

AMENDED ITEM



Item No: 2.3
Title: Exhibition of the Draft Operational Plan 2023-24
Department: Environment and Planning and Corporate Services

28 March 2023 Ordinary Council Meeting

Reference: F2022/02276 - D15559593
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Recommendation

- 1 That Council endorse the following documents for the purposes of public exhibition from Monday 3 April 2023 to Monday 1 May 2023 and invite public submissions in accordance with the Local Government Act 1993:**
 - **Draft Operational Plan 2023-24 – Attachment 1**
 - **Draft Fees and Charges 2023-24 – Attachment 2**

- 2 That Council authorise the Chief Executive Officer to make appropriate amendments to the draft documents to correct numerical, grammatical or typographical errors for public exhibition.**

Report purpose

The purpose of this report is to recommend that the following documents are endorsed for public exhibition for a period of 28 days:

- Draft Operational Plan 2023-24 – Attachment 1
- Draft Fees and Charges 2023-24 – Attachment 2

Executive Summary

Under the Integrated Planning and Reporting (IP&R) Framework and in accordance with the *Local Government Act 1993* and *Local Government (General) Regulations 2021*, Council is required to develop an Operational Plan before the commencement of each financial year and publicly exhibit that plan for a period of no less than 28 days.

The Draft Operational Plan for the 2023-24 financial year is the second year of the Delivery Program (2022-23 to 2024-25) and has been prepared in accordance with the above framework and legislation. It includes:

- Details on the region, the organisation and other key information.
- Operational actions and indicators that Council intends to carry out in the 2023-24 financial year and a two-year capital works program covering the remainder of the current Delivery Program. These operational and capital activities are aligned to the Community Strategic Plan (CSP) and linked to the services that Council provides.
- Financial information, including the operational and capital income and expenditure, Statement of Revenue, proposed rates, and the Fees and Charges (under separate cover) planned for 2023-24.

In summary, it is proposed that in 2023-24 Council will receive \$656.4M in operational revenue and spend \$653.6M on services and operational functions, which results in a small surplus of \$2.8M (excluding capital grants and contributions). This includes the delivery of over 110 actions, including:

- Community programs to improve resilience and build connections, such as, mental health initiatives, affordable housing and homelessness projects, family violence prevention campaigns, and First Nations and multicultural partnership projects.
- Major events, exhibitions, and productions that aim to attract over 300,000 local residents and visitors.
- Tourism and marketing activities to continue the Coast's Eco Destination Certification and implement the Destination Management Plan.
- Coastal and estuary management actions, such as, wrack and algae removal from Tuggerah Lakes, implementation of an environmental audit program, and preparation of the Open Coast and Coastal Lagoons Coastal Management Plan and the Tuggerah Lakes Coastal Management Program.
- Biodiversity management through pest control monitoring and measures, and development of management plans to protect squirrel gliders and swift parrots.
- Community engagement activities in preparation for the next iteration of the Community Strategic Plan.
- Initiatives to improve customer experience with Council's water and sewer service, through the preparation of an engagement strategy, charter and complaints framework.
- Promoting healthy living and lifelong learning through Council's leisure centres and libraries, with programs and activities focussed on attracting over 1.7 million attendance across these facilities.

It is also proposed that \$202.4M be spent on capital works projects in 2023-24, with a focus on improving and expanding Council's existing asset portfolio. This includes the delivery of over 220 capital works projects in 2023-24, including:

- Road and drainage upgrades and renewals.
- Water and sewer network improvements.
- Leisure centre and sportsground upgrades.
- Playground upgrades and renewals.

2.3 Exhibition of the Draft Operational Plan 2023-24 (contd)

- Coastal, natural bushland, reserve and asset protection renewals and upgrades.
- Community and cultural facility building works and upgrades.
- Town centre and tourism facility upgrades.
- Waste and resource recovery upgrades and enhancements.

The Draft Operational Plan and Draft Fees and Charges for the 2023-24 financial year are presented in Attachments 1 and 2 and are recommended to be placed on public exhibition for community review.

Background

Council is required to develop and exhibit its Operational Plan prior to the commencement of the upcoming financial year. The Operation Plan is a requirement under the IP&R Framework and must be prepared in accordance with the *Local Government Act 1993* and *Local Government (General) Regulations 2021*. The Operational Plan is required to set targets, include the projects and actions to be undertaken during the financial year and identify the responsibility of these, as well as include information about Council's income, expenditure, proposed rates and special rates to be levied, and the proposed fees to be charged.

Current Status

The Draft Operational Plan and Draft Fees and Charges for the 2023-24 financial year have been prepared in accordance with the IP&R Framework and legislation. The Draft Operational Plan 2023-24, contained in Attachment 1, includes the proposed income and expenditure, with details of the projects and actions that will be carried out based on the available budget. The Draft Fees and Charges 2023-24, contained in Attachment 2, include the types of fees and amount to be charged by Council.

It is now recommended that both the Draft Operational Plan 2023-24 (Attachment 1), and Draft Fees and Charges 2023-24 (Attachment 2), be placed on public exhibition from Monday 3 April 2023 to Monday 1 May 2023.

Report

The Draft Operational Plan 2023-24, contained in Attachment 1, includes the following:



- Introduction – this includes information about the Central Coast Local Government Area, the organisation and other information that is necessary when reading the document, such as the Community Strategic Plan (CSP) framework.
- Operational Plan – this includes the Operational Plan projects, actions and indicators proposed for 2023-24 which are aligned to the CSP and link to the services Council provides.
- Financial Information – this includes a financial overview, and details on the operating and capital income and expenditure for 2023-24.
- Capital Works Program – this includes draft details of capital works projects for the 2023-24 and 2024-25 financial years.




2.3 Exhibition of the Draft Operational Plan 2023-24 (contd)

- Statement of Revenue – this includes the proposed rates and annual charges for 2023-24

The Draft Operational Plan is supported by the Draft Fees and Charges (Attachment 2), which includes the proposed fees and charges for Council services, excluding rates and annual charges, in 2023-24.

Details of operational and capital projects, actions and indicators aligned to the CSP Themes are provided in the table below:

CSP Theme	Deliverable
Belonging  	<ul style="list-style-type: none"> • 20 community programs focussed on mental health initiatives, affordable housing and homelessness projects, family violence prevention campaigns, and First Nations and multicultural partnership projects. • Delivery of events, exhibition and productions to draw in residents and visitors. • Building works on Council’s gallery and theatres. • Lifesaving services on Council’s beaches including upgrades to Council’s lifesaving facilities.
Smart  	<ul style="list-style-type: none"> • Tourism and marketing activities with town centre upgrades, Holiday Park improvements. • Implementation of Council’s Destination Management Plan and continued achievement of Eco Certification Destination. • Continued development of an Airport Masterplan.
Green  	<ul style="list-style-type: none"> • 5,000m³ of wrack and algae collection on Tuggerah Lakes. • Protection of waterways, with gross pollutant trap upgrades and coastal erosion remediation works. • Bushfire mitigation works. • Resource recovery through Food Organics and Garden Organics (FOGO) solutions. • Implementation of a litter prevention program.
Responsible   	<ul style="list-style-type: none"> • Road and drainage upgrades, with 35km of pavement renewals and road resurfacing. • Water and sewer network improvements, preparation of strategic documents to improve customer experience in water and sewer, and adherence to water delivery and sewage treatment targets. • Improvement Council’s delivery of capital works, responsiveness to enquiries within service level agreements and provision of information to the community.

CSP Theme	Deliverable
	<ul style="list-style-type: none"> Continued progress of key planning documents, including the Housing Strategy, Employment Lands Strategy, and Floodplain Risk Management Plans for Narara Creek and Tuggerah Lakes.
Liveable   	<ul style="list-style-type: none"> Continued development of an Integrated Transport Strategy. Promoting healthy living through Council's leisure centres and pool programs and upgrade works to keep the facilities up to suitable standards. Library programs and continued progress of the Gosford Regional Library. Upgrades and renewal of parks and playgrounds across the Coast. Recreational and sportsground improvements, including continued progress towards the Lake Munmorah Recreational Facility, skatepark upgrades at Umina and Gwandalan, and amenity renewals at Halekulani, Buff Point, Erina and Kincumber.

Consultation

It is recommended that the Draft Operational Plan 2023-24 (Attachment 1) and the Draft Fees and Charges 2023-24 (Attachment 2) are publicly exhibited from Monday 3 April 2023 to Monday 1 May 2023. During this time the documents will be available to view online at www.yourvoiceourcoast.com. Copies of these documents will be available at Council's Wyong administration building, at the Gosford Customer Service Centre, and the 10 Library locations across the Coast (Bateau Bay, Erina, Gosford, Kariong, Kincumber, Lake Haven Toukley, Tuggerah, Umina Beach and Woy Woy)

Members of the community may make a submission by writing via:

Online: www.yourvoiceourcoast.com

Email: ask@centralcoast.nsw.gov.au

Post: PO Box 20, Wyong NSW 2259

Financial Considerations

At its meeting held 19 October 2020, Council resolved the following:

1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.

The following statement is provided in response to this resolution of Council.

Financial Stability

Council's financial recovery plan put in place in October 2020 has been successfully executed and Council has met major milestones and targets in this recovery plan.

Council has implemented cost management measures including structural ongoing savings across employee costs, and materials and services. Council has focused its capital works program to ensure that assets are renewed as required and new assets are created to support growth in the region, and wherever possible, new assets are funded through grant funding and developer contributions. Council continues to have tight budget management controls and seeks ongoing productivity improvements.

Council's prudent financial management approach to date has enabled Council to focus on actively reducing debt to maximise funding for service delivery to the community. Debt repayment continues to be in accordance with loan schedules, noting that Council will significantly reduce its borrowing level through an early repayment of \$50M in 2023-24.

Moving to Financial Sustainability

Council is financially stable and is now looking at strategies to ensure it remains financially sustainable over the longer term whilst being able to respond to community expectations and growth in the region.

Significant productivity improvements continue to be made through ensuring effective use of staff time, through process improvements and harnessing technology to achieve efficiencies.

These productivity improvements will result in ongoing cost-effective service delivery with community benefits year on year.

In accordance with IP&R Guidelines for Local Government in NSW, Council will continue to undertake service reviews. These service reviews will assist Council in ensuring that services provided are fit for purpose and cost effective.

Council's commitment to ratepayers and residents going forward is to maintain financial sustainability. Key indicators for success are achieving the Delivery Program, continued productivity improvements, identification of alternative revenue streams and continued fiscal accountability. Council will continue to report progress to the community on a quarterly and annual basis.

Financial Summary

The Draft Operational Plan 2023-24, contained in Attachment 2, reflects Council's transition from financial recovery to financial sustainability. It details the financial income and expenditure for the remainder of the Delivery Program (2023-24 and 2024-25 financial years), noting that information for 2024-25 is draft and will be reviewed in the development of the Operational Plan for the 2024-25 financial year.

Financial Summary	2023-24	2024-25
	\$ 000's	\$ 000's

2.3 Exhibition of the Draft Operational Plan 2023-24 (contd)

Operating Income	656,387	700,506
Operating Expenditure*	(653,574)	(696,711)
Net Operating Result (excluding Capital Grants and Contributions)	2,813	3,794
Capital Grants and Contributions	76,231	67,036
Net Operating Result (including Capital Grant and Contributions)	79,044	70,830

* Includes net internal revenue and expense
NB: Figures are subject to rounding

Operating Statement	2023-24	2024-25
	\$ 000's	\$ 000's
Operating Income		
Rates and Annual Charges	421,456	460,642
User Charges and Fees	159,484	168,931
Other Revenue	10,716	11,359
Other Income	7,956	7,996
Interest and Investment Revenue	8,687	9,208
Operating Grants and Contributions	44,368	41,475
Total Income Attributable to Operations	656,387	700,506
Operating Expenses		
Employee Costs	(190,789)	(198,635)
Borrowing Costs	(13,666)	(15,741)
Materials and Services*	(215,742)	(230,202)
Depreciation and Amortisation	(192,226)	(208,688)
Other Expenses	(41,150)	(43,444)
Total Expenses Attributable to Operations	(653,574)	(696,711)
Operating Result excluding Capital Income	2,813	3,794
Capital Grants and Contributions	76,231	67,036
Operating Result including Capital Income	79,044	70,830

* Includes net internal revenue and expense
NB: Figures are subject to rounding

Operational Budget

During the 2023-24 financial year it is proposed that Council will receive operational revenue of \$656.4M and spend \$653.6M on essential services. This results in an operating surplus of \$2.8M (excluding capital grants and contributions).

In developing the Draft Operational Plan 2023-24, consideration has been given to Council's 2022-23 Quarter 2 budgeted position, as well as current trends and wider economic factors.

Assumptions relating to revenue and expenditure are in accordance with the following:

2.3 Exhibition of the Draft Operational Plan 2023-24 (contd)

- Rate peg at 3.8% (IPART determined)
- Interest and investment income based on current and anticipated interest rates
- Increased income for some services previously impacted by COVID-19 (theatres, galleries and leisure centres)
- New income streams
- Increase in employee costs based on the anticipated higher Award increase
- Materials and services in line with current CPI
- Borrowing costs based on current interest rates
- Increased depreciation from higher gross replacement cost of assets as per the revaluation of assets included in the 2021-22 audited financial statements

Capital Works Program

Council proposes a Capital Works Program of \$202.4M in 2023-24 to improve and expand Council's asset portfolio, which has a gross replacement cost of over \$12.1B.

An additional 27 capital works projects, totalling \$34.4M, are subject to external grant funding that is yet to be confirmed for 2023-24. These projects will be added to the capital works program as the external funding agreements are confirmed. Pending grant funded projects may be subject to scope change by the Funding Body.

Capital Works Program by Type of Works	2023-24	% of spend for 2023-24	2024-25
	\$ million	% percent	\$ million
Capital Works Program			
New and Strategic	37.9	18.7%	37.3
Renewal	77.8	38.4%	93.4
Upgrade	86.7	42.9%	109.6
Capital Works Program Sub-Total	202.4	100.0%	240.3
Pending Grants			
New and Strategic	20.8	60.5%	30.3
Renewal	12.8	37.2%	10.1
Upgrade	0.8	2.3%	0.0
Pending Grants Sub-Total	34.4	100.0%	40.4
Total	236.8		280.7

NB: Figures are subject to rounding

Statement of Revenue

For 2023-24, IPART approved a rate peg of 3.8% (3.7% base rate peg plus 0.1% population factor) as the maximum increase in Council's permissible rates income.

Under the *Valuation of Land Act 1916* Council is required to use the most current land values when calculating ordinary and special rates. These values are provided by the NSW Valuer

General (VG), the independent statutory authority responsible for determining land values in NSW. The latest values provided by the VG are being used for levying rates in 2023-24 and have a base date of 1 July 2022.

All prices for water, sewerage, stormwater drainage and ancillary services for 2023-24 are in accordance with IPART's final determination issued on 24 May 2022, adjusted by an estimate of the 2023-24 CPI multiplier of 7.3%. The CPI multiplier, as per the determination, is based on the percentage change from the March Quarter 2022 to March Quarter 2023 of the CPI All Groups index number for the weighted average of eight capital cities, as published by the Australian Bureau of Statistics. The March Quarter 2023 CPI figures are due to be published in late April 2023 and the prices will be updated once the final CPI multiplier is available. The 2023-24 fees as updated by the latest CPI figures will be reported to Council in May 2023.

Fees and Charges

The user fees and charges have been increased in line with the cost of providing the service or as stipulated by legislation. The Draft Fees and Charges 2023-24 document is contained in Attachment 2.

Link to Community Strategic Plan

The Draft Operational Plan 2023-24 responds to all five CSP Themes. The requirement to provide the Draft Operational Plan and Draft Fees and Charges for the 2023-24 financial year is linked to the following:

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G3: Provide leadership that is transparent and accountable, makes decisions in the best interest of the community, ensures Council is financially sustainable and adheres to a strong audit process.

Risk Management

The exhibition timeline ensures the community has adequate time to review the Draft Operational Plan 2023-24 and Draft Fees and Charges 2023-24, and that Council has sufficient time to consider those submissions and adopt the final Operational Plan 2023-24 and Fees and Charges 2023-24 by 1 July 2023. This timeline ensures Council meets its requirements and aims to mitigate the risk of being in breach of legislation.

Options

Council has the option to:

2.3 Exhibition of the Draft Operational Plan 2023-24 (contd)

- 1 Endorse the Draft Operational Plan 2023-24 and Draft Fees and Charges 2023-24 for exhibition. The Draft Operational Plan 2023-24 (Attachment 1) and the Draft Fees and Charge 2023-24 (Attachment 2) have been prepared in accordance with relevant legislation. Endorsing these documents for exhibition is in accordance with requirements and seeks to ensure that Council meets its legislative responsibilities. **This is the recommended option.**
- 2 Resolve not to endorse the Draft Operational Plan 2023-24 and Draft Fees and Charges 2023-24 for exhibition. Council may choose to exhibit the Draft Operational Plan 2023-24 and Draft Fees and Charges 2023-24 at a different time, however doing so would put Council at risk of not meeting its legislative requirements to consider submissions and adopt an Operational Plan before the commencement of the 2023-24 financial year (not recommended).

Critical Dates or Timeframes

It is proposed that the Draft Operational Plan 2023-24 and Draft Fees and Charges 2023-24 are publicly exhibited from Monday 3 April 2023 to Monday 1 May 2023. Council is required to consider all submissions it receives prior to adopting these documents. A summary of those submissions, consideration of recommended changes and adoption of the final Operational Plan 2023-24 and final Fees and Charges 2023-24 will be presented to Council by 30 June 2023.

Attachments

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|---|--------------------------------|-----------|
| 1 | Draft Operational Plan 2023-24 | D15601510 |
| 2 | Draft Fees and Charges 2023-24 | D15601514 |