



Wollongong City Council

Attachment 1

Budget

2024-2025

Adopted 24 June 2024



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Introduction

Council adopted its current Financial Strategy in 2021. That Strategy recognised that Council had reached its targets for financial sustainability and made commitment to maintain that position. In late 2022, global and Australian economic conditions became unstable, resulting in high inflation and supply shortages for employees, contractors and materials. As a result, long term sustainability has become more challenging as the cost of delivering Council services and maintaining long lived infrastructure has increased while rates revenues have not increased at a proportionate level. The recorded value of Council assets has substantially increased, indicating a higher cost of renewal in the long term and an immediate increase in the depreciation amounts reported by Council.

Council has responded financially to these issues to date by restraining costs, delaying some works where reasonable value could not be achieved, utilising existing reserves and through the assistance of additional funding from other levels of government. During this time, Council has been able to broadly maintain its financial strength and has continued to exceed expectations in certain areas allowing some savings to be retained as restricted assets.

Council's Financial Strategy requires new actions to achieve long term financial sustainability that will maintain existing levels of service into the future without abnormal rate and pricing impost. As Council has limited resources, funded primarily by the Wollongong community, there are goals and tasks included in the current Operational Plan that aim to improve the capacity of the organisation to respond to increases in service cost and demand. This work will be carried out over the next year and will lead to an updated Financial Strategy in the next planning cycle, inclusive of actions that provide for long term financial sustainability.

Council's Transport and Stormwater asset revaluation at the end of 2022 resulted in a significant increase of recorded asset values and a \$20.5M per annum increase in depreciation compared to budget. The asset valuations are based on existing asset management plans and accounting estimates that are currently being tested through a substantial review of Council's Asset Management Plans. Asset valuation changes have negatively impacted Council's Key Financial Performance Indicators (KPIs). This does not impact the deliverability of the current Delivery Program, although rising costs and future asset renewals will need to be addressed in the medium term to ensure continued financial sustainability. Council's ability to increase services, service levels, or manage the increased cost of asset renewal, will remain limited in the short term.

While asset costs are represented as the primary cause of changes to the underlying financial sustainability of Council, the issue is caused by the mismatch between revenue, primarily rates and the cost of managing those assets to provide the continuing services levels agreed.

The Rate Peg, set by the Independent Pricing and Regulatory Tribunal of New South Wales (IPART), previously used a set of pricing indices that represent a generic 'basket of goods' used by Local Government (Local Government Cost Index) to determine the level of increase in rates. IPART introduced an updated Rate Peg methodology in 2023-2024 that reflects increases in price index (Consumer Price Index & Producer Price Index), wages, superannuation guarantee and changes in the Emergency Services Levy. The updated methodology is based on forward-looking forecasts and more up-to-date references. The 2023-2024 Rate Cap was based on indexation from July 2021 to June 2022, which was well below the increased costs incurred by Council in the period. Some of the shortfall created using prior period indices was expected to be recovered in 2024-2025 when higher indices were to be applied while Council would be experiencing lower levels of inflation. The timing of this change has meant that the historically high inflation hikes of 2022-2023 has largely been missed in this calculation creating substantial shortfall in Funds Available from Operations in Council's budget for 2023-2024 and beyond negatively impacting Council's financial sustainability over the long term.

While Council has supported the changed methodology being applied by IPART, it was strenuously argued that the implementation required appropriate recognition in the change process to ensure the period of high inflation was applied in a financially responsible way to ensure longer term sustainability. This was not achieved through the change implemented by the NSW Government.

On the positive side, Council has continued to obtain State and Australian Government funding. Some of which is related to disaster recovery (primarily flooding) and some related to planned new and enhanced infrastructure that improve service and reduce reliance on Council's own funds for construction. This funding is now a vital part of balancing the Financial Plan for the next two years of the Delivery Program and has required some rephasing of the Infrastructure Delivery Program over the term of the Plan.

Based on the presented estimates and assumptions, Council's position will be responsibly managed with actions in place to control spending to offset some of the short term rates shortfall. Further actions are being developed to address longer term asset management and lifecycle cost issues. It is considered that options are available to review the asset management assumptions and life cycle cost estimates to better reflect optimised practices available for some asset classes. It is also acknowledged that in line with increasing values, additional allocation may be required to maintain assets in future periods.

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

Council's ability to invest additional funds in increased services, service levels, or manage the increased cost of asset renewal is limited in the short term, however, Council is acting to review its Financial Strategy and optimise services over the coming periods with the view to creating capacity to do more.

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

Financial Strategy

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

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

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

The current Financial Strategy has clear objectives including:

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

Financial Forecasts

The financial forecasts contained in this document provide a financial view that support the Service levels and outcomes documented in the Resourcing Strategy and Delivery Program 2022-2026 and Operational Plan 2024-2025.

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

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

The key revised financial forecasts for the years 2024-2025 to 2027-2028 are shown in the tables below.

KEY INCOME & EXPENSE RESULTS				
	2024-2025 Budget \$M	2025-2026 Forecast \$M	2026-2027 Forecast \$M	2027-2028 Forecast \$M
Operating Result [pre capital]	13.9	(16.4)	(11.6)	(14.1)
Funds Available from Operations	66.3	68.6	72.7	77.3
Available Funds	16.4	16.6	15.7	16.2

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

Strategic Projects Restricted Asset Investment

In years where Council has achieved financial savings beyond the targets set in the financial forecasts, funds have been transferred to Strategic Projects internally restricted asset to be held for allocation through the strategic planning cycle. This has provided a level of additional capacity that can be applied to enhance some service deliveries, accelerate planned projects, or introduce additional projects. The Operational Plan 2024-2025 includes capital and operational projects that are non-recurrent or fixed duration to be funded from Strategic Projects restricted cash. The funding made available to projects from the Strategic Projects restricted asset over the next four years are detailed in the diagram below. Note that these amounts are funded from the Strategic Projects Restricted Asset and may not represent the full cost of the projects.

Diagram 1

PROPOSED PROJECTS & PROGRAMS				
Funded From Strategic Projects Restricted Cash				
Project Description	2024/25 Budget Working \$'000s	2025/26 Forecast Working \$'000s	2026/27 Forecast Working \$'000s	2027/28 Forecast Working \$'000s
Capital Projects				
Southern Suburbs Library & Community Centre	-	173	-	-
Helensburgh Library + Community Centre	-	-	3,000	-
Traffic Facility Improvements (50% RMS)	350	750	100	-
King George V Masterplan Picnic Shelter	10	235	-	-
Mount Kembla Mountain Bike Amenities	20	-	-	-
Balgownie Mountain Bike Amenities	20	-	-	-
Balgownie Mountain Bike Access Civil works	25	-	-	-
Kembla Heights Village Car Park	120	-	-	-
Illawarra Escarpment Mountain Bike Project - Subject to external grant funding (*)	-	-	-	-
	545	1,158	3,100	-
Supporting Documents				
West Dapto Review WaterCycle Masterplan	75	-	-	-
Bulli Showground Masterplan	21	-	-	-
Hill 60 Tunnels Reopening - Detailed Concept Plans	100	-	-	-
Mount Keira Summit Park Interpretation Design Guide	-	50	-	-
Battery Park, Smiths Hill & Flagstaff Hill Forts Heritage Consultant	70	-	-	-
Botanic Gardens Design Investigation for Asset Improvement	60	146	-	-
Feasibility Study Synthetic Football Pitch in Planning Area	87	-	-	-
Draft Bulli Showground Masterplan - Feasibility Assessment and Community Consultation	103	-	-	-
Thirroul Village - Character and Heritage Study	-	-	-	152
Asset Management Planning	60	-	-	-
Social Infrastructure Planning Framework - Bong Bong	-	-	50	-
Town Centre Library and Community Centre Feasibility	-	-	50	-
	576	196	50	152
Other Non-Recurrent Projects				
Wollongong Biennial Acquisitive Sculpture Award	140	-	140	-
Thirroul Beach, Stuart Park South Amenity	40	-	-	-
Illawarra Performing Arts Centre Additional Support	65	-	-	-
Wollongong Learning City Project	68	-	-	-
Interpretive Historical Signage Grand Pacific Walk	120	-	-	-
Outdoor Dining Fee Waiver	192	-	-	-
Civic Christmas Carol Event Funding	55	57	-	-
Animal Care & Impounding Services Strategy	213	173	-	-
	893	230	140	-
ANNUAL TOTAL	2,014	1,584	3,290	152
Cumulative total funded from Strategic Projects Restricted Cash	7,040			

* An allocation of \$1.25M has been made from Strategic Projects Restricted Asset Post Exhibition which is outside the 4-year shown in Diagram 1. The allocation of funds will only be realised if Council is successful in receipt of external grant funding for the Illawarra Escarpment Mountain Bike project.

Key Performance Indicators

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

Financial Position - Available Funds

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

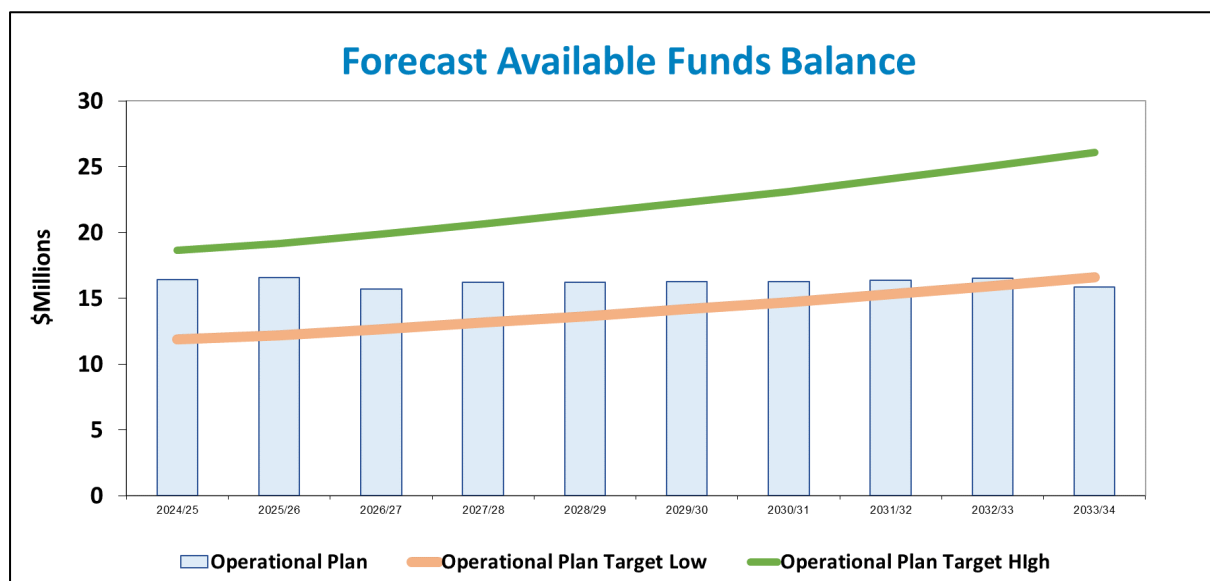
They are held as Council's savings and are used to act as a buffer against unanticipated future costs or can be used to provide flexibility to take advantage of opportunities that may arise.

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

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

The diagram below provides the forecast levels of Available Funds together with the targeted upper and lower levels of funds required to be held.

Diagram 2



Operational Performance – Operating Result [pre capital]

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

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

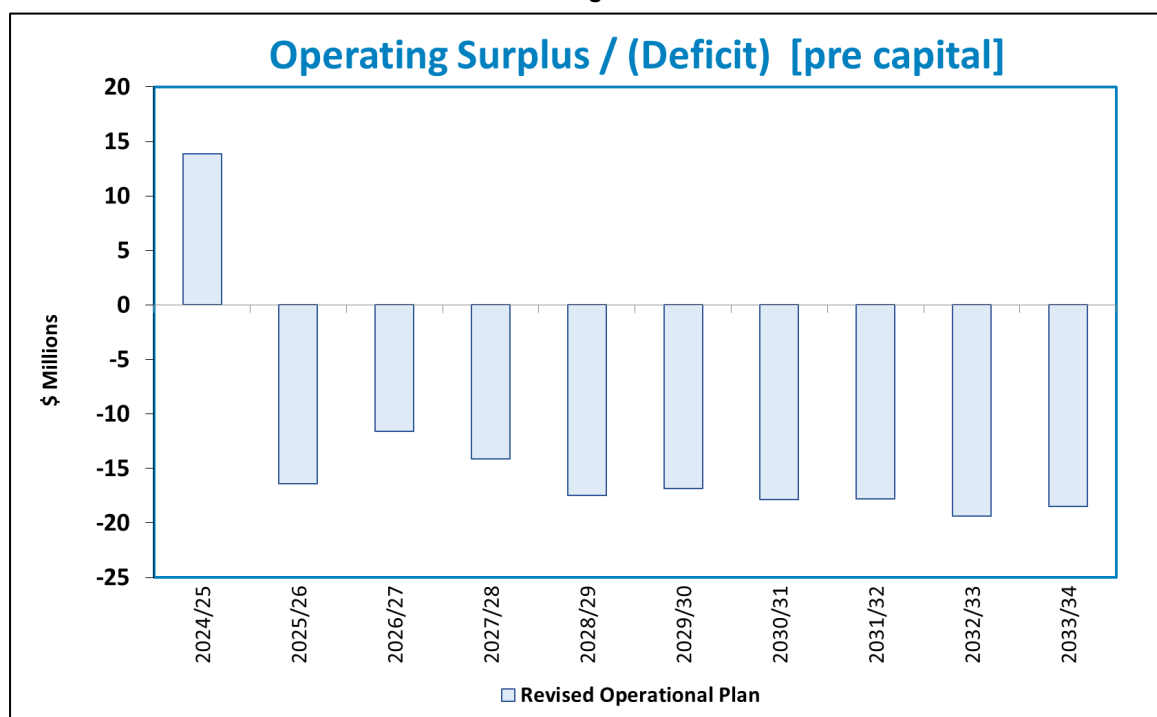
In broad terms, a deficit from operations over time indicates that Council is not earning sufficient revenue to fund its ongoing operations (services) and renewal of assets, which are an integral part of that service when required. This measure should be viewed over the long term as annual results may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

The Operating Result is inclusive of depreciation, which is an accounting estimate to reflect the annualised consumption of an asset over its lifetime (asset value divided by life of the asset). The fair value of Council's long-lived assets are assessed annually through a comprehensive revaluation process or a review of movements in relevant indices based on the best available and evidenced accounting and engineering data. Council comprehensively revalued Stormwater and Transport assets

and applied indexation to other assets at 30 June 2022. All major asset classes were indexed at 30 June 2023. This led to a substantial increase in the depreciation forecast and a deterioration in the Operating Result. Comprehensive revaluations are in process for Buildings, Land, Other Structures, and Art & Antiquities for 2023-2024 which will likely have a material impact on future depreciation estimates. Council will be working to develop revised and further advanced evidence to create greater confidence in estimates and work towards optimisation approaches to reduce the currently reported gap.

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

Diagram 3



Operational Performance – Funds Available from Operations

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

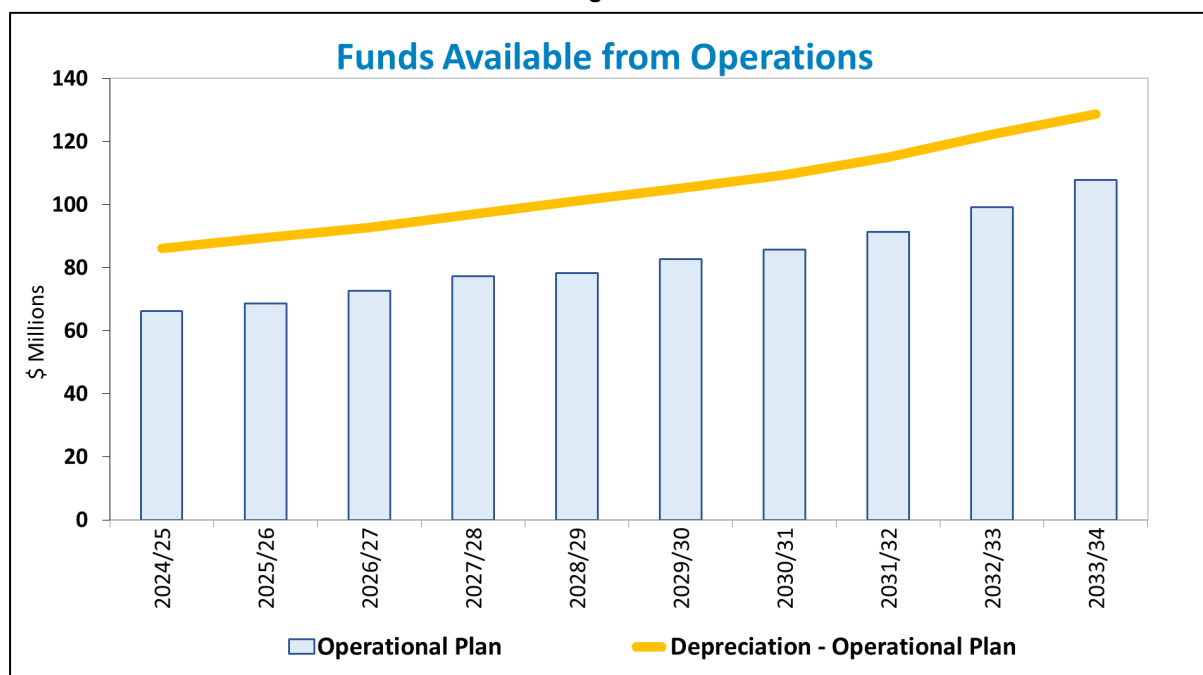
Council receives income and elects to spend that money on day to day activities to provide services and operate the organisation. This is reflected in the Income and Expense Statement. The Operating Result [pre capital] disclosed in the Income Statement includes depreciation and other non-cash expenses,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

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

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

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

Diagram 4



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

Borrowings

The Financial Strategy requires that:

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

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

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

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

Other Considerations

Supporting Document Development Initiatives

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

A listing of new or renewed Supporting Document development projects (and unallocated funding – Centralised Studies and Plans) included in the Budget 2024–2025 to 2027-2028 is provided below.

Supporting Documents - Planning Studies & Investigations

Service & Project	2024/2025	2025/2026	2026/2027	2027/2028
	Budget \$'000s	Forecast \$'000s	Forecast \$'000s	Forecast \$'000s
Centralised Studies & Plans	28	484	514	452
Centralised Studies & Plans	28	484	514	452
Corporate Strategy	77	0	0	0
Community Strategic Plan Review	77	0	0	0
Land Use Planning	724	208	0	152
West Dapto Review WaterCycle Masterplan	75	0	0	0
City Centre Planning Review	35	0	0	0
City Wide Local Environmental Plan Review	175	0	0	0
Battery Park, Smiths Hill & Flagstaff Hill Forts Heritage Consultant	70	0	0	0
Review Riparian Corridor Management Study & Policy	66	0	0	0
Planning Controls for City Centre Surrounds (south, west, north)	103	105	0	0
Built Form Testing Development Control Plan Chapter B4 Development in Business Zones	150	103	0	0
Thirroul Village - Character and Heritage Study	0	0	0	152
West Dapto Vision Implementation - Infrastructure and Development	51	0	0	0
Stormwater Services	210	170	350	353
Floodplain Management Studies	100	120	350	350
Flood Risk Management Studies Best Practice	60	(0)	(0)	3
Review of Minnegang Creek Flood Risk Management Study	50	50	0	0
Environmental Services	865	0	0	0
Coastal Management Program for the Open Coast	750	0	0	0
Develop design guidelines for green roofs, green walls and facades	30	0	0	0
Assessment of Aboriginal Cultural Values & Assets	40	0	0	0
Coastal Wetland and Littoral Rainforest Mapping	45	0	0	0
Natural Area Management	32	33	27	28
Vegetation Management Plans for High Priority Natural Areas	32	33	27	28
Transport Services	0	73	0	75
City Centre Parking Surveys	0	73	0	75
Community Facilities	0	0	50	0
Social Infrastructure Planning Framework - Bong Bong Town Centre Library and Community Centre Feasibility	0	0	50	0
Cultural Services	0	52	0	0
West Dapto Vision Implementation - Cultural Strategy & Plan	0	52	0	0
Aquatic Services	200	0	0	0
Surf Club Strategy	100	0	0	0
Pools Strategy	100	0	0	0
Botanic Garden and Annexes	60	196	0	0
Mt Keira Summit Park Interpretation Design Guide	0	50	0	0
Botanic Gardens Design Investigation for Asset Improvement	60	146	0	0
Parks and Sportsfields	411	0	32	108
Bellambi Foreshore Precinct Plan	169	0	0	0
Hill 60 Tunnels Reopening- Detailed Concept Plans	100	0	0	0
King George V Oval Landscape Masterplan	0	0	0	0
Feasibility Study Synthetic Football Pitch in Planning Area	87	0	0	0
MacCabe Park Masterplan & Feasibility Investigations	0	0	32	108
Lang Park Masterplan	55	0	0	0
Governance and Administration	60	0	0	0
Asset Management Planning	60	0	0	0
Property Services	124	0	0	0
Bulli Showground Masterplan	21	0	0	0
Draft Bulli Showground Masterplan - Feasibility Assessment and Community Consultation Phase	103	0	0	0
Total Expenditure *	2,791	1,215	973	1,168

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

West Dapto

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

Potential Initiatives

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

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

Other Risks and Exposures

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

- **Economic volatility & upward price trends.** While our current indices are premised on decreasing inflation and greater levels of stability, current economic conditions indicate the potential for slower decreases and continued volatility in the immediate future that are not included within budget.
- **Infrastructure, Property, Plant & Equipment Revaluations.** Comprehensive revaluations are in progress for Buildings, Land, Other Structures and Art & Antiquities for end of year 2023-2024 which will likely have a material impact on future depreciation estimates.
- **Supply of contractors, materials and employees.** Despite some improvements in supply, there are continued areas of the market that remain difficult to source or are priced above expectations.
- **Financial Assistance Grant.** Council currently receives an annual allocation of approximately \$20M per annum that represents 5.9% of total operating revenues. Continued changes to distribution and indexation application may impact on future revenues. The proportion of the Financial Assistance Grant in relation to Australian tax revenues collected by the Australian Government has been declining for some time. Initially, local governments were funded through a tax sharing arrangement with the Australian Government to align their funding with the growth of the Australian economy. This arrangement has since been altered so that only increases in the population and inflation are considered in the funding arrangement. Consequently, Financial Assistance Grants have fallen from 1% of Australian tax revenue to just 0.52% in 2024. Council has made submissions to state and Australian government enquiries into the financial sustainability of local government in the last three months and have advocated for the reinstate of the Financial Assistance Grant to 1% of Australian tax revenue.
- **Enterprise Agreement.** The current Enterprise Agreement was for three years and ends on 30 June 2024. Negotiations continue for a future Enterprise Agreement and Financial forecasts

have been updated to reflect an estimated increase in costs in line with the Local Government Award agreed last year and provided for in the Rate Peg. Any increases above the Local Government Award may deteriorate budgeted operating performance.

- **Superannuation Defined Benefits Scheme.** While final additional payments were expected to end in the 2021-2022 financial year, an extension into 2022-2023 was imposed. Further advice received from Active Superannuation in February 2024, has advised that no past service contributions are expected to be required from 1 January 2025, although this will be revisited if the financial position deteriorates. The forecast has been retained at a slightly reduced amount based on this advice.
- **Interest on investments.** In line with the Financial Strategy, additional returns above the baseline set in the Long Term Financial Plan will be treated as short term capacity within the strategic planning process and allocated on a non-recurrent basis.
- **Waste Facility Income and Operational Costs.** The waste facility forecasts include a substantial decrease in income projections from commercial customers that are subject to increasingly competitive external market conditions. The budget also includes increased recoveries for capital costs of new cell constructions which will remain a risk in future periods. Operational costs in this area may also be impacted by changing environmental compliance requirements and emerging technologies.
- **Shifts in policy or pricing of other levels of Government.** Council is impacted by continual change in policy and pricing by other levels of government that cannot be controlled or estimated accurately in future budgets and is an inherent risk.

Financial Budget Reports

The following budget reports are provided for the 2024-2025 Budget and Long Term Financial Position:

Whole of Council Four Year Financial Forecasts:

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

WOLLONGONG CITY COUNCIL

4 Year Financials

2024/2025 Budget \$'000	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000	2027/2028 Forecast \$'000
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INCOME STATEMENT

Income From Continuing Operations

Rates and Annual Charges	247,048	257,038	268,008	279,480
User Charges and Fees	39,990	41,327	42,523	43,753
Interest and Investment Revenues	6,196	6,070	6,269	6,699
Other Revenues	12,900	13,258	13,632	14,066
Fair Value Adjustment on Investment Properties	202	207	211	215
Grants and Contributions - Operating	33,212	30,816	31,091	31,665
Capital Grants & Contributions	27,454	67,027	54,359	40,288
Total Income From Continuing Operations	367,003	415,743	416,094	416,167

Expenses From Continuing Operations

Employee Costs	164,094	169,150	174,692	180,388
Borrowing Costs	557	587	338	354
Materials and Contracts	102,189	102,121	104,601	111,776
Other Expenses	24,257	27,787	25,756	26,255
Depreciation, Amortisation + Impairment	87,113	90,376	93,720	97,864
Internal Charges (labour)	(21,690)	(22,480)	(23,237)	(24,020)
Internal Charges (not labour)	(2,323)	(2,423)	(2,540)	(2,613)
Profit/Loss on Disposal of Assets	(28,516)	0	0	0
Total Expenses From Continuing Operations	325,682	365,118	373,331	390,003

Operating Result from Continuing Operations	41,322	50,625	42,763	26,164
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Operating Result [pre capital]	13,868	(16,402)	(11,596)	(14,124)
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WOLLONGONG CITY COUNCIL

4 Year Financials

	2024/2025 Budget \$'000	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000	2027/2028 Forecast \$'000
FUNDING STATEMENT				
Surplus (Deficit) [Net Operating Result for the Year]	41,322	50,625	42,763	26,164
Add back :				
- Non-cash Operating Transactions	106,241	109,456	112,838	118,601
- Restricted cash used for operations	14,601	13,535	10,645	10,598
- Income transferred to Restricted Cash	(79,972)	(88,527)	(76,563)	(60,511)
- Payment of Right of Use Leases	(132)	(135)	(138)	(141)
- Payment of Accrued Leave Entitlements	(15,763)	(16,308)	(16,870)	(17,453)
Funds Available from Operations	66,297	68,646	72,675	77,258
Loans repaid	(655)	0	0	0
Operational Funds Available for Capital Budget	65,642	68,646	72,675	77,258
CAPITAL BUDGET				
Assets Acquired	(105,995)	(125,503)	(123,188)	(91,976)
Contributed Assets	(7,014)	(5,871)	(14,585)	(14,129)
Transfers to Restricted Cash	(2,607)	(2,851)	(3,065)	(3,947)
Funded From :-				
- Operational Funds	65,642	68,646	72,675	77,258
- Sale of Assets	3,550	2,399	2,731	1,735
- Internally Restricted Cash	13,920	5,958	20,160	12,940
- Borrowings	0	0	0	0
- Capital Grants	15,875	24,990	17,100	2,700
- Developer Contributions (previously S.94)	5,135	24,690	11,736	1,802
- Other Externally Restricted Cash	1,547	1,000	1,000	0
- Other Capital Contributions	9,161	6,671	14,585	14,129
TOTAL FUNDS SURPLUS / (DEFICIT)	(788)	129	(851)	512

WOLLONGONG CITY COUNCIL

4 Year Financials

	2024/2025 Budget \$'000	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000	2027/2028 Forecast \$'000
STATEMENT OF FINANCIAL POSITION				
CURRENT ASSETS				
Cash and cash equivalents	169,725	182,629	186,368	208,134
Investments	18,858	20,292	20,708	23,126
Receivables	28,626	32,428	32,455	32,461
Inventories	6,486	6,486	6,486	6,486
Contract assets	3,795	3,795	3,795	3,795
Assets held for sale (previously non-current)	0	0	0	0
Other	6,562	6,661	6,794	6,930
TOTAL CURRENT ASSETS	234,053	252,290	256,605	280,932
NON-CURRENT ASSETS				
Investment property	5,450	5,657	5,868	6,083
Intangible assets	0	0	0	0
Right of use assets	718	718	718	718
Infrastructure, property, plant and equipment	3,703,097	3,739,039	3,764,684	3,758,621
TOTAL NON-CURRENT ASSETS	3,709,265	3,745,414	3,771,269	3,765,422
TOTAL ASSETS	3,943,318	3,997,704	4,027,875	4,046,354
CURRENT LIABILITIES				
Payables	29,311	32,861	33,600	35,100
Provisions < 12 Months	17,305	17,564	17,915	18,274
Provisions > 12 Months	46,176	46,868	47,806	48,762
Contract liabilities	10,315	10,315	10,315	10,315
Interest bearing liabilities	0	0	0	0
Lease liabilities	135	138	141	145
TOTAL CURRENT LIABILITIES	103,242	107,746	109,778	112,596
NON-CURRENT LIABILITIES				
Interest bearing liabilities	9	9	9	9
Lease liabilities	409	287	158	22
Provisions	15,622	14,999	504	(9,863)
TOTAL NON-CURRENT LIABILITIES	16,039	15,295	671	(9,832)
TOTAL LIABILITIES	119,281	123,041	110,449	102,764
NET ASSETS	3,824,037	3,874,662	3,917,426	3,943,590
EQUITY				
Accumulated surplus	(1,469,047)	(1,495,834)	(1,542,057)	(1,562,532)
Surplus (Deficit) for period	(41,322)	(50,625)	(42,763)	(26,164)
Revaluation reserves	(2,149,063)	(2,149,063)	(2,149,063)	(2,149,063)
Restricted assets	(164,606)	(179,140)	(183,542)	(205,831)
TOTAL EQUITY	(3,824,037)	(3,874,662)	(3,917,426)	(3,943,590)

WOLLONGONG CITY COUNCIL

4 Year Financials

2024/2025
Budget
\$'000

2025/2026
Forecast
\$'000

2026/2027
Forecast
\$'000

2027/2028
Forecast
\$'000

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Rates and annual charges	245,637	253,237	267,981	279,474
User charges and fees	39,990	41,327	42,523	43,753
Investment and interest revenue received	6,197	6,070	6,269	6,699
Grants and contributions	53,652	91,972	70,866	57,824
Other operating receipts	10,603	11,823	11,533	13,960

Payments

Employee benefits and on-costs	(139,361)	(143,581)	(148,323)	(153,221)
Materials and contracts	(102,305)	(96,149)	(101,322)	(107,663)
Borrowing costs	(29)	(20)	(17)	(13)
Other	(24,257)	(27,787)	(25,756)	(26,255)

NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES

90,126 136,891 123,754 114,559

CASH FLOWS FROM INVESTING ACTIVITIES

Receipts

Sale of Investment securities	(1,764)	(1,434)	(415)	(2,419)
Sale of infrastructure, property, plant and equipment	34,278	3,067	3,714	1,735

Payments

Purchase of infrastructure, property, plant and equipment	(105,995)	(125,503)	(123,188)	(91,976)
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NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES

(73,481) (123,869) (119,889) (92,660)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts

Proceeds from borrowings and advances	0	0	0	0
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Payments

Repayments of borrowings and advances	(656)	0	0	0
Repayment of lease finance liabilities	(112)	(118)	(126)	(132)

NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES

(768) (118) (126) (132)

NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS HELD

15,878 12,903 3,739 21,767

Cash and cash equivalents - beginning of period	153,847	169,725	182,629	186,368
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CASH & CASH EQUIVALENTS AT EOY 169,725 182,628 186,368 208,134

PLUS other investment securities	18,858	20,292	20,708	23,126
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TOTAL CASH & INVESTMENTS 188,583 202,919 207,076 231,260

WOLLONGONG CITY COUNCIL

Services - 4 Year Financials

	2024/2025 Budget \$'000	2025/2026 Forecast \$'000	2026/2027 Forecast \$'000	2027/2028 Forecast \$'000
Operating Result [Pre Capital]				
Goal 1 - We value and protect our environment				
Development Assessment and Certification	(5,655)	(5,903)	(6,124)	(6,349)
Emergency Management	(6,897)	(7,138)	(7,390)	(7,653)
Environmental Services	(2,537)	(2,313)	(2,392)	(2,474)
Land Use Planning	(4,378)	(4,375)	(4,620)	(7,931)
Natural Area Management	(4,383)	(4,394)	(4,499)	(4,563)
Regulatory Compliance	(3,860)	(3,977)	(3,951)	(4,033)
Stormwater Services	(22,001)	(22,229)	(23,035)	(23,778)
Waste Management	5,158	5,144	5,437	5,420
Goal 2 - We have an innovative and sustainable economy				
City Centre Management	(2,341)	(2,379)	(2,395)	(2,453)
Economic Development	(2,808)	(2,905)	(2,985)	(3,077)
Tourist Parks	1,496	1,490	1,496	1,502
Goal 3 - Wollongong is a creative, vibrant city				
Cultural Services	(8,201)	(8,321)	(8,641)	(8,750)
Engagement, Communications and Events	(3,972)	(3,998)	(4,080)	(4,223)
Goal 4 - We are a connected and engaged community				
Aged and Disability Services	453	192	177	145
Community Programs	(2,096)	(4,985)	(2,163)	(2,235)
Corporate Strategy	(1,639)	(2,038)	(2,006)	(1,994)
Integrated Customer Service	(3,419)	(3,548)	(3,670)	(3,795)
Libraries	(11,612)	(11,870)	(12,248)	(12,701)
Property Services	30,364	2,265	2,246	2,292
Youth Services	(1,380)	(1,428)	(1,476)	(1,524)
Goal 5 - We have a healthy community in a liveable city				
Aquatic Services	(16,011)	(16,320)	(16,858)	(17,378)
Botanic Garden and Annexes	(3,857)	(4,125)	(4,065)	(4,197)
Community Facilities	(5,506)	(5,632)	(5,852)	(5,931)
Leisure Centres	(1,292)	(1,355)	(1,416)	(1,474)
Memorial Garden and Cemeteries	(588)	(621)	(648)	(675)
Parks and Sportsfields	(23,766)	(23,958)	(24,661)	(25,385)
Public Health & Safety	(812)	(847)	(880)	(913)
Goal 6 - We have affordable and accessible transport				
Transport Services	(48,808)	(50,317)	(51,857)	(53,227)
Support Services				
Employee Services	(9,969)	(10,267)	(10,471)	(10,763)
Financial Services	211,732	216,683	225,605	233,338
Governance and Administration	(15,026)	(13,797)	(14,132)	(14,478)
Infrastructure Strategy & Support	(10,043)	(10,564)	(11,069)	(11,606)
Information Management and Technology	(12,564)	(12,656)	(13,060)	(13,351)
Internal Charges Service	83	85	87	90
Operating Result [pre capital]	13,868	(16,402)	(11,596)	(14,124)

Budget 2024-2025

Current Assumptions

Service levels

The current budget includes service levels as outlined in the adopted Resourcing Strategy and Delivery Program 2022-2026 and Operational Plan 2024-2025. Estimates for expenses and income in future years have been applied based on existing service levels unless a decision has been made, or a plan is in place, to vary this level. The detail of services to be provided is outlined in the Delivery Program. Changes to existing services or levels of service progressed through the strategic planning process are incorporated into forward estimates as deployment delivery strategies are confirmed.

Indexation

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

Where indices have been used, these are based on information from a number of sources including various bank financial reports and economic reports and ABS publications. The annual process of preparing and reviewing the financial forecasts for the long term financial plan involves an initial review of the indices, followed by continuous updates throughout the process to account for any significant changes. Variations in recurrent budget costs in excess of expected indices will be considered through the strategic planning process and included in budget where agreed. The base for 2024-2025 has been sourced from information available in January 2024.

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

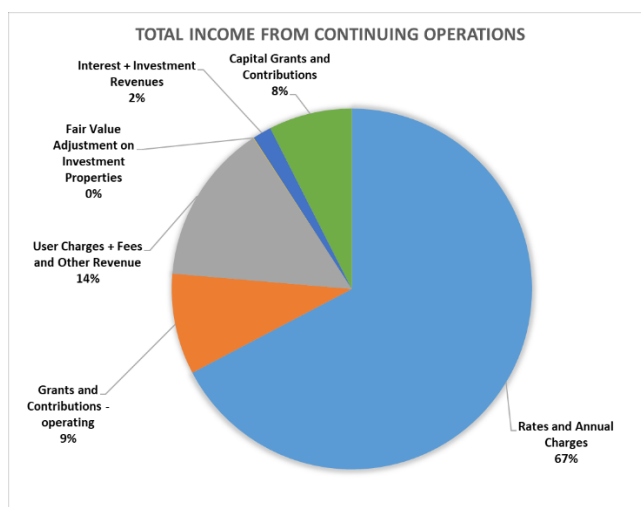
Indices			
	2024/25 Budget	2025/26 Forecast	2026/27+ Forecast
Rate Increase	4.70%	3.50%	3.50%
Rate Increase - supplementary rate growth	0.40%	0.40%	0.40%
Rate Increase - IPART population growth gap	0.30%	0.30%	0.30%
Fees & Charges	3.70%	2.90%	2.90%
Interest on Investments	4.50%	4.00%	4.00%
Interest Rate (borrowings)	4.60%	4.60%	4.60%
Superannuation Guarantee	11.50%	12.00%	12.00%
CPI General Increase	3.50%**	3.00%	3.00%
Utilities			
- electricity	3.80%	3.60%	3.60%
- street lighting	3.80%	3.60%	3.60%
- other utilities	3.80%	3.60%	3.60%
**The annual CPI index has been applied to budget but not applied to individual Service budgets. It is proposed that budget savings be applied and the estimated CPI increase be held centrally for allocation or savings.			

Note: Further information regarding the indices above can be found in the relevant Revenue or Expenses sections below. Labour costs are currently subject to Enterprise Agreement negotiations and are not included above. Commentary of provisions is included in the specific section below.

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

Revenue

Revenue Type	2024-2025 Budget (\$M)
Rates and Annual Charges	247.0
Grants and Contributions - operating	33.2
User Charges + Fees and Other Revenue	52.9
Fair Value Adjustment on Investment Properties	0.2
Interest + Investment Revenues	6.2
Capital Grants and Contributions	27.5
Total Income from Continuing Operations	367.0



Rates

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

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

The local government sector had raised concerns about the methodology used to set the rate peg. These concerns primarily related to how the rate peg was determined based on retrospective indices which created a significant lag in matching costs with revenues over recent years and failure of the methodology to account for cost increases that were not reflected in general cost indexation measurements. The Premier and Minister for Local Government at the time, asked IPART to review the rate peg methodology to address these concerns.

The review is now complete and is generally agreed to provide long term improvement to the measures. Unfortunately, the timing of a move from retrospective to prospective indices is being implemented following the year with the highest level of cost inflation in the last 15 years, meaning that where a catch up in costs was anticipated to reflect the lagged measures, this will now not be realised.

The IPART determination for 2024-2025 will allow Council a 5.0% increase in General Income. This is composed of an increase of 3.9% for general costs, 0.4% to reflect the increase in the superannuation guarantee levy imposed by the Federal Government, a 0.4% increase to fund the increases in the NSW Emergency Services Levy paid by Council to the State Government and an additional 0.3% for Population Growth.

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

In addition, growth has been built into the long term forecasts for expected development at West Dapto and this has been aligned with conservative lower growth scenario which is below the recently exhibited West Dapto Contributions Plan. The future estimates still exceed historical development numbers within the release area and assume increased levels of development.

Council currently applies a Special Rate, the Mall Special Rates [until 2022-2023 Council levied two Special Rates: Mall and City Centre]. The Special Rate has been indexed by 5% in line with the rate peg.

More detailed information relating to the rates and rating policy will be provided as part of the Draft Revenue Policy, Rates, Annual Charges and Fees 2024-2025 document.

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
TOTAL Rates Revenue (net of pensioner rebates)	200,139	208,650	218,106	228,015

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

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

Pensioner Rebates

Council is required to provide a rebate to pensioners under the Local Government Act. There are new rate payers who are entitled to the State Government pensioner rebate each year, although the total cost of this rebate has not been forecast to increase at the same rate as the rate peg as the total amount payable remains capped at \$250 per property.

The compulsory pensioner rebate to eligible rate payers is 50% of rates and annual charges up to \$250. This rebate has not been increased by the State Government since it was introduced in July 1993. 50% of this rebate is funded by the State Government, 5% from the Federal Government and 45% by Council. Government funding is included in untied grant revenues.

Council, through its Revenue Policy each year, also provides a Voluntary Council rebate to eligible pensioners who were receiving a Council rebate prior to 1994. This voluntary rebate is increased each year in line with the rate peg and is funded from Council revenues. The forecast remains at the current cost over the period due to the forecast reduction in numbers of properties eligible for the rebate.

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Pensioner Rebates				
Pensioner Rate Rebate - Statutory s575	2,850	2,880	2,910	2,940
Pensioner Rate Rebate - Council s582	276	276	276	276
Pensioner Rate Subsidy	(1,568)	(1,584)	(1,601)	(1,617)
Total Pensioner Rates Rebates	1,559	1,572	1,586	1,599
Pensioner DWM Rebate - Statutory s575	846	853	861	868
Pensioner DWM Rebate - Council s582	67	67	67	67
Pensioner DWM Subsidy	(502)	(506)	(511)	(515)
Total Pensioner DWM Rebates	411	414	418	421
Total Pensioner Rebates	1,970	1,987	2,003	2,020

Annual Charges

Domestic Waste Management Services

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

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

In determining the annual Domestic Waste Management charge, Council must include all expenditure that relates to the delivery of this service and may include provision for future increases to allow for equalisation of pricing from year to year. This is considered a prudent approach as the waste area is subject to changing industry regulation, costs and operational requirements that have potential for significant variations in the future. Equalisation funds, along with any annual improvements beyond planned results for the delivery of the domestic waste service, are held as externally restricted cash.

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

Domestic Waste Management Costs 2024-2025		\$'000
Waste Facility		
Waste Disposal Cost		17,343
Administration/Overheads allocation		596
		17,939
Collection Costs		
Collection & Processing Contracts		25,236
Education & Promotion		559
Operational & Administrative Costs		1,253
		27,048
Statutory Charges		
Pensioner Rebate		913
Total Expenditure		45,900
Pensioner Subsidy		(502)
Other Revenue		(106)
Total Domestic Waste Management Cost		45,292

The future estimates for Domestic Waste Management are shown below.

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Domestic Waste Management Revenue				
Annual Charges Domestic Waste Management	45,292	46,744	48,229	48,229

Stormwater Management

Council levies a Stormwater Management charge on all parcels of rateable land categorised as Residential or Business, other than those exempted under the Local Government Act. Pricing of the Stormwater Management charge has remained unchanged for 2024-2025. The rate has remained static since the original setting by the State Government in April 2006. While the charges for Residential properties are at the statutory maximum, the cap on Business properties is below the maximum levels.

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Stormwater Management Revenue				
Annual Charges Stormwater Management Service	2,024	2,055	2,087	2,120

Stormwater Management Service

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

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

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

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

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

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

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

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

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

Stormwater Quantity Management

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

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

- design and construction of flood mitigation works;
- policy and planning control review, and

- purchase of 'at risk' properties.

Stormwater Quality Management

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

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

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

Declared Dam Management

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

- Updating of the Dam Safety Emergency Plans (DSEP) and Operations and Maintenance Plans (O&MP).
- Development and implementation of emergency training curriculum and programs.
- Review and updating of detailed monitoring and reporting to reflect the Dam Safety Regulation 2019.
- Review and updating of risk management documentation to reflect the Dam Safety Regulation 2019.

Stormwater Management Service Charge Project Program

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

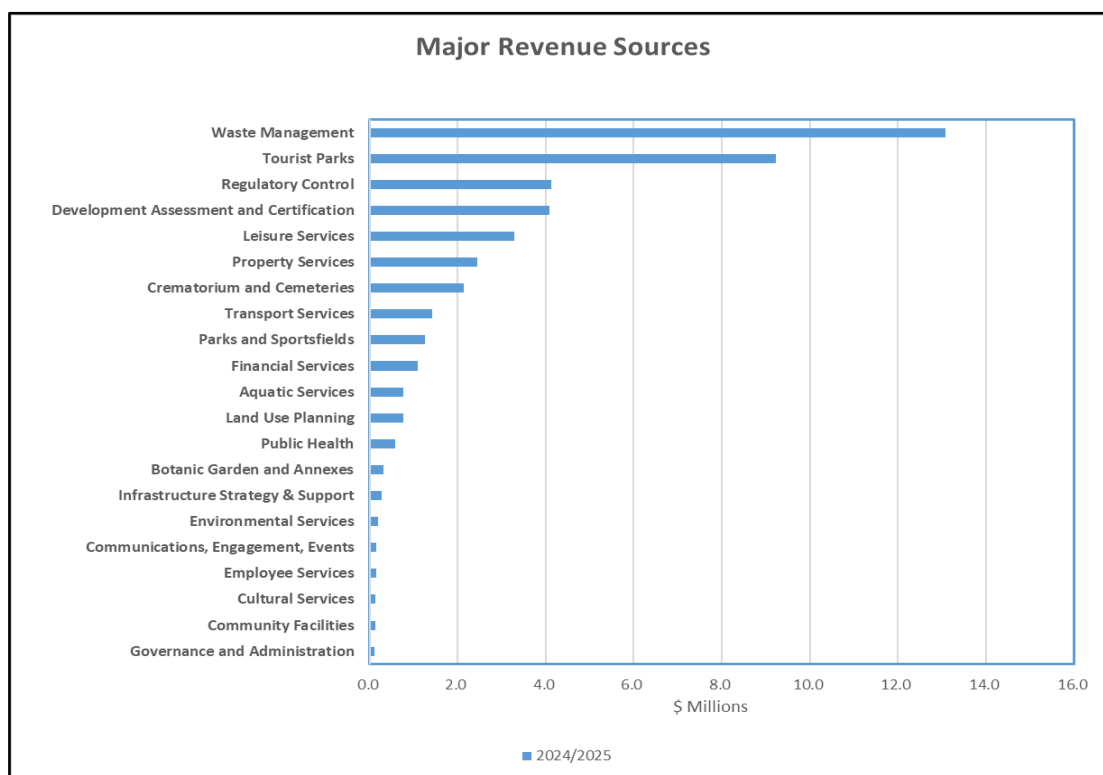
Project Theme	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Stormwater Management Service Charge Income				
Unspent funds brought forward from previous year	1,443	1,426	824	272
Annual Charge	2,024	2,055	2,087	2,120
Available funds	3,467	3,481	2,911	2,392
Proposed Expenditure				
Stormwater Quality Management	936	1,712	1,712	663
Stormwater Operational Management	850	733	810	812
Dam Safety Management	254	212	118	118
Total Proposed Expenditure	2,041	2,657	2,640	1,593

Waste Management Services – Non-Domestic Premises

Council for 2024-2025 will levy a Waste Management fee on approximately 520 non-residential properties where approved. The operations of this service are currently managed through the kerbside collection contracts and costs have not been separated from Domestic Waste Management. The fee for this service is set in line with Domestic Waste Management fees to avoid cross subsidisation.

User Fees, Charges and Other Revenue

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



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

Council charges a range of fees. Fees and Charges for 2024-2025 are included in the Draft Revenue Policy, Rates, Annual Charges and Fees 2024-2025 attachment. The income received from fees reduces the rate revenue and other untied income required for these services. Other charges are generally not for service and include penalty income, leasing, recoveries, sponsorship etc.

While IPART has determined a 5.0% rate peg increase for Council for 2024-2025, the estimated increase in costs for Council delivery over those years far exceeded the index movements. Council forecast includes a proposed 3.7% increase for Fees & Charges generally. In some cases, fees based on market rates, rate of return, or full recovery have been varied specifically, while statutory fees are set externally.

Interest on Investments

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Interest on Investments and transfers of Interest to Restricted Assets				
Sources				
General Interest	5,441	5,292	5,468	5,874
Property Rating	755	778	801	825
	6,197	6,070	6,269	6,699
Interest transferred to Restricted Assets	3,441	3,292	3,468	3,874
Net General Interest after Restricted Assets tran	2,755	2,778	2,801	2,825

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

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

There have been significant movements in interest rates over the past two years that impacts this revenue stream. In line with the Financial Strategy, additional returns above the baseline set in the Long Term Financial Plan will be treated as short term capacity within the strategic planning process and allocated on a non-recurrent basis.

CivicRisk Mutual Limited provides Council's insurance requirements (excluding Workers' Compensation) and is reported as a passive interest financial asset under the Australian Accounting Standards (AASB 9 Financial Instruments). As there are many unknown elements that impact on the valuation of this item and definitive trend information is not available, a budget is not provided for this or the fair value movement on other investments.

Operational Grants

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

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

Financial Assistance Grant

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

The NSW Local Government Grants Commission is responsible for the distribution of the Grant to councils within the State. Distribution criteria include population changes, changes in standard costs, disability measures, local roads and bridges lengths and changes in property values. Allocation methodology of future funds is still uncertain and may have an impact on future receipts. The roads component budget has been indexed annually by CPI while indexation has been applied to the general purpose component in the next three years. There is a risk this may not reflect the actual change in allocations.

The Australian Government may from time to time choose to partly prepay the annual grant allocation which can create a distortion of income on an annual basis. There has been early payment of the first two or three quarters of the grant in the years between 2018-2019 and 2021-2022, and a near 100% early payment last year. The timing of payment is usually confirmed through their annual budget process, generally in April.

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Financial Assistance (Revenue Sharing) Grant				
General Purpose component	18,809	18,809	18,809	19,373
Roads component	3,174	3,269	3,367	3,468
Total Financial Assistance Grant	21,983	22,079	22,177	22,842

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.

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Specific Purpose Operating Grants				
Aged and Disability Services	4,778	3,176	3,271	3,371
Libraries	677	677	677	677
Emergency Management	557	-	-	-
Stormwater Services	429	429	429	429
Transport Services	313	-	-	-
Regulatory Control	233	233	233	233
Natural Area Management	185	191	196	202
Community Programs	71	73	74	-
Youth Services	58	35	35	35
Community Facilities	47	48	50	51
Employee Services	44	45	47	48
Financial Services	24	25	25	26
City Centre Management	4	4	4	4
Land Use Planning	3	-	-	-
Total Specific Purpose Operating Grants	7,422	4,936	5,042	5,076

Operational grant forecasts include annual funding from Australian and State Government sources for community transport and social support programs. Council has been delivering these services to the community for over 20 years and those services have been operating at cost neutral to Council. The Australian Government has commenced a reform of Aged and Disability Services that will impact on how these services may be delivered in the future and what Council's role may be. Advice has been received that funding has been confirmed for Social Support Services until June 2025.

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

Capital Income

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

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

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

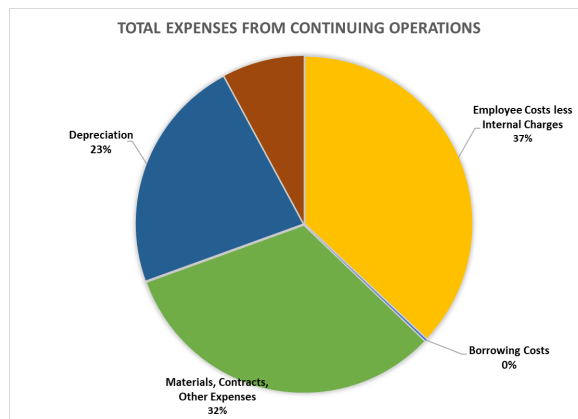
Profit/Loss on Disposal of Assets

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

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

Expenses

Expense Type	2024-2025 Budget (\$M)
Employee Costs less Internal Charges	142.4
Borrowing Costs	0.6
Materials, Contracts, Other Expenses	124.1
Depreciation	87.1
Profit/Loss on Disposal of Assets	-28.5
Total Expenses from Continuing Operations	325.7



Employee Costs

Employee costs are inclusive of labour on costs such as superannuation, workers' compensation costs, parental leave, annual leave, provision for long service leave and payroll tax, where applicable. It also includes training costs and safety equipment costs.

Salary & Wages

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

Labour costs are generally budgeted in accordance with the Enterprise Agreement rates with indicative indexation for increases beyond the current Enterprise Agreement. The current Enterprise Agreement was for three years and ends on 30 June 2024. Negotiations have commenced for a future Enterprise Agreement. Financial forecasts have been updated to reflect an estimated increase in costs in line with the Local Government Award agreed last year and provided for in the Rate Peg. The Local Government Award provided a 3.5% indexation in wages and a fixed \$1,000 pro rata bonus per employee. Finalisation of the Enterprise Agreement is expected after the adoption of the 2024-2025 budget.

Recurrent casual and overtime budgets are maintained to match the service and structure levels required for 2024-2025. 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.

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Salaries & Wages				
Salaries & Wages	125,425	128,675	132,879	137,260
Superannuation	13,819	14,870	15,430	15,973
Defined Scheme Superannuation Top Up	977	977	977	977
Fringe Benefits Tax	181	187	192	198
Labour Hire	63	65	67	69
Payroll Tax	58	60	62	64
Protective Clothing	335	345	356	366
Training Costs (excluding Salaries)	1,192	1,228	1,264	1,302
Change in Workers Comp Provision	289	299	309	320
Workers' Compensation Insurance	3,238	3,348	3,462	3,580
Direct Labour Oncosts	18,792	19,377	19,980	20,571
Total Employee Salaries & Wages	164,369	169,430	174,978	180,679
Capitalised & Distributed Employee Costs	21,690	22,480	23,237	24,020
Total Operational Employee Salaries & Wages	142,679	146,950	151,742	156,659

Superannuation

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

The majority of Council employees belong either to a defined benefits scheme, which ceased taking new members in 1991, or various accumulation schemes. Defined benefits scheme expenses are tied to employee contributions while accumulation scheme contributions are calculated as a pre-determined percentage of the employees' salary charged at the current Superannuation Guarantee (SG) rate of 11.5% [financial year 2024-2025].

As part of Federal Budget decisions, legislated SG increases have been occurring as a series of 0.5% annual increases from 2021-2022 to 2025-2026, intended to bring the SG rate to 12.0% by 1 July 2025.

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

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

Further advice received from the Superannuation Board in February 2024, has advised that no past service contributions are expected to be required from 1 January 2025, although this will be revisited if the financial position deteriorates. The forecast has been retained at a slightly reduced amount based on this advice.

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Superannuation	13,819	14,870	15,430	15,973
Defined Benefits Scheme Superannuation Top Up	977	977	977	977

Parental Leave

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Parental Leave	275	280	286	292

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

Workers' Compensation

Council has a self-insurance licence for workers' compensation. Conditions for self-insurance include the requirement of an annual reassessment of liability by a qualified actuary. The value of the liability must be supported either by restricted cash or a bank guarantee. Council currently supports this liability through a bank guarantee. Under this arrangement, Council meets all workers' compensation related costs including salary and wages, medical and associated costs up to \$1M on any individual claim. Claims beyond this are supported by an external insurance policy. This policy is reviewed annually.

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Workers Compensation				
Total Payments	3,238	3,348	3,462	3,580
Increase/(Decrease) in Provision	289	299	309	320

Salary & Wages Recovery

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

Other Employee Costs

Learning & Development

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Learning & Development				
Training, Conferences & Seminars	1,185	1,221	1,258	1,295

Cadets, Apprentices & Trainees

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

	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Cadets & Apprentices				
	2,304	2,369	2,419	2,470

Fringe Benefits Tax

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Fringe Benefits Tax				
	181	187	192	198

Borrowing Costs (Financing)

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

There are no proposed external borrowings in future plans.

The Infrastructure Delivery Program proposes works in Waste Services of \$46.6M over the next four years. These works are planned to be funded from the Waste Facility income that is collected through the gate fee over the life of the facility. The fees collected have exceeded the capital expenditure to date with the excess funds being held in the Waste Disposal Facility restricted asset. The programmed expenditure to 2027-2028 will require internal borrowing with internal interest allocated against the restriction during the period of debt to offset the lost income to general operations.

A repayment of \$0.6M principal is required in 2024–2025 to extinguish debts that remain outstanding.

Materials, Contracts & Other Expenses

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

Environmental Protection Authority (EPA) Levy

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

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

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
EPA Levy				
EPA Levy - Council	648	674	701	729
EPA Levy - Commercial	5,114	5,304	5,503	5,707
EPA Levy - Domestic	7,001	7,262	7,534	7,814
EPA Levy - Cover Material	766	794	824	855
TOTAL EPA Levy	13,529	14,034	14,562	15,105

Street Lighting

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

Council secured a zero emissions Power Purchase Agreement for contracted electricity and street lighting consumption pricing for a period of 10 years commencing 1 January 2023.

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Street Lighting	3,886	4,037	4,193	4,356
Street Lighting Subsidy	(714)	(714)	(714)	(714)

Emergency Services

Emergency services operations are contributed to by Council as below.

	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Emergency Services Contributions				
Rural Fire Service	827	857	887	919
State Emergency Service	773	801	830	860
NSW Fire Brigade	4,257	4,411	4,569	4,734
Total Emergency Services Contributions	5,857	6,068	6,287	6,513

The revised IPART Rate Peg methodology now makes provision for increases in the Emergency Services Levy, albeit in arrears of the actual payment year. The 2024–2025 Rate Peg included a 0.4% increase for Emergency Services.

Insurance

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

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

	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Insurances				
Insurance Premiums				
Valuations	20	20	20	20
ISR Property Insurance	1,893	1,893	1,893	1,893
Motor Vehicle/Plant Insurance	423	423	423	423
Statutory Liability/CDO Insurance	198	198	198	198
Public Liability/Professional Indemnity	1,836	1,836	1,836	1,836
Crime/Fidelity Guarantee Insurance	208	208	208	208
Hangars Keeper Insurance	5	4	6	6
Fine Arts Insurance	52	56	53	53
Fine Arts - Fire Insurance	2	2	2	2
Total Insurance Premiums	4,637	4,640	4,638	4,639
Excess Payments				
PL Below Excess Payments	200	200	200	200
Insurance Claims Below Excess covered from Divisional Budgets	100	100	100	100
Total Excess Payments	300	300	300	300

Legal Costs

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Legal Expenses				
External Legal Costs	648	667	687	708
"In House" Legal expenditure including employees	808	839	868	898

Fuel & Oil

Fuel is subject to fluctuation in global oil pricing and currency valuations and due to this volatility is subject to an annual review rather than an application of indices. With volatile fuel prices experienced due to the current global environment, there is a risk the financial forecasts may not be sufficient to cover the costs if they continue to rise in the future. Moving forward, adjustment will also be required for fuel costs as the light fleet transitions to non-combustion vehicles.

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Fuel & Oil	1,721	1,730	1,740	1,751

Affiliates Contributions

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Affiliates Contributions				
Tourism Support & Contributions	1,768	1,830	1,876	1,932
Performing Arts Centre	1,507	1,485	1,529	1,574
TOTAL Affiliates Contributions	3,275	3,315	3,404	3,506

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

Other Contributions, Donations, Memberships & Subsidies

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Sports Facilities - Grants	400	400	400	400
Illawarra Shoalhaven Joint Organisation	95	98	101	104
Sponsorship Fund	80	82	85	87
Natural Area Management	76	78	80	83
Local Grants Scheme Heritage Properties	69	71	74	76
Illawarra Surf Lifesaving Contribution	65	67	69	71
Business/Industry Development Activities	64	66	68	70
Illawarra Escarpment - Geotech. Research	59	61	63	65
City Centre - Events and Marketing	50	52	53	55
Community Arts Programme -Small Grants P	48	49	50	52
Neighbourhood Youth Prog- Port Kembla	46	48	49	51
Illawarra Academy of Sport Contribution	42	44	45	46
Economic Development Projects	37	38	39	40
Neighbourhood Youth Prog- Berkeley	36	37	38	39
Berkeley Park - Amenities Upgrade	33	34	35	36
Warrawong Residents Forum	33	6	-	-
Animal Impounding	28	29	30	31
Restoring Ecological function - Lake Illawarra	27	-	-	-
Neighbourhood Small Grants Program	23	24	25	26
Vietnamese Association of Wollongong	18	3	-	-
Anzac Day Support	17	18	18	19
UOW Scholarships	16	17	17	18
State Emergency Services Support	11	11	11	12
Public Bands Contribution	10	11	11	11
Southern Stars Contribution	9	9	10	10
Life Education Illawarra Contribution	8	9	9	9
Aboriginal Activities	8	8	8	8
Football South Coast – Ian McLellan – DA Development	7	7	8	8
Beaton Park - Track Upgrades	6	6	6	6
Illawarra Legal Centre	5	1	-	-
Illawarra Historical Society	4	5	5	5
WCC Social Club	4	5	5	5
Minor Donations	4	4	4	4
Wollongong Eisteddfod	4	4	4	4
Affordable Housing - Housing Trust	-	2,894	-	-
TOTAL Other Contributions, Donations and Subsidies	1,444	4,293	1,420	1,450

Councillors' Expenses

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Councillor support costs	19	20	21	22
Councillors	649	671	694	718
Councillor Expense	669	691	715	739

Telecommunications

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Total Telecommunications	716	738	760	783

Postage

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Postage - Central Admin Budget	222	229	235	243
Postage - other areas budget	251	258	266	274
Total Postage	473	487	501	516

Council Rates

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

	2024/2025 Budget \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Council Rates Expense (Council owned properties)	402	416	431	446

Housing Affordability Program

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

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

During December 2019, Council completed a tender process (Round 1) for the provision of the first part of the above commitment. Council has entered into an agreement with the Illawarra Community Housing Trust Ltd (trading as Housing Trust) for the delivery of affordable rental housing managed by Illawarra Housing Trust. The agreement seeks the completion of 17 units (minimum) to be constructed to target, but not limited to, single women over 50 years. Through this agreement, Council will make a one-off grant payment to the Housing Trust that is reflected in the 2025-2026 financial forecasts resulting in a negative Operating Result [pre capital] for that period.

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

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

Centrally Held Budget Capacity

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

Rates Growth

The growth in rateable assessments and population leads to additional requirements in some services and the need for additional resources to meet those demands. The Rates Growth provision provides financial resourcing for these additional impacts directly from additional rate income. An allocation model based on the assessment of the impacts of increased population on services has been devised

for use in forward estimates. While some Services are directly or indirectly impacted by growth, other areas are not, thereby creating natural economies of scale that lead to increased capacity.

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

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

	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Rates Growth	1,522	2,584	3,726	4,952
<i>Comprised Of:</i>				
Volume increase impacts	869	1,477	2,129	2,830
Economies of scale	652	1,107	1,597	2,122

Operational Contingency

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

The current contingency includes the savings from the proposed 0% CPI adjustment to Service budgets (\$1.2M) that is being centrally held to meet future increases to other services. This internal efficiency dividend process is not proposed to change the existing bottom line at this stage but is to be applied to meet additional burden without deteriorating the current position.

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

	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s	2026/2027 Forecast \$'000s	2027/2028 Forecast \$'000s
Operational Contingency	2,908	2,929	2,964	3,146
Insurance Claim Below Excess	100	100	100	100

Depreciation

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

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

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

Key Assumptions

West Dapto Development

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

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

Revenue

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

Developer contributions income is based on pricing that is contained in the West Dapto Developer Contributions Plan and expected timing of lot release. Council adopted its current contribution plan on 14 December 2020. The current plan is under review and will be submitted to IPART in the current calendar year.

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

Capital Programs

Council continues to support the West Dapto Urban Release Area through delivering capital projects, particularly to improve transport, stormwater, sports and recreation and open space.

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

Contributed Assets

Financial projections for the West Dapto release area recognise that a level of infrastructure requirements will be provided by developers. This is primarily subdivision works such as roads, drains, open space contributed by developers as subdivisions are made available for development. The value of these assets is reflected in the financial projections as capital income and contributed assets based on expected timing of receipt of these. Estimates of future depreciation, operating and maintenance costs for these have been included in forecast operational expenses.

Operational Expenses

The Long Term Financial Plan includes depreciation, operating and maintenance costs associated with services that will be required by the new population in that area such as community, library and open space facilities that are aligned to population growth. These estimates are based on planned asset construction and cost of providing these services to our existing population. As development progresses, revenue from the area will be used to fund the maintenance and operation of new assets

and services as part of Council's overall budget. Operational costs also include additional staff costs for the introduction of a dedicated West Dapto development team and expected cost for the delivery of services as the population grows. Service delivery costs are currently held centrally at this stage and will be distributed to relevant service delivery areas when timing and requirements can be better defined.

Enhanced Community Centre & Library Services

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

Restricted Revenue

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

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

10 YEAR RESTRICTED ASSETS SUMMARY

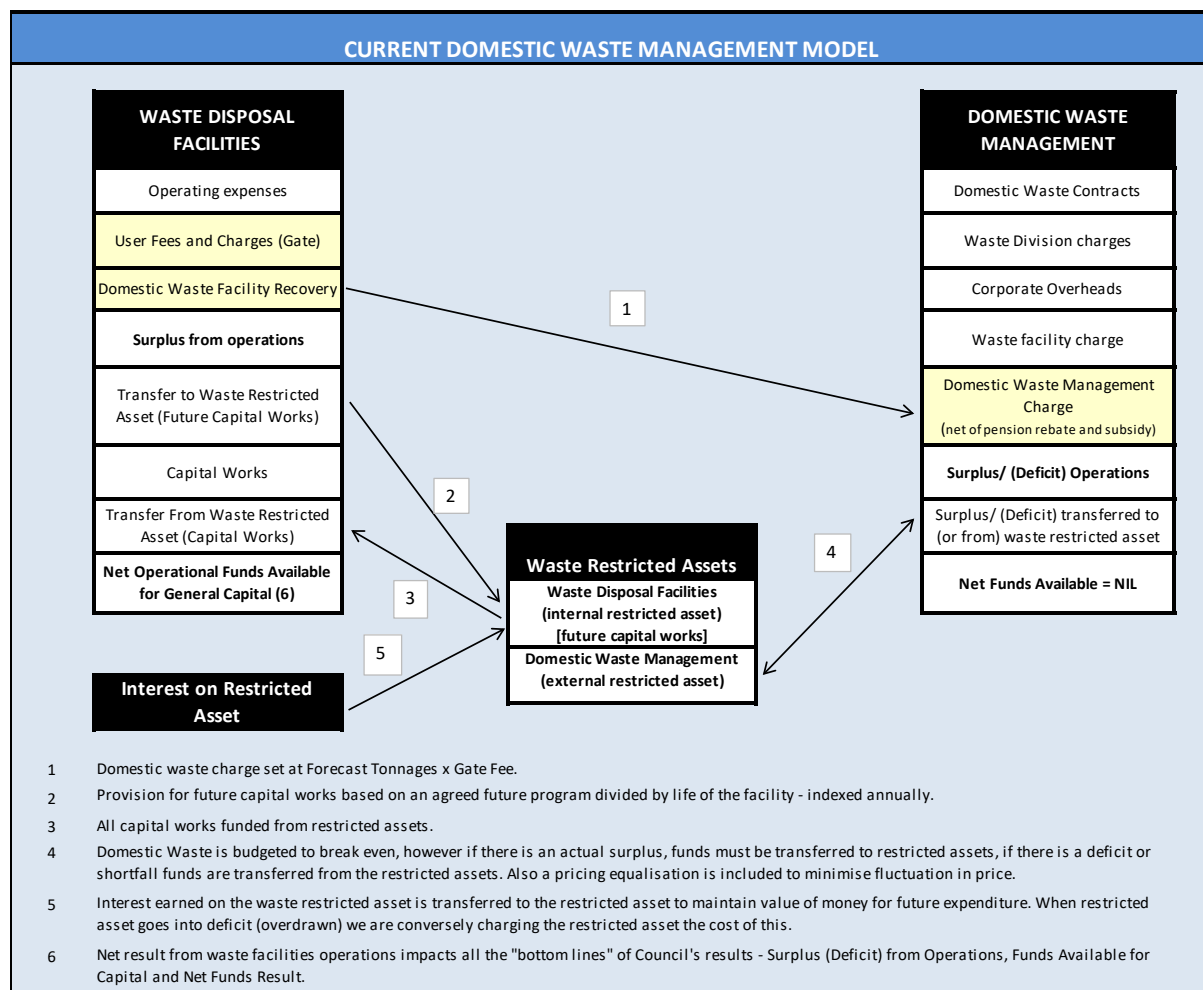
		2024/2025 Forecast \$'000			2025/2026 Forecast \$'000			2026/2027 Forecast \$'000			2027/2028 Forecast \$'000		
PURPOSE OF RESTRICTED ASSET	Opening Balance 1/07/24	Transfer		Balance	Transfer		Balance	Transfer		Balance	Transfer		Balance
		In	Out	30/06/25	In	Out	30/06/26	In	Out	30/06/27	In	Out	30/06/28
Internally Restricted Assets													
Strategic Projects	13,215		2,014	11,201		1,584	9,617		3,290	6,327		152	6,175
Strategic Projects (unallocated)	18,779			18,779			18,779			18,779			18,779
Property Investment Fund	5,114	201	419	4,896	166	331	4,730	152	343	4,540	138	355	4,323
MacCabe Park Development	2,040	150		2,190	150		2,340	150		2,490	150		2,640
City Parking Strategy	1,374	750	491	1,632	758	545	1,845	780	432	2,193	803	507	2,490
Sports Priority Program	321	327	400	248	332	400	180	336	400	116	398	400	114
Natural Areas Fund	173			173			173			173			173
West Dapto Rates (additional)	12,665	3,467	806	15,326	4,174	761	18,740	4,655	780	22,615	3,244	800	25,060
West Dapto Community Facilities		29,000		29,000			29,000			29,000			29,000
Lake Illawarra Estuary Management Fund	499	165	203	461	165	187	439	165	188	416	165	189	392
Darcy Wentworth Park	18			18			18			18			18
Waste Disposal Facilities ***	9,491	5,787	13,039	2,240	5,658	4,465	3,433	5,483	16,726	(7,811)	5,123	12,607	(15,296)
Total Internal Restricted Assets	63,689	39,847	17,373	86,163	11,402	8,271	89,294	11,721	22,158	78,856	10,022	15,010	73,868
Externally Restricted Assets													
Developer Contributions (formerly S 94)	46,718	11,870	5,593	52,995	12,072	25,162	39,905	29,166	12,221	56,850	27,511	2,300	82,061
Planning Agreements	4,084			4,084	17,342		21,426			21,426			21,426
Grants	5,092	19,144	24,776	(541)	40,117	30,029	9,547	19,557	21,620	7,483	8,277	7,311	8,449
Loan Repayment	814	(19)	922	(127)	(21)		(148)	(23)		(171)	(144)		(314)
Domestic Waste Management	4,640	194		4,834	172		5,006	172		5,178	172		5,351
Contributed Assets		7,014	7,014		5,871	5,871		14,585	14,585		14,129	14,129	
Other Contributions	6,949	795	666	7,078	707	567	7,218	709	563	7,365	714	355	7,723
Special Rates Levies - City Centre + Mall	783	1,344	1,353	773	1,391	1,392	772	1,439	1,439	773	1,490	1,471	792
Housing Affordability Program	3,045	302	100	3,246	209	2,894	561	151		711	151		862
Local Infrastructure Renewal Scheme	1,183	65		1,248	61		1,309	63		1,371	16		1,387
Stormwater Management	1,693	2,024	2,441	1,276	2,055	2,657	674	2,087	2,640	121	2,120	1,593	648
Total External Restricted Assets	74,999	42,732	42,866	74,865	79,976	68,572	86,269	67,906	53,067	101,108	54,436	27,159	128,385
Grand Total	138,688	82,579	60,239	161,028	91,378	76,844	175,563	79,628	75,226	179,965	64,458	42,169	202,253
*** 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.													

10 YEAR DEVELOPER CONTRIBUTIONS RESTRICTED ASSETS SUMMARY

		2024/2025 Forecast \$'000			2025/2026 Forecast \$'000			2026/2027 Forecast \$'000			2027/2028 Forecast \$'000		
PURPOSE OF RESTRICTED ASSET	Opening Balance 1/07/24	Transfer		Balance 30/06/25	Transfer		Balance 30/06/26	Transfer		Balance 30/06/27	Transfer		Balance 30/06/28
		In	Out		In	Out		In	Out		In	Out	
Externally Restricted Assets													
West Dapto	10,385	7,924	2,750	15,559	8,554	7,710	16,403	25,972	8,094	34,282	24,349	1,603	57,028
Calderwood	388	16		405	14		419	14		433	14		448
City Centre	7,702	251	9	7,944	201	1,030	7,115	187	2,000	5,302	183		5,485
City Wide	28,242	3,679	2,833	29,088	3,302	16,422	15,968	2,992	2,127	16,833	2,964	697	19,100
Total Developer Contributions Restricted Assets	46,718	11,870	5,593	52,995	12,072	25,162	39,905	29,166	12,221	56,850	27,511	2,300	82,061

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

Overview of Domestic Waste Model



Budget Limitations/Development

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

Indices

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

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

Utility Cost

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

Asset Management – Valuation and Asset Lives

As an industry, Local Government has recognised a need to provide for ongoing asset replacement. The consumption of these assets is represented by depreciation, which is based on expected asset lives, condition assessments and valuations. While the maturity of this information is improving, many of the assumptions are unproven due to the nature of this exercise. For example, it is difficult to estimate asset lives in relatively new cities, such as Wollongong, where there may not be historical data available or comparability with other cities due to differing environmental factors and construction approaches. In addition, changing technologies may impact on renewal and maintenance costs. A substantial program is currently underway to review Council's assets and produce revised asset plans that will help refine these forecasts going forward.

Lake Illawarra

The Coastal Management Plan (CMP) for Lake Illawarra was gazetted in late 2020. The CMP sets out actions to be undertaken over the next 10 years to protect and enhance the health of the lake. The total cost to undertake all actions is approximately \$35.3M. The CMP nominates an indicative funding arrangement shared between Wollongong City Council, Shellharbour City Council and various NSW Government Agencies. Wollongong City Council has committed approximately \$2.5M under the current four year Delivery Program towards CMP actions.

Internal Charging

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

Contributed Assets

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

Development Contributions (excluding West Dapto)

Development contributions income projections are based on the adopted plan and anticipated timing of receipts. The recent economic climate has had a significant impact on projected income. There are a range of projects that have been included in the Delivery Program that are dependent on funding from this source. The timing and capacity to deliver these will need to be monitored in the context of ability to achieve income projections.

Property Sales and Investment

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

Climate Change

Local Government is considered to be on the frontline facing the impact of climate change on communities. The Commonwealth Government has indicated that councils have a role in early planning to identify and prepare for the risk from climate change and help protect the wellbeing of communities, local economies and the built and natural environment and to contribute to a low pollution future. In addition to a planning role, councils also own or directly manage a range of assets that potentially will be impacted by climate change. Increased emphasis on climate change related activities may require a redirection of funding. Activities in this regard will be guided by the adopted Climate Change Mitigation Plan 2023-2030 and the Climate Change Adaptation Plan 2022.

Section 2

Capital Program and Budget 2024-2025 to 2027-2028

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

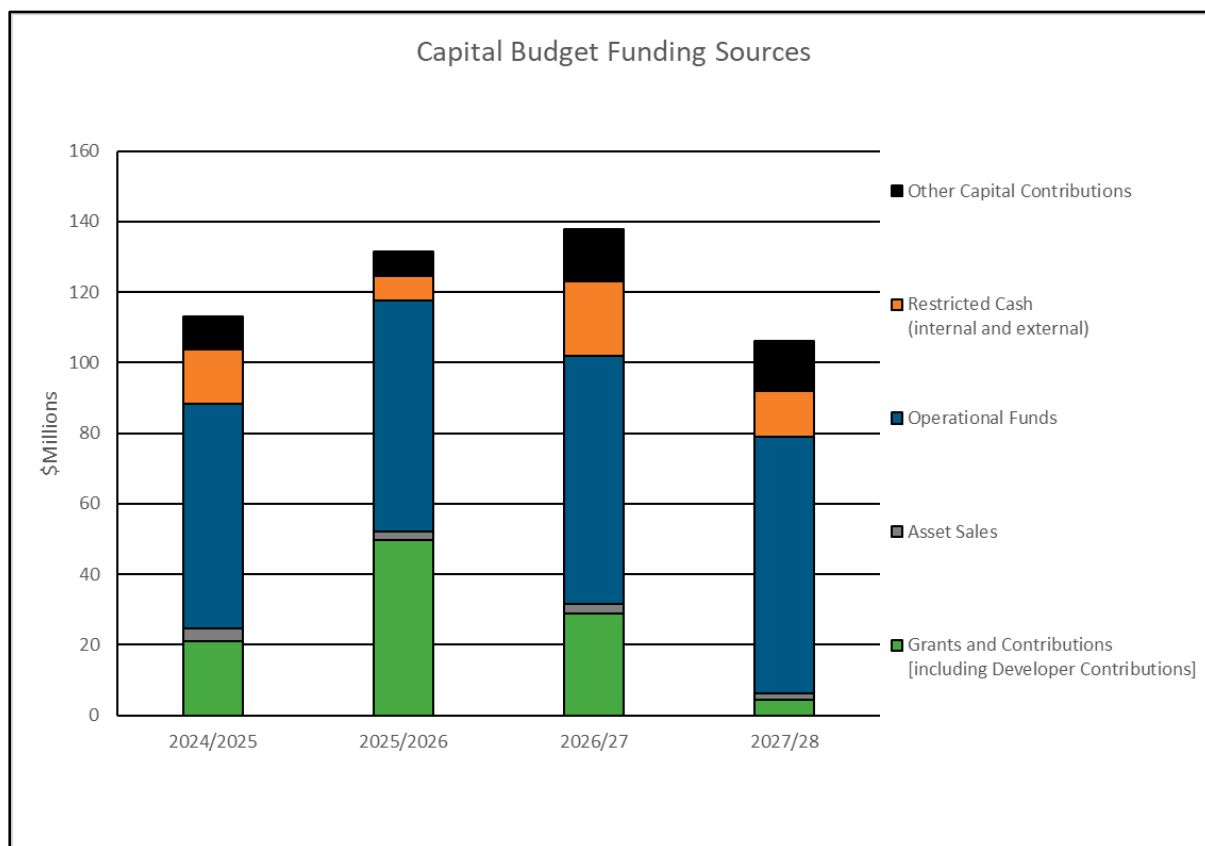
- Community input and strategic directions stated in the Our Wollongong Our Future 2032 - Community Strategic Plan
- Council's Asset Management Policy and Strategies
- Economic, tourism and growth factors including West Dapto
- Availability of funding

The Infrastructure Delivery Program is structured to provide a significant amount of renewal funding to community assets such as roads, footpaths, cycleways, buildings, stormwater, recreation, sporting and aquatic facilities using inputs from both the community and Council's Asset Management Plans. The Infrastructure Delivery Program (Attachment 2) provides an indicative program of works to support this budget.

Capital Budget Funding 2024-2025

In 2024-2025, \$113.0M including contributed assets will be allocated for capital works, much of which will go towards improving the condition of existing community assets with a focus on replacing assets. The total Capital Budget for 2024-2025 is derived from the allocation of operational funds (including contributions from operational savings), asset sales, contributions from restricted assets, allocations from Development Contributions funds and funding from State and Commonwealth Government grants.

Capital Budget by Funding Sources – Summary Graph



Capital Budget by Funding Sources – Table

Revenue Type	2024-2025 Budget \$M	2025-2026 Forecast \$M	2026-2027 Forecast \$M	2027-2028 Forecast \$M
Operational Funds	63.8	65.7	70.5	72.8
Asset Sales	3.5	2.4	2.7	1.7
Grants and Contributions [including Developer Contributions]	21.0	49.7	28.8	4.5
Restricted Cash (internal and external)	15.5	7.0	21.2	12.9
Borrowings	0.0	0.0	0.0	0.0
Other Capital Contributions	9.2	6.7	14.6	14.1
TOTAL	113.0	131.4	137.8	106.1

Capital Budget by Asset Class

Asset Class	2024-2025 Budget \$M	2025-2026 Forecast \$M	2026-2027 Forecast \$M	2027-2028 Forecast \$M
Roads And Related Assets	20.5	23.4	20.1	19.6
West Dapto	7.4	20.4	14.8	1.3
Footpaths And Cycleways	11.9	9.0	17.3	11.8
Carparks	1.1	2.6	1.1	1.3
Stormwater And Floodplain Management	10.0	6.5	5.7	5.7
Buildings	14.8	33.0	33.0	16.5
Commercial Operations	0.9	2.0	1.2	1.0
Parks Gardens And Sportfields	8.3	3.9	2.4	2.3
Beaches And Pools	1.5	9.3	0.3	0.4
Natural Areas	0.0	0.0	0.0	0.0
Waste Facilities	13.0	4.4	16.7	12.5
Fleet	4.4	1.2	1.3	1.8
Plant And Equipment	3.6	3.4	3.5	3.4
Information Technology	1.3	1.4	0.9	1.1
Library Books	1.4	1.4	1.4	1.5
Public Art	0.1	0.1	0.1	0.1
Emergency Services	0.0	0.0	0.0	0.0
Land Acquisitions	0.2	0.2	0.3	0.0
Non-Project Allocations	5.7	3.4	3.1	11.7
Loans	0.0	0.0	(0.0)	0.0
Not Applicable	7.0	5.9	14.6	14.1
	113.0	131.4	137.8	106.1
Contributed assets	7.0	5.9	14.6	14.1
Total excluding contributed assets	106.0	125.5	123.2	92.0

Upcoming Capital Projects in 2024-2025

PROJECTS – PLANNING AND DESIGN

During 2024-2025 Wollongong City Council plans to continue and complete approximately 143 design projects including the following:

- Darkes Town Centre Sporting and Community Hub - Stage 1
- McMahons Street Detention Basin
- Port Kembla Community Centre Hall, Workshop and Forecourt Stage 2
- Art Gallery and Town Hall – Refurbishment
- Mount Kembla Mountain Bike Amenities
- Beaton Park Multipurpose Facility Upgrade
- Windang Foreshore Playground
- Wongawilli Hall Refurbishment and Upgrade
- Murray Road; Duff Parade to Cawley Street Shared Path and Pedestrian Crossings
- Grand Pacific Walk Upgrade – Headlands Avenue to Coledale Avenue

PROJECTS – CONSTRUCTION

During 2024-2025, Wollongong City Council plans to commence or continue over 168 construction projects including the following:

- Southern Suburbs Library and Community Centre
- West Dapto Road – Yard Street to Shone Avenue (Stages 2-5)
- Helensburgh Pool Upgrade
- Thomas Gibson Oval Amenities
- Bellambi Gully Flood Mitigation Scheme
- The Avenue Debris Control Structure
- Memorial Drive Debris Control Structure
- Northern Cycleway; Ursula Road to Farrell Road Shared Path Upgrade
- Princes Highway, North Wollongong Station to Guest Avenue Shared Path Upgrade
- Grand Pacific Walk Austinmer

CAPITAL BUDGET 2024-2025 to 2027-2028

\$'000

Asset Class	2024-2025			2025-2026			2026-2027			2027-2028		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
Roads And Related Assets												
Traffic Facilities	3,248	(2,081)	1,167	4,920	(4,390)	530	2,400	(2,100)	300	100	0	100
Public Transport Facilities	20	(20)	0	380	(210)	170	355	0	355	355	0	355
Roadworks	16,342	(3,095)	13,247	14,580	(3,370)	11,210	14,447	(3,700)	10,747	15,959	(2,700)	13,259
Bridges, Boardwalks and Jetties	895	0	895	3,470	0	3,470	2,870	0	2,870	3,210	0	3,210
Total Roads And Related Assets	20,505	(5,196)	15,309	23,350	(7,970)	15,380	20,072	(5,800)	14,272	19,624	(2,700)	16,924
West Dapto												
West Dapto Infrastructure Expansion	7,420	(7,270)	150	20,375	(20,375)	0	14,750	(14,750)	0	1,250	(1,250)	0
Total West Dapto	7,420	(7,270)	150	20,375	(20,375)	0	14,750	(14,750)	0	1,250	(1,250)	0
Footpaths And Cycleways												
Footpaths	6,243	(1,806)	4,438	4,917	(2,377)	2,540	9,615	(4,400)	5,215	4,100	0	4,100
Shared Paths	5,550	(2,350)	3,200	3,685	(1,800)	1,885	2,580	0	2,580	3,700	0	3,700
Commercial Centre Upgrades - Footpaths and (60	0	60	370	0	370	5,120	(700)	4,420	4,000	0	4,000
Total Footpaths And Cycleways	11,853	(4,156)	7,698	8,972	(4,177)	4,795	17,315	(5,100)	12,215	11,800	0	11,800
Carparks												
Carpark Construction/Formalising	420	(420)	0	2,300	(1,200)	1,100	100	0	100	200	0	200
Carpark Reconstruction or Upgrading	715	0	715	285	0	285	1,000	0	1,000	1,100	0	1,100
Total Carparks	1,135	(420)	715	2,585	(1,200)	1,385	1,100	0	1,100	1,300	0	1,300
Stormwater And Floodplain Management												
Floodplain Management	3,755	(3,280)	475	2,100	(1,317)	783	2,240	(1,000)	1,240	2,233	0	2,233
Stormwater Management	5,802	(1,275)	4,527	4,250	(1,000)	3,250	3,480	0	3,480	3,140	0	3,140
Stormwater Treatment Devices	410	(400)	10	110	0	110	10	0	10	300	0	300
Total Stormwater And Floodplain Management	9,967	(4,955)	5,012	6,460	(2,317)	4,143	5,730	(1,000)	4,730	5,673	0	5,673

CAPITAL BUDGET 2024-2025 to 2027-2028

\$'000

Asset Class	2024-2025			2025-2026			2026-2027			2027-2028		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
Buildings												
Cultural Centres (IPAC, Gallery, Townhall)	50	0	50	6,000	0	6,000	6,000	0	6,000	0	0	0
Administration Buildings	925	0	925	600	0	600	400	0	400	1,330	0	1,330
Community Buildings	13,795	(600)	13,195	26,410	(12,073)	14,337	26,590	(6,260)	20,330	14,595	0	14,595
Public Facilities (Shelters, Toilets etc.)	0	0	0	20	0	20	40	0	40	575	0	575
Total Buildings	14,770	(600)	14,170	33,030	(12,073)	20,957	33,030	(6,260)	26,770	16,500	0	16,500
Commercial Operations												
Tourist Park - Upgrades and Renewal	400	0	400	1,300	0	1,300	500	0	500	800	0	800
Memorial Gardens and Cemeteries - Upgrades	390	0	390	580	0	580	580	0	580	80	0	80
Leisure Centres & RVGC	150	0	150	150	0	150	150	0	150	150	0	150
Total Commercial Operations	940	0	940	2,030	0	2,030	1,230	0	1,230	1,030	0	1,030
Parks Gardens And Sportfields												
Play Facilities	1,407	(402)	1,005	2,250	(1,200)	1,050	1,500	(500)	1,000	1,000	0	1,000
Recreation Facilities	755	(250)	505	245	(235)	10	10	0	10	63	0	63
Sporting Facilities	6,100	(1,434)	4,666	1,370	(1,240)	130	936	(936)	0	1,217	(952)	265
Lake Illawarra Foreshore	0	0	0	0	0	0	0	0	0	0	0	0
Total Parks Gardens And Sportfields	8,262	(2,086)	6,176	3,865	(2,675)	1,190	2,446	(1,436)	1,010	2,279	(952)	1,328
Beaches And Pools												
Beach Facilities	0	0	0	0	0	0	0	0	0	20	0	20
Rock/Tidal Pools	0	0	0	0	0	0	0	0	0	10	0	10
Treated Water Pools	1,450	(60)	1,390	9,250	(3,002)	6,248	250	0	250	400	0	400
Total Beaches And Pools	1,450	(60)	1,390	9,250	(3,002)	6,248	250	0	250	430	0	430
Natural Areas												
Natural Area Management and Rehabilitation	0	0	0	0	0	0	0	0	0	0	0	0
Total Natural Areas	0	0	0	0	0	0	0	0	0	0	0	0

CAPITAL BUDGET 2024-2025 to 2027-2028

\$'000

Asset Class	2024-2025			2025-2026			2026-2027			2027-2028		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
Waste Facilities												
Whytes Gully New Cells	12,975	(12,975)	0	4,400	(4,400)	0	16,660	(16,660)	0	12,540	(12,540)	0
Total Waste Facilities	12,975	(12,975)	0	4,400	(4,400)	0	16,660	(16,660)	0	12,540	(12,540)	0
Fleet												
Motor Vehicles	4,395	(2,286)	2,109	1,190	(617)	573	1,275	(672)	603	1,800	(949)	851
Total Fleet	4,395	(2,286)	2,109	1,190	(617)	573	1,275	(672)	603	1,800	(949)	851
Plant And Equipment												
Mobile Plant (trucks, backhoes etc.)	3,600	(780)	2,820	3,428	(782)	2,646	3,520	(799)	2,721	3,427	(786)	2,640
Fixed Equipment	0	0	0	0	0	0	0	0	0	0	0	0
Total Plant And Equipment	3,600	(780)	2,820	3,428	(782)	2,646	3,520	(799)	2,721	3,427	(786)	2,640
Information Technology												
Information Technology	1,340	0	1,340	1,400	0	1,400	900	0	900	1,050	0	1,050
Total Information Technology	1,340	0	1,340	1,400	0	1,400	900	0	900	1,050	0	1,050
Library Books												
Library Books	1,374	0	1,374	1,404	0	1,404	1,438	0	1,438	1,468	0	1,468
Total Library Books	1,374	0	1,374	1,404	0	1,404	1,438	0	1,438	1,468	0	1,468
Public Art												
Art Gallery Acquisitions	103	0	103	107	0	107	110	0	110	113	0	113
Total Public Art	103	0	103	107	0	107	110	0	110	113	0	113
Emergency Services												
Emergency Services Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0
Total Emergency Services	0	0	0	0	0	0	0	0	0	0	0	0

CAPITAL BUDGET 2024-2025 to 2027-2028

\$'000

Asset Class	2024-2025			2025-2026			2026-2027			2027-2028		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
Land Acquisitions												
Land Acquisitions	250	(250)	(0)	250	(250)	(0)	250	(250)	0	0	0	0
Total Land Acquisitions	250	(250)	(0)	250	(250)	(0)	250	(250)	0	0	0	0
Non-Project Allocations												
Capital Project Contingency	5,656	0	5,656	3,408	0	3,408	3,112	0	3,112	11,692	0	11,692
Capital Project Plan	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Project Allocations	5,656	0	5,656	3,408	0	3,408	3,112	0	3,112	11,692	0	11,692
Loans												
LIRS Loan	0	(656)	(656)	0	0	0	0	0	0	0	0	0
Total Loans	0	(656)	(656)	0	0	0	0	0	0	(0)	0	(0)
Not Applicable												
Not Applicable	7,014	(7,498)	(484)	5,871	(5,871)	0	14,585	(14,585)	0	14,129	(14,129)	0
Total Not Applicable	7,014	(7,498)	(484)	5,871	(5,871)	0	14,585	(14,585)	0	14,129	(14,129)	0
TOTAL	113,010	(49,187)	63,822	131,374	(65,708)	65,666	137,772	(67,311)	70,461	106,106	(33,306)	72,800
NET REVENUE FUNDED		63,822			65,666			70,461			72,800	
"Contributed Assets" in Not Applicable	7,014	(7,498)	(484)	5,871	(5,871)	0	14,585	(14,585)	0	14,129	(14,129)	0
Total excluding contributed assets	105,995	(41,689)	64,306	125,503	(59,837)	65,666	123,188	(52,727)	70,461	91,976	(19,177)	72,800

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Our Wollongong Our Future

From the mountains to the sea, we value and protect our natural environment and will be leaders in building an educated, creative, sustainable and connected community.

We value and protect our environment

We have an innovative and sustainable economy

Wollongong is a creative, vibrant city

We are a connected and engaged community

We have a healthy community in a liveable city

We have affordable and accessible transport



Wollongong City Council

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