



*Image: Austinmer Sunrise*

Wollongong City Council

# Attachment 1 Budget 2025-2026

## Adopted 30 June 2025

# Contents

<u>Introduction</u>	<u>1</u>
<u>Current Financial Situation</u>	<u>1</u>
<u>Financial Sustainability</u>	<u>3</u>
<u>Financial Forecasts</u>	<u>4</u>
<u>Other Considerations</u>	<u>9</u>
<u>Budget 2025-2026</u>	<u>17</u>
<u>Current Assumptions</u>	<u>17</u>
Service levels	17
Indexation	17
<u>Revenue</u>	<u>18</u>
Rates	18
Pensioner Rebates	19
Annual Charges	20
Domestic Waste Management Services	20
Stormwater Management	21
Waste Management Services – Non-Domestic Premises	23
User Fees, Charges and Other Revenue	23
Interest on Investments	24
Operational Grants	24
Financial Assistance Grant	25
Specific Purpose Operational Grants	25
Capital Income	26
Profit/Loss on Disposal of Assets	26
<u>Expenses</u>	<u>27</u>
Employee Costs	27
Salary & Wages	27
Superannuation	28
Parental Leave	28
Workers' Compensation	29
Salary & Wages Recovery	29
<u>Other Employee Costs</u>	<u>29</u>
Learning & Development	29
Cadets, Apprentices & Trainees	29
Fringe Benefits Tax	30
<u>Borrowing Costs (Financing)</u>	<u>30</u>
<u>Materials, Contracts &amp; Other Expenses</u>	<u>30</u>
Environmental Protection Authority (EPA) Levy	30

Street Lighting	31
Emergency Services	31
Insurance	31
Legal Costs	32
Fuel & Oil	32
Affiliates Contributions	32
Other Contributions, Donations & Subsidies	33
Councillors' Expenses	33
Telecommunications	33
Postage	34
Council Rates	34
Housing Affordability Program	34
Depreciation	34
<u>Centrally Held Budget Capacity</u>	<u>35</u>
Rates Growth	35
Operational Contingency	35
<u>Key Assumptions</u>	<u>36</u>
West Dapto Development	36
Enhanced Community Centre & Library Services	37
Restricted Revenue	37
Overview of Domestic Waste Model	42
<u>Budget Limitations/Development</u>	<u>43</u>
Indices	43
Utility Cost	43
Asset Management - Valuation and Asset Lives	43
Lake Illawarra	43
Internal Charging	43
Contributed Assets	43
Development Contributions (excluding West Dapto)	44
Property Sales and Investment	44
Climate Change	44
<u>Section 2</u>	<u>45</u>
<u>Capital Program and Budget 2025-2026 to 2028-2029</u>	<u>45</u>
Capital Budget Funding 2025-2026	45
Upcoming Capital Projects in 2025-2026	46

## Introduction

Wollongong City Council is committed to the principles of organisational sustainability, including financial sustainability and good financial management. Council will use ratepayers' money wisely, together with other funding available, to provide prioritised services in a fiscally responsible manner. To Council, financial sustainability means we can provide quality planned and ongoing services, including the infrastructure that is used in providing those services to the community, without having to consider unplanned increases to rates or disruptive reductions in service levels. Good financial management requires an understanding of the short and long term financial implications of decisions - now, in the past and into the future. It also requires consideration of the potential influences outside of Council's control that may impact on our finances.

The Budget is a component of the Delivery Program and Operational Plan that provides the financial projections for the next four years based on the direction proposed and decisions of Council. It details the planning assumptions that underlie these projections, the key indicators that are used to measure performance and discusses areas of risk.

It is a living document intended to support decision making and provide a guide for future action. It is continually updated to reflect both internal decisions and external impacts.

The financial forecasts are built within the parameters of Council's Financial Sustainability Policy. The Financial Sustainability Policy provides direction and context for decision making in the allocation, management and use of Council's limited financial resources. It sets the parameters within which Council provides financial stability, affordability, focus, efficiency, or value for money, over the short, medium and longer terms. The key performance indicators outlined in the Financial Sustainability Policy set clear targets to support continuous measurement of financial sustainability.

## Current Financial Situation

As we approach this planning cycle, Council's reported financial position continues to show negative Operating Results [pre capital] into the foreseeable future. It has been articulated over time that this result has primarily been the result of significant cost inflation that has increased the valuation of Council's assets and caused an increase in depreciation recognised in the Operating Result. Council's asset revaluations since 2022 have resulted in calculated asset values increasing by approximately 53% resulting in increased depreciation of around \$37M per annum. These asset valuations and depreciation were based on Council's existing asset management practices and accounting requirements. Prior to that time, Council had been able to report actual and forecast surplus results.

Since 2022, Council has continued to forecast and report negative Operating Results [pre capital], although had stated that the asset valuation and depreciation impacts would not impact the planned Delivery Program over the reporting period, noting that rising costs and future asset renewals would need to be addressed in the medium to longer term to ensure continued financial sustainability.

Over the past year, Council has invested in a detailed review and update of Council's Asset Management Strategy and Plan, which has resulted in the development of new asset management practices and assumptions to take into the future. Some of the changes forecast to be implemented have been incorporated into the financial forecasts, resulting in improvements to the underlying financial results.

This improved forecast has been particularly driven by changes in anticipated asset lives due to reassessment of the management of some asset classes over their lifecycle. The change of lives will result in lower overall depreciation rates, although for the buildings class the reassessment has resulted in an increased rate of depreciation, as follows:

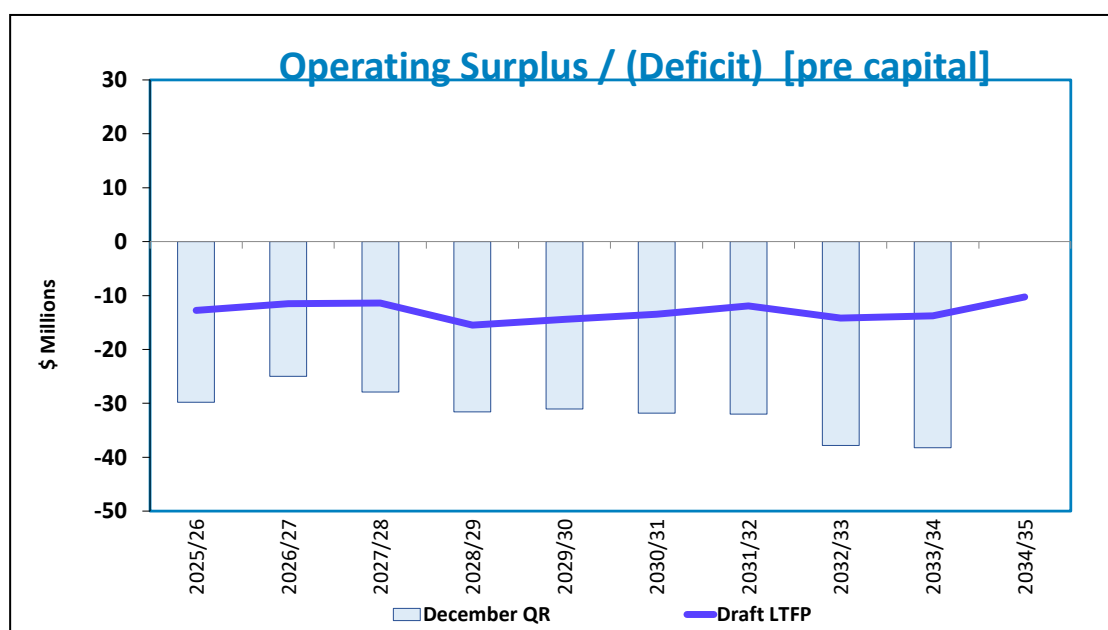


## Depreciation - Asset Lives Impact

Asset Class	2025/2026 Depreciation Forecast \$'000s	2025/2026 Proposed Depreciation Forecast \$'000s	Variance \$'000s
Buildings	20,760	22,323	(1,563)
Stormwater	20,794	9,218	11,576
Pathways (Footpaths & Cycleways)	6,052	3,341	2,712
Bridges	2,449	1,793	656
<b>Total</b>	<b>50,056</b>	<b>36,675</b>	<b>13,381</b>

These adjustments have been applied to future forecasts but require audit review before being finalised and reported in the Financial Statements. It should be noted that the changes to accounting for depreciation will be prospective from 30 June 2025, so will not have a material impact on the 2024-2025 Annual Statements.

In addition to the asset forecast improvements, the Operating Result [pre capital] has been improved by revised forecasting for revenue related to the Waste Facility and Domestic Waste. Net Income improvements in these areas relate to longer term asset replacement requirements and pricing respectively and have been transferred to Restricted Assets for future expenditure. The revised Operating Results [pre capital] compared to the December Quarterly Review results are as follows:



While the Operating Result [pre capital] remains a key Financial Statement and Quarterly Budget Review result, it will not be considered a Key Financial Indicator for planning and reporting purposes moving forward due to the way in which depreciation and some income is measured, which doesn't accurately reflect the annual replacement cost of Council's assets or necessarily Council's capacity. The Financial Sustainability Policy includes medium (10 years) and long term measures to replace measures that reflected depreciation as a proxy for asset replacement requirements. This ensures the Policy focuses on funding capacity and actual asset renewal requirements, which are more accurate measures of sustainability.

While the revised financial forecasts, based on the revised Financial Sustainability Policy methodology and measures provides for stability and affordability based on existing services and assumptions, there continues to be substantial challenges due to the State Government controlled Rate Peg not matching cost escalation, variable economic conditions, cost shifting and a clear demand for more than just sustainability. Our community engagement continues to provide clear

evidence of the desire for increased service and improved levels of service across several Council operations.

To maintain organisational sustainability and continue to develop new and enhanced services, actions will be required in future years to create additional capacity in the short term and potentially fund longer term shortfalls. There are three options available to create capacity for new or enhanced services:

- Improve efficiency through better operations that reduce the cost of services – including reducing the lifecycle cost or improving the utilisation of assets used in the delivery of services.
- Decrease delivery of some services or service levels that are not required or prioritised by our community.
- Increase revenue from rates, fees, investments, rental and other property returns, grants and contributions.

It is important to note that Council will continue to focus on increasing capacity through organisational sustainability initiatives in the first instance.

## **Financial Sustainability**

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

The current Financial Sustainability Policy has clear objectives including:

- Council will aim to maintain Available Funds (the unallocated portion of revenues) between 3.5% and 5.5% of operational revenue [pre capital].
- Council's annual allocations to operational and capital budgets will generally not exceed anticipated cash inflows.
- Council will plan to achieve a Funds Available for Asset placement at least equal to the estimated cost of replacing assets due for renewal.
- Council will monitor the long term asset renewal requirements and plan for potential issues outside of the current planning cycle.
- In determining the approval of budget for new, expanded, or upgraded 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 Resourcing 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.

## Financial Forecasts

The financial forecasts contained in this document provide a financial view that support the Service levels and outcomes documented in Resourcing Strategy and Delivery Program 2025-2029 and Operational Plan 2025-2026.

Forecasts have been informed by current asset management plans, capital program timing 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, regular reviews and 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 key revised financial forecasts for the years 2025-2026 to 2028-2029 are shown in the tables below.

### Key Income & Expense Results

	2025/2026 Budget \$M	2026/2027 Forecast \$M	2027/2028 Forecast \$M	2028/2029 Forecast \$M
Funds Available for Asset Replacement	66.2	74.6	71.3	78.9
Funds Result	0.2	(0.5)	0.3	0.4
Available Funds	16.7	16.2	16.5	16.9

### Strategic Projects Restricted Asset Investment

In years where Council has achieved financial savings beyond the targets set in the financial forecasts, funds have been transferred to Strategic Projects internally restricted asset 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 2025-2026 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. Note that these amounts are funded from the Strategic Projects Restricted Asset and may not represent the full cost of the projects.

Diagram 1

### Funded from Strategic Projects Restricted Asset

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
<b>Capital Projects</b>				
Southern Suburbs Library & Community Centre	5,669	9,500	-	-
Helensburgh Library & Community Centre	-	2,500	500	-
Traffic Facilities	-	-	960	-
North Wollongong Beach, Seawall Renewal Stage 2	2,434	-	-	-
King George V Park Picnic Shelter	240	-	-	-
Footpaths - New	-	70	-	-
Mount Kembla Mountain Biking Amenities	20	500	-	-
Balgownie Mountain Biking Amenities	20	500	-	-
Balgownie Mountain Biking access Civil works	10	250	-	-
Kembla Heights Village Car Park, corner Harry Graham Drive	5	-	-	-
<b>Total</b>	<b>8,398</b>	<b>13,320</b>	<b>1,460</b>	<b>-</b>

**Diagram 1 (continued)**

**Funded from Strategic Projects Restricted Asset**

	<b>2025/2026 Budget \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>	<b>2027/2028 Forecast \$'000s</b>	<b>2028/2029 Forecast \$'000s</b>
<b>Studies and Supporting Documents</b>				
West Dapto Review WaterCycle Masterplan	75	-	-	-
Lake Illawarra Shared Path Masterplan	110	-	-	-
Mt Keira Summit Park Interpretation Design Guide	50	-	-	-
Botanic Gardens Design Investigation for Asset Improvement	146	60	-	-
Feasibility Study Synthetic Football Pitch in Northern Suburbs	47	-	-	-
Implement Keiraville Gwynneville Access & Movement Strategy	29	-	-	-
Draft Bulli Showground Masterplan - Feasibility Assessment and Community Consultation	124	-	-	-
Thirroul Village - Character and Heritage Study	-	-	-	152
Asset Management Planning	26	-	-	-
Social Infrastructure Planning Framework - Bong Bong Town Centre Library and Community Centre Feasibility	-	50	-	-
Accessible Car Parking and Bus Stops audit	22	-	-	-
Landscape development plan for West Dapto - for riparian corridors	12	-	-	-
Towradgi Creek Shared Path Feasibility Investigations	36	-	-	-
<b>Total</b>	<b>678</b>	<b>110</b>	<b>-</b>	<b>152</b>
<b>Other Non-Recurrent Projects</b>				
Wollongong Biennial Acquisitive Sculpture Award	-	140	-	140
Civic Christmas Carol Event Funding	57	-	-	-
Animal Care & Impounding Services Strategy	173	-	-	-
Open Street Event Support	150	150	150	-
Innovation App Competition	40	-	-	-
Relocation of Amy Monument	40	-	-	-
Safer Routes to Schools (Signs and Ligns)	100	-	-	-
<b>Total</b>	<b>559</b>	<b>290</b>	<b>150</b>	<b>140</b>
<b>Annual Total</b>	<b>9,635</b>	<b>13,720</b>	<b>1,610</b>	<b>292</b>
<b>Cumulative Total</b>	<b>9,635</b>	<b>23,355</b>	<b>24,965</b>	<b>25,257</b>

\* An allocation of \$1.25M has been made from Strategic Projects Restricted Asset which is not shown in Diagram 1. The allocation of funds will only be realised if Council is successful in receipt of external grant funding for the Illawarra Escarpment Mountain Bike project.

**Key Performance Indicators**

The long term forecasts presented below are indicative of Council's 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 the Community Strategic Plan, Delivery Program and Resourcing Strategy and the Long Term Financial Plan.

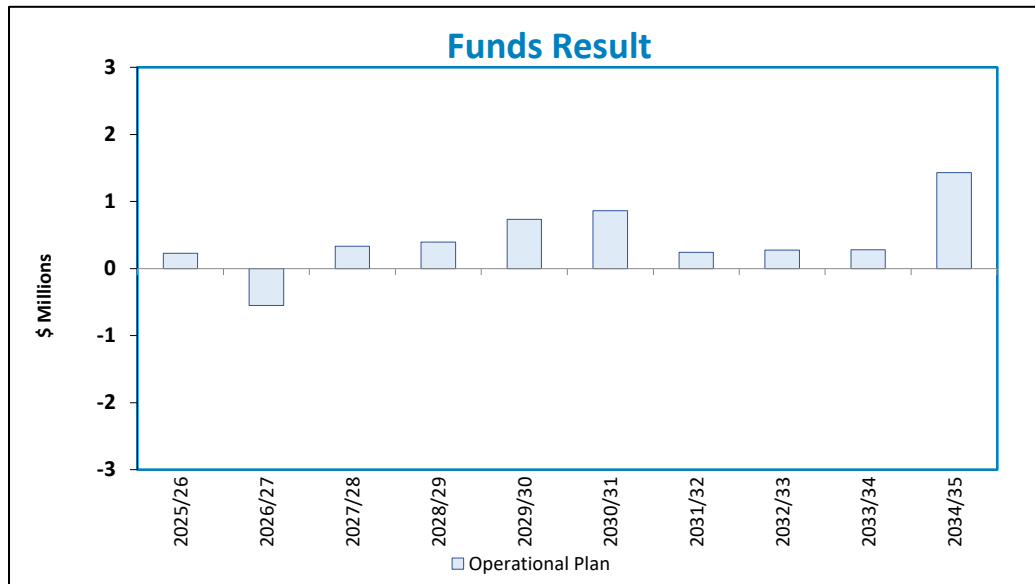
**Total Funds Result**

The Total Funds Result provides an indication that the forecast budgets for the 10 year period are affordable and that cash can be managed to ensure that payments can be made as required. By holding a level of Available Funds and planning for near breakeven funds results, Council can maintain this position into the future so long as it also maintains its assets to ensure they are fit for purpose. The total funds result is inclusive of financing cash flow and movements in Restricted Assets.



Diagram 2 shows the forecast Total Funds Result for the next 10 years. Council's Financial Sustainability Policy targets a break even or better result in each year although it will be possible to manage results across the reporting period. Currently, Council is forecasting a positive result across the 10 years, although has two years where the funding is currently slightly negative. The flexibility available in the Available Funds range, Diagram 2 below, shows the quantum of these variations fall within the targets available.

**Diagram 2**



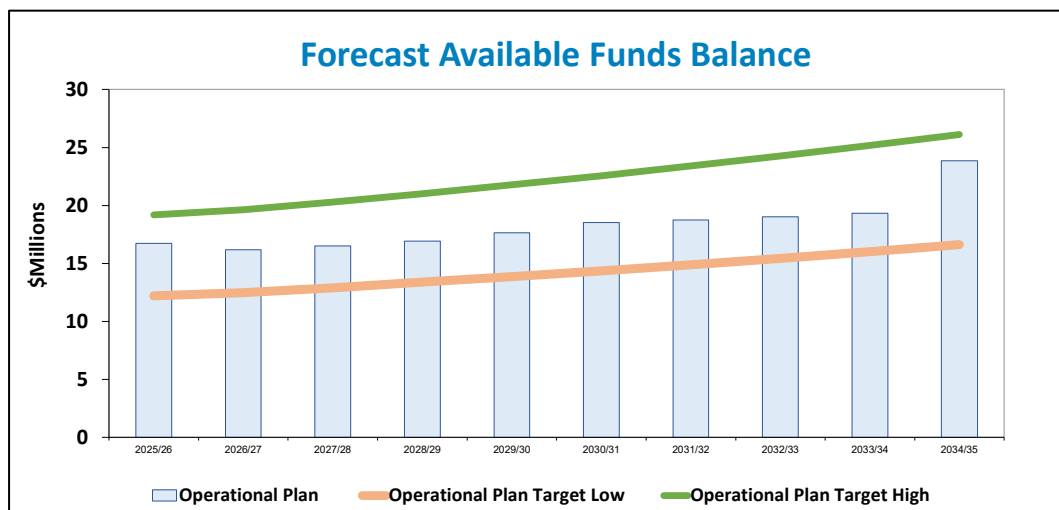
### Available Funds

Available Funds are the uncommitted funds that Council has earned but not committed. These funds assist in meeting the short term cash requirements, provide contingency for unexpected costs or loss of revenue and provide flexibility to take advantage of opportunities that may arise from time to time. The annual Total Funds result creates the annual positive or negative variation to this amount. Council's Financial Sustainability Policy has a target to achieve and maintain an Available Funds position between 3.5% and 5.5% of operational revenue [pre capital].

The long term financial projections that support the Resourcing Strategy 2025-2029 indicate that the target range for Available Funds is between \$12.3M and \$16.8M (lower range) and between \$19.4M and \$26.3M (upper range) over the life of the Long Term Financial Plan.

Forecasts indicate that Council would be able to remain within the target based on current estimates and assumptions.

**Diagram 3**



## Asset Management Replacement Ratio

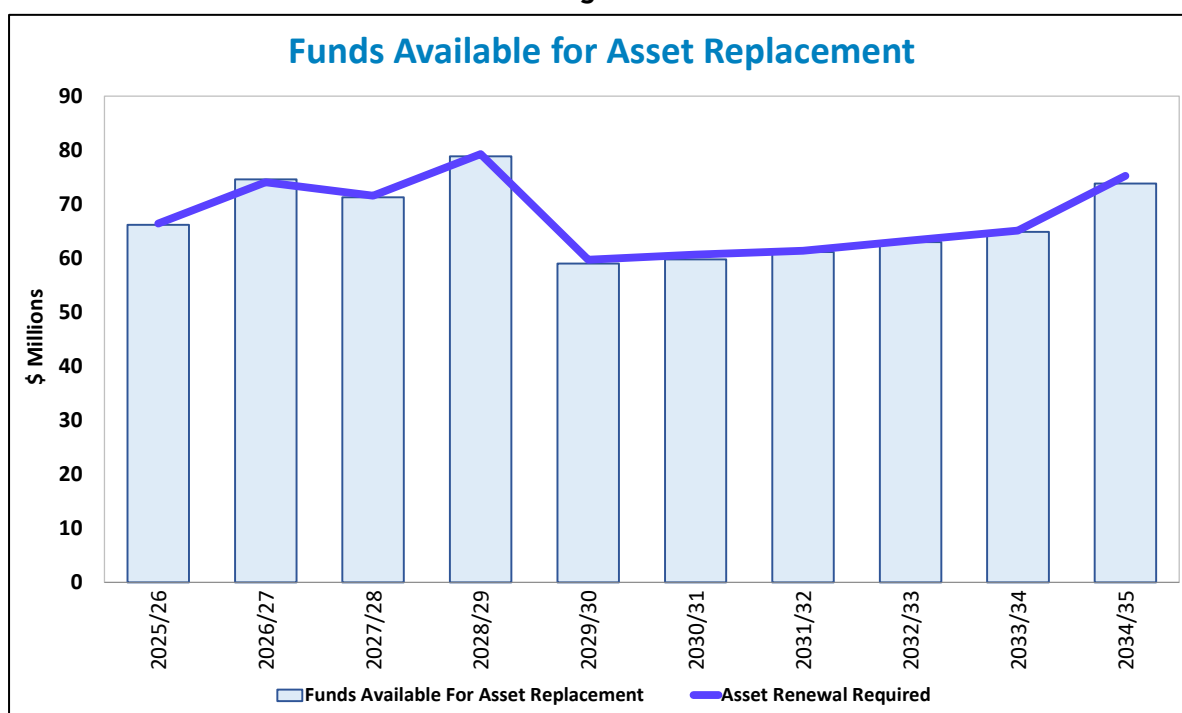
The Asset Management Replacement Ratio measures the estimated cost of required asset replacement over the period and indicates the level to which funds are available from operations to complete these works. Council's Financial Sustainability Policy prioritises the requirement to at least provide sufficient funds to replace assets as they fall due. The Asset Management Strategy and Plans are used to determine the amount required for asset replacement. So long as Council is producing sufficient revenue to cover its operating costs and have remaining funds available, that coupled with proceeds from asset sales and Restricted Assets can fund the required asset replacements, the ratio would be one to one. Should Council not meet this funding requirement it would not be able to replace assets as required which would not meet the sustainability requirements.

Funds Available from Operations that are not required to be applied to asset replacement in the current year would be allocated to improve Available Funds, to provide new, enhanced, or upgraded assets, or be restricted to meet future requirements.

The requirement for replacement of existing assets at agreed standards has been assessed through the Asset Management Strategy and Plans.

Diagram 4 shows the forecast Asset Management Replacement Ratio.

**Diagram 4**



## Borrowings

The Financial Sustainability Policy requires that:

- a Council will actively consider borrowings through its Resourcing 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 or service level, to finance investments, or to provide for timing mismatches in asset replacement 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 where borrowing is applicable to Income Activities, to reflect the opportunity cost and will 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.

Council's current external loans will be fully extinguished in the coming year. 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 Sustainability Policy. 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.

## Other Considerations

### Supporting Document Development 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 new or renewed Supporting Document development projects (and unallocated funding - Centralised Studies and Plans) included in the Budget 2025-2026 to 2028-2029 is provided below.

#### Supporting Documents - Planning Studies & Investigations

Service & Project	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
<b>Corporate Strategy</b>	<b>276</b>	<b>517</b>	<b>245</b>	<b>477</b>
Centralised Studies & Plans	276	517	245	387
Community Strategic Plan Review	-	-	-	90
<b>Land Use Planning</b>	<b>372</b>	<b>-</b>	<b>-</b>	<b>152</b>
West Dapto Review WaterCycle Masterplan	150	-	-	-
City Wide Local Environment Plan Review	29	-	-	-
Landscape development plan for West Dapto - for riparian corridors	13	-	-	-
Review Riparian Corridor Management Study & Policy	15	-	-	-
City Centre Surrounds Planning	80	-	-	-
Built Form Testing Development Control Plan Chapter B4				
Development in Business Zones	60	-	-	-
Thirroul Village - Character and Heritage Study	-	-	-	152
West Dapto Vision Implementation - Infrastructure and Development	25	-	-	-
<b>Engagement, Communications and Events</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>
Major Events Strategy	60	-	-	-
<b>Floodplain Management and Stormwater Services</b>	<b>249</b>	<b>350</b>	<b>350</b>	<b>350</b>
Floodplain Management Studies	120	350	350	350
Review of Hewitts Creek Flood Risk Management Study	89	-	-	-
Review of Brooks Creek Flood Risk Management Study	40	-	-	-
<b>Environmental Services</b>	<b>214</b>	<b>-</b>	<b>-</b>	<b>-</b>
Coastal Management Program for the Open Coast	136	-	-	-
Develop design guidelines for green roofs, green walls and facades	30	-	-	-
Assessment of Aboriginal Cultural Values & Assets	28	-	-	-
Coastal Wetland and Littoral Rainforest Mapping	20	-	-	-



## Supporting Documents - Planning Studies & Investigations

Service & Project	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
<b>Natural Area Management</b>	<b>74</b>	<b>26</b>	<b>27</b>	<b>28</b>
Vegetation Management Plans for High Priority Natural Areas	32	26	27	28
Aboriginal cultural values in the Lake Illawarra Catchment	42	-	-	-
<b>Transport Services</b>	<b>270</b>	<b>-</b>	<b>75</b>	<b>-</b>
Accessible Car Parking and Bus Stops audit	22	-	-	-
City Centre Parking Surveys	73	-	75	-
Lake Illawarra Shared Path Masterplan	110	-	-	-
Towradgi Creek Shared Path Feasibility Investigations	36	-	-	-
Implement Keiraville Gwynneville Access & Movement Strategy	29	-	-	-
<b>Community Facilities</b>	<b>-</b>	<b>50</b>	<b>60</b>	<b>-</b>
Social Infrastructure Plan Framework - Bong Bong Town Centre Library and Community Centre Feasibility	-	50	-	-
City Centre Community Centre Vision and Options	-	-	60	-
<b>Arts and Culture</b>	<b>52</b>	<b>-</b>	<b>150</b>	<b>-</b>
West Dapto Vision Implementation - Cultural Strategy & Plan	52	-	-	-
Regional Museum Vision and Options	-	-	150	-
<b>Aquatic Services</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beach Services and Surf Sports Strategy	60	-	-	-
Aquatics and Indoor Sport Strategy	40	-	-	-
<b>Botanic Garden and Annexes</b>	<b>196</b>	<b>60</b>	<b>-</b>	<b>-</b>
Mt Keira Summit Park Interpretation Design Guide	50	-	-	-
Botanic Gardens Design Investigation for Asset Improvement	146	60	-	-
<b>Leisure Services</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beaton Park Re-development Feasibility	80	-	-	-
<b>Parks and Sportsfields</b>	<b>416</b>	<b>32</b>	<b>108</b>	<b>-</b>
Bellambi Foreshore Precinct Plan	143	-	-	-
Feasibility Study Synthetic Football Pitch in Planning Area	47	-	-	-
Draft Bulli Showground Masterplan - Feasibility Assessment and Community Consultation	124	-	-	-
MacCabe Park Masterplan + Feasibility Investigations	-	32	108	-
Lang Park Masterplan	52	-	-	-
Play Strategy	50	-	-	-
<b>Financial Services</b>	<b>-</b>	<b>372</b>	<b>-</b>	<b>-</b>
Supporting Docs - Projects in Progress	-	372	-	-
<b>Governance and Administration</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>
Asset Management Planning	26	-	-	-
<b>Total Expenditure *</b>	<b>2,386</b>	<b>1,407</b>	<b>1,015</b>	<b>1,007</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 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:

- Disaster and Critical Incident Program
- Parking Strategy implications
- Community & Recreation facilities at West Dapto
- Potential sale of Council owned land in West Dapto
- Grand Pacific Walk future stages
- Continued street lighting alternate lighting technologies
- Further climate change measures
- Beaton Park Re-development
- Illawarra Sports and Entertainment Precinct
- Long Term Animal Impounding Operations
- Bellambi Foreshore
- Potential property development

## 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 decreasing inflation and greater levels of stability, current economic conditions indicate the potential for slower decreases and continued volatility in the immediate future that are not included within budget.
- **Supply of contractors, materials and employees.** Despite some improvements in supply, there are continued areas of the market that remain difficult to source or are priced above expectations.
- **Financial Assistance Grant.** Council currently receives an annual allocation of approximately \$20M per annum that represents 5.9% of total operating revenues. Continued changes to distribution and indexation application may impact on future revenues. The proportion of the Financial Assistance Grant in relation to Australian tax revenues collected by the Australian Government has been declining for some time. Initially, local governments were funded through a tax sharing arrangement with the Australian Government to align their funding with the growth of the Australian economy. This arrangement has since been altered so that only increases in the population and inflation are considered in the funding arrangement. Consequently, Financial Assistance Grants have fallen from 1% of Australian tax revenue to just 0.52% in 2024. Council has made submissions to State and Australian Government enquiries into the financial sustainability of local government in the last three months and has advocated for the reinstatement of the Financial Assistance Grant to 1% of Australian tax revenue.

- **Interest on investments.** In line with the Financial Sustainability Policy, 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 a substantial decrease in income projections from commercial customers that are subject to increasingly competitive external market conditions. The budget also includes increased recoveries for capital costs of new cell constructions which will remain a risk in future periods. Operational costs in this area may also be impacted by changing environmental compliance requirements and emerging technologies.
- **Shifts in policy or pricing of other levels of Government.** Council is impacted by continual change in policy and pricing by other levels of government that cannot be controlled or estimated accurately in future budgets and is an inherent risk.

## Financial Budget Reports

The following budget reports are provided for the 2025-2026 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

WOLLONGONG CITY COUNCIL				
4 Year Financials				
	2025/2026 Budget \$'000	2026/2027 Forecast \$'000	2027/2028 Forecast \$'000	2028/2029 Forecast \$'000
INCOME STATEMENT				
<b>Income From Continuing Operations</b>				
<b>Revenue:</b>				
Rates and Annual Charges	258,973	266,983	277,177	287,864
User Charges and Fees	40,870	40,859	41,861	43,362
Interest and Investment Revenues	6,240	6,440	6,872	6,778
Other Revenues	6,335	6,374	6,598	6,997
Other Income	7,553	7,877	8,136	8,383
Grants and Contributions - Operating	28,960	28,371	28,165	28,943
Grants & Contributions provided for Capital Purposes - New Assets	41,136	56,578	50,130	47,573
Grants & Contributions provided for Capital Purposes - Existing Assets	29,080	19,348	5,500	2,300
<b>Total Income From Continuing Operations</b>	<b>419,147</b>	<b>432,829</b>	<b>424,439</b>	<b>432,201</b>
<b>Expenses From Continuing Operations</b>				
Employee Costs	169,238	174,485	179,337	184,743
Borrowing Costs	1,028	1,036	1,069	1,111
Materials and Contracts	103,104	103,103	107,064	115,156
Other Expenses	26,217	24,518	24,642	25,406
Depreciation, Amortisation + Impairment	88,185	91,754	95,424	99,108
Internal Charges (labour)	(23,041)	(23,794)	(24,511)	(25,234)
Internal Charges (not labour)	(2,497)	(2,481)	(2,570)	(2,614)
<b>Total Expenses From Continuing Operations</b>	<b>362,235</b>	<b>368,620</b>	<b>380,453</b>	<b>397,677</b>
<b>Operating Result from Continuing Operations</b>	<b>56,912</b>	<b>64,210</b>	<b>43,986</b>	<b>34,524</b>
<b>Operating Result [pre capital]</b>	<b>(13,304)</b>	<b>(11,716)</b>	<b>(11,645)</b>	<b>(15,349)</b>

# WOLLONGONG CITY COUNCIL

## 10 Year Financials

	2025/2026 Budget \$'000	2026/2027 Forecast \$'000	2027/2028 Forecast \$'000	2028/2029 Forecast \$'000
<b>FUNDING STATEMENT</b>				
<b>Surplus (Deficit) [Net Operating Result for the Year]</b>	<b>56,912</b>	<b>64,210</b>	<b>43,986</b>	<b>34,524</b>
Add back :				
- Non-cash Operating Transactions	108,577	112,715	116,992	121,296
- Restricted cash used for operations	11,963	7,599	6,714	6,833
- Income transferred to Restricted Assets - Operating	(6,445)	(5,676)	(5,237)	(4,065)
- Income transferred to Restricted Assets - New Assets	(50,087)	(63,397)	(57,625)	(55,157)
- Payment of Right of Use Leases	(514)	(170)	(141)	(145)
- Payment of Accrued Leave Entitlements	(16,354)	(16,886)	(17,434)	(18,000)
Borrowings repaid	0	0	0	0
<b>Funds Available from Operations</b>	<b>104,052</b>	<b>98,396</b>	<b>87,255</b>	<b>85,286</b>
Income transferred to Restricted Assets - Existing Assets	(9,080)	(8,135)	(8,655)	(9,063)
Restricted assets used for Asset Replacement	5,610	6,990	12,185	23,970
Proceeds from sale of assets	1,399	3,731	3,765	1,784
Available Funds Applied to New, Upgraded & Expanded Assets	(35,770)	(26,384)	(23,297)	(23,103)
<b>Funds Available for Asset Replacement</b>	<b>66,211</b>	<b>74,598</b>	<b>71,253</b>	<b>78,874</b>
<b>CAPITAL BUDGET</b>				
Assets Acquired - Replacement	(66,437)	(74,049)	(71,583)	(79,270)
Assets Acquired - New, Upgraded & Expanded Assets	(72,728)	(75,002)	(52,242)	(45,556)
Payment from Tip Rehabilitation Provision	(250)	(4,940)	(11,160)	0
Contributed Assets	(5,871)	(14,585)	(14,129)	(22,467)
Funded From :-				
- Funds Available for Asset Replacement	66,211	74,598	71,253	78,874
- Available Funds Applied to New, Upgraded & Expanded Assets	35,770	26,384	23,297	23,103
- Internally Restricted Cash	8,898	13,820	8,760	400
- Borrowings	0	0	0	0
- Grants for New Assets	6,017	12,906	17,754	0
- Developer Contributions (previously S.94)	22,345	25,736	14,252	22,845
- Other Externally Restricted Cash	400	0	0	0
- Other Capital Contributions	5,871	14,585	14,129	22,467
<b>TOTAL FUNDS SURPLUS / (DEFICIT)</b>	<b>226</b>	<b>(549)</b>	<b>330</b>	<b>396</b>



# WOLLONGONG CITY COUNCIL

## 4 Year Financials

	2025/2026 Budget \$'000	2026/2027 Forecast \$'000	2027/2028 Forecast \$'000	2028/2029 Forecast \$'000
<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	188,501	183,529	183,257	176,988
Investments	20,945	20,392	20,362	19,665
Receivables	32,693	33,761	33,106	33,712
Inventories	6,523	6,523	6,523	6,523
Contract assets	10,770	10,770	10,770	10,770
Assets held for sale (previously non-current)	0	0	0	0
Other	3,680	3,735	3,810	3,886
<b>TOTAL CURRENT ASSETS</b>	<b>263,112</b>	<b>258,711</b>	<b>257,828</b>	<b>251,545</b>
<b>NON-CURRENT ASSETS</b>				
Investment property	5,509	5,720	5,935	6,155
Intangible assets	0	0	0	0
Right of use assets	1,332	1,332	1,332	1,332
Infrastructure, property, plant and equipment	4,081,594	4,147,695	4,185,436	4,207,868
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,088,435</b>	<b>4,154,747</b>	<b>4,192,703</b>	<b>4,215,355</b>
<b>TOTAL ASSETS</b>	<b>4,351,547</b>	<b>4,413,458</b>	<b>4,450,532</b>	<b>4,466,899</b>
<b>CURRENT LIABILITIES</b>				
Payables	32,601	33,176	34,241	35,791
Income received in advance	0	0	0	0
Provisions < 12 Months	19,327	19,617	20,009	20,409
Provisions > 12 Months	43,520	44,173	45,057	45,958
Contract liabilities	12,543	12,543	12,543	12,543
Interest bearing liabilities	0	0	0	0
Lease liabilities	170	141	145	5
<b>TOTAL CURRENT LIABILITIES</b>	<b>108,162</b>	<b>109,650</b>	<b>111,995</b>	<b>114,706</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest bearing liabilities	1	1	1	1
Lease liabilities	406	279	144	145
Provisions	39,813	36,152	27,031	6,162
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>40,221</b>	<b>36,433</b>	<b>27,177</b>	<b>6,309</b>
<b>TOTAL LIABILITIES</b>	<b>148,382</b>	<b>146,084</b>	<b>139,172</b>	<b>121,014</b>
<b>NET ASSETS</b>	<b>4,203,164</b>	<b>4,267,374</b>	<b>4,311,360</b>	<b>4,345,885</b>
<b>EQUITY</b>				
Accumulated surplus	(1,496,974)	(1,558,313)	(1,624,801)	(1,677,016)
Surplus (Deficit) for period	(56,912)	(64,210)	(43,986)	(34,524)
Revaluation reserves	(2,466,361)	(2,466,361)	(2,466,361)	(2,466,361)
Restricted assets	(182,918)	(178,491)	(176,213)	(167,983)
<b>TOTAL EQUITY</b>	<b>(4,203,165)</b>	<b>(4,267,375)</b>	<b>(4,311,361)</b>	<b>(4,345,885)</b>

# WOLLONGONG CITY COUNCIL

## 4 Year Financials

	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000	2027/2028 Forecast \$'000	2028/2029 Forecast \$'000
<b>STATEMENT OF CASH FLOWS</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates and annual charges	254,195	265,916	277,831	287,259
User charges and fees	40,870	40,859	41,861	43,362
Investment and interest revenue received	6,240	6,440	6,872	6,778
Grants and contributions	93,306	89,712	69,666	56,349
Other operating receipts	13,633	13,985	14,445	15,084
<b>Payments</b>				
Employee benefits and on-costs	(142,978)	(147,437)	(151,541)	(156,211)
Materials and contracts	(100,354)	(100,047)	(103,428)	(110,992)
Borrowing costs	(33)	(19)	(14)	(7)
Other	(26,217)	(24,518)	(24,642)	(25,406)
Other operating payments	0	0	0	0
<b>NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES</b>	<b>138,662</b>	<b>144,892</b>	<b>131,050</b>	<b>116,216</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Sale of Investment securities	(16)	552	30	697
Sale of infrastructure, property, plant and equipment	1,399	3,731	3,765	1,784
<b>Payments</b>				
Purchase of infrastructure, property, plant and equipment	(139,415)	(153,991)	(134,985)	(124,826)
<b>NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES</b>	<b>(138,033)</b>	<b>(149,708)</b>	<b>(131,190)</b>	<b>(122,346)</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	0	0	0	0
Repayment of lease finance liabilities	(485)	(155)	(132)	(139)
<b>NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES</b>	<b>(485)</b>	<b>(155)</b>	<b>(132)</b>	<b>(139)</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS HELD</b>	<b>145</b>	<b>(4,971)</b>	<b>(272)</b>	<b>(6,269)</b>
Cash and cash equivalents - beginning of period	188,356	188,501	183,529	183,257
<b>CASH &amp; CASH EQUIVALENTS AT EOY</b>	<b>188,501</b>	<b>183,529</b>	<b>183,257</b>	<b>176,988</b>
PLUS other investment securities	20,945	20,392	20,362	19,665
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>209,445</b>	<b>203,922</b>	<b>203,619</b>	<b>196,653</b>
<b>TOTAL CASH &amp; CASH EQUIVALENTS PER B/S</b>	<b>188,501</b>	<b>183,529</b>	<b>183,257</b>	<b>176,988</b>

# WOLLONGONG CITY COUNCIL

## 4 Year Financials

	2025/2026 Budget \$'000	2026/2027 Forecast \$'000	2027/2028 Forecast \$'000	2028/2029 Forecast \$'000
<b>GOAL 1 - We are a Sustainable and Climate Resilient City</b>				
Botanic Garden and Annexes	(4,169)	(4,184)	(4,245)	(4,380)
Environmental Services	(2,577)	(2,456)	(2,530)	(2,607)
Floodplain Management and Stormwater Services	(11,600)	(11,969)	(12,373)	(12,732)
Natural Area Management	(4,523)	(4,421)	(4,461)	(4,560)
Waste Management	6,047	2,124	2,038	1,939
<b>GOAL 2 - We have Well Planned, Connected, and Liveable Places</b>				
Development Assessment and Certification	(6,017)	(6,238)	(6,444)	(6,664)
Emergency Management	(7,151)	(7,405)	(7,664)	(7,937)
Land Use Planning	(4,068)	(4,248)	(4,973)	(7,503)
Memorial Gardens and Cemeteries	(556)	(568)	(582)	(596)
Property Services	2,237	2,403	2,468	2,845
Regulatory Control	(4,005)	(3,977)	(4,045)	(4,173)
Transport Services	(48,024)	(49,207)	(50,415)	(51,971)
<b>GOAL 3 - We Foster a Diverse Economy, and We Value Innovation, Culture, and Creativity</b>				
City Centre Management	(2,364)	(2,313)	(2,551)	(2,599)
Arts and Culture	(8,625)	(8,701)	(8,941)	(9,212)
Engagement, Communications and Events	(4,564)	(4,387)	(4,447)	(4,435)
Economic Development	(2,899)	(2,929)	(3,009)	(3,090)
Tourist Parks	1,376	1,401	1,436	1,472
<b>GOAL 4 - We have a Healthy, Respectful, and Inclusive Community</b>				
Aged and Disability Services	(8)	(8)	0	0
Aquatic Services	(16,931)	(17,356)	(17,840)	(18,386)
Community Facilities	(5,731)	(5,950)	(6,080)	(6,234)
Community Programs	(4,957)	(2,131)	(2,196)	(2,263)
Corporate Strategy	(1,842)	(2,149)	(1,799)	(2,079)
Integrated Customer Service	(3,623)	(3,742)	(3,857)	(3,975)
Leisure Services	(1,534)	(1,509)	(1,552)	(1,606)
Libraries	(12,041)	(12,575)	(13,023)	(13,371)
Parks and Sportsfields	(27,178)	(27,364)	(28,039)	(28,665)
Public Health and Safety	(885)	(916)	(944)	(974)
Youth Services	(1,536)	(1,586)	(1,633)	(1,686)
<b>Support Services</b>				
Employee Services	(9,889)	(10,002)	(10,158)	(10,414)
Financial Services	220,111	227,657	234,614	241,418
Governance and Administration	(14,406)	(13,888)	(14,197)	(15,615)
Infrastructure Strategy & Support	(19,476)	(20,840)	(21,666)	(22,292)
Information Management & Technology	(11,968)	(12,357)	(12,616)	(13,088)
Internal Charges Service	71	73	79	86
<b>Operating Result [pre capital]</b>	<b>(13,304)</b>	<b>(11,716)</b>	<b>(11,645)</b>	<b>(15,349)</b>

## Budget 2025-2026

### Current Assumptions

#### Service levels

The current budget includes service levels as outlined in the Resourcing Strategy 2025-2035 and Delivery Program 2025-2029 and Operational Plan 2025-2026. Estimates for expenses and income in future years have been applied based on existing service levels 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 are 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 2025-2026 has been sourced from information available in December 2024.

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

<b>Indices</b>			
	<b>2025/2026 Budget</b>	<b>2026/2027 Forecast</b>	<b>2027/2028+ Forecast</b>
Rate Increase	4.70%	3.00%	3.00%
Rate Increase - supplementary rate growth		0.40%	0.40%
Rate Increase - IPART population growth gap		0.30%	0.30%
Fees and Charges	4.70%	3.00%	3.00%
Interest Rate (90 day bill rate)	4.00%	4.00%	4.00%
Labour	3.75%	3.25%	3.00%
Superannuation Guarantee			
CPI General Increase	3.00%**	2.60%	2.60%
Utilities			
- Electricity	3.60%	3.60%	3.60%
- Street Lighting	3.60%	3.60%	3.60%
- Other Utilities	3.60%	3.60%	3.60%

\*\* The annual CPI Index has been applied to budget but not applied to individual Service budgets. It is proposed that budget savings be applied and the estimated CPI increase be held for allocation or savings.

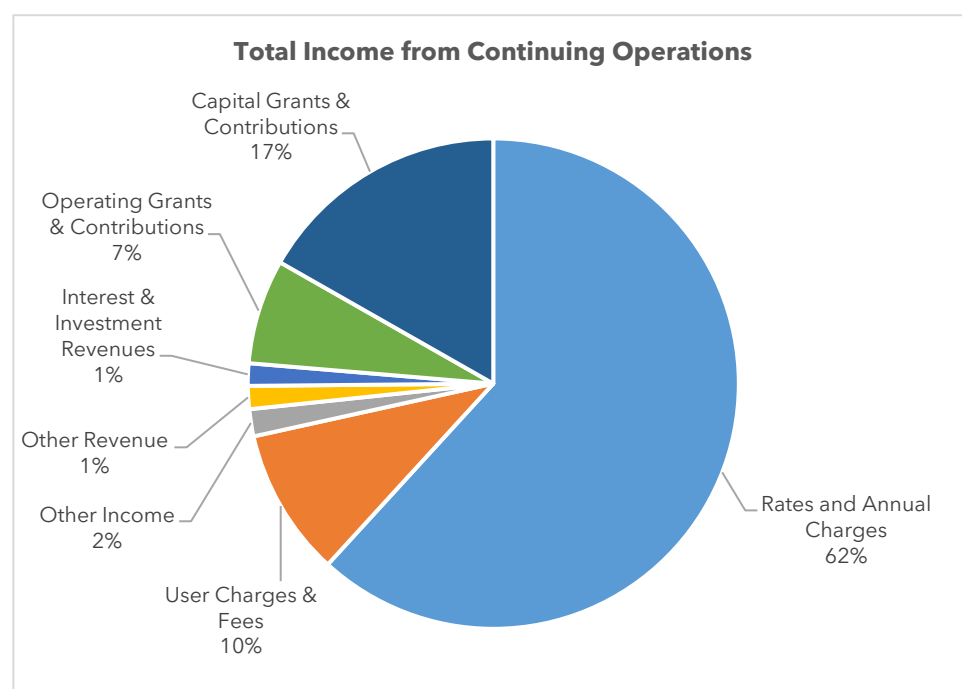
**Note:** Further information regarding the indices above can be found in the relevant Revenue or Expenses sections below.



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

## Revenue

Revenue Type	2025/2026 Budget \$M
Rates and Annual Charges	259.0
User Charges & Fees	40.9
Other Income	7.6
Other Revenue	6.3
Interest & Investment Revenues	6.2
Operating Grants & Contributions	29.0
Capital Grants & Contributions	70.2
<b>Total Income from Continuing Operations</b>	<b>419.1</b>



## Rates

Rate revenue projections are based on application of the maximum permissible increase that is advised annually by the Independent Pricing and Regulatory Tribunal (IPART) and an allowance for growth in rateable properties.

Rate increases have been set by IPART since 2010 as delegated by the Minister for Local Government. IPART recently introduced a new rate peg methodology, applicable from the 2024-2025 financial year.

The IPART determination for 2025-2026 will allow Council a 4.7% increase in General Income. This is composed of an increase of 3.6% for general costs, 0.1% to reflect the election cost from 2024-2025 and an additional 1.0% for Population Growth.

There is an underlying assumption in the Long Term Financial Plan projections that Council rates revenue will grow (in addition to indexation) 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 the 0.3% will be provided through the Population Growth allowance in the IPART Rate Peg for Wollongong. This assumption has been applied for 2026-2027 onwards as the IPART Population Growth allowance exceeds 0.7% for 2025-2026.

In addition, growth has been built into the long term forecasts for expected development at West Dapto aligned with the estimated staging of that release area as shown in the table below.

Council currently applies a Special Rate, the Mall Special Rate. The Special Rate has historically been indexed in line with the rate peg, although could be indexed on a different basis if determined. The Special Rate is projected to be indexed on the historical application of the rate peg.

More detailed information relating to the rates and rating policy is provided in Attachment 3 – Revenue Policy, Rates, Annual Charges and Fees 2025-2026 document.

<b>Rates Revenue</b>				
	<b>2025/2026 Budget \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>	<b>2027/2028 Forecast \$'000s</b>	<b>2028/2029 Forecast \$'000s</b>
TOTAL Rates Revenue (net of pensioner rebates)	209,427	218,168	226,991	236,143

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 built into other recurrent operations.

To assist in managing this, the Financial Sustainability Policy 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. The prior year's budget has exceeded actual costs and therefore future budgets reflect growth at a reduced level.

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 in July 1993. 50% of this rebate is funded by the State Government and 5% from the Federal Government. This funding is included in untied grant revenues.

Council, through its Revenue Policy each year, also provides a Voluntary Council rebate to eligible pensioners who were receiving a Council rebate prior to 1994. This voluntary rebate is funded from Council revenues and is forecast to remain at the current cost over the period.

Pensioner rebates and subsidy are offset against Rates & Annual Charges Revenue for reporting purposes.

<b>Pensioner Rebates</b>				
	<b>2025/2026 Budget \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>	<b>2027/2028 Forecast \$'000s</b>	<b>2028/2029 Forecast \$'000s</b>
Pensioner Rate Rebate - Statutory s575	2,537	2,567	2,597	2,627
Pensioner Rate Rebate - Council s582	378	275	274	273
Pensioner Rate Subsidy	(1,396)	(1,601)	(1,617)	(1,634)
<b>Total Pensioner Rates Rebates</b>	<b>1,520</b>	<b>1,242</b>	<b>1,254</b>	<b>2,900</b>
Pensioner DWM Rebate - Statutory s575	838	845	853	793
Pensioner DWM Rebate - Council s582	67	67	67	67
Pensioner DWM Subsidy	(461)	(465)	(469)	(436)
<b>Total Pensioner DWM Rebates</b>	<b>444</b>	<b>448</b>	<b>451</b>	<b>860</b>
<b>Total Pensioner Rebates</b>	<b>1,965</b>	<b>1,690</b>	<b>1,705</b>	<b>1,691</b>

## Annual Charges

### Domestic Waste Management Services

The 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 the full recovery of the service, including 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 and 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.

#### Domestic Waste management Costs 2025-26

	\$'000s
<b>Waste Facility</b>	
Waste Disposal Cost	16,332
Administration/Overheads allocation	614
	<b>16,946</b>
<b>Collection Costs</b>	
Collection & Processing Contracts	26,676
Education & Promotion	583
Operational & Administrative Costs	3,523
	<b>30,783</b>
<b>Statutory Charges</b>	
Pensioner Rebate	905
<b>Total Expenditure</b>	<b>48,633</b>
Pensioner Subsidy	(461)
Other Revenue	(107)
<b>Total Domestic Waste Management Cost</b>	<b>48,065</b>

The future estimates for Domestic Waste Management are shown below.

Domestic Waste Management Revenue	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Annual Charges Domestic Waste Management	48,065	47,316	48,670	50,156

## 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. The pricing of the Stormwater Management charge has remained unchanged for 2025-2026. The rate has remained static since the original setting by the NSW Government in April 2006. While the charges for Residential properties are at the statutory maximum, the cap on Business properties is below the maximum levels.

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.

### Stormwater Management Revenue

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Annual Charges Stormwater Management Service	1,926	1,946	1,967	1,989

### 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 also 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 complementing the important role water quality and quantity plays in the management of our city's social, economic and natural environment with the Stormwater Management Service Charge. The Stormwater Management Service Charge is used to fund both capital projects and/or other type of projects/initiatives that will provide new or additional stormwater management services, such as new drainage systems, flood mitigation and stormwater treatment measures, as well as pollution control initiatives.

In particular, the Stormwater Charge supports Council in complying with NSW Flood Risk Management Framework by delivering the required review of the Flood Risk Management Studies and Plans and providing additional support to implement the strategies identified in these Plans. The total forecast cost of implementing all high-priority actions in these Plans total over \$200M.

Council can 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, retention/detention 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).*

Examples of some of the works currently planned to be funded through the Stormwater Management Service Charge include the following.

### **Stormwater Quantity and Quality Management**

Large sections of Wollongong are flood risk affected and have a history of flooding. In response, Council is systematically investigating the risks of flooding with the aim of developing mitigating strategies through our 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
- identification and purchase of 'at risk' properties (subject to complementary funding from the NSW Government Floodplain program).

Council also uses some of these funds to maintain natural areas around culvert inlets to remove material that may potentially cause culvert blockage and contribute to localised flooding.

### **Declared Dam Management**

The Dam Safety Act 2015 and Dam Safety Regulation 2019 reflects the changing standards and practice for managing declared dams, with an emphasis on safety and accountability risk to the public and the environment. The legislation requires Council to have a Dam Safety Management System (DSMS) which complies with ISO 55001 and the requirements of the Act and Regulations, and a Dam Safety Management System Document (DSMSD) which describes the system.

Activities undertaken to affect the DSMS and meet statutory obligations include:

- Regular review and updating of the Dam Safety Emergency Plans (DSEP) and Operations and Maintenance Plans (O&MP).
- Development and implementation of emergency management training curriculum, training for key personnel and undertaking emergency exercise simulations.
- Undertaking engineering analysis to understand the impacts of dam breach and risk to populations downstream of declared dams.
- Risk mitigation works and initiatives.
- Regular surveillance and maintenance of Council's Declared Dams.

### **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. It is important to note that Stormwater Management Service Charge funds can accumulate over time to support future major projects or multi-year programs.

## Stormwater Management Service Charge

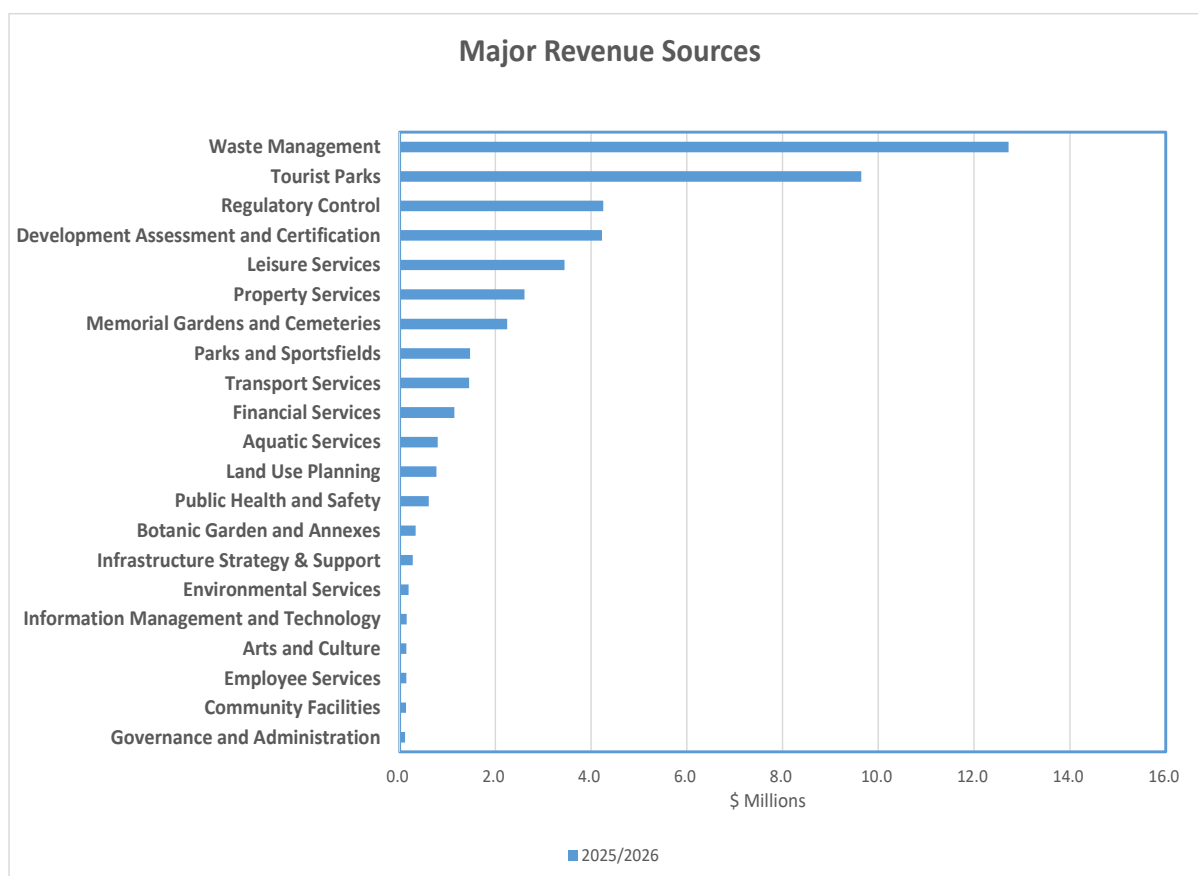
	2025/2026 Budget \$M	2026/2027 Forecast \$M	2027/2028 Forecast \$M	2028/2029 Forecast \$M
<b>Stormwater Management Service Charge Income</b>				
Unspent funds brought forward from previous year	904	639	945	1,302
Annual Charge	1,926	1,946	1,967	1,989
<b>Available funds</b>	<b>2,830</b>	<b>2,585</b>	<b>2,913</b>	<b>3,291</b>
<b>Proposed Expenditure</b>				
Stormwater Quality Management	1,100	700	650	650
Stormwater Operational Management	843	805	806	808
Dam Safety Management	249	135	155	118
<b>Total Proposed Expenditure</b>	<b>2,191</b>	<b>1,640</b>	<b>1,611</b>	<b>1,575</b>

## Waste Management Services - Non-Domestic Premises

Council for 2025-2026 will levy a Waste Management fee on approximately 550 non-residential properties where approved. The operations of this service are currently managed through the kerbside collection contracts with direct costs not separated from Domestic Waste Management service. The fee for this service has historically been 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 13% 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 more commercially based operations such as waste facility, tourist parks, property management, recreation centre, heated swimming pools and other park facilities. Other significant income sources include planning and

development applications, health services, casual parking, Memorial Gardens and cemeteries. Some of these operations compete in the marketplace and represent Business Activities under the National Competition Policy.

Proposed fees and charges for 2025-2026 will be included in the Revenue Policy, Rates, Annual Charges and Fees attachment for public exhibition and consideration by Council. 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.

Council forecasts include a proposed 4.7% increase for Fees & Charges generally. This is in line with the rate peg determined by IPART for 2025-2026. 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.

#### Interest on Investments and transfers of Interest to Restricted Assets

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
<b>Sources</b>				
General Interest	5,292	5,468	5,874	5,754
Property Rating	948	973	998	1,024
	<b>6,240</b>	<b>6,440</b>	<b>6,872</b>	<b>6,778</b>
Interest transferred to Restricted Assets	3,292	3,468	3,874	3,754
<b>Net General Interest after Restricted Assets transfer</b>	<b>2,948</b>	<b>2,973</b>	<b>2,998</b>	<b>3,024</b>

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 have been significant movements in interest rates over the past two years that impacts this revenue stream. In line with the Financial Sustainability Policy, 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.

CivicRisk Mutual Limited provides Council's insurance requirements (excluding Workers' Compensation) and is 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 Sustainability Policy states that Council will actively pursue grant funding and other contributions to assist in the delivery of core services.

NSW and Australian 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.



## 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 and other derived disability factors, 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. The allocation of future funds is still uncertain and may have an impact on future receipts. The budget for the road component has been indexed annually by CPI while indexation has not been applied to the general purpose component for the next three financial years. There is a risk this may not reflect the actual increase.

The Federal 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. There has been early payment of part of the grant in the years between 2018-2019 and 2023-2024. The timing of payment is usually confirmed through the annual Federal Budget process, generally in April.

The financial projections show that early payment of the majority of 2024-2025 grant occurred in 2023-2024. It is conservatively assumed this practice does not continue in the following years.

### Financial Assistance (Revenue Sharing) Grant

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
General Purpose component	19,577	19,577	19,577	20,164
Roads component	3,296	3,382	3,470	3,560
<b>Total Financial Assistance Grant</b>	<b>22,873</b>	<b>22,959</b>	<b>23,047</b>	<b>23,724</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.

### Specific Purpose Operating Grants

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Libraries	677	677	677	677
Support Assets	500	-	-	-
Emergency Management	452	452	452	452
Natural Area Management	383	347	35	35
Floodplain Management	233	233	233	233
Events Coordination	200	-	-	-
Transport Services	194	199	204	209
Regulatory Control	73	74	-	-
Community Programs	48	50	51	52
Youth Services	45	47	48	49
Environmental Services	30	-	-	-
Community Facilities	25	25	26	26
Employee Services	4	4	4	4
<b>Total Specific Purpose Operating Grants</b>	<b>2,864</b>	<b>2,107</b>	<b>1,730</b>	<b>1,738</b>

Operational grant forecasts include annual funding from Federal and State sources for 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 Federal Government has commenced a reform of Aged and Disability Services impacting how these services may be delivered in the future and what Council's role may be. The program for Social Support Services is currently funded until June 2027. Council's long term financial projections include the continuation of the Social Support Services until 30 June 2027.

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.

### **Capital Income**

Capital income refers to revenue that is specifically for assets to be acquired by Council (new or renewal). 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 Infrastructure Delivery 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.

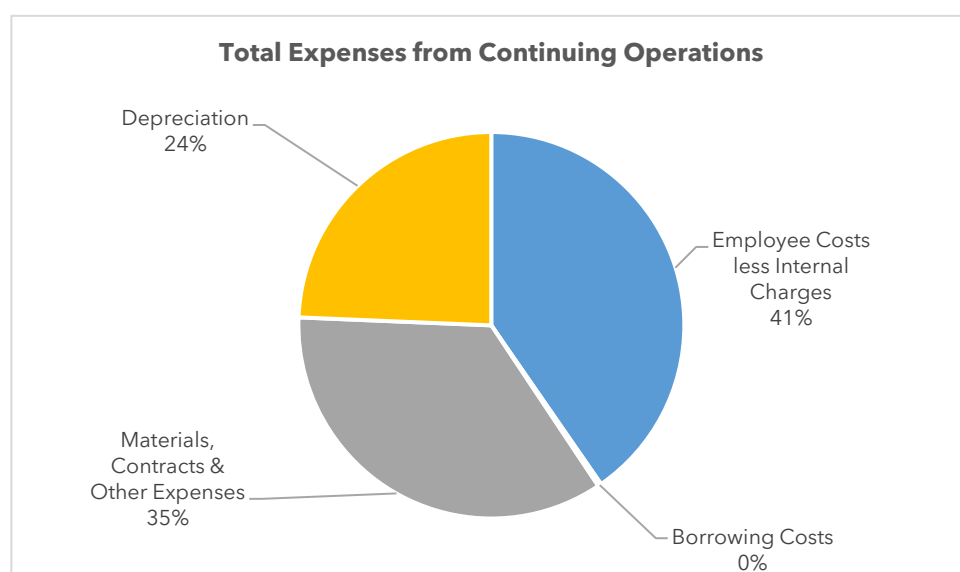
### **Profit/Loss on Disposal of Assets**

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 are not recorded on these assets prior to 2008.

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

## Expenses

Expense Type	2025/2026 Budget \$M
Employee Costs less Internal Charges	146.2
Borrowing Costs	1.0
Materials, Contracts & Other Expenses	126.8
Depreciation	88.2
<b>Total Expenses from Continuing Operations</b>	<b>362.2</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. It also includes training costs and safety equipment costs.

### Salary & Wages

Labour and associated employee costs are based on budgeted positions required to deliver current service levels. This has historically included a small allowance for growth to provide for changing resourcing needs and labour market movements experienced over time. The current budget does not allow for this due to higher than anticipated changes in the labour indices. Additional labour costs related to specific non-recurrent projects (where identified) are also included.

Labour costs are generally budgeted in accordance with the Enterprise Agreement rates with indicative indexation for increases beyond the current Enterprise Agreement. The current EA is for three years and commenced on 1 July 2024. The final year of the EA includes an increase of 3.25% or the Local Government (State) Award NSW figure, whichever is greater. As the Award has not been set for the year commencing 1 July 2026, an increase of 3.25% has been applied to the budget.

Recurrent casual and overtime budgets are maintained to match the service and structure levels required for 2025-2026. 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.

## Salaries & Wages

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Salaries & Wages	126,899	130,360	133,849	137,287
Superannuation	16,496	16,983	17,485	17,995
Defined Scheme Superannuation Top Up	-	-	-	-
Fringe Benefits Tax	181	186	191	196
Labour Hire	36	37	38	39
Payroll Tax	60	62	64	66
Protective Clothing	335	344	353	362
Training Costs (excluding Salaries)	1,168	1,199	1,229	1,268
Change in Workers Comp Provision	300	310	319	329
Workers' Compensation Insurance	3,360	3,469	3,573	3,680
Other Employee Costs	1,128	1,706	1,837	2,553
Direct Labour Oncosts	39,415	40,576	41,761	42,958
<b>Total Employee Salaries &amp; Wages</b>	<b>189,379</b>	<b>195,230</b>	<b>200,699</b>	<b>206,732</b>
Capitalised & Distributed Employee Costs	22,921	23,673	24,385	25,101
<b>Total Operational Employee Salaries &amp; Wage</b>	<b>166,458</b>	<b>171,557</b>	<b>176,314</b>	<b>181,631</b>

## 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 employee's salary charged at the current Superannuation Guarantee (SG) rate of 11.5% [financial year 2024-2025].

As part of Federal Budget decisions, legislated SG increases have been occurring as a series of 0.5% annual increases from 2021-2022 to 2025-2026, intended to bring the SG rate to 12.0% 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 2024-2025. Advice received has advised of the cessation of the top up payment from January 2025.

## Superannuation

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Superannuation	16,496	16,983	17,485	17,995

## Parental Leave

The current Enterprise Agreement provides for parental leave at full pay of 14 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 forecast leave costs based on the current Enterprise Agreement are shown below.

### Parental Leave

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Parental Leave	285	295	304	314

The Federal Government paid parental leave scheme (FGPPLS) is not included in the above budget.

### Workers' Compensation

Council has a self-insurance licence for workers' compensation. 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 \$1M on any individual claim. Claims beyond this are supported by an external insurance policy. This policy is reviewed annually.

### Workers Compensation

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Total Payments	3,360	3,469	3,573	3,680
Increase/(Decrease) in Provision	300	310	319	329

### 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.

### Learning & Development

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Training, Conferences & Seminars	1,138	1,195	1,225	1,257

### 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.

### Cadets & Apprentices

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Cadets & Apprentices	2,416	2,436	2,479	2,520

## 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.

Fringe Benefits Tax				
	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Fringe Benefits Tax	181	186	191	196

## Borrowing Costs (Financing)

Borrowings are considered as part of the Infrastructure Delivery Program and Capital Budget process in accordance with the Financial Sustainability Policy and Asset Management Policy.

There are no proposed external borrowings in future plans.

The Infrastructure Delivery Program proposes works in Waste Services of \$47.4M 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 2028-2029 will require internal borrowing with internal interest allocated against the restriction 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 internal Waste Charge to Domestic Waste Management.

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% of VENM requirements on site for the next five years. 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.

### **EPA Levy**

	<b>2025/2026 Budget \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>	<b>2027/2028 Forecast \$'000s</b>	<b>2028/2029 Forecast \$'000s</b>
EPA Levy - Council	705	739	774	800
EPA Levy - Commercial	3,777	4,564	4,596	4,750
EPA Levy - Domestic	7,257	7,376	7,497	7,747
EPA Levy - Cover Material	562	571	579	598
<b>TOTAL EPA Levy</b>	<b>12,301</b>	<b>13,250</b>	<b>13,447</b>	<b>13,895</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 a zero emissions Power Purchase Agreement for contracted electricity and street lighting consumption pricing for a period of 10 years commencing 1 January 2023.

Council is working with Endeavour Energy to replace existing street lights with light-emitting diodes (LEDs) which may have a positive return for Council in the future.

### **Street Lighting**

	<b>2025/2026 Budget \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>	<b>2027/2028 Forecast \$'000s</b>	<b>2028/2029 Forecast \$'000s</b>
Street Lighting	3,284	3,402	3,524	3,651
Street Lighting Subsidy	(781)	(801)	(822)	(843)

### **Emergency Services**

Emergency services operations are contributed to by Council as below.

### **Emergency Services Contributions**

	<b>2025/2026 Budget \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>	<b>2027/2028 Forecast \$'000s</b>	<b>2028/2029 Forecast \$'000s</b>
Rural Fire Service	877	908	941	975
State Emergency Service	669	693	718	744
NSW Fire Brigade	4,640	4,807	4,980	5,159
<b>Total Emergency Services Contributions</b>	<b>6,186</b>	<b>6,408</b>	<b>6,639</b>	<b>6,878</b>

### **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 \$20K and \$100K respectively. These levels are under constant review and may change in the future.



## Insurances

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
<b>Insurance Premiums</b>				
ISR Property Insurance	1,553	1,553	1,553	1,553
Motor Vehicle/Plant Insurance	490	490	490	490
Statutory Liability/CDO Insurance	176	176	176	176
Public Liability/Professional Indemnity	2,105	2,105	2,105	2,105
Crime/Fidelity Guarantee Insurance	72	72	72	72
Hangars Keeper Insurance	4	6	6	6
Fine Arts Insurance	56	53	53	53
Fine Arts - Fire Insurance	2	2	2	2
Cyber Liability Insurance	147	147	147	147
<b>Total Insurance Premiums</b>	<b>4,605</b>	<b>4,603</b>	<b>4,604</b>	<b>4,643</b>
<b>Excess Payments</b>				
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 in-house lawyers directly employed by Council since mid-2010-2011.

### Legal Expenses

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
External Legal Costs	1,449	641	658	675
"In House" Legal expenditure including employees	760	785	809	834

## 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 an application of indices. With volatile 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. Moving forward, adjustment will also be required for fuel costs as the light fleet transitions to non-combustion vehicles.

### Fuel & Oil

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Fuel & Oil	1,702	1,712	1,723	1,735

## Affiliates Contributions

### Affiliates Contributions

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Tourism Support & Contributions	1,830	1,868	1,917	1,967
Performing Arts Centre	1,485	1,523	1,562	1,602
<b>TOTAL Affiliates Contributions</b>	<b>3,315</b>	<b>3,391</b>	<b>3,479</b>	<b>3,568</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 & Subsidies

### Other Contributions, Donations and Subsidies

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Affordable Housing - Housing Trust	2,894	-	-	-
Gong Shuttle Contribution	423	434	-	-
Sports Facilities - Grants	400	400	400	400
Illawarra Shoalhaven Joint Organisation	98	100	103	106
Sponsorship Fund	82	84	86	89
Illawarra District Weed Authority	78	80	82	84
Local Grants Scheme Heritage Properties	71	73	75	77
Illawarra Surf Lifesaving Contribution	67	69	70	72
Business/Industry Development Activities	66	68	69	71
City Centre - Events and Marketing	52	53	54	56
Illawarra Escarpment - Geotech. Research	50	51	53	54
Community Arts Programme -Small Grants P	49	50	52	53
Neighbourhood Youth Prog- Port Kembla	48	49	50	52
Illawarra Academy of Sport Contribution	44	45	46	47
Neighbourhood Youth Prog- Berkeley	37	38	39	40
Event Infrastructure Grant Program	30	-	-	-
Coledale Waves - Fencing, Irrigation & Storage	28	-	-	-
Neighbourhood Small Grants Program	21	22	22	23
Anzac Day Support	18	18	19	19
UOW Scholarships	17	17	17	18
Public Bands Contribution	11	11	11	11
State Emergency Services Supportq	11	11	12	12
Southern Stars Contribution	9	10	10	10
Life Education Illawarra Contribution	9	9	9	9
Small Grants NAIDOC Celebrations	8	8	8	8
Warrawong Residents Forum	6	-	-	-
Illawarra Historical Society	5	5	5	5
WCC Social Club	5	5	5	5
Minor Donations	4	4	4	5
Wollongong Eisteddfod	4	4	4	4
NAIDOC Week Grants	3	3	3	3
Vietnamese Association of Wollongong	3	-	-	-
Personnel Administration	2	2	2	2
Illawarra Legal Centre	1	-	-	-
<b>TOTAL Other Contributions, Donations and Subsidies</b>	<b>4,651</b>	<b>1,723</b>	<b>1,312</b>	<b>1,336</b>

## Councillors' Expenses

### Councillors' Expenses

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Councillor support costs	20	21	22	22
Councillors	673	695	716	738
<b>Councillor Expense</b>	<b>694</b>	<b>716</b>	<b>738</b>	<b>760</b>

## Telecommunications

### Telecommunications

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Telecommunications	709	727	746	766

## Postage

### Postage

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Postage - Central Admin Budget	222	228	234	240
Postage - other areas budget	370	380	390	400
<b>Total Postage</b>	<b>592</b>	<b>608</b>	<b>624</b>	<b>640</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.

### Council Rates

	2025/2026 Budget \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s	2028/2029 Forecast \$'000s
Council Rates Expense (Council owned properties)	575	592	610	628

## Housing Affordability Program

Council has entered a Memorandum of Understanding with the Australian 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 that will 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 (Round 1) for the provision of the first part 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 the completion of 17 units (minimum) to be constructed to target, but not limited to, single women over 50 years. 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 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 made a one-off payment to Head Start Homes in 2022-2023.

The tender process for Round 3 of the program was completed in 2023. This round recommended Head Start Homes for a two stage payment process of a total of \$5M which has been supported.

## 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 obsolescence.

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.

## 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:

### 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. 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.

<b>Rates Growth</b>	<b>2025/2026 Budget \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>	<b>2027/2028 Forecast \$'000s</b>	<b>2028/2029 Forecast \$'000s</b>
<b>Rates Growth</b>	<b>2,704</b>	<b>4,343</b>	<b>6,050</b>	<b>7,881</b>
<i>Comprised Of:</i>				
Volume increase impacts	1,298	1,970	2,660	3,400
Asset enhancement impacts	433	896	1,395	1,931
Economies of scale	973	1,477	1,995	2,550

### 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).

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

<b>Operational Contingency</b>	<b>2025/2026 Budget \$'000s</b>	<b>2026/2027 Forecast \$'000s</b>	<b>2027/2028 Forecast \$'000s</b>	<b>2028/2029 Forecast \$'000s</b>
Operational Contingency	1,039	1,043	1,047	1,050

## 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 Draft 2024 West Dapto Developer Contributions Plan and expected timing of lot release. The Draft 2024 Plan has been reviewed by IPART, however, is yet to be adopted.

Rates income estimates have been aligned with a conservative lower growth scenario which is below the recently exhibited West Dapto Contributions Plan. The future estimates exceed historical development numbers within the release area and assume increased levels of development. 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 2025-2035, 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 Sustainability Policy, 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, stormwater, sports and recreation and open space.

These works are primarily funded from Development Contributions and grant funds including NSW Housing Acceleration Fund and Commonwealth Priority Community Infrastructure Program. Council continues to investigate funding opportunities to accelerate the delivery of infrastructure in the West Dapto Urban Release Area. Council can only fund 'essential infrastructure work' from Developer Contributions, which excludes necessary Community and Sporting building facilities that will be required to be funded from Rates or Grant contributions.

### Contributed Assets

Financial projections for the West Dapto release area recognise that a level of infrastructure requirements will be provided by developers. This is primarily subdivision works such as roads, drains, open space contributed by developers as subdivisions are made available for development. 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. Estimates of future depreciation, operating and maintenance costs 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.

### **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 operating 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 Development Contributions Plans, 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 of funding and purpose of the current internally restricted asset funds.

## 4 YEAR RESTRICTED ASSETS SUMMARY

PURPOSE OF RESTRICTED ASSET	2025/2026 Forecast				2026/2027 Forecast			2027/2028 Forecast			2028/2029 Forecast		
	\$'000				\$'000			\$'000			\$'000		
	Opening 1/07/25	Transfer In	Out	Balance 30/06/26	Transfer In	Out	Balance 30/06/27	Transfer In	Out	Balance 30/06/28	Transfer In	Out	Balance 30/06/29
Internally Restricted Assets													
Strategic Projects	27,953	9,635		18,318	13,720		4,598	1,610		2,988	292		2,696
Strategic Projects (unallocated)	3,167			3,167			3,167			3,167			3,167
Property Investment Fund	5,325	166	399	5,091	152	343	4,901	138	355	4,683	108	368	4,424
MacCabe Park Development	2,190	150		2,340	150		2,490	150		2,640	150		2,790
City Parking Strategy	1,446	770	545	1,672	795	432	2,035	822	507	2,351	850	423	2,778
Sports Priority Program	240	266	428	77	266	400	(57)	324	400	(133)	321	400	(213)
Natural Areas Fund	173			173			173			173			173
West Dapto Rates (additional)	15,000	4,407	773	18,634	5,050	776	22,908	5,756	795	27,870	4,891	813	31,947
West Dapto Community Facilities	31,875		100	31,775		100	31,675		6,900	24,775			24,775
Lake Illawarra Estuary Management Fund	487	165	156	496	165	114	548	165	114	599	165	117	647
Darcy Wentworth Park	18			18			18			18			18
Waste Disposal Facilities ***	3,950	6,289	5,675	4,564	4,638	7,056	2,146	4,278	12,252	(5,829)	4,323	24,039	(25,544)
Total Internal Restricted Assets	91,824	12,212	17,711	86,326	11,216	22,941	74,601	11,633	22,933	63,302	10,808	26,452	47,658
Externally Restricted Assets													
Developer Contributions (formerly S 94 )	61,995	13,041	22,895	52,140	30,135	26,223	56,052	28,479	14,752	69,780	28,694	23,331	75,143
Planning Agreements	4,413	17,342		21,755			21,755			21,755			21,755
Grants	9,498	39,675	36,934	12,238	36,619	33,893	14,964	18,874	24,339	9,500	4,542	3,405	10,637
Loan Repayment	904	(21)		883	(23)		861	(144)		717	(39)		678
Domestic Waste Management	5,844	2,753		8,596	198		8,795	199		8,993	178		9,171
Contributed Assets	( )	5,871	5,871	( )	14,585	14,585	( )	14,129	14,129	( )	22,467	22,467	( )
External Service Charges to Restricted Assets	69			69			69			69			69
Other Contributions	7,230	313	302	7,242	316	272	7,285	320	72	7,532	317	74	7,775
Special Rates Levies - City Centre + Mall	961	1,311	1,386	886	1,350	1,430	806	1,391	1,458	739	1,432	1,511	660
Housing Affordability Program	3,350	209	2,894	664	151		815	151		965	132		1,097
Local Infrastructure Renewal Scheme	86	61		147	63		210	16		226	66		292
Stormwater Management	904	1,926	2,191	639	1,946	1,640	945	1,967	1,611	1,302	1,989	1,575	1,715
Total External Restricted Assets	95,253	82,480	72,474	105,259	85,339	78,043	112,556	65,383	56,362	121,578	59,777	52,363	128,992
Grand Total	187,078	94,692	90,185	191,585	96,556	100,983	187,158	77,016	79,294	184,880	70,585	78,815	176,650



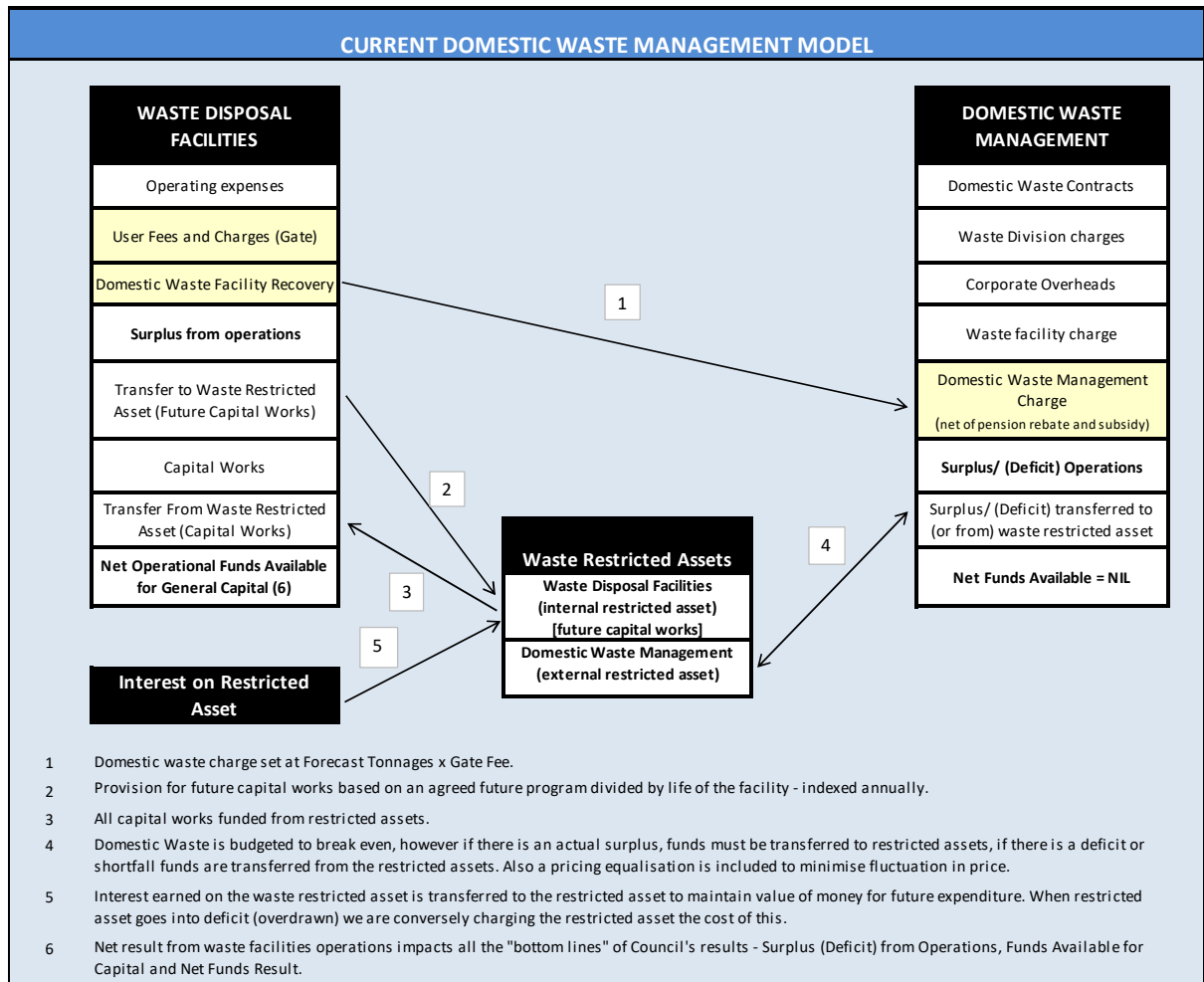
## 4 YEAR DEVELOPER CONTRIBUTIONS RESTRICTED ASSETS SUMMARY

PURPOSE OF RESTRICTED ASSET	Opening 1/07/25	2025/2026 Forecast \$'000			2026/2027 Forecast \$'000			2027/2028 Forecast \$'000			2028/2029 Forecast \$'000		
		Transfer In	Out	Balance 30/06/26	Transfer In	Out	Balance 30/06/27	Transfer In	Out	Balance 30/06/28	Transfer In	Out	Balance 30/06/29
Externally Restricted Assets													
West Dapto	16,647	8,554	11,538	13,663	25,972	16,346	23,289	24,349	8,254	39,384	24,586	20,688	43,282
Calderwood	403	14		418	14		432	14		447	13		460
City Centre	9,934	670	50	10,553	656		11,209	651		11,861	623		12,484
City Wide	35,011	3,802	11,307	27,506	3,492	9,877	21,121	3,464	6,497	18,088	3,472	2,643	18,918
Total Developer Contributions Restricted Assets	61,995	13,041	22,895	52,140	30,135	26,223	56,052	28,479	14,752	69,780	28,694	23,331	75,143

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>	
To fund future parking, transport and pedestrian access, bicycle and public transport projects in the City Centre.  The Adopted Operational Plan 2020-2021 approved an 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.	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 Clubs, 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.

Internally Restricted Assets	
Purpose	Source of Funds
<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</b>	
<p>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.</p> <p>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 State Government agencies</p>	<p>Wollongong Council's allocation is made annually through the budget process to provide funding for Lake Illawarra works. Shellharbour's City Council makes contribution for a portion of works that will come as an external contribution. Funding for the Lake Illawarra CMP will be in the proportion of 2/3rds Wollongong to 1/3rd Shellharbour.</p> <p>The funding may be allocated over multiple years, so unspent funds are retained in this Restricted Asset and the external contributions restricted asset.</p>

## 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 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 10 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. A substantial program is currently underway to review Council's assets and produce revised asset plans that will help refine these forecasts going forward.

### 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.

### 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 the adopted Climate Change Mitigation Plan 2023-2030 and the Climate Change Adaptation Plan 2022.

## Section 2

### Capital Program and Budget 2025-2026 to 2028-2029

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 2035 - 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 2025-2026

In 2025-2026, \$145.3M 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 2025-2026 is derived from the allocation of operational funds (including contributions from operational savings), asset sales, contributions from restricted assets, allocations from Development Contributions funds and funding from State and Commonwealth Government grants.

#### Capital Budget by Funding Source

	2025/2026 Budget \$M	2026/2027 Forecast \$M	2027/2028 Forecast \$M	2028/2029 Forecast \$M
Operational Funds*	65.7	71.5	72.8	73.5
Asset Sales	1.4	3.7	3.8	1.8
Grants & Contributions (including Developer Contributions)	57.4	58.0	37.5	25.1
Restricted Assets (internal & external)	14.9	20.8	20.9	24.4
Borrowings	0.0	0.0	0.0	0.0
Other Capital Contributions	5.9	14.6	14.1	22.5
<b>Total</b>	<b>145.3</b>	<b>168.6</b>	<b>149.1</b>	<b>147.3</b>

*\*Operational Funds reflects Funds Available for Asset Replacement and Available Funds Applied to New, Upgraded & Expanded Assets less Grants & Contributions for Existing Assets, Restricted Assets used for Replacement and Asset Sales.*



## **Upcoming Capital Projects in 2025-2026**

---

### **PROJECTS - PLANNING AND DESIGN**

---

During 2025-2026 Wollongong City Council plans to continue and complete approximately 159 design projects including the following:

- Darkes Town Centre Sporting and Community Hub (Stage 2)
- Achilles Avenue Road Embankment Scour Repairs
- Station Street from Lawrence Hargrave Drive to Beach Reserve Footpath
- Parkes Street; Lilyvale Street to Cemetery Road Path
- Towradgi Creek Shared Path (Stage 1)
- Grand Pacific Walk - Scarborough
- Ribbonwood Air Conditioning and Refurbishment
- Botanic Gardens Southern Amenities
- Flagstaff Hill Shelters

---

### **PROJECTS - CONSTRUCTION**

---

During 2025-2026, Wollongong City Council plans to commence or continue over 157 construction projects including the following:

- Southern Suburbs Library and Community Centre
- Cleveland Road Upgrade
- West Dapto Road - Stage 1A and Stages 2-4
- Wollongong Art Gallery and Town Hall
- Helensburgh Pool Upgrade
- North Wollongong Beach Seawall (Stage 2)
- Port Kembla Community Centre (Stage 2)
- Grand Pacific Walk Austinmer
- Corrimal District Library Air Conditioning

## CAPITAL BUDGET 2025-2026 to 2028-2029

### \$'000

Asset Class	2025/2026			2026/2027			2027/2028			2028/2029		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Roads And Related Assets</b>												
Traffic Facilities	3,020	(2,535)	485	3,805	(3,720)	85	1,660	(1,360)	300	700	(400)	300
Public Transport Facilities	170	0	170	300	0	300	300	0	300	300	0	300
Roadworks	18,670	(8,063)	10,608	12,755	(3,500)	9,255	15,987	(3,204)	12,783	13,009	(2,300)	10,709
Bridges, Boardwalks and Jetties	3,435	0	3,435	3,010	0	3,010	3,400	0	3,400	1,600	0	1,600
<b>Total Roads And Related Assets</b>	<b>25,295</b>	<b>(10,598)</b>	<b>14,698</b>	<b>19,870</b>	<b>(7,220)</b>	<b>12,650</b>	<b>21,347</b>	<b>(4,564)</b>	<b>16,783</b>	<b>15,609</b>	<b>(2,700)</b>	<b>12,909</b>
<b>West Dapto</b>												
West Dapto Infrastructure Expansion	22,850	(22,850)	0	36,700	(36,700)	0	32,850	(32,850)	0	20,325	(20,325)	0
<b>Total West Dapto</b>	<b>22,850</b>	<b>(22,850)</b>	<b>0</b>	<b>36,700</b>	<b>(36,700)</b>	<b>0</b>	<b>32,850</b>	<b>(32,850)</b>	<b>0</b>	<b>20,325</b>	<b>(20,325)</b>	<b>0</b>
<b>Footpaths And Cycleways</b>												
Footpaths	7,842	(5,332)	2,510	9,640	(5,534)	4,106	6,695	(1,000)	5,695	6,850	(1,200)	5,650
Shared Paths	3,847	(1,407)	2,440	4,845	(2,700)	2,145	5,830	(2,000)	3,830	3,800	0	3,800
Commercial Centre Upgrades - Footpaths and Cycleways	30	0	30	5,100	(1,700)	3,400	0	0	0	0	0	0
<b>Total Footpaths And Cycleways</b>	<b>11,719</b>	<b>(6,739)</b>	<b>4,980</b>	<b>19,585</b>	<b>(9,934)</b>	<b>9,651</b>	<b>12,525</b>	<b>(3,000)</b>	<b>9,525</b>	<b>10,650</b>	<b>(1,200)</b>	<b>9,450</b>
<b>Carparks</b>												
Carpark Construction/Formalising	240	(5)	235	2,000	(900)	1,100	0	0	0	0	0	0
Carpark Reconstruction or Upgrading	390	0	390	0	0	0	1,120	0	1,120	1,100	0	1,100
<b>Total Carparks</b>	<b>630</b>	<b>(5)</b>	<b>625</b>	<b>2,000</b>	<b>(900)</b>	<b>1,100</b>	<b>1,120</b>	<b>0</b>	<b>1,120</b>	<b>1,100</b>	<b>0</b>	<b>1,100</b>
<b>Stormwater And Floodplain Management</b>												
Floodplain Management	2,226	(1,659)	567	430	0	430	1,890	0	1,890	3,000	0	3,000
Stormwater Management	6,165	(2,835)	3,330	4,590	(670)	3,920	4,210	0	4,210	3,800	0	3,800
Stormwater Treatment Devices	820	(400)	420	10	0	10	300	0	300	400	0	400
<b>Total Stormwater And Floodplain Management</b>	<b>9,211</b>	<b>(4,894)</b>	<b>4,317</b>	<b>5,030</b>	<b>(670)</b>	<b>4,360</b>	<b>6,400</b>	<b>0</b>	<b>6,400</b>	<b>7,200</b>	<b>0</b>	<b>7,200</b>
<b>Buildings</b>												
Cultural Centres (IPAC, Gallery,	4,660	0	4,660	10,500	0	10,500	0	0	0	0	0	0
Administration Buildings	1,560	0	1,560	710	0	710	1,830	0	1,830	1,150	0	1,150
Community Buildings	34,460	(16,309)	18,151	34,430	(16,210)	18,220	27,125	(6,500)	20,625	12,770	0	12,770
Public Facilities (Shelters, Toilets etc.)	10	0	10	10	0	10	450	0	450	500	0	500
<b>Total Buildings</b>	<b>40,690</b>	<b>(16,309)</b>	<b>24,381</b>	<b>45,650</b>	<b>(16,210)</b>	<b>29,440</b>	<b>29,405</b>	<b>(6,500)</b>	<b>22,905</b>	<b>14,420</b>	<b>0</b>	<b>14,420</b>

## CAPITAL BUDGET 2025-2026 to 2028-2029

### \$'000

Asset Class	2025/2026			2026/2027			2027/2028			2028/2029		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Commercial Operations</b>												
Tourist Park - Upgrades and Renewal	935	0	935	1,815	0	1,815	2,200	0	2,200	0	0	0
Memorial Gardens and Cemeteries - Upgrades and Renewal	1,120	0	1,120	150	0	150	180	0	180	100	0	100
Leisure Centres & RVGC	400	0	400	150	0	150	150	0	150	150	0	150
<b>Total Commercial Operations</b>	<b>2,455</b>	<b>0</b>	<b>2,455</b>	<b>2,115</b>	<b>0</b>	<b>2,115</b>	<b>2,530</b>	<b>0</b>	<b>2,530</b>	<b>250</b>	<b>0</b>	<b>250</b>
<b>Parks Gardens And Sportfields</b>												
Play Facilities	1,830	(600)	1,230	2,950	(1,500)	1,450	1,450	0	1,450	1,450	0	1,450
Recreation Facilities	350	(240)	110	0	0	0	0	0	0	0	0	0
Sporting Facilities	1,320	(1,254)	66	936	(936)	0	1,367	(1,352)	15	1,370	(1,320)	50
Lake Illawarra Foreshore	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Parks Gardens And Sportfields</b>	<b>3,500</b>	<b>(2,094)</b>	<b>1,406</b>	<b>3,886</b>	<b>(2,436)</b>	<b>1,450</b>	<b>2,817</b>	<b>(1,352)</b>	<b>1,465</b>	<b>2,820</b>	<b>(1,320)</b>	<b>1,500</b>
<b>Beaches And Pools</b>												
Beach Facilities	0	0	0	0	0	0	0	0	0	0	0	0
Rock/Tidal Pools	0	0	0	0	0	0	0	0	0	10	0	10
Treated Water Pools	5,500	(3,002)	2,498	0	0	0	500	0	500	6,000	0	6,000
<b>Total Beaches And Pools</b>	<b>5,500</b>	<b>(3,002)</b>	<b>2,498</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>6,010</b>	<b>0</b>	<b>6,010</b>
<b>Waste Facilities</b>												
Whytes Gully New Cells	5,610	(5,610)	0	6,990	(6,990)	0	12,185	(12,185)	0	23,970	(23,970)	0
<b>Total Waste Facilities</b>	<b>5,610</b>	<b>(5,610)</b>	<b>0</b>	<b>6,990</b>	<b>(6,990)</b>	<b>0</b>	<b>12,185</b>	<b>(12,185)</b>	<b>0</b>	<b>23,970</b>	<b>(23,970)</b>	<b>0</b>
<b>Fleet</b>												
Motor Vehicles	1,190	(617)	573	1,275	(672)	603	800	(949)	(149)	2,800	(949)	1,851
<b>Total Fleet</b>	<b>1,190</b>	<b>(617)</b>	<b>573</b>	<b>1,275</b>	<b>(672)</b>	<b>603</b>	<b>800</b>	<b>(949)</b>	<b>(149)</b>	<b>2,800</b>	<b>(949)</b>	<b>1,851</b>
<b>Plant And Equipment</b>												
Mobile Plant (trucks, backhoes etc.)	200	0	200	200	0	200	200	0	200	200	0	200
<b>Total Plant And Equipment</b>	<b>3,428</b>	<b>(782)</b>	<b>2,646</b>	<b>3,520</b>	<b>(799)</b>	<b>2,721</b>	<b>3,427</b>	<b>(816)</b>	<b>2,610</b>	<b>4,344</b>	<b>(835)</b>	<b>3,509</b>
<b>Information Technology</b>												
Information Technology	1,400	0	1,400	900	0	900	1,050	0	1,050	933	0	933
<b>Total Information Technology</b>	<b>1,400</b>	<b>0</b>	<b>1,400</b>	<b>900</b>	<b>0</b>	<b>900</b>	<b>1,050</b>	<b>0</b>	<b>1,050</b>	<b>933</b>	<b>0</b>	<b>933</b>

CAPITAL BUDGET 2025-2026 to 2028-2029												
\$'000												
Asset Class	2025/2026			2026/2027			2027/2028			2028/2029		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Library Books</b>												
Library Books	1,404	0	1,404	1,438	0	1,438	1,468	0	1,468	1,503	0	1,503
<b>Total Library Books</b>	<b>1,404</b>	<b>0</b>	<b>1,404</b>	<b>1,438</b>	<b>0</b>	<b>1,438</b>	<b>1,468</b>	<b>0</b>	<b>1,468</b>	<b>1,503</b>	<b>0</b>	<b>1,503</b>
<b>Public Art</b>												
Art Gallery Acquisitions	107	0	107	110	0	110	113	0	113	100	0	100
<b>Total Public Art</b>	<b>107</b>	<b>0</b>	<b>107</b>	<b>110</b>	<b>0</b>	<b>110</b>	<b>113</b>	<b>0</b>	<b>113</b>	<b>100</b>	<b>0</b>	<b>100</b>
<b>Land Acquisitions</b>												
Land Acquisitions	250	(250)	0	0	0	0	0	0	0	0	0	0
<b>Total Land Acquisitions</b>	<b>250</b>	<b>(250)</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>Non-Project Allocations</b>												
Capital Project Contingency	4,177	0	4,177	4,923	0	4,923	6,449	0	6,449	12,791	0	12,791
Capital Project Plan	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Project Allocations</b>	<b>4,177</b>	<b>0</b>	<b>4,177</b>	<b>4,923</b>	<b>0</b>	<b>4,923</b>	<b>6,449</b>	<b>0</b>	<b>6,449</b>	<b>12,791</b>	<b>0</b>	<b>12,791</b>
<b>Not Applicable</b>												
Not Applicable	5,871	(5,871)	0	14,585	(14,585)	0	14,129	(14,129)	0	22,467	(22,467)	0
<b>Total Not Applicable</b>	<b>5,871</b>	<b>(5,871)</b>	<b>0</b>	<b>14,585</b>	<b>(14,585)</b>	<b>0</b>	<b>14,129</b>	<b>(14,129)</b>	<b>0</b>	<b>22,467</b>	<b>(22,467)</b>	<b>0</b>
<b>TOTAL</b>	<b>145,287</b>	<b>(79,621)</b>	<b>65,666</b>	<b>168,576</b>	<b>(97,115)</b>	<b>71,461</b>	<b>149,115</b>	<b>(76,345)</b>	<b>72,770</b>	<b>147,293</b>	<b>(73,766)</b>	<b>73,527</b>
<b>NET REVENUE FUNDED</b>		<b>65,666</b>			<b>71,461</b>			<b>72,770</b>			<b>73,527</b>	
*Revenue Funding reflects Funds Available for Replacement and Available Funds Applied to New, Upgraded & Expanded Assets less Grants & Contributions for Existing Assets, Restricted Assets used for Replacement and Asset Sales.												

This page has intentionally been left blank



On Dharawal Country, from the mountains to the sea, we value our natural environment, we respect each other, our past and future. We will be a sustainable, connected, vibrant, and innovative city, with a diverse economy.

We are a sustainable and climate resilient city

We have well planned, connected, and liveable places

We foster a diverse economy, and we value innovation, culture, and creativity

We have a healthy, respectful, and inclusive community



**Wollongong City Council**  
[wollongong.nsw.gov.au](http://wollongong.nsw.gov.au)  
Phone (02) 4227 7111



**WOLLONGONG.**  
**AUSTRALIA'S**  
**ONLY UCI BIKE CITY**