

From the mountains to the sea

WOLLONGONG CITY COUNCIL

# ATTACHMENT 1

# BUDGET AND CAPITAL BUDGET 2015 - 2016

Adopted 22 June 2015

2012 – 2017 Delivery Program

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# Section 1: Budget 2015-16

## Financial Overview

During 2014-15 Council reviewed and adopted a revised Resourcing Strategy 2012-22 and a revised Delivery Program 2012-17 as part of its review of financial sustainability through the 'Securing Our Future' Program. The 'Securing Our Future' program has effectively set the high level financial parameters for this Annual Plan. The financial estimates in the Annual Plan 2015-16 are based on a continuation of the 'Securing Our Future' outcomes and are within the context of The Financial Strategy adopted by Council on 17 February 2014.

The Financial Strategy has a number of clear objectives that have been used in establishing the financial boundaries that flow on to this year's Annual Plan, they include:

- *Council will aim to maintain Available Funds between 3.5% and 5.5% of Operational Revenue [Pre Capital].*
- *Council will move towards and maintain small surplus budgets in the future.*
- *Council's annual allocations to operational and capital budgets will generally not exceed anticipated cash inflows. Where Available Funds level are above minimum requirements, consideration will be given to the allocation of funds to deferred asset renewals or investments that reduce future operational costs.*
- *Council will move towards creating annual Operational Funds Available for Capital equal to depreciation.*
- *Council will apply at least 85% of Operational Funds Available for Capital to the renewal of existing assets.*
- *The full life cost of capital expenditure will be considered before capital projects are approved. Asset renewal, maintenance, and operational costs impacting on future budgets will be included in forecasts as part of the capital budgeting process.*

The adopted Resourcing Strategy and Delivery Plan include the 'Securing Our Future' outcomes that required a \$21 Million per annum improvement that is intended to be delivered by:

- *An Efficiency Program to be implemented over three years that would reduce expenditure requirements by a minimum of \$4.5 Million without material impact on service levels.*
- *A minor change to some service levels that would reduce cost by \$1.5 Million over a four year period. This adjustment included a change to the life of footpaths that would reduce the renewal requirement by approximately \$1 Million per annum.*
- *An increase in revenue from fees and charges of \$0.5 Million over three years.*
- *A rate increase that will build to an additional \$14.5 Million per annum over three years.*

The Table below provides a delivery timeframe for planning purposes that may change as specific adjustments are reviewed, scoped and proposed for implementation.

Securing Our Future Adopted Outcomes	EFFICIENCY		SERVICES	REVENUE		TOTAL
	Lower Impact	High Impact		Rates *	Other	
	\$,000	\$,000		\$,000	\$,000	\$,000
2014/15	1,000		1,000	4,950	120	7,070
2015/16	1,000		200	4,560	250	6,010
2016/17	1,500	500	200	4,990	130	7,320
2017/18		500	100			600
2018/19						-
<b>TOTAL</b>	<b>3,500</b>	<b>1,000</b>	<b>1,500</b>	<b>14,500</b>	<b>500</b>	<b>21,000</b>

The targeted efficiency improvements are based on reducing delivery costs for services across the breadth of Council's operations; it will require some industrial change and operational transformation.

Council submitted a Special Rate Variation (SRV) application to IPART on 24 February 2014 that was approved on 3 June 2014. The approved SRV allows for annual increases for 'General Income from Rates' of 6.13% in 2014-15, 6.23% in 2015-16 and 6.24% in 2016-17. This is a cumulative increase of 19.78% by 2016-17 (11.25% above the anticipated rate peg). The additional funds will be directed to the asset maintenance and renewal projects. The rating adjustment includes an increase to most ratepayers of around 6.63% in each of the next three years, inclusive of the assumed annual rate peg (2.3% in 2014-15, 3.0% in 2015-16, and 3.0% in 2016-17). Rates for 3(c) Regional Business and Heavy 1 Activity 1 Business subcategories (that currently pay a higher than average rate in the dollar on property valuation), and Special Rates, will be indexed by 3% for 2015-16 and 2016-17 in accordance with the approved SRV.

The lower impact efficiency target for 2015-16 is \$1 Million recurrent, in addition to the \$1 Million for 2014-15, that is targeted to the low impact adjustments that are intended to be achieved across Council's operations. These targets have been proportionally allocated to individual services based on the level of discretionary expenditure in each and are held centrally within the Services until specific initiatives or programs for the achievement of these are identified.

The high impact efficiency targets are shown in the Financial Statements as a separate Efficiency Savings line with an expectation that achievement of these would commence in 2016-17 with a target of \$500,000 for that year and a further \$500,000 in 2017-18. At this stage, recurrent savings of \$215,000 have been achieved through renegotiated electricity contract for street lighting. Further improvements required to achieve these targets will be developed and considered over the coming periods for implementation at or before the required target date. It is intended that options for efficiency improvement will be formed from the areas discussed through the 'Securing Our Future' process. Again, it is intended that these high impact efficiency adjustments will not impact negatively on service delivery.

The planned reduction in Services for 2014-15 of \$1 Million have been achieved through an easing of the service requirements for footpaths that will allow a longer life of asset to be achieved with some deterioration in the amenity of the asset. An additional target of \$200,000 has been included in financial projections for 2015-16.

The Other Revenue target of \$250,000 for 2015-16 has been achieved through a number of programs that have been identified during 2014-15. These have included contributions for building maintenance from licensees of childcare centres, increased fees for professional trainers, kerbside dining, permanent parking fees, and tourist park income as well as increase in fees at heated swimming pools and sporting fields that were adopted as part of the 2014-15 Annual Plan.

All estimates show that Council's short to medium term financial capacity remains sound with strong liquidity, low debt and sound financial control which enables balanced funds budgets to be planned and achieved over a period of time. A balanced funds result means that the allocation of resources to be spent is matched by the levels of revenue received to pay for it.

Council's planned unrestricted cash holdings (Available Funds) provide sufficient capacity to manage normal variations in operational performance or provide opportunity for future investment.

Council's Financial Strategy is to maintain Available Funds between 3.5% and 5.5% of operational revenue [pre capital]. Favourable results in prior years, that were partly attributed to one off improvements, resulted in Council exceeding the upper level of this target and providing an opportunity to review delivery programs or projects in the short term. This has allowed the inclusion of the following projects in the Annual Plan 2015-16. These projects are for both asset renewal and other initiatives. Investment of these funds through the initiatives proposed below will return the Available Funds balance to the upper end of Council's targeted position.

Proposed Projects & Programs											
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
<b>Capital Projects &amp; Whole of Life Costs</b>											
<b>Sports Priority Program</b>											
Capital		(106)	(100)	50		(50)		(100)	(100)	(100)	(250)
Funding from internal restriction		106	100	(50)		50		100	100	100	250
Asset maintenance & operations		(14)	(28)	(42)	(55)	(69)	(83)	(96)	(110)	(124)	(138)
		<b>(14)</b>	<b>(28)</b>	<b>(42)</b>	<b>(55)</b>	<b>(69)</b>	<b>(83)</b>	<b>(96)</b>	<b>(110)</b>	<b>(124)</b>	<b>(138)</b>
<b>Hill 60 Masterplan</b>											
Capital		(200)	(200)	(200)							
Asset maintenance & operations		(11)	(22)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)
		<b>(211)</b>	<b>(222)</b>	<b>(233)</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>
<b>Reinstating Waterfall (Garrawarra) Cemetery</b>											
Capital		(200)									
Asset maintenance & operations		(11)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)
		<b>(211)</b>	<b>(31)</b>	<b>(31)</b>	<b>(31)</b>	<b>(31)</b>	<b>(31)</b>	<b>(31)</b>	<b>(31)</b>	<b>(31)</b>	<b>(31)</b>
<b>Bulli SLSC</b>											
Capital		(998)									
External funding		600									
Asset maintenance & operations		(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)
		<b>(438)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>
<b>Replace Chinese Tallowwoods</b>											
Capital		(60)									
		<b>(60)</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>Studies &amp; Supporting Documents</b>											
West Dapto Review		(1,000)	(200)								
S94 funding		480									
		<b>(520)</b>	<b>(200)</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>
Review of supporting documents priorities		(251)	(55)								
<b>Increase Service levels</b>											
<b>Natural Area Resourcing</b>											
Operating expenditure		(270)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Funding (Southern Phones)		270	250	250	250	250	250	250	250	250	250
		<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>Animal control</b>											
Operating expenditure		(184)	(190)	(195)	(201)	(207)	(214)	(220)	(227)	(233)	(240)
Additional vehicle		(30)									
		<b>(214)</b>	<b>(190)</b>	<b>(195)</b>	<b>(201)</b>	<b>(207)</b>	<b>(214)</b>	<b>(220)</b>	<b>(227)</b>	<b>(233)</b>	<b>(240)</b>
<b>Projects</b>											
Botanic Gardens tree hazard		(38)	(38)								
Climate change Fora	(15)	(15)									
Community Cultural Dev Program		(75)	(75)								
Illawarra Bicentenary		(36)	(48)								
Marketing Wollongong Advantage		(80)	(40)	(40)							
Sandon Pt McCauley Beach Plan of Mgmt		(5)									
Wollongong Virtual Museum		(40)	(40)	(40)							
		<b>(15)</b>	<b>(289)</b>	<b>(241)</b>	<b>(80)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>		<b>(15)</b>	<b>(2,207)</b>	<b>(1,005)</b>	<b>(621)</b>	<b>(360)</b>	<b>(380)</b>	<b>(400)</b>	<b>(419)</b>	<b>(440)</b>	<b>(482)</b>

\* The Sport Priority Restricted Asset is an internal restriction approved by Council that is funded from an annual transfer of \$267K from revenue including telecommunication rental income from specified sites of \$117K. Rental income estimate is based on prior year actuals, but may vary from year to year and a decline in this may require a review of the operation of this restricted asset. Proposed capital program includes \$519K for 2014-15 and \$256K for 2015-16 for specific projects endorsed by the Sports & Facilities Reference Group to be funded from the restricted asset. The years beyond assume an annual capital program of \$250K that may vary based on value and timing of future endorsed programs.

\*\* Asset maintenance & operations expenditure includes the impact of new assets on future depreciation and maintenance costs.

The Funds Results estimates for 2015-16 and forward years are shown below. The deficit balance in 2015-16 is mainly due to the allocation of surplus available funds to capital in that year. Over the ten years, Council maintains a strong position around its Funds Result.

TOTAL FUNDS SURPLUS (DEFICIT)					
	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Total Funds Surplus / (Deficit)</b>	(3,122)	(287)	2,589	2,507	297

The 2015-16 Budget and long term financial position encompasses the 'Securing Our Future' outcomes that have been designed to achieve the balance required for longer term financial sustainability. Through this position, it should be possible to renew the existing high value, long lived assets such as roads, bridges, buildings, public toilets and recreation facilities that generally need to be funded over their life.

Council's Resource Strategy provides substantial information on Council's financial performance and position over recent years and highlights the significant improvements that have been achieved financially by Council in that time. The financial adjustments that continue in the current plans, while remaining extremely difficult, are much less onerous due to the organisational improvement, constraint, financial planning and control that have been achieved in recent years.

## Assets

Council's Balance Sheet (page 11) shows the extent of assets managed by Council for the community. Property, Plant and Equipment that makes up the large portion of Council's assets is valued at \$2.2 Billion. This amount is the current value of the assets after allowing for depreciation. These assets have a current replacement value in excess of \$3.7 Billion.

The 2015-16 Budget includes a capital expenditure program of \$86.3 Million that is detailed in the Capital Budget.

## Borrowing Costs (Financing)

Borrowings are considered as part of the Capital Budget process in accordance with the Financial Strategy and Asset Management Policy. Council's current Financial Strategy indicates Council can remain a low debt user and maintain a debt service ratio (principal and interest repayments compared to operational revenue) below 4%.

The revised Financial Strategy would allow borrowings of up to \$79 Million (based on loan borrowed at 4.0% for a ten year term). Indicative local government benchmarks for councils similar to Wollongong suggest that a debt service ratio up to 10% is sustainable. Council's continued low borrowing level is a positive indicator that reflects the capacity and flexibility that Council has in future periods should the need arise or further benefit become available to borrow at higher levels.

## Loans

In 2009-10, Council accepted a \$26.1 Million interest free loan from the Department of Planning to accelerate construction of the West Dapto Access Strategy. Council further increased its loan borrowings as part of a subsidised Local Infrastructure Renewal Scheme (LIRS) program that is offered by the State Government as incentive to councils to accelerate infrastructure renewal. Council has increased its loan borrowing by \$20 Million in 2012-13 and a further \$4.3 Million in 2013-14 under this program to bring forward the program for the renewal and upgrade of footpaths and cycleways and accelerate significant building refurbishment works for Berkeley Community Centre, Corrimal Library and Community Centre and Thirroul Pavilion and Kiosk respectively. A further \$15 Million in loans was drawn down during 2014-15 as part of LIRS (3) to be subsidised at 3% and to be used to support West Dapto Access - Fowlers Road to Fairwater Drive project. These loans will be repaid over 9.5 years and will increase Council's Debt Service Ratio forecast for 2015-16 to approximately 3.2% which remains below Council's current target of 4%.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Borrowing Cost on LIRS</b>					
Interest	1,528	1,353	1,169	980	778
Recognise interest on loan funds associated with Local Infrastructure Renewal Scheme [LIRS] (excludes subsidy)					

The loan repayments associated with the West Dapto Access Strategy and LIRS (3) will be funded from a reduction in other capital works, Section 94 contributions and additional rate revenue from the West Dapto subdivision.

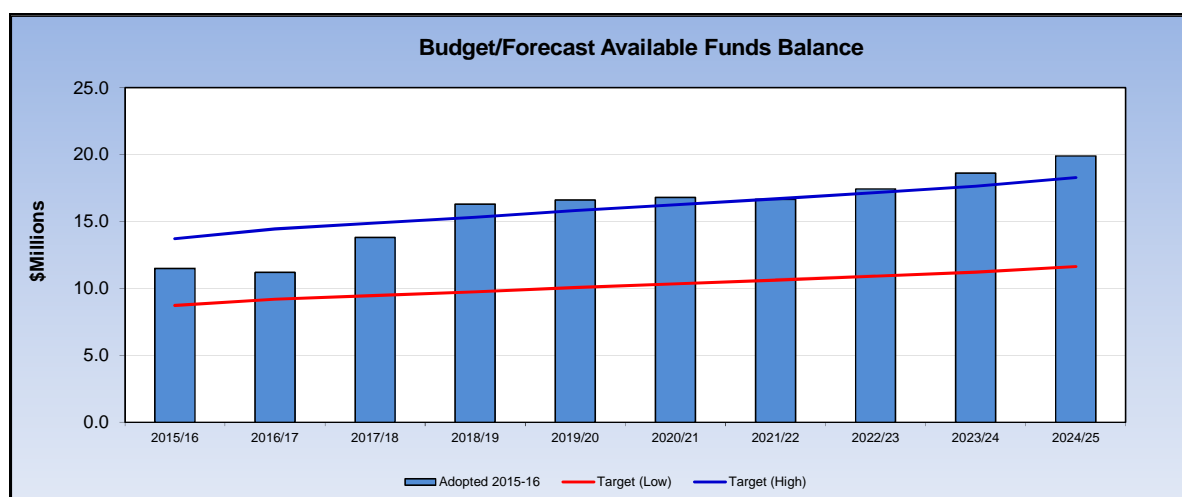
The operating expenses shown in Council's forecasts include a borrowing cost for the interest free loan that Council received in 2009-10. As this is an interest free loan, it is accounted for at fair value. The value of the interest free loan in each period is the Net Present Value (NPV) of the future repayments that will be made over the remaining life of the asset. The \$26.1 Million loan was originally recognised as a liability of only \$17.3 Million while the difference between that and the actual funds received was treated as income in the 2009-10. There is a notional interest expense recorded each year to reflect the amortisation of this notional income and the increase in the NPV over the life of the loan.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Borrowing Cost on Interest Free Loan</b>					
Recognise interest on interest free loan	872	730	567	391	203



## Cash and Investments

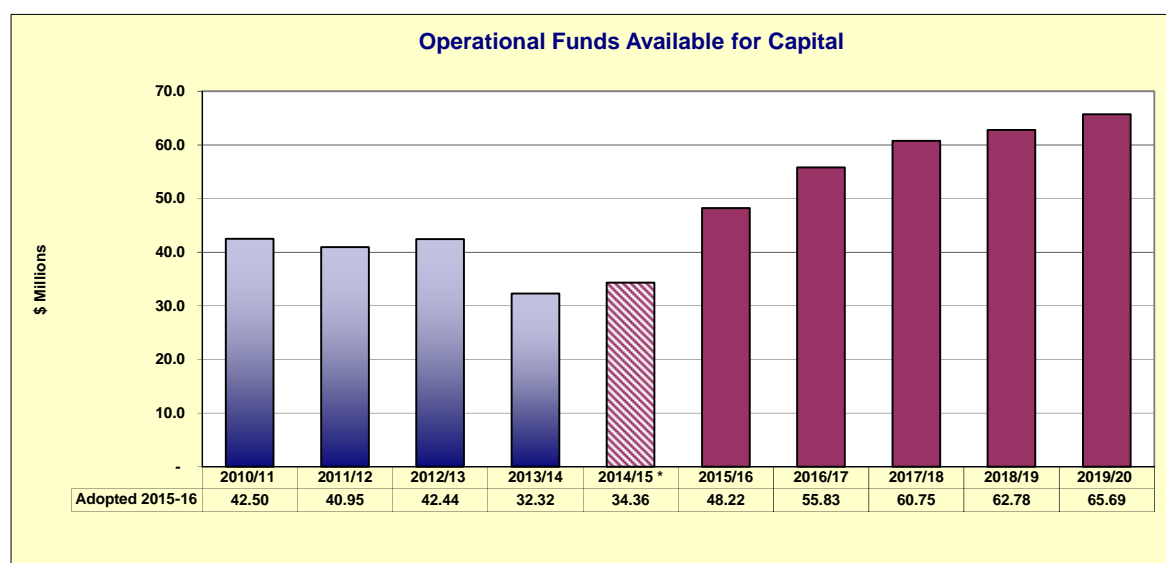
Cash and liquidity are very important indicators of short term financial stability for an organisation. Council has, and will maintain into the future, an adequate cash and investment position. Council's Financial Strategy has a target to achieve and maintain an Available Funds position between 3.5% (low target) and 5.5% (high target) of operational revenue [pre capital]. Improvements in results for previous years have allowed Council to exceed these targets. This positive result has allowed the inclusion of projects that were considered to be of a high priority but could not be accommodated in previous projections. Those projects are of both operational and capital nature. The table below shows the estimated Available Funds position, including the additional investment of funds.



## Operational Performance – Operational Funds Available for Capital

An increase in Operational Funds Available for Capital remains the primary financial objective of Council's Financial Strategy to provide for the effective renewal of assets. This will improve Council's ability to provide acceptable services and community amenities into the future.

The savings programs achieved in recent years and those planned for future years, together with the Special Rate Variation, have had a positive impact on the funds available for capital. The graph below shows the improvements achieved over the last five years and forecasts for the next five years.



*Note: The 2010-11 result was improved by unexpected savings in waste facility operations reported at that time. The timing of Financial Assistance Grant payments has impacted years 2011-12 to 2013-14 when payments were made in advance. The most material impact was in 2013-14 where the first two instalments for that year's grant were paid in June 2013. Figures above to 2013-14 are actuals, and 2014-15 to 2019-20 budget or forecasts.*

The current estimates based on 'Securing Our Future' program show a continual improvement in Operational Funds Available for Capital. Based on these estimates, Council will be able to maintain a level of funding well in advance of prior years for future years.

## **Unbudgeted Supporting Documents and Initiatives**

Council has a large number of Supporting Documents that may be in the form of a plan, strategy, study, or similar that have potential actions that have not yet been funded through the Delivery Planning process. The Delivery Plan and Annual Budget are the tools used to allocate the limited resources available to Council and the community to the highest level needs and priorities. The large volume of Supporting Documents provide 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 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.

One of the major sets of Supporting Documents relate to the West Dapto Release Area. Much of Wollongong's 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. While Supporting Documents, such as the West Dapto LEP, Infrastructure Plan, Access Strategy and West Dapto Section 94 Plans articulate proposed services, assets and some potential future sources of funds or redirection of existing funding, Council's Delivery Plan and proposed Annual Plan only include those elements of the Plan that have passed through that part of the planning process. The full extent of services expected from development in West Dapto is still in the planning phase.

The Annual Plan 2015-16 includes funding for a West Dapto Review project that will review the Supporting Documents over a two year period and will provide more definitive information, revised cost estimates, and proposed timing of infrastructure works in the growth area.

The aspects of the West Dapto Release Area that have been introduced into Council's Delivery Plan and Annual Budget from a capital budget perspective are the Princes Highway/Fowlers Road to Fairwater Drive extension (\$62.7 Million) and Wongawilli Road (\$13 Million). These works are to be funded from Section 94, the interest free loan from the Department of Planning, grant funds including Building Better Regional Cities and Restart NSW, Illawarra Infrastructure funding (\$22.5 Million), loans under LIRS (3) (\$15 Million) and some general revenue.

The scope and estimates for these projects are currently being reviewed with potential costs for Princes Highway/Fowlers Road to Fairwater Drive extension in the order of \$93.5 Million over the next five years, and Wongawilli Road in the vicinity of \$36.5 Million. As the scope, design, and estimates for these projects are further developed, funding and potentially financing decisions will need to be made to progress them to completion. These considerations will be assessed against other budget requirements and included as decisions are made.

The forward operating budgets do include the estimated payment of Section 94 contributions (based on currently assumed development rates and the currently capped pricing for the West Dapto Section 94 Plan). Loans and grants that have been approved have also been included and are applied to fund the capital works included in the Delivery Plan.

Loan repayments for the West Dapto Access Loan have been set by the Department of Planning over a ten year period and are included in estimates. It is intended that for the most part, the loan repayment will be funded by future Section 94 contributions and rates revenue from West Dapto.

In accordance with Council's Financial Strategy, additional rate revenue raised through subdivisions in the West Dapto Release Area are planned to be transferred to an internal restriction and used in the early years of the development to assist in funding West Dapto works. These funds have been applied to debt repayments over the first ten years. As the development progresses, revenue from the area will be used to fund the maintenance and operation of new assets as part of Council's overall budget.

Council has also created a Strategic Projects restricted asset that currently has \$11.1 Million to fund Supporting Document projects such as the West Dapto Access Strategy as they are advanced through the Delivery Planning Process. It is also intended that future one off expenditure or revenue improvements will be channelled into this restricted asset to assist in achieving a broader range of delivery projects.

There are a large number of other potential initiatives or programs that have not been included in the financial estimates at this stage due to the lack of certainty around the timing, funding and/or probability of completion. These include:

- The potential sale of property in Flinders Street (under agreement subject to conditions);
- The longer term capital works and impacts of development and operations within West Dapto;
- Unknown implications of Lake Illawarra;
- Mount Keira power installation and water system design only funded in 2014-15, the future development of site is not funded;
- Warrawong Library and Community Centre - capital indicatively provided in forward capital programs while any additional operational costs are not yet funded;
- Grand Pacific Walk - Stage 1 is funded, future stages are not yet fully funded;
- Some Blue Mile projects are funded (Stuart Park playground, toilet block and car park), while others are not yet funded.

These initiatives or projects may be introduced through the budget review process when they reach a point of clarity and funding is available that enables their inclusion.

### Financial Estimates

The estimated financial results are outlined in the table below. These results are based on programmed works and services and assumptions detailed later in this report.

	2015/16 Budget \$M	2016/17 Forecast \$M	2017/18 Forecast \$M	2018/19 Forecast \$M	2019/20 Forecast \$M
<b>Net Operating Result for the Year Before Grants and Contributions provided for Capital Purposes [Profit/(Loss)]</b>	(6.4)	2.2	7.0	7.7	9.5
<b>Net Operating Result for the Year [Profit/(Loss)]</b>	8.1	25.2	24.6	15.4	17.2
<b>Total Funds Surplus / (Deficit)</b>	(3.1)	(0.3)	2.6	2.5	0.3

The Net Operating Result for the Year [Surplus/(Deficit)] in the Income and Expense Statement includes depreciation and other non-cash expenses, but does not include capital expenditure. Depreciation expenditure reflects the deterioration in the value of net assets of the organisation for the period. Over a period of time, it would be expected that assets at least increase in line with population and inflation to maintain the current level of service provided by those assets.

The Total Funds Surplus/(Deficit) provides the result of all cash inflows and cash outflows or restrictions anticipated for the period. Council aims to have an annual Funds Result that ensures that the organisation remains within the Available Funds range outlined in the Financial Strategy over the long term. This means there may be individual years with deficit Fund Results due to timing of projects and programs however, over the long term, Available Funds are maintained.

The following budget reports are provided for the Current Budget and Long Term Financial Position:

#### Whole of Council Five Year Financial Forecasts

- Income Statement
- Funding Statement (including Capital Budget)
- Balance Sheet
- Cash Flow Statement
- Detailed Service Groups Financials Income Statement 2015-16
- Five Year Restricted Cash Summary

5 Year Financials					
	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
INCOME STATEMENT					
<b>Income From Continuing Operations</b>					
<b>Revenue:</b>					
Rates and Annual Charges	173,253	186,042	192,579	199,156	206,030
User Charges and Fees	33,194	34,064	34,850	35,740	36,856
Interest and Investment Revenues	4,772	4,123	4,522	4,202	4,548
Other Revenues	9,454	9,722	9,993	10,273	10,560
Grants and Contributions - Operating	28,846	28,777	28,775	29,225	29,678
Capital Grants & Contributions	14,520	23,014	17,580	7,619	7,650
Additional Revenues	0	0	0	0	0
<b>Other Income:</b>					
Profit/Loss on Disposal of Assets	0	0	0	0	0
<b>Total Income From Continuing Operations</b>	<b>264,040</b>	<b>285,742</b>	<b>288,299</b>	<b>286,216</b>	<b>295,323</b>
<b>Expenses From Continuing Operations</b>					
Employee Costs	113,797	116,455	117,559	120,650	124,193
Borrowing Costs	4,206	3,979	3,727	3,203	2,632
Materials, Contracts & Other Expenses	89,230	90,791	92,726	96,397	99,891
Depreciation, Amortisation + Impairment	62,074	63,578	64,872	66,248	67,542
Internal Charges (labour)	(11,876)	(12,182)	(12,538)	(12,919)	(13,327)
Internal Charges (not labour)	(1,400)	(1,438)	(1,476)	(1,514)	(1,553)
Efficiency Savings	0	(285)	(683)	(696)	(709)
Service Adjustments	(100)	(400)	(500)	(513)	(526)
<b>Total Expenses From Continuing Operations</b>	<b>255,932</b>	<b>260,497</b>	<b>263,687</b>	<b>270,856</b>	<b>278,143</b>
<b>Operating Result from Continuing Operations</b>	<b>8,108</b>	<b>25,245</b>	<b>24,612</b>	<b>15,360</b>	<b>17,180</b>
<b>Net Operating Result attributable to Council [Profit/(Loss)]</b>	<b>8,108</b>	<b>25,245</b>	<b>24,612</b>	<b>15,360</b>	<b>17,180</b>
<b>Net Operating Result for the Year Before Grants and Contributions provided for Capital Purposes [Profit/(Loss)]</b>	<b>(6,412)</b>	<b>2,231</b>	<b>7,032</b>	<b>7,741</b>	<b>9,530</b>

5 Year Financials					
	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
FUNDING STATEMENT					
<b>Surplus (Deficit) [Net Operating Result for the Year]</b>	<b>8,108</b>	<b>25,245</b>	<b>24,612</b>	<b>15,360</b>	<b>17,180</b>
Add back :					
- Non-cash Operating Transactions	77,378	79,241	80,878	82,340	83,698
- Restricted cash used for operations	15,464	9,439	8,840	9,372	10,195
- Income transferred to Restricted Cash	(34,812)	(39,434)	(34,270)	(24,296)	(24,668)
- Payment of Accrued Leave Entitlements	(11,550)	(11,971)	(12,440)	(12,934)	(13,448)
- Payment of Carbon Contributions	0	0	0	0	0
<b>Funds Available from Operations</b>	<b>54,588</b>	<b>62,520</b>	<b>67,621</b>	<b>69,841</b>	<b>72,956</b>
Advances (made by) / repaid to Council	0	0	0	0	0
Borrowings repaid	(6,371)	(6,693)	(6,876)	(7,062)	(7,263)
<b>Operational Funds Available for Capital Budget</b>	<b>48,217</b>	<b>55,827</b>	<b>60,745</b>	<b>62,779</b>	<b>65,693</b>
<b>CAPITAL BUDGET</b>					
Assets Acquired	(86,256)	(96,665)	(100,937)	(96,488)	(79,534)
Transfers to Restricted Cash	0	0	0	0	0
Funded From :-					
- Operational Funds	48,217	55,827	60,745	62,779	65,693
- Sale of Assets	2,008	1,522	755	200	1,751
- Internally Restricted Cash	5,136	12,666	8,388	5,743	5,271
- Borrowings	0	0	0	0	0
- Capital Grants	9,439	6,891	10,234	8,850	950
- Developer Contributions (Section 94)	6,510	15,587	16,984	11,893	4,866
- Other Externally Restricted Cash	9,460	3,085	6,270	9,380	1,050
- Other Capital Contributions	2,365	800	150	150	250
<b>TOTAL FUNDS SURPLUS / (DEFICIT)</b>	<b>(3,122)</b>	<b>(287)</b>	<b>2,589</b>	<b>2,507</b>	<b>297</b>



5 Year Financials					
	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
BALANCE SHEET					
<b>CURRENT ASSETS</b>					
Cash Assets	98,664	89,080	76,510	60,469	62,521
Investment Securities	10,963	9,898	8,501	6,719	6,947
Receivables	20,595	22,288	22,487	22,325	23,035
Inventories	6,037	6,037	6,037	6,037	6,037
Assets held for Sale (previously non-current)	0	0	0	0	0
Other	1,730	1,777	1,823	1,871	1,919
<b>TOTAL CURRENT ASSETS</b>	<b>137,989</b>	<b>129,079</b>	<b>115,359</b>	<b>97,420</b>	<b>100,459</b>
<b>NON-CURRENT ASSETS</b>					
Non Current Cash Assets	0	0	0	0	0
Non Current Investment Securities	0	0	0	0	0
Non-Current Receivables	5,373	5,373	5,373	5,373	5,373
Non-Current Inventories	0	0	0	0	0
Investments Accounted for using Equity Method	1,181	1,181	1,181	1,181	1,181
Investment Property	3,079	3,250	3,425	3,605	3,791
Intangible Assets	929	929	929	929	929
Property, Plant & Equipment	2,247,353	2,274,789	2,310,100	2,340,139	2,350,380
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,257,915</b>	<b>2,285,522</b>	<b>2,321,008</b>	<b>2,351,228</b>	<b>2,361,654</b>
<b>TOTAL ASSETS</b>	<b>2,395,904</b>	<b>2,414,601</b>	<b>2,436,367</b>	<b>2,448,647</b>	<b>2,462,112</b>
<b>CURRENT LIABILITIES</b>					
Current Payables	23,034	23,445	23,732	24,377	25,033
Provisions < 12 Months	11,236	11,540	11,840	12,148	12,464
Provisions > 12 Months	33,872	34,786	35,691	36,619	37,571
Current Interest Bearing Liabilities	6,693	6,876	7,062	7,263	4,572
<b>TOTAL CURRENT LIABILITIES</b>	<b>74,835</b>	<b>76,646</b>	<b>78,324</b>	<b>80,407</b>	<b>79,639</b>
<b>NON-CURRENT LIABILITIES</b>					
Non Current Interest Bearing Liabilities	33,942	27,796	21,301	14,430	10,060
Non Current Provisions	50,497	48,284	50,255	51,965	53,386
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>84,439</b>	<b>76,080</b>	<b>71,556</b>	<b>66,394</b>	<b>63,447</b>
<b>TOTAL LIABILITIES</b>	<b>159,274</b>	<b>152,727</b>	<b>149,880</b>	<b>146,801</b>	<b>143,086</b>
<b>NET ASSETS</b>	<b>2,236,630</b>	<b>2,261,875</b>	<b>2,286,487</b>	<b>2,301,847</b>	<b>2,319,027</b>
<b>EQUITY</b>					
Accumulated Surplus	(1,111,927)	(1,129,069)	(1,170,910)	(1,216,613)	(1,229,886)
Surplus (Deficit) for period	(8,108)	(25,245)	(24,612)	(15,360)	(17,180)
Asset Revaluation Reserve	(1,013,802)	(1,013,802)	(1,013,802)	(1,013,802)	(1,013,802)
Restricted Assets	(102,794)	(93,760)	(77,164)	(56,072)	(58,159)
<b>TOTAL EQUITY</b>	<b>(2,236,630)</b>	<b>(2,261,875)</b>	<b>(2,286,487)</b>	<b>(2,301,847)</b>	<b>(2,319,027)</b>

5 Year Financials					
	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
CASH FLOW STATEMENT					
<b>CASH FLOWS FROM OPERATIONS</b>					
<b>Receipts</b>					
Rates and Annual Charges	173,633	184,349	192,379	199,319	205,320
User Charges & Fees	33,194	34,064	34,850	35,740	36,856
Investment Incomes	4,772	4,123	4,522	4,202	4,548
Grants & Contributions	43,366	51,791	46,355	36,844	37,328
Other Operating Receipts	9,242	9,504	9,771	10,046	10,326
<b>Payments</b>					
Employee Costs	(100,677)	(103,033)	(103,835)	(106,614)	(109,825)
Materials & Contracts	(86,984)	(88,257)	(89,780)	(93,029)	(96,447)
Borrowing Costs	(1,530)	(1,355)	(1,171)	(982)	(780)
Other Operating Payments	0	0	0	0	0
<b>NET CASH PROVIDED BY (OR USED IN) OPERATIONS</b>	<b>75,015</b>	<b>91,187</b>	<b>93,092</b>	<b>85,526</b>	<b>87,326</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Sale of Investment securities	1,560	1,065	1,397	1,782	(228)
Proceeds from Sale of Property, Plant & Equip.	2,008	1,522	755	200	1,751
Repayments from Deferred Debtors	0	0	0	0	0
<b>Payments</b>					
Purchase of Property Plant & Equipment	(86,256)	(96,665)	(100,937)	(96,488)	(79,534)
Advances to Deferred Debtors	0	0	0	0	0
Purchase of Interest in Joint Ventures					
<b>NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES</b>	<b>(82,687)</b>	<b>(94,078)</b>	<b>(98,786)</b>	<b>(94,505)</b>	<b>(78,011)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds from Borrowings and advances	0	0	0	0	0
<b>Payments</b>					
Repayments of Borrowings and Advances	(6,371)	(6,693)	(6,876)	(7,062)	(7,263)
Repayment of Lease Finance Liabilities					
<b>NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES</b>	<b>(6,371)</b>	<b>(6,693)</b>	<b>(6,876)</b>	<b>(7,062)</b>	<b>(7,263)</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS HELD</b>	<b>(14,044)</b>	<b>(9,584)</b>	<b>(12,569)</b>	<b>(16,042)</b>	<b>2,052</b>
Cash at Beginning of Period	112,708	98,664	89,080	76,510	60,469
<b>CASH &amp; CASH EQUIVALENTS AT EOY</b>	<b>98,664</b>	<b>89,080</b>	<b>76,510</b>	<b>60,469</b>	<b>62,521</b>
PLUS other investment securities	10,963	9,898	8,501	6,719	6,947
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>109,627</b>	<b>98,977</b>	<b>85,012</b>	<b>67,187</b>	<b>69,467</b>

Detailed Service Group Financials Budget 2015-16								
	Planning & Engagement \$'000	Environment \$'000	Transport Services / Infrastructure \$'000	Community Services & Facilities \$'000	Recreation & Open Space \$'000	Regulatory Services & Safety \$'000	Governance & Internal Services \$'000	Total \$'000
<b>INCOME STATEMENT</b>								
<b>Income from Continuing Operations</b>								
<b>Revenue:</b>								
Rates and Annual Charges	1,104	29,883	0	0	0	0	142,266	173,253
User Charges and Fees	711	11,784	1,272	2,981	10,119	4,101	2,226	33,194
Interest and Investment Revenues	0	0	0	0	0	0	4,772	4,772
Other Revenues	175	479	54	411	304	3,016	5,015	9,454
Grants and Contributions - Operating	0	1,306	4,495	4,547	0	567	17,930	28,846
Capital Grants & Contributions	5,986	700	7,834	0	0	0	0	14,520
Additional Revenues	0	0	0	0	0	0	0	0
<b>Other Income:</b>								
Profit/Loss on Disposal of Assets	0	0	0	0	0	0	0	0
<b>Total Income from Continuing Operations</b>	<b>7,975</b>	<b>44,152</b>	<b>13,655</b>	<b>7,940</b>	<b>10,424</b>	<b>7,684</b>	<b>172,209</b>	<b>264,040</b>
<b>Expenses from Continuing Operations</b>								
Employee Costs	17,379	8,964	2,934	14,487	21,561	10,925	37,548	113,797
Borrowing Costs	0	1,804	0	0	0	0	2,402	4,206
Materials, Contracts & Other Expenses	13,445	37,753	8,373	6,402	6,382	4,477	12,399	89,230
Depreciation, Amortisation + Impairment	15,063	10,210	26,984	1,198	5,361	455	2,803	62,074
Internal Charges	(21,124)	1,959	4,558	7,859	10,149	1,438	(18,116)	(13,277)
Efficiency Savings	0	0	0	0	0	0	0	0
Service Adjustments	(100)	0	0	0	0	0	0	(100)
<b>Total Expenses from Continuing Operations</b>	<b>24,663</b>	<b>60,689</b>	<b>42,849</b>	<b>29,946</b>	<b>43,453</b>	<b>17,295</b>	<b>37,036</b>	<b>255,932</b>
<b>Operating Result from Continuing Operations</b>								
<b>[ Surplus (Deficit) ]</b>	<b>(16,688)</b>	<b>(16,537)</b>	<b>(29,194)</b>	<b>(22,006)</b>	<b>(33,029)</b>	<b>(9,611)</b>	<b>135,173</b>	<b>8,108</b>
<b>Net Operating Result for the Year</b>								
<b>[ Surplus (Deficit) ]</b>	<b>(16,688)</b>	<b>(16,537)</b>	<b>(29,194)</b>	<b>(22,006)</b>	<b>(33,029)</b>	<b>(9,611)</b>	<b>135,173</b>	<b>8,108</b>
<b>Net Operating Result for the Year before Grants and Contributions provided for Capital Purposes</b>								
<b>[ Surplus (Deficit) ]</b>	<b>(22,674)</b>	<b>(17,237)</b>	<b>(37,028)</b>	<b>(22,006)</b>	<b>(33,029)</b>	<b>(9,611)</b>	<b>135,173</b>	<b>(6,412)</b>

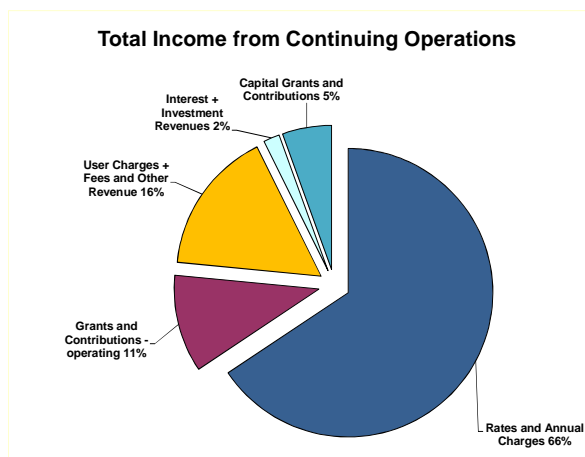
## 5 YEAR RESTRICTED CASH SUMMARY

		2015/16 Forecast \$'000			2016/17 Forecast \$'000			2017/18 Forecast \$'000			2018/19 Forecast \$'000			2019/20 Forecast \$'000		
PURPOSE OF RESTRICTED CASH	OPENING BALANCE 1/07/15	Transfer		Balance 30/06/16	Transfer		Balance 30/06/17	Transfer		Balance 30/06/18	Transfer		Balance 30/06/19	Transfer		Balance 30/06/20
		In	Out		In	Out		In	Out		In	Out				
Internally Restricted Cash																
Property	4,242			4,242		1,283	2,959			2,959			2,959			2,959
Strategic Projects	11,103			11,103			11,103			11,103			11,103			11,103
Future Programs	6,941		2,110	4,831		1,063	3,768		581	3,188		360	2,827		380	2,447
Property Investment Fund	7,820			7,820			7,820			7,820			7,820			7,820
MacCabe Park Development	690	150		840	150		990	150		1,140	150		1,290	150		1,440
City Parking Strategy	225	534	565	194	516	265	445	498	765	179	480	190	469	461	171	759
Sports Priority Program	487	267	256	497	267	250	514	267	250	531	267	250	548	267	250	564
Telecommunications Revenue	123	34	33	124	35	33	126	36		163	37		200	38		238
Natural Areas Fund	489	250	270	469	250	250	469	250	250	469	250	250	469	250	250	469
West Dapto Rates (additional)	23	608	563	68	835	800	103	1,176	923	356	1,301	1,053	604	1,492	500	1,596
Darcy Wentworth Park	165	34		198	35		233	36		269	37		306	38		344
Waste Disposal Facilities ***	10,933	3,557	3,009	11,481	3,284	9,787	4,977	3,164	6,300	1,841	2,920	4,300	461	2,574	4,400	(1,366)
Total Internal Restricted Cash	43,240	5,434	6,806	41,868	5,372	13,731	33,509	5,577	9,069	30,017	5,441	6,403	29,055	5,270	5,951	28,374
Externally Restricted Cash																
Section 94	12,506	6,283	10,581	8,208	11,162	15,692	3,678	7,293	17,092	(6,121)	7,603	12,004	(10,522)	7,598	4,981	(7,904)
Grants	4,860	13,453	14,855	3,458	18,694	12,615	9,537	16,719	15,152	11,104	6,540	13,888	3,755	6,635	6,211	4,179
Loan Repayment	6,973			6,973			6,973			6,973			6,973			6,973
Carbon Pricing	4,380	207		4,587	216		4,803	225		5,028	234		5,263	244		5,507
Domestic Waste Management	9,983	176	1,962	8,197	164	370	7,991	569	580	7,980	528	980	7,528	930	1,600	6,858
External Service Charges to Restricted Assets	49	50		98	51		149	52		202	54		255	55		310
Other Contributions	3,965	2,179	2,548	3,596	548	784	3,360	559	495	3,424	571	508	3,487	562	519	3,530
Special Rates Levies - City Centre + Mall	181	1,428	1,457	152	1,471	1,496	127	1,515	1,536	106	1,561	1,576	91	1,608	1,617	81
West Dapto Home Deposit Assistance Program	5,816	3,849		9,665			9,665			9,665			9,665			9,665
Local Infrastructure Renewal Scheme	24,046		8,600	15,446		1,800	13,646		4,880	8,766		8,280	486			486
Stormwater Management	359	1,753	1,566	546	1,756	1,980	322	1,760	2,062	20	1,764	1,749	35	1,768	1,703	99
Total External Restricted Cash	73,116	29,378	41,568	60,926	34,062	34,737	60,251	28,693	41,798	47,147	18,855	38,984	27,017	19,399	16,631	29,785
Grand Total	116,356	34,812	48,374	102,794	39,434	48,468	93,760	34,270	50,866	77,164	24,296	45,387	56,072	24,668	22,582	58,159

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

# Revenue

Revenue Type	2015/16 Budget (\$M)
Rates and Annual Charges	173.3
Grants and Contributions - operating	28.8
User Charges + Fees and Other Revenue	42.6
Interest + Investment Revenues	4.8
Capital Grants and Contributions	14.5
Total Income from Continuing Operations	264.0



## Rates & Annual Charges

### Rates

The rates on individual properties will increase on average by 6.63% for all categories and sub categories, other than Business 3C Regional and Heavy 1 Activity 1 and the Special Rates that are proposed to increase by an average of 3% in line with the approved Special Rate Variation.

The rate categories and sub-categories are proposed to remain unchanged. These structures have been applied since 1994 when the provisions of the then new Local Government Act came into force. A change in pricing structure for residential rates to include a base charge was introduced in 2002.

In addition to general rates, Council currently applies two special rates, the Mall Special Rate and the City Centre Special Rate. The Wollongong City Centre Improvement Fund Rate that was applied in 2011-12 has been merged with the Mall Special Rate from 2012-13. Together, special rates are projected to generate \$1.4 Million of revenue for 2015-16.

Rate increases for the next two years are set as per Council's Special Rate Variation approval, inclusive of the annually approved rate peg. Forecasts beyond the SRV included in the ten year forecasts are based on increases aligned to CPI projections. Forecasts beyond 2015-16 also include a 0.4% growth in rates that represents approximately 420 additional properties per annum.

The pricing of rates based on existing property information is shown below. These prices will change marginally through the planning process as property information changes. More detailed information relating to the rates and rating policy is contained in the Rates, Fees & Charges booklet to be provided under separate cover.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Rates Revenue</b>					
<b>General Rates</b>					
Ordinary Rates - Residential	(97,082)	(104,276)	(108,266)	(112,166)	(116,263)
Ordinary Rates - Farmland	(436)	(467)	(483)	(499)	(516)
Ordinary Rates - Mining	(1,007)	(1,077)	(1,114)	(1,152)	(1,191)
Ordinary Rates - Business	(43,467)	(45,935)	(47,437)	(48,988)	(50,590)
Special Rates - Mall	(1,029)	(1,060)	(1,092)	(1,124)	(1,158)
Special Rates - City Centre	(399)	(411)	(424)	(436)	(449)
<b>Total Rates Revenue</b>	<b>(143,420)</b>	<b>(153,227)</b>	<b>(158,815)</b>	<b>(164,366)</b>	<b>(170,167)</b>

With the development of new properties in West Dapto, there will be increasing rate revenue for Council over a period of time. This rate revenue will precede operational demand and assets built will require little renewal or maintenance for seven to fifteen years creating a perception of improved financial capacity. Experience in developing councils has shown the long term negative impacts that the delayed expense pattern has if additional rate revenue is built into other recurrent operations.



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

## 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 so as to not exceed the reasonable cost to the council of providing those services.

The charge calculated for 2015-16 is based on the full recovery of the service, including appropriate charges for Domestic Waste tipping fees at Whyte's Gully. The Waste Facility tipping charge includes pricing for future capital costs associated with the management of the facility and long term site remediation.

Pricing and revenue for Domestic Waste Management are applied on an averaging basis over a period of time to avoid abnormal fluctuations in price. The anticipated revenue for Domestic Waste Management is shown below with more details on the charges set out in the Rates, Fees & Charges booklet provided under separate cover.

The Domestic Waste Management Charge for 2015-16 includes a \$1.197M refund of the carbon tax which was charged in 2014-15 prior to repeal of the legislation on 17 July 2014. This repeal also impacts on the carbon tax collected prior to 2014-15 (\$2.3M). Definitive legislation or direction on the return of these funds has not yet been finalised. At this stage, adjustment has not been made to the Domestic Waste Management Charge for 2015-16 to allow for the refund of this amount.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Domestic Waste Management Revenue</b>					
Annual Charges Domestic Waste Management	(29,302)	(32,279)	(33,222)	(34,243)	(35,309)

## Stormwater Management

Council levies a Stormwater Management Charge on all parcels of rateable land, other than those exempted under the Local Government Act. The pricing from Stormwater Management is to remain unchanged from 2014-15.

The actual previous yield and future estimates from Stormwater is shown below with charges set out in detail in the Rates, Fees & Charges booklet provided under separate cover.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Stormwater Management Revenue</b>					
Annual Charges Stormwater Management Service	(1,753)	(1,756)	(1,760)	(1,764)	(1,768)

## Waste Management Services – Non-Domestic Premises

Council levies a Waste Management fee on approximately 372 non-residential properties where approved. The operations of this service are currently managed through the kerbside collection contracts and costs have not been separated from Domestic Waste. The fee for this service has historically been set in line with Domestic Waste Management fees to avoid cross subsidisation.

The revenue from non-domestic waste operations is estimated at \$177,000 for 2015-16. Charges are set out in detail in the Rates, Fees & Charges booklet provided under separate cover. These fees became subject to GST in 2013-14. A further review of application of GST to waste charges by the Australian Tax Office is currently in progress and early indications are that non-domestic waste charges will return to GST exempt. These fees are shown as inclusive of GST in the Revenue Policy and Rates, Fees & Charges booklet, pending official confirmation of future treatment.

## Pensioner Rebates

Council is required to provide a pensioner rebate under the Local Government Act and has also continued to provide a voluntary rebate to eligible pensioners who were receiving a Council rebate prior to 1994. Pensioner rebates are deducted from rates revenue for reporting purposes.

The compulsory pensioner rebate to ratepayers holding a pension card is 50% of rates and annual charges up to \$250. 55% of this rebate is funded from Government subsidy which is included in untied grant revenues.

The voluntary Council rebate is indexed by 6.23%.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Pensioner Rebates</b>					
Pensioner Rate Rebate - Statutory s575	3,085	3,115	3,145	3,175	3,205
Pensioner Rate Rebate - Council s582	488	451	411	369	325
<b>Total Pensioner Rates Rebate</b>	<b>3,573</b>	<b>3,566</b>	<b>3,556</b>	<b>3,544</b>	<b>3,530</b>
Pensioner DWM Rebate - Statutory s575	1,019	1,028	1,038	1,047	1,056
Pensioner DWM Rebate - Council s582	153	141	129	115	102
<b>Total Pensioner DWM Rebate</b>	<b>1,171</b>	<b>1,169</b>	<b>1,166</b>	<b>1,162</b>	<b>1,158</b>
<b>Total Pensioner Rebates</b>	<b>4,744</b>	<b>4,735</b>	<b>4,723</b>	<b>1,162</b>	<b>1,158</b>

## User Fees, Charges and Other Revenue

Council charges a range of fees as contained in the 2015-16 Rates, Fees & Charges booklet. The income received from fees reduces the amount of rates and other untied income required for these services. Other charges are generally not for service and include penalty income, leasing, recoveries, sponsorship etc.

Fees for services are set having due consideration to the following factors:

- The cost of providing the service.
- The importance of the service to the community.
- The price fixed by a relevant industry body.
- Any factors specified in the Local Government Act.
- Market rates or pricing.

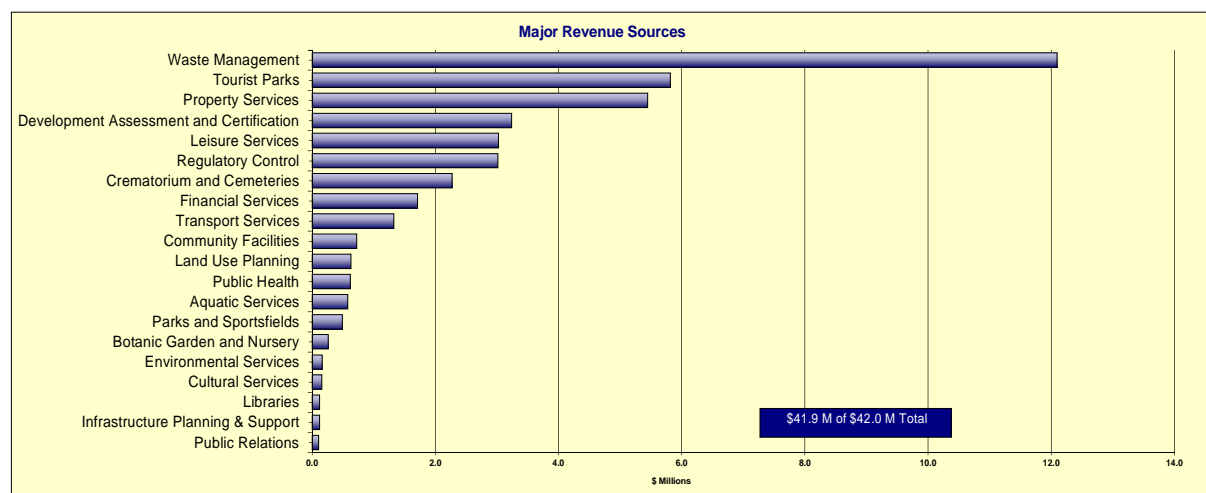
Council assesses its pricing for services under the following categories which are identified against individual fees in the Rates, Fees & Charges booklet.

Pricing Method	Description
Full Cost Pricing	Fees and charges are set to enable the recovery of all direct and indirect costs involved in the provision of a service.
Subsidised Pricing	Fees and charges are set at a level that recovers less than the full cost incurred in service delivery. In effect some level of subsidisation is factored into the price.
Rate of Return Pricing	Fees and charges are set to enable the recovery of all direct and indirect costs involved in the provision of a service plus a profit margin.
Market Pricing	Fees and charges are based on current market fee structures. The market price is usually determined by examining competitors' prices and may have little relationship to the cost of providing the service.
Statutory Pricing	Fees and charges are set to comply with statutory legislation. Council identifies in its Rates, Fees & Charges Booklet where it adopts the maximum statutory fee.

Increases to Fees and Other Revenue are generally in line with the estimated increase in cost for services of 3.0%. Some prices vary from the index based on specific issues impacting the operations, costs or pricing parameters of the particular service.

Indices for Revenue			
	2015/16	2016/17	2017/18 +
Fees and Charges			
-Commercial	3.0	3.0	3.0
-Other	3.0	3.0	3.0
Rates Increase - inclusive of SRV *	6.23	6.24	3.00
Rates Increase - growth		0.40	0.40
Interest Rates (90 day bill rate) **	3.00	3.00	4.70
<p>* Overall rate income forecasts are based on the Special Rate Variation (SRV) that was approved by IPART. Rates on Business 3C Regional and Heavy 1 Activity 1 and Special Rates are increased by 3% whilst remaining categories are expected to increase by 6.63% in 2015/16 and a similar level in 2016/17. Years beyond 2016/17 are not subject to SRV and all categories have been indexed by an estimated rate peg.</p> <p>** Indicative benchmark rate for new investments. Actual interest rate may vary where Council has committed funds in a prior period.</p>			

Fees, Charges and Other Revenue account for 16% of Council's revenue [pre capital]. The major elements are shown in the table below.



## Operational Grants

### Untied Grants

#### Financial Assistance Grant

The Financial Assistance Grant (FAG) is a general purpose annual grant funded by the Federal Government 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 needs assessment whilst the road component is distributed based on road infrastructure maintained. The grant is usually subject to indexation, however, the 2014 Federal Government Budget included a "pause" in indexation until 2017-18.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Financial Assistance (Revenue Sharing) Grant</b>					
General Purpose component	(15,065)	(15,065)	(15,442)	(15,828)	(16,223)
Roads component	(2,381)	(2,381)	(2,439)	(2,499)	(2,560)
<b>Total Financial Assistance Grant</b>	<b>(17,446)</b>	<b>(17,446)</b>	<b>(17,881)</b>	<b>(18,326)</b>	<b>(18,783)</b>

### **Better Waste and Recycling Program**

The State Government introduced the Waste Less, Recycle More initiative in 2013-14 as a four year program to provide funding to Local Government to enable councils to work with their communities to increase recycling and reduce illegal dumping and littering.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
Better Waste and Recycling Program	(435)	(435)	0	0	0

### **Pensioner Rate Subsidy**

The pensioner rate subsidy is included in the untied grants to offset the cost of rebates.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Pensioner Subsidies</b>					
Pensioner Rate Subsidy	(1,697)	(1,713)	(1,730)	(1,746)	(1,763)
Pensioner DWM Subsidy	(560)	(565)	(571)	(576)	(581)
<b>Total Pensioner Subsidies</b>	<b>(2,257)</b>	<b>(2,279)</b>	<b>(2,300)</b>	<b>(2,322)</b>	<b>(2,344)</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.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Specific Purpose Operating Grants</b>					
Aged and Disability Services	(3,243)	(3,305)	(3,393)	(3,483)	(3,576)
Emergency Management	(567)	(567)	(567)	(567)	(567)
Libraries	(467)	(470)	(472)	(475)	(477)
Environmental Services	(445)	(441)	0	0	0
Stormwater Services	(300)	(300)	(300)	(300)	(300)
Community Programs	(237)	(233)	(233)	(234)	(234)
Cultural Services	(63)	(63)	(63)	(63)	(63)
Youth Services	(33)	(29)	(29)	(29)	(29)
<b>Total Specific Purpose Operating Grants</b>	<b>(5,354)</b>	<b>(5,408)</b>	<b>(5,057)</b>	<b>(5,151)</b>	<b>(5,246)</b>

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

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

Operational grant forecasts include annual funding of approximately \$3 Million from Federal and State sources for community transport and social support programs and are included in the Aged and Disability projections shown above. Council has been delivering these services to the community for over twenty 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 that will impact on how these services may be delivered in the future and what Council's role may be. The programs are currently funded until June 2015. Council is in the process of evaluating the impact of the reforms on the delivery of our service and exploring potential service and governance models for delivery of these programs in the future. The financial projections of the long term forecast assume that these services will continue to be delivered within a similar funding arrangement.

It should be noted that 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 that Council no longer provides this service, there may be a negative impact if the operational costs that were attributed to this cannot be recovered from other sources or be removed.

### Interest on Investments

Interest on investments forecasts are based on anticipated cash holdings and projected interest rates. 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 Section 94, Domestic Waste Management and a number of grants.

Projected interest rates are generally based on forecast 90 day bill rates. Forecasts for interest rates are derived from a number of sources including banking sector projections and Council's investment adviser. The impact of the global financial crisis has seen a significant decline in this area of revenue. In addition, there are increased limitations on investments products that can be used by councils. Previously, access to higher risk strategies meant higher returns and greater risk.

### Capital Income

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

Wollongong City Council 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 the Council or generally be used to replace existing assets. Capital income is, however, important to the Council and its community 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.

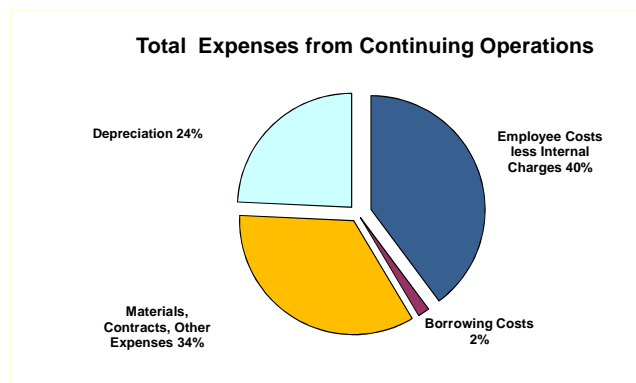
Any changes in the quantum or timing in the availability of these grants and contributions will have a direct impact on the capital works program. Impacts may include changes in timing of projects pending as alternate sources of funding or substitution of Council funding which may result in a delay in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

Council was successful in securing additional grants for capital projects of \$39.4 Million during the previous financial year. These include funding under the Restart NSW Illawarra Infrastructure Fund for Bald Hill Reserve upgrade \$2.9 Million, Grand Pacific Walk \$5 Million and West Dapto Access – Princes Highway/Fowlers Road to Fairwater Drive \$22.5 Million as well as funding for Cordeaux Road of \$7.0 Million under the Restart NSW program and a contribution of \$2.0 Million from BHP for this project. Estimates for projects associated with this funding, along with any required Council contribution, have been included in the revised capital program. Future operational costs have not been included in the financial estimates at this stage as construction programs are currently being finalised.



## Expenses

Expense Type	2015/16 Budget (\$M)
Employee Costs less Internal Charges	101.9
Borrowing Costs	4.2
Materials, Contracts, Other Expenses	87.7
Depreciation	62.1
Total Expenses from Continuing Operations	255.9



## Service Levels

The current budget includes Service levels as outlined in the Annual Service Plans 2015-16 document. 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 Service Plans. The outcomes of Service Reviews are incorporated into forward estimates as deployment strategies are confirmed. Variations in recurrent budget costs in excess of expected indices have been considered and are included in the budget where necessary.

## Efficiency/Service Reductions

The 'Securing Our Future' program includes a \$4.5 Million operational efficiency target (to be achieved over four years) that will require a reduction in the resources used to provide existing levels of services and a \$1.5 Million adjustment to existing services that will predominately be achieved by extending the lives of footpath assets.

The targeted efficiency improvement is based on reducing delivery costs for services across the breadth of Council's operations; it will require some industrial change and operational transformation. The lower impact targets for improvements have been proportionally allocated to individual services based on the level of discretionary expenditure in each. The efficiency program will be controlled by the General Manager and reported through the Quarterly Review process.

The 2016-17 and 2017-18 high impact efficiency targets are, at this stage, shown in the Financial Statements as a separate Efficiency Savings line. At this stage, recurrent savings of \$215,000 have been achieved in advance of target dates through renegotiated electricity contract for street lighting. Further improvements required to achieve these targets will be developed and considered over the coming periods and is intended that options for efficiency improvement will be formed from the areas discussed through the 'Secure Our Future' Program. Again, it is intended that these high impact efficiency adjustments will not impact negatively on service delivery.

## 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. The previous Federal Government passed legislation increasing the compulsory superannuation guarantee payments that Council pays for all staff in accumulation scheme super funds. The timeframes for these increases were reset by the current Government as part of the 2014 Federal Budget and it is expected that the super guarantee levy will remain at 9.5% until July 2021 and then will increase by 0.5% annually until it reaches 12% in July 2025. Councils have also been required to make an additional annual contribution of \$1.8M to the defined benefits scheme to address the fund shortfall resulting from the global financial crisis. The final payment of this top up is currently assumed to be in 2016-17.

Recurrent casual and overtime budgets are maintained to match the service and structure levels required for 2015-16. 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.

Labour costs are generally indexed by the Enterprise Agreement (EA) rates. The current EA ends in June 2015 and as Council is currently in the process of renegotiating this, an estimated increase based on wage price index shown in the Access Economics September 2014 Economic Brief have been used for 2015-16 onwards until negotiations are finalised.

The cost of employees working on capital projects is allocated to specific projects as work is completed. This includes design, survey, project management, supervision and construction staff. The budget includes all labour costs and an estimate of the annual employee allocation required to be made to capital works. This 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.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Salaries &amp; Wages</b>					
Salaries and Wages	83,813	86,275	89,107	92,085	95,173
Superannuation	10,911	11,170	9,698	10,011	10,353
Workers' Compensation Insurance	2,038	2,095	2,156	2,220	2,287
Fringe Benefits Tax	203	209	210	215	221
Payroll Tax	44	46	47	48	50
Training Costs (excluding Salaries)	830	866	887	913	941
Other Employee Costs	3,164	2,585	1,829	1,105	680
Change in Workers Comp Provision	227	233	240	248	255
Direct Labour Oncosts	12,567	12,977	13,385	13,803	14,234
<b>Total Employee Salaries &amp; Wages</b>	<b>113,797</b>	<b>116,455</b>	<b>117,559</b>	<b>120,650</b>	<b>124,193</b>
Capitalised & Distributed Employee Costs	11,876	12,182	12,538	12,919	13,327
<b>Total Operational Employee Salaries &amp; Wages</b>	<b>101,921</b>	<b>104,273</b>	<b>105,021</b>	<b>107,731</b>	<b>110,866</b>

## Borrowing Costs (Financing)

Borrowings are considered as part of the Capital Budget process in accordance with the Financial Strategy and Asset Management Policy. Council's current Financial Strategy indicates Council will remain a low debt user by maintaining a debt service ratio (principal and interest repayments compared to operational revenue) below 4%.

### Loans

In 2009-10, Council accepted a \$26.1 Million interest free loan from the Department of Planning to accelerate construction of the West Dapto Access Strategy.

Council further increased its loan borrowings as part of a subsidised Local Infrastructure Renewal Scheme (LIRS) program is offered by the State Government as incentive to councils to accelerate infrastructure renewal. Council has increased its loan borrowing by \$20 Million in 2012-13 and a further \$4.3 Million in 2013-14 under this program to bring forward the program for the renewal and upgrade of footpaths and cycleways and accelerate significant building refurbishment works for Berkeley Community Centre, Corrimal Library and Community Centre and Thirroul Pavilion and Kiosk respectively. A further \$15 Million in loans is being drawn down during 2014-15 as part of LIRS (3) to be subsidised at 3% and to be used to support West Dapto Access - Fowlers Road to Fairwater Drive project. These loans will be repaid over 9.5 years and will increase Council's Debt Service Ratio forecast for 2014-15 to approximately 3.2% which is still below Council's target of 4%. The loan repayments associated with the West Dapto Access Strategy and LIRS (3) will be funded primarily from Section 94 contributions and additional rate revenue from the West Dapto subdivision.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Borrowing Cost on LIRS</b>					
Interest	1,528	1,353	1,169	980	778
Recognise interest on loan funds associated with Local Infrastructure Renewal Scheme [LIRS] (excludes subsidy)					

## Waste Facility Remediation

Council is required under its accounting standards to recognise the value of its waste facilities inclusive of remediation works that are required.

The anticipated cost of the remediation is added to the value of the waste facility asset and also held as a provision (liability) against the asset. Both sides of this transaction are held at NPV. As the NPV increases over time, the increase in provision is transacted through the Income and Expense Statement as borrowing costs as shown below.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Borrowing Cost on Waste Remediation</b>					
Interest on Tip Remediation	1,804	1,894	1,989	1,829	1,649

## Materials, Contracts and Other Expenses

Forecasts for materials, contracts and other expenses are based on current estimates of Service Plan requirements plus indexation.

### Indexation

General indexation is used where specific information is not available. The proposed indices are based on information sourced from a number of sources including Access Economics September 2014 Economic Brief.

Indices for Expenditure			
	2015/16	2016/17	2017/18 +
	%	%	%
CPI - general expenditure	2.75	2.70	2.60
Expenditure growth	\$ 0.6 M	\$ 0.9 M	\$ 1.2 M
Employee Costs			
-Wages costs (wage price index)	3.00	3.00	3.00
-Superannuation levy increase	0.00	0.00	0.00
Interest Rates (90 day bill rate)	3.00	3.00	4.70
Loan borrowing rate	4.00	4.00	7.60
Utilities			
-Electricity	3.75	3.70	3.60
-Other Utilities	3.70	3.70	3.70
-Street lighting	3.70	3.70	3.60

## Statutory Charges

### EPA Levy

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

The cost of the levy for 2015-16 is anticipated to be \$130.91 + CPI per tonne. It is expected that this will continue to increase by approximately \$11 + CPI each year per tonne in the Extended Regulated Area until 2016-17 and then CPI beyond that.

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

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>EPA Levy</b>					
EPA Levy - Council	547	545	548	556	571
EPA Levy - Commercial	4,394	4,446	4,494	4,542	4,591
EPA Levy - Domestic	6,892	7,184	7,463	7,752	8,053
EPA Levy on Landfill	4,555	4,687	4,814	4,947	5,087
<b>TOTAL EPA Levy</b>	<b>16,388</b>	<b>16,861</b>	<b>17,318</b>	<b>17,798</b>	<b>18,302</b>

## Street Lighting

Street lighting is charged by Council's current supplier Endeavour Energy. A rebate on street lighting is paid through the account resulting in a net cost to Council.

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
Street Lighting	3,403	3,529	3,660	3,795	3,935

## Emergency Services

Emergency services operations are contributed to by Council as below:

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Emergency Services contributions</b>					
Rural Fire Service	380	380	380	380	380
State Emergency Services	256	256	256	256	256
NSW Fire Brigade	2,504	2,504	2,504	2,504	2,504
Provision for indexation on contributions	104	229	360	495	636
<b>Total Emergency Services contributions</b>	<b>3,244</b>	<b>3,369</b>	<b>3,500</b>	<b>3,635</b>	<b>3,776</b>

Early in 2013, the State Government commenced a review of the way emergency services, including Fire and Rescue NSW, the NSW Rural Fire Service and the NSW State Emergency Service are funded with a view of making this funding less complicated and more equitable and efficient. Under current arrangements, the bulk of funding (73.7 per cent) is provided by a tax on insurance companies, while the remainder of the funds are provided by local governments (11.7 per cent) and the State Government (14.6 per cent).

The State Government has advised that a wide range of alternative revenue sources are being considered including potentially a property based levy in place of current arrangements.

## Affiliates Contributions

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
<b>Affiliates Contributions</b>					
Tourism Support & Contributions	979	1,002	1,025	1,048	1,072
Performing Arts Centre	667	685	703	722	740
<b>TOTAL Affiliates Contributions</b>	<b>1,647</b>	<b>1,688</b>	<b>1,728</b>	<b>1,770</b>	<b>1,813</b>

The level of financial support to the above affiliated organisations is based on current funding agreements that are subject to review at time of renewal. The agreement for Tourism (Destination Wollongong) is due for renewal during the above period and the above forecasts may vary.

## Other Contributions, Donations, Memberships and Subsidies

	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
West Dapto Home Deposit Assistance Program	324	454	454	454	454
City Centre - Destination Wollongong Marketing	324	332	341	350	359
Destination Wollongong - LGA Major Events	324	332	341	350	359
Neighbourhood Youth Program	205	210	216	221	227
Sponsorship Fund	125	128	132	135	139
Business Development	88	91	93	95	98
IRIS Contribution	88	91	93	95	98
Southern Councils Group	76	78	80	82	84
Asset Operational Costs	60	62	64	65	67
Australia Day Committee	54	55	57	58	60
Illawarra Escarpment - Geotech. Research	54	54	54	54	54
Illawarra Surf Lifesaving Contribution	53	55	56	57	59
Crown St Facade Rejuvenation Program	50	0	0	0	0
Illawarra Institute Sport Contribution	44	45	46	48	49
Community Arts Programme - Public Art Se	42	43	44	46	47
Subsidy Aerial Patrol Contribution	26	27	28	28	29
Scholarships	13	13	13	14	14
Cultural Centres Operations	11	11	11	11	12
Public Bands Contribution	8	8	9	9	9
Life Education Illawarra Contribution	7	7	7	7	7
Aboriginal Activities	6	6	6	6	6
WCC Social Club	3	4	4	4	4
Youth Week	2	2	2	2	2
Other Minor Donations and Contributions	22	23	23	24	25
<b>TOTAL Other Contributions, Donations and Subsidies</b>	<b>2,008</b>	<b>2,131</b>	<b>2,173</b>	<b>2,216</b>	<b>2,261</b>

## Depreciation

Depreciation represents 24% of the expense budget. 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.

The cost of depreciation has changed during the past several prior years' reporting periods as classes of assets have been moved from historical cost to fair valuation. In 2009-10 particularly, the valuation of roads and bridges was changed to fair value which had a significant impact on depreciation amounts. All assets are now moved to fair value or acceptable approximations of fair value and significant change is not anticipated in the future.

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.



## Supporting Documents - Planning Studies & Investigations

Council provides an annual budget for studies and investigations that are used to inform and support future projects or directions. Funding for the following studies has been included in the 2015-16 operational budget and future year forecasts.

Project	2015/16 Budget \$'000	2016/17 Forecast \$'000	2017/18 Forecast \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000
Floodplain Management Studies	350	350	350	350	350
South Wollongong Precinct Plan	200	50	0	0	0
Integrated Facilities Plan	100	0	0	0	0
Sandon Point Aboriginal Heritage Impact Permit	80	0	0	0	0
Mt Keira Masterplan & Plan of Management	70	80	0	0	0
Arts Precinct Master Plan	50	0	0	0	0
City Centre Revitalisation	50	0	0	0	0
Urban Greening Strategy	50	0	0	0	0
Wollongong City Pedestrian Plan	50	0	0	0	0
Dapto Town Centre Planning Study	45	45	0	0	0
Centralised Studies & Plans	44	0	21	192	513
West Dapto Aquatic Facility Investigations	40	0	0	0	0
Facilities Planning Development	30	31	32	33	34
Sustainability Chapter of the Wollongong DCP	30	0	0	0	0
Whartons Creek Entrance Management Plan	16	0	0	0	0
Wollongong LGA Feasibility Studies	15	15	15	15	15
Biocertification for West Dapto	15	0	0	0	0
Street Tree Masterplan/Strategy	0	40	0	0	0
Botanic Garden Masterplan/Asset Management Plan	0	100	0	0	0
Expansion of paid public parking regime	0	10	0	0	0
Cringila Hills Site Assessment	0	0	150	0	0
Corrimal Pool Masterplan	0	0	0	60	0
Blue Mile Masterplan - update	0	0	0	50	0
Fairy Creek Corridor Recreation Masterplan	0	30	0	0	0
Gleniffer Brae Conservation Management Plan Review	0	0	50	0	0
Berkeley Commercial Centre Study	0	30	0	0	0
Housing Study	0	0	0	0	0
Gwynneville / Keiraville Access and Movement Study **	0	50	50	0	0
Tourism Accommodation Review Planning Controls	0	50	0	0	0
Industrial Land Planning Controls Review	0	60	0	0	0
Heritage Asset Management Strategy	0	0	50	0	0
Windang Town Centre Planning Study	0	0	90	0	0
Mt Kembla Village Centre Planning Study	0	0	30	0	0
Woonona/East Corrimal Village Planning Study	0	0	30	0	0
Helensburgh Town Centre Planning Study	0	0	40	0	0
Fairy Meadow Town Centre Planning Study	0	0	0	120	0
Bulli Town Centre Planning Study	0	0	0	90	0
Wollongong City Traffic & Transport Plan	0	20	0	0	0
<b>Total Planning Studies and Investigations</b>	<b>1,235</b>	<b>961</b>	<b>908</b>	<b>910</b>	<b>912</b>

*\*\* Council resolved 9 June Keiraville/Gwynneville Access and Movement Strategy to be bought forward to 2015/16 should a financial contribution from RMS be forthcoming*

## Service Budgets

While Council's Budget is set and reported at a whole of Council level, for strategic planning purposes it is important to understand the proposed allocations of financial resources at the individual service level. Service level expenses include not only the direct labour and material costs but also internal charges. Internal charges are charges for activities managed by one division to provide services to other areas within Council. Direct examples of this will include:

- Provision of assets, such as vehicles, plant, computers, and buildings.
- Internal services such as design, project delivery and supervision, printing and marketing, workshop.

Where it is useful to directly charge between one service and another, a defined methodology has been established to allocate costs between the division providing the service and the user of the service. In the case of buildings, this is considered to be similar to a landlord/tenant arrangement for plant, similar to plant hire arrangements, for vehicles and computers, like a rental agreement. It is intended that generally only avoidable costs driven by end user demand are charged. The allocation of charges is based on cost with no internal profits generated through the process. Corporate Services and other overheads have not been charged directly to cost centres unless there is an external source of funding that provides for a proportion of those expenses.

A summary of the Operating Budget at Service is included on the following page.

## Summary of Operating Budget by Service

Net Operating Result for the Year Before Grants and Contributions provided for Capital Purposes			
2015/16			
SERVICE DESCRIPTION	EXPENSES	REVENUE	Net
	Adopted Budget \$'000	Adopted Budget \$'000	Profit/(Loss) \$'000
Aged and Disability Services	(3,665)	3,639	(27)
Aquatic Services	(12,410)	595	(11,816)
Botanic Garden and Nursery	(3,616)	256	(3,360)
Community Facilities	(4,819)	736	(4,083)
Community Programs	(1,732)	295	(1,437)
Corporate Strategy	(2,749)	(324)	(3,073)
Crematorium and Cemeteries	(2,424)	2,370	(54)
City Centre Management	(2,291)	1,442	(848)
Cultural Services	(5,915)	231	(5,684)
Integrated Customer Service	(4,631)	11	(4,620)
Development Assessment and Certification	(6,843)	3,260	(3,583)
Stormwater Services	(12,851)	2,073	(10,778)
Economic Development	(1,682)	0	(1,682)
Emergency Management	(4,789)	567	(4,222)
Environmental Services	(2,556)	609	(1,947)
Financial Services	(9,109)	166,590	157,481
Governance and Administration	(8,204)	44	(8,160)
Public Health	(1,085)	639	(445)
Human Resources	(7,182)	8	(7,174)
Information and Communications Technology	(3,864)	0	(3,864)
Infrastructure Planning & Support	(13,027)	117	(12,910)
Internal Charges Service	(141)	0	(141)
Leisure Services	(4,361)	3,235	(1,126)
Libraries	(10,071)	635	(9,436)
Natural Area Management	(2,232)	0	(2,232)
Land Use Planning	(2,248)	649	(1,599)
Property Services	(3,906)	5,556	1,651
Public Relations	(2,666)	105	(2,561)
Parks and Sportsfields	(17,529)	487	(17,042)
Regulatory Control	(4,578)	3,218	(1,360)
Tourist Parks	(5,536)	5,851	315
Transport Services	(42,849)	5,821	(37,028)
Waste Management	(43,050)	40,770	(2,280)
Youth Services	(1,320)	34	(1,286)
<b>Net Operating Result for the Year Before Grants and Contributions provided for Capital Purposes [Profit/(Loss)]</b>	<b>(255,932)</b>	<b>249,519</b>	<b>(6,412)</b>

## General Assumptions & Background

### 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 Federal Government including the Reserve Bank and Australian Bureau of Statistics (ABS), various banks, the Quarterly Economic Brief from Deloitte Access Economics and IPART recommendations for various utilities and rates pegging.

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

### Utility Cost

Projected increases for utility costs are generally based on the Independent Pricing and Regulatory Tribunal (IPART) publications where applicable other than for electricity which also includes recognition of specific negotiated contracts that are in place for street lighting and Council sites. Street lighting is subject to separate contracts for infrastructure and electricity supply and is currently indexed at 3.7%. These contracts are due to end in December 2015 and renewal negotiations will be progressed with Local Government Procurement (LGP). Council also currently has individual contracts through LGP for large and small sites that are also due for renewal in December 2015. There has been a decrease of approximately 11% in prices for 2014-15 that is largely due to the removal of carbon tax. Future expenditure has been indexed at CPI plus 1% allowing for some infrastructure charges pending further information as contracts are renewed.

### Climate Change

Local Government is considered to be on the frontline facing the impact of climate change on communities. The Federal 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. Additional expenditure for this role or potential eventualities have not been specifically included in current forecasts. Increased emphasis on climate change related activities may require a redirection of funding.

### Restricted Assets

The level of available or untied cash is expressed as cash and investment holdings after allowance for restricted assets. Assets, generally cash, may be externally or internally restricted. External restrictions are usually imposed by an external or legislative requirement that funds be spent for a specific purpose. This may include unspent grant funds that have been provided to Council for the delivery of a particular project or service, funds collected as developer contribution under Section 94 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. A comprehensive review of internal restrictions was undertaken in 2009 that resulted in Council resolving to rationalise a number of internally restricted assets. This approach was consistent with the introduction of improved management of capital works through a centralised process and a longer term planning focus. The current Long Term Financial Plan maintains this approach.

Internally Restricted Assets	
Purpose	Source of Funds
<b>Property</b>	
Restriction is to be placed on the first asset sales to fund a long term budget commitment of funding \$3.6 million of capital works from property sales. Following this, the Restricted Asset will not be required as identified in previous plans.	Property sale proceeds
<b>Strategic Projects</b>	
Support for future strategic projects to be approved by Council. At this stage these funds have been tentatively earmarked for West Dapto, however final allocation will be dependent on the outcome of the West Dapto Review project and further consideration by Council.	Improved 2013-14 and 2014-15 result compared to budget and proceeds from the settlement of a long term litigation matter associated with investment advice provided to Council.
<b>Future Programs</b>	
Investment of excess Available Funds into asset renewal and other initiatives.	Non recurrent improvements have resulted in Council exceeding the upper level Available Funds target outlined in the Financial Strategy. This has provided an opportunity to invest the excess funds to enhance asset renewal and other initiatives.
<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.	Net surplus of the Inner City Parking Strategy.
<b>Sports Priority Program</b>	
To provide funding for projects recommended by the Sports & Facilities Reference Group.	Recurring annual allocation made by Council and telecommunications licence fees (50% Fernhill & Woonona soccer clubs, and Berkeley Sports & Social Club grounds and 100% of other sports grounds).
<b>Telecommunications Revenue</b>	
Council resolution originally directed telecommunications revenue to North Dalton Park and Beaton Park for capital enhancements. Both these restrictions were removed by Council resolution in March 2009 with the view that capital upgrade and maintenance would be programed through the capital budget.	Licence fees for telecommunications towers at North Dalton Park and Beaton Park.
<b>West Dapto Rates</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.	Increased annual rate revenue created from sub divisions in West Dapto.
<b>Darcy Wentworth Park</b>	
Upgrading sporting facilities in the local ward. On completion of these facilities, the additional funds to be allocated to the Sports Facilities Reference Group, to embellish sporting facilities across the city.	Rental proceeds from Darcy Wentworth Park car park.
<b>Waste Disposal Facilities</b>	
The Waste Facilities Restricted asset is held for the development and renewal of assets within Council's waste facilities and for the rehabilitation of the sites at the end of their lives.	A proportion of the annual waste fee is allocated for the estimated future development and rehabilitation of waste facilities. This estimate is included in the annual calculation of the waste fees.
<b>Property Investment Fund</b>	
To provide funding for investment in longer term income generating activities.	Proceeds of 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>Natural Areas Fund</b>	
To provide funding for natural area projects.	Proceeds from dividend payment from Southern Phones that are allocated to specific projects annually in arears. The value of the dividend will vary from year to year and Council is advised of the amount generally in December.

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

### **Asset Management – Valuation and Asset Lives**

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

### **Lake Illawarra**

This area was previously managed by the Lake Illawarra Authority (LIA) and Council provided an annual contribution in the vicinity of \$500,000 as part of its operational budget. All former LIA lands have been transferred to the Department of Trade and Investment (Crown Lands Division) or to Government Property. Discussions are continuing with Crown Lands regarding the future management responsibilities for these lands. It is possible that Council could ultimately inherit responsibility for approximately \$6 Million of assets with an estimated annual depreciation expense of \$200,000 and similar annual maintenance costs. It is expected that the existing budget would be sufficient to address ongoing maintenance but not necessarily renewal, replacement or improvement to assets. No adjustment has been made to the current budget or long term projections as the proposal has not been finalised.

### **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), and internal labour services. There has been some change in the current plan to provide greater levels of service cost understanding by increasing the use of internal charging to include other asset classes where assets are used in specific services but are managed and maintained by another area. This has included such things as roads, bridges and footpaths in parks, tourist parks, crematorium and cemeteries, and recreation assets that were not previously captured against that service.

### **Contributed Assets**

Council's estimates do not currently provide fully for potential assets that may be contributed or donated to Council over time. Improvements to Council's Asset Management Plans identify an objective to 'Improve the information, processes and systems supporting the management of our assets'.

### **Section 94 Income (excluding West Dapto)**

Section 94 income projections are based on the Adopted Plan and anticipated timing of receipts. 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.

## Section 2: Capital Program and Budget 2015-19

### Introduction

Section 2 of this report sets out Council's 4 year Capital Works Program 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 identified in Wollongong 2022
- Council's Asset Management Policy and Strategies
- Economic, tourism and growth factors
- Availability of funding.

The Capital Works Program is structured to provide a significant amount of renewal funding to community assets (Roads, Footpaths, Cycleways, Buildings, Stormwater, Recreation, Sporting and Aquatic facilities) using inputs from both the community and Council's Asset Management Plans.

In 2014-15, Council's Capital Budget included the allocation of \$40 Million of operational funds, \$4.8 Million of an interest subsidised loans under the Local Infrastructure Renewal Scheme Rounds 1 and 2 as well as \$1.8 Million of grants from the NSW and Federal Governments for the renewal of failing assets and the provision of new assets for the community.

Council's 2014-15 asset replacement and expansion program for the community provides:

Asset Type	Amount	Significant Projects
Roads & Bridges	\$23.0M	Construction of new roads and bridges as part of the West Dapto Access Strategy \$9.0M Resurfacing and pavement reconstruction works on 46 roads across the city \$8.3M Traffic facility/safety upgrades totaling \$2.4M Replacement or major renewal of bridges including Shone Ave, West Dapto and Cordeaux Rd, Mt Kembla \$9.0M
Footpaths & Cycleways	\$23.3M	Construction and renewal of pedestrian facilities including footpaths at 60 sites \$5.8M Construction and renewal of cycleways/shared paths at 20 sites \$5.8M In the city, refurbishment of the Crown Street Mall, Keira Street precinct and others totaling \$11.6M
Car parks	\$1.7M	2 new car parks & upgrades of 10 car parks across the City including commencing construction at Bald Hill
Stormwater & Floodplain Management	\$2.7M	Acquisition of properties under the floodplain Voluntary Purchase Schemes \$0.5M Upgrade of a major storm water system facilities including Swan St, Wollongong and Robsons Rd, West Wollongong
Buildings	\$8.9M	Upgrade and renewal works at North Wollongong Beach kiosk, Towradgi and Corrimall SLSC facades. \$0.65M and 36 other community building sites totalling \$5.3M Works on IPAC, Art Gallery and Town Hall totalling \$0.825M
Parks, Gardens & Sportsfields	\$4.1M	Resurfacing Fred Finch netball courts and 10 other sportsfield works totaling \$1.3M Holborn Park skate park Berkeley and 11 other play facilities totaling \$2.1M
Beaches & Pools	\$3.0M	Upgrades to Austinmer, Wombarra and Woonona rock pools. Access steps to MM, Austinmer and Corrimall beaches.



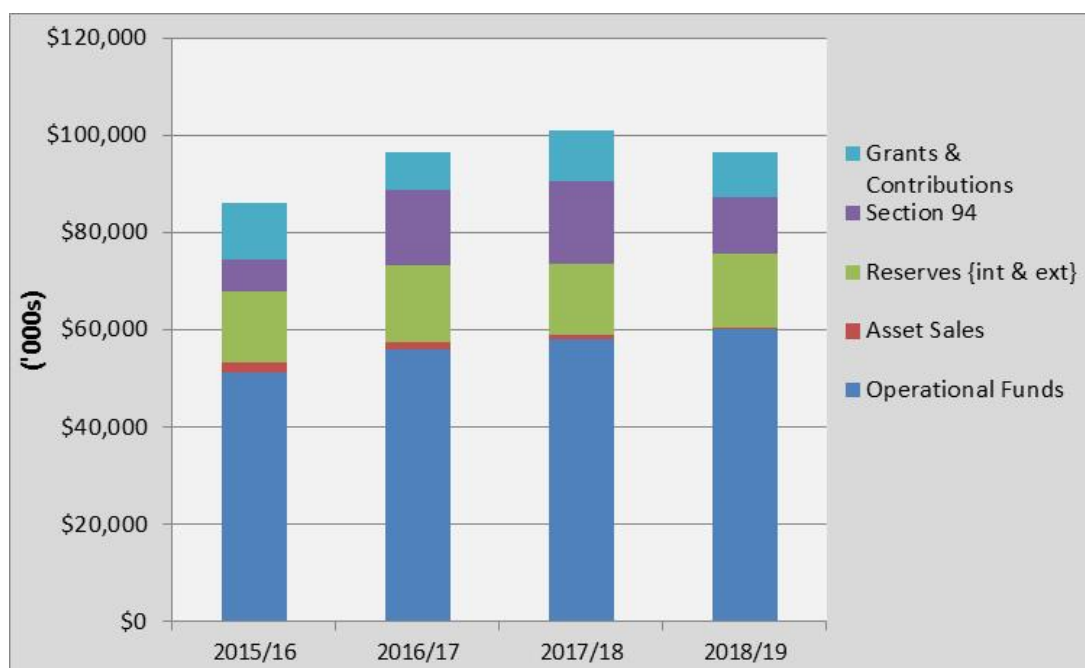
## Capital Budget Funding 2015-19

In 2015-16, \$86.26 Million will be allocated for capital works – much of which will go towards improving the condition of existing community assets, with a focus on replacing failing assets.

The total Capital Budget for 2015-16 is derived from the allocation of operational funds (including contributions from operational savings), asset sales, contributions from reserves, allocations from Section 94 funds, funding from the State and Federal Governments and borrowings. The overall capital budget has been increased since the adoption of the revised Delivery Plan 2012-17 due to the inclusion of the funding under the Restart NSW Illawarra Infrastructure Fund.

In 2015-16, Council will continue to expend loans funds for the footpath and shared paths program and buildings renewal program using the interest subsidised loans under the State Government's Local Infrastructure Renewal Scheme.

Capital Budget Funding



Capital Revenue Type	2015-16 Draft Budget (‘000s)	2016-17 Draft Budget (‘000s)	2017-18 Draft Budget (‘000s)	2018-19 Draft Budget (‘000s)
Operational Funds	\$ 51,338	\$ 56,114	\$ 58,156	\$ 60,272
Asset sales	\$ 2,008	\$ 1,522	\$ 755	\$ 200
Grants + Contributions	\$ 11,803	\$ 7,691	\$ 10,384	\$ 9,000
Section 94	\$ 6,510	\$ 15,587	\$ 16,984	\$ 11,893
Restricted Cash (Internal and External)	\$ 14,596	\$ 15,751	\$ 14,658	\$ 15,123
Borrowings	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 86,256</b>	<b>\$ 96,665</b>	<b>\$ 100,937</b>	<b>\$ 96,488</b>

Council will also continue to pursue grants for refurbishment and improvement works in Wollongong including the replacement of the Tramway Walk seawall, the construction of infrastructure for the new development areas of West Dapto, expansion of the cycleway and shared path network, construction of road safety facilities and rehabilitation of natural areas.

## Capital Budget by Assets 2015-2019

A breakdown of the Capital budget by asset class for the next 4 years is outlined in the following table:

Capital Works Budget by Asset Types

	2015-16 \$ M	2016-17 \$ M	2017-18 \$ M	2018-19 M
Roads & Bridges	\$14.33	\$12.76	\$15.16	\$15.02
Footpaths & Cycleways	\$18.29	\$13.25	\$8.93	\$9.11
Carparks	\$1.75	\$1.17	\$1.75	\$1.22
Stormwater & Floodplain	\$4.20	\$5.95	\$6.47	\$5.95
Buildings	\$16.23	\$15.29	\$15.84	\$18.96
Commercial Operations	\$1.29	\$1.11	\$1.21	\$1.06
Parks, Gardens & Sports fields	\$5.20	\$5.18	\$4.98	\$2.75
Beaches & Pools	\$2.36	\$2.68	\$2.51	\$2.79
Natural Areas	\$0.18	\$0.38	\$0.35	\$0.30
Waste Facilities	\$2.96	\$9.74	\$6.25	\$4.25
Plant, Equipment & Fleet	\$5.23	\$5.18	\$4.53	\$3.46
Information Technology	\$0.90	\$0.81	\$0.81	\$0.76
Library Books	\$1.15	\$1.10	\$1.10	\$1.00
Public Art	\$0.31	\$0.31	\$0.32	\$0.25
Emergency Services	\$0.63	\$0.24	\$0.25	\$0.22
Sub total	\$78.47	\$79.24	\$73.40	\$73.11
West Dapto access*	\$7.79	\$17.42	\$27.54	\$23.37
Total#	\$86.26	\$96.66	\$100.94	\$96.48

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### Notes:

# Sub Total and Total do not include Non Project allocations.

\* Includes the budget allocations for 2 major projects: Extension of Fowlers Road and Wongawilli / West Dapto Road upgrade. The available budget allocations are not expected to cover the total project costs for the full extent of works forecast in 2017-18 and 2018-19. Further funding opportunities will be sought, following a review of the project scopes and staging as detailed designs progress.

## Major Capital Projects for 2015-2016

During 2015-16 Council plans to undertake the key capital projects listed below.

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### NEW PROJECTS – PLANNING AND DESIGN

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- Replacement Wollongong SES facility
- Traffic signals at intersection Central Road and Blackman Parade, Unanderra
- Traffic signals at intersection Denison St and Victoria St, Wollongong
- Regional shared path network Way-finding signage
- Crown Street west; Crown Lane to Railway Street, north side
- Potable water supply to Mt Keira Summit Park
- The footpaths and shared path projects for the 2015/16 program
- Fairy Creek detention basin at McMahon Street
- Footpath and kerb upgrade Walker St commercial area, Helensburgh
- Warrawong CBD footpath upgrade works
- Bong Bong Road and Station Street intersection improvements, Dapto

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### NEW PROJECTS – COMMENCING

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- Berkeley Community Centre refurbishment and upgrade
- Stuart Park play facility replacement and upgrade
- Crown Street west; Gladstone Ave to Station Street south side
- Bald Hill upgrade works
- Austinmer commercial area footpath upgrade
- Construction of footbridge from shared path to playground, Stuart Park Wollongong
- Reconstruction of Harbour Street road pavement outside the Wollongong Entertainment Centre, Wollongong
- Reconstruction of Second Avenue North road pavement, Warrawong
- Corbett Avenue road retaining wall, Thirroul

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### CONTINUATION OF WORKS

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- Construction of Cordeaux Rd shared path to Mt Kembla Village
- Construction of pathway along Endeavour Drive (Flagstaff Hill)
- Whytes Gully Waste Processing Depot, Reddalls Road, Kembla Grange – construction of new landfill cell
- Construction of Stage 1 of the Grand Pacific Walk Pathway between Coalcliff and Stanwell Park
- High voltage power connection to the Mt Keira Summit Park
- Design of Fowlers Rd extension to Fairwater Drive, Dapto
- Design of Tramway path and seawall reconstruction to North Beach, Wollongong

CAPITAL BUDGET 2015/16 to 2018/19 (\$,000)												
	2015/16			2016/17			2017/18			2018/2019		
Asset Class	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Roads and Related Assets</b>												
Traffic Facilities	1,300	(730)	570	700	(550)	150	1,350	(1,053)	297	700	(350)	350
Public Transport Facilities	441	(172)	269	271	(20)	251	330	(120)	210	373	(20)	353
Road works	10,892	(1,957)	8,935	10,445	(500)	9,945	11,780	(150)	11,630	12,045	(160)	11,885
Bridges, Boardwalks and Jetties	1,700	(300)	1,400	1,340	0	1,340	1,700	(100)	1,600	1,900	0	1,900
<b>Total Roads And Related Assets</b>	<b>14,333</b>	<b>(3,159)</b>	<b>11,174</b>	<b>12,756</b>	<b>(1,070)</b>	<b>11,686</b>	<b>15,160</b>	<b>(1,423)</b>	<b>13,737</b>	<b>15,018</b>	<b>(530)</b>	<b>14,488</b>
<b>West Dapto</b>												
<b>Total West Dapto</b>	<b>7,794</b>	<b>(6,705)</b>	<b>1,089</b>	<b>17,423</b>	<b>(16,923)</b>	<b>500</b>	<b>27,546</b>	<b>(27,546)</b>	<b>0</b>	<b>23,374</b>	<b>(23,280)</b>	<b>94</b>
<b>Footpaths and Cycleways</b>												
Footpaths	6,790	(3,710)	3,080	3,203	(500)	2,703	3,325	(395)	2,930	2,942	(100)	2,842
Cycle/ Shared Paths	7,301	(5,940)	1,361	4,546	(2,696)	1,850	2,110	(400)	1,710	1,780	(215)	1,565
Commercial Centre Upgrades	4,200	(435)	3,765	5,500	(1,745)	3,755	3,490	(645)	2,845	4,390	(170)	4,220
<b>Total Footpaths And Cycleways</b>	<b>18,291</b>	<b>(10,085)</b>	<b>8,206</b>	<b>13,249</b>	<b>(4,941)</b>	<b>8,308</b>	<b>8,925</b>	<b>(1,440)</b>	<b>7,485</b>	<b>9,112</b>	<b>(485)</b>	<b>8,627</b>

CAPITAL BUDGET 2015/16 to 2018/19 (\$,000)												
	2015/16			2016/17			2017/18			2018/2019		
Asset Class	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Carparks</b>												
Total Carparks	1,750	(500)	1,250	1,171	0	1,171	1,750	(260)	1,490	1,220	0	1,220
<b>Stormwater and Floodplain</b>												
Floodplain Management	2,600	(800)	1,800	4,300	(560)	3,740	3,900	(600)	3,300	3,950	(1,550)	2,400
Stormwater Management	1,350	(310)	1,040	1,400	(550)	850	2,210	(730)	1,480	1,680	(390)	1,290
Stormwater Treatment Devices	250	(150)	100	250	(175)	75	360	(260)	100	320	(160)	160
Total Stormwater And Floodplain	4,200	(1,260)	2,940	5,950	(1,285)	4,665	6,470	(1,590)	4,880	5,950	(2,100)	3,850
<b>Buildings</b>												
Cultural Centres	1,100	0	1,100	1,100	0	1,100	1,200	0	1,200	1,030	0	1,030
Administration Buildings	1,280	0	1,280	950	0	950	1,150	0	1,150	910	0	910
Community Buildings	13,384	(3,375)	10,009	12,695	(398)	12,297	12,934	0	12,934	16,498	(500)	15,998
Public Facilities	470	0	470	550	0	550	554	0	554	520	0	520
Total Buildings	16,234	(3,375)	12,859	15,295	(398)	14,897	15,838	0	15,838	18,958	(500)	18,458

CAPITAL BUDGET 2015/16 to 2018/19 (\$,000)												
	2015/16			2016/17			2017/18			2018/2019		
Asset Class	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Commercial Operations</b>												
Tourist Parks	750	0	750	750	0	750	750	0	750	750	0	750
Crematorium / Cemetary	390	(200)	190	210	0	210	310	0	310	210	0	210
Leisure Centres	150	0	150	150	0	150	150	0	150	100	0	100
<b>Total Commercial Operations</b>	<b>1,290</b>	<b>(200)</b>	<b>1,090</b>	<b>1,110</b>	<b>0</b>	<b>1,110</b>	<b>1,210</b>	<b>0</b>	<b>1,210</b>	<b>1,060</b>	<b>0</b>	<b>1,060</b>
<b>Parks, Gardens and Sportsfields</b>												
Play Facilities	1,120	(25)	1,095	1,250	(50)	1,200	1,270	(67)	1,203	930	(10)	920
Recreation Facilities	2,998	(1,625)	1,373	2,904	(1,375)	1,529	2,730	(200)	2,530	940	0	940
Sporting Facilities	884	(256)	628	765	(250)	515	838	(250)	588	780	(350)	430
Lake Illawarra Foreshore	200	0	200	150	0	150	150	0	150	100	0	100
<b>Total Parks Gardens And Sportfields</b>	<b>5,202</b>	<b>(1,906)</b>	<b>3,296</b>	<b>5,069</b>	<b>(1,675)</b>	<b>3,394</b>	<b>4,988</b>	<b>(517)</b>	<b>4,471</b>	<b>2,750</b>	<b>(360)</b>	<b>2,390</b>
<b>Beaches and Pools</b>												
Beach Facilities	655	0	655	575	0	575	500	0	500	790	0	790
Rock/ Tidal Pools	835	0	835	910	0	910	920	0	920	770	0	770
Treated Water Pools	865	0	865	1,190	0	1,190	1,090	0	1,090	1,235	0	1,235
<b>Total Beaches And Pools</b>	<b>2,355</b>	<b>0</b>	<b>2,355</b>	<b>2,675</b>	<b>0</b>	<b>2,675</b>	<b>2,510</b>	<b>0</b>	<b>2,510</b>	<b>2,795</b>	<b>0</b>	<b>2,795</b>

CAPITAL BUDGET 2015/16 to 2018/19 (\$,000)												
	2015/16			2016/17			2017/18			2018/2019		
Asset Class	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Natural Areas</b>												
Environmental Management Program	25	0	25	225	(100)	125	200	(100)	100	200	(100)	100
Natural Area Management	150	0	150	150	0	150	150	0	150	100	0	100
<b>Total Natural Areas</b>	<b>175</b>	<b>0</b>	<b>175</b>	<b>375</b>	<b>(100)</b>	<b>275</b>	<b>350</b>	<b>(100)</b>	<b>250</b>	<b>300</b>	<b>(100)</b>	<b>200</b>
<b>Waste Facilities</b>												
<b>Total Waste Facilities</b>	<b>2,959</b>	<b>(2,959)</b>	<b>0</b>	<b>9,737</b>	<b>(9,737)</b>	<b>0</b>	<b>6,250</b>	<b>(6,250)</b>	<b>0</b>	<b>4,250</b>	<b>(4,250)</b>	<b>0</b>
<b>Fleet</b>												
<b>Total Fleet</b>	<b>2,448</b>	<b>(1,512)</b>	<b>936</b>	<b>1,500</b>	<b>(1,022)</b>	<b>478</b>	<b>960</b>	<b>(425)</b>	<b>535</b>	<b>500</b>	<b>0</b>	<b>500</b>
<b>Plant and Equipment</b>												
Portable Equipment	480	(296)	184	355	(300)	55	180	(130)	50	65	0	65
Mobile Plant	2,000	(200)	1,800	3,000	(200)	2,800	3,050	(200)	2,850	2,600	(200)	2,400
Fixed Equipement	300	0	300	320	0	320	340	0	340	300	0	300
<b>Total Plant And Equipment</b>	<b>2,780</b>	<b>(496)</b>	<b>2,284</b>	<b>3,675</b>	<b>(500)</b>	<b>3,175</b>	<b>3,570</b>	<b>(330)</b>	<b>3,240</b>	<b>2,965</b>	<b>(200)</b>	<b>2,765</b>



CAPITAL BUDGET 2015/16 to 2018/19 (\$,000)												
	2015/16			2016/17			2017/18			2018/2019		
Asset Class	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
Information Technology												
Total Information Technology	895	0	895	810	0	810	810	0	810	760	0	760
Library Books												
Total Library Books	1,150	0	1,150	1,100	0	1,100	1,100	0	1,100	1,000	0	1,000
Public Art												
Public Art Works	200	0	200	200	0	200	200	0	200	150	0	150
Art Gallery Acquisitions	110	0	110	110	0	110	115	0	115	100	0	100
Total Public Art	310	0	310	310	0	310	315	0	315	250	0	250
Emergency Services												
Total Emergency Services	635	0	635	240	0	240	250	0	250	220	0	220

CAPITAL BUDGET 2015/16 to 2018/19 (\$,000)												
	2015/16			2016/17			2017/18			2018/2019		
Asset Class	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
Land Acquisitions												
Total Land Acquisitions	100	0	100	100	0	100	100	0	100	100	0	100
Loans												
Total Loans	0	(2,760)	(2,760)	0	(2,900)	(2,900)	0	(2,900)	(2,900)	0	(4,411)	(4,411)
Non-Project Allocations												
Capital Project Contingency	2,824	0	2,824	3,640	0	3,640	2,355	0	2,355	5,225	0	5,225
Capital Project Planning	530	0	530	480	0	480	480	0	480	680	0	680
Total Non-Project Allocations	3,354	0	3,354	4,120	0	4,120	2,835	0	2,835	5,905	0	5,905
TOTAL	86,256	(34,917)	51,338	96,665	(40,551)	56,114	100,937	(42,781)	58,156	96,488	(36,216)	60,272

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