

Diverse, dynamic,
progressive

BLACKTOWN CITY 2030 ■
CITY OF EXCELLENCE

PROPOSED

DELIVERY PROGRAM
2013-2017

Revised information including proposed Special Rate Variation - December 2013

Explanatory Note

The following information represents proposed revisions to Blacktown City Council's Delivery Program 2013-2017.

The Delivery Program was adopted as part of Council's Integrated Planning and Reporting Framework on 26 June 2013.

The purpose of this revised information is to reflect, in all relevant sections of the Delivery Program, the proposed Special Rate Variation for 2014/2015 which Council is seeking as part of its funding strategy for Infrastructure Asset Renewal.

Accordingly, amendments are proposed to the following sections of the Delivery Program 2013-2017. In each case, amended text and figures are **indicated in red**.

Pages referred to are those in the adopted Delivery Program 2013-2017, which is published on Council's website and on the consultation website www.yoursay.blacktown.nsw.gov.au

CONTENTS

(proposed amended pages of Delivery Program 2013-2017)

Grand Budget Summary 2013 - 2017	17
Trigger Project - Asset Management and Renewal	95
Capital Works Program	103
Infrastructure Sinking Fund	105

GRAND BUDGET SUMMARY 2013-2017

Grand Summary				
	2013/14	2014/15	2015/16	2016/17
	\$	\$	\$	\$
OPERATIONAL				
INCOME				
Rates and annual charges	(163,865,000)	(171,699,838)	(178,559,153)	(185,701,331)
Special Rate Variation		(5,557,000)	(8,455,000)	(8,709,000)
Fees and charges	(31,670,778)	(32,618,901)	(33,601,000)	(34,607,515)
Interest received	(11,600,000)	(14,842,300)	(13,917,750)	(14,390,815)
Other revenues	(6,966,270)	(7,175,258)	(7,390,515)	(7,612,232)
Grants and contributions - operating	(27,429,222)	(28,444,431)	(29,500,943)	(30,600,528)
Total	(241,531,270)	(260,337,728)	(271,424,361)	(281,621,421)
EXPENSE				
Employee costs	115,198,566	120,331,620	125,692,391	131,288,225
Materials and contracts	59,629,774	62,327,525	65,363,236	68,730,897
Other expenses	26,361,728	26,569,898	27,132,705	27,510,469
Operational Efficiencies		(1,000,000)	(1,000,000)	(1,000,000)
Total	201,190,068	208,229,043	217,188,332	226,529,591
Operational result - (surplus) / deficit	(40,341,202)	(52,108,685)	(54,236,029)	(55,091,830)
Depreciation (non-cash item)	58,000,000	60,320,000	62,732,800	65,242,112
Operational result including depreciation - (surplus) / deficit	17,658,798	8,211,315	8,496,771	10,150,282
CAPITAL				
INCOME				
Grants and contributions - capital	(52,512,574)	(52,984,496)	(53,761,070)	(49,300,896)
Profit on disposal of assets	(2,000,000)	(2,060,000)	(2,121,800)	(2,185,454)
Proceeds on sale of assets (book value)	(3,000,000)	(3,090,000)	(3,182,700)	(3,278,181)
Transfer from reserve	(54,993,645)	(91,558,738)	(64,425,852)	(76,924,030)
Add back depreciation (non-cash item)	(58,000,000)	(60,320,000)	(62,732,800)	(65,242,112)
Total	(170,506,219)	(210,013,234)	(186,224,222)	(196,930,673)
EXPENSE				
Capital expenditure	50,335,572	85,136,407	57,082,101	68,571,069
Dedicated assets	35,067,774	35,041,000	35,304,000	30,316,000
Transfer to reserve	67,444,075	73,067,512	73,886,350	76,184,322
Asset Renewal		8,557,000	11,455,000	11,709,000
Total	152,847,421	201,801,919	177,727,451	186,780,391
Capital result - (surplus) / deficit	(17,658,798)	(8,211,315)	(8,496,771)	(10,150,282)
NET RESULT - (Surplus) / Deficit	0	0	0	0

ASSET MANAGEMENT AND RENEWAL (DCA)

Partnership Lead: Blacktown City Council

Potential Partners:

NSW Roads and Maritime Services, Federal Department of Transport and Regional Services

Strategy Statement

Commit to the maintenance and renewal of existing infrastructure through long term financial planning based on renewal modelling.

2030 Statement – Where we will be

Council has no backlog of asset renewal projects and is committed to a sustainable asset renewal program into the future. This is as a result of a commitment of \$80 million to asset renewal over the term of the Delivery Program 2013-2017 and further increases over the terms of subsequent Councils.

Priorities for 2013-2017

The funding commitment made in the trigger project **will be based on Council's funding strategy, including a Special Rate Variation sought for 2014/2015.** The required level of renewal funding is indicated in Council's Resourcing Strategy (Asset Management Strategy 2013-2023 and **revised Long Term Financial Plan 2013-2023**).

Following confirmation by Council of the proposed funding strategy, **including the determination by the Independent Pricing and Regulatory Authority (IPART) of the Special Rate Variation component,** the project will be delivered through the annual preparation of the Works Improvement Program. The renewal targets set out in the Asset Management Strategy will be compared to actual expenditure and any deviations from the targets will be documented in future reviews of the Long Term Financial Plan and the supporting Asset Management Plans.

CAPITAL WORKS PROGRAM

Council's extensive capital works program aims to deliver, maintain and renew priority infrastructure assets for the City, including roads, community buildings, parks and reserves, **drainage and stormwater assets** and leisure facilities. In recent years, Council's annual investment in Capital Works has exceeded \$30 million, which reflects Council's objective of providing suitable and well-maintained facilities for a growing and diverse population. In 2013/2014 the Capital Works Program totals over \$41 million.

Despite this level of investment, modelling shown in Council's Resourcing Strategy (Asset Management Strategy 2013-2023 and revised Long Term Financial Plan 2013-2023) indicates that Council needs to allocate an additional \$10 million per annum to Asset Renewal, in order to deal with a backlog of renewal works and achieve a sustainable position into the future. It is proposed that this additional investment begin in 2014/2015, resourced by a funding strategy which includes a Special Rate Variation application to the Independent Pricing and Regulatory Authority (IPART) for the majority of the extra funds.

WORKS IMPROVEMENT PROGRAM 2014/2015

Council's Works Improvement Program (WIP) for 2013/2014 is provided as a separate volume of the Operational Plan. The WIP is a detailed document reviewed annually by Council, which lists all proposed capital works projects under relevant programs. The projects identified in the WIP are either renewal projects or projects to create new assets or to enhance existing assets. Council's Asset Management Plans informs the WIP of the projects which are to be listed for funding consideration by Council. The WIP is divided into a number of key asset programs such as Roadworks, Bridges, Buildings, Drainage, Transport Facilities and Parks Improvements. Each program identified in the WIP also identifies the relevant funding source whether it is grants and contributions, Section 94 Developer Contributions, General Revenue or Council's Infrastructure Sinking Fund (ISF). Each year, Council adopts a 1-year WIP with projects listed in each program identified for funding above the funding cut-off line. Each project listed in the WIP is prioritised using a program specific scoring system which assesses each project to generate a merit-based project list for funding consideration

A summary of the WIP for 2013/2014 is provided in the table below.

WORKS IMPROVEMENT PROGRAM- 2013/2014 BUDGET	
PROGRAM	AMOUNT \$
Roadworks	12,039,900
Drainage	4,272,500
Traffic Facilities	1,251,200
Buildings	1,414,000
Park Improvements	2,297,500
Section 94 Funded Projects	6,928,600
Infrastructure Sinking Fund Projects*	11,315,000
Other	1,607,200
TOTAL	\$41,125,900

*It is noted the 2013/2014 ISF Program totals \$16.8 million. The allocation of this funding in the 2013/2014 budget consists of \$11.315 million for projects listed in the ISF Program within the WIP in addition to ISF funding of \$5.51 million provided to roadworks and drainage projects listed elsewhere within the WIP.

WORKS IMPROVEMENT PROGRAM 2014/2015

Council's funding strategy for Asset Renewal identifies the allocation of an additional \$10 million to renewal works in the WIP from 2014/2015. As noted above, the majority of this additional funding would be raised through a special rate increase which Council has resolved to seek.

Council will consider the details of the WIP for 2014/2015 as part of the development of its Operational Plan and Budget. The extent of additional funding which is available for Asset Renewal works in 2014/2015 and beyond will need to be finally considered following IPART's determination of Council's Special Rate Variation application.

INFRASTRUCTURE SINKING FUND 2013-2017

The Infrastructure Sinking Fund (ISF) Program forms part of Council's overall Works Improvement Program. The ISF was established to ensure that funds arising from Council's debt reduction strategy were used for the provision of important infrastructure to the City, as well as to expedite works in new release areas.

Since 1996/1997, the ISF has provided in excess of \$229 million over and above Council's other Works Improvement Program funding for important infrastructure works throughout the City. In 2013/2014, the ISF program totals \$16.8 million, which includes an allocation of over \$5.5 million to support Council's obligation to maintain roadworks funding under the Federal Government's Roads to Recovery grant program, along with \$2.5 million to meet expenditure requirements on stormwater assets. The amount available in the ISF in any year will vary depending on the final cost of works voted from previous ISF programs and interest earned on the reserve.

The ISF is prepared based on a long term view and presented in a 10-year format. While the ISF details an indicative 10-year Program, Council's current practice is to only adopt a 1-year program of works (i.e. 2013/2014) with the ISF program being reviewed and adopted annually by Council. Projects listed in the 10-year ISF program are considered to be of strategic importance to the City and in keeping with the priorities identified in the Blacktown City 2030 vision. However, with limited funds available, the projects proposed for funding in 2013/2014 are considered to be those which will provide the greatest benefit to the community.

The ISF projects for 2013/2014 are included in the WIP document (a separate volume of the Operational Plan).

An overall summary of the ISF is provided in the table below.

Note-: This table is based on the 2013/2014 Operational Plan and will not be amended to reflect Council's funding strategy for Asset Renewal until Council has considered and approved the draft 2014/2015 Operational Plan.

INFRASTRUCTURE SINKING FUND - 2013/2014 TO 2016/2017				
PROGRAM	2013/2014	2014/2015	2015/2016	2016/2017
Roadworks	0	0	6,298,000	6,298,000
Drainage	2,515,000	3,471,600	9,214,600	7,928,600
Commercial Centres	1,100,000	1,100,000	1,100,000	1,100,000
Community Facilities Open Space	6,500,000	5,450,000	9,180,000	6,650,000
Parks and Recreation Development	450,000	475,000	500,000	525,000
Other Major Works	750,000	750,000	1,700,000	1,000,000
Contribution to WIP Program	5,510,000	0	0	0
TOTAL	\$16,825,000	\$11,246,600	\$27,992,600	\$23,501,600

Council's funding strategy for Asset Renewal includes the re-allocation of \$2 million per annum from within the ISF, along with a Special Rate Variation application and operational savings.

Council will consider the details of the ISF allocations for 2014/2015 as part of the development of its Operational Plan and Budget and in light of the determination of Council's rate increase application.

Also relating to the exhibition of the revised Long Term Financial Plan and Delivery Program are Council's adopted Integrated Planning and Reporting framework documents, which are identified below. These documents are available on Council's website www.blacktown.nsw.gov.au.



Blacktown City 2030 Community Strategic Plan



Delivery Program 2013-2017 and 2013/2014 Operational Plan



Resourcing Strategy - Including Long Term Financial Plan 2013-2023, Asset Management Strategy 2013-2023 and Workforce Management Plan 2013-2017

Your City, Your Say

We need your feedback to help build a stronger future. You are invited to make a submission on the proposed revision to Blacktown City Council's Long Term Financial Plan 2013-2023 and Delivery Program 2013-2017 and Council's proposal for a special rate increase.

Closing date for submissions: **3 February 2014**

You can provide comments and feedback to Council in the following ways:



Community Consultation website
www.yoursay.blacktown.nsw.gov.au



yoursay@blacktown.nsw.gov.au



PO Box 63
Blacktown NSW 2148