



South East Councils Feasibility Study

Addendum #1: Current State Analysis

30 September 2016



Disclaimer

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Section 1

Financial analysis





1.1. Past financial performance

Financial Analysis

Current State Snapshot

The following analysis of the 2014-15 management indicators as reported by the Tasmanian Audit Office, provides an initial snapshot of the performance of each of the South East Councils.

- Whilst Clarence and Glamorgan Spring Bay have a high net surplus to revenue ratio, they in fact perform lower on the operating surplus ratio. This reflects the difference in operating expenditure and generating non-operating revenues. Overall however, the combined average of the South East Councils is above the Tasmanian Council average.
- The spread of assets over each of the councils reflect the differences between Clarence and Sorell being more urban centres, and Glamorgan Spring Bay and Tasman being more rural. On a combined basis however, the proportion of PPE is less than the State average, indicating that the South East Councils have a relatively low level of PPE.
- The net cost to serve citizens provides a measure of the extent to which operating costs exceed rate revenue. Glamorgan Spring Bay performs relatively poorly on this measure, however it is noted that all councils are all lower than the Tasmanian average.
- Clarence and Tasman have the lowest operating grants per rateable property, and Tasman is the lowest grant recipient in the state. In actual dollars, Glamorgan Spring Bay is in fact the third lowest recipient of government grants in Tasmania.
- Clarence and Sorell both incur greater employment costs per FTE, however Glamorgan Spring Bay's employment costs are highest in comparison to operating revenue.
- Glamorgan Spring Bay employ relatively more staff, due to the large Natural Resource Management service, and the various health services that they operate.
- On a comparative basis, Glamorgan Spring Bay had the weakest performance, particularly due to the higher costs to serve the community. The drivers of these results is partly due to the greater FTEs per population and higher relative employee costs. That being said, the south east council average in fact was better than the Tasmanian councils average, on each of the indicators.

Management Indicators: 2014-15 Auditor General Report Local Government Comparative Analysis	Clarence	Glamorgan Spring Bay	Sorell	Tasman	South East Council Average	Tasmanian Councils Average
Financial Results						
Net Surplus to Revenue	66.7%	48.9%	28.6%	17.2%	40.4%	27.1%
Operating Surplus Ratio	7.1%	(1.4%)	16.5%	12.4%	8.7%	1.1%
Assets and Infrastructure						
PPE per square kilometre	\$1,314,728	\$34,346	\$334,900	\$70,845	438,705	811,951
PPE per head of population	\$19,861	\$15,829	\$22,547	\$13,442	17,920	25,295
Servicing						
Net Cost to Serve per Rateable Property	\$475	\$949	\$397	\$326	509	1,095
Net Cost to Serve Ratio	1.27	1.82	1.31	1.28	1.33	1.78
FTE per 1000 Population	4.4	13.6	4.9	8.3	7.8	8
Operating Grants per rateable property	\$241	\$306	\$400	\$266	\$303	\$344
Employment						
Employee Costs per FTE	\$70,869	\$70,000	\$77,912	\$68,950	71,933	79,000
Total Labour Costs to Operating Revenue	27.8%	36.4%	30.4%	23.3%	29.5%	35.1%
Total Labour Costs to Operating Expenditure	29.9%	35.9%	36.4%	26.6%	32.2%	35.5%
Employee Entitlements per FTE	\$19,081	\$13,869	\$15,467	\$14,850	15,817	18,892

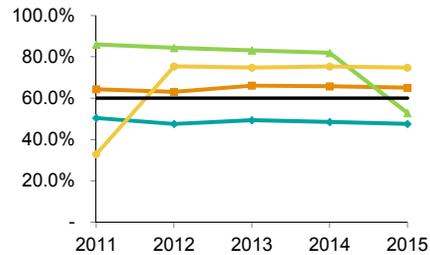
2014-15 management indicators, data as reported by the Tasmanian Audit Office. Green shading indicates the lowest/more favourable comparable result to the other councils, whilst red shading indicates a higher/poorer comparable result.



Financial Analysis

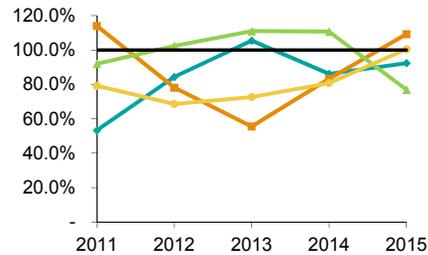
Historical Financial Snapshot

Asset Consumption Ratio (Roads), 2010-2015



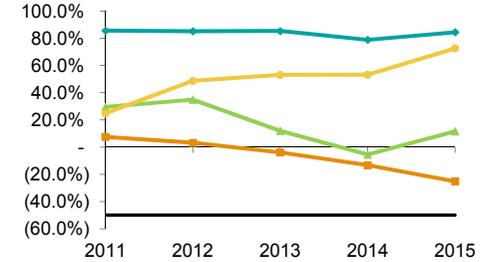
Clarence
Glamorgan Spring Bay
Sorell
Tasman
Benchmark

Asset Sustainability Ratio, 2010-2015



Clarence
Glamorgan Spring Bay
Sorell
Tasman
Benchmark

Net Financial Liabilities Ratio, 2010-2015



Clarence
Glamorgan Spring Bay
Sorell
Tasman
Benchmark

Over the last five years, the councils have reported the above data to the Auditor General. These results indicate that :

- Sorell has had the highest average asset consumption ratio for roads, whilst Clarence has the least.
- Sorell has also had the highest asset sustainability ratio on average, indicating that the Council has been spending adequate capital in relation to its accumulated depreciation.
- All councils have fallen within the Auditor General Benchmark of below -50% for the net financial liabilities ratio, reflecting the current low level of net financial liabilities in relation to operating surplus.

Data sourced from the Auditor General Tables provided by councils



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Historical Rate Revenue

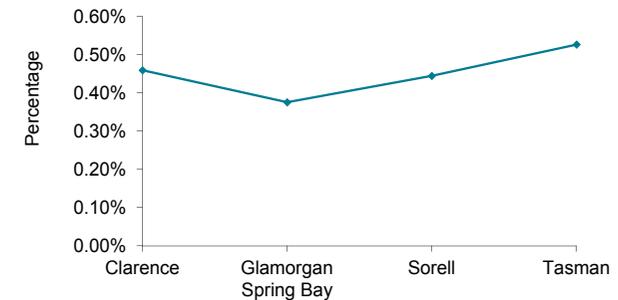
Rate revenue is the largest source of revenue for councils and each council adopts a slightly different rating policy, whilst adhering to the *Local Government Act 1993*. A short explanation of each council's rating policy is provided below, as well as analysis of the 2014-15 average rate per rateable property and the current median house price of houses sold in each municipal area:

- Clarence City Council charges the highest average rate per rateable property. This is likely due to higher property values, and the greater scope of services and assets that the council provides. Clarence's rating policy allows for a general rate calculated using the capital value (CV) of the property, a service charge in respect of solid waste collection, a stormwater service rate, and a fire service rate, also based on the capital value of the property. The CV is determined by the Valuer-General and was last revalued in 2013. Clarence's rates on average have increased by 2.64% per annum over the last five years.
- Glamorgan Spring Bay's average rates per rateable property are substantially lower as a percentage of the current median house price. Glamorgan Spring Bay's rating policy indicates that the council has a long term goal to only increase the rate revenue each financial year by CPI as a minimum. Glamorgan Spring Bay base their rates on the Annual Assessed Value, determined by the Valuer-General. The council apply differential rates based on the use of the land and locality, taking into account the growth in properties of the same use, the impact of that particular use, and the impact on road maintenance and stormwater.
- Sorell's rates are proportionate to Clarence in regards to the average median house price. Sorell's rates are determined based on the Capital Value of each property. The total fixed component of the general rate is \$440 for 2015-16, with the remainder being variable, based on the location and use of the property. The last revaluation of capital values was in 2010.
- Tasman have proportionately higher rates in respect to the median house price for the area, compared to the other councils. Tasman's rating policy includes a general rate, calculated as cents per dollar of the Annual Assessed Value. It also includes a fire protection service rate calculated using the same method, and a waste management service charge, which is an additional fixed charge per rateable land/property.

Rate Revenue to Median Property Prices



Average Rate per Rateable Property as a Percentage of 2016 Median House Price





1.2. Financial Forecasts

Financial Forecasts

Modelling Approach

This section presents the results of the financial modelling of each of the councils' long term financial plans, and analysis of their financial viability and sustainability going forward.

KPMG met with representatives from each council and determined the best way to utilise and compare the long term financial plans, and continue the modelling to 2026. The purpose of this was to provide a consistent framework to compare and analyse the financial position and sustainability of the councils, as well as to provide a starting point for further modelling of amalgamation options.

The modelling is based on the existing assumptions and figures within each of the council's 10 year financial plans. The objective of the modelling has been to collate these existing financial projections and analyse the ongoing financial viability of the councils. This includes extrapolating these assumptions until 2026, to provide a year of actuals and 10 years of forecasts.

Each of these plans have varying assumptions around CPI escalation rates, rate growth, and the treatment of other items. This means that the application of CPI rates and expected rate growth, amongst other measures, differ between the councils. A summary of the escalation rates within each of the councils' long term financial plans is provided below to illustrate these variances.

councils' Assumptions: Escalation Rates	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Inflation - Revenue	3%	2%	2.5%	0.9%
Rate Growth Factor	1.7%	2%	NA	NA
Inflation- Expenditure	3%	2%	3%	0.9%

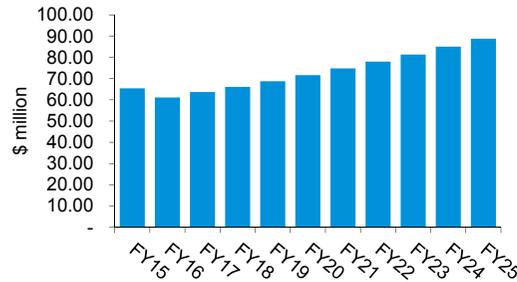
KPMG have not applied any independent assumptions in this phase of modelling.

Clarence Forecast Headline Results

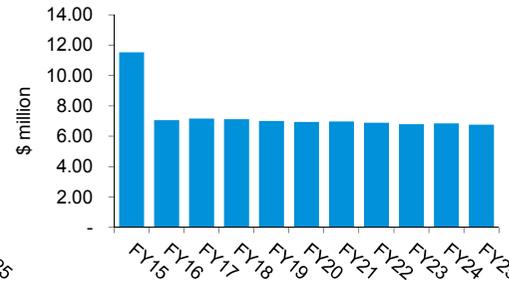
Key Observations:

- Operating revenue and expenses are expected to grow steadily over the forecast period, resulting in a fairly flat underlying surplus. Clarence assumes that the rate growth factor in addition to CPI climbs to 1.7% per annum.
- Clarence forecast a falling cash balance, as a result of continued investment in capital projects. However the modelling also forecasts a growing equity balance. It is noted that Clarence have assumed no new additional debt to fund these projects in their long term financial plans.
- The assets sustainability ratio is sustained around the 80% region, which is just under the Auditor General Benchmark of 100%.
- Capital expenditure is inflated by CPI, as determined by the asset management plans.

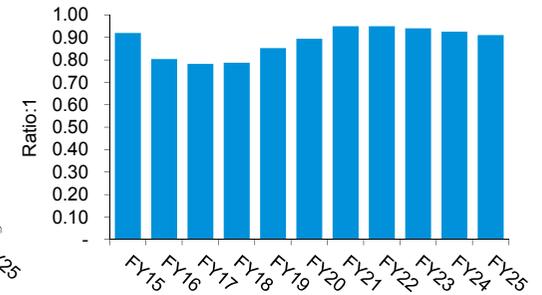
Operating Revenue



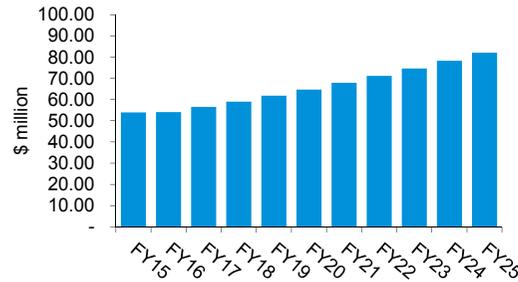
Underlying Surplus



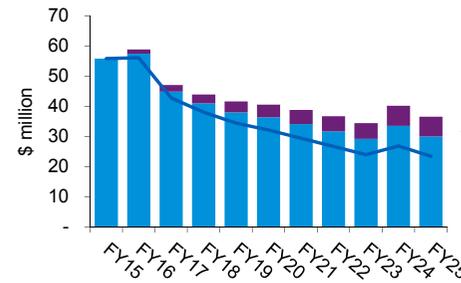
Asset sustainability ratio



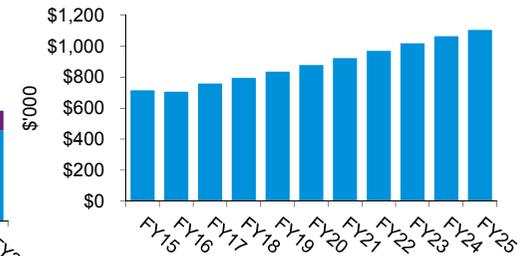
Operating Expenses



Cash



Equity



■ Cash Movement required to maintain forecast present values
■ Cash (\$million)
— Cash Balance in Future Dollars

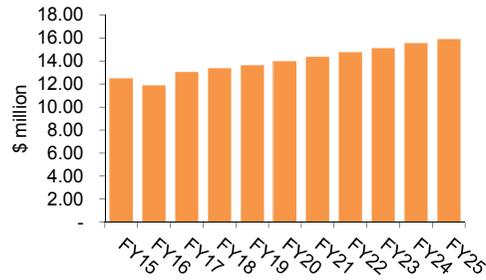


Glamorgan Spring Bay Forecast Headline Results

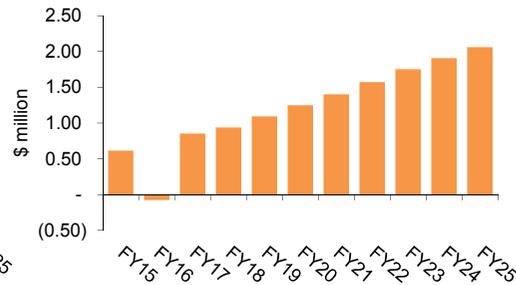
Key Observations:

- Operating revenue and operating expenses are expecting to increase over the forecast period, yet revenue is forecast to exceed expenses resulting in a rapid growth of underlying surplus.
- Capital spending is expected to be variable, due to several large projects currently being considered. The asset sustainability ratio is forecast to remain around the benchmark rate of 100%.
- The council forecast an increasing cash balance, as a result of the positive underlying surpluses being generated.

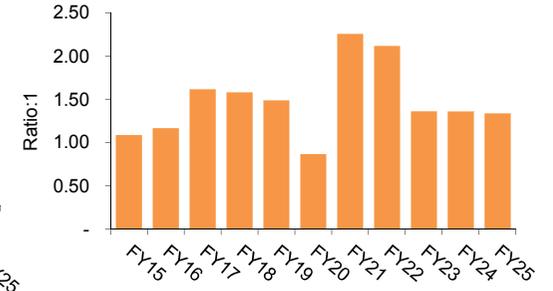
Operating Revenue



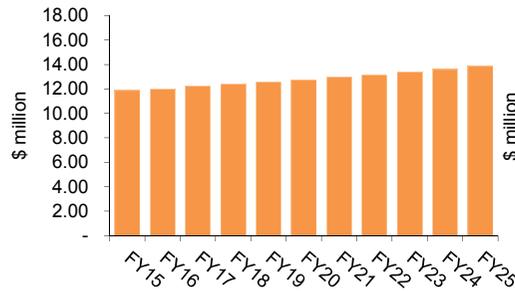
Underlying Surplus



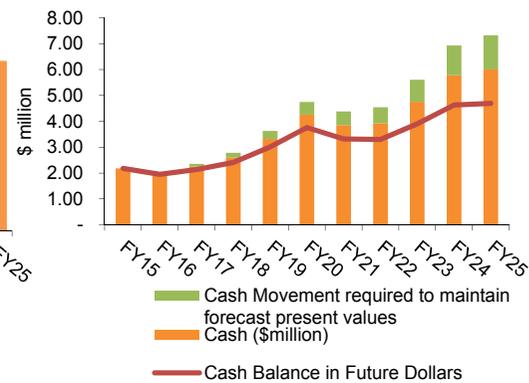
Asset sustainability ratio



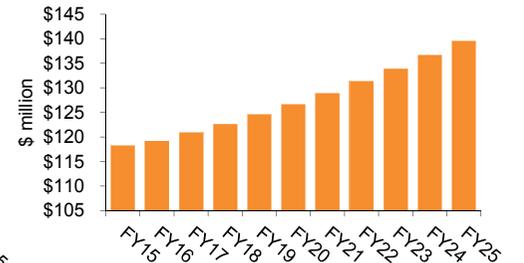
Operating Expenses



Cash



Equity



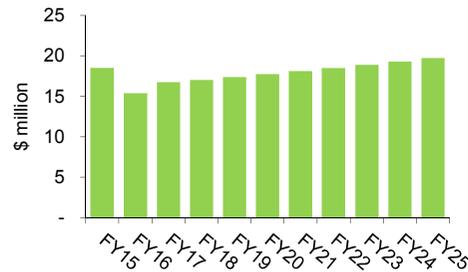
Financial Forecasts

Sorell Forecast Headline Results

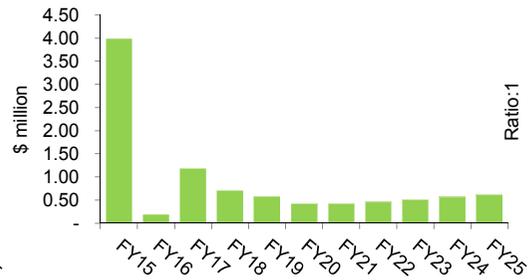
Key Observations:

- A minimal underlying surplus is forecast, despite 2015 results. Over the forecast period, operating expenses are forecast to be between 93% and 98% of operating revenue.
- Falling cash balance, as a result of capital spending and maintaining a healthy asset sustainability ratio. No new debt has been assumed, and the equity balance is forecast to increase across the period.
- The asset sustainability ratio is expected to remain around 100%, as per the Auditor General's benchmark

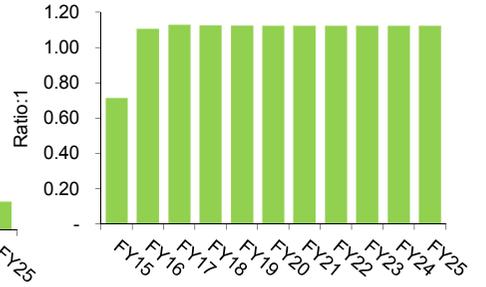
Operating Revenue



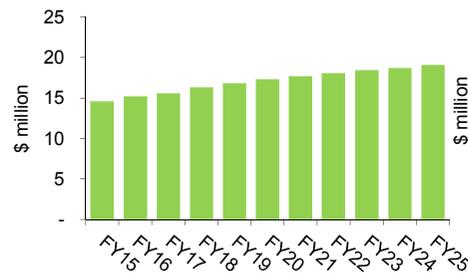
Underlying Surplus



Asset sustainability ratio



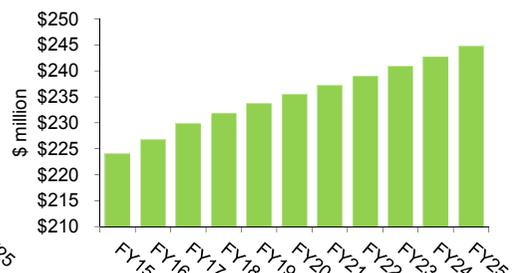
Operating Expenses



Cash



Equity



■ Cash Movement required to maintain forecast present values
■ Cash (\$million)
— Cash Balance in Future Dollars



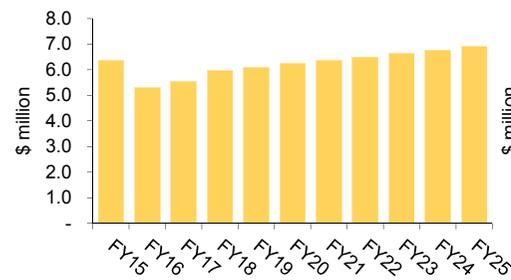
Financial Forecasts

Tasman Forecast Headline Results

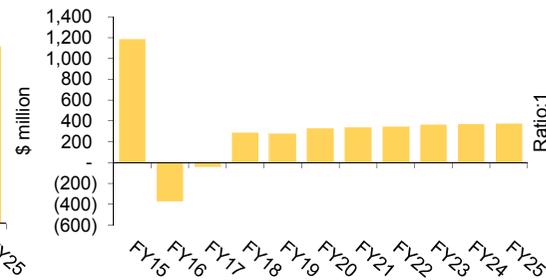
Key Observations:

- Minimal movement in operating revenue and expenses, resulting in a fairly flat operating surplus, after FY16 and FY17 forecast losses.
- Falling Asset sustainability ratio from FY20 onwards, well below the Auditor General benchmark of 100%.
- An increasing cash surplus in later years, as a result of limited capital spending over the period.

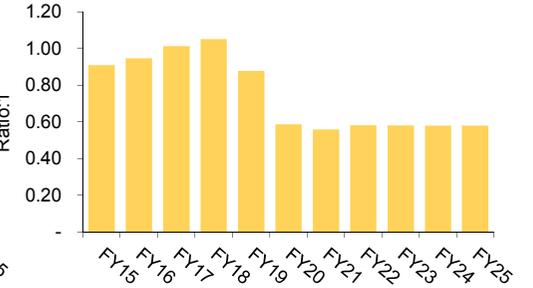
Operating Revenue



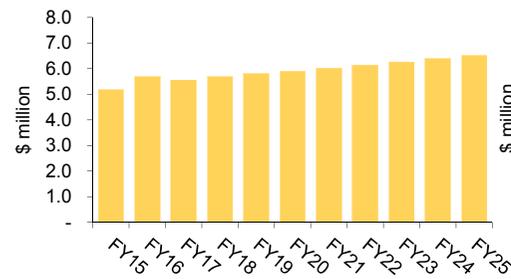
Underlying Surplus



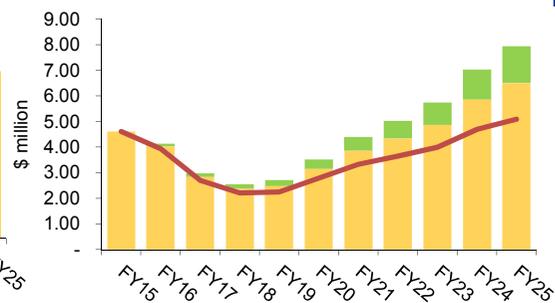
Asset sustainability ratio



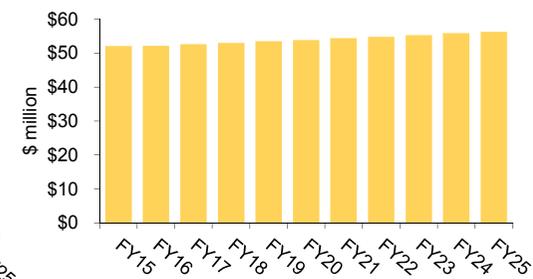
Operating Expenses



Cash



Equity



■ Cash Movement required to maintain forecast present values
■ Underlying surplus/(deficit)
— Cash Balance in Future Dollars



Financial Forecasts

Forecast Underlying Surplus

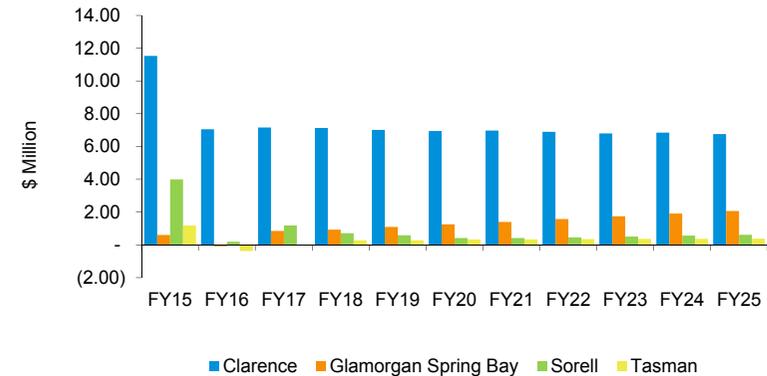
A positive underlying surplus indicates that operating revenue exceeds operating expenditure. This is one of the most crucial indicators for measuring the council's long term financial sustainability.

A positive underlying surplus ratio, indicates the extent to which a surplus is being generated, and the percentage of rates that can be used to fund capital expenditure or reducing debt. A negative ratio indicates the percentage of rates required to achieve a break-even result.

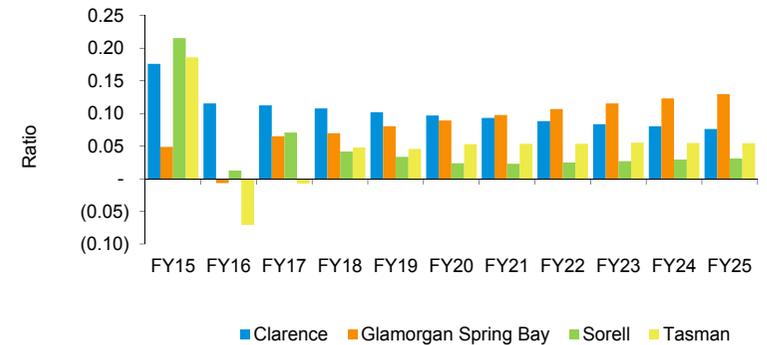
The graphs indicate the following results:

- All four of the councils have forecast a positive underlying surplus over the model period with the exception of FY16
- Both Clarence and Sorell forecast a declining ratio over the period, however it still is positive which means that operating revenues continue to exceed operating expenditure.

Underlying Surplus



Underlying Surplus Ratio



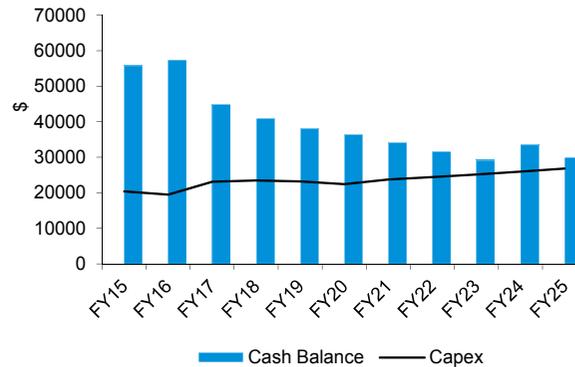
Modelling Forecast

Forecast Capital Expenditure

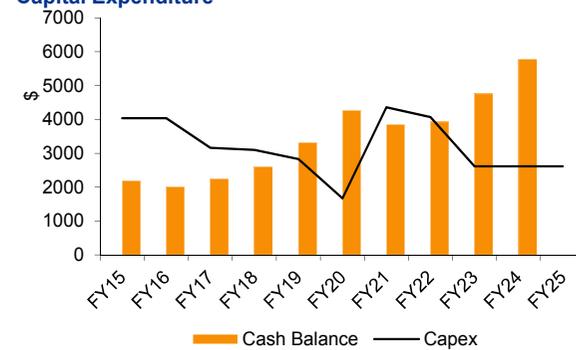
Key Observations:

- Clarence’s cash balance slowly declines over the forecast period, whilst capital expenditure increases steadily over the period. Clarence also utilise an infrastructure reserve, which is dedicated to future capital expenditure. This works to protect capital funding from fluctuations in operating results and other variables such as interest rate movements.
- Both Glamorgan Spring Bay and Tasman have increasing cash balances over the modelled period and relatively flat forecast capital expenditure (despite large investments at Glamorgan Spring Bay in FY21 and FY22). This indicates that there is potential to increase capital expenditure, as there is cash accumulating that is not being spent on assets.
- Sorell’s 10 year forecast indicates a more optimal balance between capital expenditure and cash reserves. However this places more pressure on the council to generate operating surpluses. Capital expenditure is forecast to remain flat over the period, other than a spike in 2016.

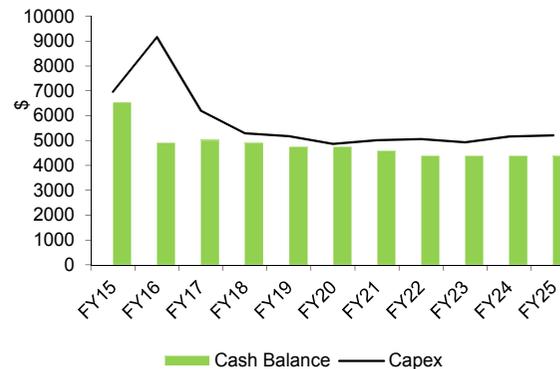
Clarence Cash Balance versus Capital Expenditure



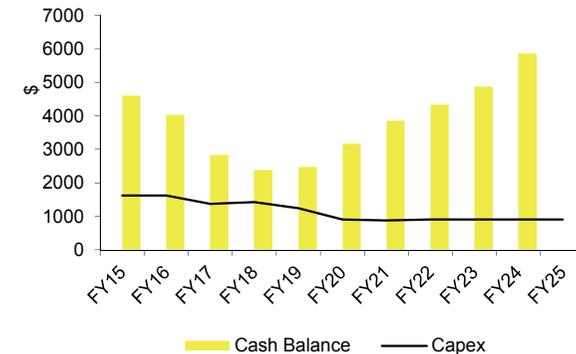
Glamorgan Spring Bay Cash Balance versus Capital Expenditure



Sorell Cash Balance versus Capital Expenditure



Tasman Cash Balance versus Capital Expenditure



Financial Forecasts

Forecast Asset Consumption

The asset consumption ratio is a measure of depreciated replacement cost divided by current replacement cost. It indicates the average proportion of new condition left in assets. If capital expenditure required to renew or replace existing assets is equal to the proposed Asset Management expenditure set by the councils, then the Asset Sustainability Ratio should equal 1. This measures whether assets are being renewed in an optimal way and the council is ensuring the value of existing stock of physical assets is maintained.

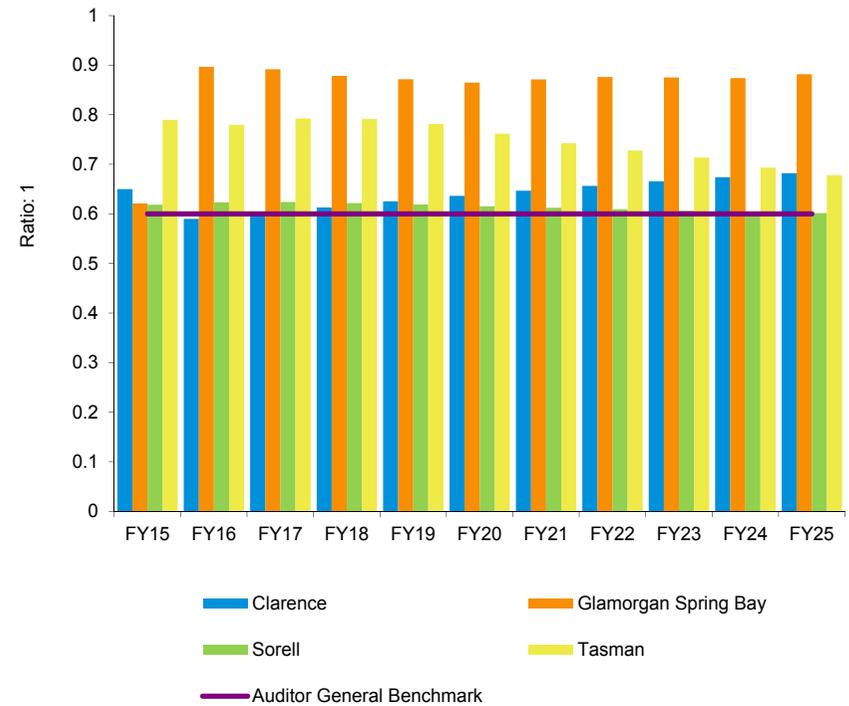
The Auditor General benchmark is 60%.

The 10 year financial modelling indicates that all four councils are maintaining the value of their assets over the period, at a rate that is above what is being consumed.

There are some limitations for how this measure is forecast. For the purposes of the modelling, depreciated replacement cost has been extracted from the 2015 Annual Report and calculated by adding the annual depreciation costs. This has provided a simplified means of generating a forecast ratio, as it assumes that the infrastructure portfolio remains constant.

It is also noted that for modelling purposes, most councils escalate depreciation based on an escalation factor, rather than a more detailed method considering the asset profiles. This limits the value of this ratio for comparison purposes.

Asset Consumption Ratio



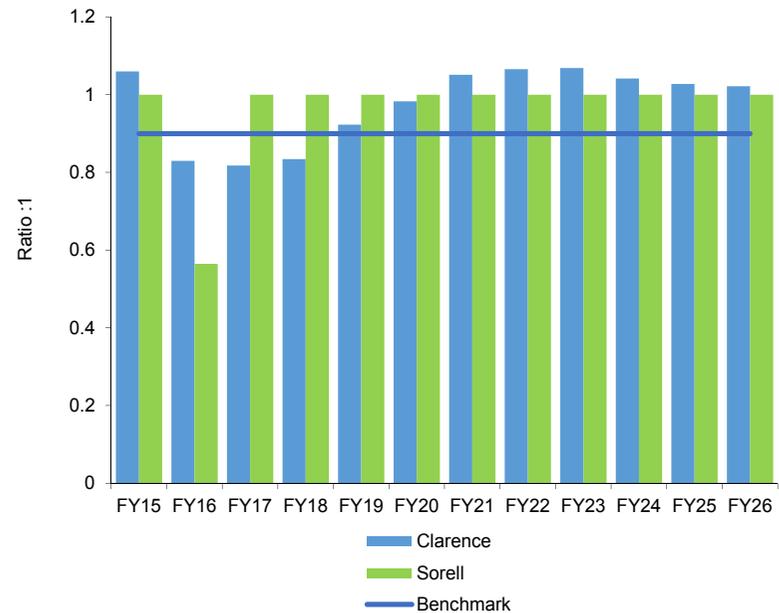
Financial Forecasts

Forecast Asset Renewal

The asset renewal ratio provides a measure of projected capital outlay, divided by projected capital funding, or funds available for capital expenditure. The Auditor General's benchmark is 90%.

- Clarence measures this ratio specifically, as there is an Infrastructure Renewal reserve which is a reserve allocated to capital expenditure.
- Sorell's long term financial model forecasts this ratio to equal 1 across the period except for 2016.
- Tasman and Glamorgan Spring Bay have not provided forecast capital funding in their respective long term financial models.

Asset Renewal Funding Ratio



Other Ratios

The net financial liabilities ratio measures net financial liabilities over operating revenue. A negative ratio means that total financial assets exceed financial liabilities. A positive ratio however indicates that liquid assets exceed total liabilities.

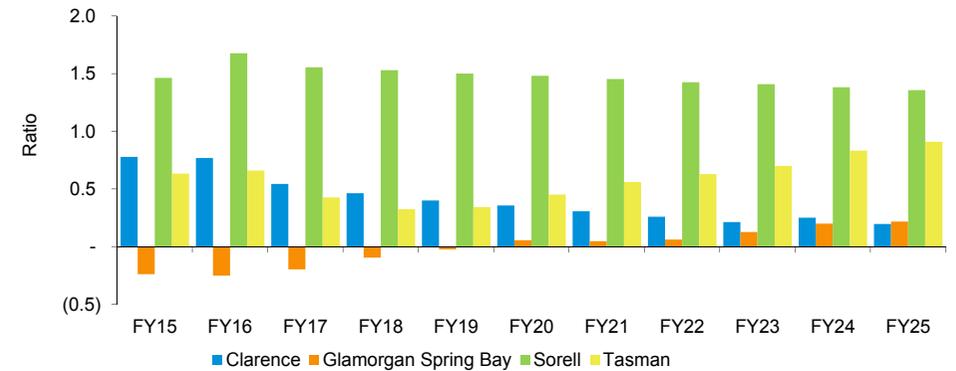
The Auditor General's generally accepted benchmark is between zero and 50%. It is also generally accepted that the target ceiling for net financial liabilities ratio be no more than 100% of operating revenue.

- Going forward, all councils have a positive ratio, indicating that operating revenue is sufficient for meeting net financial liabilities.

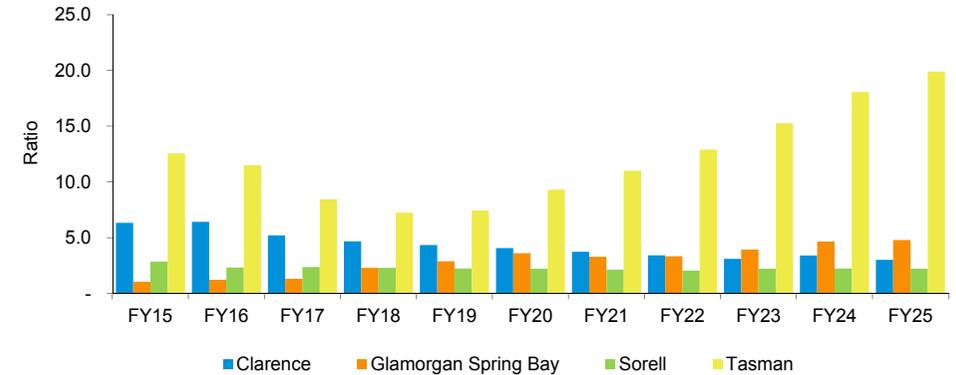
The current ratio is a liquidity measure, and is calculated by dividing current assets by current liabilities. The commonly accepted benchmark for the current ratio is 1.

- The movement of the current ratio across the four councils varies, increasing for Glamorgan and Tasman, and decreasing for Clarence and Sorell.
- All councils have a current ratio over 1, which indicates that current assets more than outweigh current liabilities.
- The reason for Tasman's current ratio being so high is the lack of liabilities, and debt reducing to zero across the modelling period.

Net Financial Liabilities Ratio



Current Ratio



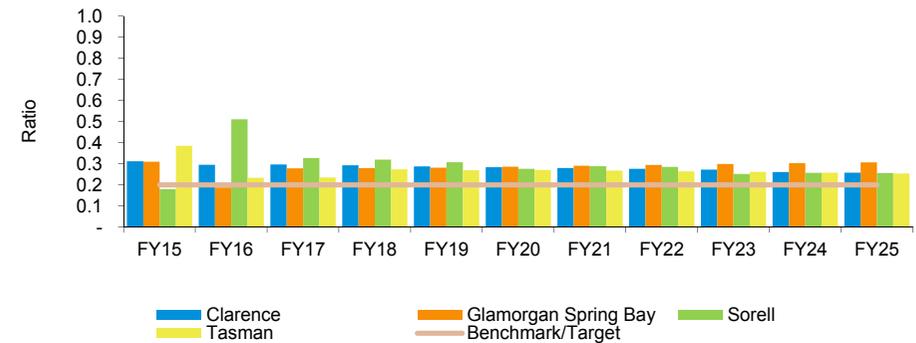
Financial Forecasts

Financing Ratios

Self-financing ratio is a measure of net cash flows from operating activities as a portion of underlying (recurrent) revenue.

- In the long term, all four councils have projected to remain above the Auditor General's benchmark, with a self financing ratio above 20%.
- This indicates that the councils forecast a sustainable self-financing ratio despite concerns over tightening grant funding.

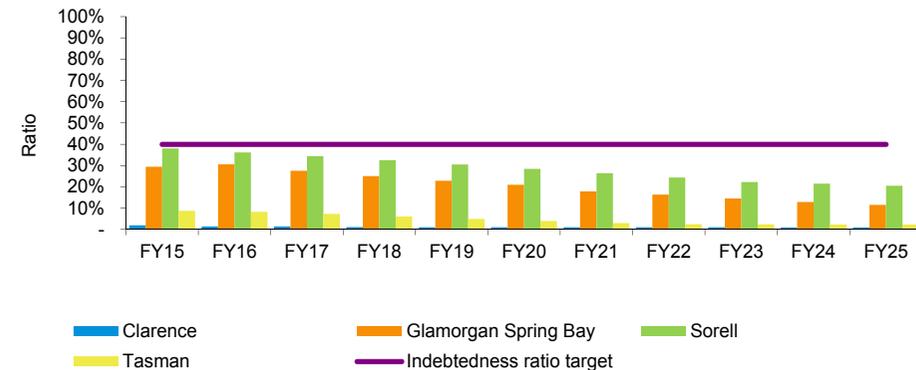
Self Financing Ratio



Indebtedness ratio is a measure of non-current liabilities divided by own-source revenue. Own source revenue is considered to be underlying revenue less grants and subsidies.

- All of the councils over all years (except for Glamorgan Spring Bay in FY16) have a ratio below the benchmark. However, the modelling assumes that the councils are not entering into any additional debt. This is highly conservative as it assumes all mid-term asset renewal is covered through surplus.
- The drop in Glamorgan Spring Bay's ratio is a result of the 2016 forecast being more up to date than the 10 year financial strategy estimates for 2016 onwards, which were prepared in 2013 and are currently in the process of being updated. This has particularly impacted the assumptions around debt.

Indebtedness Ratio



Financial Forecasts

Operating Measures

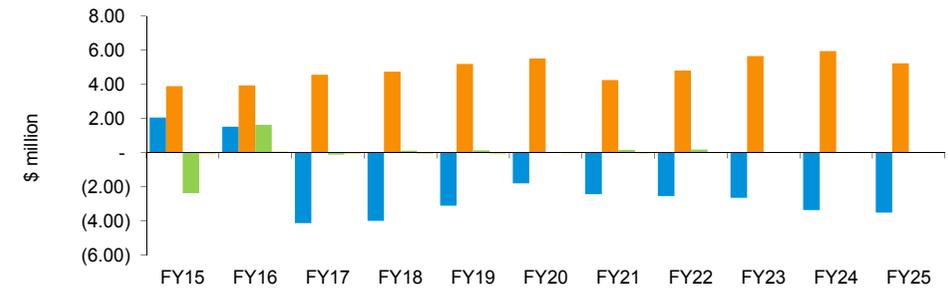
The net cash flows identify how the councils manage working capital and can support other capital funding.

- The projections indicate that Clarence is foreseeing negative cash flows in the longer term. However, given that Clarence has a cash balance of around \$50 million and they have a lower positive net financial liabilities ratio, this is not likely to be significant to Clarence's overall financial position.
- Sorell and Tasman councils are foreseeing net cash flows to remain around zero with fluctuations year to year around the zero mark.

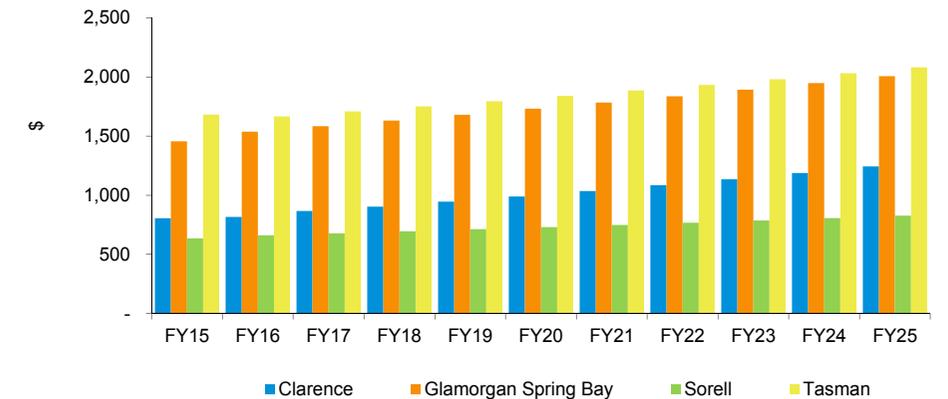
Rates per capita are projected to escalate over the modelling period consistently.

- From the analysis around rates per capita over the 10 year period, each of the councils have assumed different escalation/CPI rates. Only Clarence City Council incorporate a 'rate growth' factor for modelling purposes, which reaches 1.7% in FY26.
- All other councils use differing CPI rates to escalate rate revenue.
- Glamorgan Spring Bay's rates per capita is projected to be the highest in FY25, overtaking Tasman. Sorell rates per capita are expected to remain the lowest of the four councils.

Net Cash Flows



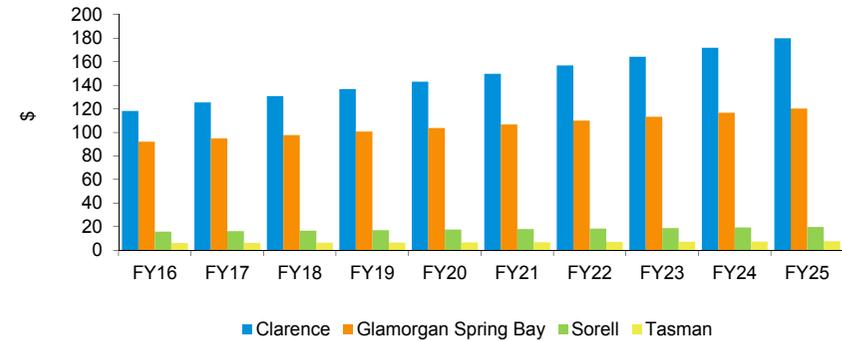
Rates Per Capita



Operating Measures

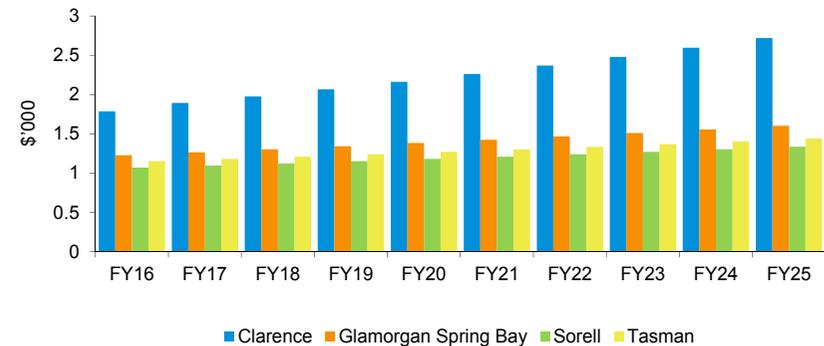
— From the results, it is clear that Clarence has the greatest rates per square kilometre, reflecting its greater population density, followed by Glamorgan Spring Bay.

Rates Per Square KM



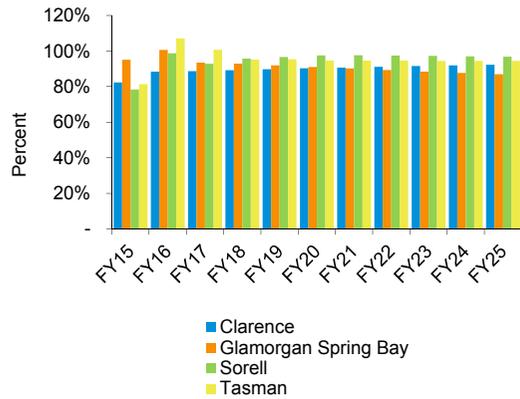
— The results of rates per rateable property reflect the same differences in the previous two charts, however Clarence stands out as having the greatest proportionate rates per rateable property.

Rates Per Rateable Property



Operating Measures

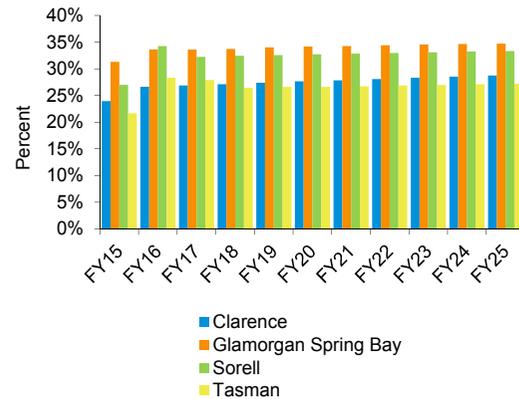
Operating Costs as a Percentage of Operating Revenue



Tasman has the highest percentage of operating costs to operating revenue at around 100%, and Clarence generally has the lowest percentage until FY22. Glamorgan Spring Bay's percentage decreases across the modelling period, which is consistent with the projected underlying surplus steadily increasing over the period.

Generally, the results are fairly consistent across the 10 year period.

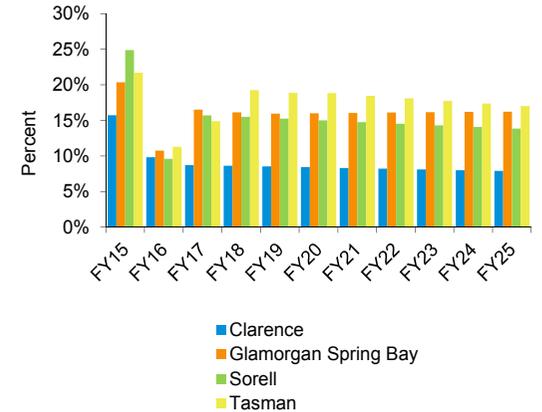
Employee Costs as a Percentage of Operating Revenue



Glamorgan Spring Bay has the highest employee costs as a percentage of operating revenue, whilst Tasman has the least. Overall the results are consistent over the modelling period.

It is worth noting that Sorell, Tasman and Glamorgan Spring Bay have shared services arrangements, which impacts operating expenses and operating revenues for these councils.

Grants and Contributions as a Percentage of Revenue



Tasman has the highest reliance on grants and contributions as a percentage of operating revenue, whilst Clarence has the least.

Grants at Glamorgan Spring Bay, Sorell and Tasman are projected to remain between 15%-20% of operating revenue.

Clarence receives the least in comparison, between 5-10% of operating revenue over the forecast period.

Section 2 Internal Profile





2.1. Strategic Comparison

Strategic Comparison

Strategic Comparison				
Council	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Vision	Clarence's vision is to bring together "diverse communities, working together for a vibrant, prosperous and sustainable city".	<p>The vision of the Council is to, by 2020:</p> <ul style="list-style-type: none"> — Be proud of the united and inclusive community — Be responsible for environment, health, education, heritage and the arts, with a diverse progressive and prosperous economy — Offer an attractive lifestyle for residents 	<p>The primary focus of the Council is to maximise the Council's value to the Municipal Area and develop the Council's people, processes, products and partners, as well as to diversify and grow the rate base of the Council.</p>	<p>Council's vision is to :</p> <ul style="list-style-type: none"> — Make Tasman an inspirational place to live and visit — Improve cultural recreational opportunities — Maximise the attributes of the region, whilst maintaining a sense of place and purpose
Mission/ Guiding Principles	Clarence's mission is to represent the people of Clarence by providing leadership, programs, services and facilities to advance the quality of life in Clarence.	<ul style="list-style-type: none"> — Working collaboratively, honestly, to become self-reliant — Taking initiative and being creative — Building community spirit and pride — Moving forward whilst building on the past 	<ul style="list-style-type: none"> — Valuing the balance between the natural environment, community settlements, rural landscape, scenic waterways and development — Maximising the value of the Council to the Municipal Area, and encouraging a positive customer-focused culture — Engagement and communication with the community, including acknowledging and accepting community diversity — Supporting regional cooperation, through facilitating growth and new opportunities — Striving for financial sustainability, prioritising resources and developing a positive organisational culture 	<ul style="list-style-type: none"> — Diversify and growing the revenue base and the ability to co-fund projects to attract government funding. — Balancing development, environment and lifestyle, whilst retaining natural, heritage, and social values. — Manage the community's expectations about levels of services, and understanding the advocacy role of the Council

Strategic Comparison

Strategic Comparison				
Council	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Key Focus Areas	<ul style="list-style-type: none"> — Prosperity - To plan, lead and provide for the sustainable economic growth of the City. This involves initiatives around economic development, marketing and promotion, and forging economic partnerships with other regional bodies and Government/industry groups. — Environment - To sustainably manage and enhance the natural and built environments of the City. This includes working with local volunteer groups and other agencies, across a range of development and preservation initiatives. This area also includes energy and waste management, as well as city planning such as developing retail strategy, transport plans, and other infrastructure to support local industry. — Governance - To provide consistent, accountable, transparent and effective governance of the City. This includes internal operating effectiveness. — Community Leadership - To provide leadership and advocacy for our City whilst recognising the diverse needs of our communities. — Financial management - To exercise active stewardship in the strengthening of the Council's finances. — Social Inclusion - Supporting communities to build on existing capacity, and progress their health and well-being. This includes strategies around community safety, climate change, emergency management as well as creating a 'sense of place' for local communities through cultural and social activities, and initiatives around social inclusion. 	<ul style="list-style-type: none"> — Ageing well - The council wants Glamorgan Spring Bay to be known as an age friendly community where people want to live. This will generate a range of employment and business opportunities for the region, and the Council sees their facilitator and advocate role as critical to encouraging this industry to grow. — Growing economy and employment opportunities - Establishing more diversity across the local economy, to minimise the impact of seasonal fluctuations for businesses. This includes the creation of skill development programs, to enhance the region as a place to access training and retain youth employment in the region. — Protect and Promote the Natural beauty, environment and heritage - This is what makes the region a popular destination for locals and tourists alike. — Be visitor friendly - As discussed, tourism has an important role in the local economy. Maintaining and developing visitor infrastructure is critical. Promoting the area as a destination for festivals, events, conferences, can smooth the seasonal fluctuations of traditional visitors, to sustain employment and improve business confidence. — Foster health and wellbeing - Improving access to education and enhancing quality of life for residents. — Building on community infrastructure - This includes recreational facilities, marina facilities, roads and other assets, cycling and walking tracks, as well as improving internet access and speeds. 	<ul style="list-style-type: none"> — Identify, scope and attract priority infrastructure projects — Identify, scope and attract new industry and business — Form alliances between public and private institutions — Identify, market and promote local businesses, events and places of interest — Support and encourage community engagement — Promote the area as a good place to live — Promote and market the potential use of the coastline — Develop and implement a land acquisition and disposal strategy — Continue to deliver valued core services. 	<ul style="list-style-type: none"> — Develop productive, advocacy, alliance and engagement partnerships — Continue to develop and maintain supportive relationships with the community, including providing for the ageing population. — Manage opportunities and challenges associated with increased visitors — Developing a communication engagement strategy with the community and governments — Increase and facilitate opportunities for local employment, and increase the working population and the full time population.

Internal Profile

Strategic Comparison

The common themes and areas of focus within the councils' Strategic Plans broadly revolve around sustainability, both financial and environmental, and improving the quality of life for residents. In particular, the areas of common focus for each of the four councils include community engagement and social inclusion, infrastructure management and asset planning, environmental management and heritage, provision of recreational facilities. These are influenced by:

- Demographics - the age, lifestyles, qualifications of the population (amongst other factors) have an effect on how the council can best serve its community, as different demographic profiles will have largely different needs, wishes and expectations. For example, Glamorgan Spring Bay and Tasman have comparatively ageing populations, and also large proportions of retirees and holiday home-owners. Clarence and Sorell councils' strategies also reflect a more suburban, permanent population, that already have access to many existing services such as health and education.
- Local economy - each of the councils' strategies reflect the strengths and weaknesses of their respective local economies. For example, Glamorgan Spring Bay and Tasman councils recognise the importance of tourism as a large contributor to the region, both in terms of economic development and employment. Retention of youth and providing training and opportunities is also important in these regions. Contrastingly, business and residential growth is more of a focus for the more urban centres of Clarence and Sorell.
- Scope of services - The scope of services of each council will determine the extent and focus of its respective strategy. For example, the councils' plans reflect different focuses and involvement in tourism, arts and youth unemployment.

Strategic Areas of Unique Focus- Comparison across the four councils				
Council	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Community engagement	<ul style="list-style-type: none"> ■ Arts and cultural activities, to celebrate diversity ■ Community safety ■ Leadership and advocacy 	<ul style="list-style-type: none"> ■ Focus on ageing well in the community ■ Being visitor friendly 		<ul style="list-style-type: none"> ■ Development of a communication engagement strategy ■ Providing for the ageing population
Economic development	<ul style="list-style-type: none"> ■ Building economic and regional partnerships ■ Encourage development opportunities 	<ul style="list-style-type: none"> ■ Focus on tourism whilst balancing the need to preserve the natural environment ■ The need to create employment, and retaining youth ■ Diversifying local economy and creating scale 	<ul style="list-style-type: none"> ■ Increasing rate base through building population (fastest growth area in Tasmania) ■ Attracting new industry and businesses to Sorell, whilst balancing environmental sustainability ■ The development/ facilitation of partnerships to foster regional growth and employment opportunities ■ Promoting and marketing the region and use of the coastline 	<ul style="list-style-type: none"> ■ Focus on tourism ■ Retention of youth in the region and increasing working population ■ Growing funding base ■ Attracting investment
Services	<ul style="list-style-type: none"> ■ Public spaces and recreational facilities ■ Health services and childcare ■ Health and wellbeing, supporting youth and volunteers ■ Energy management 	<ul style="list-style-type: none"> ■ Building infrastructure ■ Ensuring access to health and education services ■ Aged care ■ Focus on the arts 		
Council Administration	<ul style="list-style-type: none"> ■ Administrative rigour ■ Professional development for staff 		<ul style="list-style-type: none"> ■ Develop a consumer-focused culture ■ Align Council's plans, budgets and targets with key focus areas ■ Develop a land acquisition strategy 	<ul style="list-style-type: none"> ■ Finding practical solutions with constrained resources





2.2. Risk Profile

Risk Management

Clarence

- Risk framework includes Risk Management Policy and Risk Table
- Policy and Strategy developed in accordance AS/ NZA 31000:2009
- Policy undated
- Risks Register is an organic document, which is updated regularly
- Risk Register is comprehensive covering corporate management, council committees/ elections/ support, external relations, insurance claims, legal support, statutory obligations, strategic risk

Glamorgan Spring Bay

- Risk framework includes Risk Policy and Risk Table
- Policy and Strategy developed in accordance AS/ NZA 4360/2004
- Policy undated
- Risks Register last reviewed May 2014
- Risk Register is comprehensive covering assembly of places, climate change, community, contractor management, emergency management, environmental, enterprise wide, governance, IT, parks, recreation, building, reserves, planning, regulatory (building and plumbing), roads and footpaths, waste management

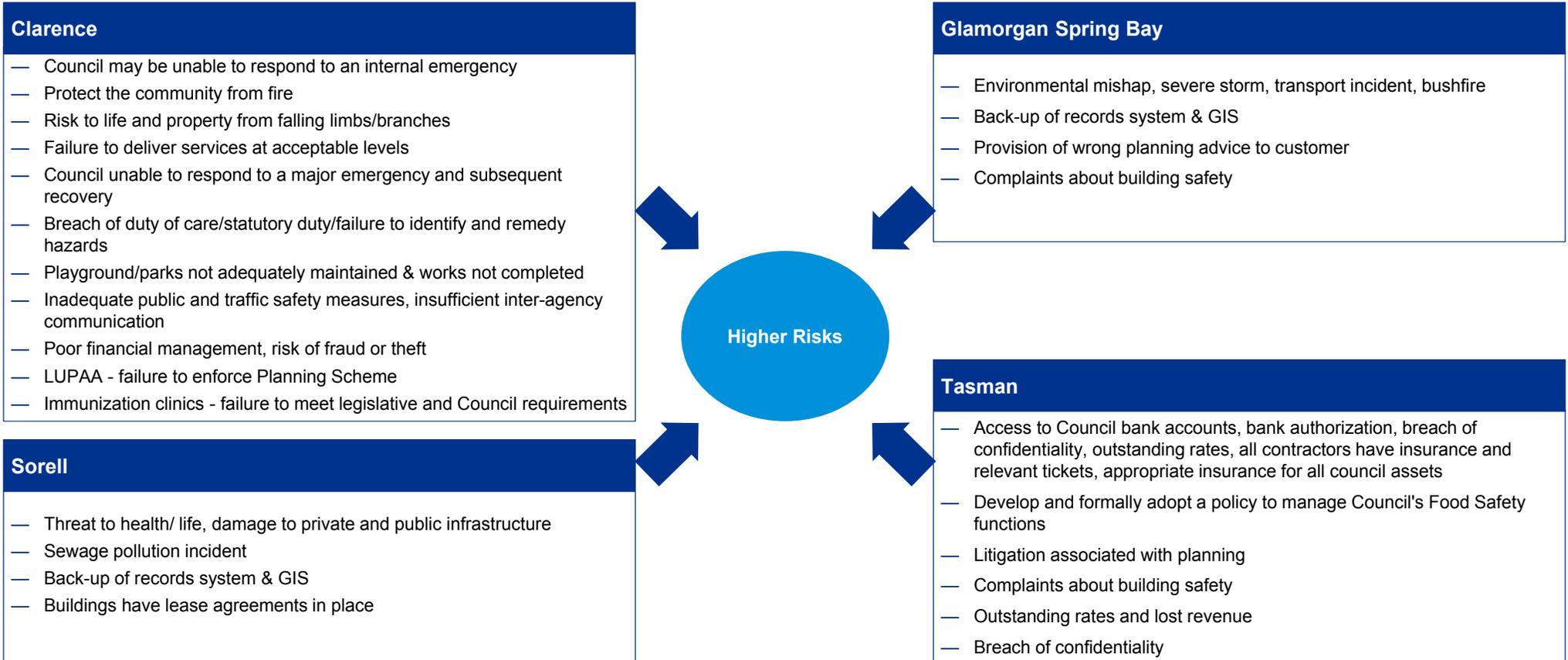
Sorell

- Risk framework includes Risk Policy and Risk Table
- Policy developed in accordance AS/ NZA 4360/2004 and OHS Act 1985
- Policy adopted March 2005 and is said to be reviewed annually
- Risks Register last reviewed May 2014
- Risk Register is comprehensive covering corporate, emergency, environmental health, enterprise, governance, IT, parks and reserves, planning, regulatory, roads, waste buildings

Tasman

- Risk framework includes Risk Policy and Risk Management Strategy
- Policy and Strategy developed in accordance AS/ NZA ISO 31000:2009 and ISO 14001 (Environmental Risk Management)
- Policy adopted October 2010 and last reviewed October 2014
- Risks Register last reviewed September 2015
- Risk Register is comprehensive covering asbestos, assembly, climate change, community, contracts, corporate, emergency, environmental, enterprise wide governance, IT, parks, planning, projects and special events, regulatory, roads and waste management

Risk Management





2.3. Employment Profile

Employment Profile

Key Employment Information

The analysis of each council's employment profile has provided the following insights:

- Clarence City Council by far employs the most people. Sorell and Glamorgan Spring Bay employ 75 and 81 people respectively, and Tasman employ 24, compared to 312 at Clarence. It is also noted that there are resource-sharing arrangements between the three regional councils, with other councils such as Brighton.
- Clarence has the highest average salary and average leave balance per FTE. Salary distribution is discussed on the following page.
- The FTEs per 1,000 residents gives an indication of the size of the council compared to the population it serves. Interestingly, Glamorgan Spring Bay have 13.6 FTEs, however it is noted that the council undertake other services which the other councils do not, such as a large works and environmental department that manages external contracts, and the operation of medical facilities.
- Glamorgan Spring Bay currently allocate the highest percentage of on-costs to employees, at 45%. Clarence has the lowest, at an average of 23%. It is noted that each council has a different methodology in applying on-costs, which limits the comparability of this measure.
- As previously discussed, employment costs as a percentage of operating costs ranges from 80% - 100% of operating revenue, indicating the significance of the employment costs in the operations of councils.

Comparison of Employment at Each Council	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Total Employees	312	75	81*	24
Total FTE	251	54	67*	20
Population of Area*	54,040	4,492	13,779	2,398
Rateable Properties 2015	25,386	5,669	8,741	3,544
FTE per 1000 Residents [^]	4.4	13.6	4.9	8.3
Average Salary	\$ 64,203	\$ 41,024	\$ 50,098	\$ 47,809
Average Salary + On Costs	\$ 75,622	\$ 59,485	\$ 69,866	\$ 59,776
Average On costs as a % of Salary	23%	45%	39%	28.4%
Average Length of Employment (years)	10.3	7.8	9.01	5.85
Average Leave balance per FTE (2014-15) [^]	\$19,081	\$13,869	\$15,467	\$14,850
Total 2014-15 Spend on Employment Costs	\$15.7 m	\$3.9 m	\$5.0 m	\$1.4 m

* ABS Regional Population Growth 2015

[^] Information from Auditor General – Report on Local Government

All other information sourced from each Council's internal data

* Note that at the time of analysis, Sorell's employee data included around 13 FTE at Malunna Childcare, which has since been sold.



Employment Profile

Salary Comparison

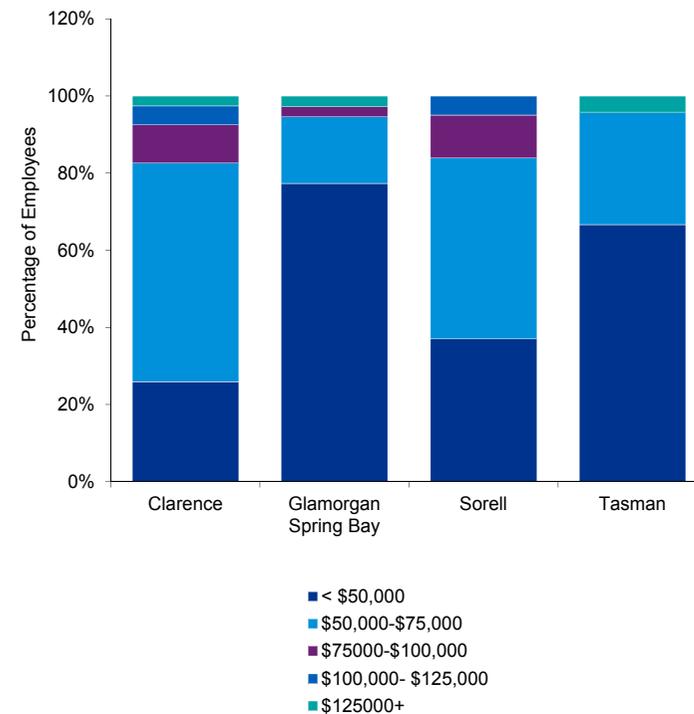
A breakdown of the salary for council employees identifies that the proportion of salaries varies greatly across the councils. The table and graph on the right also demonstrate the following:

- Glamorgan Spring Bay have the greatest proportion of employees on salaries below \$50,000, followed by Tasman
- Sorell and Clarence have a higher proportion of employees on salaries greater than \$75,000.
- Clarence has a significantly larger team of executive managers, reflecting the much greater scale and scope of service delivered by the only 'city' council in the south-east region.

Salary Breakdown: Total Employees	Clarence	Glamorgan Spring Bay	Sorell	Tasman
< \$50,000	81	58	40	16
\$50,000-\$75,000	177	13	31	7
\$75,000-\$100,000	31	2	7	0
\$100,000- \$125,000	15	0	3	0
\$125,000+	8	2	0	1*
Total	312	75	81	24

* Shared between Tasman (0.4) and Sorell (0.6)

Salary Composition Across the Councils



Employment Profile

Employment Profile

A comparison of the employment profiles for the councils in terms of hours worked per fortnight, employment contract type and length of employment is summarised in the following table.

- Clarence and Tasman both have a high proportion of full time (>70 hours per fortnight) employees.
- Glamorgan Spring Bay have approximately one third of employees contracted on a part-time basis, however over half of employees work less than 35 hours a fortnight.
- Tasman has the longest serving employees out of the four councils, with 42% of employees having worked for the council for over 10 years. Tasman also has the largest proportion of full-time employees - primarily a reflection on the smaller organisational profile.
- Glamorgan Spring Bay council have the least amount of full time employees and a higher proportion of part time and casual employees.

Note that all employee data has been sourced directly from the councils, and reflect the data within these systems at the time of the analysis.

Comparison of Employment	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Hours Worked Per Fortnight	<p>< 35 hours per Fortnight 8%</p> <p>Casual 19%</p> <p>35-70 hours per Fortnight 10%</p> <p>> 70 hours per Fortnight 63%</p>	<p>> 70 hours per Fortnight 40%</p> <p>< 35 hours per Fortnight 55%</p> <p>35-70 hours per Fortnight 5%</p>	<p>< 35 hours per Fortnight 11%</p> <p>> 70 hours per Fortnight 56%</p> <p>35-70 hours per Fortnight 33%</p>	<p>< 35 hours per Fortnight 12%</p> <p>35-70 hours per Fortnight 21%</p> <p>> 70 hours per Fortnight 67%</p>
Employment Contracts	<p>Temporary 5%</p> <p>Casual 20%</p> <p>Permanent 75%</p>	<p>Casual employment 24%</p> <p>Part-time employment 32%</p> <p>Full-time employment 44%</p>	<p>Casual 11%</p> <p>Part-time employment 33%</p> <p>Full-time employment 56%</p>	<p>Casual employment 12%</p> <p>Part-time employment 21%</p> <p>Full-time employment 67%</p>
Length of Employment	<p>20+ years 16%</p> <p><1 year 12%</p> <p>1-3 years 16%</p> <p>3-5 years 12%</p> <p>5-10 years 23%</p> <p>10-20 years 21%</p>	<p>20+ years 8%</p> <p><1 year 8%</p> <p>1-3 years 15%</p> <p>3-5 years 25%</p> <p>5-10 years 25%</p> <p>10-20 years 19%</p>	<p>20+ years 17%</p> <p><1 year 15%</p> <p>1-3 years 22%</p> <p>3-5 years 17%</p> <p>5-10 years 15%</p> <p>10-20 years 14%</p>	<p>10-20 years 13%</p> <p><1 year 8%</p> <p>1-3 years 25%</p> <p>3-5 years 12%</p> <p>5-10 years 42%</p>

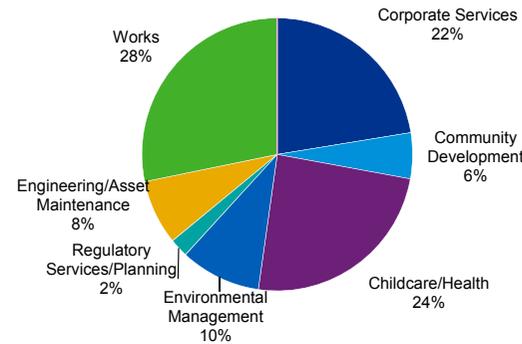
Employment Profile

Organisational Comparison

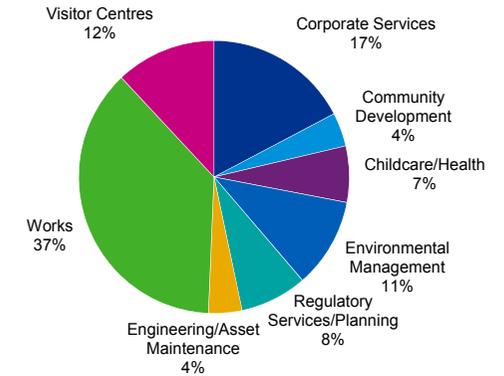
The analysis of the organisational profile indicates the following:

- Tasman has the largest proportion of employees in the Works department, at 38%. It also has 25% of staff in the Corporate Services division.
- Glamorgan Spring Bay has the second largest proportion of resources in the works department, and the largest proportion in the environmental management department. This is largely due to the Tasman Highway Contract that was awarded to the council, and is also an income-generating part of the Council.
- After Tasman, Clarence has the greatest proportion of resources in Corporate Services. This reflects the size of the council, and its greater demand on functions such as Finance, Human Resources, and Information Technology. Clarence also has a large proportion of people employed in the Council's childcare business and health services, which includes youth services and the Rosny Child Care Centre.
- Sorell has a large proportion of employees (27%) who are employed in the council's childcare businesses. It is noted that Malunna Childcare has now been sold.
- Glamorgan Spring Bay also have a portion of employees (including contractors) in the Health sector (7%). The council own three health centres in the municipal area, that are contracted to health providers.

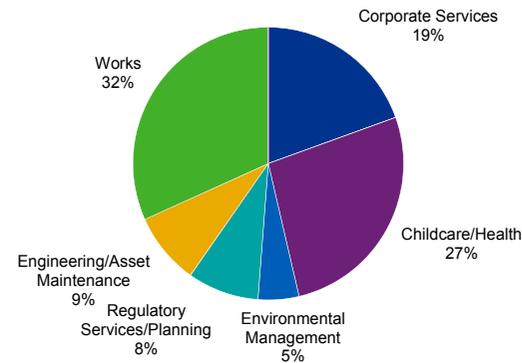
Clarence City Council



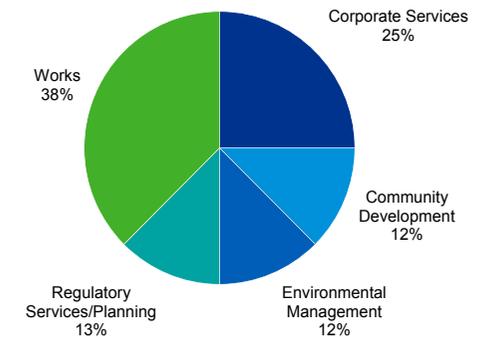
Glamorgan Spring Bay



Sorell Council



Tasman Council

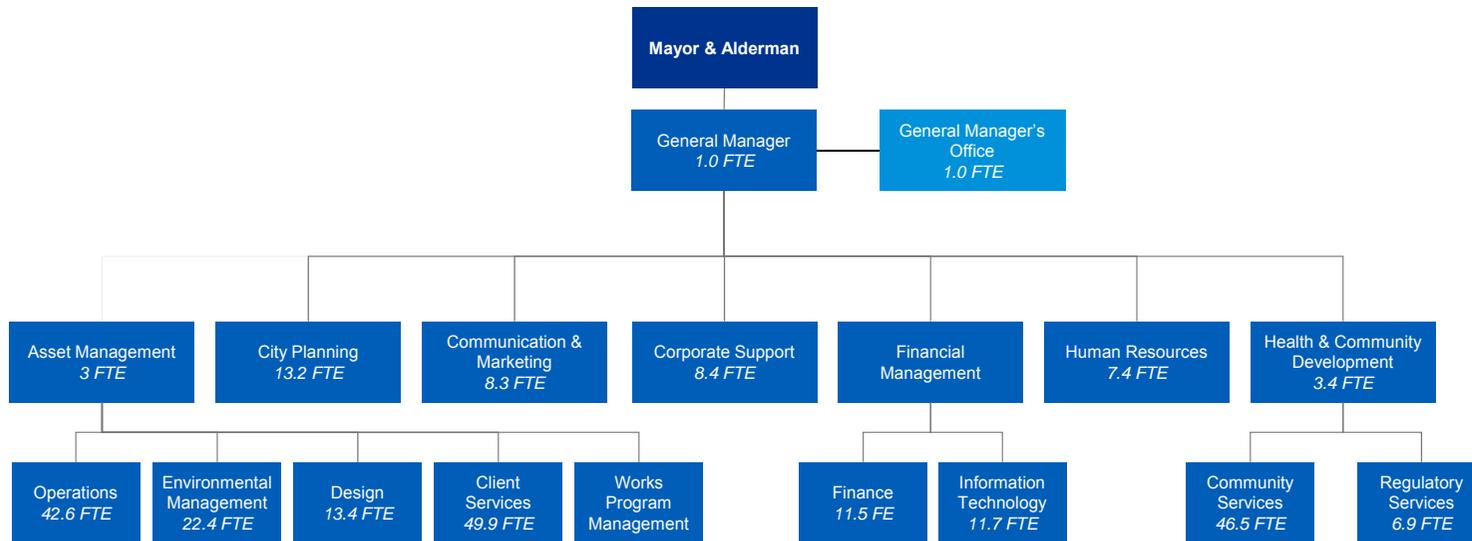


Employment Profile

Clarence

Clarence City Council as 1 April 2016, has 1 General Manager, 7 Division Managers, and 312 employees in total, and 250.5 full-time equivalent positions.

An outline of Clarence’s organisational structure is displayed below. The organisation is structured by division (e.g. City Planning, Health and Community), and then by function (e.g. Finance, Information Technology).



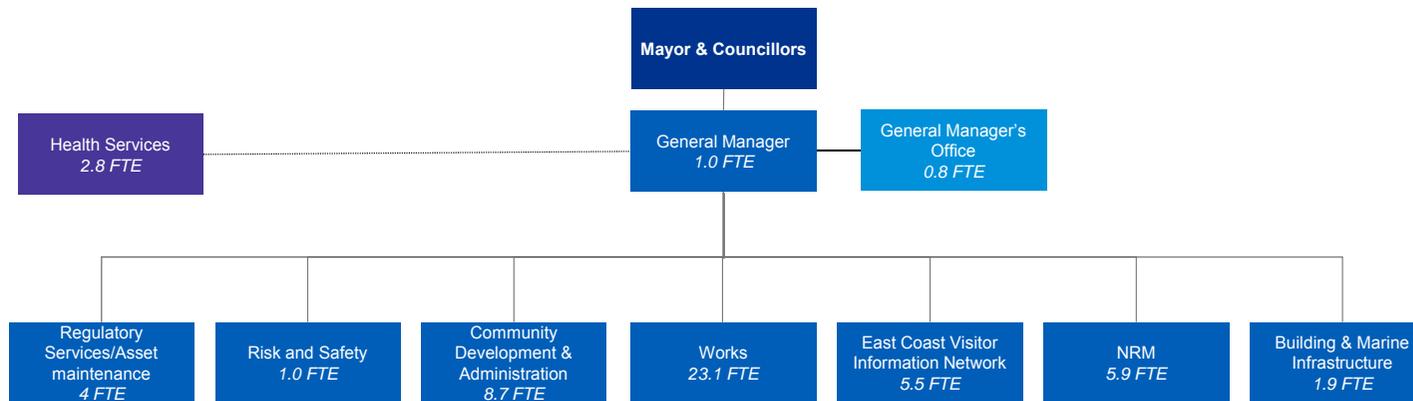
Employment Profile

Glamorgan Spring Bay

Glamorgan Spring Bay Council has 75 staff members, and 54 full time equivalents. Whilst this is comparatively high when considering the population and size of the municipal area, the council provide an array of services that employ people as well as generate income.

- Glamorgan Spring Bay have around 8 staff in their Natural Resource Management Department. This is primarily because the council has the Tasman Highway Contract, for maintenance and management, which is a source of income for the council. As demonstrated in the diagram below, approximately 37% of employees are in the Works division.
- The council also has their own East Coast Health Centres in order to provide the residents and visitors an adequate health service. There are facilities in both Bicheno and Triabunna that are owned and run by the Council, and there is an additional facility at Swansea which is leased and operated by contracted health services.
- Unlike the other councils, Glamorgan Spring Bay are also operating tourist visitor centres as tourism is a key drawcard to the region.

A summarised version of the organisational chart is provided below.

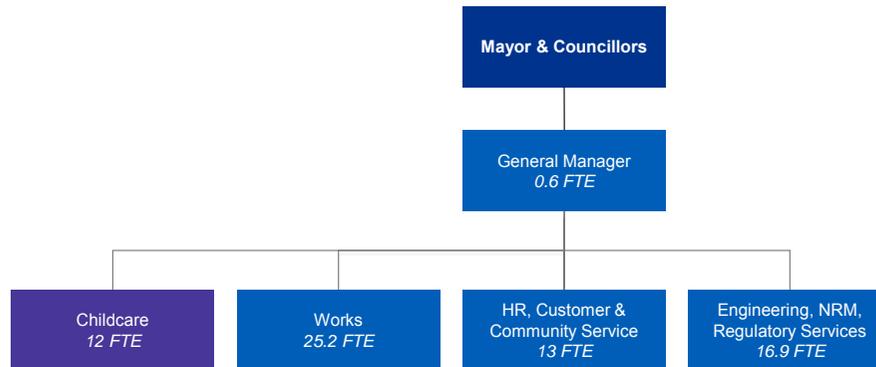


Employment Profile



Sorell Council has 81 staff members in total, and 67.7 full-time equivalents. It should be noted that Sorell Council have established shared service arrangements with Tasman and Brighton Councils for some of their internal functions. A large proportion of the council's employees are in childcare (since sold), or are works/depot staff. The Sorell General Manager currently is 0.6 FTE.

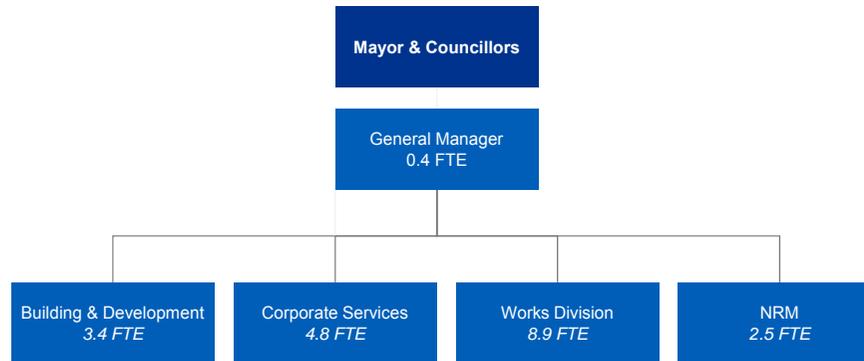
A summarised version of the council's organisational chart is provided below.



Employment Profile



Tasman Council has 24 staff members in total and 20 full time equivalents. The council has established shared service arrangements with Sorell and Brighton Council, for some of their internal functions. The Tasman General Manager is currently 0.4 FTE, shared with Sorell.





2.4. Services Catalogue

Services Comparison

In order to provide a comparative analysis of council expenditure across the core functions of each council, KPMG developed a tool to analyse the cost of each of the services provided, on a per capita, per square kilometre, and per rateable property basis. Seven key service areas were chosen as the basis of the analysis, and these consist of the following types of services:

- Corporate Services - finance, information technology, human resources, administrative support, risk management, asset management
- Governance - including member support
- Regulatory Services - animal control, natural resource management, environmental/public health, building/plumbing control and planning, and parking
- Community Services - community and economic development, tourism, emergency services, health and youth services, customer service
- Parks and Recreation - parks and other recreational facilities
- Engineering Services - engineering services to councils
- Civil Works - roads/bridges, building infrastructure and maintenance, stormwater and drainage, waste management, marine infrastructure maintenance

A summary of the primary services of the councils are explored below.

Governance

The core function of councils is to provide governance across the local government area.

The table to the right outlines the number of councillors in each municipal area, and the turnover results of the 2011 council elections.

The voter turnout varies significantly across the councils. Interestingly, the areas of Tasman and Glamorgan Spring Bay, which has a high absentee rate due to the high proportion of holiday homes, had the higher voter turnout.

Governance of the four councils				
	Councillors	Voter Enrolment	First Councillor Vote	Voter Turnout
Clarence	12	39,902	17,703	44%
Glamorgan Spring Bay	8	4,406	3,224	73%
Sorell	9	10,164	5,371	52%
Tasman	7	2,340	1,615	69%

Services Comparison

Roads and infrastructure

One of the largest expenditure items for the councils is the maintenance of roads, bridges, and other public infrastructure.

As the table to the right indicates, over half of the roads across the four councils are unsealed. Tasman have the least amount of total roads to maintain, whilst Clarence has the highest.

Parks, gardens and reserves

Councils are responsible for the maintenance of public spaces such as parks, gardens and reserves. A summary of the nature and scale of these services are outlined below.

Summary of Roads Maintained by the Four Councils					
	Clarence	Glamorgan Spring Bay	Sorell	Tasman	Total
Kms of managed urban sealed roads	252	78	88	40	458
Kms of managed rural sealed roads	160	91	147	31	429
Kms of managed urban unsealed roads	3	13	23	18	57
Kms of managed rural unsealed roads	54	175	153	107	489
Total	469	357	411	196	1,433

Summary of Parks and Gardens Maintained by the Four Councils					
Hectares maintained	Clarence	Glamorgan Spring Bay	Sorell	Tasman	Total
Neighbourhood parks	46	14	18	0.4	78.4
Land Maintenance	103	226	84	38	451
Fire Reduction areas	188	-	-	-	188
Regional Parks	40	-	-	-	40
Sports grounds	43	-	33	31	107
Natural Areas	578	6	20	28	632
Horse Trails	53	-	-	-	53

Services Comparison

Planning and Building

One of the other core services of the councils is to provide planning and regulatory services.

A summary of the 2014-15 Auditor General collated data is displayed below, and indicates the number of applications that are currently processed by each of the councils for Development Applications and Building Applications. This information indicates:

- all the councils have met the statutory turnaround times for deliberations on planning applications
- the significant variation in the volumes of applications being considered by the four councils

Summary of Planning and Building Services by the Four Councils				
	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Total number of building applications	738	483	195	86
Planning applications				
Discretionary	492	307	151	54
Permitted applications	54	25	62	46
Permit not required	-	106	37	13
Total	546	438	250	113
Average days to assess applications				
Discretionary	35	18	37	32
Permitted applications	21	21	17	12

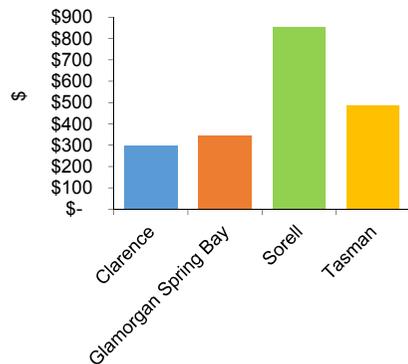
Service Comparison

In addition to identifying the scope of these services across the four councils, a financial comparison was undertaken comparing the year to date operating expenditure (approximately to March 2016) for each category. The purpose of this was to understand the nature of expenditure for each of the councils, where they allocate their resources, and how this translates to benefit per rateable property, per capita, and per square kilometre basis. This involved conducting workshops with councils to identify the appropriate allocation of expenditure into Corporate Services, Regulatory Services, Engineering/ Civil Works/ Parks and Recreation, and Community Services.

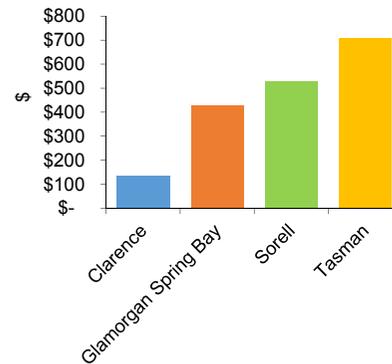
This should be interpreted alongside the analysis within the previous slides, to acknowledge the differences in the scope of services that each council provides. As the financial data only relates to the first nine months of the year, these results are indicative only, however their relativities provide some insights.

Corporate Services

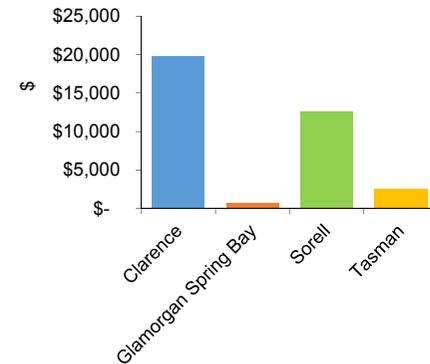
Corporate Services/Governance Operating Expenditure Per Rateable Property



Corporate Services/Governance Operating Expenditure Per Capita



Corporate Services/Governance Operating Expenditure Per Square Km



In comparing the operating expenditure for corporate services for the year to date :

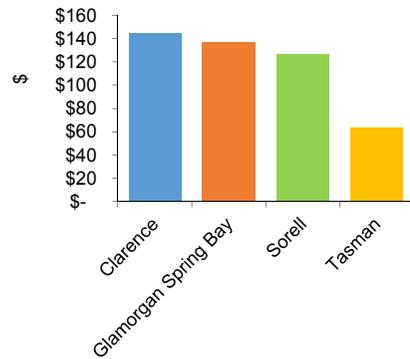
- Tasman has the highest cost for corporate services on a per capita basis, but the second lowest on a per square kilometre basis.
- Sorell has the highest cost for corporate services per rateable property, and the second highest under the other measures.
- Clarence has the highest cost for corporate services on a per square kilometre basis, yet the lowest cost on a per capita and per rateable property basis. This reflects the density of the area.



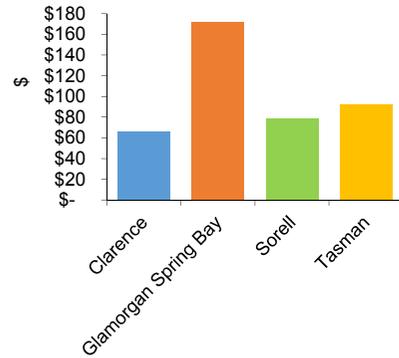
Service Comparison

Regulatory Services

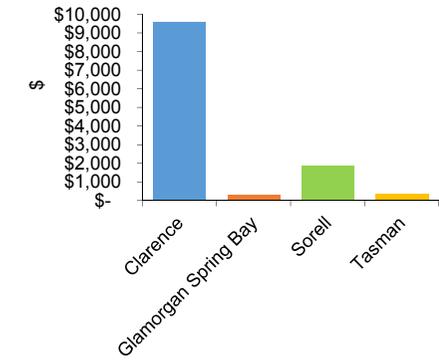
Regulatory Services Operating Expenditure Per Rateable Property



Regulatory Services Operating Expenditure Per Capita



Regulatory Services Operating Expenditure Per Square Km



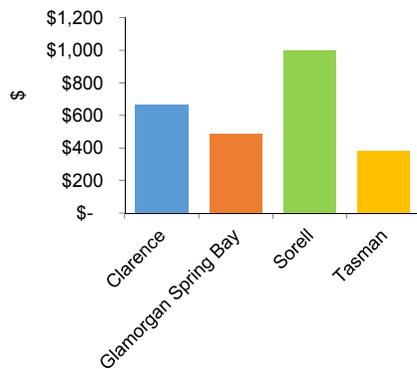
In comparing the cost to serve for regulatory services:

- Clarence has the highest cost per rateable property and per square kilometre, reflecting the greater scope of services that the council undertakes.
- Glamorgan Spring Bay has the highest cost on a per capita basis, and second highest under a per rateable property basis. However, it has the lowest cost on a per square kilometre basis.

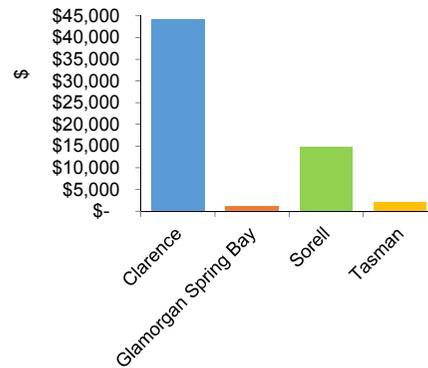
Service Comparison

Engineering/ Civil Works/ Parks and Recreation

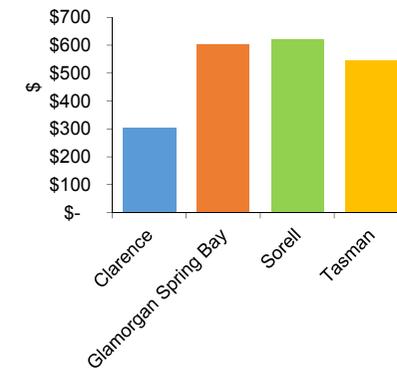
Engineering/Civil Works/ Parks & Rec.
Operating Expenditure Per Rateable Property



Engineering/Civil Works/ Parks & Rec.
Operating Expenditure Per Square Km



Engineering/Civil Works/ Parks & Rec.
Operating Expenditure Per Capita



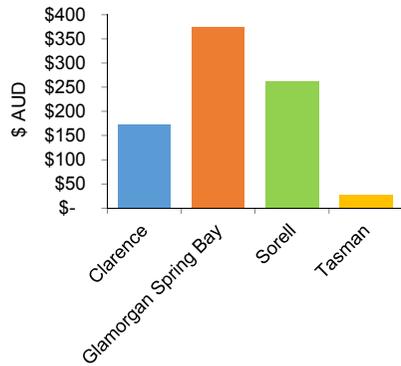
In comparing the cost to serve for regulatory services:

- Sorell has the highest cost on both a per capita and per rateable property basis
- Clarence has mixed results under the three measures.
- Glamorgan Spring Bay has the highest cost on a per capita basis, and second highest under a per rateable property basis. However, it has the lowest cost on a per square kilometre basis. This is heightened due to the level of marine infrastructure maintained by the Council.

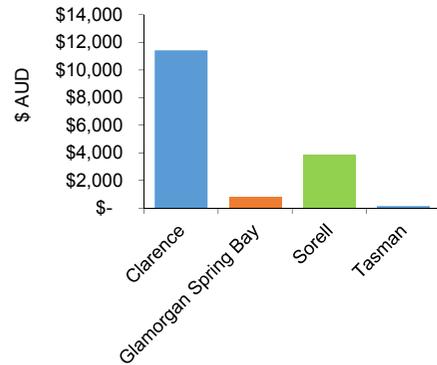
Service Comparison

Community Services

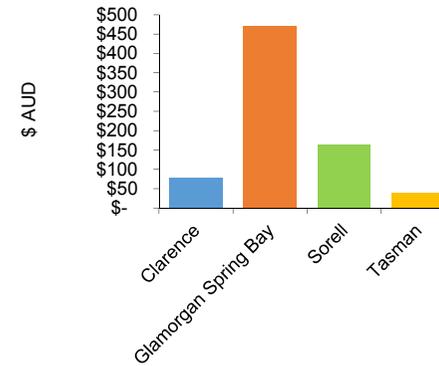
Community Services Operating Expenditure Per Rateable Property



Community Services Operating Expenditure Per Square Km



Community Services Operating Expenditure Per Capita



In comparing the cost to serve for community services:

- Glamorgan Spring Bay has the highest cost under a per capita and per rateable property basis. This is partially because of the health services that Glamorgan Spring Bay provide, as well as the visitor services, which neither of the other councils do.
- Clarence is ahead on community services expenditure per square kilometre, reflecting its comparatively high expenditure and small total area
- Sorell has the second highest cost under a per capita and per rateable property basis
- Tasman has the lowest expenditure on community services across all indicators

Section 3 External Profile



Population

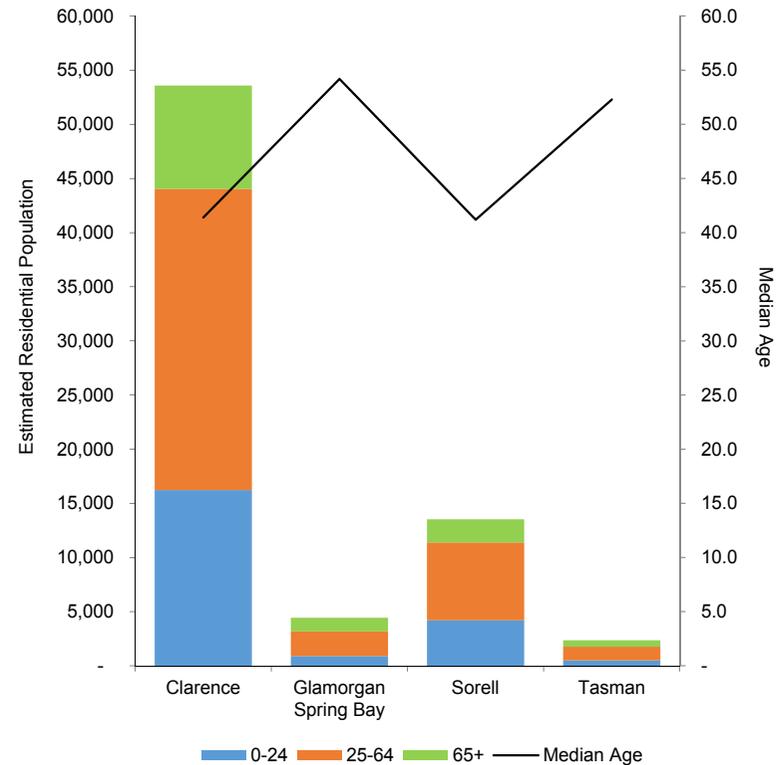
Population Demographics

In 2015 the estimated residential population (*ABS Regional Population Growth, Australia*) of Clarence was 54,674 (54,035 in 2014), which is the largest population compared to the other three councils. Sorell has the second largest population of 13,955 in 2015 (13,783 in 2014), followed by Glamorgan Spring Bay with 4,493 in 2015 (4,494 in 2014) and lastly Tasman with a population of 2,405 in 2015 (2,398 in 2014). Data analysis of *ABS National Regional Profiles* shows:

- The median ages of the Clarence and Sorell populations are 41.4 and 41.2 respectively which is on par with Tasmania's median of 41.2. Glamorgan Spring Bay and Tasman are significantly older with median ages of 54.2 and 52.3 respectively.
- Clarence has 30% of its population between the age of 0 to 24 years of age, 52% within the 25 to 64 years age bracket and the remaining 18% of the population being 65 years or older.
- Sorell has 31% of their population within the 0 to 24 age bracket, 53% within the 25 to 64 bracket and the remaining 16% is within the 65+ age bracket.
- The Tasman and Glamorgan Spring Bay populations are similar to each other as 21% and 20% of the populations are between the ages of 0 to 24, 53% and 51% between the ages of 24 to 64 and the remaining 26% and 29% are over 65 years of age (respectively).
- The municipalities all have a near gender split of 50/50 with Tasman, Glamorgan Spring Bay, Sorell having marginally more males whilst Clarence has marginally more females.

Overall the analysis shows that the 24 to 64 years ages bracket is consistent across all of the councils and Tasmania. Glamorgan Spring Bay and Tasman have proportionately less people within the 0 to 24 age bracket and more within the 64+ bracket which has increased their median age significantly in comparison to Tasmania.

Population Composition by Region



ABS National Regional Profiles 2009 – 2013

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Population

Population Projections

The population projections for the four municipalities were derived from the projections made by the Department of Treasury and Finance, on the mid-case data series.

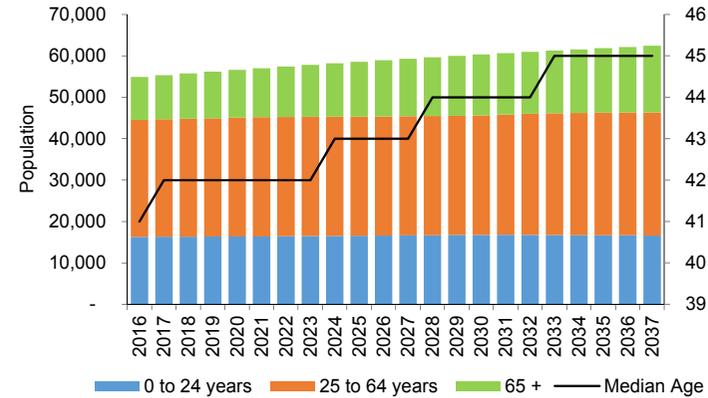
Clarence

- In 2012 the population of Clarence was 53,081 and is projected to increase to 62,450 by the year 2037, indicating a growth rate of 18%, which is the second highest.
- The youth population has expected growth of 3%, the working population has expected growth of 7% and the retiring population has a high growth rate of 74%.
- The growth changes the population breakdown that shows a higher proportion in the retirement age bracket at 26% (65+ years), As result the youth (0 to 24 years) and working age (25 to 64 years) brackets have declined to 27% and 47% respectively. The median age is project to increase from 41-45.

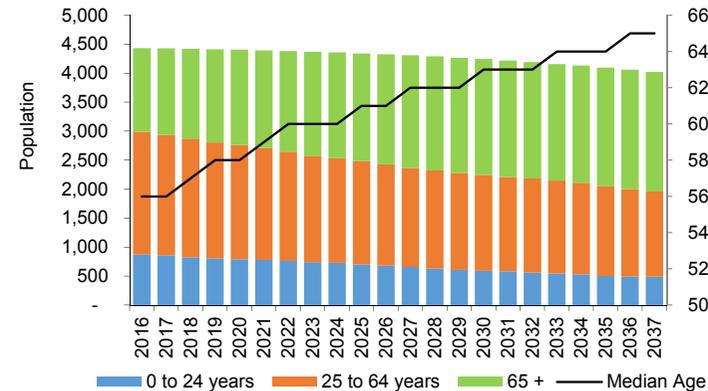
Glamorgan Spring Bay

- The Glamorgan Spring Bay municipality has the most adverse results in regards to its projected growth in population, as it is the only municipality to show a decline in the projected population and in the 0 to 24 years age bracket.
- The population in 2012 was 4,432 and is projected to decline by 9% to 4,022 in 2037.
- The retirement age bracket has similar growth to Clarence at 72% which has shifted the proportion of the retirement age bracket from 28% to 52%. The youth and working age brackets show a decline in the projected population. The youth bracket is expected to decline by 47% and the working age bracket is expected to decline by 36%.
- The population is projected to comprise 12% youth, 36% working age and 52% retiring age by 2-17.

Projected Population by Age: Clarence



Projected Population by Age: Glamorgan Spring Bay



External Profile

Population

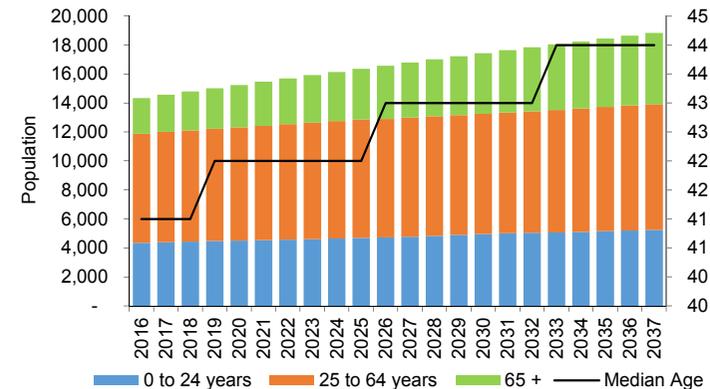
Sorell

- Sorell Council has the highest growth across all of the municipalities.
- The Sorell municipality population was 13,407 (2012) which is expected to increase by 44% to 18,841 (2037). Consistent with the other councils, the retirement age bracket has the largest growth at 139%, which is much larger than the other councils.
- The youth bracket and the working age bracket growth is also high relative to the other councils at 26% and 21% respectively.
- Despite the large growth increases, the Sorell municipality has a similar age demographic profile to Clarence City Council.
- The projected age demographic profile of Sorell in 2037 is 28% youth, 46% working age and 26% in the retirement age bracket. Similar to the other councils, the shifts in the age profile result in a higher proportion in the retirement age bracket and a decline in the youth and working age brackets.

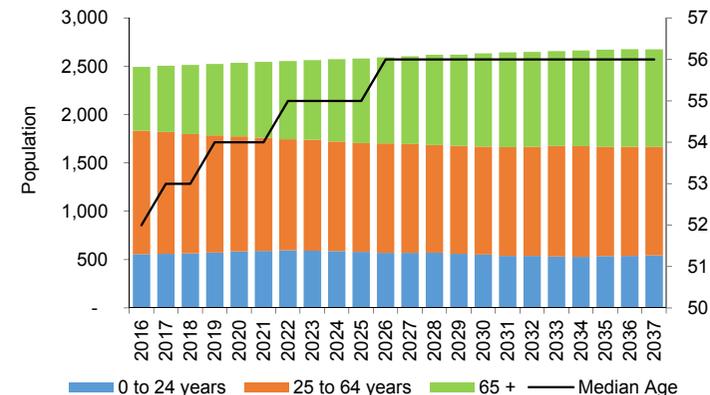
Tasman

- The Tasman municipality shows a growth of 10% overall. This growth sees the population increasing from 2,440 in 2012 to 2,677 in 2037.
- Similar to the Glamorgan Spring Bay Council, the working age population declines but to a lesser extent at 15%. The retirement age population has growth consistent with the other councils at 74%. The growth in the youth is minor at 2% which is similar to Clarence.
- The age demographic profile for Tasman is projected to be 20% youth, 42% working age and the remaining 38% in the retiring age bracket.

Projected Population by Age: Sorell



Projected Population by Age: Tasman



Tasmanian Population Projections 2014, Department of Treasury and Finance



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External Profile

Income & Government Support

Income

The graph on the right depicts the number of income earners per municipality and the average income earned per income earner per municipality. The analysis shows:

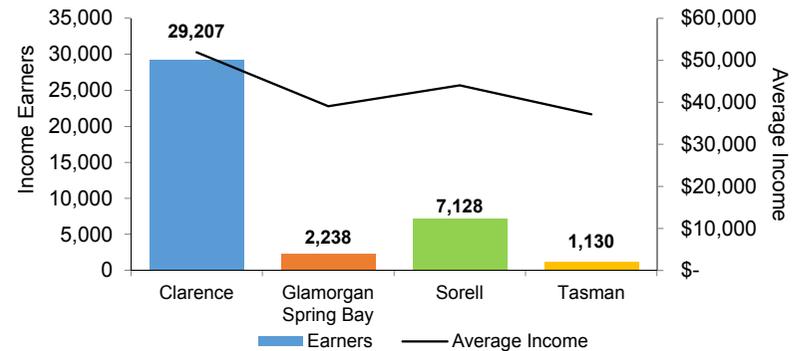
- The Clarence City Council region has the largest number of income earners across the councils with 29,207 income earners, followed by Sorell with 7,128, Glamorgan Spring Bay with 2,238 and then Tasman with the least amount of income earners at 1,130.
- Clarence has the highest average income per income earner at \$51,893 which is \$7,000 greater than Sorell with an average income of \$44,062 which is the second highest out of the four councils. Glamorgan Spring Bay has an average income per income earner of \$39,104 and the Tasman municipality has the lowest average income of \$37,154.
- In Tasmania, there are 262,127 income earners and the average income per income earner is \$48,909. This would indicate that the Sorell, Glamorgan Spring Bay and Tasman municipalities are below the Tasmanian average whilst Clarence is above average.
- The Tasman and Glamorgan Spring Bay municipalities have an older working population with a median age of 52. Clarence and Sorell’s working populations have a median age of 46 and 45 respectively. All of the municipalities are above the Tasmania median age of 45.

Government Support

In Tasmania, 29% of the population receive government assistance of which 14% relates to the pension and 7% relates to carer / disability payments.

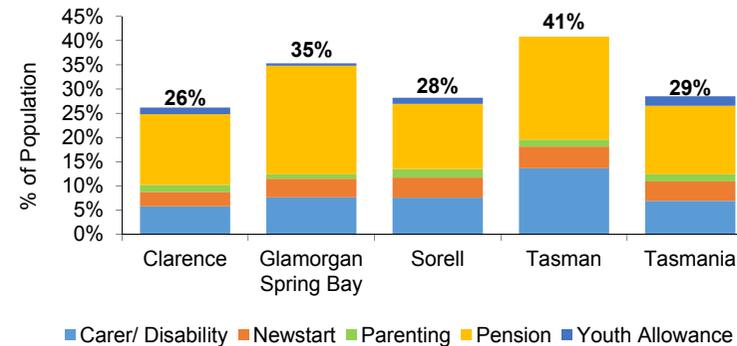
- 41% of the Tasman region and 35% of the Glamorgan Spring Bay region receives government support.
- The pension represents the largest proportion of government support in the municipalities ranging from 13% to 22%. Carer and Disability payments also represent a large proportion ranging from 6% to 14%.

Average Income by Earners



ABS 6524.0.55.002: Estimates of Personal Income for Small Areas, 2012-13

Government Support



ABS National Regional Profiles 2009 – 2013



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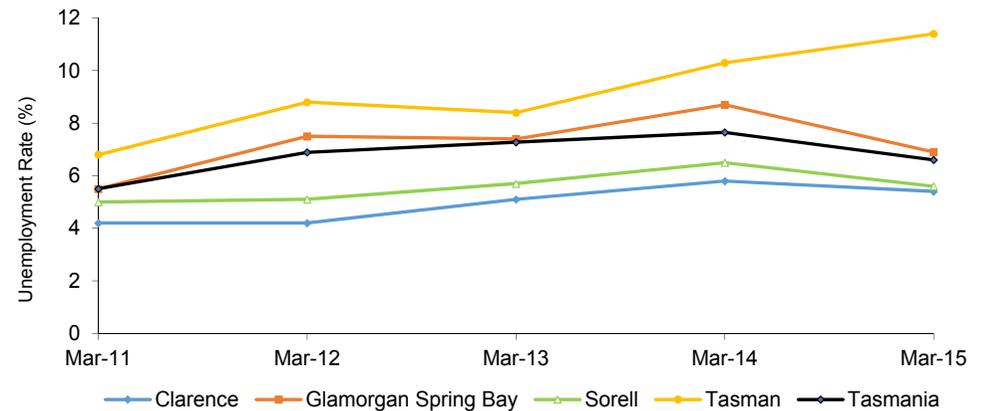
Labour Force

Labour Force Survey Statistics

The Department of Employment and the ABS release quarterly data based on labour force survey statistics. Between March 2011 and March 2016, Tasmania's unemployment rates have increased from 5.5% to 6.8% with a high of 7.7% in March 2014 which represents growth of 23.6%. Analysis of the south east municipalities (Clarence, Glamorgan Spring Bay, Sorell and Tasman) shows the following:

- Overall unemployment rates have increased over the 5 year period with Clarence increasing by 28.6%, Glamorgan Spring Bay at 25.5%, Sorell at 12.0% and Tasman at 67.6%.
- Tasman has experienced the largest growth in unemployment which was 6.8% in March 2011 and 11.4% in 2015. Sorell has experienced the lowest growth in unemployment which went from 5.0% in March 2011 to 5.6% in March 2015.
- Clarence and Sorell have had unemployment rates that have been consistently less than Tasmania's unemployment rate and Glamorgan Spring Bay and Tasman have had comparatively higher unemployment rates.
- Labour Force Survey statistics shows that the South East region has the smallest working age population at 22,600 as of March 2016 which is only 6.9% of Tasmania's working age population.
- The region as a whole has the lowest employment rate and participation rate which are 69.5% and 60.2% respectively. The south east also has the lowest unemployment rate which is 4.9% whereas Tasmania's is 6.8%.
- The youth unemployment rate in the South East region is the largest amongst the regions at 22.4%, which is larger than Tasmania's rate at 15.3%.

Unemployment Rates by Municipalities



Labour Force Region (SA4) – Labour Market Data – March 2016, Department of Employment
Small Area Labour Markets Publication – December Quarter 2015, Department of Employment

Labour Force Survey Statistics as at March 2016					
	Working Age population	Employment Rate (%)	Participation Rate (%)	Unemployment Rate (%)	Youth Unemployment Rate (%)
Hobart	142,800	69.4	61.5	7.4	14.5
Launceston and North East	91,200	69.3	60.7	8.0	17.7
West and North West	70,700	70.6	59.0	5.5	12.5
South East	22,600	68.0	56.0	4.9	22.4
Tasmania	327,300	69.5	60.2	6.8	15.3

Labour Force Region (SA4) Tasmania – Area Profile – March 2016, Department of Employment



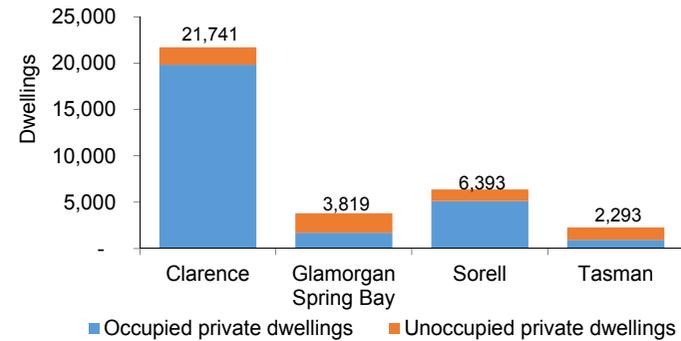
Housing

Dwelling Structures

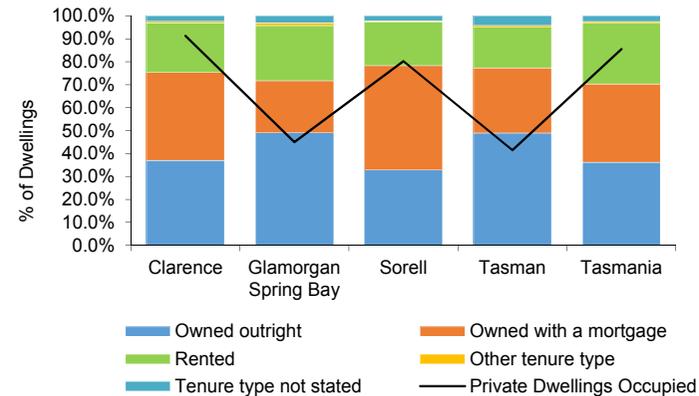
In Tasmania there are 225,313 private dwellings of which 85.6% are occupied. ABS census data has yielded results that show:

- Clarence had the most private dwellings with 21,741 and then Sorell with 6,393. Glamorgan Spring Bay had 3,819 and Tasman had the least with 2,293.
- The Glamorgan Spring Bay and Tasman municipalities have less than half of the private dwellings unoccupied with occupancy rates of 45.0% and 41.5% respectively.
- Clarence and Sorell have occupancy rates that are consistent with Tasmania's occupancy rates at 91.3% and 80.3% respectively.
- On average 76% of private occupied dwellings across the municipalities were owned either outright or with a mortgage. Specifically, the Glamorgan Spring Bay and Tasman municipalities, just less than half of the private dwellings were owned outright, which may be attributed to higher aged populations and lower house prices.
- Clarence and Sorell are on par with Tasmania in relation to the proportion of mortgage owned outright and those that are mortgaged.
- The number of private dwellings rented was consistent across the municipalities with an average of 21%.
- Other tenure types remained relatively insignificant as on average they represent 0.7% of private dwellings.

Dwellings by Municipality



Dwelling Structure by Municipality



ABS Census 2011

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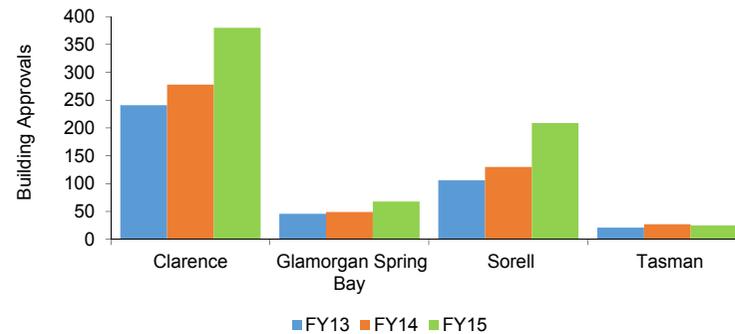
Housing

Building Approvals

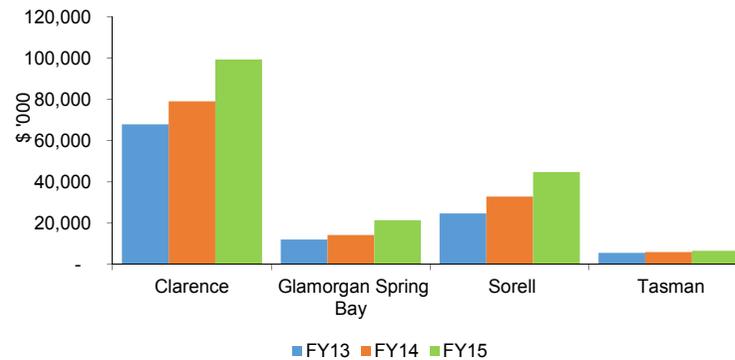
Since the end of the 2013 financial year (FY13), residential building approvals have grown by 59.37% (1,782 to 2,840 approvals) in Tasmania. New houses have grown by 66.27% (1,423 to 2,366 approvals) and new other residential buildings have grown by 31.45% (337 approvals to 443 approvals). The value of new residential buildings includes the value of new houses, value of new other residential buildings and the value of alterations and additions. Municipality data shows:

- Sorell has had the largest growth in building approvals, growing by 97.17% (106 to 209). This has been driven by new houses which have grown by 92.31% (104 to 200) and minimal growth in new other residential buildings such as flats, units and apartments (7 approvals in FY15 and none prior). Sorell has also had the largest growth in the value of new residential properties which has grown by 81.28% (\$24.7 million to \$44.8 million).
- Clarence building approvals have had growth of 57.68%. This is driven by new houses which has grown by 126.57% (143 approvals to 324 approvals) despite a decline in new other residential properties which has decreased by 45.36% (97 approvals to 53 approvals).
- Glamorgan Spring Bay has grown by 47.83% which has been driven by growth in new other residential buildings which had no approvals in FY13, 2 in FY14 and then 16 in FY15. New houses within the Glamorgan Spring Bay municipality has only grown by 13.04%.
- Tasman building approvals have remained relatively stable over the last three financial years considering that there have been no new other residential buildings within that time period.
- Glamorgan Spring Bay has shown the second highest growth in the value of new residential buildings, despite Clarence having the second highest growth in approvals numbers. Glamorgan Spring Bay has experienced growth of 77.89% in the value of new residential buildings whilst Clarence has experienced growth of 46.23%. The difference in these growth rates may be attributed to decline in new other residential building in the Clarence municipality and an increase within Glamorgan Spring Bay.
- The Tasman region has had growth of 18.52% which is minimal in absolute terms.

Building Approvals per Municipality



Value of New Residential Buildings



ABS 8731.0 – Building Approvals, Australia

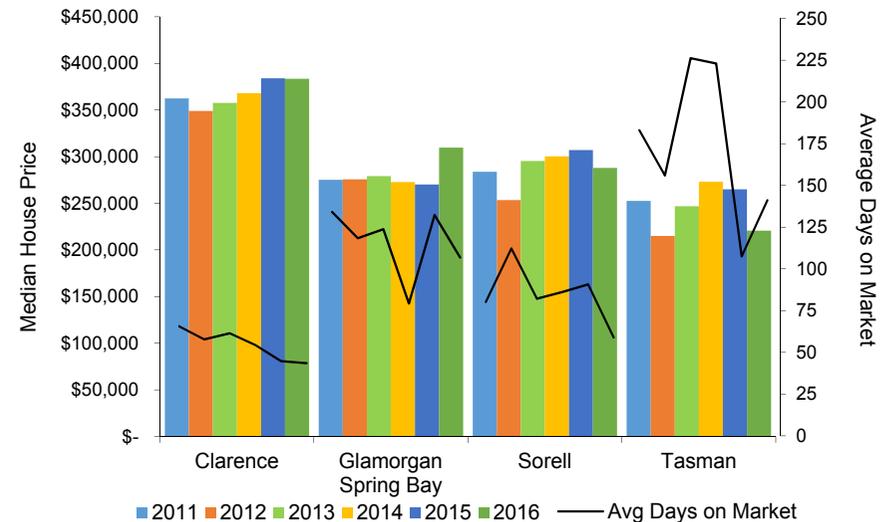
Real Estate

Real Estate Institute of Tasmania

The Real Estate Institute of Tasmania releases suburb reports for suburbs within the municipalities which includes the number of house sales, median house prices for those sales, the minimum and maximum sales prices and the average number of days houses are on the market. The suburb reports show:

- Clarence median house prices have been consistently higher than the other municipalities whilst the Tasman municipality has consistently had the lowest.
- From 2011 to 2015 the Sorell municipality has experienced the highest growth in median house prices at 8% which is followed by Clarence with 6% growth and then Tasman at 5%.
- The Glamorgan Spring Bay municipality was the only municipality to experience a decline in median houses prices with a 2% decline (2011 to 2015), which was arrested in 2016.
- The Clarence municipality has the smallest average of days of which houses are on the market. Clarence has seen the average days on the market decline by 31.9% (2011 to 2015). The average days on the market for the other municipalities has been more volatile.
- The Tasman municipality has the highest average of days that houses are on the market. However, the average has experienced a decline by 41.3% (2011 to 2015).
- From 2011 to 2015, Sorell is the only municipality that has experienced an increase in the average days that houses are on the market. The average days for Sorell had increased from 80 to 91 (13.0% increase), which has turned around in 2016 (YTD).
- The Clarence municipality has seen the largest amount of house sales from 2011 to 2016 (YTD) with 3,331 house sales. Sorell had seen a total of 853 sales, Glamorgan Spring Bay has recorded 262 house sales and the Tasman municipality has seen 88 sales.

Median Price of Houses Sold by Region



Suburb Reports, Real Estate Institute of Tasmania

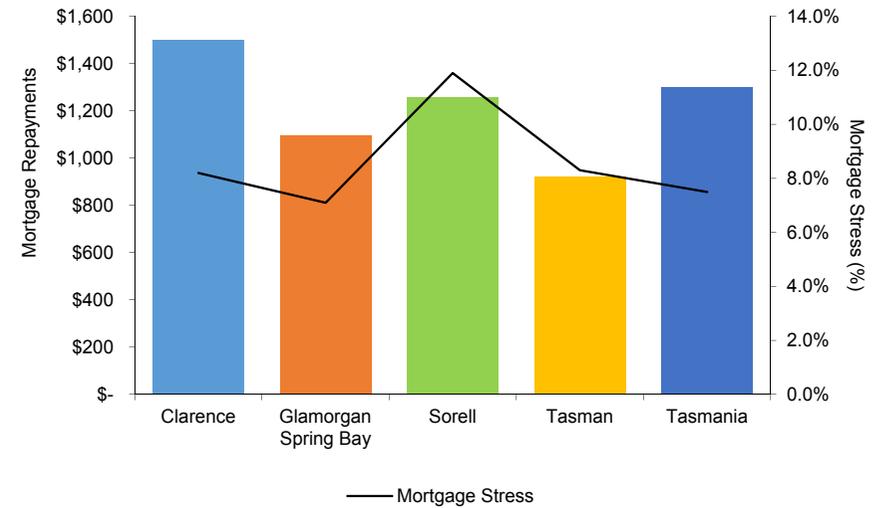
Mortgage Repayments

Mortgage Repayments

Mortgage stress occurs when 30% or higher of a household's income is consumed by mortgage repayments. Individuals that suffer from mortgage stress are at a higher risk of falling into financial difficulties. In Tasmania, the median monthly mortgage repayments are \$1,300 and mortgage stress affects 7.5% of households. ABS census data has enabled comparison for the municipalities and analysis shows:

- Clarence has the largest median monthly mortgage repayments at \$1,500 and Tasman has lowest with \$921.
- The Clarence, Glamorgan Spring Bay and Tasman municipalities have mortgage stress levels that are consistent with Tasmania ranging from 7.1% to 8.2% of households.
- The Sorell municipality shows that 11.9% of households are suffering mortgage stress which surpasses Tasmania by 440 basis points. The mortgage stress levels of Sorell may be attributed to a higher proportion of mortgages and lower average income per income earner. Sorell's median mortgage repayments is close to Tasmania's with a median of \$1,257
- This may be attributed to the fact that 45.3% of dwellings are owned with a mortgage, which is proportionately higher than the other municipalities. In addition, Sorell has higher mortgage repayments similar to Tasmania but a lower average income within the municipality.

Mortgage Repayments



ABS Census 2011 - Quick stats

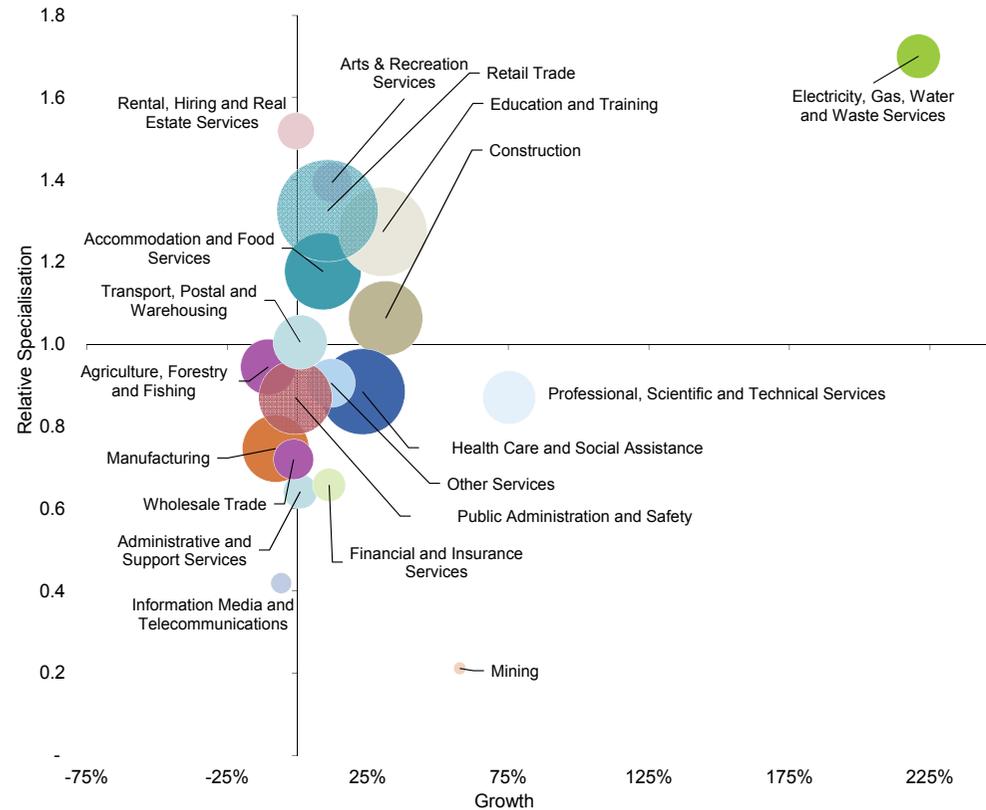
External Profile

Industry Growth Share Matrix

The industry growth share matrix illustrates the size of industries by the number of jobs, growth within the industries and specialisation relative to Tasmania. The industry growth share matrix provides an overview of all of the councils combined and presents the following findings:

- The largest industries amongst the councils are Retail Trade (2,695), Education and Training (2,062), Health Care and Social Assistance (1,905) and Accommodation and Food Services (1,533).
- The smallest industries across the councils include Mining (41), Information Media and Telecommunications (114), Financial and Insurance Services (287) and Administrative and Support Services (304).
- The Electricity, Gas, Water and Waste Services industry has experienced the largest growth at 221% (158 to 507). Professional, Scientific and Technical Services also experience high growth of 75% (421 to 738).
- Agriculture, Forestry and Fishing, Manufacturing and Information Media and Telecommunications have experienced the largest declines of 10%, 8% and 6% respectively.
- Electricity, Gas, Water and Waste Services, Rental, Hiring and Real Estate Services, Arts and Recreation Services, Retail Trade, Education and Training had the highest levels of specialisation relative to Tasmania. Mining and Information Media and Telecommunication have the lowest specialisation.

Councils: Industry Growth Share Matrix



ABS Census 2011

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External Profile

Tourism

Tourism Tasmania collects data from the Tasmanian Visitor Survey which provides a profile of the characteristics, travel behaviour and expenditure of international and domestic visitors to Tasmania. This has provided the following findings:

- Richmond and the Tasman Peninsula have had the largest number of tourists that have stopped and looked on a given day without staying for the last four years.

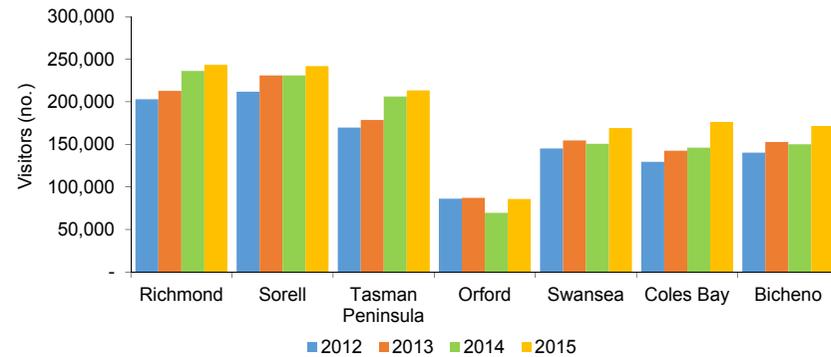
Tourist Visits

- Coles Bay (36.32%), Tasman Peninsula (25.68%), Bicheno (22.37%), Richmond (19.83%), Swansea (16.58%) and Sorell (14.15%) had all experienced growth since 2012. Orford (-0.38%) has remained consistent but experienced a slight dip in visits in 2014.
- In 2012 and 2013 Sorell had the most visits, however, in 2014 and 2015 Richmond had received the most visits. Sorell and Richmond have consistently had over 200,000 visits in the last four years. Orford has had the least number of visits for the last four years with an average of 82,000 per year.
- Coles Bay has experience the largest growth in visits for the last four years with growth of 36.32%. In 2012, Coles Bay had 129,444 visits and in 2015 it had received 176,462 visits.

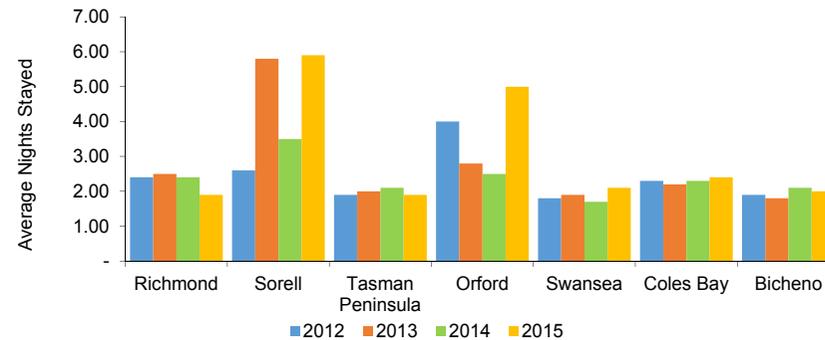
Average Nights Stayed

- Over the last three years, Sorell has had the highest average nights stayed with spikes in 2013 and 2015, at an average of 5.8 and 5.9 nights respectively.
- Despite having the least number of visits, Orford has a higher average nights stayed in the last four years. Orford had the highest average in 2012 with 4.00, and in 2015 this increased to an average of 5.00.
- Average nights stayed is fairly consistent across Richmond, Tasman Peninsula, Swansea, Coles Bay and Bicheno.

Tourist Visits



Average Nights Stayed



Tasmanian Visitors Survey and TVS Analyser, Tourism Tasmania Corporate



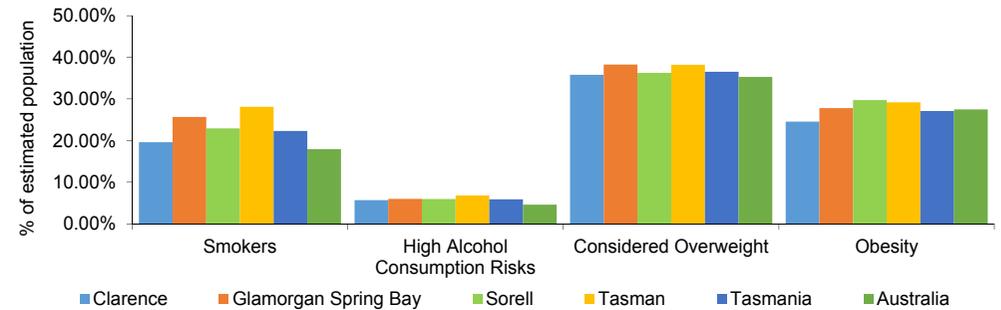
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Health Risk Factors and Chronic Diseases

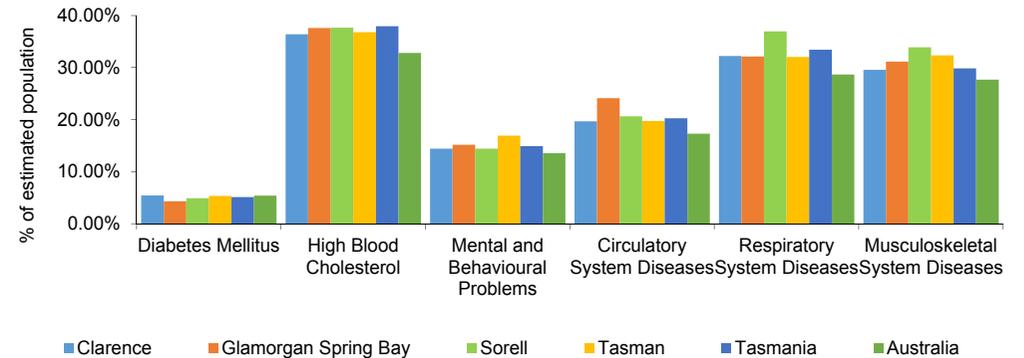
PHIDU Torrens University Australia have developed Social Health Atlases using ABS data such as the national health survey. The data has recorded the percentage of the populations (2011 – 2013) of local government authorities in regards to chronic diseases and health risk factors. The social health atlases indicate:

- Clarence has proportionately less smokers with their population at 20% and Sorell is consistent with Tasmania at 23%. Glamorgan Spring Bay and Tasman are proportionately higher at 26% and 28%.
- High alcohol consumption risk and individuals that are considered overweight appear to be consistent across the municipalities and Tasmania with ranges or 5 – 7% and 35 – 38%.
- 25% of Clarence’s population suffers from obesity which is less than the other municipalities. Glamorgan Spring Bay has a similar obesity rate to the Tasmanian average at 27%. Sorell and Tasman have a proportionally higher amount of people suffering from obesity at 30% and 29%.
- Tasman has a larger proportion of its population suffering from mental and behavioural problems and Glamorgan has a higher proportion of its population suffering from circulatory system diseases. Sorell also has a larger proportion of its population suffering from respiratory system diseases.
- Glamorgan Spring Bay, Sorell and Tasman show a larger proportion of their population suffering from musculoskeletal system diseases with 31%, 34% and 32% respectively. Tasmania as collective shows that 30% of the population is suffering from such diseases.
- In contrast to Australia it appears the health risks are proportionately higher in regards to smoking and high alcohol consumption. It appears that the municipalities have a higher proportion of their population suffering from chronic diseases in comparison to Australia’s population.

Health Risk Factors



Chronic Diseases



Social Health Atlases of Australia – 2011 – 2013, PHIDU Torrens University Australia

External Profile

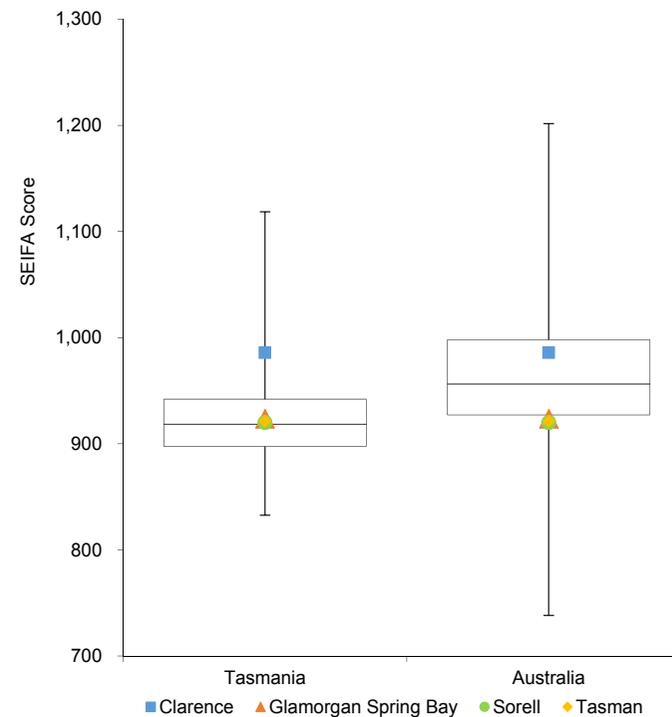
Education and Occupation

Socio-economic Indexes for Areas (SEIFA)

SEIFA is a tool that has been developed by the ABS to index local government authorities via a calculated score using economic variables (Appendix 2). The ABS has created an index of education and occupation which is based on education and occupation variables from census data of 2011. A high score indicates a relatively higher education and occupational status of people within an area and a low score indicates a relatively lower education and occupation status. SEIFA data has shown:

- Clarence has a relatively greater education and occupation status in comparison to the other municipalities. Clarence is within the 9th decile for Tasmania and the 6th decile in relation to Australia.
- Glamorgan Spring Bay, Sorell and Tasman are relatively closely ranked which indicates that these areas are quite similar in relation to education and occupation status. These municipalities were ranked around the median of Tasmania and within the 2nd and 3rd deciles in relation to Australia. These lower scores indicate that the education and occupation status of people within these municipalities are ranked in the bottom 30% in Australia.
- In Tasmania, Clarence has a rank of 26 (387 in Australia), followed by Glamorgan Spring Bay with 20 (133 in Australia), Tasman with 17 (119 in Australia) and then Sorell at 16 (111 in Australia). The highest rank in Tasmania is 29 (Hobart) and the highest in Australia is 564 (North Sydney in NSW).

SEIFA Index of Education and Occupation Scores



ABS: Socio-economic Indexes for Areas (SEIFA) - Census 2011

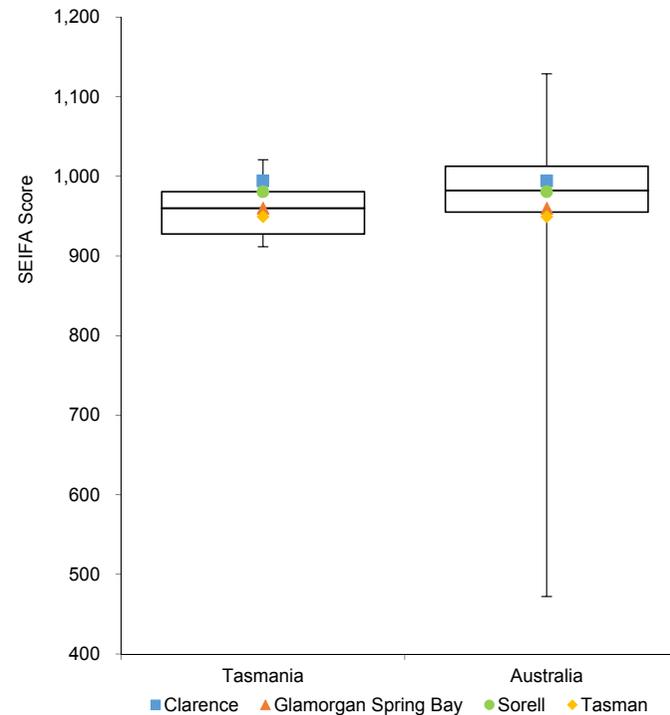
Economic Resources

Socio-economic Indexes for Areas (SEIFA): Level of economic resources

The index of economic resources focuses on financial aspects by utilising variables related to wealth and income. This index is used to measure socio-economic advantage and disadvantages across local government authorities in regards to economic resources. A lower SEIFA score for this index indicates relatively lower access to economic resources whilst a higher score would indicate a relatively greater access to economic resources. The index of economic resources produces the following results:

- The Clarence and the Sorell municipality are within the top 30% of Tasmania and are within the 7th and 5th deciles in relation to Australia. The box and whisker plot on indicates that the scores of Clarence and Sorell are near the median score for Australia.
- Glamorgan Spring Bay and Tasman’s SEIFA scores are around the median for Tasmania but are only within the 1st quartile in regards to Australia. Glamorgan Spring Bay and Tasman are ranked in the bottom 30% of Australia.
- Clarence’s score indicates that they have greater access to economic resources relative to the other municipalities whilst Tasman has the least access to economic resources.
- Clarence has a rank of 27 (343 in Australia), followed by Sorell with 22 (273 in Australia), Glamorgan Spring Bay with 15 (159 in Australia) and then Tasman with 12 (127 in Australia). The highest rank in Tasmania is 29 (Kingborough) and the highest in Australia is 564 (The Hills Shire in NSW).

SEIFA Index of Economic Resources



ABS: Socio-economic Indexes for Areas (SEIFA) - Census 2011

External Profile

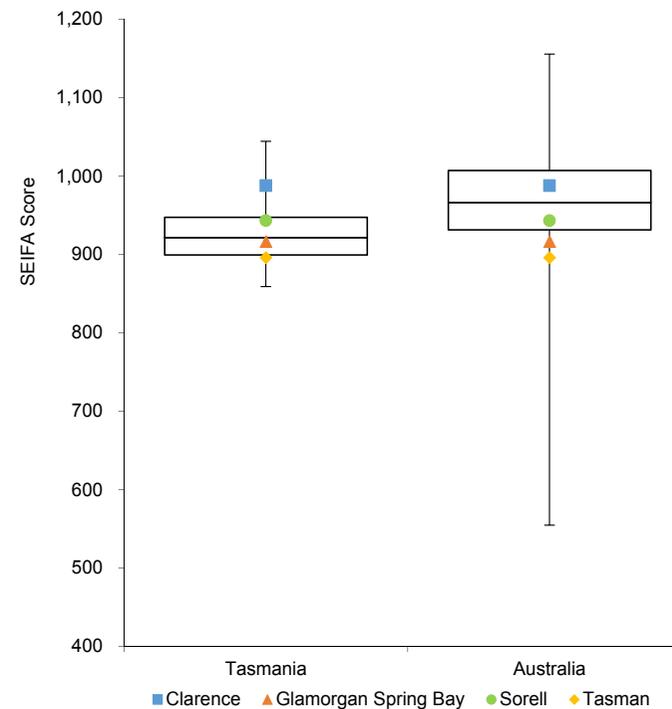
Socio-economic Advantage and Disadvantage

Index of Relative Socio-economic Advantage and Disadvantage

The index of relative socio-economic advantage and disadvantage is a general socio-economic index which summarises a range of economic and social conditions. A low score within this index indicates a relatively greater disadvantage and a lack of advantage in general and a high score indicates a relative lack of disadvantage and greater advantage in general. The SEIFA shows a varied results across the municipalities which are:

- Clarence is in the top 20% of Tasmania and within the 7th decile of Australia. Clarence has a relatively greater advantage over the other municipalities.
- Sorell is within the upper end of the 3rd quartiles in Tasmania but below the Australian median. The score shows that Sorell has a relatively greater advantage than Glamorgan Spring Bay and Tasman but is relatively disadvantaged in comparison to Clarence.
- Glamorgan Spring Bay is just under the Tasmanian median and is relatively disadvantaged in regards to Sorell and Clarence. Glamorgan Spring Bay has a relatively greater advantage than Tasman.
- Tasman and Glamorgan Spring Bay are in the bottom 30% within Australia and Tasman is within the bottom 30% of Tasmania. Tasman has the greatest relative disadvantage in comparison to the other municipalities.
- In Tasmania Clarence has a rank of 26 (376 in Australia), followed by Sorell with 20 (197 in Australia), Glamorgan Spring Bay with 12 (100 in Australia) and then Tasman with 7 (63 in Australia). The highest rank in Tasmania is 29 (Hobart) and the highest in Australia is 564 (Peppermint Grove in WA).

SEIFA Index of Relative Socio-economic Advantage and Disadvantage



ABS: Socio-economic Indexes for Areas (SEIFA) - Census 2011

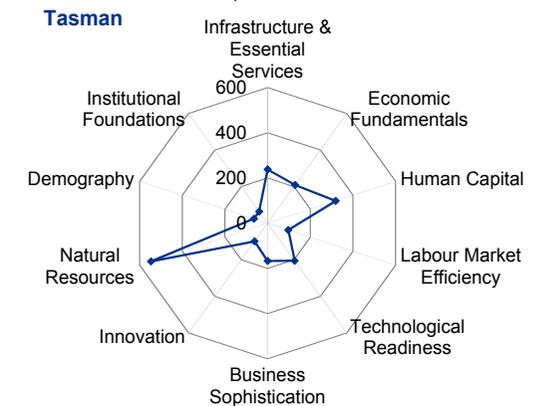
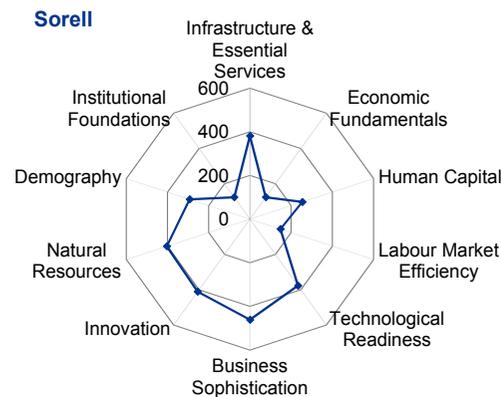
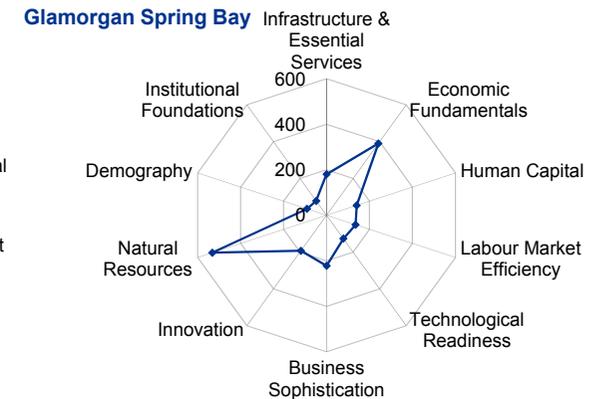
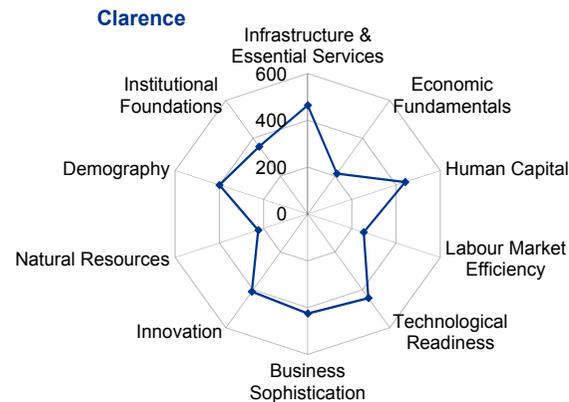


Local Government Rankings

Local Government Authority Rankings

The web charts on the right illustrate the Local Government Authority (LGA) rankings from Australia's regional competitiveness index provided by the Regional Australia Institute. The regional competitiveness index ranks the councils by infrastructure and essential services, economic fundamentals, human capital, labour market efficiency, technological readiness, business sophistication, innovation, natural resources, demography and institutional foundations (see Appendix 2 for definitions). The results indicate:

- Clarence had the highest ranking for infrastructure and essential services, largely reflecting its close proximity to Hobart and the Greater Hobart region. Scores for Glamorgan Spring Bay and Tasman were largely influenced by access to technical or further education services, rail infrastructure, and distance to medical facilities.
- Glamorgan Spring Bay and Tasman municipalities have poorer results under the technological readiness measure, which reflects both population and their distance from the Greater Hobart region.
- Glamorgan Spring Bay and Tasman have poorer results also under the demography measure, largely due to lower scores in population growth rate and senior dependency ratio. These municipalities ranked lower under the young dependency ratio.
- The Glamorgan Spring Bay municipality was the lowest performer in regards to the human capital measure. Whilst it had the second highest score in relation to technical qualifications (after Tasman), it had the poorest scores in relation to lifelong learning and the level of early school leavers and health.



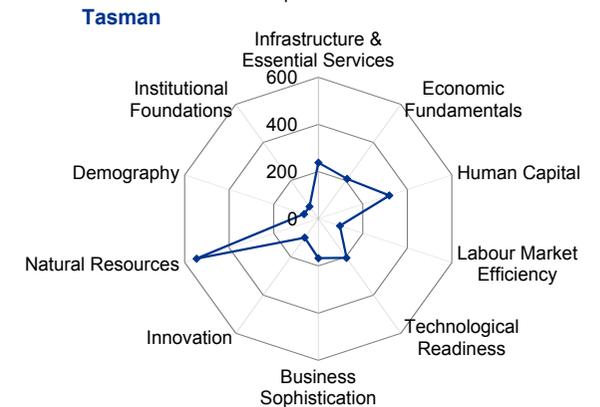
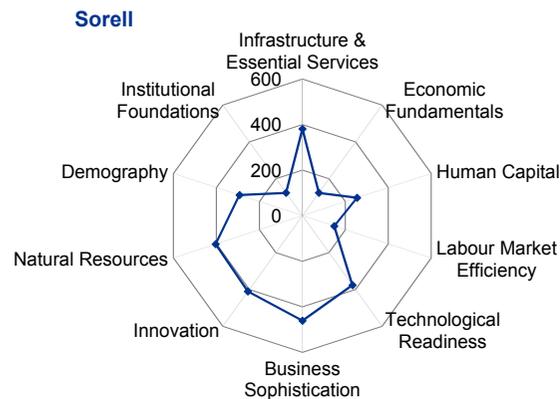
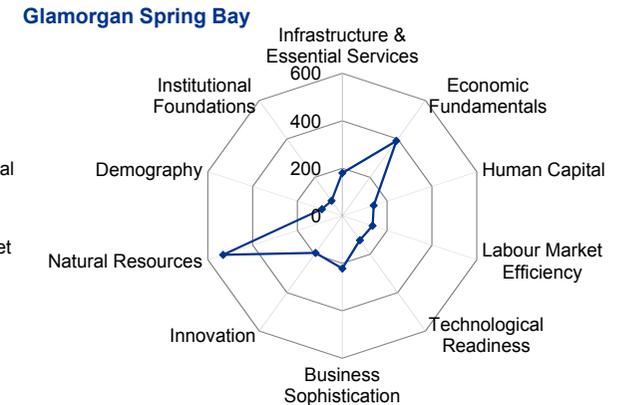
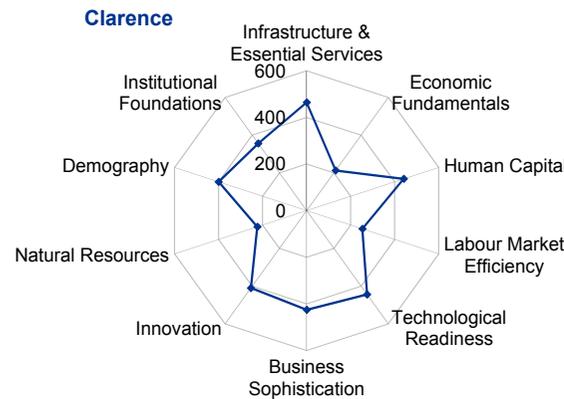
Regional Competitiveness Index, Insight – Regional Australia Institute



Local Government Rankings

Local Government Authority Rankings

- The results from this analysis suggests that the south-east region is facing particularly challenging levels of unemployment across the municipalities, compared to the south of the state. Clarence is ranked higher than the other municipalities in labour market efficiency, primarily due to a lower unemployment rate and greater proportion of skilled labour in the workforce.
- Tasman had the lowest score for the innovation measure, largely impacted by poor results in the level of patents and research and development managers.
- In regards to business sophistication there are poorer results for Glamorgan Spring Bay and Tasman which is largely driven by scores for economic diversification and the levels of exporters, importers and wholesalers. The results indicate that Tasman particularly faces challenges in regards to accessing local finance.
- Glamorgan Spring Bay and Tasman share similar results in the natural resources ranking which is largely due to the national parks, and the fishing and aquaculture industry.
- The institutional foundations measure has indicated that the municipalities had performed well below the southern Tasmania score, indicating some widespread challenges. These high scores are largely driven by local economic development support and leadership capacity. Clarence performed slightly better than the other municipalities, largely due to lower scores in public service workforce, and community skills base.



Regional Competitiveness Index, Insight – Regional Australia Institute



Appendices





Appendix 1: Modelling Assumptions

Appendix 1

Assumptions - Clarence

Financial Background

Clarence City Council has a Financial Management Strategy used to articulate the key policy framework and resulting strategies for meeting long term financial objectives. The following principles guide the Financial Management Strategy:

- Operating at a surplus in headline and underlying terms,
- Maintaining liquidity
- Prudent use of debt
- Investing cash holdings with a capital preservation focus

Clarence prepares a 10 year Long Term Financial Plan every two years. The figures and assumptions of this model were chosen to be used from years 2017-2023, as it is a Council approved document. However it should be noted that Clarence are currently updating the long term financial plan. The 2015 Actuals were sourced from Clarence's Annual Report.

The assumptions driving Clarence's model were adopted to extrapolate a further three years, to 2026.

Infrastructure and Capital Expenditure

The Financial Management Strategy reinforces the principle of ensuring the availability of financial resources to meet future demands for asset renewal, asset enhancement and new assets.

The Council's infrastructure strategy has two primary imperatives:

1. Maintaining capital adequacy of existing infrastructure base
2. Providing additional infrastructure to improve level of service provided to the community.

The Council is progressively increasing the amount appropriated from renewal funding to physical works. Clarence dedicate a specific portion of rate revenue into an Infrastructure Renewal Reserve, which goes towards the ongoing renewal of existing infrastructure. This reserve also includes interest earned on the reserve, as a financial management principle to insulate the risk of adverse effects of interest rate movements.

Capital expenditure is assumed to grow at CPI, in accordance with the Asset Management plans.

Funding Requirements

Clarence's Financial Management Strategy defines their gearing target of below 5%, which is well below the upper level imposed by the Department of Treasury and Finance. Clarence therefore has a very low level of debt. For the purposes of this modelling exercise, it is assumed that no new borrowings are made, other than those already disclosed in Clarence's 10 Year Financial model.

Projections

The following escalation factors have been adopted from the 10 Year Clarence Financial Model:

- Inflation - 3%
- Rate Growth - 1.7%
- Inflation + Rate Growth - 4.7%



Appendix 1

Assumptions - Glamorgan Spring Bay

Financial Background

Glamorgan Spring Bay's long term financial plan (LTFP) identifies the need to:

- maintain service delivery to current levels
- maintain cash reserves and financial assets at current levels

The LTFP also identifies that operating grants are forecast to decline. Glamorgan Spring Bay are currently the third lowest recipient of grant funding. This is largely due to the valuation of properties in the area. It is worth noting also that the council has a flat rate structure, and therefore amalgamation and merger options would likely significantly affect the way that rates are currently determined.

The LTFP does not recognise some of the council's largest investments, as these are still uncertain at this stage. Therefore, the financial analysis should be interpreted with this in mind.

It is also noted that Glamorgan Spring Bay utilise Brighton's depreciation schedules, therefore depreciation expenses are consistent with Sorell and Tasman Councils.

Infrastructure and Capital Expenditure

The LTFP reflects the asset management plans in place, and states that the council will continue to invest in developing new infrastructure whilst maintaining its present infrastructure levels.

Roads to Recovery grant funding is featured in the model, and this is in place until 2019.

Capital expenditure for the remaining period was considered to be consistent with the final year of the council's 10 year financial model.

Funding Requirements

The council has a challenge in forecasting debt requirements going forward, due to the nature of future projects, particularly as they revolve around public/private partnerships.

In regards to funding from Government grants, the council receives these half in advance and half in arrears. Therefore, this can have a substantial effect on underlying surplus. This should also be recognised when analysing operating results over the model period.

Projections

The following assumptions have been used in the modelling, based on Glamorgan Spring Bay's assumptions in their existing model:

- Inflation (CPI)- 2%
- Rate Growth 2%

The figures from 2015-2025 have been sourced from the council's LTFP.



Appendix 1

Assumptions - Sorell

Financial Background

The 10 Year Financial Model was updated and approved by Sorell Council as of January 2016. All figures from 2015-2025 therefore have been sourced from this Model.

Of particular note, the current financial forecast excludes the recent Expression of Interest for Malunna Childcare Centre. The operating model of the centre is unknown for the period going forward.

In the past, Sorell has not been able to include a 'rate growth factor' in projections, due to the lack of reliable historical information. However, it is looking at ways to achieve this to enhance financial visibility going forward.

Infrastructure and Capital Expenditure

Sorell Council has emerged from a period of increased spending around new assets, and is now entering a new phase where spending will be allocated to the maintenance of these assets. Whilst this is prudent, it reflects the context of slowing growth rates, and the uncertainty of government grants going forward. Therefore, capital expenditure has been labelled as a 'realistic' estimate of expenditure over the period.

Capital expenditure for the remaining period was considered to be consistent with the final year of the council's 10 year financial model.

Funding Requirements

Sorell only has one long-term loan that spans the modelling period.

Projections

The following assumptions have been used in the modelling, based on Sorell's assumptions in their existing model:

- Inflation - Revenue/Childcare CPI: 2.5%
- Inflation - Expenditure: 3.0%
- Interest Rate - 5.22%

Appendix 1

Assumptions - Tasman

Financial Background

Tasman's 10 Year Financial Model was updated and approved by Council as of July 2015. All figures from 2015-2025 therefore have been sourced from this Model.

Infrastructure and Capital Expenditure

Capital expenditure for the remaining period was considered to be consistent with the final year of the council's 10 year financial model.

Funding Requirements

No new loans or borrowings have been assumed for the modelling period, other than those already disclosed in Tasman's 10 year Financial Model.

Projections

The following assumptions have been used in the modelling, Tasman's assumptions in their existing model:

- Inflation- Revenue - 0.9%
- Change in Assets - 5%
- Interest Rate - 3.0%

No growth in population or properties has been incorporated or assumed in the model.



Appendix 1

Other Considerations

The Local Government Act 1993 – Section 70D states that:

1. A council is to prepare an asset management strategy for the municipal area.
2. An asset management strategy for a municipal area is to –
 - a. be consistent with the strategic plan for the municipal area; and
 - b. contain at least the matters that are specified in an order made under section 70F (of the LGA 1993) as required to be included in an asset management strategy.

The councils have a range of useful lives applied to different asset classes and a summary is in the table on the right.

As the asset useful lives and other asset accounting treatments are audited by the Auditor General, it is assumed that there is a level of consistency in the policies applied.

For the purposes of considering the amalgamation alternatives, it is acknowledged that a review of accounting policies and asset treatment will be required. However for the purposes of the financial modelling, it is assumed that there is no change in asset useful lives or depreciation policies under the alternatives considered.

Asset Useful Lives By Council (2015 Annual Report)	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Land Improvements		50	10-50	
Buildings	100	50	30-100	20-95
Building Improvements		25-50	15-100	
Plant & Equipment				5-15
PPE	10	2-12	3-15	5-15
Fixtures, furniture and fittings		6-10	3-30	5
computers & IT		2-5	3-10	3-5
Leased Plant & Equipment		2-5		
Roads				
Pavements & seals	30-70	10-15	15-30	5-80
Substructures		90	100	
Formation/earthworks		1000		
Kerb, channels and culverts		70	60	
Bridges	80	15-80	20-80	5-80
Footpaths/cycleways	10-60	70	10-50	
Drainage	75	75	40-100	
Recreational facilities		15		
Waste management facilities	15	10	10-50	
Parks	10-30	15	15-30	
Off street car parks		15	15-30	
Motor Vehicles				2-5
Intangible assets		2-5	5	3-5

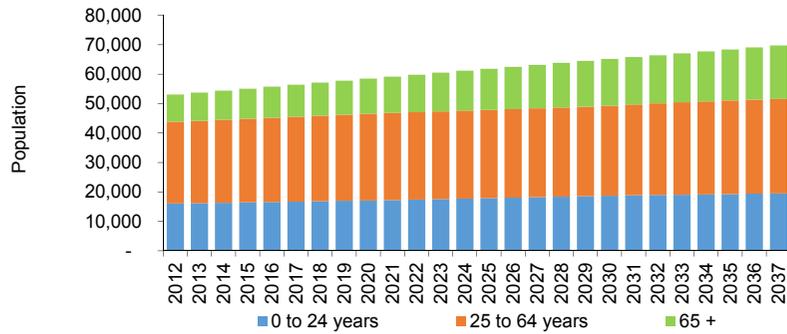


Appendix 2: Additional External Profile Data

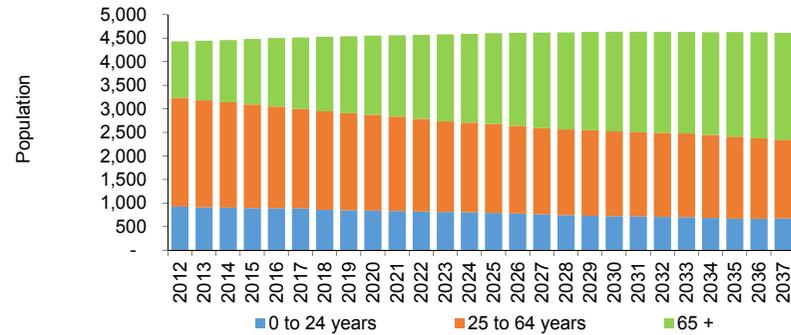
Appendix 2

High Case Projected Populations

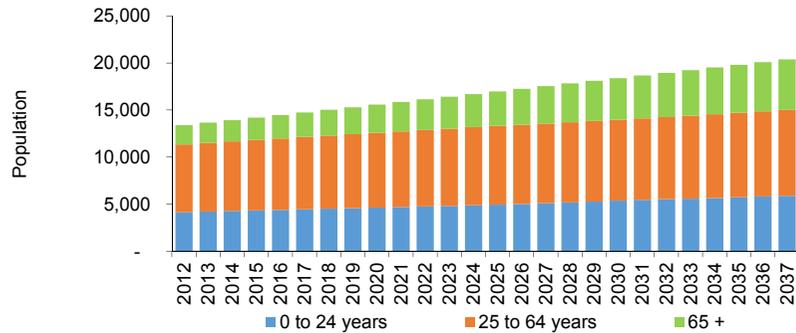
Projected Population by Age: Clarence



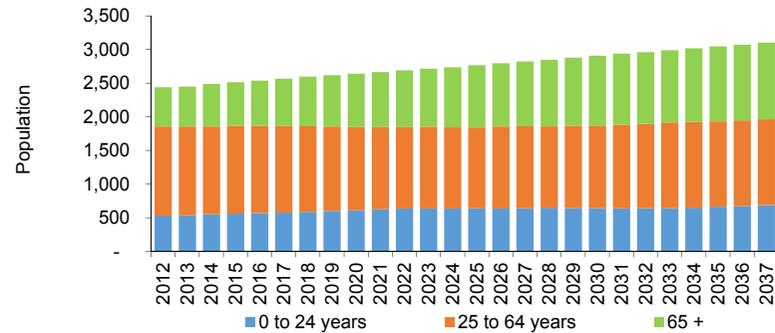
Projected Population by Age: Glamorgan Spring Bay



Projected Population by Age: Sorell



Projected Population by Age: Tasman



Tasmanian Population Projections 2014, Department of Treasury and Finance



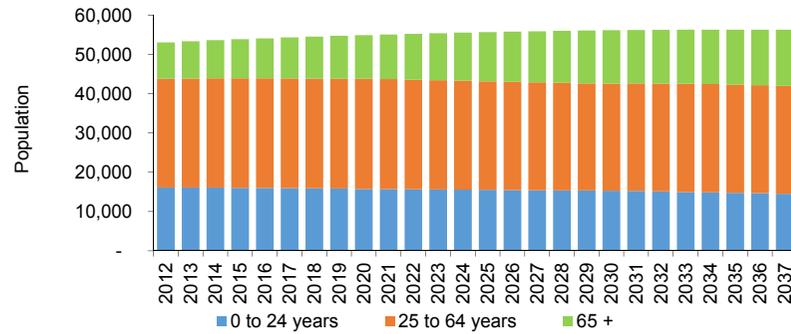
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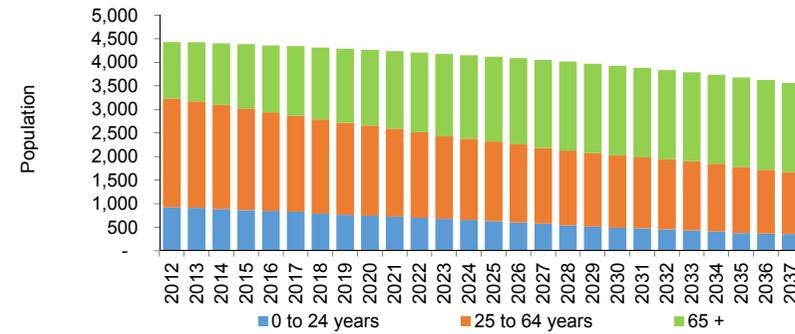
Appendix 2

Low Case Projected Populations

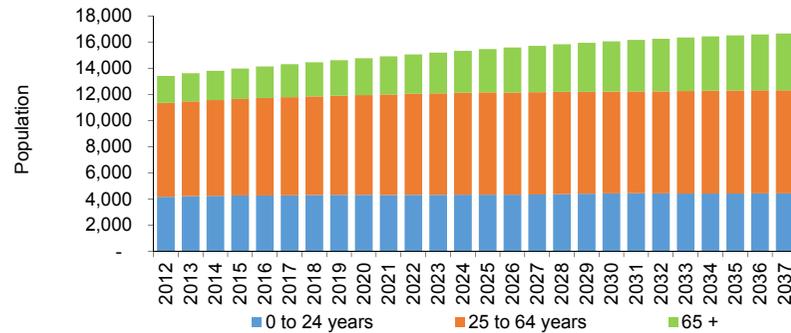
Projected Population by Age: Clarence



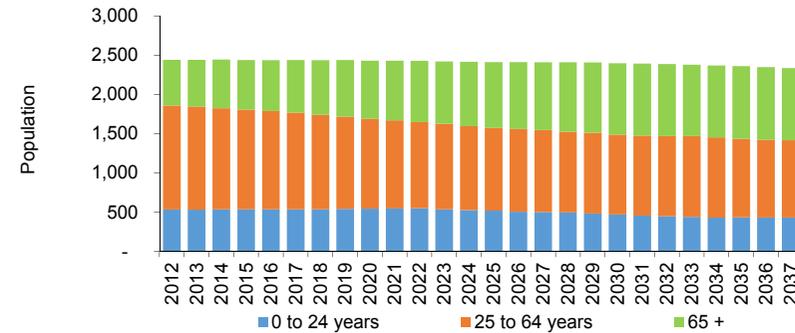
Projected Population by Age: Glamorgan Spring Bay



Projected Population by Age: Sorell



Projected Population by Age: Tasman



Tasmanian Population Projections 2014, Department of Treasury and Finance



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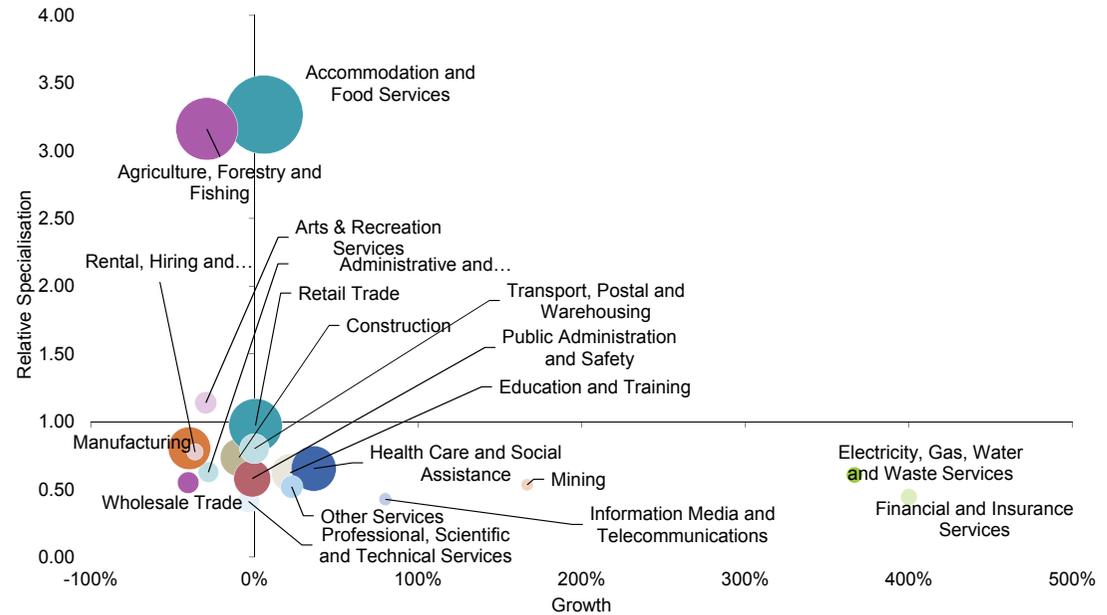
Appendix 2

Industry Growth Share Matrices

Glamorgan Spring Bay

- The largest industries in the Glamorgan Spring Bay municipality are Accommodation and Food Services with 329 jobs, Agriculture, Forestry and Fishing with 207 jobs and then Retail Trade with 153 jobs.
- The smallest industries are Mining with 8 jobs, Information Media and Telecommunications with 9 jobs and then Electricity, Gas, Water and Waste Service and Rental, Hiring and Real Estate Services with 14 jobs each.
- In terms of growth, the Financial and Insurance Services industry experience the most at 400% rising from 3 jobs to 15 jobs. The Electricity, Gas, Water and Waste Services industry had the second highest growth which was the result of the jobs growing from 3 to 14. Mining also has experience large growth at 167% which saw 3 jobs grow to 8.
- On the opposite end of the spectrum, the Wholesale Trade and Manufacturing industries experienced a decline in jobs by 40%. The Wholesale Trade industry went from 42 jobs to 25 jobs and Manufacturing went from 161 jobs to 97 jobs.
- In terms of relative specialisation, Glamorgan Springs Bay shows higher specialisation in Accommodation and Food Services and in the Agriculture, Forestry and Fishing industries with relative specialisation of 3.27 and 3.16 respectively.

Glamorgan Spring Bay: Industry Growth Share Matrix



ABS Census 2011



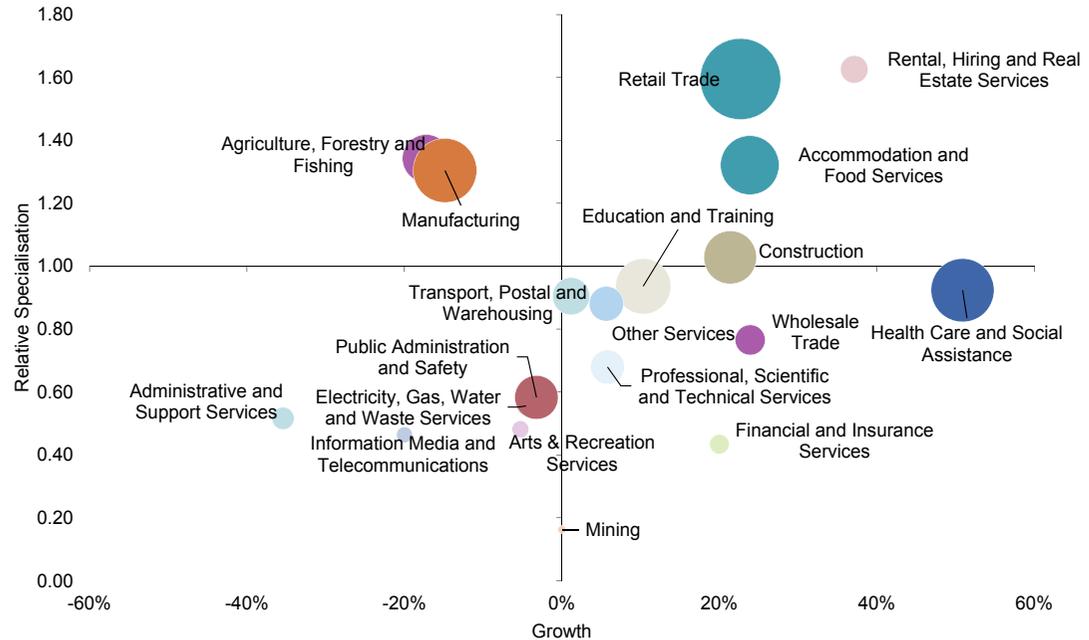
Appendix 2

Industry Growth Share Matrices

Sorell

- The largest industries from within the Sorell municipality are the Retail Trade, Manufacturing and the Health Care and Social Assistance industries which have 411, 258, and 252 jobs respectively.
- The smallest industries operating within the Sorell municipality are Mining with 4, Information Media and Telecommunications at 16 and Arts and Recreation with 18 jobs.
- The Health Care and Social Assistance industry has experienced the most growth within the Sorell municipality which has grown by 51% which has resulted from a job increase from 167 jobs to 252 jobs. The Rental, Hiring and Real Estate services industry has the second highest growth with 37% and then Wholesale Trade with 24% growth.
- The Administrative and Support Services industry has experienced the largest decline at a rate of 35% followed by Information Media and Telecommunications with a decline of 20% and then Agriculture, Forestry and Fishing with a decline of 17%.
- Analysis shows that Rental, Hiring and Real Estate Service Industry has the highest relative specialisation at 1.63 and Retail Trade at 1.59.

Sorell: Industry Growth Share Matrix



ABS Census 2011

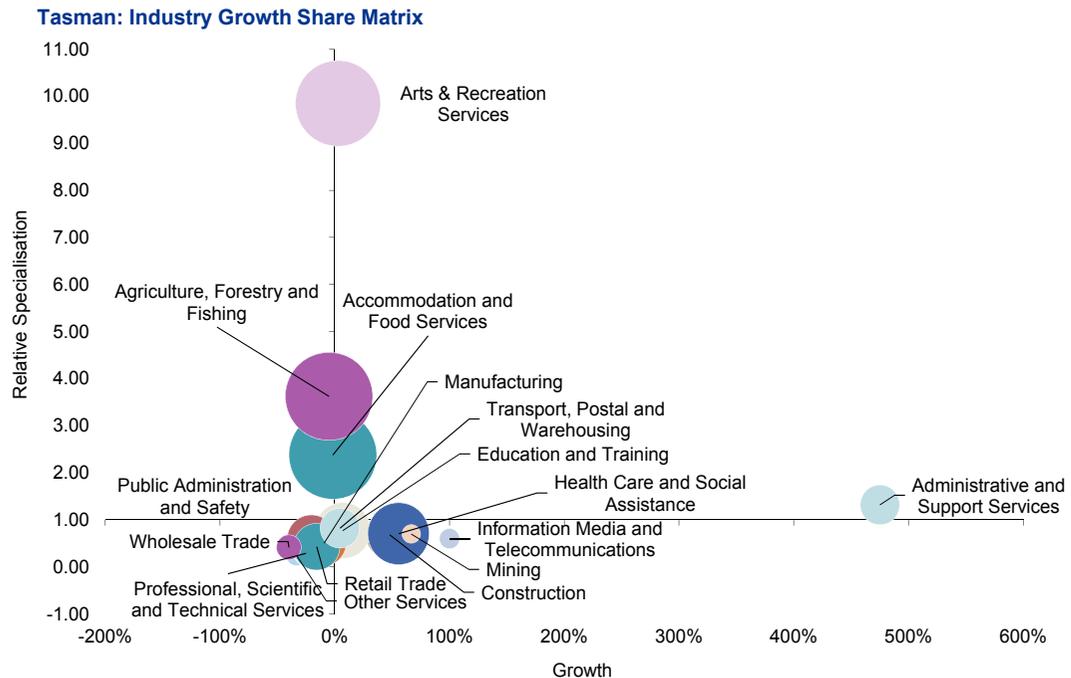


Appendix 2

Industry Growth Share Matrices

Tasman

- The graph shows that Accommodation and Food services industry is the largest with 114 jobs, followed by Agriculture, Forestry and Fishing with 113 and then Arts and Recreation Services with 107.
- The smallest industries are the Mining industry with 5 jobs, Other Services with 6 and Information Media and Telecommunications also with 6.
- The Administrative and Support Services industry showed the highest growth at 475% which had gone from 4 to 24 jobs. Information Media and Telecommunications had the second highest growth going from 3 to 6 jobs followed by mining with growth of 67%.
- The Electricity, Gas, Water and Waste Services and Rental, Hiring and Real Estate Services industries experienced the worst declines in growth as they no longer have jobs within the industry.
- The Arts and Recreation Services industry has the highest relative specialisation than any other industry at 9.85 which indicates that this industry employs 9.85 times more in the Tasman area relative to Tasmania. The Agriculture, Forestry and Fishing has the second highest relative specialisation at 3.62 followed by the Accommodation and Food Services Industry at 2.38.



ABS Census 2011

Appendix 2

Socio-Economic Indexes for Areas

Index of Education and Occupation

Advantageous Variables:

- % of employed people who work in a skill Level 1 (highest) occupation;
- % of people aged 15 years and over whose highest level of educational attainment is a diploma qualification;
- % of people aged 15 years and over at university or other tertiary institution; and
- % of employed people who work in a skill Level 2 occupation.

Disadvantageous Variables:

- % of people (in the labour force) unemployed;
- % of people aged 15 years and over whose highest level of educational attainment is a certificate III or IV;
- % of employed people who work in a skill Level 4 occupation;
- % of employed people who work in a skill Level 5 (lowest) occupation; and
- % of people aged 15 years and over whose highest level of education is Year 11 or lower.

Index of Economic Resources

Advantageous Variables:

- % of occupied private dwellings with four (4) or more bedrooms;
- % of occupied private dwellings paying mortgage greater than \$2,800 per month;
- % of occupied private dwellings owning the dwelling they occupy (with a mortgage on the main dwelling);
- % of people with stated annual household equivalised income greater than \$52,000 ;
- % of occupied private dwellings with at least one person who is an Owner of an Unincorporated Enterprise;
- % of occupied private dwellings owning dwelling without a mortgage;

Disadvantageous Variables

- % of occupied private dwellings who are group occupied private dwellings;
- % of occupied private dwellings requiring one (1) or more extra bedrooms;
- % of people aged 15 years and over who are unemployed;
- % of occupied private dwellings that are lone occupied private dwellings;
- % of one-parent families with dependent offspring only;
- % of occupied private dwellings paying rent less than \$166 per week (excluding \$0 per week);
- % of occupied private dwellings with no car; and
- % of people with stated annual household equalised income between \$1 and \$20,799.



Appendix 2

Socio-Economic Indexes for Areas

Index of Relative Socio-economic Advantage and Disadvantage

Advantageous Variables:

- % of people with stated household equivalised income greater than \$52,000 per year;
- % of occupied private dwellings paying mortgage greater than \$2,800 per month;
- % of people aged 15 years and over whose highest level of educational attainment is a diploma qualification;
- % of employed people classified as Professionals;
- % of occupied private dwellings with four (4) or more bedrooms;
- % of employed people classified as managers;
- % of occupied private dwellings paying rent greater than \$370 per week;
- % of occupied private dwellings with one or more spare bedrooms;
- % of people aged 15 years and over at university or other tertiary institution; and
- % of occupied private dwellings with three (3) or more cars.

Disadvantageous Variables

- % of people aged 15 years and over who have no educational attainment;
- % of occupied private dwellings requiring one or more extra bedrooms;

- % of occupied private dwellings with no cars;
- % of employed people classified as low skill Community and Personal Service workers;
- % of employed people classified as Machinery Operators and Drivers;
- % of people aged 15 years and over who are separated or divorced;
- % of occupied private dwellings paying rent less than \$166 per week (excluding \$0 per week);
- % of people under the age of 70 who have a long-term health condition or disability and need assistance with core activities;
- % of people (in the labour force) who are unemployed;
- % of one parent families with dependent offspring only;
- % of employed people classified as Labourers;
- % of families with children under 15 years of age who live with jobless parents;
- % of people aged 15 years and over whose highest level of education is Year 11 or lower;
- % of occupied private dwellings with no internet connection; and
- % of people with stated household equivalised income between \$1 and \$20,799 per year.



Appendix 2

LGA Ranking Definitions

Economic Fundamentals

This includes measures such as business turnover, hours worked, building approvals, and value of commercial/industrial buildings.

Infrastructure and Essential Services

This measure includes access to education and health services, as well as distance to airports and ports, road and rail infrastructure.

Technological Readiness

This measure considers factors such as internet connectivity, the employment in IT-related industries and electronics, as well as mobile and broadband coverage.

Demography

This measure reflects factors such as population size, growth rate, density, turnover, and young and senior dependency ratio.

Human Capital

This measure aims to capture the levels of qualifications of the population, and other factors such as health, English proficiency and lifelong learning opportunities.

Labour Market Efficiency

This measure reflects the unemployment rate, youth unemployment, levels of skilled labour, long term unemployment and welfare dependence.

Innovation

This measure reflects the levels of business start-ups, registered patents, and the number of research and development managers as well as employment in the science and technology sector.

Business Sophistication

This measure reflects factors such as economic diversification, the level of exporters, importers and wholesalers, and access to local finance as well as business ownership.

Natural Resources

This measure considers factors such as levels of agriculture, fishing and aquaculture, coastal access and national parks, as well as mineral, energy and timber resources.

Institutional Foundations

Institutional Foundations refers to the levels of volunteer activity, leadership and community skills base, as well as local government discretionary expenditure, and economic development support and the public workforce.



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