Plan down to activity planning and individual job planning. Note that not all of the below elements have been enacted, but form part of the broader framework. This is factored into the Improvement Plan.

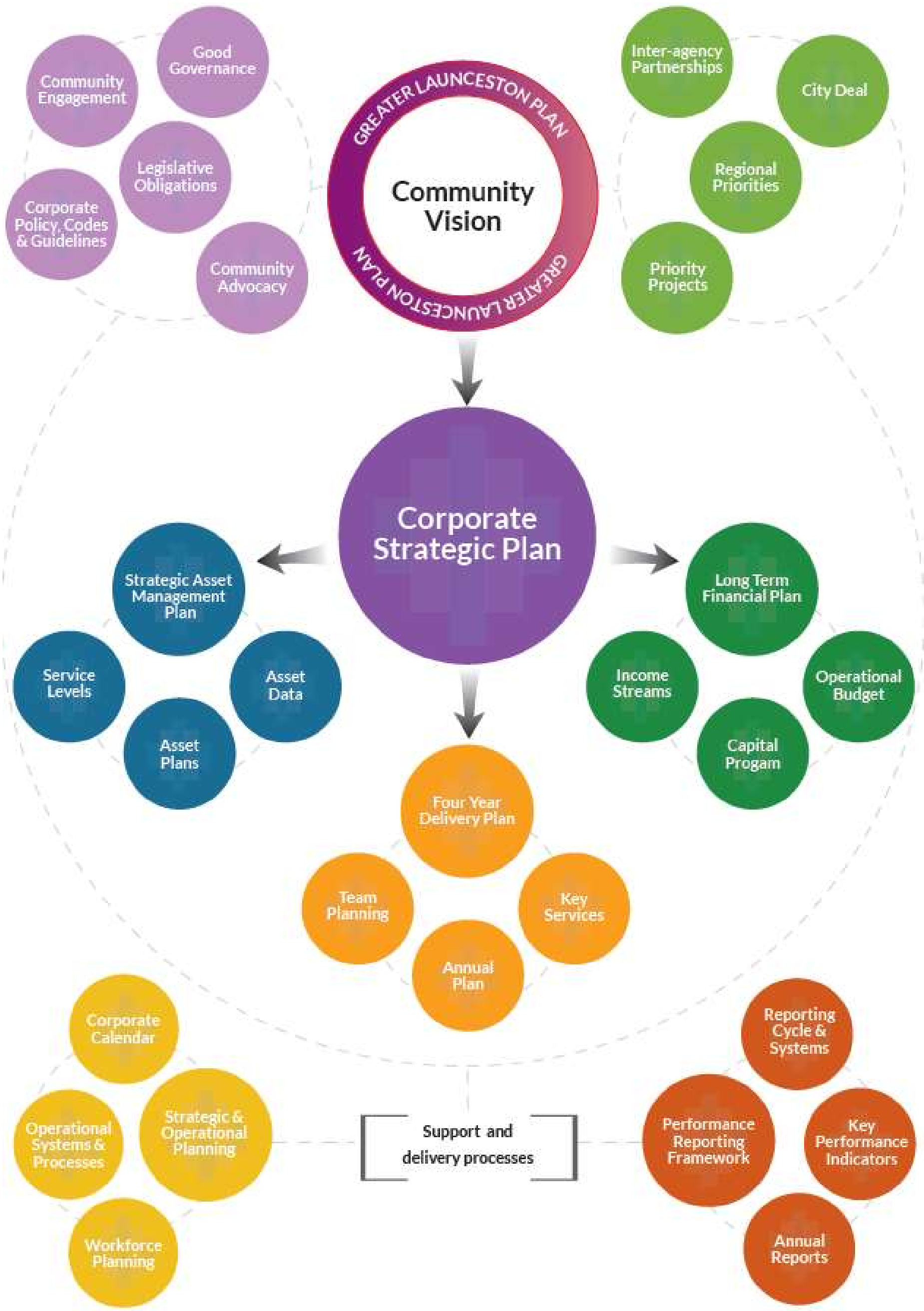


Figure 4: Financial Management within the Integrated Corporate Planning Framework

The Resource and Capacity Planning layer demonstrates the interaction of the strategic asset management and long term financial plans to understand the "what, when and how much" of assets need resourcing and the organisation's ability to fund the services into a 10 year forward horizon.

The framework would not function without the inputs and outputs to and from supporting systems which are identified as "Organisational Enablers". Enablers include Community Engagement, Risk Management, Information Management and Financial Management systems.

Our LTFP is an overarching document, supported by our Financial Management Strategy, organisational policies, operational systems and processes that form the basis of our financial management system.

The CoL primary purpose is to serve our community. When providing services, it is guided by performance reporting and feedback from the stakeholders whether they are fee paying or not. All CoL activities are underpinned by philosophies of stakeholder and community engagement, consultation and continuous improvement.

3.1 Legislative Context

CoL operates within a broad framework of Acts, regulations and orders.

The principal legislation that prescribes our powers and functions is the Local Government Act 1993 (Tas). This Act establishes us as a corporate body, and obligates us to:

- provide for the health, safety and welfare of the community;
- to represent the interests of the community; and
- to provide for the peace, order and good government of the municipal area.

We demonstrate a commitment to these roles in our day to day activities, guided by our strategic plan, long-term financial management plan, financial management strategy, long- term strategic asset management plan, and asset management policy and strategy.

Section 70 of the Local Government Act 1993 (Tas) requires CoL to prepare a long-term financial management plan for the municipal area. At CoL, we call this document our Long Term Financial Plan (LTFP).

Amongst other things, our Long Term Financial Plan estimates the future operating revenues and expenses associated with operating requirements, capital expenditure and asset management renewal, in support of the deliverables in the organisations Strategic Plan.

It also provides a mechanism for CoL to deliver asset renewal requirements as determined in the Strategic Asset Management Plan, by making provision for the estimated costs associated with our management of the assets that are considered in that plan.

4 LTFP Objectives & Outcomes

The LTFP reflects in financial terms how Council proposes to deliver on its intended objectives, goals and desired outcomes for the next 10 years. Fundamentally, the goal of the LTFP is to ensure City of Launceston remains a financially sustainable organisation.

The LTFP forms a key part of Council's strategic planning framework. In concert with the SAMP (and proposed Corporate Resourcing Plan) it forms the basis of Council's resource and capacity planning tools to inform our decision making processes. It provides a "point in time" indication of Council's financial sustainability, along with facilitating early identification of financial challenges and the impacts of decisions taken, and enhances the transparency and accountability of the Council to the community.

The LTFP has been formulated within the parameters of Council's *Financial Management Strategy*.

In addition to outlining the adopted financial model, a range of scenario analysis has been completed to assist with understanding the potential implications of future decisions and external factors, and a suite of tools developed to assist with identifying the financial implications of organisational decisions moving forward.

5 Financial Plan Inputs & Assumptions

The LTFP Financial Model has been formulated based on a range of assumptions in order to establish a baseline data set to facilitate discussion and review of the overall LTFP content, and our organisational capacity to deliver services to our community.

5.1 Primary Assumptions

The primary underlying assumptions contained in the adopted LTFP Scenario are summarised below:

1) Consumer Price Index (CPI) being set at between 3.00% - 3.50% across the life of the Plan, this will be reviewed annually.
    a) Hobart CPI to June 2022 showed a 6.50% increase from June 2021.
    b) The Reserve Bank of Australia (RBA) has stated that its target inflation rate is between 2 - 3 percent beyond 2024.
2) Council Cost Index (CCI) is forecast to exceed CPI throughout the Plan.
    a) CCI for 2021/22 is 4.06%. This figure was provided by LGAT in March 2022.
    b) This is due to key inputs into CCI such as construction and specific Local Government sector material cost increases. This assumption is supported by recent historical trend data.
    c) Historical trend analysis indicates that CCI exceeds CPI. This is expected to continue throughout the life of the plan.
3) The adopted Depreciation Expense used in the current model is set to increase by 3.5% annually.
    a) This recognises that Council conducts regular revaluations of major asset classes, the construction of new assets during the Capital Works program and the identification of newly found assets adding to the overall replacement cost of the depreciable asset base.

   b) The cost of inputs into built assets has increased significantly in recent years, which the increase of 3.5% per annum is indicative of.
   c) The additional operational, maintenance and depreciation costs based on Council's SAMP are included as a separate expense item in the financial modelling to highlight the added cost.
4) Financial Assistance Grants funding to increase slightly below CPI only (no major increase to FAG funding has been incorporated) in order to be conservative and acknowledge the difficulty in obtaining increased FAG funding.
   a) Council is currently advocating for a greater share of funding given our role as a regional hub and the associated cost of owning and operating facilities involved in such a role. This will be monitored through the life of the Plan.
   b) It is noted that increases in FAGs at the currently forecast levels have not been achievable in recent history.
   c) Modelling does not include an increase in QVMAG operating grants other than for indexation. Council previously petitioned for an increased share of funding for regional assets but was unsuccessful in arguing for the State Grants Commission to change the distribution model. The QVMAG Future Directions Plan has been endorsed by Council and provides a roadmap to a new governance structure and more sustainable funding model, which future iterations of the LTFP will include.
5) Distributions received from TasWater are included as revenue.
   a) Dividends from TasWater are budgeted at $3.268m until 2026/27, an increase on the usual dividend paid of $2.724m. This is due to dividends not paid by TasWater to Councils during the Covid-19 pandemic and TasWater's commitment to repay this shortfall over five years.
   b) Council's ongoing contribution to Combined Drainage renewal works is included in the LTFP model however, there is ongoing engagement with TasWater on this matter to ensure the forecast contribution levels are robust and reliable.
6) Dividends from Council's ownership in Launceston Airport are expected to return to pre Covid-19 levels during the life of the plan, with a modest dividend of $0.3m budgeted for in 2022/23.
7) The overall rate base is expected to increase by an average of 0.75% to 1.00% annually through growth and development in the municipality.
   a) This position is in line with recent trends, and supported by long- term historical averages.
   b) It is likely that growth projections will form a significant part of future scenario modelling, particularly with significant development projects (such as the South Prospect and St Leonards residential growth proposals).
8) An organisation Efficiency Dividend on materials and services has been included as a budget-savings measure. It is in envisioned that in conjunction with the LEAN Program, this will see Materials & Services increase at a rate below CCI.
9) Council's contribution to the Tamar Estuary River Health Action Plan has been included in both 2022/23 ($3.7m), 2023/24 ($5.5m) and 2024/25 ($1.8m)

5.2 Projected Revenue Requirements

The assumptions in the adopted financial model have been based on best available information, professional judgement and experience, and developed in discussions with Council officers. The rate increase requirements used in the financial model are based on achieving a balanced operating result or small underlying surplus, from 2025/26 onwards.

Rate increases to achieve a small underlying surplus were calculated after all other assumptions and information was entered into the financial model, including the adoption of a balanced capital works program (see Table 7). Projected financial statements, which include the adopted capital works program and all other assumptions, have been included in this document from items 10 through to 12.

Table 2: Rate Increase Requirements

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Rate Increases (%)	3.75	4.50	4.50	3.90	3.90	3.00	3.00	3.00	3.50	3.50
Plus Growth (%)	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00
CPI (%)	6.50	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Rate Increase above/ (below) CPI	(2.75)	1.00	1.00	0.90	0.90	-	-	-	0.50	0.50

5.3 Adopted Indexation Factors

The Table below summarises the Indexation factors that have been adopted in developing the initial LTFP model:

Table 3: Adopted Indexation Factors

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Consumer Price Index (CPI) %	6.50	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Council Cost Index (CCI) %	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Fire Service Levy (%)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

5.4 Adopted Revenue Inputs

The Table below summarises the revenue inputs that have been adopted in developing the 10yr LTFP model:

Table 4: LTFP Revenue Inputs

Revenue Component	Basis of Assumption	Proportion of Total Revenue	Change from Previous Year
Rate Revenue	Financial modelling to achieve a small underlying surplus by 2025/26	58%	Variable across each year of the plan. Refer Table 2: *Rate Increase Requirements*
Rate Base (Growth)	Historic trends and predicted growth		Variable across each year of the plan. Refer Table 2: *Rate Increase Requirements*
Fees & Charges Revenue	Financial modelling to achieve a small underlying surplus by 2025/26	23%	3.00%
Operating Grants	At or slightly under CPI based on historical trends	6%	2.50%
Fire Service Levy	Tas. Fire Commission Forecast	7%	4.00%
Interest Revenue	Forecast RBA Cash Rate and Council cash projections	2%	Based on annual forecasts
Investment Revenue (TasWater & APAL)	Annual Forecast	3%	Based on annual forecasts
Other Revenue	CPI	1%	2.75% - 3.50%

Note that the balance of total revenue is made of Capital Grants.

5.5 Adopted Expense Inputs

The Table below summarises the assumptions that have been adopted in the 10yr LTFP model, including data on the relevant proportion of each expense section to the overall total.

Table 5: LTFP Expense Inputs

Expense Component	Basis of Assumption	Proportion of Total Expenses	Change from Previous Year
Employee Costs	Enterprise Agreement	40%	Refer Table 6: *Employee Cost Assumptions*
Materials & Services	CCI and factoring in current high levels of inflation, *less* efficiency dividends.	25%	3.50%
Depreciation	Asset Data Projections, CCI and CPI.	20%	3.50%
Utilities	Electricity & Gas Market Projections	2%	2.00%
Fire Service Levy	Tas. Fire Commission Forecast	8%	4.00%
Other Expenses	CPI & projections	1%	2.50% - 3.50%
Combined System Contribution	Annual forecast provided by TasWater	4%	3.00%

Table 6: Employee Cost Assumptions

The City of Launceston Enterprise Agreement 2021 stipulates the below increases from 2021/2022 until 2024/2025, at which point a new agreement will be negotiated.

Period	Increase %	Basis of assumption
2021/2022	3.75	CoL Enterprise Agreement 2021
2022/2023	3.75	CoL Enterprise Agreement 2021
2023/2024	4.00	CoL Enterprise Agreement 2021 3.50% plus 0.5% for additional costs including any new roles
2024/2025	4.00	CoL Enterprise Agreement 2021 3.50% (or Hobart CPI March 2024 whichever is greater) plus 0.5% for additional costs including any new roles
2025/2026 - 2031/2032	3.50	CPI plus 0.5% for additional costs including any new roles

5.6 Capital Works Program

The Strategic Asset Management Plan sets out the proposed 10 year capital works program which has been adopted as a principle input into the LTFP.

Table 7 below sets out the proposed capital works program by expenditure type and includes both Council and grant funded projects. It needs to be noted that while a detailed program has been prepared as part of the SAMP development process, the inputs into the LTFP are only concerned with the quantum of funding forecast across each expenditure type; new, upgrade or renewal. Individual capital projects will continue to be assessed for approval annually during Council's capital budgeting process.

Table 7: Annualised Capital Works Program Inputs

Total Capital Program figure includes Externally Funded Projects noted in the table below

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Renewal Works ($'000)	11,765	15,281	13,419	13,596	17,404	17,439	17,617	16,586	17,236	16,894
New & Upgrade Works ($'000)	4,973	4,719	6,581	6,404	2,596	2,561	2,383	3,414	2,764	3106
Externally Funded Projects ($'000)	1,621	4,203	7,590	10,710	7,540	7,290	8,440	5,850	6,970	8,820
Total Capital Program ($'000)	16,738	24,203	27,590	30,710	27,540	27,290	28,440	25,850	26,970	28,820
Annual Depreciation Charge ($'000)	25,043	24,497	25,354	26,241	27,160	28,110	29,094	30,112	31,166	32,257

Council has committed to $20m of self-funded capital works annually across the life of the LTFP, in addition to externally funded capital projects. Council has a significant list of carried forward capital works projects budgeted for as at 30 June 2022 of $48.4m (includes externally funded projects). Notable in this list of carried forward projects is the Albert Hall Renewal Project ($11.5m), Tennis Centre Upgrade ($3.1m) and Churchill Park & Birch Avenue Facilities Upgrade ($4.25m). A more restrained capital budget will allow for this list of carried forward projects to be addressed, with a focus primarily on the renewal of existing assets.

Not all proposed capital projects have been included in Table 7. Council has a list of Holding Projects that are not in a position to be approved for inclusion in the SAMP or LTFP. This list will be reviewed at least annually in accordance with the LTFP and SAMP.

The forecast Capital Works expenditure (both Council and external funding contributions) has been used to model the additional operational and maintenance costs and additional depreciation expense associated with each new and upgrade project. These additional costs have been included in the adopted financial model.

It should be noted that the Annual Depreciation Charge decreases in 2023/2024 due to the transfer of UTAS Stadium to the new governance arrangement.

5.7 Depreciation Expense Modelling

Table 8 shows the budgeted depreciation by the major asset classes. Detailed annual depreciation budgets are prepared for each asset class.

The table included in Section 14 details the useful lives applied to each asset group. Along with underlying asset valuation data, the useful life is used to calculate the annual depreciation expense on assets, and used in conjunction with the SAMP. Asset lives are consistent with Council's Asset Capitalisation Framework which is reviewed annually.

Table 8: Depreciation by Asset Class

Asset Class	Budgeted Depreciation Expense 2022/23 ($000)
Roads	12,126
Buildings	3,923
Plant & Equipment	3,187
Stormwater	1,903
Parks & Recreation	1,571
Data Systems	483
Flood Protection	499
Waste Centres	1,352
Total	25,043

5.8 Additional LTFP Inputs

In addition to the primary assumptions underpinning the LTFP Financial Model outlined in section 7.1, an additional range of assumptions also inform the plan. These are summarised below:

1) Existing municipal boundaries remain unchanged, with no significant change to underlying rate or asset base.
    a) Although there is current active discussion of amalgamation/boundary adjustment in the Local Government Sector generally, no change has been factored into the current LTFP model.
2) Levels of service will be maintained at existing levels.
    a) The LTFP and the aligned SAMP process identify Level of Service Planning as a key improvement action for the organisation to undertake. While adjustment to levels of service and rationalisation is hoped to be achieved via this process, no change has been factored into the current LTFP model.
3) The adopted budget for 2022/23 has been included in the Plan.
4) Indexation Factors will be reviewed annually as the Plan and accompanying model are updated.
    a) Historical trends, and likely future projections have been analysed in setting the current indexation factors, as discussed later in this report.
5) Overall staffing levels across the organisation remain constant.
6) There may be future FTE changes across Networks and/or Teams however; there

is no current forecast data available organisationally to justify a significant change from the projection adopted for this version of the LTFP model.

7) Employee costs will increase as listed in Table 6
   a) As each new Enterprise Agreement is approved, this will be updated in future versions of the LTFP and factored in. Beyond the scope of the current Enterprise Agreement, which expires in 2024/25, CPI has been used as the basis to calculate the annual increase in employee costs.
   b) The recommended implementation of a Workforce/Corporate Resourcing Plan (positioned alongside the LTFP and SAMP as our principal Resource & Capacity Planning tools) would provide high level forecasting of workforce planning and cost modelling into the future.
   c) Given the proportionally significant impact (currently budgeted at 40%) of employee costs on the overall organisational expenses, these items should be subject to specific analysis and scenario modelling moving forward.
   d) Within the Local Government sector, the percentage of employee costs on overall organisation expenses is lower than the average of all Tasmanian Councils per 2020/2021 annual report data.
8) Utilities expenses have been modelled on market projections.
   a) Given the volatility involved in the energy market pricing across the National Energy Market (NEM), this expense category will be reviewed in detail during each iteration of the LTFP.
   b) The Australian Energy Market Operator (AEMO) publishes energy market price forecasting across the NEM, and is currently suggesting national energy pricing will fall slightly below underlying inflation figures.
   c) It is expected that future scenario modelling could include targets for energy reduction initiatives at a Council-wide level.
   d) In 2021 CoL completed the Launceston Aquatic Centre Energy project which involved converting the heating system from gas to electricity which will significantly reduced energy costs as well as significantly reducing the Council's carbon footprint.
   e) It is noted that utilities costs represent approximately 2% of the total organisational expense.
9) Fire Service Levy has been indexed at 4.0% for the life of the plan.
   a) This will be reviewed annually based on updates provided by the State Fire Commission. Council acts as a collection agent for this levy, which is then paid to the State Fire Commission. Council receives a 4% commission for the collection of this levy.
   b) It is noted that other Councils have adopted a significantly higher forecast percentage increase in the Fire Service Levy.
10) Under the new State Government Waste and Resource Recovery Act 2022 a charge of $20 per tonne must be collected by Council for any waste disposed to Council operated landfill facilities. Council recoups the vast majority of this from the user, via either an offset amount per property collected through rates, or fees charged at the Launceston Waste Centre. The charge is expected to increase to $40 per tonne after two years and then after a further two years to $60 per tonne. For modelling purposes in the LTFP, an annual increase in line with the Fire Service Levy is included. Updates will be made in future versions of the LTFP when the timing of increases per tonne are confirmed.

6 Sensitivity Analysis

The purpose of scenario modelling is to demonstrate the robustness of the adopted financial model, and the effect on CoL's financial position should there be a deviation to the assumptions made in the adopted model. Given the range of inputs to the model, some variation to the adopted inputs is inevitable, however, ensuring the LTFP is reviewed on an annual basis will enable currency of input forecasts.

The change in the tables below represents the modified assumptions used for each revenue or expense item. The assumptions used in the adopted model have been outlined in Section 5 of this plan.

The movement is calculated annualising average increase or decrease across the life of the LTFP.

Change in Rates, Fees & Charges relates to the underlying growth or decline, as opposed to an increase in the cost of rates or services charges.

Table 9: Optimistic Scenario Inputs

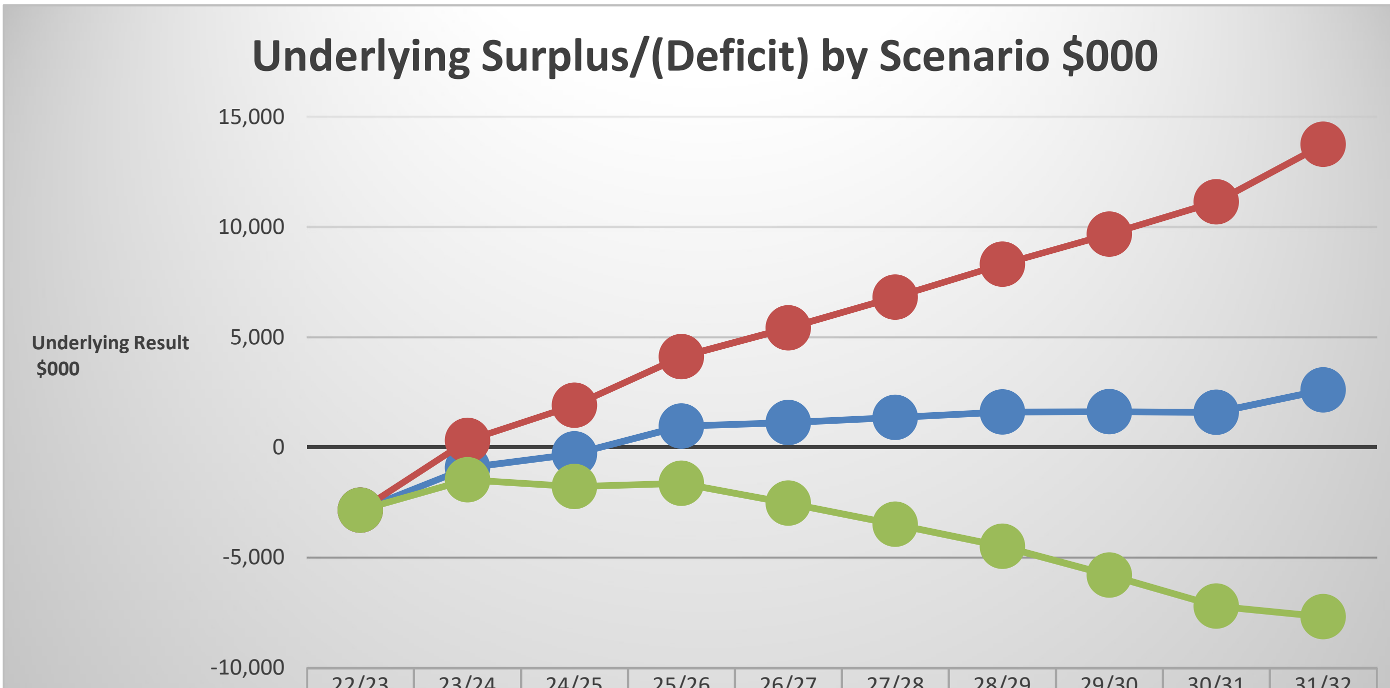
Revenue/Expense Item	Change from Adopted LTFP Model (%)	Average Annualised Movement ($'000) over the life of the LTFP
Rate Revenue	Additional 0.5% growth	$2,050 increase
Fees & Charges Revenue	Additional 0.5% growth	$721 increase
Employee Costs	Decrease of 0.5%	$1,340 decrease
Materials & Services	Growth 0.5% less than current assumption	$777 decrease

Table 10: Pessimistic Scenario Inputs

Revenue/Expense Item	Change from Adopted LTFP Model (%)	Average Annualised Movement ($'000) over the life of the LTFP
Rate Revenue	Decrease of 0.5% growth	$1,997 decrease
Fees & Charges Revenue	Decrease of 0.5% growth	$702 decrease
Employee Costs	Growth 0.5% greater than CPI	$1,376 increase
Materials & Services	Growth 0.5% greater than current assumption	$798 increase

6.1 Impact on Underlying Surplus

Figure 5 below represents the adopted financial model (blue line) plotted against the Optimistic and Pessimistic scenario factors detailed in Table 9 and Table 10 above, and the potential cumulative impact across the 10 years of the LTFP - should no action be taken to correct and adjust the underlying financial model as changes materialise.



	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Adopted	-2,848	-914	-293	966	1,136	1,361	1,608	1,624	1,600	2,609
Optimistic Total	-2,848	321	1,917	4,114	5,432	6,817	8,319	9,679	11,149	13,757
Pessimistic Total	-2,848	-1,469	-1,781	-1,637	-2,525	-3,484	-4,487	-5,800	-7,213	-7,688

Figure 5: Financial Scenario Modelling Comparative Table

While the early years of this scenario projection represent a manageable variation in either direction of the adopted model, sustained variation without adjustments result in significant cumulative variations from the target operating result. This underlines the necessity to undertake an annual review of the LTFP as part of the budget preparation and consideration process.

7 Financial Benchmarking

In developing the LTFP, published financial data from the 2020/21 Annual Reports of the Council areas listed in Table 11 below has been compiled to facilitate benchmarking analysis.

Table 11: Benchmarking Comparator Councils

Council	Relevance as a Comparator
City of Hobart	Similar population base. Best local comparator for overall revenue & expense values. Similar structural hierarchy as CoL, being urban centre of local area.
City of Devonport	State-based urban council comparator. Some similarities to CoL as structural centre of a broader region.
City of Burnie	State-based urban council comparator. Some similarities to CoL as structural centre of a broader region.
City of Clarence	Similar population-base. Similar urban/rural Council area make-up and significantly less depreciable asset value.
City of Maitland (NSW)	Consistent overall comparator with CoL. Similar council-area makeup (urban and rural areas). Some similarities to CoL as structural centre of a broader region.
City of Maribyrnong (Vic)	Consistent overall comparator with CoL. Population, financial metrics and significantly less depreciable asset value.
City of Darwin (NT)	Consistent overall comparator with CoL. Population and financial metrics. Similar structural hierarchy as CoL, being urban centre of local area, although a large number of community assets owned by Territory Administration.

Detailed financial data for each Council noted above is included in Section 15 of the LTFP.

The compiled financial data facilitated the calculation of a range of metrics against which the relative performance of the City of Launceston has been considered. Updating of this benchmarking data as part of the annual review of the LTFP is an important exercise to inform future versions of the LTFP, and ensure Council's overall performance (in a financial sense) is considered with respect to the broader Tasmanian and interstate-based Local Government sector.

Overall, the benchmarking data reflects favourably on CoL's financial performance. A number of key metrics require monitoring in future versions of the LTFP, and some opportunities for reconsideration of the relative balance of some other revenue and expense factors has also been identified. Table 12 sets out the key metrics identified for specific monitoring in future versions of the LTFP.

Table 12: Benchmarking Analysis

Note that the below benchmarks have been used internally as measures of performance, separate to those prescribed by DPac in Table 1.

Metric	2020/21 Actuals	Benchmarking Notes
Rate revenue as a % of total revenue (excl. Capital Grants)	64.5%	Below the five selected Tasmanian comparator council average, and significantly below some comparators (City of Clarence), indicating a more diversified revenue base.
Fee revenue as a % of total revenue (excl. Capital Grants)	23.8%	Slightly higher than the five selected Tasmanian comparator council average, and significantly below some comparators (City of Hobart). Growth of fee-based (or "user pays") revenue may be a consideration for future versions of the LTFP, enabling reduction in other revenue areas, such as rating revenue. A holistic review of fees and charges is recommended as an improvement action in this version of the LTFP.
Operating grant revenue as a % of total revenue (excl. Capital Grants)	7.7%	Higher than the average of the five selected Tasmanian comparator Councils. Below one of the interstate comparator councils. Additional operational funding support for the QVMAG operations is desired, in recognition of the regional service provision offered by this Council-owned institution. Any relative increase in operational grant funding may also facilitate reduction in other revenue areas, such as rating revenue.
Annual depreciation expense as a % of Asset Value excluding Land and Land Under Roads	1.97%	Lower than the five selected Tasmanian comparator councils.
Rate revenue per capita	$1,043	Significantly below most comparator Councils. This indicates a need to review rates which have historically been below CCI.
Rate revenue per rateable property	$2,218	Significantly below most comparator Councils. This indicates a need to review rates which have historically been below CCI.
Resident population per employee (FTE's)	150	Slightly lower than the state-based average but equal to the five selected Tasmanian comparator council average. Representational of employee-intensive nature of core service provision, including provision of some significant regional leisure and recreation services. In this context, employee numbers benchmark favourably.
Employee costs as a % of total OPEX	37.6%	On-par with the five selected Tasmanian comparator council average and 0.3% lower than the state based average. As per item above, this figure benchmarks favourably given the relative service provision offered on a regional basis.

8 Risk Management

The LTFP adopts a range of assumptions to develop the 10 year financial forecast. There are various external factors over which Council has no control over that have the potential to have a major impact on future financial projections. To mitigate the risk associated with these assumptions, the LTFP will be reviewed and updated annually, before being presented to Council for adoption.

A more detailed risk assessment has also been prepared in accordance with Council's Corporate Risk Management Framework, and is included in Section 8.6. The commentary below provides an overview of risks associated with key LTFP inputs.

8.1 Significant Risks

8.1.1 Employee Entitlements

Salary and wage increases will be in line with the Enterprise Agreement 2021, noted in Table 6. Beyond 2024/25, a new Enterprise Agreement is due to be negotiated. For modelling purposes beyond 2024/25, CPI + 0.5% has been used to calculate employee costs. Given wages and salaries comprise 40% of Council's total budgeted expenses; any increase in excess of this will have a significant effect on Council's ability to achieve an underlying surplus.

8.1.2 Price Indices

The LTFP model relies on a number of forecasting measures and assumptions. Any major discrepancy with the below price indices will impact future modelling projections. This risk is mitigated by the fact that the LTFP is updated annually and indices will be changed in line with the annual update.

8.1.3 Consumer Price Index (CPI)

CPI is a key measure of household inflation published quarterly to reflect the movement in prices on a wide range of goods and services. Annual Hobart CPI to June 2022 was 6.50%

CPI has been extremely volatile due to a variety of macroeconomic factors in recent years, with various revenue and expense items in the LTFP being modelled on CPI, there is a degree of risk associated with this.

Should CPI increase significantly, employee entitlements may increase in line with this. The final year (2024/25) of the current Enterprise Agreement has an increase of 3.50% or CPI, whichever is greater.

For modelling purposes, CPI has been projected to be 3.50% until 2024/25 then 3.00% which is line with RBA forecasts of between 2 and 3 percent after 2024.

8.1.4 Council Cost Index (CCI)

The Local Government Association of Tasmania (LGAT) publishes an annual index, which reflects cost increases directly associated to services provided by and the cost of running Local Government. This index recognises that CPI does not fully encapsulate cost increases in the Local Government sector. CCI was 4.06% for 2021/22.

8.1.5 Utilities Prices

Council primarily uses electricity as its main source of power (96% on a cost basis) as opposed to gas. The Launceston Aquatic Centre renewable energy project completed in 2021 drastically reduced Council's reliance on gas, which is volatile in price but also lessens Council's carbon footprint, in line with our Sustainability Strategy.

Council continues to reduce energy usage through the use of new technology and a new electricity contract was negotiated in early 2020 that locks in favourable prices until December 2024.

8.1.6 TasWater Distribution and Contribution

Financial Distributions from the Tasmanian Water Corporation (TasWater) contribute approximately 3% of Council's budgeted revenue. In 2019/20 and 2020/21 a 50% dividend distribution was received due to Covid-19 impacts. TasWater have indicated they will repay the reduced dividend over the course of the next five years, this has been reflected in the LTFP. Should these dividends not be received, there will be an adverse effect on Council's financial results.

Significant capital expenditure is required to upgrade and maintain existing stormwater infrastructure to meet community expectations. Council relies on TasWater to provide a future 10 year Capital Works program as an input into the LTFP. Any inaccuracies in the figures provided will impact on future financial forecasts.

8.1.7 Damage to Infrastructure

Council is exposed to the risk that damage will occur to infrastructure such as roads, bridges, stormwater, parks and buildings through events such as the 2016 floods, natural disasters, acts of vandalism, and acts of terrorism. Such damage requires the redirection of capital and/or operational budgets, changes to levels of service and increased insurance premiums.

8.1.8 Loss on Disposal of Assets

When an asset is disposed of before the full term of its useful life, unless consideration is received, there will be a loss on disposal recorded as the asset will not be fully depreciated.

The 2019 redevelopment of Civic Square is one such project that resulted in a loss on disposal, given several assets in the area were not fully depreciated before being disposed of (renewed).

Council will consider the impact of loss on disposal of existing assets, in conjunction with the SAMP, in the planning process for capital projects. The risk can be mitigated by accelerating the depreciation of any identified affected assets.

Additionally, to mitigate this risk an annual provision of $500,000 for losses on disposal of assets has been made in the financial modelling from 2023/24 onwards.

8.1.9 Grant Funding

Financial Assistance Grants and operating grants have been indexed to increase slightly under CPI, at 2.50% in line with historical trends. There is inherent uncertainty regarding the distribution of grant funding due to a number of factors. To mitigate this uncertainty, budgeted grant funding will be updated annually for use in the LTFP.

Council continues to lobby for a greater share of funding to reflect our role as a regional hub and the associated cost of owning and operating facilities involved in such a role. This will be monitored through the life of the Plan.

Long term capital grant funding forecasts have been sourced from the SAMP. Each year capital grant funding will be updated based on the proposed capital works program for the following year.

8.1.10 Covid-19 Impacts

Council continues to face challenges relating to the Covid-19 pandemic both economically, from a workforce perspective and how we continue to support our community.

Council's nation leading Community Care & Recovery Package, approved in April 2020, included the provision of rate remissions, rent and fee relief, community grants program and the freezing of all rate increases for 2020/21. Council elected to freeze rates in 2020/21 as part of the $8.7m Community Care and Recovery Package in response to the Covid-19 pandemic, after an initial proposal to increase rates by 3.9%. This resulted in lost revenue in excess of $2.2m in the 2020/21 year. This lost revenue compounds annually given it was a true freeze, not an increase and subsequent remission of rates.

Staffing levels and as a result service delivery continues to be impacted Covid-19 affected absences. This has been able to be negated to a degree by Council improving its technical literacy and working remotely has become more commonplace for many staff.

8.1.11 UTAS Stadium and QVMAG Governance Arrangements

The transition of the University of Tasmania Stadium to the Tasmanian Government is expected to be finalised in 2022/23, this is reflected in the annual budget and modelled accordingly in the LTFP. The annual savings are budgeted to be approximately $3.5m annually from 2023/2024, with 50% of this saving budgeted in 2022/2023. The relevant budget lines have been adjusted to reflect the ongoing savings to Council.

No provision for a reduction in operating costs or any additional grant funding for the QVMAG is included in the LTFP, however Council continues to advocate for this, and the endorsed QVMAG Future Directions Plan provides a path to a new governance structure and more sustainable funding model.

8.1.12 Future Rate Increases

The pathway to operating surplus post Covid-19 is deliverable if assumed and modelled rate increases detailed in this revision of the LTFP are met. Deviation from assumptions in the LTFP would require consideration of the flow on impacts of those deviations.

8.1.13 Future Funding of Council Strategies and Plans

There are a number of Council adopted/supported strategies which are not fully costed and therefore have not been included in the financial modelling. As this financial information becomes available, future versions of the LTFP will updated to include this. These strategies include, but may not be limited to, Greening of Launceston, support of Art in Public Spaces in line with the Cultural Strategy, Sustainability Strategy, QVMAG Futures Plan and the Tamar Estuary Management Taskforce

8.2 Corporate Risk Management Framework

The CoL has reviewed its Risk Management Framework to provide contemporary foundations and organisational arrangements for effectively and efficiently managed risk across what is a diverse business.

Council is committed to implementing a strategic, consistent and structured corporate-wide approach to risk management in order to achieve an appropriate balance between realising opportunities for gains and minimising losses. Council's commitment to managing risk within its operations and ensuring that Council makes informed decisions with respect to the activities that it undertakes by appropriately considering both risks and opportunities is outlined in the Risk Management Policy 30-Pl-004.

The risk management process is:

- integral to effective organisational management and decision making,
- allows the CoL to make risk informed decisions,
- embedded in the culture and the everyday practices of the CoL, and
- tailored to the business processes of the CoL.

The reviewed framework is aligned to the requirements of AS/NZS ISO 31000[1] and illustrates how risk management will be embedded in CoL systems to ensure it is integrated at all levels and for all work contexts.

8.3 Principles of Risk Management

ISO 31000 is recognised as the leading standard relating to risk management and is produced by the International Organisation for Standardisation. The purpose of ISO 31000 is to provide principles and generic guidelines on risk management. ISO 31000 emphasises that for risk management to be effective, organisations must comply with the principles outlined below.

---

[1] AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines

- Creates Value - Risk management contributes to the achievement of objectives. Protects value - minimise downside risk, protects people, systems and processes
- Integral Part of Organisational Processes - Risk management is not a stand-alone activity from the management system of the organisation. It is part of the process - not an 'additional' compliance task
- Part of Decision Making - Risk management helps decision makers make informed choices, prioritise actions and distinguish among alternative courses of action. Helps allocate scarce resources
- Explicitly Addresses Uncertainty - Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed
- Systematic, Structured and Timely - A systematic, timely and structured approach to the management of risk contributes to efficiency and to consistent, comparable and reliable results. The more aligned - the more effective and efficient
- Based on Best Available Information - The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement. As perfect information is not usually available, start with resources/expertise you have or gain easily. Increase information as the level of risk increases
- Tailored - Risk management is aligned with the organisations external and internal context and risk profile. Different risk appetites and different measurements are used for different risk types
- Takes Human and Cultural Factors into Account - The management of risk recognises the capabilities, perceptions and intentions of people that make every organisation different
- Transparent and Inclusive - Appropriate and timely involvement of stakeholders at all levels of the organisation ensures that management of risk remains relevant and up to date. The management of risk must be clearly set out in job profiles/employment contracts and annual appraisals
- Dynamic, Repetitive and Responsive to Change - External and internal events happen, context and knowledge change, monitoring and review take place, new risks emerge, some change, and others disappear. A relevant and accurate system should support decisions and strategies. There should be regular reviews of the Risk Register(s) and Framework, in particular the Register(s) by the areas of the business that are identified and are managing the risks
- Facilitates continual improvement and enhancement of the organisation - development and implementation of strategies to improve risk management maturity alongside all other aspects of the organization

8.4 Risk Tolerance

The CoL has considered the level of risk it is prepared to accept, take action to mitigate in the pursuit of its public service obligations. If the assessed risk level is above the acceptable/tolerable level for that category of risk then treatment may be required. If the risk is equal to or less that the acceptable/tolerable level for that category of risk then that risk can be accepted.

Table 13 summarises the level of residual risk we are willing to retain in the pursuit of our objectives.

Table 13: Level of Residual Risk

	Level of risk (after treatment) we are willing to retain in the pursuit of ourobjectives ✓			
Critical Success Factor	Low	Medium	High	Extreme
Reputation and Public Image	✓			
Public Safety / Staff WHS	✓			
Financial / Business Interruption	✓	✓		
Legal / Regulatory	✓	✓		
Environment	✓	✓		

While Table 13 indicates the acceptable/tolerable levels of risk we are willing accept it is an unrealistic expectation that the CoL would have all risks sitting below these levels.

By introducing treatments and control measures we can minimise our residual risk to the acceptable target level in many circumstances. However, where this is not possible Table 14 identifies those with the authority to accept risks that exceed our acceptable target level.

Table 14: Authority for Acceptance above Risk Targets

	Authority for acceptance of risk above the target level			
Critical Success Factor	Low	Medium	High	Extreme
Reputation and Public Image	✓	Team Manager	General Manager	Chief Executive Officer
Public Safety / Staff WHS	✓	Team Manager	General Manager	Chief Executive Officer
Financial / Business Interruption	✓	✓	General Manager	Chief Executive Officer
Legal / Regulatory	✓	✓	General Manager	Chief Executive Officer
Environment	✓	✓	General Manager	Chief Executive Officer

8.5 Management of Risk and Financial Management

The CoL Risk Management Framework operates to enhance the financial management of Council by ensuring that effective processes are in place to manage risks. The framework is currently under review and will be implemented across all Networks once completed.

A risk assessment is to be undertaken as part of any project. Senior and Project Managers are accountable for identifying and assessing any risks emerging as a result of projects. These risks are to be included on the project plan which is reviewed and maintained throughout the life of the project. Capital project risks are to be managed using the Tech1 Capital Planning and Delivery module. Any risks which eventuate as a result of the project, and are of an ongoing nature, should be recorded in the Corporate Risk Register.

8.6 Risks to Financial Management

Risk Management is a structured way to identify and analyse potential risk, and devise and implement appropriate responses according to the level of those risks. The process includes identifying and assessing risks to enable well informed decisions about risk management and treatment plans. The table below lists risks that have been identified with regard to Financial Management at the CoL. It will require review on a regular basis to ensure currency and to capture emerging risks.

Table 15: Financial Management Risks

Risk	Likelihood	Consequence	Risk Rating	Risk Priority
Volatile macro-economic conditions	Likely	Major	High	1
Reduced capacity for ratepayers to pay rates	Possible	Major	High	2
Failing to appropriately respond to or prepare for the impacts of climate change	Possible	Major	High	3
Freeze on Financial Assistance Grants	Possible	Major	High	4
Changing technological landscape	Almost Certain	Moderate	High	5
Potential for rate capping to be introduced	Unlikely	Major	High	6
Incompleteness of financial data	Likely	Moderate	High	7
Public expectation - demand for increased levels of service	Likely	Moderate	High	8
Lack of integration with council planning and budget processes - including links to decision making	Possible	Moderate	High	9
Financial Management not linked to Strategic Asset Management Plan	Unlikely	Moderate	Medium	10

Inability to meet stakeholder requirements into the future	Unlikely	Moderate	Medium	11
Inability to attract suitably skilled employees to CoL	Likely	Minor	Medium	12
Changing demographic shifting infrastructure requirements	Possible	Minor	Medium	13
Lack of skills and capacity for existing staff	Possible	Minor	Medium	14

The Risk Matrix, Likelihood and Consequence Tables included in Section 13 will be used to rate each risk against the Critical Success Factors below:

- Reputation and Public Image
- Public Safety/Staff WHS
- Financial/Business Interruption
- Legal/Regulatory
- Environment.

Please note the highest risk rating against the Critical Success Factors for any risk will be the overall risk rating.

9 LTFP Improvement Activities

A suite of financial management improvement initiatives have been identified during the preparation of this Long Term Financial Plan. The improvement initiatives are prioritised in the below table.

Table 16: LTFP Improvement Actions

LTFP Improvement Actions	Priority	Responsibility
Pursue alternative governance structures for UTAS Stadium and QVMAG	1	Chief Executive Officer
Implement a quarterly review of the macro economic climate post Covid-19 Pandemic	2	Chief Financial Officer
Conduct a review of current Levels of Service. a) Document current Levels of Service. b) Develop financial model for current Levels of Service. c) Clarify the services Council subsidises as compared to services which are provided at full cost.	3	General Manager Organisational Services
Review approach to user fee and charges revenue, including benchmarking against other like Council financial data.	4	Chief Financial Officer
Review Council's asset ownership and potential assets for disposal.	5	Manager Finance
Initiate the Development of a Corporate Resourcing Plan to enhance workforce-planning inputs into future versions of the LTFP.	6	General Manager Organisational Services

Additional information on each action from the above table is outlined below:

9.1.1 Alternative Governance Structures - UTAS Stadium and QVMAG

The transition of the University of Tasmania Stadium to the Tasmanian Government is expected to be finalised in 2022/23, this is reflected in the annual budget and modelled accordingly in the LTFP. The annual savings are budgeted to be approximately $3.5m annually from 2023/2024, with 50% of this saving budgeted in 2022/2023. The relevant budget lines have been adjusted to reflect the ongoing savings to Council.

No provision for a reduction in operating costs or any additional grant funding for the QVMAG is included in the LTFP, however Council continues to advocate for this and will update future versions of the LTFP to reflect any changes necessary.

The QVMAG Future Directions Plan was endorsed by the Council on 30 June 2022 and now provides a roadmap to a new governance structure, a sustainable funding model, and improved activation outcomes, as well as infrastructure overhauls of both Royal Park and Inveresk sites. The new governance model is known as a 'company limited by guarantee', will allow the Council to retain ownership of the museum buildings and collection. A new skills-based board will be established to oversee all operational activities. This structure will allow the QVMAG to be registered and endorsed as a recognised charity and to seek out funding opportunities to supplement its operational activities.

The plan also outlines five potential future funding models, as opposed to the current model which sees the majority of funding met by Launceston ratepayers, with around 20 per cent currently coming from the State Government. The Council believes that the State Government needs to increase its share of funding to better reflect the museum's role as a state-level institution and to provide more equity for Launceston ratepayers.

The Council indents to progress with the implementation of the Futures Plan and will continue to lobby the State Government in respect to an increase in the level of funding that is currently provided.

9.1.2 Quarterly Macro Economic Review

The international impacts of the Covid-19 pandemic on the economy are currently undetermined. To mitigate the risks created by this economic uncertainty CoL will implement ongoing quarterly reviews of the macro economic climate post Covid-19 Pandemic.

9.1.3 Levels of Service Review

An ongoing review into service levels has commenced with a dedicated resource supporting a cross-Council team in conducting this review. Council faces community expectations to maintain and increase existing service levels, while keeping rate rises to a minimum.

It is likely that any changes to service levels will have a financial impact that is required to be reflected in the LTFP, and will require ongoing analysis and modelling to support community engagement and decision making processes with regard to any proposed change in service levels. It is envisioned that there is the potential for long term savings as a result of this review.

9.1.4 Fees and Charges

A more substantive review and approach towards modelling fees and charges has been undertaken since the last version of the LTFP. This has required significant input from operational teams to provide guidance, including Building Surveying and Planning, with fees now being charged in line with the cost to provide the service.

Benchmarking data against other like Council financial data suggests that CoL's overall fee revenue is lower as a ratio to rating revenue. Further analysis and benchmarking of this ratio is required to determine the appropriate fee and rate revenue model for CoL.

The fees and charges review will include a component of reviewing services we provide that are currently not separately charged or rated - for example, the review of an implementation of a charge for stormwater services.

9.1.5 Asset Ownership

Council currently has a very diverse and large array of assets, with significant associated operating costs. Council plans to review its asset base for any assets that may be surplus to requirements. An Asset Ownership Framework is being developed which will be utilised to investigate and assess Council's asset base.

9.1.6 Corporate Resourcing Plan

It is proposed that Council develop a Corporate Resourcing Plan over the forward planning period. This plan would form part of the 10 Year Resource & Capacity Plan suite of documents, sitting alongside the LTFP and the SAMP, providing enhanced planning and forecasting inputs to both the SAMP and LTFP.

Specifically, enhanced forecast workforce requirements into the future would be of particular value to future versions of the LTFP given the significance of employee expenses proportional to Council's overall budgeted expenses in 2022/23 (40%).

Table 17: Completed LTFP Improvement Actions

LTFP Improvement Actions	Comment
Review approach to aligning all decision making to the LTFP	Review completed
Embed an organisational process to align the annual review of the SAMP and LTFP.	Organisational process developed and implemented. Internal audit by Crowe found that "CoL has thorough processes in place to develop the LTFP and SAMP. There is a high degree of collaboration between the teams that develop the plans. The LTFP and SAMP form a cornerstone of planning processes in CoL. They are refreshed in line with the electoral cycle and form a starting point for annual budget processes."
Review, and confirm, current approach to depreciation modelling, particularly for atypical classes of assets.	Independent review is being conducted by Infrastructure and Finance to potentially extend asset lives of roads based on condition assessments.
Implementation of annual efficiency dividend targets into operational budgeting process.	Efficiency targets are reviewed annually during the budgeting process, and changes included in the LTFP modelling. Efficiency targets for respective Team budget sections are incorporated into the annual operational budgeting processes.

10 Statement of Comprehensive Income

Period start		1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30	1 Jul 31
Period end		**30 Jun 23**	**30 Jun 24**	**30 Jun 25**	**30 Jun 26**	**30 Jun 27**	**30 Jun 28**	**30 Jun 29**	**30 Jun 30**	**30 Jun 31**	**30 Jun 32**
Revenue from Operating Activities											
Rates and Charges	$'000	70,148	73,831	77,707	81,515	85,509	88,929	92,486	96,186	100,514	105,037
Grants - Operating (Recurrent)	$'000	7,649	7,840	8,036	8,237	8,443	8,654	8,870	9,092	9,320	9,553
Grants - Capital (Non-recurrent)	$'000	1,622	4,203	7,590	10,710	7,540	7,290	8,440	5,850	6,970	8,820
User Charges	$'000	23,034	22,731	23,413	24,115	24,839	25,584	26,351	27,142	27,956	28,795
Statutory Fees and Fines	$'000	4,694	4,835	4,980	5,129	5,283	5,442	5,605	5,773	5,946	6,125
QVMAG Bequests	$'000	115	115	115	115	115	115	115	115	115	115
Investment Revenue	$'000	3,569	3,569	3,569	3,569	3,569	3,474	3,474	3,474	3,474	3,474
State Government Fire Services Levy	$'000	8,785	9,136	9,502	9,882	10,277	10,688	11,116	11,560	12,023	12,504
Total Revenue from Operating Activities	$'000	119,616	126,260	134,912	143,272	145,575	150,176	156,458	159,192	166,318	174,422
Revenue from Outside of Operating Activities											
Interest Revenue	$'000	1,668	1,500	1,500	1,500	1,500	1,500	1,750	1,750	1,750	1,750
Other Revenue Outside of Operating Activities	$'000	1,113	388	402	413	424	436	448	460	473	486
Total Revenue from Outside Operating Activities	$'000	2,781	1,888	1,902	1,913	1,924	1,936	2,198	2,210	2,223	2,236
Total Revenue	$'000	122,397	128,148	136,813	145,185	147,499	152,112	158,655	161,402	168,541	176,658
Operating Expenses from Ordinary Activities	$'000										
Employee Costs	$'000	(50,573)	(51,472)	(53,531)	(55,404)	(57,344)	(59,351)	(61,428)	(63,578)	(65,803)	(68,106)
Materials & Consumables	$'000	(30,539)	(30,366)	(30,990)	(31,453)	(32,554)	(33,694)	(34,873)	(36,093)	(37,357)	(38,664)
Utilities	$'000	(3,943)	(4,022)	(4,102)	(4,184)	(4,268)	(4,353)	(4,440)	(4,529)	(4,620)	(4,712)
Bad and Doubtful Debts	$'000	(15)	(29)	(30)	(31)	(33)	(34)	(35)	(36)	(38)	(39)
Depreciation	$'000	(25,043)	(24,497)	(25,354)	(26,241)	(27,160)	(28,110)	(29,094)	(30,112)	(31,166)	(32,257)
Amortisation of Right-of-Use Assets	$'000	(52)	(52)	(52)	(52)	-	-	-	-	-	-
Additional O&M and Depreciation - Capital Program	$'000	-	(730)	(1,300)	(2,110)	(2,500)	(2,900)	(3,210)	(3,520)	(3,870)	(4,170)
Recyclables Processing Savings	$'000	-	-	-	500	513	525	538	552	566	580
Interest on Borrowings (Finance Costs)	$'000	(278)	(300)	(280)	(150)	(150)	(90)	(45)	-	-	-
Interest on Leases	$'000	(2)	(2)	(1)	(0)	-	-	-	-	-	-
Local Government Election Expenses	$'000	(380)	-	-	-	(420)	-	-	-	(460)	-
State Government Fire & Waste Levies	$'000	(10,495)	(10,915)	(11,351)	(11,805)	(12,278)	(12,769)	(13,280)	(13,811)	(14,363)	(14,938)
Rate Remissions and Abatements	$'000	(277)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Combined System Contribution - Operating	$'000	(866)	(892)	(919)	(946)	(975)	(1,004)	(1,034)	(1,065)	(1,097)	(1,130)
Combined System Contribution - Capital	$'000	(760)	(783)	(806)	(830)	(855)	(881)	(907)	(935)	(963)	(992)
Asset Disposal Loss	$'000	(400)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Total Operating Expenses	$'000	(123,623)	(124,859)	(129,516)	(133,509)	(138,823)	(143,460)	(148,608)	(153,928)	(159,971)	(165,228)
Net Surplus/(Deficit) from Operations	$'000	(1,226)	3,289	7,297	11,676	8,676	8,651	10,048	7,474	8,570	11,429
Adjustments:											
TERHAP Contribution	$'000	(3,700)	(5,500)	(1,800)	-	-	-	-	-	-	-
Total Adjustments	$'000	(3,700)	(5,500)	(1,800)	-	-	-	-	-	-	-
Underlying Surplus (Deficit)	$'000	(2,848)	(914)	(293)	966	1,136	1,361	1,608	1,624	1,600	2,609

11 Statement of Financial Position

Period start		1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30	1 Jul 31
Period end		30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27	30 Jun 28	30 Jun 29	30 Jun 30	30 Jun 31	30 Jun 32
Current Assets											
Cash and Cash Equivalents	$'000	87,066	70,012	67,065	74,052	76,190	80,513	91,042	102,620	115,220	129,771
Trade and Other Receivables	$'000	10,114	10,341	10,813	11,253	11,713	12,089	12,555	13,004	13,509	13,997
GST Receivable	$'000	3	64	69	74	85	89	95	102	113	116
Inventories	$'000	908	917	926	936	945	954	964	973	983	983
Total Current Assets	$'000	98,091	81,335	78,874	86,315	88,933	93,645	104,656	116,699	129,825	144,867
Non Current Assets											
Property Plant and Equipment	$'000	203,692	203,692	203,692	203,692	203,692	203,692	203,692	203,692	203,692	203,692
Infrastructure Assets	$'000	1,464,142	1,463,384	1,465,130	1,469,166	1,469,245	1,468,125	1,467,136	1,462,505	1,458,309	1,454,872
Right-of-Use Assets	$'000	156	104	52	-	-	-	-	-	-	-
Intangible Asset	$'000	4,294	4,294	4,294	4,294	4,294	4,294	4,294	4,294	4,294	4,294
Landfill Rehabilitation Intangible Asset	$'000	387	785	1,194	1,614	2,046	2,490	2,490	2,490	2,490	2,490
Investment in Associates and Joint Ventures	$'000	225,702	225,702	225,702	225,702	225,702	225,702	225,702	225,702	225,702	225,702
Trade and Other Receivables (Long Term)	$'000	258	258	258	258	258	258	258	258	258	258
Other Financial Assets	$'000	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,025
Total Non Current Assets	$'000	1,900,656	1,900,244	1,902,347	1,906,751	1,907,262	1,906,586	1,905,597	1,900,966	1,896,770	1,893,333
Total Assets	$'000	1,998,747	1,981,578	1,981,221	1,993,066	1,996,194	2,000,231	2,010,253	2,017,665	2,026,595	2,038,200
Current Liabilities											
Trade and Other Payables	$'000	4,776	4,882	5,104	5,280	5,529	5,692	5,923	6,146	6,420	6,596
Trust Funds and Deposits	$'000	2,498	2,567	2,637	2,710	2,784	2,861	2,939	3,023	3,109	3,109
Unearned Income	$'000	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296
Current Employee Benefits	$'000	7,685	7,685	7,685	7,685	7,685	7,685	7,685	7,685	7,685	7,685
Current Interest Bearing Liabilities	$'000	20,000	6,000	-	6,000	5,000	-	-	-	-	-
Current Lease Liabilities	$'000	66	66	67	-	-	-	-	-	-	-
Total Current Liabilities	$'000	36,321	22,496	16,789	22,971	22,294	17,534	17,844	18,149	18,510	18,685
Non Current Liabilities											
Non Current Employee benefits	$'000	1,024	1,024	1,024	1,024	1,024	1,024	1,024	1,024	1,024	1,024
Non Current Landfill Rehabilitation Provision	$'000	14,387	14,785	15,194	15,614	16,046	16,490	16,490	16,490	16,490	16,490
Non Current Interest Bearing Loans and Borrowings	$'000	12,000	11,000	11,000	5,000	-	-	-	-	-	-
Non Current Lease Liabilities	$'000	133	67	-	-	-	-	-	-	-	-
Total Non Current Liabilities	$'000	27,544	26,876	27,218	21,638	17,070	17,514	17,514	17,514	17,514	17,514
Total Liabilities	$'000	63,865	49,372	44,007	44,609	39,364	35,048	35,358	35,663	36,024	36,199
Net Assets	$'000	1,934,882	1,932,206	1,937,214	1,948,457	1,956,830	1,965,183	1,974,895	1,982,002	1,990,571	2,002,001
Equity											
Accumulated Surplus	$'000	(12,509)	(16,810)	(13,310)	(3,770)	3,199	10,084	20,131	27,606	36,176	47,605
Capital Reserves	$'000	217,906	217,906	217,906	217,906	217,906	217,906	217,906	217,906	217,906	217,906
Revenue Reserves	$'000	962,494	964,584	966,581	968,717	970,423	972,190	972,190	972,190	972,190	972,190

Investment Reserves	$'000	(27,404)	(27,404)	(27,404)	(27,404)	(27,404)	(27,404)	(27,404)	(27,404)	(27,404)	(27,404)
Trusts and Bequests	$'000	2,450	2,450	2,450	2,450	2,450	2,450	2,450	2,450	2,450	2,450
Asset Revaluation Reserve	$'000	791,945	791,480	790,990	790,558	790,256	789,957	789,621	789,254	789,254	789,254
Total Equity	**$'000**	1,934,882	1,932,206	1,937,214	1,948,457	1,956,830	1,965,183	1,974,895	1,982,002	1,990,571	2,002,001

12 Cash Flow Statement

Period start		1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30	1 Jul 31
Period end		**30 Jun 23**	**30 Jun 24**	**30 Jun 25**	**30 Jun 26**	**30 Jun 27**	**30 Jun 28**	**30 Jun 29**	**30 Jun 30**	**30 Jun 31**	**30 Jun 32**
Cash flows from Operating Activities											
Rates and Charges Received	$'000	67,323	73,536	77,355	81,184	85,162	88,648	92,153	95,860	100,136	104,666
Grants - Operational Received	$'000	7,341	7,825	8,017	8,219	8,424	8,637	8,849	9,072	9,299	9,533
Grants - Capital Received	$'000	1,622	4,203	7,590	10,710	7,540	7,290	8,440	5,850	6,970	8,820
Interest Received	$'000	1,668	1,500	1,500	1,500	1,500	1,500	1,750	1,750	1,750	1,750
User Fees Received	$'000	24,317	25,034	25,681	26,458	27,251	28,075	28,904	29,778	30,671	31,599
Statutory Fees and Fines Received	$'000	4,955	5,306	5,462	5,627	5,796	5,971	6,148	6,334	6,524	6,721
Other Revenue Received	$'000	14,339	14,564	14,905	15,338	15,783	16,155	16,621	17,125	17,646	18,192
Employee Costs Paid	$'000	(52,457)	(51,443)	(53,446)	(55,333)	(57,269)	(59,280)	(61,342)	(63,495)	(65,718)	(68,025)
Materials and Consumables Paid		(34,853)	(33,422)	(34,068)	(34,588)	(35,772)	(37,028)	(38,316)	(39,661)	(41,049)	(42,480)
Utilities Paid	$'000	(4,683)	(4,418)	(4,504)	(4,595)	(4,687)	(4,782)	(4,876)	(4,974)	(5,074)	(5,176)
GST Received / (Paid)	$'000	32	712	824	886	1,004	1,062	1,137	1,216	1,343	1,388
Trust Funds and Deposits	$'000	67	69	71	73	75	77	79	83	86	-
Other Expenses Paid	$'000	(19,353)	(20,950)	(18,395)	(17,564)	(18,978)	(19,622)	(20,533)	(21,511)	(23,015)	(23,616)
Net Cash flows from Operating Activities	$'000	10,318	22,517	30,991	37,913	35,828	36,703	39,014	37,427	39,570	43,372
Cash flows from Investing Activities											
Payment for Property Plant and Equipment and Infrastructure	$'000	(16,737)	(24,203)	(27,590)	(30,710)	(27,540)	(27,290)	(28,440)	(25,850)	(26,970)	(28,820)
Proceeds from Property Plant and Equipment and Infrastructure	$'000	6,600	-	-	-	-	-	-	-	-	-
Net Cash flows from Investing Activities	$'000	(10,137)	(24,203)	(27,590)	(30,710)	(27,540)	(27,290)	(28,440)	(25,850)	(26,970)	(28,820)
Cash flows from Financing Activities											
Proceeds from Interest Bearing Loans and Borrowings	$'000	6,000	5,000	-	-	-	-	-	-	-	-
Repayments of Interest Bearing Loans and Borrowings	$'000	-	(20,000)	(6,000)	-	(6,000)	(5,000)	-	-	-	-
Finance Costs	$'000	(278)	(300)	(280)	(150)	(150)	(90)	(45)	-	-	-
Interest paid - lease liability	$'000	(2)	(2)	(1)	(0)	-	-	-	-	-	-
Repayment of lease liabilities	$'000	(65)	(66)	(66)	(67)	-	-	-	-	-	-
Net Cash flows from Financing Activities	$'000	5,655	(15,367)	(6,347)	(217)	(6,150)	(5,090)	(45)	-	-	-
Net Change in Cash Held	$'000	5,836	(17,054)	(2,946)	6,986	2,138	4,323	10,529	11,577	12,600	14,552
Cash at Beginning of the Financial Year	$'000	81,230	87,066	70,012	67,065	74,052	76,190	80,513	91,042	102,620	115,220
Cash at End of the Financial Year	$'000	87,066	70,012	67,065	74,052	76,190	80,513	91,042	102,620	115,220	129,771
Cash and Cash Equivalents	$'000	87,066	70,012	67,065	74,052	76,190	80,513	91,042	102,620	115,220	129,771

13 Risk Matrix, Likelihood and Consequence Tables

Table 18: Risk Scoring Matrix - Likelihood x Consequence

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Low	Medium	High	Extreme	Extreme
Likely	Low	Medium	High	High	Extreme
Possible	Low	Medium	High	High	Extreme
Unlikely	Low	Low	Medium	High	Extreme
Rare	Low	Low	Medium	Medium	High

Table 19: Likelihood Descriptors

Rating	Descriptors	Average Recurrence Interval
Almost Certain	• Expected to occur in most circumstances • There is a constant exposure to risk • Weak and/or non-existent controls	Less than 1 year
Likely	• Will probably occur in most circumstances • There is frequent exposure to risk • Majority of controls are weak	1 to <10 years
Possible	• Might occur at some time • There is moderate exposure to risk • Some controls are strong with no gaps	10 to <100 years
Unlikely	• Not expected but could occur at some time • There is infrequent exposure to risk • Majority of controls are strong with no gaps	100 to <1,000 years
Rare	• May occur only in exceptional circumstances • There is rare exposure to risk • All controls are strong with no gaps	1,000+ years

Table 20: Risk Consequence Descriptors

Impact Scale		Reputation and Public Image	Financial and Business/ Service Interruption	Public and Staff Safety	Legal/Regulatory	Environment
5	Catastrophic	• Censure/ Inquiry • Community outrage • Widespread social impact	• >$5M loss • Service disruption for more than 7 days • Critical or irreversible loss or damage to property or infrastructure	• Fatality(ies) • Multiple permanent disability or ill-health	• Critical legal, regulatory or internal policy failure • Intervention from governments • Major breaches of regulation, major litigation	• Irreversible long-term damage • Toxic release offsite with detrimental effect
4	Major	• National or international coverage • Significant level of community concern	• $1M - $5M loss • Disruption to services and routine needs for 4-7 days • Serious structural damage to property/ infrastructure	• Long-term illness or multiple serious injuries	• Major legal, regulatory or internal policy failure • Enforcement action by regulators • Breach of regulation with prosecution and/or moderate fine	• Widespread long-term damage • Contamination – offsite release, no detrimental effect
3	Moderate	• Local media coverage • Moderate level of community concern	• $500k - $1M loss • Capability or services impaired 1-4 days • Moderate loss or infrastructure damage	• Injury requiring treatment • Possible hospitalisation • Numerous days lost	• Moderate legal, regulatory or internal policy failure • Regulatory compliance issue without high severity level consequence	• Widespread short term damage • Contamination – offsite release contained with outside assistance
2	Minor	• Short-term local media coverage • Minor level of community concern	• $50k - $500k loss • Delays in undertaking routine tasks <24 hours • Loss or damage to property <$50k	• Minor injury requiring First Aid	• Minor legal, regulatory or internal policy failure • Minor legal issue, non-compliance and breaches of legislation	• Minor short term damage • Contamination – onsite release contained within 8 hours
1	Insignificant	• Little or no effect on public image • Insignificant level of community concern	• < $50k • Delays in undertaking routine tasks <12 hours • Negligible loss or damage to infrastructure	• No personal injury • No First Aid needed	• Minor encroachment on legislation/standard	• Minimal damage • Contamination – onsite release contained immediately

14 Asset Useful Lives

The below table details the useful lives applied to each asset group. The useful life is used to calculate depreciation expense on assets, and used in conjunction with the SAMP. Asset lives are consistent with Council's Asset Capitalisation Framework which is reviewed annually.

Asset Class	Asset Category/Group	Basis for Depn	Useful Life (Years)
Roads	Pavement Base	Straight Line	100-150
Roads	Pavement Sub Base	Straight Line	300
Roads	Compacted Sub-Grade	N/A	unlimited
Roads	Sealed Surfaces	Straight Line	20-35
Roads	Unsealed Surfaces	Straight Line	10
Roads	Kerb and Channel	Straight Line	100
Roads	Sealed Footpaths	Straight Line	30-50
Roads	Street Lighting	Straight Line	55
Roads	Safety Barriers	Straight Line	30-100
Roads	Culverts	Straight Line	100
Bridges	Bridge Abutments	Straight Line	25-100
Bridges	Bridge Decks	Straight Line	25-100
Stormwater	Pipes	Straight Line	80-150
Stormwater	Pump Stations Civil	Straight Line	50
Stormwater	Pump Stations Electrical	Straight Line	20
Stormwater	Pump Stations Mechanical	Straight Line	30
Stormwater	Pump Stations Instrumentation	Straight Line	10
Stormwater	Detention Basin/Other	Straight Line	100-150
Flood Protection	Levees	Straight Line	100-200
Flood Protection	Gates	Straight Line	100
Facilities	Fencing Systems	Straight Line	30-150
Facilities	Irrigation Systems	Straight Line	40
Facilities	Lighting Structures	Straight Line	50
Facilities	Power	Straight Line	30
Facilities	Playgrounds	Straight Line	10-15
Facilities	Structures/Other	Straight Line	60-100
Facilities	Sporting Surfaces	Straight Line	10 - Unlimited
Buildings	Structures	Straight Line	30-250
Buildings	Mechanical Services	Straight Line	5-40
Buildings	Electrical	Straight Line	10-30
Fleet	Light Vehicles	Straight Line	4-5
Fleet	Major Plant	Straight Line	5-30
Fleet	Minor Plant	Straight Line	3-20
IT	General IT Equipment	Straight Line	3-10
IT	Software	Straight Line	3-10
Waste Management	Clay Liner	Straight Line	60-100
Waste Management	Rehabilitation Assets	Straight Line	3-30
Waste Management	Other	Straight Line	10-30

15 Benchmarking Data

Metric Name (2020/21 Annual Report Data)	Tasmanian Council Comparators							Interstate Council Comparators		
	City of Launceston	City of Hobart	City of Devonport	City of Burnie	City of Clarence	Average of 5 Tasmanian Comparators	Average of All Tasmanian Councils	City of Maitland	City of Maribyrnong	City of Darwin
Population	68,813	55,250	25,747	19,701	58,729	*45,648*	*18,909*	87,395	93,500	82,030
Local Government Area (km^2)	1,411	78	111	611	378	*518*	*2454*	396	32	112
Rateable properties	32,368	24,973	12,941	10,011	26,893	*21,437*	*9,971*	35,810	46,621	35,879
Total revenue ($'000)	$111,000	$131,014	$40,741	$33,299	$70,529	$77,317	*$29,356*	$117,662	$131,677	$110,575
Total expenses ($'000)	$114,109	$131,039	$39,496	$35,220	$65,733	$77,119	*$29,010*	$112,038	$134,413	$121,975
Underlying result ($'000)	-$3,109	-$25	$1,245	-$1,921	$4,796	$197	*$346*	$5,624	-$2,736	-$11,400
Operating surplus ratio	-2.80%	-0.02%	3.06%	-5.77%	6.80%	0.26%	1.18%	4.78%	-2.08%	-10.31%
Rates Revenue ($'000)	$71,777	$90,978	$29,064	$22,927	$53,559	$53,661	*$16,706*	$92,767	$104,600	$74,428
Fee revenue ($'000)	$26,512	$39,213	$5,505	$4,476	$8,144	$16,770		$9,157	$16,914	$27,104
Operating Grants ($'000)	$8,535	$3,383	$2,918	$3,511	$8,298	$5,329	*$3,349*	$10,947	$7,865	$6,356
Capital Grants ($'000)	$5,945	$4,483	$13,626	$2,314	$21,704	$9,614	*$3,520*	$50,602	$4,975	$6,140
Total Revenue (Excl CAP Grants) ($'000)	$111,233	$137,134	$41,038	$33,422	$74,998	$79,565	*$29,356*	$117,662	$131,677	$110,575
Rates as % of Total Revenue (Excl. Capital Grants)	64.53%	66.34%	70.82%	68.60%	71.41%	67.44%	56.91%	78.84%	79.44%	67.31%
Fees as % of Total Revenue (Excl. Capital Grants)	23.83%	28.59%	13.41%	13.39%	10.86%	21.08%		7.78%	12.85%	24.51%
OPEX Grants as % of Total Revenue (Excl. Capital Grants)	7.67%	2.47%	7.11%	10.51%	11.06%	6.70%	11.41%	9.30%	5.97%	5.75%
Non Current Assets ($'000)	$1,912,886	$2,459,832	$642,847	$429,155	$868,865	$1,262,717	*$404,984*	$1,302,726	$1,210,997	$1,198,147
Annual Depreciation ($'000)	$23,359	$28,047	$10,284	$7,939	$14,612	$16,848	*$6,276*	$25,759	$17,829	$30,939
Annual Dep. As % of asset value	1.22%	1.14%	1.60%	1.85%	1.68%	1.33%	1.55%	1.98%	1.47%	2.58%

Metric Name (2020/21 Annual Report Data)	**Tasmanian Council Comparators**							**Interstate Council Comparators**		
	City of Launceston	**City of Hobart**	**City of Devonport**	**City of Burnie**	**City of Clarence**	***Average of 5 Tasmanian Comparators***	***Average of All Tasmanian Councils***	**City of Maitland**	**City of Maribyrnong**	**City of Darwin**
Annual Dep. As % of total expenses	20.47%	21.40%	26.04%	22.54%	22.23%	21.85%	21.63%	22.99%	13.26%	25.37%
Annual Dep. As % of total revenue	21.00%	20.45%	25.06%	23.75%	19.48%	21.18%	21.38%	21.89%	13.54%	27.98%
Annual Dep as % of operating revenue	22.75%	20.97%	26.98%	26.54%	21.91%	22.70%	24.13%	24.14%	14.40%	29.69%
Assets base per capita ($'000)	$27.80	$44.52	$24.97	$21.78	$14.79	$27.66	$21.42	$14.91	$12.95	$14.61
Depreciable Asset WDV ($'000) *excludes Land and Land Under Roads which are not depreciable*	$1,183,347	$920,664	$356,513	$302,300	$453,898	$643,344		$1,108,899	$614,099	$1,145,444
Annual Dep. As % of asset value	1.97%	3.05%	2.88%	2.63%	3.22%	2.62%		2.32%	2.90%	2.70%
Rates per rateable property	$2,218	$3,643	$2,246	$2,290	$1,992	$2,503	$1,675	$2,591	$2,244	$2,074
Rates per capita	$1,043	$1,647	$1,129	$1,164	$912	$1,176	$883	$1,061	$1,119	$907
Operating Grants per rateable property	$264	$135	$225	$351	$309	$249	$336	$306	$169	$177
Operating Grants per capita	$124	$61	$113	$178	$141	$117	$177	$125	$84	$77
Operating cost per rateable property	$3,525	$5,247	$3,052	$3,518	$2,444	$3,597	$2,909	$3,129	$2,883	$3,400
Total OPEX per capita	$1,658	$2,372	$1,534	$1,788	$1,119	$1,689	$1,534	$1,282	$1,438	$1,487
Total OPEX less depreciation per capita	$1,319	$1,864	$1,135	$1,385	$870	$1,320	$1,202	$987	$1,247	$1,110
Population per Rateable Property	2.13	2.21	1.99	1.97	2.18	2.13	1.90	2.44	2.01	2.29
Employee Resources (FTE)	460	561	141	136	228	*305*	*123*	451.1	464.06	377
Total Employee Expense ($'000)	$42,855	$56,513	$12,307	$12,606	$19,555	$28,767	*$10,990*	$41,971	$52,916	$35,567
Employee cost as a % of OPEX	37.6%	43.1%	31.2%	35.8%	29.7%	37.3%	37.9%	37.5%	39.4%	29.2%
Employee costs as a % of total revenues	38.6%	43.1%	30.2%	37.9%	27.7%	37.2%	37.4%	35.7%	40.2%	32.2%
Population per FTE	150	98	183	145	258	150	154	194	201	218
Average cost per FTE ($'000)	$93	$101	$87	$93	$86	$94	$89	$93	$114	$94

Town Hall, 18 St John Street Launceston
T 03 63233000
E contactus@launceston.tas.gov.au
W www.launceston.tas.gov.au

City of LAUNCESTON