

**PUBLIC EXHIBITION OF THE DRAFT DELIVERY PROGRAM 2022-2026 AND
OPERATIONAL PLAN 2022/23**

ATTACHMENTS:	1. IMPLICATIONS 2. DRAFT DELIVERY PROGRAM 2022-2026 3. DRAFT OPERATIONAL PLAN 2022/23 4. DRAFT SCHEDULE OF FEES AND CHARGES 2022/23 (2 – 4 INCLUDED IN ATTACHMENT BOOKLET)
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CITY STRATEGY OUTCOME:	5.4 – ANTICIPATE AND RESPOND TO CHANGING COMMUNITY AND CUSTOMER NEEDS
MEETING DATE:	26 APRIL 2022

1. PURPOSE OF REPORT

To endorse for public exhibition, the draft *Delivery Program 2022-2026* and the draft *Operational Plan 2022/23* which includes the draft annual Budget, draft Revenue Policy and draft Fees and Charges for 2022/23.

2. OFFICER'S RECOMMENDATION

That Council:

- 1. Endorse the draft *Delivery Program 2022-2026*, the draft *Operational Plan 2022/23* which includes the draft annual Budget, draft Revenue Policy and draft Fees and Charges for public exhibition.**
- 2. Approve to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a Permanent Additional Special Variation (ASV) under section 508(2) of the Local Government Act. Noting the following:**
 - a) Council will receive an additional \$666K income if the ASV is approved.**
 - b) Council will use funds generated by the ASV to maintain Council services and infrastructure.**
 - c) The proposed 1.3% ASV will amount to \$13 for the average residential property. However, due to the expiry of Council's seven year 7.3% Infrastructure Levy in June 2022, the net decrease in the average residential rates is \$38. Council considers the impact on ratepayers and the community is reasonable.**

3. Delegate to the Chief Executive Officer to make amendments to the draft *Delivery Program 2022-2026* and the draft *Operational Plan 2022/23* which do not alter the scope, purpose or intent of the plans.
4. Note that a report will be presented to enable consideration of submissions received from the public on the draft *Delivery Program 2022-2026*, and the draft *Operational Plan 2022/23* to the Council Meeting on 27 June 2022.

3. BACKGROUND

Under the *Local Government Act NSW 1993* all NSW councils must prepare a four year Delivery Program and an annual Operational Plan.

Councillors were briefed on financial and budget matters on 21 March, 4, 11 and 19 April 2022 and on the draft Delivery Program (DP) and draft Operational Plan (OP) on 4, 11 and 19 April 2022.

The Delivery Program must be reviewed in detail as part of the four yearly review of the Community Strategic Plan.

This report presents the draft Delivery Program and Operational Plan for Council's endorsement for public exhibition.

4. DISCUSSION

Delivery Program

The Delivery Program (DP) (**Attachment 2**) outlines what Council intends to do to achieve the community's aspirations (outcomes) set out in the Community Strategic Plan during its term of office.

In response to COVID-19, the State Government deferred the local government election, so the DP which must cover a four year period, extends one year beyond this Council's three year term.

Operational Plan

The Operational Plan (OP) (**Attachment 3**) is an annual sub-plan of the Delivery Program. It outlines the activities Council intends to undertake during the financial year to deliver the DP. Key elements of the OP are summarised below.

Budget Overview

Willoughby City Council is in a sound financial position, as indicated by its Long Term Financial Plan provided in another report on this agenda. It has healthy levels of working capital and a strong overall balance sheet.

For the 2022/23 financial year, Council is budgeting for a deficit of \$1.7m before capital grants and contributions.

The budget moves to a surplus of \$7.3m when capital revenue is accounted for (**Figure 1**).

Figure 1 – 2022/23 Operating Budget Summary

	2022/23 Draft Budget (\$M)	2021/22 Budget (\$M)
Operating income	114.5	113.6
Operating expenditure	116.2	113.1
Net operating result (before capital grants and contributions)	(1.7)	0.5
Capital grants and contributions	9.0	4.5
Operating result	7.3	5.0

Rates

There will be a net reduction in rates in 2022/23 of 5.2% (\$1.9m). This net decrease is a result of the seven year Infrastructure Levy (7.3% accounting for \$1.9m) expiring on 30 June 2022 offset by a proposed increment of 2.1% in rates. The Rating policy is outlined further in a subsequent section of this report.

2022/23 Budget assumes approval of a 1.3% Additional Special Variation

The 2022/23 budget assumes Independent Pricing and Regulatory Tribunal (IPART) approval of a 1.3% permanent Additional Special Variation (ASV) which is required to ensure that Council can meet its obligations as identified in the 2021/22 to 2030/31 Long Term Financial Plan (LTFP) as and when they fall due.

Council meets the IPART qualifying criteria but still needs to formally apply to IPART. Council is able to demonstrate a financial need for an ASV of 1.3% to address the imbalance between the 0.8% (0.7% rate cap and 0.1% for growth) allowable increase to rates mandated by IPART and the increasingly difficult financial environment affecting both revenue and costs for Council's business.

If IPART does not approve the 1.3% permanent Special Rate Variation (SRV) included in this budget, Council will not have sufficient funds to meet its obligations as identified in the LTFP in 2022/23 and beyond.

Impact of COVID-19 on 2022/23 revenue and Council's response

COVID-19 and related restrictions had a profound impact on revenues throughout the 2019/20, 2020/21 and 2021/22 financial years with combined revenue losses estimated at \$20m. Changes to the economic environment and consumer behaviour in the wake of COVID-19, will continue to have a major impact on areas such as paid parking, leisure centre, compliance and rental revenue through 2022/23 and beyond. In response, Council and staff have worked collaboratively to identify opportunities to reduce variable costs and to optimise revenue where possible.

Projects and Capital Works

The draft Projects and Capital Works program for 2022/23 is \$57m. **Figure 2** provides a summary of all categories and their associated spend in 2022/23.

Figure 2 – 2022/23 Projects and Capital Works by category

Project Category	2022/23 Funding
Bridges	\$129,944
Buildings and Investment Property	\$8,760,000
Carparks	\$781,000
Community Life Projects	\$3,044,000
Community Safety and Street Lighting	\$50,000
Corporate Services	\$48,000

Culture and Leisure	\$14,120,000
Customer Service	\$150,000
Economic Development	\$112,500
Environmental Projects	\$3,991,846
Events and Marketing	\$1,299,204
Information and Communications Technology	\$750,000
Kerb and Gutter	\$410,608
Knowledge and Community Learning	\$473,693
Open Space Sport	\$642,200
Public Domain Projects	\$9,353,266
Recreation - Parks and Playgrounds	\$1,185,100
Retaining Walls	\$200,000
Road Pavements	\$2,942,279
Stormwater and Drainage	\$1,396,693
Traffic Management	\$348,000
Transport - Active (footpaths/bicycles)	\$3,827,791
Urban Planning	\$156,000
Centralised funding for unforeseen program costs associated with the current pandemic and economic climate, and for other priority projects as required.	\$3,000,253
Total	\$57,172,377

Draft Revenue Policy

The draft rating structure is provided in the draft *Operational Plan 2022/23*.

Total revenue raised from the levying of land rates continues to be capped by the State government through the Independent Pricing and Regulatory Tribunal (IPART).

The proposed 2022/23 rates (including rates in the dollar and minimum rates) and charges are shown below. The rates information below assumes approval of Council's Additional Special Variation (ASV) application for a 2.1% rate increase (comprising the 0.8% rate peg granted by IPART plus a 1.3% SRV). As noted in the Budget Overview, the ASV is required to ensure financial sustainability and that services can be delivered in line with the 2021/22 to 2030/31 Long Term Financial Plan.

As indicated above, the 2.1% increase in rating income assumed for 2022/23 is offset by the discontinuation of Council's 7.3% Infrastructure Levy in 2022/23. This means the **net reduction in rate income will be 5.2% (\$2.95m) lower rating income in 2022/23**.

Ordinary Rates

All rating classes include the e.restore levy funding.

Figure 3 – Ordinary Rates

Ordinary rates	2022/23 Rate (\$)
Residential	
Ad valorem*	.00085048
Minimum	\$849.80
Yield	30.73m
Business	
Ad valorem*	.0045599
Minimum	1,213.60
Yield	12.32m
Chatswood Town Centre	
Ad valorem*	.0066345
Minimum	1,290.75

Yield	7.10m
Chatswood Major Retail Centre – Chatswood Chase	
Ad valorem*	.015919
Minimum	1,081.75
Yield	0.91m
Chatswood Major Retail Centre – Chatswood Westfield	
Ad valorem*	.014811
Minimum	1,081.75
Yield	1.16m
Strata storage facility	
Ad valorem*	.0078325
Minimum	820.50
Yield	\$0.09m
Total yield rates	52.31m

*All Ad Valorem amounts are expressed as cents per dollar land value.

Domestic Waste Management Charge

There will be a 3% increase in the Domestic Waste Management Charge. This increase is required due to:

- Increased waste management volumes resulting from COVID-19 and working from home;
- Unknown outcome from re-tendering of waste collection and waste disposal services in the near future;
- Fund the up-front investment and ongoing incremental costs associated with adoption of the State Government's Waste Management Strategy (which is forecast to increase waste management costs by between 8% and 16%).

Council proposes to charge a domestic waste collection service as follows:

Charge type	Amount
Domestic waste management charge	\$561.50
Domestic waste management self-funded retiree and pensioner charge	\$431.50
Total	\$16.9m

Commercial Waste Charge

Council proposes to charge a commercial waste collection service as follows:

Charge type	Amount
Commercial Waste Charge	\$858
Total	\$257,000

Stormwater Management Charge

Council is continuing detailed investigation and assessment programs of its drainage assets, including pipelines, channels and culvert structure. These investigations have identified that the drainage assets are approaching a critical phase in their lifespan and will require a significant program of renewal, repair and upgrade. Maintenance intervention will be required to optimise their service life.

The program in 2022/23, based on a 20-year plan, incorporates further investigation of pipeline condition, cleaning and blockage removal and the specification and design of repair and upgrade works.

Stormwater management service charge:

- \$25.00 per rateable residential property
- \$12.50 per rateable strata titled property
- \$25.00 per 350 sq. m for business related properties
- Total Yield: \$700,000

e.restore Environmental Levy

In July 2008, a sustainability levy replaced the Environmental Levy to fund a third round of the e.restore program. The e.restore levy can only be spent on sustainability projects. In line with the projected rate peg increase of 2.1% (this sustainability levy is not affected by the expiring Infrastructure Levy SRV), an amount of \$6.1m will be raised from the rate levy in 2022/23.

Draft Fees and Charges 2022/23

The draft Schedule Fees and Charges (**Attachment 4**) outlines all fees and charges. Council applies GST to its fees and charges in accordance with the relevant legislative requirements. The fees and charges have as a minimum, been increased by between 2% and 3.75% where appropriate to cater for inflation.

Following the Councillor briefing session on 11 April 2022, a number of changes have been made to proposed 2022/23 Fees and Charges including;

- Development/Certification and Miscellaneous Matters fees are now up to date and correspond to the updated *Environmental Planning and Assessment Regulation 2021*.
- Certification & fees for development matters (147 in total) are now increased by 3.75% and rounded.
- Parking Charges Fees (12 in total) have been changed “by up to 10%” to provide flexibility to increase if analysis indicates this is appropriate.
- Commercial waste management charges increased to \$858.00 per year (a 3.75% increase rounded).

Consultation

The *Integrated Planning and Reporting Guidelines* require the draft DP and OP be placed on public exhibition for a period of at least 28 days before being adopted by Council.

The draft *Delivery Program 2022-2026* and draft *Operational Plan 2022/23* will be on public exhibition for a period of 28 days from 2 May to 30 May 2022. To consult on the Plans, Willoughby City Council will:

- Seek feedback through a range of mechanisms, including a media release, social media posts and flyers distributed in Chatswood Mall and Local Centres
- Create a central online consultation hub via Have Your Say
- Hold interactive community engagement sessions.

Following the public exhibition period, feedback and any proposed revisions to the draft plans will be presented to Councillors at a workshop prior to seeking adoption of the final plans at the 27 June Council meeting. The Council report will note submissions received and any intended amendments proposed to the documents. Council is required to adopt the Delivery Program and Operational Plan by 30 June 2022.

5. CONCLUSION

The draft *Delivery Program 2022-2026* and draft *Operational Plan 2022/23*, are ready to proceed to public exhibition, prior to presentation and consideration of submissions and adoption of strategy by 30 June 2022.

IMPLICATIONS	COMMENT
City Strategy Outcome Business Plan Objectives, Outcomes / Services	<p>5.4 – Anticipate and respond to changing community and customer needs</p> <p>The Delivery Program (DP) articulates Council's commitments to achieve the aspirations (outcomes) and priorities for the community for the future of Willoughby informed by the Community Strategic Plan. The Operational Plan (OP) articulates the activities and how it will allocate resources to deliver the DP during the financial year. The DP and OP will guide Council's planning for the next 10 years and 1 year respectively.</p>
Policy	There are no policy implications associated with this report.
Consultation	<p>On 7 February councillors received a briefing on Council's financial position.</p> <p>Councillors were briefed on budget matters draft Operational Plan (OP) 4, 11 and 19 April 2022.</p> <p>Community consultation is the subject of this report.</p>
Resource	Council officers' time was used in the preparation of the draft <i>Delivery Program 2022-2026</i> and <i>Operational Plan 2022/23</i> .
Risk	There are minimal risks associated with this report. Preparation of, and consultation on the plans is in accordance with the Integrated Planning and Reporting Framework requirements as described in the <i>Integrated Planning and Reporting Guidelines</i> for local government and complies with the requirements of the <i>Local Government Act 1993</i> .
Legal	There are no legal implications associated with this report.
Legislation	<p>Under Section 404 of the <i>Local Government Act 1993</i>, Council must have a program (called its "delivery program") detailing the principal activities to be undertaken by the council to perform its functions (including implementing the strategies set out in the community strategic plan) within the resources available under the resourcing strategy. The council must establish a new delivery program after each ordinary election of councillors to cover the principal activities of the council for the 4-year period commencing on 1 July following the election.</p> <p>Under Section 405 of the <i>Local Government Act 1993</i>, Council must have a plan (called its "operational plan") that is adopted before the beginning of each year and details the activities to be engaged in by the council during the year as part of the delivery program covering that year.</p>
Budget/Financial	This is within approved budget.

