



Wollongong City Council

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# Attachment 1

## Budget

### 2023-2024

Adopted 26 June 2023

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## Introduction

Council adopted its current Financial Strategy in 2021, which recognised that Council had reached its target of financial sustainability and committed to maintain that position. Over the past two to three years, Council and its community have experienced significant disruption caused by fire, COVID-19 and a number of floods. Prior to, and through the first year of the 2022-2026 Delivery Program, Council has been able to navigate through these events and respond financially to issues through its financial agility, by utilising existing reserves and with the assistance of additional funding from other levels of government. During this time, Council has been able to broadly maintain its financial strength and has continued to exceed its expectations in some areas that has allowed some restricted assets to be replenished.

In late 2022, global and Australian economic conditions became unstable, resulting in high inflation and supply shortages for employees, contractors and materials. As a result, the cost of delivering Council services and infrastructure has increased and delivery has become more challenging. The recorded value of Council assets has also substantially increased, indicating a higher cost of renewal in the long term and an immediate increase in depreciation levels reported by the Council.

Council's revised asset valuations and estimated lives have resulted in depreciation that is substantially higher than previously forecast. While there is a negative impact on our financial Key Performance Indicators (KPIs) in the short term, it does not impact the current delivery program or our capacity to maintain and renew assets over the reporting period.

Additional strain has been placed on Council's financial capacity by the Rate Peg mechanism that limits the rates revenue of Council. The Rate Peg, set by IPART, uses a set of pricing indices that represent a generic 'basket of goods' used by Local Government (Local Government Cost Index) to determine the level of increase in rates. While that process has been reasonably reliable during stable economic conditions, it has created a high degree of difficulty in the current high inflationary period. This strain is primarily caused by the indexation being based on prior periods (July 2021 to June 2022), while the costs Council will incur are being budgeted for July 2023 to July 2024. This mismatch in general revenues and costs has created a shortfall in Funds Available from Operations in Council's budget for 2023-2024 and 2024-2025, although with estimated lower levels of inflation in the future it is expected to be returned within normal parameters.

In addition, the Emergency Service contribution has increased by \$1.1M for 2023-2024 and the subsidy was reduced by \$1.0M bringing the total contribution to \$6.1M.

On the positive side, Council has been successful in obtaining a higher than normal level of Government Funding, some of which is related to disaster recovery (primarily flooding) and some related to planned new and enhanced assets that improve the service and reduce the reliance on Council's own funds for construction. This funding is now a vital part of balancing the financial plan for the next two years of the Delivery Program and has required some rephrasing of the Infrastructure Delivery Program over the term of the Plan.

Based on the proposed estimates and assumptions, Council's position will remain sustainable with the actions currently in place to manage the short term rates shortfall and begin to address the longer term asset management and lifecycle cost issues. It is considered that options are available to review the asset management assumptions and life cycle cost estimates to better reflect optimised practices available for some asset classes. It is also acknowledged that in line with increasing values, additional allocation may be required to maintain assets in future periods.

Assumptions in the current Long Term Financial Plan continue to contain a significant level of risk caused primarily by external factors including volatile economic conditions. Wage and other cost indexation remain a substantial risk, albeit the significant uplift in these costs have already been factored into forecasts. There is continuing risk of costs being imposed on Council and Local Government in general, by other levels of government through legislation, pricing control, indirect taxation and other forms of cost shifting that are not funded with matching revenue opportunities.

Council's ability to invest additional funds in increased services, service levels, or manage the increased cost of asset renewal is limited in the short term, however, Council is acting to review its Financial Strategy and optimise services over the coming periods with the view to creating greater capacity to do more. This will include reviewing asset management plans for Transport, Stormwater, Buildings and Recreational assets to identify and verify optimised methodologies that are anticipated to result in more mature information and greater certainty in estimating asset management requirements.

Despite these challenges, Council remains committed to achieving an extensive Infrastructure Delivery Program to ensure the highest levels of renewal and construction activity is maintained.

## Financial Strategy

Council is committed to the principles of financial sustainability and good financial management. Financial sustainability is defined as where the planned, long term service and infrastructure levels and standards of Council can be met without unplanned increases in rates or disruptive cuts to service.

Financial forecasts are built within the parameters of Council's Financial Strategy (Council Policy) that provides the direction and context for decision making in the allocation, management and use of Council's limited financial resources. The Financial Strategy sets the parameters within which Council plans to operate to provide financial stability, affordability, focus and efficiency (value for money), over the short, medium and longer terms. The key performance indicators outlined in the Financial Strategy are supported by clear targets for these to support continuous measurement of financial sustainability.

The Financial Strategy is reviewed on an ongoing basis and targets modified over time to reflect Council's financial sustainability, maturity, evolution and to respond to crisis and external influences. The Financial Strategy is viewed as an enabling Strategy that provides the guiding principles to provide financial stability over the short, medium and longer term.

The current Financial Strategy has clear objectives including:

- Council will aim to maintain Available Funds between 3.5% and 5.5% of Income from Continuing Operations [pre-capital].
- Council will plan to maintain a small Operating Result surplus (average over three years) in the future.
- Council's annual allocations to Operating and Capital Budgets will generally not exceed anticipated cash inflows. Where the Available Funds level is above minimum requirements, additional funds will be transferred to the Strategic Projects Restricted Asset and consideration given to the allocation of funds through the Strategic Planning process.
- Council will plan for Funds Available from Operations at least equal to depreciation.
- In determining the approval of budget for additional or enhanced assets, Council will ensure that the whole of life cost is considered and is able to be sustainably accommodated within future forecasts.
- Council will actively consider borrowings through its Resource Strategy and Capital Budget as a source to finance timing mismatches between cash availability and expenditure requirements and to provide for intergenerational equity where it is determined to be applicable.

## Financial Forecasts

The financial forecasts contained in this document provide a financial view that encapsulates the Service levels and outcomes as documented in the Resourcing Strategy and Delivery Program 2022-2026 and Operational Plan 2023-2024.

Forecasts have been informed by asset management plans, timing of capital program and are supported by a range of underlying indices and assumptions discussed throughout this document.

The development and maintenance of Council's forecasts are centred around a 10 year continuous budget process that is updated in line with longer term annual delivery planning, annual resets of assumptions and indices, Quarterly Review changes and one-off changes where new information leads to a requirement to alter forecasts. Underlying indices support the long term forecasts and are revised through the strategic planning process to reflect recent economic indicators. The greatest risk in this process is that underlying indices, particularly the correlation between the rates index and cost of service, are mismatched in the future.

The financial indices for year two of the current Delivery Program have, in many cases, moved substantially since adoption in June 2022. Labour costs that were anticipated to increase by 2% in 2023-2024 are now anticipated to increase above that level, while other cost indexation estimates have moved significantly from 2.4% to 6.75%. The rates revenue estimate has only moved from 2.55% to 3.7% leaving a substantial gap in annual funding compared to cost. There have been some

improvements in estimated investment returns and a general increase in fees and charges which, while positive, represent a significantly lower portion of Council's revenue.

The key revised financial forecasts for the years 2023-2024 to 2026-2027 are shown in the tables below.

KEY INCOME & EXPENSE RESULTS				
	2023/2024 Budget \$M	2024/2025 Forecast \$M	2025/2026 Forecast \$M	2026/27 Forecast \$M
<b>Operating Result [pre capital]</b>	(11.4)	(8.9)	(12.8)	(7.0)
<b>Funds Available from Operations</b>	64.3	66.9	70.1	73.0
<b>Available Funds</b>	14.9	14.2	15.6	14.8

The two operating results above have deteriorated in the earlier years compared to original forecasts in 2022, while they show some improvement in the final years. This impact is primarily due to the lower than required rate increases in 2023-2024 and recovery of that during later years. The Available Funds position has been slightly improved over all years due to the impact of external funding, use of existing restricted assets and rephasing of some Infrastructure Delivery projects to cover any cash shortfalls in the short term.

While Council aims to achieve a small Operating Surplus [pre capital], estimates show a surplus not being achieved in the forward plans. This has occurred due to increased asset values and subsequent depreciation variation that occurred in 2022. While there remains a deficit budget, it is considered Council's financial position is sustainable with the actions currently in place to manage the short term rates shortfall while beginning to address longer term asset management and lifecycle cost issues.

#### **Strategic Projects Restricted Asset Investment**

In years where Council has achieved financial improvements beyond the targets set in the financial forecasts, funds have been transferred to Strategic Projects internally restricted cash to be held for allocation through the strategic planning cycle. This has provided a level of additional capacity that can be applied to enhance some service deliveries, accelerate planned projects or introduce additional projects. The Operational Plan 2023-2024 includes capital and operational projects that are non-recurrent or fixed duration to be funded from Strategic Projects restricted cash. The funding made available to projects from the Strategic Projects restricted asset over the next four years are detailed in the diagram below.

Diagram 1

PROPOSED PROJECTS & PROGRAMS				
Funded From Strategic Projects Restricted Cash				
Project Description	2023/24 Budget Working \$'000s	2024/25 Forecast Working \$'000s	2025/26 Forecast Working \$'000s	2026/27 Forecast Working \$'000s
<b>Capital Projects</b>				
Rex Jackson Sports Field Lighting	120	-	-	-
Helensburgh Library + Community Centre	-	-	3,000	-
North Wollongong Beach, Seawall Renewal Stage 1	500	-	-	-
Additional Outdoor Exercise Equipment General	313	-	-	-
Beaton Park Tennis Court Relocation and Upgrade	1,100	-	-	-
Design & Implementation of King George V Park Masterplan	20	235	-	-
Mt Kembla Mountain Bike Trails (plan and design)	1,300	-	-	-
Various Traffic Facilities, Footpaths & Shared Paths	520	580	-	-
	<b>3,873</b>	<b>815</b>	<b>3,000</b>	-
<b>Supporting Documents</b>				
Access and Movement Strategy Review	120	-	-	-
West Dapto Review WaterCycle Masterplan	75	-	-	-
Landscape development plan for West Dapto - for riparian corridors	20	-	-	-
Fred Finch Park - Landscape Masterplan	35	-	-	-
Lake Illawarra Shared Path Masterplan	110	-	-	-
Hill 60 Tunnels Reopening- Detailed Concept Plans	125	-	-	-
Mt Keira Summit Park Interpretation Design Guide	-	-	50	-
Battery Park, Smiths Hill & Flagstaff Hill Forts Heritage Consultant	120	-	-	-
Botanic Gardens Design Investigation for Asset Improvement	-	60	146	-
Feasibility Study Synthetic Football Pitch in Planning Area 1 (North) - Site Investigations	88	-	-	-
Pedestrian Bridge Thurston Av - Feasibility Study	30	-	-	-
Implement Keiraville Gwynneville Access & Movement Strategy	41	-	-	-
Draft Bulli Showground Masterplan - Feasibility Assessment and Community Consultation	-	103	-	-
Stuart Park Masterplan	98	-	-	-
Fred Finch Park Lighting Feasibility	40	-	-	-
Thirroul Village - Character and Heritage Study	-	75	77	-
Social Infrastructure Planning Framework	100	-	-	-
	<b>1,002</b>	<b>238</b>	<b>273</b>	-
<b>Other Non-Recurrent Projects</b>				
Wollongong Biennial Acquisitive Sculpture Award	-	140	-	140
Innovation App Competition	40	-	-	-
Sandon Point Interpretive Signage & Indigenous Art Work	103	-	-	-
Climate Change and Sustainability Program	157	-	-	-
IPAC Additional Support	64	65	-	-
Wollongong Learning City Project	100	68	-	-
Interpretive Historical Signage Grand Pacific Walk	120	-	-	-
Outdoor Dining Fee Waiver	185	-	-	-
COVID Outdoor Dining Initiative	45	-	-	-
	<b>814</b>	<b>273</b>	-	<b>140</b>
<b>ANNUAL TOTAL</b>	<b>5,688</b>	<b>1,326</b>	<b>3,273</b>	<b>140</b>
<b>Cumulative total funded from Strategic Projects Restricted Cash</b>				<b>10,427</b>



## Key Performance Indicators

The long term forecasts presented below are indicative of our existing position. Council has a continuous budget process that revises the long term forecasts in line with quarterly changes and resets assumptions and indices annually or where new information leads to an immediate requirement to change the indices. The projected long term indicators are primarily based on existing assumptions and indices from Community Strategic Plan, Delivery Plan and Resource Strategy and the Long Term Financial Plan.

### - Financial Position - Available Funds

Available funds are funds Council has earned but not allocated to specific expenditure in the past or future.

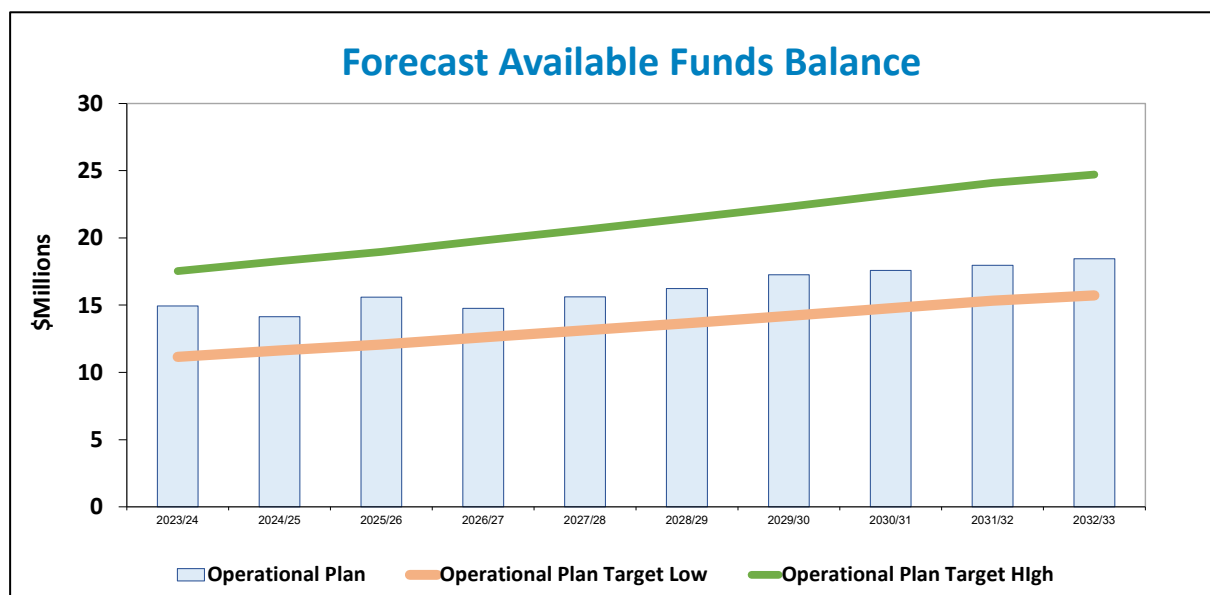
They are held as Council's savings and are used to act as a buffer against unanticipated future costs or can be used to provide flexibility to take advantage of opportunities that may arise.

Council aims to maintain Available Funds (the unallocated portion of all future revenues) between 3.5% and 5.5% of Income from Continuing Operations [pre-capital].

While the Available Funds balance may fall below or towards the bottom of the targeted level during the period, the Financial Strategy provides an onus in our planning to ensure adequate adjustment is made to restore the balance through future programs within an acceptable timeframe.

The diagram below provides the forecast levels of Available Funds with the targeted upper and lower levels.

Diagram 2



The 2023-2024 budget includes an \$8.5M transfer to the Strategic Projects Restricted Asset. This funding has been held as part of the short term strategy to use additional external money in the 2023-2024 financial year.

### - Operational Performance – Operating Result [pre capital]

Council's Financial Strategy targets a small operational surplus [pre capital] (average over three years).

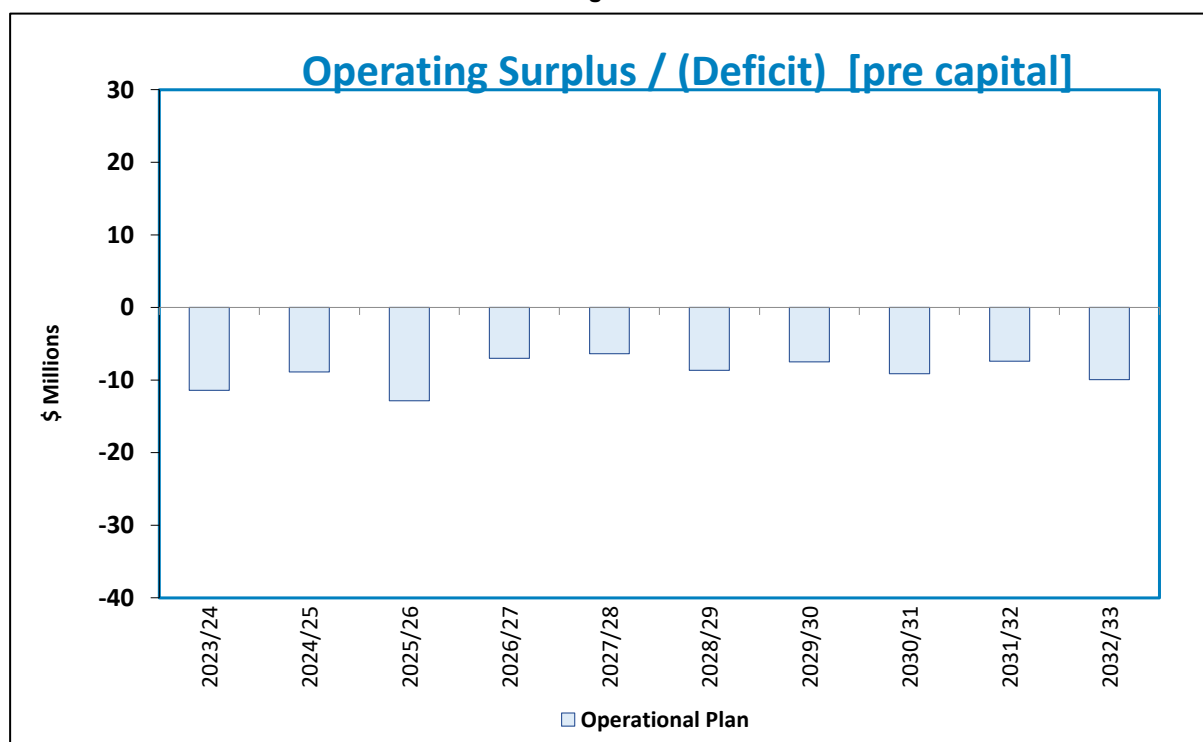
The Operating Result [pre capital] is one of the main indicators of the long-term financial viability of Council. The long term nature of Operating Result is often misunderstood by reflection on single year surplus or deficit results that may be impacted by unusual circumstances or events.

In broad terms, a deficit from operations over time indicates that Council is not earning sufficient revenue to fund its ongoing operations (services) and renewal of assets, which are an integral part of that service when required. This measure should be viewed over the long term as annual results may be impacted by timing.

The Operating Result is inclusive of depreciation, which is an accounting estimate to reflect the annualised consumption of an asset over its lifetime (asset value divided by life of the asset). Council revalued its Stormwater and Transport assets and applied indexation to other assets at 30 June 2022 based on the best available and evidenced accounting and engineering data. This led to a substantial increase in the depreciation forecast and a deterioration in the Operating Result. Council will be working to develop revised and further advanced evidence to create greater confidence in estimates and work towards optimisation approaches to reduce the currently reported gap.

The diagram below shows Council's Operating Result [pre capital].

**Diagram 3**



Council received a grant for \$11.2M during the 2022-2023 financial year for maintenance works on assets following the storm events experienced in the Local Government Area. This has now been recognised as income in the 2022-2023 financial year (subject to Auditor confirmation), however, a significant portion of this grant is anticipated to be spent during the 2023-2024 financial year. This program is still being defined and agreed with Transport for NSW so expenditure has not been fully included in the 2023-2024 budget. Although this grant will not have an impact on the Funds Available from Operations, the additional expenditure may have a negative impact on the Operating Result [pre capital].

#### - **Operational Performance – Funds Available from Operations**

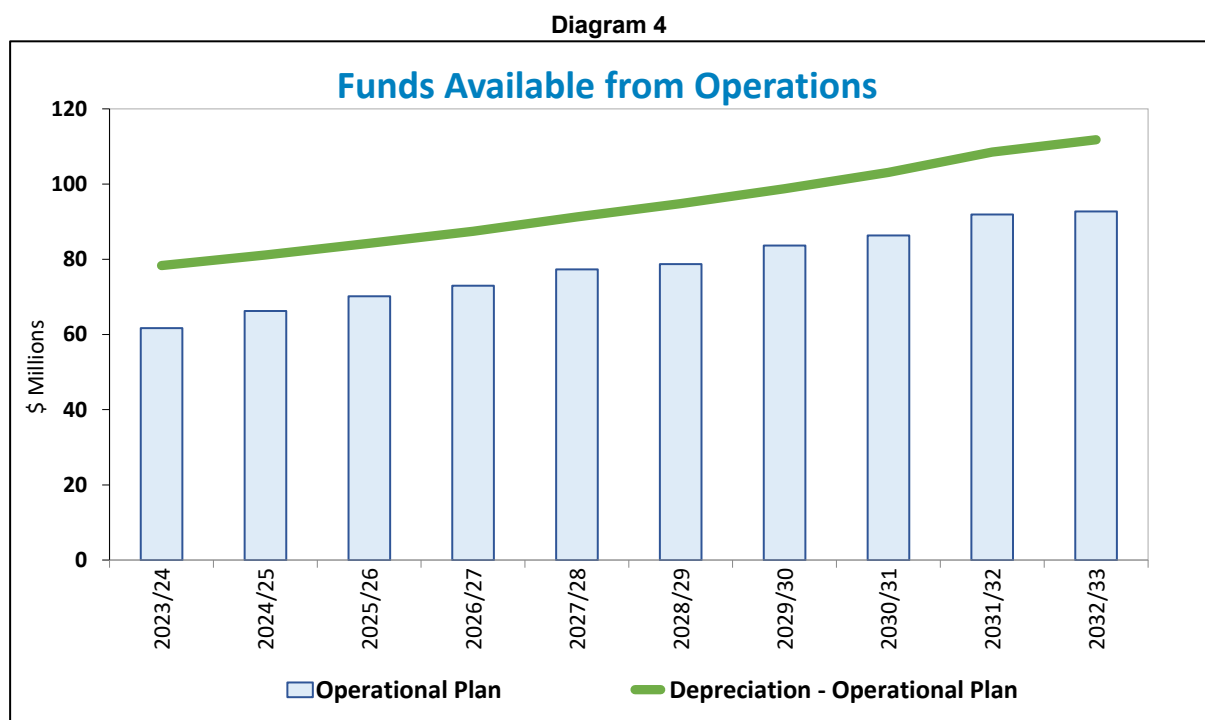
The Financial Strategy requires Council plan for a Funds Available from Operations result at least equal to depreciation.

Council receives income and elects to spend that money on day to day activities to provide services and operate the organisation. This is reflected in the Income and Expense Statement. The Operating Result [pre capital] disclosed in the Income Statement includes depreciation and other non-cash expenses, so a deficit Operating Result can still produce an operating cash surplus. It is this cash surplus that is available to fund the renewal of existing assets that Council considers a more reliable indicator of future sustainability. Cash does not change when depreciation is adjusted.

The forecast Funds Available from Operations has been compared against the level of depreciation, as this was Council's proxy for the average funding required to renew existing assets at their end of current life. This does not reflect the need for funds on an annual basis due to the varying lives of Council assets. Current Funds Available from Operations are considered sufficient to deliver renewal requirements through the current planning period.

Council's Financial Strategy acknowledges not all Funds Available from Operations will be applied to renewing assets and assets will not always be replaced on a like for like basis. Provision is required for upgraded, enhanced and new assets as community demands and expectations change. Additional capacity is created where: existing asset renewal is funded from other revenue sources such as grants and contributions; efficiencies in the replacement or life of assets is achieved; additional rate revenue is received through growth and rationalisation of assets through efficiency while maintaining an agreed service level is achieved. While such capacity is inevitable over time, it is not easy to forecast and may need to be supplemented through other financial options if higher levels of enhanced service is required.

Diagram 4 shows Council's forecast Funds Available from Operations position.



**Note:** The depreciation figures in the diagram above exclude the depreciation on Waste Remediation, State Emergency Services & Rural Fire Service vehicles, right-of-use assets and Home and Community Care vehicles that do not require funding from Council.

## Borrowings

The Financial Strategy requires that:

- a Council will actively consider borrowings through its Resource Strategy and Capital Budget as a source to finance timing mismatches between cash availability and expenditure requirements and to provide for intergenerational equity, where determined applicable.
- b Borrowings will be considered for investment in assets acquired to provide additional service and service level or to provide for timing mismatches in asset renewal funding.
- c Internal borrowing will be applied first where funds are available and determined to be more economical.
- d Interest on internal borrowings will be costed to Income Activity Services to reflect the opportunity cost and be applied in business cases to reflect actual return on investment.
- e Borrowing terms will preferably be structured to match, but not exceed, asset life where there is appropriate product in the market to do so.

Details of proposed internal borrowing are included in the assumptions for works at Whytes Gully Waste Facility.

Council currently has a loan portfolio comprised of several loans under the Local Infrastructure Renewal Scheme (LIRS) program. The LIRS program was introduced by the NSW Government as incentive to councils to accelerate infrastructure renewal by providing a loan subsidy. Loans entered into under this program have been used to accelerate city-wide footpaths, shared path renewal, 'Missing Links

Construction Program', building refurbishment works for a number of Council facilities and to support the West Dapto Access-Fowlers Road project. These loans were taken over a 10 year period and will be completed by June 2025.

Council's current forecasts indicate Council will remain a low debt user although capacity remains for Council to take on new debt in line with our Financial Strategy. The timing of infrastructure development and progress for West Dapto release areas and other asset requirements is continuously reviewed to determine need for debt financing. Current modelling for West Dapto development and asset requirements indicates there is a possibility that some infrastructure assets will need to be built in preparation for development and could require borrowing in future years. If that were to occur, the debt would be repaid by future development contributions and restricted assets created from revenue growth in the West Dapto area.

At this stage, the Long Term Financial Plan does not indicate debt financing will be required, however, this could change as development is realised over the period. The extent of borrowing requirements will be dependent both on timing of infrastructure provision and availability of other funding sources such as grants and contributions.

Within the next four years, internal borrowings will be required for the Waste Facility. This is discussed in further detail within the Borrowing Costs section.

Council will continue to evaluate and consider opportunities that may arise in line with the Financial Strategy.

## Other Considerations

### Supporting Document Initiatives

The terminology 'Supporting Documents' is used at Wollongong City Council in reference to a range of documents that includes plans, strategies or studies that inform future direction and priorities. Council has a large number of Supporting Document initiatives that have not yet been funded through the strategic planning process. The large volume of Supporting Documents provides clear, longer term intent and direction for Council in terms of what it would like to do and what it will endeavour to do with the resources that may be available. These Supporting Documents are important in planning future Council services and are used to identify and respond to opportunities for future external funding and/or an increase or redirection of own source funds available to Council.

A listing of Supporting Document projects included in the Budget 2023–2024 to 2026-2027 is provided below.

<b>Supporting Documents - Planning Studies &amp; Investigations</b>					
<b>Service &amp; Project</b>	<b>2023/2024</b>	<b>2024/2025</b>	<b>2025/2026</b>	<b>2026/2027</b>	
	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	
	<b>\$'000s</b>	<b>\$'000s</b>	<b>\$'000s</b>	<b>\$'000s</b>	
<b>Corporate Strategy</b>	-	77	484	514	514
Centralised Studies & Plans	-	-	484	514	514
Community Strategic Plan Review	-	77	-	-	-
<b>Land Use Planning</b>	<b>626</b>	<b>407</b>	<b>182</b>	<b>-</b>	
West Dapto Review WaterCycle Masterplan	75	-	-	-	-
City Centre Planning Review	35	-	-	-	-
City Wide Local Environment Planning Review	100	100	-	-	-
Landscape development plan for West Dapto - for riparian corridor	20	-	-	-	-
Battery Park, Smiths Hill & Flagstaff Hill Forts Heritage Consultant	120	-	-	-	-
Review Riparian Corridor Management Study & Policy	102	-	-	-	-
Planning Controls for South Wollongong	-	103	105	-	-
Built Form Testing Development Control Plan Ch B4	-	-	-	-	-
Development in Business Zones	150	103	-	-	-
Thirroul Village - Character and Heritage Study	-	75	77	-	-
West Dapto Vision Implementation - Infrastructure and Development Strategy, including Performance Indicators	25	26	-	-	-

## Supporting Documents - Planning Studies & Investigations

Service & Project	2023/2024	2024/2025	2025/2026	2026/2027
	Budget	Forecast	Forecast	Forecast
	\$'000s	\$'000s	\$'000s	\$'000s
<b>Stormwater Services</b>	<b>320</b>	<b>170</b>	<b>170</b>	<b>350</b>
Floodplain Management Studies	100	120	120	350
Review of Allans Creek Floodplain Risk Management Study	60	-	-	-
Review of Fairy Cabbage Creeks Floodplain Risk Management Study	50	-	-	-
Review of Wollongong City Floodplain Risk Management Study	30	-	-	-
Review of Brooks Creek Floodplain Risk Management Study	30	-	-	-
Review of Minnegang Creek Floodplain Risk Management Study	50	50	50	-
<b>Environmental Services</b>	<b>500</b>	<b>628</b>	<b>-</b>	<b>-</b>
Climate Change Risk Assessment & Adaptation Plan	9	-	-	-
Coastal Management Program for the Open Coast	471	470	-	-
Prepare Subsequent Climate Change Mitigation Plan	20	-	-	-
Develop design guidelines for green roofs, green walls and facades	-	158	-	-
<b>Natural Area Management</b>	<b>34</b>	<b>35</b>	<b>36</b>	<b>31</b>
Vegetation Management Plans for High Priority Natural Areas	34	35	36	31
<b>Transport Services</b>	<b>301</b>	<b>-</b>	<b>73</b>	<b>-</b>
Access and Movement Strategy Review	120	-	-	-
City Centre Parking Surveys - EMS Report	-	-	73	-
Lake Illawarra Shared Path Masterplan	110	-	-	-
Pedestrian Bridge Thurston Av - Feasibility Study	30	-	-	-
Implement Keiraville Gwynneville Access & Movement Strategy	41	-	-	-
<b>Community Facilities</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
Social Infrastructure Planning Framework	100	-	-	-
<b>Cultural Services</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>-</b>
West Dapto Vision Implementation - Cultural Strategy & Plan	-	-	52	-
<b>Aquatic Services</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>
Surf Club Strategy	-	100	-	-
<b>Botanic Garden and Annexes</b>	<b>-</b>	<b>60</b>	<b>196</b>	<b>-</b>
Mt Keira Summit Park Interpretation Design Guide	-	-	50	-
Botanic Gardens Design Investigation for Asset Improvement	-	60	146	-
<b>Parks and Sportsfields</b>	<b>574</b>	<b>61</b>	<b>-</b>	<b>32</b>
Bellambi Foreshore Precinct Plan	112	61	-	-
Fred Finch Park - Landscape Masterplan	35	-	-	-
Hill 60 Tunnels Reopening- Detailed Concept Plans	125	-	-	-
Feasibility Study Synthetic Football Pitch in Planning Area 1 (North) - Site Investigation	88	-	-	-
Stuart Park Masterplan	98	-	-	-
Fred Finch Park Lighting Feasibility	40	-	-	-
MacCabe Park Masterplan + Feasibility Investigations	-	-	-	32
Lang Park Masterplan	77	-	-	-
<b>Property Services</b>	<b>-</b>	<b>103</b>	<b>-</b>	<b>-</b>
Draft Bulli Showground Masterplan - Feasibility Assessment and Community Consultation Phase	-	103	-	-
<b>Total Expenditure *</b>	<b>2,456</b>	<b>1,641</b>	<b>1,193</b>	<b>927</b>

\*Expenditure shown above is for full project cost. A number of projects are supported from external grant funds or internal restrictions



## West Dapto

A significant part of Wollongong's service and population growth is expected to be centred on new residential developments at West Dapto in Wollongong's south-west. Growth in West Dapto will require significant new services supported by a substantial level of new infrastructure. Supporting Documents, such as the West Dapto Local Environment Plan, Infrastructure Plan, Access Strategy and West Dapto Development Contribution Plans have articulated proposed services, assets and potential future sources of funds to some extent and this has informed the development of a West Dapto release area financial forecast model. The implications of this model have been incorporated into the financial forecasts. The model is based on extremely broad assumptions for actions that may vary markedly as the future unfolds. A conservative approach has been taken that assumes a self-funding model and only includes agreed grant programs in these forecasts. The financial impacts of West Dapto are further discussed in the Current Assumptions and financial management principles throughout the document.

## Potential Initiatives

There are several other potential initiatives or programs that have not been included in the financial estimates or draft Infrastructure Delivery Program at this stage due to the lack of certainty around the timing, funding and/or probability of completion. These include actions such as:

- Foreshore Parking Strategy implications
- Community & Recreation facilities at West Dapto
- Potential sale of Council owned land in West Dapto
- Grand Pacific Walk future stages
- Further street lighting alternate lighting technologies
- Beaton Park Re-development
- Wollongong Entertainment Centre Precinct
- Bellambi Foreshore
- Potential property development
- Disaster recovery works

## Other Risks and Exposures

The financial forecasts are based on the information available at a point in time and may be impacted by external factors. There are several potential risk areas that include:

- **Economic volatility & upward price trends.** While our current indices are premised on a higher than anticipated increase for labour and a 6.75% increase for commodities for 2023-2024 and small increases beyond that, current economic conditions indicate the potential for more significant movements and volatility in the immediate future that are not included within budget.
- **Supply of contractors, materials and employees.**
- **Financial Assistance Grant.** Council currently receives an annual allocation of approximately \$20M per annum that represents 6.4% of total operating revenues. Potential changes to distribution and indexation application may impact on financial forecasts.
- **Superannuation Defined Benefits Scheme.** While final additional payments were expected to end in the 2021-2022 financial year, an extension into 2022-2023 and a further extension into 2023-2024 have been advised and is included in the financial forecasts. The additional payment has also been included as a contingency in future years.
- **Interest on investments.** Impacted by continued volatility in investment market conditions. In line with the Financial Strategy, additional returns above the baseline set in the Long Term Financial Plan will be treated as short term capacity within the strategic planning process and allocated on a non-recurrent basis.
- **Waste Facility Income and Operational Costs.** The waste facility forecasts include \$10.8M income projections from commercial customers that are subject to increasingly competitive external market conditions. Operational costs in this area may also be impacted by changing environmental compliance requirements and emerging technologies.
- **Review of Rate Pegging.** IPART is currently conducting a review of the Rate Pegging methodology. The impact of this on future Rate income is unknown.
- Shifts in policy in other layers of Government that may affect funding or expenditure requirements.

## Financial Budget Reports

The following budget reports are provided for the 2023-2024 Budget and Long Term Financial Position:

Whole of Council Four Year Financial Forecasts:

- Income Statement
- Funding Statement (including Capital Budget)
- Statement of Financial Position
- Statement of Cash Flows
- Services Financial Report

<b>WOLLONGONG CITY COUNCIL</b> <b>4 Year Financials</b>				
	2023/2024 Budget \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000
<b>INCOME STATEMENT</b>				
<b>Income From Continuing Operations</b>				
Rates and Annual Charges	232,236	244,317	254,911	267,807
User Charges and Fees	39,001	40,356	41,532	42,743
Interest and Investment Revenues	5,693	5,556	5,615	6,193
Other Revenues	6,001	6,130	6,309	6,541
Fair Value Adjustment on Investment Properties	198	202	207	211
Rental Income	6,335	6,541	6,752	6,963
Grants and Contributions - Operating	29,533	29,129	29,390	29,686
Capital Grants & Contributions	38,728	39,725	51,286	45,715
<b>Total Income From Continuing Operations</b>	<b>357,724</b>	<b>371,956</b>	<b>396,001</b>	<b>405,860</b>
<b>Expenses From Continuing Operations</b>				
Employee Costs	154,642	159,705	165,413	171,070
Borrowing Costs	548	557	587	338
Materials and Contracts	94,923	100,218	102,738	106,599
Other Expenses	24,537	25,071	28,771	26,779
Depreciation, Amortisation + Impairment	79,116	81,975	85,072	88,281
Internal Charges (labour)	(21,106)	(21,844)	(22,635)	(23,399)
Internal Charges (not labour)	(2,250)	(2,296)	(2,396)	(2,512)
Profit/Loss on Disposal of Assets	0	(2,260)	0	0
<b>Total Expenses From Continuing Operations</b>	<b>330,410</b>	<b>341,126</b>	<b>357,550</b>	<b>367,157</b>
<b>Operating Result from Continuing Operations</b>	<b>27,314</b>	<b>30,830</b>	<b>38,452</b>	<b>38,703</b>
<b>Operating Result [pre capital]</b>	<b>(11,414)</b>	<b>(8,895)</b>	<b>(12,834)</b>	<b>(7,012)</b>

## WOLLONGONG CITY COUNCIL

### 4 Year Financials

	2023/2024 Budget \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000
<b>FUNDING STATEMENT</b>				
Surplus (Deficit) [Net Operating Result for the Year]	27,314	30,830	38,452	38,703
Add back :				
- Non-cash Operating Transactions	97,176	98,294	104,268	107,856
- Restricted cash used for operations	14,690	12,659	15,271	10,714
- Income transferred to Restricted Cash	(59,505)	(59,015)	(71,417)	(67,312)
- Payment of Right of Use Leases	(152)	(132)	(135)	(138)
- Payment of Accrued Leave Entitlements	(15,251)	(15,763)	(16,307)	(16,870)
<b>Funds Available from Operations</b>	<b>64,272</b>	<b>66,873</b>	<b>70,132</b>	<b>72,954</b>
Loans repaid	(2,564)	(656)	0	0
<b>Operational Funds Available for Capital Budget</b>	<b>61,708</b>	<b>66,218</b>	<b>70,132</b>	<b>72,954</b>
<b>CAPITAL BUDGET</b>				
Assets Acquired	(99,037)	(110,890)	(92,118)	(90,569)
Contributed Assets	(7,876)	(7,014)	(5,871)	(14,585)
Transfers to Restricted Cash	(11,046)	(2,697)	(3,022)	(3,320)
Funded From :-				
- Operational Funds	61,708	66,218	70,132	72,954
- Sale of Assets	1,728	3,989	1,731	1,748
- Internally Restricted Cash	13,473	10,065	7,800	16,960
- Borrowings	0	0	0	0
- Capital Grants	22,548	15,520	11,892	0
- Developer Contributions (previously S.94)	9,021	16,011	5,030	1,400
- Other Externally Restricted Cash	0	0	0	0
- Other Capital Contributions	9,326	8,014	5,871	14,585
<b>TOTAL FUNDS SURPLUS / (DEFICIT)</b>	<b>(156)</b>	<b>(786)</b>	<b>1,443</b>	<b>(827)</b>

# WOLLONGONG CITY COUNCIL

## 4 Year Financials

	2023/2024 Budget \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000
<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	122,255	120,820	147,350	170,834
Investments	13,584	13,424	16,372	18,982
Receivables	27,903	29,013	30,888	31,657
Inventories	461	461	461	461
Contract assets	9,711	9,711	9,711	9,711
Assets held for sale (previously non-current)	0	0	0	0
Other	7,110	7,217	7,361	7,508
<b>TOTAL CURRENT ASSETS</b>	<b>181,023</b>	<b>180,645</b>	<b>212,143</b>	<b>239,153</b>
<b>NON-CURRENT ASSETS</b>				
Inventories	5,972	5,972	5,972	5,972
Investment property	5,992	6,194	6,401	6,612
Intangible assets	76	76	76	76
Right of use assets	1,094	1,094	1,094	1,094
Infrastructure, property, plant and equipment	3,389,058	3,414,409	3,421,196	3,419,761
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,402,191</b>	<b>3,427,745</b>	<b>3,434,738</b>	<b>3,433,514</b>
<b>TOTAL ASSETS</b>	<b>3,583,214</b>	<b>3,608,390</b>	<b>3,646,880</b>	<b>3,672,667</b>
<b>CURRENT LIABILITIES</b>				
Payables	29,737	30,701	32,179	33,044
Provisions < 12 Months	16,537	16,785	17,121	17,463
Provisions > 12 Months	40,908	41,522	42,352	43,199
Contract liabilities	5,491	5,491	5,491	5,491
Interest bearing liabilities	656	0	0	0
Lease liabilities	132	135	138	141
<b>TOTAL CURRENT LIABILITIES</b>	<b>93,461</b>	<b>94,635</b>	<b>97,282</b>	<b>99,340</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest bearing liabilities	20	20	20	20
Lease liabilities	562	447	326	197
Provisions	21,483	14,770	12,283	(2,563)
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>22,066</b>	<b>15,238</b>	<b>12,629</b>	<b>(2,346)</b>
<b>TOTAL LIABILITIES</b>	<b>115,527</b>	<b>109,872</b>	<b>109,911</b>	<b>96,994</b>
<b>NET ASSETS</b>	<b>3,467,687</b>	<b>3,498,517</b>	<b>3,536,969</b>	<b>3,575,672</b>
<b>EQUITY</b>				
Accumulated surplus	(1,450,306)	(1,478,177)	(1,480,431)	(1,491,910)
Surplus (Deficit) for period	(27,314)	(30,830)	(38,452)	(38,703)
Revaluation reserves	(1,862,283)	(1,862,283)	(1,862,283)	(1,862,283)
Restricted assets	(127,784)	(127,227)	(155,803)	(182,776)
<b>TOTAL EQUITY</b>	<b>(3,467,687)</b>	<b>(3,498,517)</b>	<b>(3,536,969)</b>	<b>(3,575,672)</b>

# WOLLONGONG CITY COUNCIL

## 4 Year Financials

	2023/2024 Budget \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000
<b>STATEMENT OF CASH FLOWS</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates and annual charges	229,989	243,207	253,036	267,038
User charges and fees	39,001	40,356	41,532	42,743
Investment and interest revenue received	5,693	5,556	5,615	6,193
Grants and contributions	60,385	61,840	74,805	60,817
Other operating receipts	12,244	12,563	12,916	13,357
<b>Payments</b>				
Employee benefits and on-costs	(130,997)	(135,390)	(140,265)	(145,089)
Materials and contracts	(92,391)	(96,958)	(98,864)	(103,223)
Borrowing costs	(104)	(29)	(20)	(17)
Other	(24,537)	(25,071)	(28,771)	(26,779)
<b>NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES</b>	<b>99,284</b>	<b>106,075</b>	<b>119,984</b>	<b>115,041</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Sale of Investment securities	72	159	(2,948)	(2,609)
Sale of infrastructure, property, plant and equipment	1,728	3,989	1,731	1,748
<b>Payments</b>				
Purchase of infrastructure, property, plant and equipment	(99,037)	(110,890)	(92,118)	(90,569)
<b>NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES</b>	<b>(97,238)</b>	<b>(106,742)</b>	<b>(93,335)</b>	<b>(91,431)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds from borrowings and advances	0	0	0	0
<b>Payments</b>				
Repayments of borrowings and advances	(2,564)	(656)	0	0
Repayment of lease finance liabilities	(129)	(112)	(118)	(125)
<b>NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES</b>	<b>(2,693)</b>	<b>(768)</b>	<b>(118)</b>	<b>(125)</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS HELD</b>	<b>(647)</b>	<b>(1,435)</b>	<b>26,530</b>	<b>23,485</b>
Cash and cash equivalents - beginning of period	122,902	122,255	120,820	147,350
<b>CASH &amp; CASH EQUIVALENTS AT EOY</b>	<b>122,255</b>	<b>120,820</b>	<b>147,350</b>	<b>170,834</b>
PLUS other investment securities	13,584	13,424	16,372	18,982
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>135,839</b>	<b>134,244</b>	<b>163,722</b>	<b>189,816</b>



# WOLLONGONG CITY COUNCIL

## Services - 4 Year Financials

	2023/2024 Budget \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000
<b>Operating Result [Pre Capital]</b>				
<b>Goal 1 - We value and protect our environment</b>				
Development Assessment and Certification	(5,165)	(5,369)	(5,606)	(5,816)
Emergency Management	(7,181)	(7,444)	(7,705)	(7,977)
Environmental Services	(2,674)	(3,051)	(2,513)	(2,599)
Land Use Planning	(3,897)	(3,952)	(4,247)	(4,511)
Natural Area Management	(4,221)	(4,240)	(4,356)	(4,459)
Regulatory Compliance	(2,517)	(2,923)	(3,046)	(3,157)
Stormwater Services	(19,871)	(20,212)	(20,760)	(21,521)
Waste Management	2,708	2,963	3,001	5,251
<b>Goal 2 - We have an innovative and sustainable economy</b>				
City Centre Management	(2,538)	(2,581)	(2,626)	(2,650)
Economic Development	(2,748)	(2,758)	(2,844)	(2,932)
Tourist Parks	1,408	1,399	1,395	1,402
<b>Goal 3 - Wollongong is a creative, vibrant city</b>				
Cultural Services	(7,809)	(8,162)	(8,248)	(8,608)
Engagement, Communications and Events	(3,000)	(3,117)	(3,243)	(3,358)
<b>Goal 4 - We are a connected and engaged community</b>				
Aged and Disability Services	(17)	(31)	(48)	(70)
Community Programs	(2,058)	(2,024)	(4,993)	(2,171)
Corporate Strategy	(1,505)	(1,672)	(1,938)	(2,018)
Integrated Customer Service	(3,251)	(3,372)	(3,499)	(3,620)
Libraries	(12,009)	(13,176)	(13,449)	(13,852)
Property Services	1,434	1,757	1,903	1,947
Youth Services	(1,372)	(1,419)	(1,469)	(1,518)
<b>Goal 5 - We have a healthy community in a liveable city</b>				
Aquatic Services	(15,101)	(15,663)	(16,069)	(16,598)
Botanic Garden and Annexes	(3,806)	(3,994)	(4,269)	(4,213)
Community Facilities	(5,428)	(5,405)	(5,525)	(5,691)
Leisure Centres	(1,204)	(1,259)	(1,323)	(1,383)
Memorial Garden and Cemeteries	(619)	(653)	(686)	(715)
Parks and Sportsfields	(23,594)	(23,682)	(24,279)	(24,990)
Public Health & Safety	(788)	(821)	(857)	(890)
<b>Goal 6 - We have affordable and accessible transport</b>				
Transport Services	(44,717)	(45,911)	(47,428)	(48,864)
<b>Support Services</b>				
Employee Services	(9,537)	(9,607)	(9,939)	(10,245)
Financial Services	203,951	211,571	217,795	226,004
Governance and Administration	(11,827)	(13,278)	(12,074)	(12,372)
Infrastructure Strategy & Support	(9,388)	(7,675)	(10,488)	(10,985)
Information Management and Technology	(13,095)	(13,141)	(13,404)	(13,834)
Internal Charges Service	21	4	-	1
<b>Operating Result [pre capital]</b>	<b>(11,414)</b>	<b>(8,895)</b>	<b>(12,834)</b>	<b>(7,012)</b>

## Budget 2023-2024

### Current Assumptions

#### Service levels

The current budget includes service levels as outlined in the adopted Resourcing Strategy and Delivery Program 2022-2026 and Operational Plan 2023-2024. Estimates for expenses and income in future years have been applied based on existing service level unless a decision has been made, or a plan is in place, to vary this level. The detail of services to be provided is outlined in the Delivery Program. Changes to existing services or levels of service progressed through the strategic planning process are incorporated into forward estimates as deployment delivery strategies are confirmed.

#### Indexation

The financial forecasts are comprised of recurrent and non-recurrent income and expenditure. Non-recurrent items have specified values and timing of delivery. Recurrent items may be subject to the application of indices or set based on known commitments for expenditure, such as loan repayments, or may be adjusted for volume impacts or future pricing changes.

Where indices have been used, these are based on information from a number of sources including various bank financial reports and economic reports and ABS publications. The annual process of preparing and reviewing the financial forecasts for the long term financial plan involves an initial review of the indices, followed by continuous updates throughout the process to account for any significant changes. Variations in recurrent budget costs in excess of expected indices will be considered through the strategic planning process and included in budget where agreed. The base for 2023-2024 has been sourced from information available in January 2023.

The financial forecasts have been prepared using the following indices where applicable:

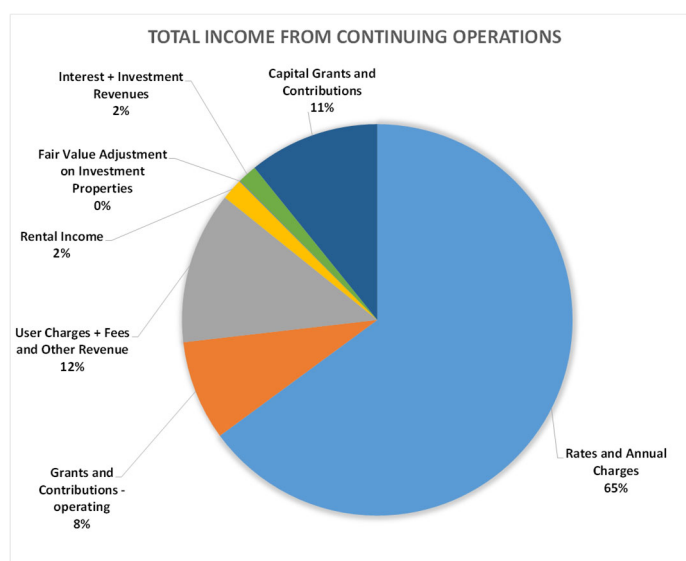
	2023/24 Budget	2024/25 Forecast	2025/26+ Forecast
Rate Increase	3.70%	4.40%	3.50%
Rate Increase - supplementary rate growth	0.40%	0.40%	0.40%
Rate Increase - IPART population growth gap		0.30%	0.30%
Fees & Charges	5.90%	2.90%	2.90%
Interest Rate (90 day bill rate)	3.70%	3.70%	3.70%
Interest Rate (borrowings)	4.60%	4.60%	4.60%
Labour*	2.00%+	3.30%	3.40%
Superannuation Guarantee	11.00%	11.50%	12.00%
CPI General Increase	6.75%	3.50%	3.00%
Utilities			
- electricity	4.30%	3.80%	3.60%
- street lighting	4.30%	3.80%	3.60%
- other utilities	4.30%	3.80%	3.60%
<i>*2023/24 pending NSW Local Government (State) Award negotiations</i>			

**Note:** Further information regarding the indices above can be found in the relevant Revenue or Expenses sections below.

The following information under the headings of Revenue and Expenses, provide additional details for key areas.

## Revenue

Revenue Type	2023/24 Budget (\$M)
Rates and Annual Charges	232.2
Grants and Contributions - operating	29.5
User Charges + Fees and Other Revenue	45.0
Rental Income	6.3
Fair Value Adjustment on Investment Properties	0.2
Interest + Investment Revenues	5.7
Capital Grants and Contributions	38.7
<b>Total Income from Continuing Operations</b>	<b>357.7</b>



## Rates

Rate increases are set by IPART who use as a base reference the Local Government Cost Index (LGCI) which is considered a better measure of cost impacts on councils than CPI. The rate peg is based on the change in the Local Government Cost Index (LGCI) and consideration of a productivity factor. However, IPART has discretion over the rate peg percentage and can adjust the rate peg above the percentage produced by the LGCI and productivity factor, if considered appropriate.

The LGCI is currently based on Australian Bureau of Statistics for the period to June of the year before the date to be applied. As publications are not available that provide forecast data beyond that current date, the Long Term Financial forecasts beyond 2023-2024 for rates have been based on the expected labour and CPI increases.

IPART has recommended an increase of 3.7% for 2023-2024 reflecting zero population growth based on a reduction in population reported in the Census. The absence of a Population Growth factor does not represent Council's actual experience of a substantial increase in properties and, therefore, costs will increase while increased revenue has not been achieved. This discrepancy appears to be due to the timing of the introduction of the Population Growth Factor, the existing Australian Bureau of Statistics (ABS) estimates being high and the timing of the Census.

In line with IPART's decision, Council's Rates budget for 2023-2024 is based on a 3.7% increase being the permissible maximum.

There is an underlying assumption in the Long Term Financial Plan projections that Council rates revenue will grow by 0.7% per annum for new properties (Rates Growth - excluding West Dapto). This is based on historical trends and future expectations. Of the 0.7% increase, it is anticipated that 0.4% of that additional revenue will be achieved through supplementary rates growth and 0.3% in future years will be provided through the Population Growth allowance in the IPART Rate Peg for Wollongong.

In addition, growth has been built into the long term forecasts for expected development at West Dapto and this has been aligned with the estimated staging of that release area.

In addition to general rates, Council currently applies two Special Rates, the Mall Special Rate and the City Centre Special Rate. The City Centre Special Rate has not been applied in 2023-2024. The Mall Special Rates are projected to generate \$1.29M of revenue for 2023-2024 and be indexed in line with the Rate Peg over the remainder of the Long Term Financial Plan.

More detailed information relating to the rates and rating policy will be provided as part of the Revenue Policy, Rates, Annual Charges and Fees 2023-2024.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Rates Revenue</b>	191,728	202,005	211,107	220,589

With the development of new properties in West Dapto, there will be increasing rate revenue for Council over time. This revenue increase will precede operational demand and assets built will require little renewal or maintenance for approximately seven to 15 years, creating a perception of improved financial capacity. Experience has shown the potential for long term negative impacts on budgets if the delayed expense pattern results in additional rate revenue being used to fund other recurrent operations.

To assist in managing this, the Financial Strategy requires that increased annual rate revenue created from subdivision in West Dapto will be restricted and only allocated to operational expenditure as the area develops. The annual revenue will be made available to meet infrastructure or planning requirements in the area or be applied to meet existing infrastructure renewal requirements.

### Pensioner Rebates

Council is required to provide a rebate to pensioners under the Local Government Act and has also continued to provide a voluntary rebate to eligible pensioners who were receiving a Council rebate prior to 1994. There is a steady increase in the number of rate payers who are entitled to the NSW Government pensioner rebate, while rate payers still entitled to the Council rebate dwindles slowly as entitlement has been held to only those pensioners who were eligible for the rebate in 1993.

The compulsory pensioner rebate to eligible rate payers is 50% of rates and annual charges up to \$250. This rebate has not been increased by the State Government since it was introduced over 25 years ago. A significant portion (55%) of this rebate is funded from government subsidy which is included in untied grant revenues. The component funding splits are 50% from the NSW Government and 5% from the Australian Government.

The voluntary Council rebate is indexed annually in line with the rates increase.

Pensioner rebates and subsidy are netted off against Rates Revenue for reporting purposes.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Pensioner Rebates</b>				
Pensioner Rate Rebate - Statutory s575	2,820	2,850	2,880	2,910
Pensioner Rate Rebate - Council s582	275	275	275	275
Pensioner Rate Subsidy	(1,551)	(1,568)	(1,584)	(1,601)
<b>Total Pensioner Rates Rebates</b>	<b>1,544</b>	<b>1,558</b>	<b>1,571</b>	<b>1,584</b>
Pensioner DWM Rebate - Statutory s575	838	846	853	861
Pensioner DWM Rebate - Council s582	67	67	67	67
Pensioner DWM Subsidy	(498)	(502)	(506)	(511)
<b>Total Pensioner DWM Rebates</b>	<b>408</b>	<b>411</b>	<b>414</b>	<b>418</b>
<b>Total Pensioner Rebates</b>	<b>1,952</b>	<b>1,969</b>	<b>1,986</b>	<b>2,002</b>

### Annual Charges

#### Domestic Waste Management Services

Annual Charges revenue is predominately from Domestic Waste Management. Under the Local Government Act, Council must not apply income from an ordinary rate towards the cost of providing domestic waste management services. Income obtained from charges for Domestic Waste Management must be calculated to not exceed the reasonable cost to the council of providing those services.

The charge calculated is based on full recovery of the service, including appropriate charge for the domestic waste tipping fees at Whytes Gully. The Waste Facility tipping charge includes pricing for future capital costs associated with the management of the facility and long term site remediation.

In determining the annual Domestic Waste Management Charge, Council must include all expenditure that relates to the delivery of this service and may include provision for future increases to allow for equalisation of pricing from year to year. This is considered a prudent approach as the waste area is subject to changing industry regulation, costs and operational requirements that have the potential for

significant variations in the future. Equalisation funds, along with any annual improvements beyond planned results for the delivery of the domestic waste service, are held as externally restricted cash.

In determining the amount to be charged, Council has calculated its cost per annum under the following headings.

<b>Domestic Waste Management Cost 2023-24</b>	
	<b>\$'000s</b>
<b>Waste Facility</b>	
Waste Disposal Cost	16,057
Capital Contribution	571
	<b>16,628</b>
<b>Collection Costs</b>	
Collection & Processing Contracts	21,884
Education & Promotion	569
Operational & Administration Costs	2,982
	<b>25,434</b>
Pricing Equalisation	(1,895)
<b>Statutory Charges</b>	
Pensioner Rebate	906
<b>Total Expenditure</b>	<b>41,073</b>
Pensioner Subsidy	(498)
Other Revenue	(102)
<b>Total Domestic Waste Management Cost</b>	<b>40,472</b>

The future estimates for Domestic Waste Management are shown below.

	<b>2023/2024 Budget \$'000s</b>	<b>2024/2025 Forecast \$'000s</b>	<b>2025/2026 Forecast \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>
<b>Domestic Waste Management Revenue</b>				
Annual Charges Domestic Waste Management	40,476	42,256	43,735	47,134

### Stormwater Management

Council levies a Stormwater Management Charge on all parcels of rateable land categorised as Residential or Business, other than those exempted under the Local Government Act. Pricing of the Stormwater Management charge has remained unchanged for 2023-2024. The rate has remained static since the original setting by the State Government in April 2006.

The future estimates from Stormwater are shown below. The income from this charge is transferred to the Stormwater Management Restricted Asset and the projects proposed to be funded from this revenue are detailed below.

	<b>2023/2024 Budget \$'000s</b>	<b>2024/2025 Forecast \$'000s</b>	<b>2025/2026 Forecast \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>
<b>Stormwater Management Revenue</b>				
Annual Charges Stormwater Management Service	1,985	2,024	2,055	2,087

### Stormwater Management Service

The Wollongong Local Government Area is prone to high intensity rainfall which can lead to flash flooding. The quantity of runoff during periods of high intensity rainfall is large and only a small proportion of the total flow is carried within both the stormwater networks and creek channels. As a result, floodplain inundation is substantial, often fast-flowing and at considerable depths. During these periods of high intensity rainfall, flooding is generally characterised by rapid rises and falls in water level.



Sustainable management of stormwater is crucial to the functioning of the city's natural assets and the management of stormwater flows is critical to the safety of the people of Wollongong. Accordingly, there is an urgent need to address water quality and water quantity (volumes and flow rates) issues throughout the city.

To protect our residents, infrastructure and natural assets, Wollongong City Council is addressing the important role water quality and quantity plays in the management of our city's social, economic and natural environment through the Stormwater Management Service Charge. This charge assists in funding the improvements to the drainage networks and maintenance of the stormwater drainage system in the city.

In addition, the Stormwater Charge enables Council to provide additional support to implement the strategies identified in Council's Floodplain Risk Management Plans that have been prepared and periodically reviewed for all Wollongong catchments. The total forecast cost of implementing all the strategies in these Plans exceeds \$140M.

Every community member will benefit from the Stormwater Management Service Charge through the improvement of infrastructure that affects the way we live and ultimately our environment. It will allow Council to address critical stormwater management tasks that have been identified to significantly benefit both present and future generations.

Council will utilise the Stormwater Management Service Charge to deliver increased services (new or additional stormwater management services) in the management of stormwater including:

- planning, construction and maintenance of drainage systems including pipes, channels, retarding basins and waterways receiving urban stormwater;
- planning, construction and maintenance of stormwater treatment measures, including gross pollutant traps and constructed wetlands;
- planning, construction and maintenance of stormwater harvesting and reuse projects;
- planning and undertaking of community and industry stormwater pollution education campaigns;
- inspection of commercial and industrial premises for stormwater pollution prevention;
- clean up of stormwater pollution incidents (charge can fund a proportion);
- water quality and aquatic ecosystem health monitoring of waterways, to assess the effectiveness of stormwater pollution controls (charge can fund a proportion), and
- monitoring of flows in drains and creeks to assess the effectiveness for flow management (flooding) controls (charge can fund a proportion).

The Stormwater Management Service Charge enables Council to deliver important stormwater management activities including stormwater quantity and stormwater quality projects.

Examples of some of the high priority works in the Stormwater Management Service Charge include:

#### **Stormwater Quantity Management**

Large sections of Wollongong are flood risk affected and have a history of flooding, an example of which is the August 1998 flood. This illustrates the need for an integrated long term solution. In response, Council is systematically investigating the risks of flooding with the aim of developing mitigating strategies. This is dealt with through the Floodplain Management program.

Floodplain Management can cover a range of activities to reduce potential flood damage within a catchment including:

- design and construction of flood mitigation works;
- policy and planning control review, and
- purchase of 'at risk' properties.

#### **Stormwater Quality Management**

Stormwater quality and quantity can play a significant direct or indirect role in the degradation of the natural environment. Council has prepared Estuary Management Plans and Coastal Zone Management Plan as part of the NSW Government's initiatives for managing stormwater. These Plans have shown a reduction in water quality due to increased sedimentation, nutrients and pathogens which has led to:

- a degradation of aquatic habitat, and
- reduced stream fish and invertebrate populations.

Solutions identified in the Estuary Management Plans and Coastal Management Program include the installation and maintenance of Stormwater Quality Improvement Devices (SQIDs) at a number of locations and innovative water treatment techniques of both on-line and off-line wetland schemes to reduce harmful nutrient and sediment loads on Lake Illawarra and other estuaries.

### Declared Dam Management

The Dam Safety Regulation 2019 reflects the changing standards and practice applied to dams with an emphasis on safety and accountability for the public and the environment. The legislation requires Council to have a Dam Safety Management System (DSMS) which complies with ISO 55001 and a Dam Safety Management Plan (DSMP) that meets the requirements of the Act and Regulations. Due to this change, Council is undertaking the following:

- Rewrite of Dam Safety Emergency Plans (DSEP) and Operations and Maintenance Plans (O&MP).
- Development of emergency training curriculum and programs.
- Additional detailed monitoring and reporting.
- Additional risk management documentation.

### Stormwater Management Service Charge Project Program

The table below provides details of how additional projects, listed by theme, are to be funded by the Stormwater Management Service Charge.

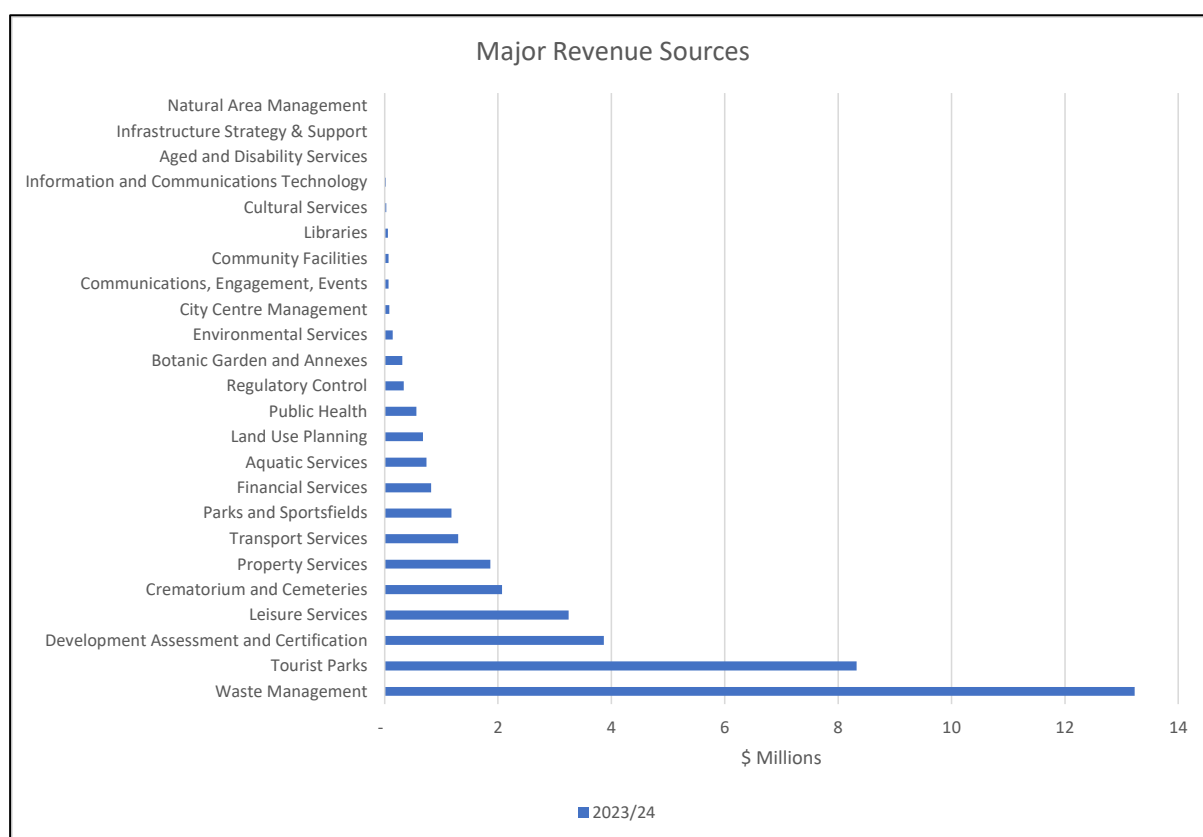
Project Theme	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000
<b>Stormwater Management Service Charge Income</b>				
Unspent funds brought forward from previous year	2,418	2,524	2,763	3,132
Annual Charge	1,985	2,024	2,055	2,087
<b>Available funds</b>	<b>4,403</b>	<b>4,548</b>	<b>4,818</b>	<b>5,219</b>
<b>Proposed Expenditure</b>				
Stormwater Quality Management	762	712	713	713
Stormwater Operational Management	863	818	762	839
Dam Safety Management	254	254	212	118
<b>Total Proposed Expenditure</b>	<b>1,879</b>	<b>1,785</b>	<b>1,687</b>	<b>1,670</b>

### Waste Management Services – Non-Domestic Premises

Council levies a Waste Management fee on approximately 503 non-residential properties where approved. The operations of this service are currently managed through the kerbside collection contracts and costs have not been separated from Domestic Waste Management. The fee for this service is set in line with Domestic Waste Management fees to avoid cross subsidisation.

### User Fees, Charges and Other Revenue

User Fees, Charges and Other Revenue account for 12% of Council's revenue [pre-capital income]. The major elements are shown in the below table.



Council's user fees and other income is primarily attributable to its commercial operations of Council's waste facility, tourist parks, property management, recreation centre, heated swimming pools and other park facilities. Other significant income sources include planning and building applications, ranger services (including parking infringements) and Memorial Gardens and cemeteries. Some of these operations represent commercial activities and compete in the marketplace, such as the leisure centres and tourist parks

Council charges a range of fees. Fees and Charges for 2023-2024 are included in the Revenue Policy, Rates, Annual Charges and Fees 2023-2024 attachment. The income received from fees reduces the rate revenue and other untied income required for these services. Other charges are generally not for service and include penalty income, leasing, recoveries, sponsorship etc.

While IPART has determined a 3.7% cost index for councils based on indexes as at June 2022, the estimated increase in costs for Council delivery in 2023-2024 far exceeds that index. Council has forecast a 6.75% increase in the cost of its resources, while there is evidence in recent months of higher increases in many resources such as road works, plant and equipment, etc. In reflection of these costs that are central to delivery, a 5.9% increase has been applied for Fees and Charges generally. In some cases, fees based on market rates, rate of return, or full recovery have been varied specifically, while statutory fees are set externally.

### Interest on Investments

Interest and investment revenues shown in the Income Statement are inclusive of interest on Council's investment portfolio and charges for overdue rates applied at statutory percentage.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Interest on Investments and transfers of Interest to Restricted Assets Sources</b>				
General Interest	4,963	4,801	4,836	5,392
Property Rating	730	755	778	801
	<u>5,693</u>	<u>5,556</u>	<u>5,615</u>	<u>6,193</u>
Interest transferred to Restricted Assets	<u>3,122</u>	<u>3,098</u>	<u>3,274</u>	<u>3,903</u>
<b>Net General Interest after Restricted Assets transfers</b>	<u>2,571</u>	<u>2,459</u>	<u>2,340</u>	<u>2,290</u>

Investment portfolio income forecasts are based on anticipated cash holdings and projected interest rates that are derived from several sources including banking sector projections and Council's investment adviser. Projected interest rates are based on forecast 90 day bill rates plus a small premium to reflect current investment strategies and the continuing performance of Council's investment portfolio compared to this benchmark. Cash holdings projections are drawn from the budgeted revenues and expenditures in the budget and anticipated internal and external restricted cash balances. Council is required to restrict any interest attributed to Development Contributions, Domestic Waste Management and a number of grants.

Investments are made in accordance with the adopted Policy Guidelines which are compliant with the Office of Local Government Guidelines and the Local Government Act 1993 - Investment Order.

There has been significant movements in interest rates over the past 12 months that is impacting on this revenue stream. Interest revenues included in the financial projections for 2023-2024 onwards are of a preliminary nature and require review through the budget development process. In line with the Financial Strategy, additional returns above the baseline set in the Long Term Financial Plan will be treated as short term capacity within the strategic planning process and allocated on a non-recurrent basis.

The Civic Risk West (formerly Westpool) and Civic Risk Mutual (formerly United Independent Pools) Self Insurance pools were combined into CivicRisk Mutual Limited at 1 July 2020 and are no longer recognised as joint ventures. The change in business structure means this is now reported as a passive interest financial asset under the Australian Accounting Standards (AASB 9 Financial Instruments). As there are many unknown elements that impact on the valuation of this item and definitive trend information is not available, a budget is not provided for this or the fair value movement on other investments.

### **Operational Grants**

The Financial Strategy states that Council will actively pursue grant funding and other contributions to assist in the delivery of core services.

NSW and Commonwealth Government planning and announcement of one off specific purpose grants does not generally align with Council's planning cycle. It is anticipated that Council will become aware of, and make application for, a range of grants during the next reporting period that are not budgeted at this stage. Where grants are provided, the budget will be updated to make allowance for the additional income and expense of the program as approved.

Operational grant forecasts include annual funding from Federal and State sources for community transport and social support programs. Council has been delivering these services to the community for over 20 years and, in the last five years, those services have been operating at cost neutral to Council. The Commonwealth Government has commenced a reform of Aged and Disability Services that will impact on how these services may be delivered in the future and what Council's role may be. Advice has been received that funding has been confirmed for Social Support Services until June 2024.

It should be noted the current service model recovers all operational costs associated with this service delivery from external funding including accommodation costs, administrative support, use of IT facilities, etc. In the event Council no longer provides this service, there may be a negative impact if the operational costs attributed to this service cannot be recovered from other sources or be removed.

### **Financial Assistance Grant**

The Financial Assistance Grant (FAG) is an Australian Government general purpose annual grant to local government distributed through the States. Although the Grant has two components, general purpose and roads component, it is an unconditional grant. The general purpose component is distributed to the States based on population whilst the road component is distributed based on a fixed share of the national pool.

The NSW Local Government Grants Commission is responsible for the distribution of the Grant to councils within the State. Distribution criteria include population changes, changes in standard costs, disability measures, local roads and bridges lengths and changes in property values. Allocation methodology of future funds is still uncertain and may have an impact on future receipts. The roads component budget has been indexed annually by CPI while no indexation has been applied to the general purpose component. There is a risk this may not reflect the actual increase.

The Australian Government may from time to time choose to partly prepay the annual grant allocation which can create a distortion of income on an annual basis. While there has been early payment of the first two or three quarters of the grant in the preceding year since 2018-2019, early payment is usually confirmed through the annual Federal Budget process, generally in April.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Financial Assistance (Revenue Sharing) Grant</b>				
General Purpose component	17,396	17,396	17,396	17,396
Roads component	2,950	3,054	3,145	3,239
<b>Total Financial Assistance Grant</b>	<b>20,346</b>	<b>20,450</b>	<b>20,541</b>	<b>20,636</b>

### Specific Purpose Operational Grants

There is a small range of Specific Purpose Operational Grants that are recurrent in nature and form part of Council's ongoing budget. The budget and forecast amounts for ongoing funding is provided below by service.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Specific Purpose Operating Grants</b>				
Land Use Planning	180	0	0	0
Stormwater Services	233	233	233	233
Environmental Services	314	0	0	0
Natural Area Management	260	58	35	35
Transport Services	64	66	68	70
Aged and Disability Services	3,040	3,145	3,236	3,331
Youth Services	5	5	5	5
Employee Services	4	4	4	4
<b>Total Specific Purpose Operating Grants</b>	<b>4,099</b>	<b>3,511</b>	<b>3,581</b>	<b>3,678</b>

### Capital Income

Capital income refers to revenue that is specifically for additional assets acquired by Council. The funding may be in the form of cash contributions or may represent the value of assets dedicated to Council by land developers or other levels of Government. Capital income is inconsistent from one period to another and is also difficult to predict due to the nature of the transactions.

Wollongong City Council usually eliminates capital income from its key financial measures and discussions as it is not income that can be used to fund the day to day operations of a council or generally be used to replace existing assets. Capital income is, however, important as it is a source of funds that allow increased assets that can improve services and/or provide new services to growing areas such as roads, bridges, drains and playing fields in a new release area such as West Dapto. The operation of these assets will be reflected in Council's operating costs in future years and will form part of the operating financial measures at that time.

Any changes to the quantum or timing in the availability of these grants and contributions will have a direct impact on the capital works program. Impacts may include changes in timing of projects pending as alternate sources of funding or substitution of Council funding which may result in a delay in non-funded projects.

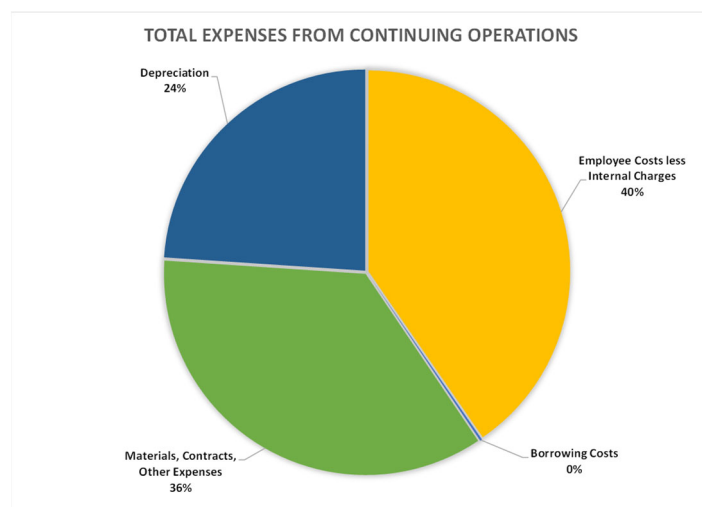
### Profit/Loss on Disposal of Assets

A budget is not provided for the impact of asset disposals as the underlying assumption is that depreciation estimates should sufficiently recognise the asset value diminution over time. It is possible that income will be derived from profit on the sale of assets where the value of sale exceeds the carrying value of an asset, particularly where land under roads is sold as values have not been placed on such land until 2008.

The next section of this document discusses the key expense items of Council.

## Expenses

Expense Type	2023/24 Budget (\$M)
Employee Costs less Internal Charges	133.5
Borrowing Costs	0.5
Materials, Contracts, Other Expenses	117.2
Depreciation	79.1
Profit/Loss on Disposal of Assets	0.0
<b>Total Expenses from Continuing Operations</b>	<b>330.4</b>



### Employee Costs

Employee costs are inclusive of labour on costs such as superannuation, workers' compensation costs, parental leave, annual leave, provision for long service leave and payroll tax, where applicable. Superannuation expenditure forecasts are determined by fund membership as well as expected wage increases.

### Salary & Wages

Labour and associated employee costs are based on position complement required to deliver current service levels and includes a small allowance for growth to provide for changing resourcing needs and labour market movements experienced over time. Additional labour costs related to specific non-recurrent projects (where identified) are also included.

Salary and wages costs are budgeted to reflect staff resources and cost with indicative indexation for increases beyond the current Enterprise Agreement (EA). The current EA covers the three years commencing 1 July 2021. The financial forecasts have been updated to reflect increasing cost and a potential increase above the previously forecast EA increase of 2%. 2023-2024 is the last year of the EA that includes an increase of 2% or the NSW Local Government (State) Award figure, whichever is greater.

Recurrent casual and overtime budgets are maintained to match the service and structure levels required for 2023-2024. It is usual that some of these budgets are exceeded during the year as additional employee resources are used for projects that are planned but not allocated to labour in the first instance, or for new projects introduced with funding.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Salaries &amp; Wages</b>				
Salaries & Wages	114,925	118,268	122,080	125,927
Superannuation	13,899	14,878	15,965	16,562
Fringe Benefits Tax	194	200	206	212
Labour Hire	67	69	71	74
Payroll Tax	56	58	60	62
Protective Clothing	356	369	380	391
Training Costs (excluding Salaries)	1,551	1,521	1,566	1,613
Change in Workers Comp Provision	280	289	299	309
Workers' Compensation Insurance	3,129	3,232	3,342	3,455
Other Employee Costs	2,675	2,877	2,923	3,321
Direct Labour Oncosts	17,511	17,945	18,521	19,143
<b>Total Employee Salaries &amp; Wages</b>	<b>154,642</b>	<b>159,705</b>	<b>165,413</b>	<b>171,070</b>
Capitalised & Distributed Employee Costs	21,106	21,844	22,635	23,399
<b>Total Operational Employee Salaries &amp; Wages</b>	<b>133,536</b>	<b>137,861</b>	<b>142,778</b>	<b>147,672</b>



The amount shown as Other Employees costs in future years is largely the result of projects or activities that are planned to be delivered by additional labour resources where these positions have not been sufficiently defined at this point in time to be recognised through the labour budget process.

### Superannuation

Superannuation projections are based on Employee Establishment, casual labour estimates and superannuation scheme membership.

The majority of Council employees belong either to a defined benefits scheme, which ceased taking new members in 1991, or various accumulation schemes. Defined benefits scheme expenses are tied to employee contributions while accumulation scheme contributions are calculated as a pre-determined percentage of the employees' salary charged at the current Superannuation Guarantee Levy (SG) rate of 11%.

As part of the 2014 Federal Budget negotiations, previously legislated SG increases were paused until June 2021. There are now a series of 0.5% annual increases proposed from 2021-2022 to 2025-2026 which will bring the total levy to 12% by 1 July 2025.

Estimates for Defined Benefit Scheme members are based on Council contributing 1.9 times the employee's contribution plus a 'basic benefit' charge of 2.5% of salary or wages. Defined Benefit Scheme members who are at full contribution points, who are in the 'award' phase for contributions, are covered by a percentage contribution level reflecting the SG levels (basic benefit percentage + award percentage), similar to an accumulation scheme.

Councils have been required to make an additional annual contribution to the Defined Benefits Scheme initially for a period of 10 years to address funding requirements for remaining participants in the Scheme. The final payment of this top up was originally expected to be in 2018-2019 based on discussion with the Superannuation Board in 2014-2015 year. The requirement for an extension of the additional payment was subsequently extended until 2023-2024.

Further advice received from the Superannuation Board in January 2022, provided a reduction to the top up payment for the second half of 2021-2022, however, notified of continuation of a \$1.0M top up payment required in 2022-2023. This has a significant impact on Council's financial position. Further advice in January 2023 has advised further continuance of the charge at the existing rate.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Superannuation</b>	12,874	13,819	14,870	15,430
Defined Scheme Superannuation Top Up	1,025	1,059	1,095	1,132

### Parental Leave

The current Enterprise Agreement provides for parental leave at full pay of 12 weeks maternity leave and nine weeks paternity leave. This is paid from a central provision and an estimate of this cost is distributed as part of the labour on costs. The actual and forecast takings are shown below.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Parental Leave</b>	270	275	280	286

The Federal Government paid parental leave scheme (FGPPLS) does not impact this element of Council's on-cost. The FGPPLS funds the additional time through our payroll process, but Council does not incur any further entitlement impacts (ie, additional accrual of leave) as employees on the Federal scheme are effectively on 'leave without pay' from Council.

### Workers' Compensation

Council has maintained a self-insurance licence for workers' compensation for over 20 years. Conditions for self-insurance include the requirement of an annual reassessment of liability by a qualified actuary. The value of the liability must be supported either by restricted cash or a bank guarantee. Council currently supports this liability through a bank guarantee. Under this arrangement, Council meets all workers' compensation related costs including salary and wages, medical and associated costs up to \$750,000 on any individual claim. Claims beyond this are supported by an external insurance policy. This policy is reviewed annually.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Workers Compensation</b>				
Total Payments	3,129	3,232	3,342	3,455
Increase/(Decrease) in Provision	280	289	299	309

### Salary & Wages Recovery

The cost of employees working on capital or other division's projects is allocated to the specific projects as work is completed (through work order costing). This includes design, survey, project management and supervision, community consultation and construction or maintenance staff. The Employee Cost budget includes labour costs for all employees and an estimate for the annual employee allocation budgeted to be recovered from capital works or other divisions. This recovery is shown in Internal Charges as a negative expense which reduces the operating cost to the correct level. Under this structure, the capital budget is required to include sufficient works to employ these resources and, where other divisional work is intended, it should be negotiated and provided for in advance.

## Other Employee Costs

### Learning & Development

The Learning & Development budget is held centrally with a portion provided for corporate programs and the remainder allocated to divisions. The following budget is for external provision of training and does not include programs that are delivered internally or labour costs.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Learning &amp; Development</b>				
Training, Conferences & Seminars	1,544	1,514	1,559	1,606

### Cadets, Apprentices & Trainees

Council has a commitment to providing training opportunities through its cadet, apprentices and trainee program. The following budget includes payments to employees under this scheme, other supporting expenses such as reimbursement of study expenses as well as allocation of support salary staff that administer the program. This is recognised as a corporate initiative with the budget held in a central area.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Cadets &amp; Apprentices</b>				
	2,482	2,498	2,574	2,631

### Fringe Benefits Tax

Council incurs a range of fringe benefit costs, some of which are recovered through salary packaging. The majority of FBT exposure in future years is associated with housing benefits at tourist parks.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Fringe Benefits Tax</b>				
	194	200	206	212

## Borrowing Costs (Financing)

Borrowings are considered as part of the Capital Budget process in accordance with the adopted Financial Strategy and Asset Management Policy.

The introduction of the Local Infrastructure Renewal Scheme (LIRS) by the State Government provided an incentive to councils to accelerate infrastructure renewal through a subsidised loan program. Council has been successful in securing subsidies for loans under the three rounds of the LIRS program and has entered into loans of \$20M in 2012-2013 for Round 1, \$4.3M in 2013-2014 for Round 2, \$15M for Round 3 in 2014-2015 and a further \$5.5M in 2016-2017. The LIRS program provides a loan subsidy of 4% for Round 1 and 3% for the subsequent rounds. Loan funds have been used to accelerate the City wide Footpaths, Shared Path Renewal, Missing Links Construction Program, building

refurbishment works for Berkeley Community Centre, Corrimal Library and Community Centre, Thirroul Pavilion and Kiosk and to support the West Dapto Access – Fowlers Road project respectively. These loans are planned to be generally repaid over a 10 year period with final payment due in 2024-2025.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Borrowing Cost on LIRS</b>				
Repayments	2,564	656	-	-
Interest	79	6	-	-
Recognise interest on loan funds associated with Local Infrastructure Renewal Scheme (LIRS) (excludes subsidy)				

The Infrastructure Delivery Program proposes works in Waste Services of \$39.0M over the next four years. These works are planned to be funded from the Waste Facility income that is collected through the gate fee over the life of the facility. The fees collected have exceeded the capital expenditure to date with the excess funds being held in the Waste Disposal Facility restricted asset. The programmed expenditure to 2026-2027 will require internal borrowing with internal interest allocated against the restricted during the period of debt to offset the lost income to general operations.

## Materials, Contracts & Other Expenses

Forecasts for materials, contracts and other expenses are either specifically budgeted or based on existing service level resourcing plus indexation. The following sections and tables provide background to the key items in this category.

### Environmental Protection Authority (EPA) Levy

The EPA levy is applicable to waste and cover materials going to landfill. Rates applicable are determined by the NSW Environment Protection Authority based on geographic location, with Wollongong classified as being within the Extended Regulated Area. Application of the levy to cover materials was introduced in March 2007. Current operational expenditure forecasts and fee structures propose that Council will be able to source an amount of cover materials on site to reduce the overall cost of this levy.

A portion of the levy relates to Domestic Waste which is recovered through the Domestic Waste Management Charge.

Application of the levy to cover materials was introduced in March 2007. At Council's current landfill site, there are two types of cover materials in use: slag and VENM (Virgin Excavated Natural Material). The quantity of cover material required is impacted by tonnages of waste that are processed to landfill. The current model is based on slag cover ratio of 0.15 and VENM of 0.25 to waste tonnages. Both slag and VENM incur the EPA levy, however, VENM attracts a 10% pricing discount. Where cover materials are site sourced, these do not attract the levy. Current projections are based on Council being able to site source 100% up until 2023-2024 then 50% of VENM requirements on site for the next five years. Again, these projections are reviewed annually both in terms of waste tonnages and availability of site sourced materials as well as changes in practices that may impact on the quantity of material required.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>EPA Levy</b>				
EPA Levy - Council	831	863	894	926
EPA Levy - Commercial	5,219	5,418	5,613	5,815
EPA Levy - Domestic	7,154	7,425	7,693	7,970
EPA Levy - Cover Material	792	822	852	883
<b>TOTAL EPA Levy</b>	<b>13,996</b>	<b>14,528</b>	<b>15,051</b>	<b>15,593</b>

### Street Lighting

Street lighting costs are made up of an infrastructure charge and a consumption charge. Council also receives a rebate from the NSW Government resulting in a net cost to Council.

Council secured contracts for electricity and street lighting consumption pricing for a period of 10 years commencing 1 January 2023.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
Street Lighting	3,600	3,749	3,895	4,046
Street Lighting Subsidy	(714)	(714)	(714)	(714)

## Emergency Services

Emergency services operations are contributed to by Council as below.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Emergency Services Contributions</b>				
Rural Fire Service	840	872	903	936
State Emergency Service	1,023	1,061	1,100	1,139
NSW Fire Brigade	4,251	4,413	4,572	4,736
<b>Total Emergency Services Contributions</b>	<b>6,114</b>	<b>6,346</b>	<b>6,575</b>	<b>6,812</b>

Council received a grant to offset the increase in the 2022-2023 emergency services contributions, however, this funding was received in the 2021-2022 financial year. This funding has now been removed.

## Insurance

Council joined the Civic Risk West (formerly Westpool) and Civic Risk Mutual (formerly United Independent Pools) Self Insurance pools on 31 October 2010. The pools are comprised of a number of NSW councils. The advantages of joining a mutual pool include savings through bulk purchasing power, access to learning and networking across other councils, reducing exposure to market fluctuations through better management of claims and retention of equity in the pool. On 1 July 2020, the Civic Risk entities were legally combined into CivicRisk Mutual Ltd, a company limited by guarantee.

The excess levels applicable to the two major risks, Industrial Special Risk (property damage) and Public & Professional Liability are \$20,000 and \$100,000 respectively. These levels are under constant review and may change in the future.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Insurances</b>				
<b>Insurance Premiums</b>				
ISR Property Insurance	1,346	1,346	1,346	1,346
Motor Vehicle/Plant Insurance	349	349	349	349
Statutory Liability/CDO Insurance	225	225	225	225
Public Liability/Professional Indemnity	1,848	1,848	1,848	1,848
Inland Transit Insurance	0	0	0	0
Crime/Fidelity Guarantee Insurance	108	108	108	108
Fine Arts	49	59	62	60
Other	20	20	20	20
<b>Total Insurance Premiums</b>	<b>3,945</b>	<b>3,955</b>	<b>3,958</b>	<b>3,956</b>
<b>Excess Payments</b>				
PL Above Excess Payments	0	0	0	0
PL Below Excess Payments	200	200	200	200
Insurance Claims Below Excess covered from Divisional Budgets	100	100	100	100
<b>Total Excess Payments</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>

## Legal Costs

The following expenditure represents payments to external professional providers for legal services as well as inhouse lawyers who have been directly employed by Council since their introduction in the middle of 2010-2011. The use of internal legal professionals has resulted in a decrease in external costs in both legal costs and other associated fields and improved services to the organisation as a whole by providing this expertise on a readily available rather than ad hoc basis.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Legal Expenses</b>				
External Legal Costs	703	727	749	771
"In House" Legal expenditure including employees	1,070	1,109	1,150	1,189

## Fuel & Oil

Fuel is subject to fluctuation in global oil pricing and currency valuations and due to this volatility is subject to an annual review rather than application of indices. With rising fuel prices experienced due to the current global environment, there is a risk the financial forecasts may not be sufficient to cover the costs if they continue to rise in the future.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Fuel &amp; Oil</b>	1,716	1,725	1,734	1,744

## Affiliates Contributions

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Affiliates Contributions</b>				
Tourism Support & Contributions	1,629	1,686	1,737	1,789
Performing Arts Centre	1,416	1,464	1,441	1,484
<b>TOTAL Affiliates Contributions</b>	<b>3,045</b>	<b>3,150</b>	<b>3,178</b>	<b>3,273</b>

This represents the direct financial support to these organisations and does not include in kind support like asset use charges such as building occupancy.

## Other Contributions, Donations, Memberships & Subsidies

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
Anzac Day Support	16	17	18	18
Neighbourhood Small Grants Program	23	23	24	25
Neighbourhood Youth Program - Port Kembla	45	46	48	49
Neighbourhood Youth Program- Berkeley	35	36	37	38
Aboriginal Activities	7	8	8	8
Illawarra Historical Society	4	4	5	5
Community Arts Programme -Small Grants P	46	48	49	50
Dam Safety Emergency Mgmt Plans	78	78	78	78
WCC Social Club	4	4	5	5
Gong Shuttle Contribution	362	0	0	0
Public Bands Contribution	10	10	11	11
Illawarra Institute Sport Contribution	42	43	44	46
Illawarra Shoalhaven Joint Organisation	92	95	98	101
Life Education Illawarra Contribution	8	8	9	9
UOW Scholarships	15	16	17	17
City Centre - Events and Marketing	48	50	52	53
Illawarra Surf Lifesaving Contribution	63	65	67	69
Local Grants Scheme Heritage Properties	67	69	71	74
Sponsorship Fund	77	80	82	85
Minor Donations	4	4	4	4
Illawarra Escarpment - Geotech. Research	57	59	61	63
Wollongong Eisteddfod	4	4	4	4
Southern Stars Contribution	9	9	9	10
Affordable Housing - Housing Trust	0	0	2,894	0
Economic Development Projects	35	37	38	39
Business/Industry Development Activities	62	64	66	68
Sponsorship of Mentor Walks Wollongong	5	0	0	0
Natural Area Management	73	76	78	80
Animal Impounding	27	28	29	30
State Emergency Service Support	10	11	11	11
Other	2	2	2	2
<b>TOTAL Other Contributions, Donations and Subsidies</b>	<b>1,332</b>	<b>996</b>	<b>3,917</b>	<b>1,052</b>

## Councillors' Expenses

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
Councillor support costs	19	19	20	21
Councillors	627	648	670	693
<b>Councillor Expense</b>	<b>646</b>	<b>667</b>	<b>690</b>	<b>714</b>

## Telephone

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
Telephone - Central Admin Budget	115	119	123	126
Telephone - other areas budget	102	105	109	112
<b>Total Telephone</b>	<b>217</b>	<b>225</b>	<b>231</b>	<b>238</b>

## Mobile Phone

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
Mobile Telephone	207	214	221	228

## Postage

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
Postage - Central Admin Budget	237	245	253	260
Postage - other areas budget	268	277	285	294
<b>Total Postage</b>	<b>504</b>	<b>522</b>	<b>538</b>	<b>554</b>

## Council Rates

This budget represents the costs of Council owned or controlled properties used for commercial purposes or that are currently under lease agreements to other parties.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
Council Rates Expense (Council owned properties)	384	401	415	430

## Housing Affordability Program

Council has entered into a Memorandum of Understanding with the Commonwealth Government that has allowed Council to retain funding originally provided through the Building Better Regional Cities Program to develop a program that facilitates the delivery of affordable housing in the region.

At its meeting on 10 December 2018, Council provided a range of guidelines for the program that included a focus on innovative, energy efficient and sustainable solutions, the ability for proposals to generate income streams to support a continuation or expansion of the program into the future and support for schemes that target (but are not limited to) single women aged over 50 years. Council also resolved that existing funds be equally committed to affordable housing delivery proposals from not-for-profit organisations and an affordable home ownership scheme for low to moderate income earners to enter the housing market that could be combined with land owned by Council in the West Dapto release area.

During December 2019, Council completed a tender process for round one of the above commitment. Council has entered into an agreement with the Illawarra Community Housing Trust Ltd (trading as Housing Trust) for the delivery of affordable rental housing managed by Illawarra Housing Trust. The agreement seeks completion of 17 units (minimum) to be constructed. Through this agreement, Council will make a one-off grant payment to the Housing Trust that is reflected in the 2025-2026 financial forecasts resulting in a negative impact on the Operating Result [pre capital] for that period.



In 2022-2023, Council entered into an agreement with Head Start Homes for round 2 of the Housing Affordability Program. Through this agreement, Council will make a one-off payment to Head Start Homes in 2022-2023.

The tender process for round 3 of the program is set to commence in 2023.

### Centrally Held Budget Capacity

The operational expense budget also includes centrally held amounts that are distributed for specific purposes through the planning process. These are held in the financial projections as follows:

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
Budget Capacity - Operational	975	165	985	828

### Rates Growth

The growth in rateable assessments and population leads to additional requirements in some services and the need for additional resources to meet those demands. The Rates Growth provision provides financial resourcing for these additional impacts directly from additional rate income. An allocation model based on the assessment of the impacts of increased population on services has been devised for use in forward estimates. While some Services are directly or indirectly impacted by growth, other areas are not, thereby creating natural economies of scale that lead to increased capacity.

Council's modelling indicates that 40% of the rates increase is required to maintain existing service levels to a broader population in the short to medium term and 30% is required to fund depreciation relating to additional assets and future renewal. The remaining 30% will be available for allocation to new or enhanced service. Funds are generally allocated through the strategic planning process to ensure it matches growth and service demand driven by that growth.

The following table provides funding provision and availability for the four year period.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
<b>Rates Growth</b>	<b>1,122</b>	<b>3,594</b>	<b>5,412</b>	<b>7,088</b>
<i>Comprised Of:</i>				
Volume increase impacts	302	869	1,476	2,128
Asset enhancement impacts	226	651	1,107	1,596
Economies of scale	226	651	1,107	1,596
Prior Year	368	1,423	1,722	1,768

### Operational Contingency

It is intended that a central Operational Contingency be held in the budget that supports minor non-recurrent or unplanned projects and events or to address short term pricing or other issues that may arise from time to time. This historically has been relatively small compared to Council's overall operating expense budget with an indicative annual target of around \$1.0M (less than 0.3% of Revenue).

Access to these funds is through the strategic planning process including Business Proposals, Service Reviews, Pricing Adjustments, or as otherwise directed by the Executive Management Committee.

	2023/2024 Budget \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s
Operational Contingency	1,000	1,135	1,139	1,143
Insurance Claim Below Excess	100	100	100	100
	<b>1,100</b>	<b>1,235</b>	<b>1,239</b>	<b>1,243</b>

### Depreciation

While depreciation is not cash expenditure, it is an important part of the real cost of maintaining Council services. Depreciation represents the consumption of an asset over its life. This deterioration in value of assets occurs through use, ageing or obsolesce.

Council is required to ensure that the value of its assets reflect their fair value at each reporting period. Revaluations of asset classes occur at least every five years. Revaluations can significantly impact depreciation due to changes in asset values and lives.

Council's maturity in asset management is improving and as new information becomes available changes may occur, particularly to asset lives and valuation information. Depreciation forecasts in the long term financial projections include provision for additional assets that are included in the capital works program (excluding West Dapto) and conservative estimates for expected growth through revaluation. No provision is currently included for any assets that may be contributed to Council from other levels of government or future developments.

## Key Assumptions

### West Dapto Development

The development at West Dapto in Wollongong's south-west will be the largest stand-alone growth for this city. The development commenced in 2011-2012 and is expected to add in the vicinity of 19,800 new dwellings and increase the local government area population by 57,400 over a 40 to 60 year period. The development has extensive infrastructure requirements and poses some challenges due to geographic and environmental factors as well as uncertain development patterns and timing due to disaggregated land ownership.

Council has invested significant resources in planning for the construction of infrastructure and analysing potential financial impacts. The Long Term Financial forecasts are based on the most recent plans and data, however, these projections may need to be modified over time as the underlying assumptions that support these changes.

### Revenue

The main income streams from this development will be from developer contributions and rates.

Developer contributions income is based on pricing that is contained in the West Dapto Section 7.11 Developer Contributions Plan and expected timing of lot release. Council adopted a revised contribution plan on 14 December 2020 that replaced the prior plan that was in effect since 2017. The current plan was subject to a review by IPART during May 2020 and Council was directed by the Minister for Planning to incorporate the recommendations that came from this review. The new Plan is no longer subject to State capped developer contributions that were supported through the Local Infrastructure Growth Scheme that ended on 30 June 2020. Developer contributions income forecasts for West Dapto are based on the 2020 plan and lot release timing projections. Developer contributions will be held as restricted cash and are planned to be used to support the capital program and loan repayments.

Rates income estimates are aligned to estimated staging of the release area. It is expected that the rate revenue increase will precede operational demand and assets built will require little renewal or maintenance in the initial years of the Long Term Financial Plan 2022-2032, creating an improved cash position through increased Funds Available from Operations. Experience in developing councils has shown the negative long term impacts that the delayed expense pattern has if additional rate revenue is built into other recurrent operations. Under the Financial Strategy, this income will be restricted and only allocated to operational expenditure as the area develops. The annual revenue in the early stages of development will be made available to meet infrastructure or planning requirements in the area or be applied to meet existing infrastructure renewal requirements and repayments of loans for the West Dapto Access Strategy.

### Capital Programs

Council continues to support the West Dapto Urban Release Area through delivering capital projects, particularly to improve transport links. For example, the Fowlers Road extension including Karrara Bridge in April 2020 to provide flood reliable transport access to the growing area.

These works are funded from Section 7.11 Development Contributions, grant funds including NSW Housing Acceleration Fund and NSW Resources for Regions and an interest free loan from the NSW Department of Planning Industry and Environment. Council continues to investigate funding opportunities to accelerate the delivery of infrastructure in the West Dapto Urban Release Area.

The West Dapto capital budget shows a significant investment in the completion of conceptual and detailed civil designs of the key transport infrastructure identified in Council's West Dapto Access Strategy. In addition to specific projects, forward projections also include capital budgets at an aggregated level that will become specific projects as project scopes are further developed.

### Contributed Assets

Financial projections for the West Dapto release area recognise that a level of infrastructure requirements will be provided by developers. This includes works in kind where the developer will complete elements of infrastructure that are contained in the West Dapto Developer Contributions Plan in lieu of contributions, as well as contributed assets that are normally associated with new subdivisions. The value of these assets is reflected in the financial projections as capital income and contributed assets based on expected timing of receipt of these. Future depreciation, operating and maintenance cost for these have been included in forecast operational expenses.

## **Operational Expenses**

The Long Term Financial Plan includes depreciation, operating and maintenance costs associated with services that will be required by the new population in that area such as community, library and open space facilities that are aligned to population growth. These estimates are based on planned asset construction and cost of providing these services to our existing population. As development progresses, revenue from the area will be used to fund the maintenance and operation of new assets and services as part of Council's overall budget. Operational costs also include additional staff costs for the introduction of a dedicated West Dapto development team and expected cost for the delivery of services as the population grows. Service delivery costs are currently held centrally at this stage and will be distributed to relevant service delivery areas when timing and requirements can be better defined.

## **Loans**

Council borrowed \$20.5M under Round 3 of the Local Infrastructure Renewal Scheme (LIRS) that has been used to support the West Dapto Access – Fowlers Road project. The final payment for this loan is due in 2024-2025. It is intended that for the most part, the loan repayment will be funded by future Section 7.11 Development Contributions and rates revenue from West Dapto. Funding has been applied to debt repayments over the first 10 years. Council also had an earlier \$26.1M interest free loan from the Department of Planning that was used to accelerate construction of the West Dapto Access Strategy. Repayment of this loan was completed in 2019-2020.

## **Enhanced Community Centre & Library Services**

Financial forecasts include a preliminary estimate for the potential impact on operational costs associated with proposed new Southern Suburbs and Helensburgh Library and community centres. These projects are currently planned for construction to commence within the next four years. As the project progresses, the level of additional costs may need to be reviewed. These projects will be funded from the rates growth for enhanced services relating to population growth.

## **Restricted Revenue**

The level of available or untied cash is expressed as cash and investment holdings after allowance for restricted assets. Assets, generally cash, may be externally or internally restricted. External restrictions are usually imposed by an external or legislative requirement that funds be spent for a specific purpose. This may include unspent grant funds that have been provided to Council for the delivery of a particular project or service, funds collected as developer contribution under Section 7.11 Development Contributions, or surpluses achieved in the delivery of domestic waste. In some of these instances, Council is also required to restrict investment earnings that are generated by these cash holdings. Internal restrictions are funds that Council has determined will be used for a specific future purpose, such as the future replacement of waste facilities.

Council's approach is management of capital works through a centralised process and a longer term planning focus and minimise the creation of internally restricted assets. The current Long Term Financial Plan maintains this approach. The Four Year Restricted Asset Summary shows anticipated restrictions, and the subsequent table outlines the nature funding and purpose of the current internally restricted asset funds.

## 4 YEAR RESTRICTED ASSETS SUMMARY

		2023/2024 Forecast \$'000			2024/2025 Forecast \$'000			2025/2026 Forecast \$'000			2026/2027 Forecast \$'000		
PURPOSE OF RESTRICTED ASSET	Opening Balance 1/07/23	Transfer		Balance	Transfer		Balance	Transfer		Balance	Transfer		Balance
		In	Out	30/06/24	In	Out	30/06/25	In	Out	30/06/26	In	Out	30/06/27
Internally Restricted Assets													
Strategic Projects	21,519		5,688	15,831		1,326	14,505		3,273	11,232		140	11,092
Strategic Projects (unallocated)	5,089	8,500		13,589			13,589			13,589			13,589
Property Investment Fund	9,421	345	227	9,539	342	132	9,750	341	137	9,954	341	141	10,154
MacCabe Park Development	1,890	150		2,040	150		2,190	150		2,340	150		2,490
City Parking Strategy	1,241	738	508	1,471	756	489	1,738	777	542	1,973	799	429	2,343
Sports Grants Program	909	322	420	811	327	400	738	332	400	670	336	400	606
Natural Areas Fund	173			173			173			173			173
West Dapto Operations	10,285	3,320	829	12,777	3,739	747	15,769	4,377	768	19,379	5,062	787	23,654
Lake Illawarra Estuary Management Fund	497	165	181	481	165	171	475	165	172	468	165	173	460
Darcy Wentworth Park	171			171			171			171			171
Waste Disposal Facilities ***	10,111	6,005	9,242	6,874	4,594	8,914	2,554	4,608	4,465	2,697	4,608	16,626	(9,321)
Total Internal Restricted Assets	61,307	19,546	17,095	63,758	10,074	12,178	61,653	10,749	9,756	62,646	11,461	18,697	55,411
Externally Restricted Assets													
Developer Contributions	39,781	22,254	9,466	52,569	28,481	16,469	64,581	28,567	5,503	87,645	32,582	1,886	118,342
Planning Agreements	3,352			3,352			3,352	17,342		20,694			20,694
Grants	2,462	16,167	28,461	(9,832)	11,384	20,170	(18,619)	7,182	16,431	(27,867)	7,203	4,826	(25,490)
Loan Repayment	890	14		904	13		917	10		927	8		935
Domestic Waste Management	6,579	215	1,869	4,925	150	1,736	3,338	85	1,769	1,655	123		1,778
Contributed Assets		7,876	7,876		7,014	7,014		5,871	5,871		14,585	14,585	
External Service Charges to Restricted Assets	66	68		135	70		204	71		276	73		349
Other Contributions	5,470	852	1,050	5,271	893	1,544	4,620	909	547	4,983	926	546	5,363
Special Rates Levies - City Centre + Mall	485	1,287	1,332	440	1,344	1,372	413	1,391	1,407	396	1,439	1,450	385
Housing Affordability Program	5,516	359	30	5,845	362		6,207	313	2,894	3,626	268		3,894
Local Infrastructure Renewal Scheme	(28)	12		(16)	12		(5)	13		8	14		22
Stormwater Management	2,419	1,903	1,879	2,442	1,918	1,785	2,576	1,934	1,687	2,823	1,951	1,670	3,104
Total External Restricted Assets	66,992	51,005	51,962	66,035	51,639	50,090	67,583	63,690	36,107	95,166	59,171	24,963	129,375
Grand Total	128,299	70,551	69,058	129,793	61,712	62,269	129,237	74,440	45,864	157,812	70,632	43,659	184,785

\*\*\* The Waste Disposal Facilities Restricted Asset is held for the development and renewal of assets within Council's waste facilities and for the rehabilitation of the sites at the end of their lives. Council's Waste Strategy and Master Plan for facilities is currently being reviewed and will potentially change the life and capital requirements of the facilities. While this review is being progressed the forward capital works program only includes specific works that are not impacted by a revised strategy. Adjustments to the works program will be made where necessary following completion of the review program. Cash collections have been estimated in accordance with the current program.

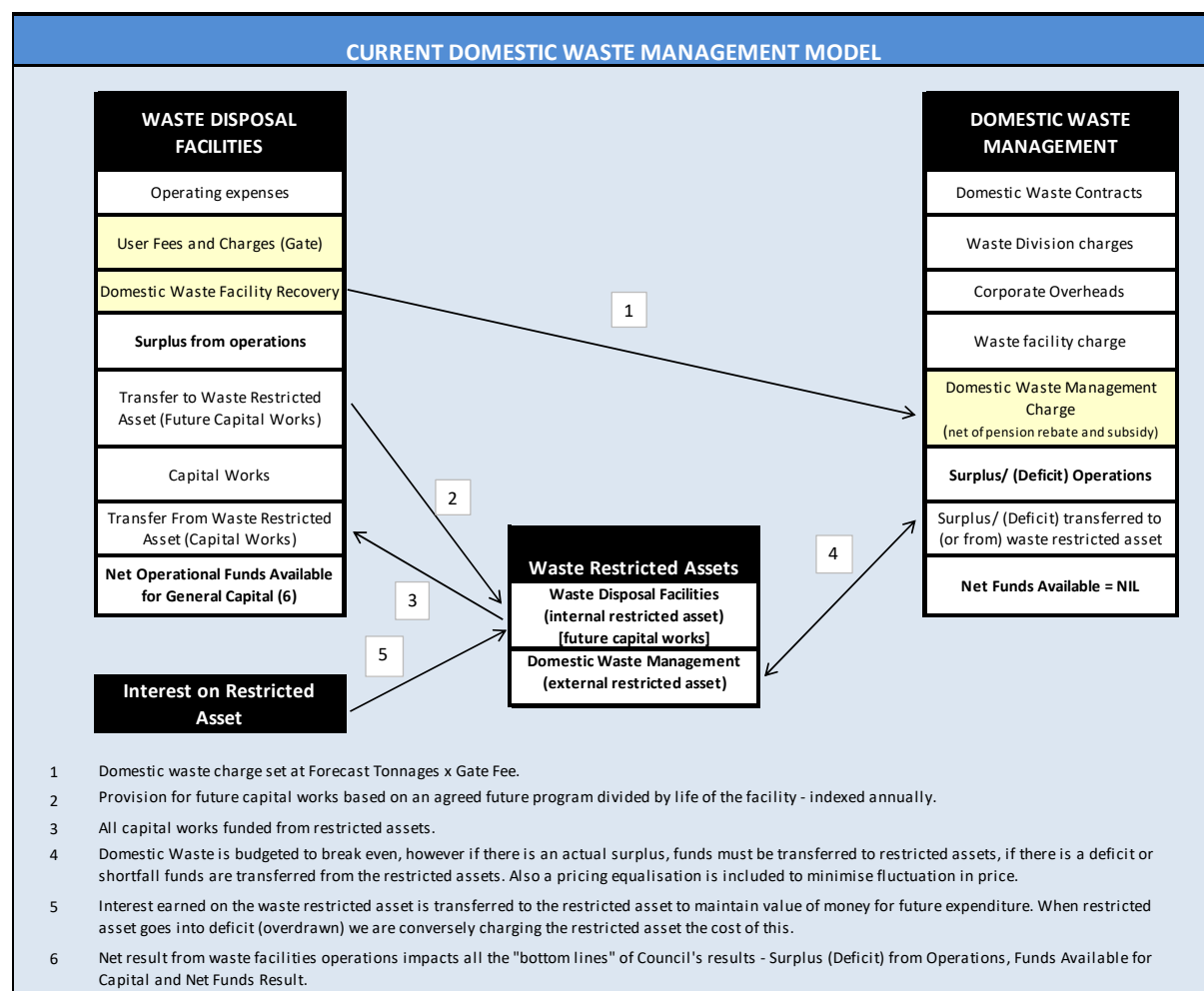
## 4 YEAR DEVELOPER CONTRIBUTIONS RESTRICTED ASSETS SUMMARY

		2023/2024 Forecast \$'000			2024/2025 Forecast \$'000			2025/2026 Forecast \$'000			2026/2027 Forecast \$'000		
PURPOSE OF RESTRICTED ASSET	Opening Balance 1/07/23	Transfer		Balance	Transfer		Balance	Transfer		Balance	Transfer		Balance
		In	Out	30/06/24	In	Out	30/06/25	In	Out	30/06/26	In	Out	30/06/27
Externally Restricted Assets													
West Dapto	12,042	18,865	7,500	23,408	25,304	3,746	44,965	25,484	1,386	69,064	29,413	344	98,133
Calderwood	363	14		377	15		392	16		408	16		424
City Centre	4,456	169	642	3,983	151	580	3,554	137	230	3,461	132		3,593
City Wide	22,920	3,205	1,324	24,801	3,011	12,143	15,669	2,931	3,887	14,712	3,021	1,541	16,192
Total Developer Contributions Restricted Assets	39,781	22,254	9,466	52,569	28,481	16,469	64,581	28,567	5,503	87,645	32,582	1,886	118,342



Internally Restricted Assets	
Purpose	Source of Funds
<b>Strategic Projects</b>	
Support for future strategic projects to be approved by Council.	Where Available Funds level are above minimum requirements, additional funds will be transferred to the Strategic Projects Restricted Asset and consideration given to the allocation of funds through the Strategic Planning process.
<b>MacCabe Park Development</b>	
To accumulate cash for the acquisition of properties adjacent to MacCabe Park, as and when they are offered to Council in accordance with the planning provisions to achieve the objectives of extending MacCabe Park.	Recurring annual allocation made by Council.
<b>City Parking Strategy</b>	
<p>To fund future parking, transport and pedestrian access, bicycle and public transport projects in the City Centre.</p> <p>The Adopted Operational Plan 2020-2021 approved the application of funding from the City Parking Strategy restricted asset until 2028-2029 to be applied to projects that will support the recovery and reactivation of the City Centre post COVID-19.</p>	Net surplus of the Inner City Parking Strategy.
<b>Sports Grants Program</b>	
To provide funding for projects recommended by the Sports & Facilities Reference Group.	Annual allocation made by Council and telecommunication licence fees (50% Fernhill & Woonona soccer club, and Berkeley Sports & Social Club grounds and 100% of other sports grounds).
<b>West Dapto Operations</b>	
Increased annual rate revenue created from subdivision in West Dapto will be restricted and only allocated to operational expenditure as the area develops. In the interim period, the annual revenue should be made available to meet infrastructure or planning requirements in the area.	Net surplus of West Dapto operations including additional rates revenue and operational expenditure.
<b>Darcy Wentworth Park</b>	
Upgrading sporting facilities in the local ward. On completion of these facilities, additional funds to be allocated to the Sports & Facilities Reference Group, to embellish sporting facilities across the City.	Rental proceeds from Darcy Wentworth Park car park.
<b>Waste Disposal Facilities</b>	
The Waste Facilities restricted asset is held for the development and renewal of assets within Council's waste facilities and for the rehabilitation of the sites at the end of their lives.	A proportion of the annual waste fee is allocated for the estimated future development and rehabilitation of waste facilities. This estimate is included in the annual calculation of the waste fees.
<b>Property Investment Fund</b>	
To provide funding for investment in longer term income generating activities.	Proceeds from property sales (excluding those already identified through the property rationalisation program), investment income on accumulated funds held and dividends from investments funded from this source.
<b>Lake Illawarra Estuary Management Fund</b>	
Wollongong and Shellharbour Council now share the responsibility for the management of Lake Illawarra and its surroundings after the State Government disbanded the Lake Illawarra Authority in July 2014.	Funding the LIEM Fund will be initially in the proportion of 2/3rds Wollongong to 1/3rd Shellharbour. Shellharbour's portion will come as an external contribution. The Initial Memorandum of Understanding (MOU) set the contribution per annum of \$165,000 for Wollongong and \$85,000 for Shellharbour. The funding may be allocated over multiple years, so unspent funds are retained in this Restricted Asset and the external contributions restricted asset.

## Overview of Domestic Waste Model



## Budget Limitations/Development

The current financial information has a number of recognised limitations as follows that will require adjustment over a period of time.

### Indices

The financial forecasts are comprised of both recurrent and non-recurrent income and expenditure. The non-recurrent items have specified values and timing of delivery. Recurrent items may be subject to the application of indices or may be set based on known commitments for expenditure such as loan repayments or may be adjusted for volume impacts or future pricing changes. Indices were derived from a number of publications including long term economic projections published by the Commonwealth Government including the Federal Government Budget Reports and Australian Bureau of Statistics (ABS), various banks and IPART recommendations for rates pegging as well as anticipated levels for utilities from Council's longer term supplier contracts.

Variation in actual prices and cost to Council compared to these indices will impact financial results. The extent of this impact will depend on the size of the income or expenditure that is subject to the indices, the extent of variation and the degree to which Council is able to actively mitigate the variation. Council reviews its indices at least annually and analyses the impacts of these changes. Significant changes are addressed as they become known.

### Utility Cost

Projected increases for utility costs are generally based on the Independent Pricing and Regulatory Tribunal (IPART) publications where applicable other than for electricity which also includes recognition of specific negotiated contracts that are in place for street lighting and Council Buildings and Facilities Sites and Small Sites. Street lighting is subject to separate contracts for infrastructure and electricity. Council's electricity contracts for street lighting and large sites are for a three year period commencing in January 2023. Small sites contracts were finalised subsequently and are linked to IPART pricing.

### Asset Management – Valuation and Asset Lives

As an industry, Local Government has recognised a need to provide for ongoing asset replacement. The consumption of these assets is represented by depreciation, which is based on expected asset lives, condition assessments and valuations. While the maturity of this information is improving, many of the assumptions are unproven due to the nature of this exercise. For example, it is difficult to estimate asset lives in relatively new cities, such as Wollongong, where there may not be historical data available or comparability with other cities due to differing environmental factors and construction approaches. In addition, changing technologies may impact on renewal and maintenance costs. Ongoing refinement of these forecasts may result in revised useful lives which would impact on depreciation expenditure in either direction.

### Lake Illawarra

The Coastal Management Plan (CMP) for Lake Illawarra was gazetted in late 2020. The CMP sets out actions to be undertaken over the next 10 years to protect and enhance the health of the lake. The total cost to undertake all actions is approximately \$35.3M. The CMP nominates an indicative funding arrangement shared between Wollongong City Council, Shellharbour City Council and various NSW Government Agencies. The development of future Delivery Programs will need to consider allocations towards unfunded actions in the CMP.

### Internal Charging

There have been continuing efforts to better reflect the costs of capital and services by distributing the cost of internal assets and services. There are existing charges for buildings, plant, vehicles, desktop computing, marketing, printing, waste tipping fees, insurances, Fringe Benefits Tax (FBT), cost of capital (plant and vehicles only), infrastructure assets and internal labour services.

### Contributed Assets

Council's estimates do not currently provide fully for potential assets that may be contributed or donated to Council over time. An estimate has been made for contributions from West Dapto developers, which are based on the broad assumptions for West Dapto. Other contributions are not reasonably forecast.

### Development Contributions (excluding West Dapto)

Development contributions income projections are based on the adopted plan and anticipated timing of receipts. The recent economic climate has had a significant impact on projected income. There are a

range of projects that have been included in the Delivery Program that are dependent on funding from this source. The timing and capacity to deliver these will need to be monitored in the context of ability to achieve income projections.

### **Property Sales and Investment**

While Council is actively pursuing the sale of some properties, a decision has been made not to forecast sale dates or values due to uncertainty in delivery. As property sales become more certain, they will be added to budgeted sources of funding. Consideration of advancing existing projects or investing in new assets to be funded from sales will be given at that time.

### **Climate Change**

Local Government is considered to be on the frontline facing the impact of climate change on communities. The Commonwealth Government has indicated that councils have a role in early planning to identify and prepare for the risk from climate change and help protect the wellbeing of communities, local economies and the built and natural environment and to contribute to a low pollution future. In addition to a planning role, councils also own or directly manage a range of assets that potentially will be impacted by climate change. Increased emphasis on climate change related activities may require a redirection of funding. Activities in this regard will be guided by Climate Change Mitigation Plans (current and future) and the Climate Change Adaptation Plan that is currently under development.

## Section 2

### Capital Program and Budget 2023-2024 to 2026-2027

Section 2 of this report sets out Council's four year Capital Works Budget for the renewal, upgrade and creation of new infrastructure assets to meet the existing and future needs of the city. The significant drivers for this program are:

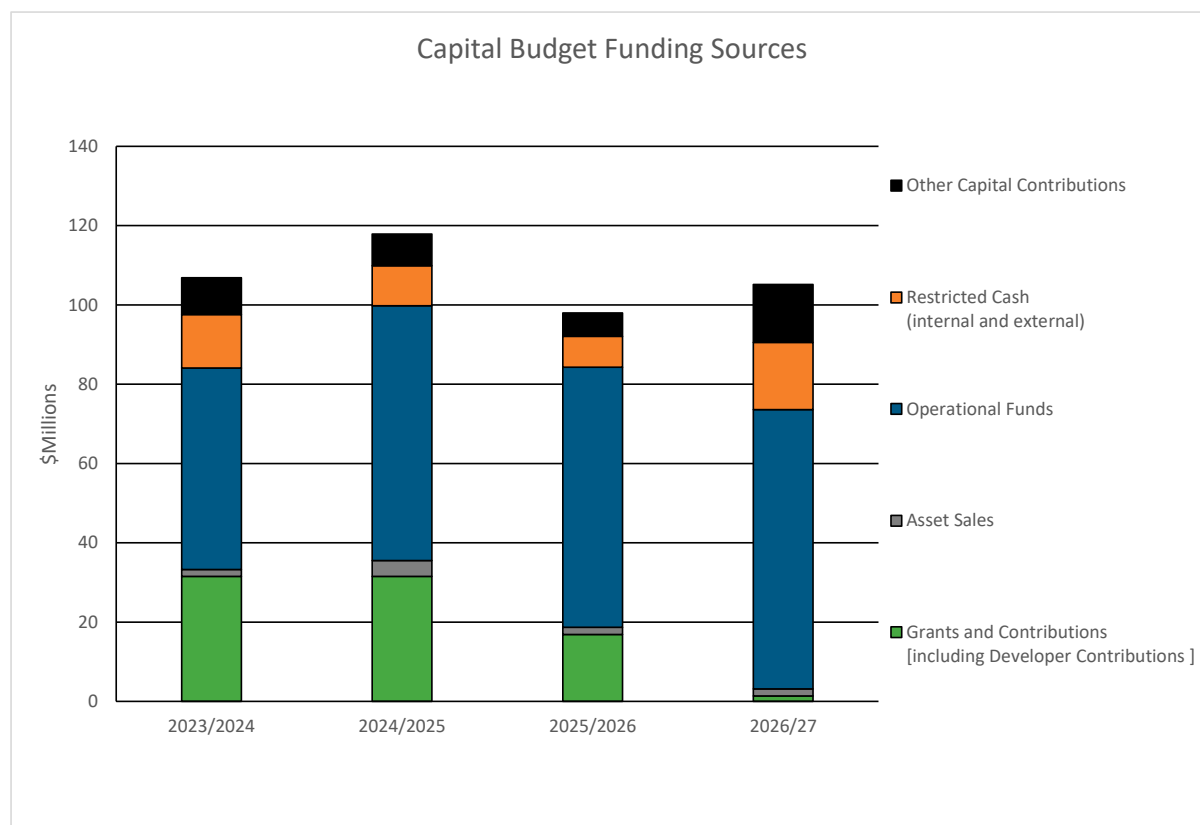
- Community input and strategic directions stated in the Our Wollongong Our Future 2032 - Community Strategic Plan
- Council's Asset Management Policy and Strategies
- Economic, tourism and growth factors including West Dapto
- Availability of funding

The Infrastructure Delivery Program is structured to provide a significant amount of renewal funding to community assets such as Roads, Footpaths, Cycleways, Buildings, Stormwater, Recreation, Sporting and Aquatic facilities using inputs from both the community and Council's Asset Management Plans. The Infrastructure Delivery Program (Attachment 2) provides an indicative program of works to support this budget.

#### Capital Budget Funding 2023-2024

In 2023-2024, \$106.9M including contributed assets will be allocated for capital works, much of which will go towards improving the condition of existing community assets with a focus on replacing assets. The total Capital Budget for 2023-2024 is derived from the allocation of operational funds (including contributions from operational savings), asset sales, contributions from restricted assets, allocations from Section 7.11 Development Contributions funds and funding from State and Commonwealth Government grants.

#### Capital Budget by Funding Sources – Summary Graph



### Capital Budget by Funding Sources - Table

Revenue Type	2023/2024 Budget \$M	2024/2025 Forecast \$M	2025/2026 Forecast \$M	2026/27 Forecast \$M
Operational Funds	50.8	64.3	65.7	70.5
Asset Sales	1.7	4.0	1.7	1.7
Grants and Contributions [including Developer Contributions ]	31.6	31.5	16.9	1.4
Restricted Cash (internal and external)	13.5	10.1	7.8	17.0
Borrowings	0.0	0.0	0.0	0.0
Other Capital Contributions	9.3	8.0	5.9	14.6
<b>TOTAL</b>	<b>106.9</b>	<b>117.9</b>	<b>98.0</b>	<b>105.2</b>

### Capital Budget by Asset Class

Asset Class	2023/2024 Budget \$M	2024/2025 Forecast \$M	2025/2026 Forecast \$M	2026/27 Forecast \$M
Roads And Related Assets	16.6	17.3	17.5	17.2
West Dapto	8.6	11.8	10.6	0.0
Footpaths And Cycleways	11.4	11.8	11.0	8.9
Carparks	0.9	1.7	1.4	1.1
Stormwater And Floodplain Management	10.6	7.8	4.9	4.1
Buildings	8.2	30.8	23.1	21.3
Commercial Operations	0.9	2.0	0.7	0.2
Parks Gardens And Sportfields	21.7	4.5	1.7	1.4
Beaches And Pools	0.1	2.7	5.7	8.6
Natural Areas	0.0	0.0	0.0	0.0
Waste Facilities	9.2	8.9	4.4	16.6
Fleet	1.8	1.8	1.8	1.8
Plant And Equipment	3.3	3.6	3.4	3.5
Information Technology	1.6	1.3	1.4	0.6
Library Books	1.3	1.4	1.4	1.4
Public Art	0.1	0.1	0.1	0.1
Emergency Services	0.0	0.0	0.0	0.0
Land Acquisitions	0.2	0.2	0.2	0.3
Non-Project Allocations	2.5	3.2	2.7	3.5
Loans	0.0	0.0	0.0	(0.0)
Not Applicable	7.9	7.0	5.9	14.6
	<b>106.9</b>	<b>117.9</b>	<b>98.0</b>	<b>105.2</b>
Contributed assets	7.9	7.0	5.9	14.6
<b>Total excluding contributed assets</b>	<b>99.0</b>	<b>110.9</b>	<b>92.1</b>	<b>90.6</b>



## **Upcoming Capital Projects in 2023-2024**

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### **PROJECTS – PLANNING AND DESIGN**

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During 2023-2024 Wollongong City Council plans to continue and complete approximately 197 design projects including the following:

- Port Kembla Community Centre Hall, Workshop and Forecourt Stage 2
- Wongawilli Hall Refurbishment and Upgrade
- Helensburgh Library + Community Centre
- Helensburgh Pool Upgrade
- Lindsay Mayne Park New Amenities
- Western Suburbs Pool Replacement and Upgrade
- King George Oval Playground
- Lang Park Amenities
- Figtree Oval Amenities Upgrade

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### **PROJECTS – CONSTRUCTION**

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During 2023-2024, Wollongong City Council plans to commence or continue over 226 construction projects including the following:

- Southern Suburbs Library + Community Centre
- Stuart Park All-Access, All-Abilities Playground
- Beaton Park Masterplan Works
- Hill 60 Accessibility Improvements
- Wollongong Skate Park
- Fred Finch Netball Courts Stage 2

## CAPITAL BUDGET 2023/2024 to 2026/2027

\$'000

Asset Class	2023/2024			2024/2025			2025/2026			2026/2027		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Roads And Related Assets</b>												
Traffic Facilities	3,435	(2,408)	1,028	1,080	(1,000)	80	550	(500)	50	1,450	(1,150)	300
Public Transport Facilities	563	(273)	290	425	(120)	305	300	0	300	355	0	355
Roadworks	11,900	(2,698)	9,203	12,615	(1,725)	10,890	13,405	(900)	12,505	13,492	0	13,492
Bridges, Boardwalks and Jetties	670	0	670	3,190	0	3,190	3,285	0	3,285	1,925	0	1,925
<b>Total Roads And Related Assets</b>	<b>16,568</b>	<b>(5,378)</b>	<b>11,190</b>	<b>17,310</b>	<b>(2,845)</b>	<b>14,465</b>	<b>17,540</b>	<b>(1,400)</b>	<b>16,140</b>	<b>17,222</b>	<b>(1,150)</b>	<b>16,072</b>
<b>West Dapto</b>												
West Dapto Infrastructure Expansion	8,635	(8,560)	75	11,815	(11,790)	25	10,550	(10,550)	0	0	0	0
<b>Total West Dapto</b>	<b>8,635</b>	<b>(8,560)</b>	<b>75</b>	<b>11,815</b>	<b>(11,790)</b>	<b>25</b>	<b>10,550</b>	<b>(10,550)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Footpaths And Cycleways</b>												
Footpaths	3,805	(2,123)	1,683	4,005	(160)	3,845	3,435	(230)	3,205	3,450	0	3,450
Cycle/Shared Paths	5,465	(700)	4,765	5,930	(2,550)	3,380	3,970	(550)	3,420	2,075	0	2,075
Commercial Centre Upgrades - Footpaths and	2,087	(142)	1,945	1,865	(800)	1,065	3,615	0	3,615	3,400	0	3,400
<b>Total Footpaths And Cycleways</b>	<b>11,357</b>	<b>(2,965)</b>	<b>8,393</b>	<b>11,800</b>	<b>(3,510)</b>	<b>8,290</b>	<b>11,020</b>	<b>(780)</b>	<b>10,240</b>	<b>8,925</b>	<b>0</b>	<b>8,925</b>
<b>Carparks</b>												
Carpark Construction/Formalising	250	0	250	1,300	(1,200)	100	1,100	0	1,100	0	0	0
Carpark Reconstruction or Upgrading	655	0	655	400	0	400	310	0	310	1,100	0	1,100
<b>Total Carparks</b>	<b>905</b>	<b>0</b>	<b>905</b>	<b>1,700</b>	<b>(1,200)</b>	<b>500</b>	<b>1,410</b>	<b>0</b>	<b>1,410</b>	<b>1,100</b>	<b>0</b>	<b>1,100</b>
<b>Stormwater And Floodplain Management</b>												
Floodplain Management	3,670	(3,082)	588	3,735	(1,000)	2,735	2,680	0	2,680	3,000	0	3,000
Stormwater Management	6,830	(1,795)	5,035	3,495	0	3,495	2,165	0	2,165	1,115	0	1,115
Stormwater Treatment Devices	60	0	60	550	0	550	100	0	100	0	0	0
<b>Total Stormwater And Floodplain Management</b>	<b>10,560</b>	<b>(4,877)</b>	<b>5,683</b>	<b>7,780</b>	<b>(1,000)</b>	<b>6,780</b>	<b>4,945</b>	<b>0</b>	<b>4,945</b>	<b>4,115</b>	<b>0</b>	<b>4,115</b>

## CAPITAL BUDGET 2023/2024 to 2026/2027

\$'000

Asset Class	2023/2024			2024/2025			2025/2026			2026/2027		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Buildings</b>												
Cultural Centres (IPAC, Gallery, Townhall)	80	0	80	80	0	80	4,500	0	4,500	4,500	0	4,500
Administration Buildings	530	0	530	400	0	400	500	0	500	600	0	600
Community Buildings	7,550	(1,250)	6,300	30,290	(10,000)	20,290	18,070	(6,000)	12,070	16,160	0	16,160
Public Facilities (Shelters, Toilets etc.)	0	0	0	0	0	0	0	0	0	40	0	40
<b>Total Buildings</b>	<b>8,160</b>	<b>(1,250)</b>	<b>6,910</b>	<b>30,770</b>	<b>(10,000)</b>	<b>20,770</b>	<b>23,070</b>	<b>(6,000)</b>	<b>17,070</b>	<b>21,300</b>	<b>0</b>	<b>21,300</b>
<b>Commercial Operations</b>												
Tourist Park - Upgrades and Renewal	565	0	565	1,250	0	1,250	200	0	200	200	0	200
Crematorium/Cemetery - Upgrades and Renewal	285	0	285	720	0	720	500	0	500	0	0	0
Leisure Centres & RVGC	50	0	50	0	0	0	0	0	0	0	0	0
<b>Total Commercial Operations</b>	<b>900</b>	<b>0</b>	<b>900</b>	<b>1,970</b>	<b>0</b>	<b>1,970</b>	<b>700</b>	<b>0</b>	<b>700</b>	<b>200</b>	<b>0</b>	<b>200</b>
<b>Parks Gardens And Sportfields</b>												
Play Facilities	3,348	(1,763)	1,585	2,300	(1,300)	1,000	1,050	0	1,050	1,000	0	1,000
Recreation Facilities	1,815	(1,520)	295	1,235	(535)	700	0	0	0	0	0	0
Sporting Facilities	16,575	(8,136)	8,439	990	(800)	190	615	(400)	215	400	(400)	0
Lake Illawarra Foreshore	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Parks Gardens And Sportfields</b>	<b>21,738</b>	<b>(11,419)</b>	<b>10,319</b>	<b>4,525</b>	<b>(2,635)</b>	<b>1,890</b>	<b>1,665</b>	<b>(400)</b>	<b>1,265</b>	<b>1,400</b>	<b>(400)</b>	<b>1,000</b>
<b>Beaches And Pools</b>												
Beach Facilities	0	0	0	0	0	0	0	0	0	20	0	20
Rock/Tidal Pools	0	0	0	0	0	0	10	0	10	0	0	0
Treated Water Pools	120	(50)	70	2,680	(2,120)	560	5,710	(942)	4,768	8,600	0	8,600
<b>Total Beaches And Pools</b>	<b>120</b>	<b>(50)</b>	<b>70</b>	<b>2,680</b>	<b>(2,120)</b>	<b>560</b>	<b>5,720</b>	<b>(942)</b>	<b>4,778</b>	<b>8,620</b>	<b>0</b>	<b>8,620</b>
<b>Natural Areas</b>												
Natural Area Management and Rehabilitation	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Natural Areas</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## CAPITAL BUDGET 2023/2024 to 2026/2027

\$'000

Asset Class	2023/2024			2024/2025			2025/2026			2026/2027		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Waste Facilities</b>												
Whytes Gully New Cells	9,180	(9,180)	0	8,850	(8,850)	0	4,400	(4,400)	0	16,560	(16,560)	0
<b>Total Waste Facilities</b>	<b>9,180</b>	<b>(9,180)</b>	<b>0</b>	<b>8,850</b>	<b>(8,850)</b>	<b>0</b>	<b>4,400</b>	<b>(4,400)</b>	<b>0</b>	<b>16,560</b>	<b>(16,560)</b>	<b>0</b>
<b>Fleet</b>												
Motor Vehicles	1,800	(949)	851	1,800	(949)	851	1,800	(949)	851	1,800	(949)	851
<b>Total Fleet</b>	<b>1,800</b>	<b>(949)</b>	<b>851</b>	<b>1,800</b>	<b>(949)</b>	<b>851</b>	<b>1,800</b>	<b>(949)</b>	<b>851</b>	<b>1,800</b>	<b>(949)</b>	<b>851</b>
<b>Plant And Equipment</b>												
Mobile Plant (trucks, backhoes etc.)	3,295	(779)	2,516	3,600	(780)	2,820	3,428	(782)	2,646	3,520	(799)	2,721
Fixed Equipment	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Plant And Equipment</b>	<b>3,295</b>	<b>(779)</b>	<b>2,516</b>	<b>3,600</b>	<b>(780)</b>	<b>2,820</b>	<b>3,428</b>	<b>(782)</b>	<b>2,646</b>	<b>3,520</b>	<b>(799)</b>	<b>2,721</b>
<b>Information Technology</b>												
Information Technology	1,605	0	1,605	1,340	0	1,340	1,400	0	1,400	558	0	558
<b>Total Information Technology</b>	<b>1,605</b>	<b>0</b>	<b>1,605</b>	<b>1,340</b>	<b>0</b>	<b>1,340</b>	<b>1,400</b>	<b>0</b>	<b>1,400</b>	<b>558</b>	<b>0</b>	<b>558</b>
<b>Library Books</b>												
Library Books	1,340	0	1,340	1,374	0	1,374	1,404	0	1,404	1,438	0	1,438
<b>Total Library Books</b>	<b>1,340</b>	<b>0</b>	<b>1,340</b>	<b>1,374</b>	<b>0</b>	<b>1,374</b>	<b>1,404</b>	<b>0</b>	<b>1,404</b>	<b>1,438</b>	<b>0</b>	<b>1,438</b>
<b>Public Art</b>												
Art Gallery Acquisitions	100	0	100	100	0	100	100	0	100	100	0	100
<b>Total Public Art</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>
<b>Emergency Services</b>												
Emergency Services Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Emergency Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## CAPITAL BUDGET 2023/2024 to 2026/2027

\$'000

Asset Class	2023/2024			2024/2025			2025/2026			2026/2027		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Land Acquisitions</b>												
Land Acquisitions	250	(250)	(0)	250	(250)	(0)	250	(250)	(0)	250	(250)	0
<b>Total Land Acquisitions</b>	<b>250</b>	<b>(250)</b>	<b>(0)</b>	<b>250</b>	<b>(250)</b>	<b>(0)</b>	<b>250</b>	<b>(250)</b>	<b>(0)</b>	<b>250</b>	<b>(250)</b>	<b>0</b>
<b>Non-Project Allocations</b>												
Capital Project Contingency	2,524	0	2,524	3,227	0	3,227	2,717	0	2,717	3,461	0	3,461
Capital Project Plan	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Project Allocations</b>	<b>2,524</b>	<b>0</b>	<b>2,524</b>	<b>3,227</b>	<b>0</b>	<b>3,227</b>	<b>2,717</b>	<b>0</b>	<b>2,717</b>	<b>3,461</b>	<b>0</b>	<b>3,461</b>
<b>Loans</b>												
LIRS Loan	0	(2,564)	(2,564)	0	(656)	(656)	0	0	0	0	0	0
<b>Total Loans</b>	<b>0</b>	<b>(2,564)</b>	<b>(2,564)</b>	<b>0</b>	<b>(656)</b>	<b>(656)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>
<b>Not Applicable</b>												
Not Applicable	7,876	(7,876)	0	7,014	(7,014)	0	5,871	(5,871)	0	14,585	(14,585)	0
<b>Total Not Applicable</b>	<b>7,876</b>	<b>(7,876)</b>	<b>0</b>	<b>7,014</b>	<b>(7,014)</b>	<b>0</b>	<b>5,871</b>	<b>(5,871)</b>	<b>0</b>	<b>14,585</b>	<b>(14,585)</b>	<b>0</b>
<b>TOTAL</b>	<b>106,913</b>	<b>(56,095)</b>	<b>50,818</b>	<b>117,905</b>	<b>(53,599)</b>	<b>64,306</b>	<b>97,989</b>	<b>(32,323)</b>	<b>65,666</b>	<b>105,154</b>	<b>(34,692)</b>	<b>70,461</b>
<b>NET REVENUE FUNDED</b>		<b>50,818</b>			<b>64,306</b>			<b>65,666</b>			<b>70,461</b>	
"Contributed Assets" in Not Applicable	7,876	(7,876)	0	7,014	(7,014)	0	5,871	(5,871)	0	14,585	(14,585)	0
<b>Total excluding contributed assets</b>	<b>99,037</b>	<b>(48,219)</b>	<b>50,818</b>	<b>110,890</b>	<b>(46,584)</b>	<b>64,306</b>	<b>92,118</b>	<b>(26,452)</b>	<b>65,666</b>	<b>90,569</b>	<b>(20,108)</b>	<b>70,461</b>