



Wollongong City Council

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# Attachment 1

## Budget

### 2022-2023

Adopted 27 June 2022



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## Introduction

In June 2021, Council adopted its current Financial Strategy that recognised Council had reached its target of financial sustainability and committed to maintain that position. The period from late 2019 to the current period has been an exceptionally challenging time for Council with significant impacts from fire, COVID-19 and flooding. Council has been able to respond financially to these issues to date by utilising existing reserves, with the assistance of additional funding from other levels of government, and the support of the community during closures and restricted operations. During this time, Council has been able to broadly maintain its financial strength and has continued to exceed its expectations in some areas that has allowed some reserves to be re-established.

While Council plans to achieve long term financial sustainability to maintain existing levels of service into the future, the community demand and desire is for improved levels of service across a broad range of existing and emerging services. As Council has limited resources, funded primarily by the Wollongong community, it is intended to include goals and actions in the current Delivery Plan that aims to improve the capacity of the organisation to respond to increases in service demand. This will lead to review of the current Financial Strategy and there will be actions derived from that to achieve this goal.

As we move into the next plan there are new challenges due to current valuation estimates and clear demand for more than just sustainability. Our recent community engagement has provided clear evidence of the desire for increased service and improved levels of service across several Council operations.

Council's recent Transport and Stormwater asset revaluation, which was finalised during the community consultation period, has resulted in calculated asset values and depreciation that is substantially higher than previously forecast. The asset valuations just completed are based on our existing asset management plans and accounting requirements which may result in the overstatement of future needs. While these adjustments will negatively impact our financial Key Performance Indicators (KPIs) in the short term, they will not impact the current delivery program or our capacity to maintain and renew assets over the reporting period.

Council's position will remain sustainable, although actions will be required in future years to address the reporting and/or funding issues. It is considered that options are available to review the asset management assumptions and depreciation 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.

Council's ability to increase services, service levels, or manage the increased cost of asset renewal is limited, however, Council has included an action to review its Financial Strategy over the coming period with the view to creating greater capacity to do more. Council will also review its asset management plans for Transport and Stormwater to identify and verify optimised methodologies that it is anticipated will result in longer lives for some assets and lower levels of depreciation.

At the same time, there are significant external risks that are impacting the degree of certainty over the financial results and forecasts. These risks include increasing inflation and costs to Council, the rate income increase being well below increasing costs of providing service, proposed variations to the allocation of Council's Financial Assistance Grant and additional superannuation costs. With these changes it is likely Council will incur further shortfalls for at least the first three years of this Plan.

The allocations of the Financial Assistance Grant, a Federal Government Grant allocated in NSW by the Grants Commission on behalf of the State Government, is being changed to better advantage councils in the greatest relative need in NSW. The impact of this change is that Wollongong will not experience the expected real growth in its funding and may experience an actual decrease in funding over time. The Grants Commission is not able to

forecast future grants, although have advised their direction and its potential negative impact on Wollongong City Council. While a decision has not been made on a change to the allocation methodology that would allow reductions in future grants, it is considered prudent to budget for zero increases for at least four years of this Plan while the methodology and its impacts are better determined. The Financial Assistance Grant is a substantial portion of Council's revenue and this variation had an impact of \$0.4M in year one and \$1.7M per annum by year four. In addition, the early payment of \$15.3M of the 2022-2023 Financial Assistance Grant has had a significant impact on the results for 2022-2023.

Active Super (previously Local Government Superannuation) manage a Defined Benefits Scheme on behalf of Local Government that has insufficient contributions to maintain a sound financial position without additional council payments. The scheme, which closed to new employees in 1991, has required councils to fund a catch up payment that has been in place since 2009. While it was initially envisaged that this would be a short term requirement, the scheme will now require additional payment for the fourteenth year. Council had not funded this extension into future years in the expectation that it would cease, however, recent correspondence has indicated a payment of \$1.0M (half of previous payments) would still be required in 2022-2023. As this has been a year by year proposition for an extended period, it is considered prudent to include costs in future years of this Plan.

With these challenges, Council remains committed to achieving an extensive Infrastructure Delivery Program to ensure the highest levels of renewal and construction activity is maintained. This level of activity will assist in continuing to support our local economy and community assets as we emerge from COVID-19.

## Financial Strategy

Wollongong City Council is committed to the principles of financial sustainability and good financial management. Council will use ratepayers' money, together with other funding available, wisely to provide prioritised services, improve financial sustainability and asset 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 are modified over time to reflect Council's financial sustainability, maturity, evolution and, in this year, to respond to crisis and external influences. The Financial Strategy is viewed as an enabling Strategy that provides the guiding principles to allow for financial stability over the short, medium and longer term.

The current Financial Strategy has clear objectives that include:

- 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.
- 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 at least equal to depreciation.
- 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 & 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 encapsulates the Service levels and outcomes as documented in the Resourcing Strategy and Delivery Program 2022-2026 and Operational Plan 2022-2023.

The forecasts have been informed by asset management plans, timing of capital program and are supported by the range of underlying indices and assumptions that are 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 and annual delivery planning, annual resets of assumptions and indices, Quarterly Review changes and one-off changes where new information leads to a requirement to alter the forecast. Underlying indices support the long-term forecasts and these are revised through the annual planning process to reflect most recent economic indicators. The greatest risk in this process is that the underlying indices, particularly the correlation between the rates index and the cost of service, are mismatched in the future.

Key financial forecasts for the years 2022-2023 to 2025-2026 are shown in the tables below.

KEY INCOME & EXPENSE RESULTS				
	2022/2023 Budget \$M	2023/2024 Forecast \$M	2024/2025 Forecast \$M	2025/2026 Forecast \$M
<b>Operating Result [pre capital]</b>	(24.8)	(5.4)	(6.0)	(11.1)
<b>Funds Available from Operations</b>	52.2	69.7	69.3	72.1
<b>Available Funds</b>	13.5	13.4	13.0	16.4

Over the past three devastating years that have seen threats of fire, flood and pandemic, Council's resources have been stretched and existing reserves were in part depleted to maintain operations. Council has been able to financially manage through this period and replace some of that lost capacity through savings, however, will incur further shortfalls in this Plan.

While Council aims to achieve a small Operating Surplus [pre capital], our estimates and results do show that we have experienced or are estimating deficit results. The forecast deficit results for the Operating Result [pre capital] and Total Funds for 2022-2023 have been impacted by the early payment of part of the 2022-2023 Financial Assistance Grant of \$15.3M in the previous financial year.

### Continued investment, service enhancement and recovery actions

In past years where Council achieved financial improvements beyond the targets set in the financial forecasts, these were transferred to Strategic Projects internally restricted cash to be

held for allocation through the annual planning cycle. This provided a level of additional capacity that could be applied to enhance some service deliveries, accelerate planned projects or introduce additional projects. The Operational Plan 2022-2023 includes capital and operational projects that are non-recurrent or fixed duration to be funded from Strategic Projects restricted cash. The projects to be funded from Strategic Projects restricted cash over the next four years are detailed in the diagram below.

**Diagram 1**

PROPOSED PROJECTS & PROGRAMS				
Funded from Strategic Projects Restricted Cash				
	2022/23 Budget \$'000'S	2023/24 Forecast \$'000'S	2024/25 Forecast \$'000'S	2025/26 Forecast \$'000'S
<b>Capital Projects</b>				
Beaton Park Tennis Court Relocation and Upgrade	1,100			
The Ridge; House no. 48 to end	1,000			
North Wollongong Beach Seawall Renewal	725	2,461		
Cliff Rd; Stuart Park to Marine Dr	270			
Mt Kembla Mountain Bike Trails (plan and design)	250			
Crown St; Parkside Ave to Marine Drive	130			
Fred Finch Park Netball Court realignment	100			
Mobile Skate Equipment	100			
Botanic Gardens Rainforest Walk - Stage 2	50			
Disabled Viewing Platform on Hill 60	50			
Additional Outdoor Exercise Equipment		313		
Rex Jackson Sports Field Lighting		250		
Design & Implementation of King George V Park Masterplan		20	235	
Traffic Facilities Improvements			300	300
Helensburgh Library + Community Centre			400	2,600
Various Traffic Facilities, Footpaths & Shared Paths	310	160	80	
	<b>4,085</b>	<b>3,204</b>	<b>1,015</b>	<b>2,900</b>
<b>Studies &amp; Supporting Documents</b>				
Management of Councils Water Supply & Waterwaste Infrastructure	233			
Stuart Park Masterplan	145			
Access and Movement Strategy Review	125			
Landscape development plan for West Dapto - for riparian corridor	100			
Development of Crown Land Plans of Management	118			
Climate Change Adaptation Plan - Assessment of Heat Impact	80			
West Dapto Review WaterCycle Masterplan	75			
Western Sydney Development Impacts Study	70			
Flood Risk Management Studies Best Practice	65			
Biodiversity Strategy	61			
Towradgi Creek Shared Path Feasibility Investigations	56			
Lake Illawarra Shared Path Masterplan	55	55		
Flood Impact Assessment Automation	50			
Social Infrastructure Planning Framework	50	100		
Synthetic Football Pitch in Planning Area 1 (North) - Site Investigations	50			
Fred Finch Park Lighting Feasibility	40			
Review Planning Controls - Wilga St, Corrimal	40			
Review of Duck Creek Flood Risk Management Study	37			
Feasibility Study Synthetic Football Pitch in Planning Area	35			
Fred Finch Park - Landscape Masterplan	35			
Hill 60 Tunnels Reopening- Detailed Concept Plans	25	125		
Development Control Plan Review	24			
Implement Keiraville Gwynneville Access & Movement Strategy	20	41		
Integrated Transport Strategy	4			
West Dapto Flood Risk Review	9			
Art Gallery 2nd Entrance Design				120
Bald Hill to Stanwell Park Pathway Feasibility				25
Mt Keira Summit Park Interpretation Design Guide				50
Battery Park, Smiths Hill & Flagstaff Hill Forts Heritage Consultant		120		
Botanic Gardens Design Investigation for Asset Improvement			60	146
Pedestrian Bridge Thurston Av - Feasibility Study		30		
Draft Bulli Showground Masterplan - Feasibility Assessment and Community Consultation Phase		103		
Thirroul Village - Character and Heritage Study			75	77
	<b>1,602</b>	<b>574</b>	<b>135</b>	<b>418</b>



PROPOSED PROJECTS & PROGRAMS				
Funded from Strategic Projects Restricted Cash				
	2022/23 Budget \$000's	2023/24 Forecast \$000's	2024/25 Forecast \$000's	2025/26 Forecast \$000's
<b>Other non recurrent projects</b>				
Union Cycliste Internationale (UCI) Event	961			
Climate Change and Sustainability Program	238	157		
Outdoor Dining Fee Waiver	175			
Events Support Specialist	141			
Wollongong Biennial Acquisitive Sculpture Award	140		140	
Events Re-Emergence - Covid	135			
Sandon Point Interpretive Signage & Indigenous Art Work	103			
Wollongong Learning City Project	98	100	68	
Interpretive Historical Signage Grand Pacific Walk	80	40		
IPAC Additional Support	63	64	65	
Cultural Festival 2022	50			
Major Event Support	49			
Change Management Specialist Support	34			
King George V Masterplan - Vegetation Management	30			
Innovation App Competition	40			
Relocation of "Amy" Monument Thirroul Beach	30			
COVID Outdoor Dining Initiative	30			
Artist in Residence - Covid	25			
Arts Mentorship - Covid	7			
	2,427	361	273	0
<b>ANNUAL TOTAL</b>	<b>8,114</b>	<b>4,138</b>	<b>1,423</b>	<b>3,318</b>
<b>Cumulative total funded from Strategic Projects Restricted Cash</b>				<b>16,994</b>

### 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.

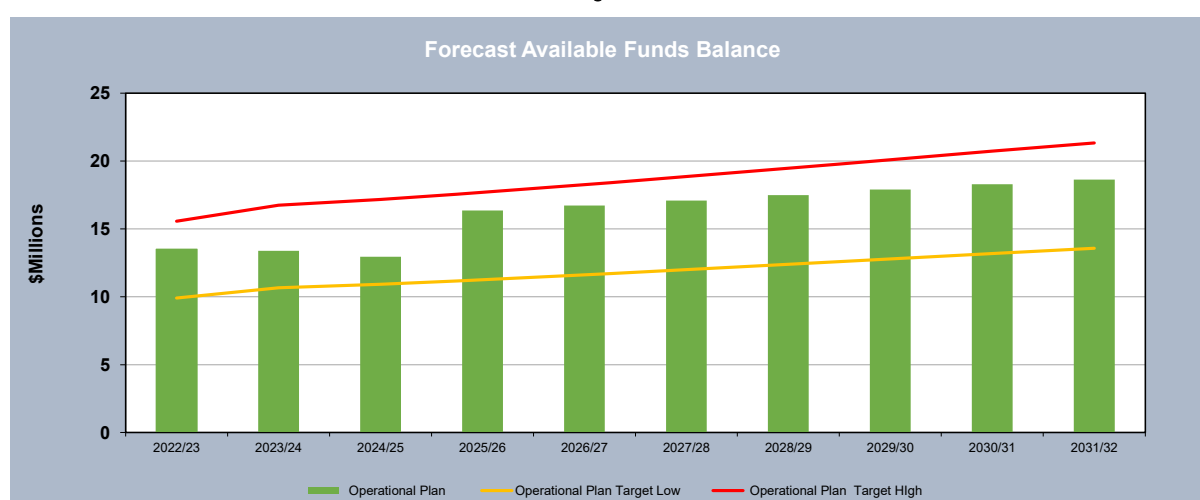
Council aims to maintain Available Funds (the unallocated portion of all future revenues) between 3.5% and 5.5% of Income from Continuing Operations [pre-capital].

While the Available Funds balance may fall below or towards the bottom of the targeted level during the period, our 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.

In response to COVID-19, a provision of \$16M was introduced that was funded from the Property Investment restricted asset (\$5M), Available Funds (\$7M) and the Strategic Projects restricted asset (\$4M). The Property Investment restricted asset has been repaid and \$4M of savings has been achieved to restore the Available Funds position. The financial forecasts include the remaining \$3M being restored through existing Available Funds in 2022-2023 (\$2M) and in 2023-2024 (\$1M).

The diagram below provides the forecast levels of Available Funds with the targeted upper and lower levels.

Diagram 2



### Operational Performance – Operating Result [pre capital]

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

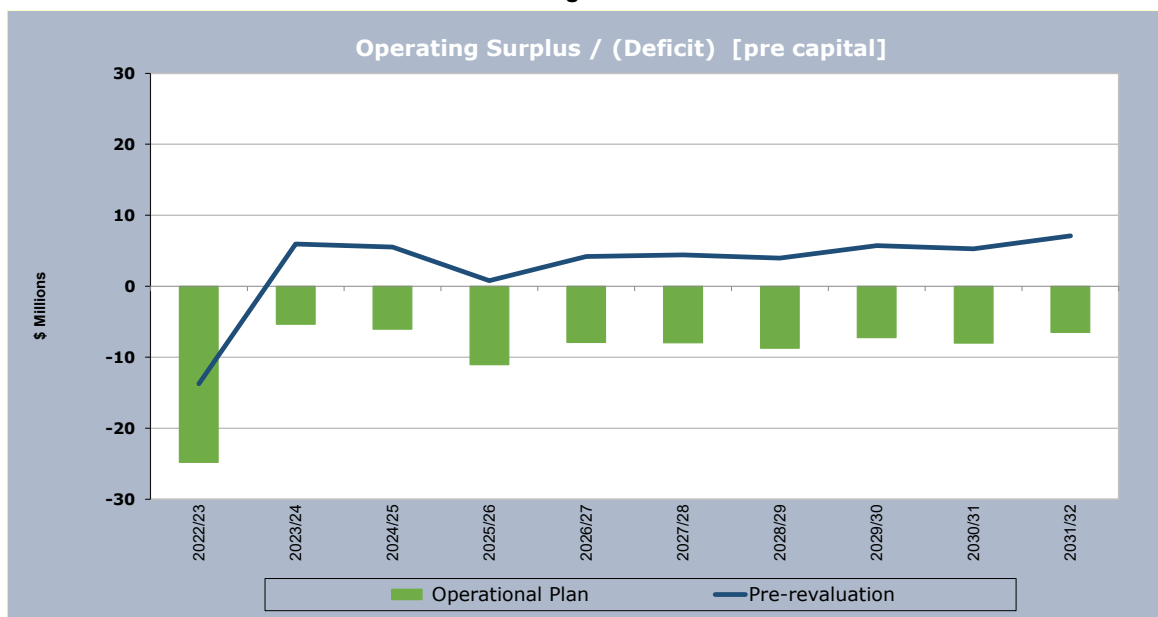
The Operating Result [pre capital] is one of the main indicators of the long-term financial viability of Council. The long-term nature of Operating Result is often misunderstood by reflection on single year surplus or deficit results that may be impacted by unusual circumstances or events.

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. For example, in the diagrams below, 2022-2023 is a deficit result mainly due to the early payment of \$15.3M of the 2022-2023 Financial Assistance Grant in the 2021-2022 financial year, while 2025-2026 is a deficit due to a planned one off grant payment for Affordable Housing that was funded and approved in prior years. Other timing impacts may result from grants or contributions received in one year where they are recognised as income and then expended in future years. Similarly, the introduction of operational projects funded from internally restricted assets has the same impact.

In addition, the Operating Result is inclusive of depreciation, which is an accounting estimate to reflect the use of an asset over its lifetime. As discussed, Council has revalued its Stormwater and Transport assets during the exhibition period based on the best available and evidenced accounting and engineering data. This has led to a substantial increase in the depreciation forecast and a deterioration in the Operating Result. Council will be working to develop revised and further advanced evidence that may reflect lower depreciation levels in future periods.

The diagram below shows Council's Operating Result [pre capital] against the result pre-revaluation to highlight the impact of the depreciation changes on this result.

Diagram 3



### Operational Performance – Funds Available from Operations

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

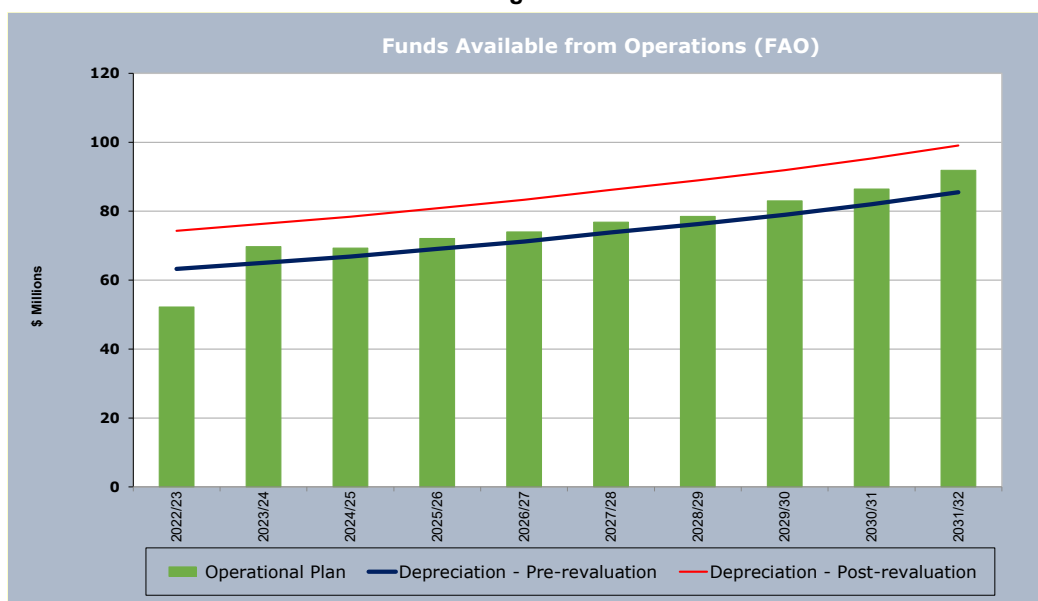
Council receives income and elects to spend that money on day to day activities to provide services and operate the organisation. This is reflected in the Income and Expense Statement. The Operating Result [pre capital] disclosed in the Income Statement includes depreciation and other non-cash expenses, 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. The 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 lives of Council assets. The current Funds Available from Operations are considered sufficient to deliver the current renewal requirements through the current planning period.

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 needs to be made for upgraded, enhanced and new assets as the 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 through efficiency while maintaining an agreed service level is achieved. While such capacity is inevitable over time, it is not easy to forecast and may need to be supplemented through other financial options if higher levels of enhanced service is required.

Diagram 4 shows Council's forecast Funds Available from Operations position. The financial forecast does include an increase in funding beyond prior years, although is now below the post revaluation depreciation. The additional level of funding is required over the next four years to accommodate the enhanced future program commitments.

Diagram 4



**Note:** The depreciation figures in the diagram above exclude the depreciation on Waste Remediation, SES & RFS vehicles, right-of-use assets and HACC 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 it is determined to be more economical.
- d Interest on internal borrowings will be costed to Income Activity Services to reflect the opportunity cost and will be applied in business cases to reflect the 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.

Details of proposed internal borrowing are included in the detailed components of the assumptions for works at the Whytes Gully Waste Facility.

Council currently has a loan portfolio comprised of several loans under the Local Infrastructure Renewal Scheme (LIRS) program. The LIRS program was introduced by the State Government as incentive to councils to accelerate infrastructure renewal that provided a loan subsidy. Loans entered into under this program have been used to accelerate the City wide Footpaths, Shared Path Renewal, Missing Links Construction Program, building refurbishment works for a number of Council facilities and to support the West Dapto Access-Fowlers Road project. These loans were taken over a 10 year period and will be completed by June 2025.

Council's current forecasts indicate that 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 financing through debt. The current modelling for West Dapto development and asset requirements indicates that 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 that 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 as well as 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.

Council will continue to evaluate and consider opportunities that may arise in line with the Financial Strategy.

### **Supporting Document 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 delivery 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.

One of the major sets of Supporting Documents relate to the West Dapto Release Area. A significant part of Wollongong's population growth is expected to be centred on new residential developments at West Dapto in Wollongong's south-west. Growth in West Dapto will require significant new services supported by a substantial level of new infrastructure. Supporting Documents, such as the West Dapto LEP, 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 within the current assumptions and modelling are discussed further throughout this document.

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

- Foreshore Parking Strategy implications
- Community & Recreation facilities at West Dapto
- Potential development of Council owned land in West Dapto
- Grand Pacific Walk future stages
- Implications of Lake Illawarra
- Alternate waste technologies
- Further street lighting alternate lighting technologies
- Potential ongoing impacts of COVID-19
- Beaton Park Re-development
- Wollongong Entertainment Centre Precinct
- Bellambi Foreshore

## Other Risks and Exposures

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

- **Economic volatility & upward price trends.** While our current indices are based around a 2.0% price increase for labour and commodities for 2022-2023 and small increases beyond that, current economic conditions indicate more significant movements and volatility in the immediate future that are not included within budget.
- **Financial Assistance Grant.** Council currently receives an annual allocation of approximately \$19M per annum that represents 6.5% of total operating revenues. Potential changes to distribution and indexation application may impact on financial forecasts.
- **Superannuation Defined Benefits Scheme.** While final additional payments were expected to end in the 2021-2022 financial year, an extension into 2022-2023 was advised in early January 2022 and has been included in the financial forecasts. The additional payment has been included in the financial forecasts for 2022-2023 as well as a contingency for these payments to continue.
- **Interest on investments.** Impacted by continued volatility in investment market conditions.
- **Waste Facility Income and Operational Costs.** The waste facility forecasts include \$7.8M income projections from commercial customers that are subject to increasingly competitive external market conditions. Operational costs in this area may also be impacted by changing environmental compliance requirements and emerging technologies.
- Potential longer term impacts of COVID-19.
- Shifts in policy in other layers of Government that may affect funding or expenditure requirements.

## Financial Budget Reports

The following budget reports are provided for the 2022-2023 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				
	2022/2023 Budget \$'000	2023/2024 Forecast \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000
INCOME STATEMENT				
<b>Income From Continuing Operations</b>				
<b>Revenue:</b>				
Rates & Annual Charges	221,315	227,303	234,416	241,874
User Charges and Fees	33,841	34,725	35,170	36,168
Interest and Investment Revenues	2,333	2,428	2,474	2,863
Other Revenues	5,783	5,893	6,003	6,162
Fair Value Adjustment on Investment Properties	194	198	202	207
Rental Income	5,874	6,044	6,230	6,420
Grants and Contributions - Operating	13,818	28,046	27,727	27,933
Capital Grants & Contributions	40,442	40,191	39,717	51,276
<b>Total Income From Continuing Operations</b>	<b>323,601</b>	<b>344,829</b>	<b>351,939</b>	<b>372,902</b>
<b>Expenses From Continuing Operations</b>				
Employee Costs	145,502	148,307	151,955	156,269
Borrowing Costs	242	157	182	232
Materials and Contracts	88,796	87,583	92,727	95,320
Other Expenses	19,155	18,824	18,968	22,319
Depreciation, Amortisation + Impairment	75,642	77,670	79,735	82,211
Internal Charges (labour)	(19,578)	(19,983)	(20,521)	(21,078)
Internal Charges (not labour)	(1,795)	(2,563)	(2,522)	(2,593)
Profit/Loss on Disposal of Assets	0	0	(2,260)	0
<b>Total Expenses From Continuing Operations</b>	<b>307,964</b>	<b>309,994</b>	<b>318,264</b>	<b>332,680</b>
<b>Operating Result from Continuing Operations</b>	<b>15,637</b>	<b>34,835</b>	<b>33,674</b>	<b>40,223</b>
<b>Operating Result [pre capital]</b>	<b>(24,806)</b>	<b>(5,356)</b>	<b>(6,042)</b>	<b>(11,053)</b>

# WOLLONGONG CITY COUNCIL

## 4 Year Financials

	2022/2023 Budget \$'000	2023/2024 Forecast \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000
<b>FUNDING STATEMENT</b>				
<b>Surplus (Deficit) [Net Operating Result for the Year]</b>	<b>15,637</b>	<b>34,835</b>	<b>33,674</b>	<b>40,223</b>
Add back :				
- Non-cash Operating Transactions	92,764	95,205	95,575	100,989
- Restricted cash used for operations	15,710	11,546	10,773	14,044
- Income transferred to Restricted Cash	(57,120)	(57,058)	(55,536)	(67,535)
- Payment of Right of Use Leases	(413)	(152)	(132)	(135)
- Payment of Accrued Leave Entitlements	(14,354)	(14,670)	(15,031)	(15,494)
- Payment of Carbon Contributions	0	0	0	0
Net Share Joint Venture using Equity Method	0	0	0	0
<b>Funds Available from Operations</b>	<b>52,224</b>	<b>69,706</b>	<b>69,324</b>	<b>72,091</b>
Borrowings repaid	(3,702)	(2,564)	(656)	0
Advances (made by) / repaid to Council	0	0	0	0
<b>Operational Funds Available for Capital Budget</b>	<b>48,522</b>	<b>67,142</b>	<b>68,669</b>	<b>72,091</b>
<b>CAPITAL BUDGET</b>				
Assets Acquired	(101,916)	(109,078)	(112,250)	(91,642)
Contributed Assets	(10,056)	(7,876)	(7,014)	(5,871)
Transfers to Restricted Cash	(2,367)	(2,546)	(2,697)	(3,022)
Funded From :-				
- Operational Funds	48,522	67,142	68,669	72,091
- Sale of Assets	1,885	1,728	3,989	1,731
- Internally Restricted Cash	6,310	12,754	19,435	11,930
- Borrowings	0	0	0	0
- Capital Grants	22,825	15,565	9,475	4,500
- Developer Contributions (previously S.94)	6,834	12,539	11,996	7,050
- Other Externally Restricted Cash	0	0	0	0
- Other Capital Contributions	11,031	9,651	7,964	6,637
<b>TOTAL FUNDS SURPLUS / (DEFICIT)</b>	<b>(16,931)</b>	<b>(123)</b>	<b>(435)</b>	<b>3,403</b>



# WOLLONGONG CITY COUNCIL

## 4 Year Financials

	2022/2023 Budget \$'000	2023/2024 Forecast \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000
<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	121,529	117,795	116,179	142,566
Investments	13,503	13,088	12,909	15,841
Receivables	25,241	26,897	27,451	29,086
Inventories	463	463	463	463
Contract assets	4,707	4,707	4,707	4,707
Assets held for sale (previously non-current)	0	0	0	0
Other	6,904	7,008	7,148	7,291
<b>TOTAL CURRENT ASSETS</b>	<b>172,347</b>	<b>169,957</b>	<b>168,857</b>	<b>199,954</b>
<b>NON-CURRENT ASSETS</b>				
Inventories	5,972	5,972	5,972	5,972
Investment property	4,984	5,182	5,384	5,591
Intangible assets	152	152	152	152
Right of use assets	1,471	1,471	1,471	1,471
Infrastructure, property, plant and equipment	2,738,835	2,767,240	2,787,021	2,791,963
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,751,413</b>	<b>2,780,017</b>	<b>2,800,000</b>	<b>2,805,148</b>
<b>TOTAL ASSETS</b>	<b>2,923,760</b>	<b>2,949,974</b>	<b>2,968,857</b>	<b>3,005,102</b>
<b>CURRENT LIABILITIES</b>				
Payables	27,717	27,899	28,644	29,941
Provisions < 12 Months	14,481	14,699	14,993	15,292
Provisions > 12 Months	46,883	47,586	48,537	49,508
Contract liabilities	8,177	8,177	8,177	8,177
Interest bearing liabilities	2,564	656	0	0
Lease liabilities	152	132	135	138
<b>TOTAL CURRENT LIABILITIES</b>	<b>99,974</b>	<b>99,148</b>	<b>100,486</b>	<b>103,057</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest bearing liabilities	691	35	35	35
Lease liabilities	702	594	478	357
Provisions	40,402	33,370	17,356	10,930
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>41,794</b>	<b>33,999</b>	<b>17,870</b>	<b>11,322</b>
<b>TOTAL LIABILITIES</b>	<b>141,769</b>	<b>133,148</b>	<b>118,356</b>	<b>114,379</b>
<b>NET ASSETS</b>	<b>2,781,992</b>	<b>2,816,827</b>	<b>2,850,501</b>	<b>2,890,724</b>
<b>EQUITY</b>				
Accumulated surplus	(1,429,318)	(1,447,405)	(1,483,650)	(1,490,927)
Surplus (Deficit) for period	(15,637)	(34,835)	(33,674)	(40,223)
Revaluation reserves	(1,216,676)	(1,216,676)	(1,216,676)	(1,216,676)
Restricted assets	(120,360)	(117,910)	(116,500)	(142,897)
<b>TOTAL EQUITY</b>	<b>(2,781,992)</b>	<b>(2,816,827)</b>	<b>(2,850,501)</b>	<b>(2,890,724)</b>

# WOLLONGONG CITY COUNCIL

## 4 Year Financials

	2022/2023 Budget \$'000	2023/2024 Forecast \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000
<b>STATEMENT OF CASH FLOWS</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates and annual charges	221,889	225,648	233,862	240,239
User charges and fees	33,841	34,725	35,170	36,168
Investment and interest revenue received	2,333	2,428	2,474	2,863
Grants and contributions	44,204	60,362	60,429	73,339
Other operating receipts	11,568	11,834	12,092	12,439
<b>Payments</b>				
Employee benefits and on-costs	(123,002)	(125,333)	(128,317)	(131,931)
Materials and contracts	(86,360)	(84,836)	(89,461)	(91,429)
Borrowing costs	(226)	(104)	(27)	(18)
Other	(19,155)	(18,824)	(18,968)	(22,319)
Other operating payments	0	0	0	0
<b>NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES</b>	<b>85,094</b>	<b>105,898</b>	<b>107,254</b>	<b>119,349</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Sale of Investment securities	1,903	415	180	(2,932)
Sale of infrastructure, property, plant and equipment	1,885	1,728	3,989	1,731
Repayments from deferred debtors	0	0	0	0
<b>Payments</b>				
Purchase of infrastructure, property, plant and equipment	(101,916)	(109,078)	(112,250)	(91,642)
Advances to deferred debtors	0	0	0	0
Purchase of interest in joint ventures				
<b>NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES</b>	<b>(98,128)</b>	<b>(106,935)</b>	<b>(108,082)</b>	<b>(92,844)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds from borrowings and advances	0	0	0	0
<b>Payments</b>				
Repayments of borrowings and advances	(3,702)	(2,564)	(656)	0
Repayment of lease finance liabilities	(389)	(133)	(132)	(118)
<b>NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES</b>	<b>(4,092)</b>	<b>(2,697)</b>	<b>(787)</b>	<b>(118)</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS HELD</b>	<b>(17,125)</b>	<b>(3,734)</b>	<b>(1,616)</b>	<b>26,387</b>
Cash and cash equivalents - beginning of period	138,654	121,529	117,795	116,179
<b>CASH &amp; CASH EQUIVALENTS AT EOY</b>	<b>121,529</b>	<b>117,795</b>	<b>116,179</b>	<b>142,566</b>
PLUS other investment securities	13,503	13,088	12,909	15,841
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>135,032</b>	<b>130,883</b>	<b>129,088</b>	<b>158,407</b>
<b>TOTAL CASH &amp; CASH EQUIVALENTS PER B/S</b>	<b>121,529</b>	<b>117,795</b>	<b>116,179</b>	<b>142,566</b>

# WOLLONGONG CITY COUNCIL

## Services - 4 Year Financials

	2022/2023 Budget \$'000	2023/2024 Forecast \$'000	2024/2025 Forecast \$'000	2025/2026 Forecast \$'000
<b>Operating Result [Pre Capital]</b>				
<b>Goal 1 - We value and protect our environment</b>				
Development Assessment and Certification	(4,799)	(4,933)	(5,082)	(5,251)
Emergency Management	(5,246)	(5,375)	(5,502)	(5,634)
Environmental Services	(2,806)	(2,562)	(2,473)	(2,380)
Land Use Planning	(3,499)	(3,604)	(3,899)	(4,060)
Natural Area Management	(3,789)	(3,820)	(3,851)	(3,935)
Regulatory Compliance	(1,965)	(2,006)	(2,059)	(2,118)
Stormwater Services	(19,456)	(19,416)	(20,009)	(20,441)
Waste Management	2,547	3,251	2,155	1,679
<b>Goal 2 - We have an innovative and sustainable economy</b>				
City Centre Management	(2,319)	(2,449)	(2,481)	(2,511)
Economic Development	(2,548)	(2,520)	(2,584)	(2,650)
Tourist Parks	1,387	1,415	1,452	1,497
<b>Goal 3 - Wollongong is a creative, vibrant city</b>				
Cultural Services	(7,460)	(7,495)	(7,786)	(7,928)
Engagement, Communications and Events	(4,415)	(2,906)	(2,992)	(3,084)
<b>Goal 4 - We are a connected and engaged community</b>				
Aged and Disability Services	(182)	(15)	(30)	(46)
Community Programs	(1,968)	(1,964)	(2,025)	(4,980)
Corporate Strategy	(1,406)	(1,426)	(1,378)	(1,871)
Integrated Customer Service	(2,960)	(3,037)	(3,122)	(3,213)
Libraries	(11,241)	(11,666)	(12,740)	(12,922)
Property Services	1,174	1,535	1,688	1,733
Youth Services	(1,320)	(1,353)	(1,389)	(1,432)
<b>Goal 5 - We have a healthy community in a liveable city</b>				
Aquatic Services	(14,374)	(14,665)	(15,113)	(15,409)
Botanic Garden and Annexes	(3,677)	(3,778)	(3,935)	(4,180)
Community Facilities	(5,168)	(5,330)	(5,279)	(5,372)
Leisure Centres	(1,155)	(1,193)	(1,222)	(1,260)
Memorial Garden and Cemeteries	(592)	(606)	(628)	(652)
Parks and Sportsfields	(22,363)	(22,268)	(22,469)	(22,978)
Public Health & Safety	(692)	(711)	(731)	(754)
<b>Goal 6 - We have affordable and accessible transport</b>				
Transport Services	(45,775)	(43,800)	(44,681)	(45,927)
<b>Support Services</b>				
Employee Services	(8,507)	(8,656)	(8,860)	(9,090)
Financial Services	179,882	196,265	200,006	205,172
Governance and Administration	(9,912)	(10,049)	(10,787)	(10,486)
Infrastructure Strategy & Support	(8,065)	(7,901)	(5,863)	(7,948)
Information Management and Technology	(12,243)	(12,472)	(12,547)	(12,814)
Internal Charges Service	107	152	171	191
<b>Operating Result [pre capital]</b>	<b>(24,806)</b>	<b>(5,356)</b>	<b>(6,042)</b>	<b>(11,053)</b>

## Budget 2022-2023

### 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 2022-2023. Estimates for expenses and income in future years have been applied based on existing service levels unless a decision has been made, or a plan is in place, to vary this level. The detail of services to be provided is outlined in the Service summaries. 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.

COVID-19 has impacted on a number of service and delivery modes since 2019-2020 that, at this stage, are not expected to continue into future years. Council will need to monitor developments and changes in circumstances that may require further consideration.

The table below shows the recurrent enhancements to existing service levels proposed through the 2022-2023 planning process.

Service Enhancements				
	2022/23 Budget \$000's	2023/24 Forecast \$000's	2024/25 Forecast \$000's	2025/26 Forecast \$000's
Cyber Security & Access Management	286	191	196	201
Additional move to Cloud services	40	46	47	54
CCTV	54	70	80	82
Service Reviews	208	138		
Enhanced Library & Community Services			798	818
<b>TOTAL SERVICE ENHANCEMENTS</b>	<b>588</b>	<b>445</b>	<b>1,121</b>	<b>1,154</b>

#### Indexation

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.

Where indices have been used, these are based on information sourced from a number of sources including various bank financial reports and economic reports, ABS reports, and KPMG Quarterly Economic Outlook-Australian Outlook. The annual process for the preparation and review of the financial forecasts for the Long Term Financial Plan provides for an initial review of these indices and continuous update through the process for significant changes. Variations in recurrent budget costs in excess of expected indices will be considered through the annual planning process and will be included in the budget where agreed. The base for 2022-2023 has been sourced from information available in September 2021. There is significant risk at present that the upward trends in costs of service to Council generally will place significant risk on Council's budget moving forward, however, this budget indexation will need to be limited at this level to reflect the restricted income levels based on the IPART rate index.



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

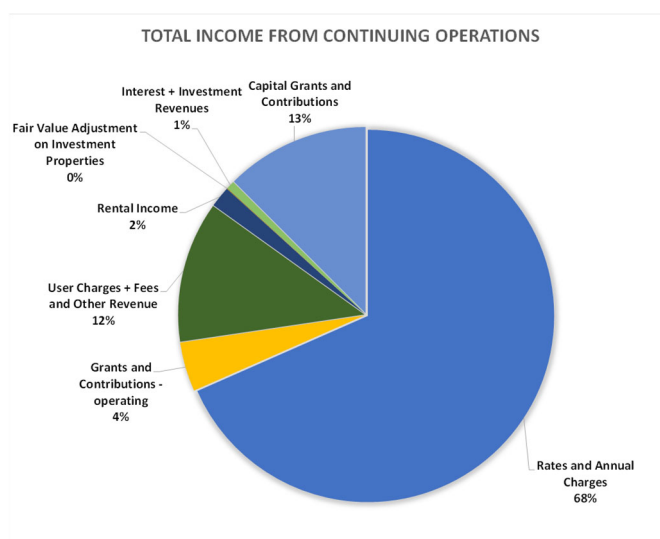
Indices			
	2022/23	2023/24	2024/25+
Rate Increase	1.50%	2.25%	2.50%
Rate Increase - supplementary rate growth		0.40%	0.40%
Rate Increase - IPART population growth gap	0.30%	0.30%	0.30%
Fees & Charges	2.00%	2.50%	2.70%
Interest Rate (90 day bill rate)	0.80%	1.50%	2.50%
Labour	2.00%	2.25%	2.50%
Superannuation Guarantee	10.50%	11.00%	11.50%
CPI General Increase	2.00%	2.40%	2.40%
Utilities			
- electricity	3.00%	3.40%	3.40%
- street lighting	3.00%	3.40%	3.40%
- other utilities	3.00%	3.40%	3.40%

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

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

## Revenue

Revenue Type	2022/23 Budget (\$M)
Rates and Annual Charges	221.3
Grants and Contributions - operating	13.8
User Charges + Fees and Other Revenue	39.6
Rental Income	5.9
Fair Value Adjustment on Investment Properties	0.2
Interest + Investment Revenues	2.3
Capital Grants and Contributions	40.4
<b>Total Income from Continuing Operations</b>	<b>323.6</b>



## Rates

For the financial year 2022-2023, rates income is indexed by 1.8% in line with the IPART approved increase.

Rate increases are set by IPART using a base reference called the Local Government Cost Index (LGCI), which is considered a better measure of cost impacts on councils than CPI. The rate peg is typically based on the change in the LGCI and consideration of a productivity factor. However, IPART has discretion over the rate peg percentage and can adjust the rate peg above the percentage produced by the LGCI and productivity factor, if considered appropriate.

Unfortunately, forward projections are not available for the LGCI, and the rate peg is currently lagged to reflect the LGCI of the previous year (to June 2021). In a rapidly inflationary period such as we are experiencing, this means that if adjustment is not made the costs of Council services will not be matched by rate increases creating a shortage in Council finances. As publications are not available that provide forecast data on these indices, Council's Long-Term Financial forecasts beyond 2022-2023 for rates have been based on the expected labour increases. Without this balance Council's financial sustainability is difficult to maintain.

IPART's initial Rate Peg of 1.0% included a 0.7% variation that is calculated by IPART to reflect the estimated variation in cost of Council resources used in providing services, like the CPI does for general consumption, and 0.3% to provide for growth in population that is not otherwise provided for from the current General Rate Income calculation. This was the first time IPART has included a population factor in the Rate Peg, following a review that determined Council rates were not sufficiently allowing for growth in demand and costs due to population increases. Council's increase of 1.8% does not allow for this growth amount, but it is now expected that this cost will continue to be absorbed.

There is now 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 inclusive of a 0.3% population growth adjustment estimated through the IPART Rate Peg. Growth has also been built into the long-term forecasts for expected development at West Dapto and this has been aligned with the estimated staging of that release area, as shown in the table below.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
West Dapto Rates Growth	252	681	1,208	1,874

In addition to general rates, Council currently applies two special rates: the Mall Special Rate and the City Centre Special Rate. Special Rates are projected to generate \$1.66M of revenue for 2022-2023.

The projected rate revenues shown below are based on the current rating structure and property information as at February 2022 and these projections will change marginally through the planning process as property information changes. More detailed information relating to the rates and rating policy are provided as part of the Revenue Policy, Fees and Charges.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Rates Revenue	183,677	189,498	196,014	202,860

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

To assist in managing this, the Financial 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 and has also continued to provide a voluntary rebate to eligible pensioners who were receiving a Council rebate prior to 1994. There is a steady increase in the number of rate payers who are entitled to the State Government pensioner rebate, while rate payers still entitled to the Council rebate dwindles slowly as entitlement has been held to only those pensioners who were eligible for the rebate in 1993.

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 over 25 years ago. A significant portion (55%) of this rebate is funded from government subsidy which is included in untied grant revenues. The component funding splits are 50% from the State Government and 5% from the Federal Government.

The voluntary Council rebate is currently indexed annually in line with the rates increase, which will result in a rebate of \$278.09 for 2022-2023.

Pensioner rebates are netted off against rates revenue for reporting purposes (\$3.1M for Rates and \$0.9M for Domestic Waste Management based on the current estimates for 2022-2023).

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Pensioner Rebates</b>				
Pensioner Rate Rebate - Statutory s575	2,790	2,820	2,850	2,880
Pensioner Rate Rebate - Council s582	272	225	174	119
<b>Total Pensioner Rates Rebates</b>	<b>3,062</b>	<b>3,045</b>	<b>3,024</b>	<b>2,999</b>
Pensioner DWM Rebate - Statutory s575	831	838	846	853
Pensioner DWM Rebate - Council s582	67	55	42	29
<b>Total Pensioner DWM Rebates</b>	<b>898</b>	<b>893</b>	<b>888</b>	<b>882</b>
<b>Total Pensioner Rebates</b>	<b>3,961</b>	<b>3,938</b>	<b>3,912</b>	<b>3,881</b>

## Annual Charges

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

The charge calculated is based on the full recovery of the service, including 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.

Pricing and revenue for Domestic Waste Management are applied on an averaging basis over the period to avoid abnormal fluctuations in price. Details on the charges are included in the Revenue Policy, Fees and Charges booklet provided under separate cover.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Domestic Waste Management Revenue</b>				
Annual Charges Domestic Waste Management	37,595	37,699	38,229	38,767

## Stormwater Management

Council levies a Stormwater Management Charge on all parcels of rateable land, other than those exempted under the Local Government Act. The pricing of the Stormwater Management charge is to remain unchanged for 2022-2023. The rate has remained static since the original setting by the State Government in April 2006.

The budget yield and future estimates from Stormwater is shown below with charges to be included as part of the Revenue Policy, Fees and Charges booklet that will be provided under separate cover. The income from this charge is transferred to a restricted asset and the projects proposed to be funded from this revenue are detailed by theme in the Revenue Policy, Fees and Charges booklet.

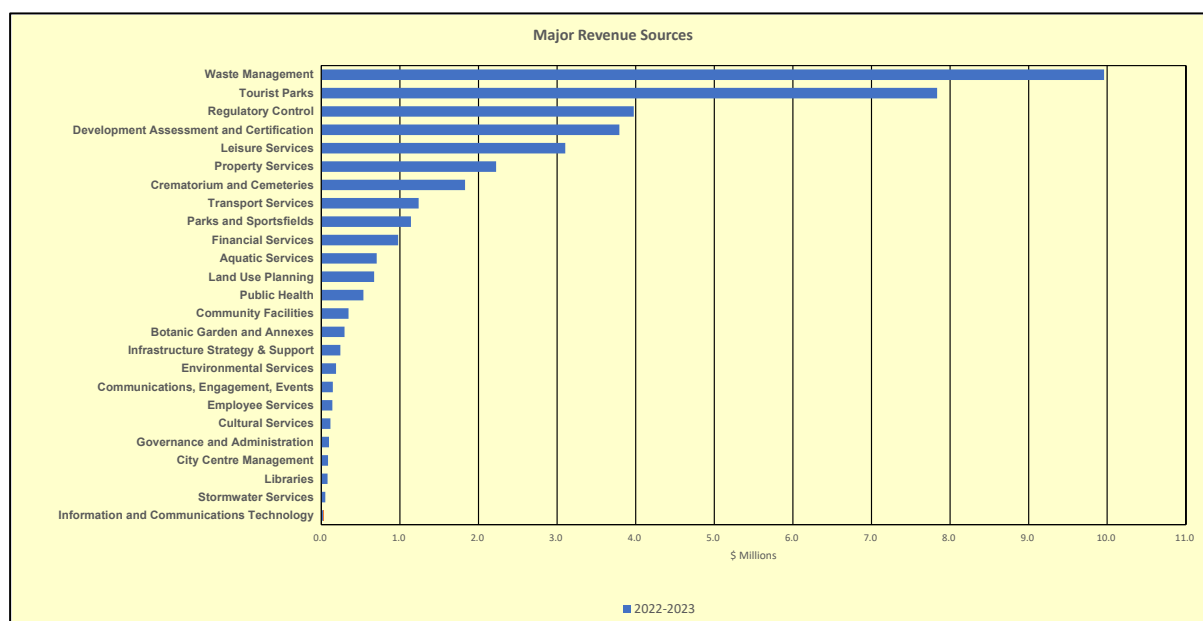
	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Stormwater Management Revenue</b>				
Annual Charges Stormwater Management Service	1,888	1,903	1,918	1,934

## Waste Management Services – Non-Domestic Premises

Council levies a Waste Management fee on approximately 501 non-residential properties where approved. The operations of this service are currently managed through the kerbside collection contracts and costs have not been separated from Domestic Waste. The fee for this service has historically been set in line with Domestic Waste Management fees to avoid cross subsidisation.

## User Fees, Charges and Other Revenue

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



Council's user fees and other income is 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 major income sources include planning and building applications, ranger services, including parking infringements, and Memorial Gardens and cemeteries.

The balance of fees and charges is made up of smaller elements such as hire charges for community halls. It is important to recognise that major parts of these operations represent commercial activities and compete in the market place, such as leisure centres and tourist parks. Revenue pressures will continue to limit growth in these areas.

Council charges a range of fees. The income received from fees reduces the amount of rates and other untied income required for these services. Other charges are generally not for service and include penalty income, leasing, recoveries, sponsorship etc.

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

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

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

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

While IPART has determined a 0.7% cost index for councils based on indexes as at June 2021, the estimated increase in costs for Council delivery in 2022-2023 far exceeds that index. Council has conservatively forecast a 2.0% increase in the cost of its resources while there is evidence in recent months of higher increases in many resources such as fuel, road works, plant and equipment, employee costs etc. In reflection of these costs that are central to our delivery, a 2.0% increase is proposed 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.

Investment portfolio income forecasts are based on anticipated cash holdings and projected interest rates that are derived from a number of 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 Developer Contributions, Domestic Waste Management and a number of grants.

Investments are made in accordance with the current Adopted Policy Guidelines which are compliant with the Office of Local Government Guidelines and the Minister's Investment Order.

There has been a significant reduction in interest rates over the past 12-18 months that is impacting on this revenue stream. Interest revenues included in the financial projections for 2022-2023 onwards are of a preliminary nature and will need to be monitored and reviewed as part of the quarterly budget review process.

The Civic Risk West (formerly Westpool) and Civic Risk Mutual (formerly United Independent Pools) Self Insurance pools were combined into CivicRisk Mutual Limited at 1 July 2020 and are no longer recognised as joint ventures. The change in business structure means that this will be reported as a passive interest financial asset under the Accounting Standards (AASB 9). 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.



	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Interest on Investments and transfers of Interest to Restricted Assets</b>				
<b>Sources</b>				
General Interest	1,650	1,728	1,757	2,129
Property Rating	684	700	717	734
	2,333	2,428	2,474	2,863
Interest transferred to Restricted Assets	343	236	242	355
<b>Net General Interest after Restricted Assets transfers</b>	<b>1,990</b>	<b>2,193</b>	<b>2,232</b>	<b>2,508</b>

## Operational Grants

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

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

Operational grant forecasts include annual funding from Federal and State sources for community transport and social support programs. Council has been delivering these services to the community for over 20 years and, in the last five years, those services have been operating at cost neutral to Council. The Federal Government has commenced a reform of Aged and Disability Services that will impact on how these services may be delivered in the future and what Council's role may be. Recently, advice has been received that funding has been confirmed for Social Support Services until June 2023.

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

## Financial Assistance Grant

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

Distribution criteria include population changes, changes in standard costs, disability measures, local roads and bridges lengths and changes in property values.

The current formula for distribution of the Financial Assistance Grant has been changing and is expected to change again moving forward. The change is based on policy to better advantage councils in the greatest relative need in NSW. The impact of this change is that Wollongong would not experience the expected real growth in its funding and may experience an actual decrease in funding over time. The Grants Commission is not able to forecast future grants although have advised their direction and its potential negative impact on Wollongong City Council. While a decision has not been made on a change to the allocation methodology that would allow reductions in future grants, it is considered prudent to budget for zero increases for at least four years of this Plan while the methodology and its impacts are better determined. The Financial Assistance Grant is a substantial portion of Council's revenue and this variation would have an annual impact of \$0.4M in year one and \$1.7M per annum by year four.

The Federal Government may from time to time choose to partly prepay the annual grant allocation which can create a distortion of income on an annual basis. While there has been

early payment of the first two quarters of the grant in the preceding year since 2018-2019, early payment is usually confirmed through the annual Federal Budget process, generally in April. The financial projections shown below reflect the early payment of \$15.3M of the 2022-2023 grant in the 2021-2022 financial year.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Financial Assistance (Revenue Sharing) Grant</b>				
General Purpose component	3,403	16,693	16,693	16,693
Roads component	536	2,649	2,712	2,777
<b>Total Financial Assistance Grant</b>	<b>3,939</b>	<b>19,342</b>	<b>19,405</b>	<b>19,470</b>

### Specific Purpose Operational Grants

There is a small range of Specific Purpose Operational Grants that are recurrent in nature and form part of Council's ongoing budget. The budget and forecast amounts for ongoing funding is provided below by service.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Specific Purpose Operating Grants</b>				
Aged and Disability Services	2,795	2,861	2,931	2,999
Community Facilities	22	22	23	23
Community Programs	199	201	203	206
Emergency Management	1,250	412	412	412
Employee Services	4	4	4	4
Environmental Services	309	314	0	0
Financial Services	155	62	3	0
Land Use Planning	226	0	0	0
Libraries	588	568	584	600
Natural Area Management	401	260	58	35
Stormwater Services	233	233	233	233
Transport Services	152	155	159	163
Youth Services	40	41	42	43
<b>Total Specific Purpose Operating Grants</b>	<b>6,373</b>	<b>5,133</b>	<b>4,652</b>	<b>4,718</b>

### Capital Income

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

Wollongong City Council 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 the Council or generally be used to replace existing assets. Capital income is, however, important to the Council and its community as it is a source of funds that allow increased assets that can improve services and/or provide new services to growing areas such as roads, bridges, drains and playing fields in a new release area such as West Dapto. The operation of these assets will be reflected in Council's operating costs in future years and will form part of the operating financial measures at that time.

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

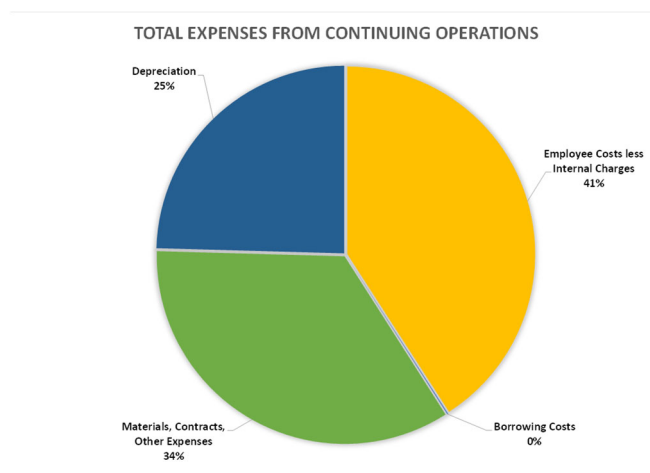
### Profit/Loss on Disposal of Assets

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.

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

## Expenses

Expense Type	2022/23 Budget (\$M)
Employee Costs less Internal Charges	125.9
Borrowing Costs	0.2
Materials, Contracts, Other Expenses	106.2
Depreciation	75.6
Profit/Loss on Disposal of Assets	0.0
<b>Total Expenses from Continuing Operations</b>	<b>308.0</b>



## Employee Costs

Employee costs are inclusive of labour on costs such as superannuation, workers' compensation costs, parental leave, annual leave, provision for long service leave and payroll tax, where applicable. Superannuation expenditure forecasts are determined by fund membership as well as expected wage increases. Employee costs are indexed in accordance with the Enterprise Agreement (EA) rates with indicative indexation for years beyond the current EA.

## Salary & Wages

Labour and associated employee costs are based on position complement required to deliver current service levels with a small allowance for growth of approximately 0.1% to provide for changing resourcing needs over time. Additional labour costs related to specific non-recurrent projects (where identified) are also included.

Labour costs are budgeted in accordance with the EA rates with indicative indexation for increases beyond the current EA. The current EA covers the three years commencing 1 July 2021. The financial forecasts reflect an increase in the indexation from 2.00% to 2.25% in 2023-2024 and 2.50% in 2024-2025 onwards. This is to take into consideration that the last year of the EA reflects an increase of 2.0% or the NSW Local Government (State) Award figure, whichever is greater.

Recurrent casual and overtime budgets are maintained to match the service and structure levels required for 2022-2023. 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.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Salaries &amp; Wages</b>				
Salaries & Wages	109,119	111,320	114,107	116,956
Superannuation	11,945	12,678	13,444	14,230
Defined Scheme Superannuation Top Up	976	998	1,023	1,049
Fringe Benefits Tax	181	186	190	195
Labour Hire	51	52	53	54
Payroll Tax	53	54	56	57
Protective Clothing	318	326	334	342
Training Costs (excluding Salaries)	1,405	1,408	1,442	1,476
Change in Workers Comp Provision	267	273	281	288
Workers' Compensation Insurance	1,986	1,921	1,851	1,890
Other Employee Costs	2,203	1,707	1,328	1,266
Direct Labour Oncosts	31,193	32,259	33,423	34,874
<b>Total Employee Salaries &amp; Wages</b>	<b>159,697</b>	<b>163,182</b>	<b>167,531</b>	<b>172,676</b>
Capitalised & Distributed Employee Costs	21,365	27,022	32,270	4,483
<b>Total Operational Employee Salaries &amp; Wages</b>	<b>138,332</b>	<b>136,160</b>	<b>135,260</b>	<b>168,193</b>

The amount shown as Other Employee Costs in future years is largely the result of projects or activities that are planned to be delivered by additional labour resources where these positions have not been sufficiently defined to be recognised through the labour budget process.

## Superannuation

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

The majority of Council employees belong either to a Defined Benefits Scheme, which ceased taking new members in 1991, or various accumulation schemes. Defined Benefits Scheme expenses are tied to employee contributions while accumulation scheme contributions are calculated as a pre-determined percentage of the employee's salary charged at the current Superannuation Guarantee Levy (SG) rate of 10.5%.

As part of the 2014 Federal Budget negotiations, previously legislated SG increases were paused until June 2021. There are now a series of 0.5% annual increases proposed from 2021-2022 to 2025-2026 which will bring the total levy to 12% 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 % + award %), 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 2020-2021 with annual contribution of \$1.8M. Advice was received from the Superannuation Board in January 2021 that there would be a further extension of the top up payment into 2021-2022 with a contribution of \$1.9M required.

Further advice received from the Superannuation Board in January 2022, provided a reduction to the top up payment for the second half of 2021-2022, however, notified of a \$1.0M top up payment required in 2022-2023. This has a significant impact on Council's financial position. At this stage, although there is no indication if this will continue beyond 2022-2023, the budget for the top up payment has been introduced recurrently to accommodate potential future payments.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Superannuation	12,921	13,676	14,467	15,279

## 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 budget and forecast takings are shown below.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Parental Leave	264	270	275	280

The Federal Government paid parental leave scheme (FGPPLS) does not impact this element of Council's on-cost. The FGPPLS funds the additional time through our payroll process, but Council does not incur any further entitlement impacts (ie, additional accrual of leave) as employees on the Federal scheme are effectively on 'leave without pay' from Council.

## Workers' Compensation

Council has maintained a self-insurance licence for workers' compensation for over 20 years. 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 \$750,000 on any individual claim. Claims beyond this are supported by an external insurance policy. This policy is reviewed annually.

During 2018, Council commenced a Work Health and Safety Behavioural Program that is expected to result in significant improvements in this risk area with a net cost improvement in the vicinity of \$2.4M over the next 10 years.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Workers Compensation</b>				
Total Payments	1,986	1,921	1,851	1,890
Increase/(Decrease) in Provision	267	273	281	288

## 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 required 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.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Learning &amp; Development</b>				
Training, Conferences & Seminars	1,398	1,401	1,435	1,469

### 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.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Cadets &amp; Apprentices</b>	2,313	2,372	2,411	2,464

## Fringe Benefits Tax

Council incurs a range of fringe benefit costs, some of which are recovered through salary packaging. Future years' FBT has been reduced via the pricing and management of motor vehicle use. The majority of FBT exposure in future years is associated with housing benefits at tourist parks.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Fringe Benefits Tax	181	186	190	195

## Borrowing Costs (Financing)

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

The introduction of the Local Infrastructure Renewal Scheme (LIRS) by the State Government provided an incentive to councils to accelerate infrastructure renewal through a subsidised loan program. Council has been successful in securing subsidies for loans under the three rounds of the LIRS program and has entered into loans of \$20M in 2012-2013 for Round 1, \$4.3M in 2013-2014 for Round 2, \$15M for Round 3 in 2014-2015 and a further \$5.5M in 2016-2017. The LIRS program provides a loan subsidy of 4% for Round 1 and 3% for the subsequent rounds. Loan funds have been used to accelerate the City wide Footpaths, Shared Path Renewal, Missing Links Construction Program, building refurbishment works for Berkeley Community Centre, Corrimal Library and Community Centre, Thirroul Pavilion and Kiosk and to support the West Dapto Access – Fowlers Road project respectively. These loans are planned to be generally repaid over a 10 year period with final payment due in 2024-2025.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Borrowing Cost on LIRS				
Interest	189	79	6	0
Recognise interest on loan funds associated with Local Infrastructure Renewal Scheme (LIRS) (excludes subsidy)				

The Infrastructure Delivery Program includes works in Waste Services of \$37M over the next four years. These works are 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 2025-2026 will require internal borrowing of approximately \$16M with internal interest allocated against the restricted asset during the period of debt to offset the lost income to general operations.

## Materials, Contracts & Other Expenses

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

### EPA Levy

The EPA levy is applicable to waste and cover materials going to landfill. Rates applicable are determined by the Department of Environment and Climate Change based on geographic location with Wollongong classified as being within the Extended Regulated Area. Application of the levy to cover materials was introduced 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 Domestic Waste Management Charge.

Application of the levy to cover materials was introduced in March 2007. 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% up until 2023-2024 then 50% of VENM requirements on site for the next five years. Again, 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. The values shown below are subject to the annual review of the waste model that is currently in progress and will be updated through this process.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>EPA Levy</b>				
EPA Levy - Council	489	778	804	829
EPA Levy - Commercial	3,412	3,043	3,175	3,313
EPA Levy - Domestic	5,638	6,320	6,474	6,631
EPA Levy - Cover Material	577	609	628	647
<b>TOTAL EPA Levy</b>	<b>10,116</b>	<b>10,751</b>	<b>11,080</b>	<b>11,420</b>

## Street Lighting

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

Council secured contracts for electricity and street lighting consumption pricing for a period of three years commencing 1 January 2020. The rate secured is significantly more favourable than current market rates. Mitigation strategies were commenced during 2019-2020 with the planned conversion of a number of street lights to LED at a cost of \$1.6M that is funded from internally restricted asset for Strategic Projects. It is expected that this will contribute to a reduction in electricity consumption.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Street Lighting	3,439	3,566	3,698	3,835
Street Lighting Subsidy	(750)	(767)	(785)	(803)

## Emergency Services

Emergency services operations are contributed to by Council as below. The budget for 2022-2023 reflects the contribution notice issued in April 2022. It is anticipated that Council will receive a grant to fund the increase in the contribution for 2022-2023.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Emergency Services Contributions</b>				
Rural Fire Service	840	658	674	690
State Emergency Service	589	334	342	351
NSW Fire Brigade	3,610	3,308	3,387	3,469
<b>Total Emergency Services Contributions</b>	<b>5,038</b>	<b>4,301</b>	<b>4,404</b>	<b>4,510</b>

Early in 2013, the State Government commenced a review of the way emergency services, including Fire and Rescue NSW, the NSW Rural Fire Service and the NSW State Emergency Service are funded with a view of making this funding less complicated and more equitable

and efficient. Under current arrangements, the bulk of funding (73.7%) is provided by a tax on insurance companies, while the remainder of the funds are provided by local governments (11.7%) and the State Government (14.6%). At that time, the State Government had advised that a wide range of alternative revenue sources were being considered and there had been considerable discussion of a property based levy in place of current arrangements similar to the approach used by some of the other Australian states.

A working group that included representatives from State and Local Government was formed during 2016-2017 and preliminary investigation into the collection of the levy by councils as an element on the Property Rates notices was commenced. The State Government has deferred the final determination of this change pending further consultation with the broader community. Councils were reimbursed for the costs of investigation into implementing the deferred levy and no further impacts have been foreshadowed on the contributions side at this stage while there still is no indication of any rescheduled implementation dates currently.

## 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 Sydney 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.

The excess levels applicable to the two major risks, Industrial Special Risk (property damage) and Public & Professional Liability are \$20,000 and \$100,000 respectively. These levels are under constant review and may change in the future.

The insurance premiums budgets below reflect the 2022-2023 contributions memo provided by CivicRisk Mutual in April 2022.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Insurances</b>				
<b>Insurance Premiums</b>				
ISR Property Insurance	1,346	1,346	1,346	1,346
Motor Vehicle/Plant Insurance	349	349	349	349
Statutory Liability/CDO Insurance	225	225	225	225
Public Liability/Professional Indemnity	1,848	1,848	1,848	1,848
Crime/Fidelity Guarantee Insurance	108	108	108	108
Fine Arts	20	23	19	22
Other	21	20	20	20
<b>Total Insurance Premiums</b>	<b>3,917</b>	<b>3,919</b>	<b>3,915</b>	<b>3,918</b>
<b>Excess Payments</b>				
PL Above Excess Payments	0	0	0	0
PL Below Excess Payments	200	200	200	200
Insurance Claims Below Excess covered from Divisional Budgets	100	100	100	100
<b>Total Excess Payments</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>

## Legal Costs

The following expenditure represents payments to external professional providers for legal services as well as in house lawyers who have been directly employed by Council since their introduction in the middle of 2010-2011. The use of internal legal professionals has resulted in a decrease in 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.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Legal Expenses</b>				
External Legal Costs	658	674	690	707
"In House" Legal expenditure including employees	1,024	1,050	1,079	1,109

## Fuel & Oil

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Fuel &amp; Oil</b>	1,707	1,716	1,725	1,734

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 rising 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.

## Affiliates Contributions

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Affiliates Contributions</b>				
Tourism Support & Contributions	1,526	1,563	1,600	1,639
Performing Arts Centre	814	833	853	807
<b>TOTAL Affiliates Contributions</b>	<b>2,340</b>	<b>2,396</b>	<b>2,453</b>	<b>2,445</b>

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

## Supporting Documents - Planning Studies & Investigations

Supporting Documents may be in the form of plans, strategies or studies that inform future direction and priorities. 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.

The below table reflects the general revenue, internal and external funding allocated for Supporting Documents in the financial forecasts.

Service & Project	2022/23 Budget \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000
<b>Corporate Strategy</b>	<b>0</b>	<b>57</b>	<b>111</b>	<b>566</b>
Centralised Studies & Plans	0	57	34	566
Community Strategic Plan Review	0	0	77	0
<b>Infrastructure Strategy &amp; Support</b>	<b>233</b>	<b>0</b>	<b>0</b>	<b>0</b>
Management of Councils Water Supply & Waterwaste Infrastructure	233	0	0	0
<b>Land Use Planning</b>	<b>741</b>	<b>498</b>	<b>409</b>	<b>77</b>
West Dapto Flood Risk Review	27	0	0	0
West Dapto Review WaterCycle Masterplan	75	0	0	0
Industrial Land Planning Controls Review	50	0	0	0
City Centre Planning Review	40	0	0	0
City Wide Local Environment Plan Review	0	100	100	0
Development of Crown Land Plans of Management	118	0	0	0
Landscape development plan for West Dapto - for riparian corridors	100	0	0	0
Sandon Point Interpretive Signage & Indigenous Art Consultan	0	0	0	0
Battery Park, Smiths Hill & Flagstaff Hill Forts Heritage Consultant	0	120	0	0
LGA Wide Retail Centres Study	50	0	0	0
Review Riparian Corridor Management Study & Policy	82	0	0	0
West Dapto Open Space and Community Facilities Needs Assessment	90	0	0	0
Western Sydney Development Impacts Study	70	0	0	0
Review Planning Controls - Wilga St, Corrimal	40	0	0	0
Planning Controls for South Wollongong	0	103	105	0
Development Controls Plan Chapter B4 Development in Business Zones	0	150	103	0
Thirroul Village - Character and Heritage Study	0	0	75	77
West Dapto Vision Implementation - Infrastructure and Development Strategy, including Performance Indicators	0	25	26	0
<b>Stormwater Services</b>	<b>674</b>	<b>265</b>	<b>389</b>	<b>389</b>
Floodplain Management Studies	0	0	120	120
Review of Towradgi Creek Flood Risk Management Study	25	0	0	0
Review of Hewitts Creek Flood Risk Management Study	15	0	0	0
Flood Risk Management Studies Best Practice	75	75	219	219
Review of Allans Creek Flood Risk Management Study	60	60	0	0
Review of Fairy Cabbage Creeks Flood Risk Management Study	100	50	0	0
Development Controls Plan Review	24	0	0	0
Flood Impact Assessment Automation	50	0	0	0
Review of Duck Creek Flood Risk Management Study	55	0	0	0
Review of Collins Creek Flood Risk Management Study	50	0	0	0
Review of Wollongong City Flood Risk Management Study	50	30	0	0
Review of Brooks Creek Flood Risk Management Study	120	0	0	0
Review of Minnegang Creek Flood Risk Management Study	50	50	50	50
<b>Environmental Services</b>	<b>685</b>	<b>471</b>	<b>158</b>	<b>0</b>
Biodiversity Strategy	61	0	0	0
Coastal Management Program for the Open Coast	464	471	0	0
Prepare Subsequent Climate Change Mitigation Plan	81	0	0	0
Climate Change Adaptation Plan - Assessment of Heat Impact	80	0	0	0
Develop design guidelines for green roofs, green walls and facades, rain gardens and other structural vegetation	0	0	158	0

Service & Project	2022/23 Budget \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000
<b>Natural Area Management</b>	<b>32</b>	<b>33</b>	<b>33</b>	<b>34</b>
Vegetation Management Plans for High Priority Natural Areas	32	33	33	34
<b>Transport Services</b>	<b>470</b>	<b>220</b>	<b>15</b>	<b>113</b>
Access and Movement Strategy Review	175	0	0	0
City Centre Parking Surveys - EMS Report	69	0	0	73
Integrated Transport Strategy	80	79	0	0
Wollongong LGA Feasibility Studies	15	15	15	15
Lake Illawarra Shared Path Masterplan	55	55	0	0
Towradgi Creek Shared Path Feasibility Investigations	56	0	0	0
Bald Hill to Stanwell Park Pathway Feasibility	0	0	0	25
Pedestrian Bridge Thurston Av - Feasibility Study	0	30	0	0
Implement Keiraville Gwynneville Access & Movement Strategy	20	41	0	0
<b>Community Facilities</b>	<b>50</b>	<b>100</b>	<b>0</b>	<b>0</b>
Social Infrastructure Planning Framework	50	100	0	0
<b>Cultural Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>172</b>
Art Gallery 2nd Entrance Design	0	0	0	120
West Dapto Vision Implementation - Cultural Strategy & Plan	0	0	0	52
<b>Aquatic Services</b>	<b>44</b>	<b>0</b>	<b>100</b>	<b>0</b>
Community Recreation & Aquatic Centre Concept Plan West Dapto	32	0	0	0
Coalcliff Surf Club Proposed Refurbishment Works - Feasibility	12	0	0	0
Surf Club Strategy	0	0	100	0
<b>Botanic Garden and Annexes</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>196</b>
Mt Keira Summit Park Interpretation Design Guide	0	0	0	50
Botanic Gardens Design Investigation for Asset Improvement	0	0	60	146
<b>Parks and Sportsfields</b>	<b>470</b>	<b>253</b>	<b>0</b>	<b>0</b>
Bellambi Foreshore Precinct Plan	140	51	0	0
Fred Finch Park - Landscape Masterplan	35	0	0	0
Hill 60 Tunnels Reopening- Detailed Concept Plans	25	125	0	0
Feasibility Study Synthetic Football Pitch in Planning Area	35	0	0	0
Stuart Park Masterplan	145	77	0	0
Fred Finch Park Lighting Feasibility	40	0	0	0
Synthetic Football Pitch in Planning Area 1 (North) - Site Investigations	50	0	0	0
<b>Financial Services</b>	<b>(711)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Projects in Progress	(711)	0	0	0
<b>Property Services</b>	<b>0</b>	<b>103</b>	<b>0</b>	<b>0</b>
Draft Bulli Showground Masterplan - Feasibility Assessment and Community Consultation Phase	0	103	0	0
<b>Total Expenditure *</b>	<b>2,688</b>	<b>1,999</b>	<b>1,275</b>	<b>1,547</b>
*Expenditure shown above is for full project cost. A number of projects are supported from external grant funds or internal restrictions				

## Other Contributions, Donations, Memberships & Subsidies

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Gong Shuttle Contribution	355	362	0	0
UCI - Operational Bulk	288	0	0	0
Neighbourhood Youth Program	101	103	106	108
Illawarra Shoalhaven Joint Organisation	86	88	90	92
Dam Safety Emergency Mgmt Plans	78	78	78	78
Sponsorship Fund	72	74	76	77
Natural Area Management	68	70	72	74
Local Grants Scheme Heritage Properties	66	67	68	70
Illawarra Surf Lifesaving Contribution	59	60	62	63
Business/Industry Development Activities	58	59	61	62
Illawarra Escarpment - Geotech. Research	54	54	54	54
City Centre - Events and Marketing	45	48	51	51
Community Arts Programme -Small Grants P	43	44	45	46
Illawarra Institute Sport Contribution	39	40	41	42
Economic Development Projects	33	34	35	36
CAWS Project (RSPCA)	26	26	27	28
Reed Park - Court Resurfacing	25	0	0	0
Neighbourhood Small Grants Program	21	22	22	23
Anzac Day Support	15	16	16	17
UOW Scholarships	15	15	15	16
Public Bands Contribution	9	10	10	10
Life Education Illawarra Contribution	8	8	8	8
Southern Stars Contribution	8	8	9	9
Aboriginal Activities	7	7	7	8
Mentor Walks Wollongong	5	5	0	0
Illawarra Historical Society	4	4	4	4
WCC Social Club	4	4	4	4
Minor Donations	4	4	4	4
Wollongong Eisteddfod	4	4	4	4
Affordable Housing	0	0	0	2,894
Other	12	12	12	12
<b>TOTAL Other Contributions, Donations and Subsidies</b>	<b>1,611</b>	<b>1,327</b>	<b>981</b>	<b>3,894</b>

## Councillors' Expenses

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Councillor support costs	17	18	18	19
Councillors	597	611	626	642
<b>Councillor Expense</b>	<b>615</b>	<b>629</b>	<b>644</b>	<b>661</b>

## Telephone

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Telephone - Central Admin budget	108	110	113	116
Telephone - other areas budget	113	116	118	121
<b>Total Telephone</b>	<b>221</b>	<b>226</b>	<b>231</b>	<b>237</b>

## Mobile Phone

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Mobile Telephone	188	193	197	202



## Postage

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Postage - Central Admin budget	222	227	233	238
Postage - other areas budget	251	257	263	269
<b>Total Postage</b>	<b>473</b>	<b>484</b>	<b>496</b>	<b>507</b>

## Council Rates

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Council Rates Expense (Council owned properties)	388	397	407	417

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.

## Housing Affordability Program

Council has entered into a Memorandum of Understanding with the Commonwealth 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 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 the 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.

## Centrally Held Budget Capacity

The operational expense budget also includes centrally held amounts that are intended to be distributed for specific purposes through the year. 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 the additional rate income. An allocation model based on the assessment of the impacts of increased population on services has been devised to be used in the 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 through the planning process. Funds are generally allocated through the annual 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.

	2022/2023 Budget \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
<b>Rates Growth</b>	<b>667</b>	<b>2,136</b>	<b>4,572</b>	<b>6,338</b>
<i>Comprised Of:</i>				
Volume increase impacts	166	778	1,928	2,682
Asset Enhancement impacts	376	774	1,197	1,644
Economies of scale	124	583	1,446	2,011

## Operational Contingency

In past years, a central Operational Contingency has been held in the Corporate Strategy Service that was intended to support non-recurrent or unplanned projects and events or addressing short term issues that may arise from time to time. This has been relatively small compared to Council's overall operating expense budget with an indicative annual target of around \$1.0M. Access to these funds has generally been through the strategic planning process including Impact Statements, Business Proposals, Service Reviews, Pricing Adjustments or as otherwise directed by the Executive Management Committee. This provision has been almost completely eliminated from the first four years of the program due to funding limitations. The intent is that future budget improvements and windfalls could be used to rebuild the Operational Contingency levels as funding is available.

	2022/2023 Forecast \$'000s	2023/2024 Forecast \$'000s	2024/2025 Forecast \$'000s	2025/2026 Forecast \$'000s
Operational Contingency	0	0	0	9
Insurance Claim Below Excess	100	100	100	100
	<b>100</b>	<b>100</b>	<b>100</b>	<b>109</b>

## Depreciation

Depreciation represents nearly 25% of the operating expenses budget. While depreciation is not cash expenditure, it is an important part of the real cost of maintaining Council services. Depreciation represents the consumption of an asset over its life. This deterioration in value of assets occurs through use, ageing or obsolesce.

Council is required to ensure that the value of its assets reflect their fair value at each reporting period with the revaluation of asset classes occurring at least every five years. Revaluations based on current cost of renewal and environmental aspects can significantly impact the depreciation due to changes in asset values and lives.

Asset revaluations have been carried out for Transport and Stormwater assets as at 31 March 2022 that have led to a substantial increase in depreciation. The revaluations were based on evidence based on information available at the time. While these valuations and the resultant depreciation has been accounted for in Council's estimates, it is considered that further assessment of optimization strategies and improved date maturity may have a positive impact on the future renewal requirements and future accounting estimates for depreciation.

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 the 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 Section 7.11 Developer Contributions Plan and expected timing of lot release. Council adopted a revised contribution plan on 14 December 2020 that replaced the prior Plan that was in effect since 2017. The current Plan was subject to a review by IPART during May 2020 and Council was directed by the Minister for Planning to incorporate the recommendations that came from this review. The new Plan is no longer subject to State capped developer contributions that were supported through the Local Infrastructure Growth Scheme that ended on 30 June 2020. Developer contributions income forecasts for West Dapto are based on the 2020 Plan and lot release timing projections. Developer contributions will be held as restricted cash and are planned to be used to support the capital program and loan repayments.

Rates income estimates are aligned to estimated staging of the release area. 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 links. For example, Council was pleased to open the Fowlers Road extension including Karrara Bridge in April 2020.

These works are funded from Section 7.11 Developer Contributions, grant funds including NSW Housing Acceleration Fund and NSW Resources for Regions and a LIRS loan. Council continues to investigate funding opportunities to accelerate the delivery of infrastructure in the West Dapto Urban Release Area.

The West Dapto capital budget shows a significant investment in the completion of conceptual and detailed civil designs of the key transport infrastructure identified in Council's West Dapto Access Strategy. In addition to specific projects, forward projections also include capital budgets at an aggregated level that will become specific projects as project scopes are further developed.

## Contributed Assets

Financial projections for the West Dapto release area recognise that a level of infrastructure requirements will be provided by developers. This includes works in kind where the developer will complete elements of infrastructure that are contained in the West Dapto Developer Contributions Plan in lieu of contributions, as well as contributed assets that are normally associated with new subdivisions. 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. Future depreciation, operating and maintenance cost for these have been included in forecast operational expenses.

## Operational Expenses

The financial forecasts include 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 the 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.

## Loans

Council borrowed \$20.5M under Round 3 of the Local Infrastructure Renewal Scheme (LIRS) that has been used to support the West Dapto Access – Fowlers Road project. The final payment for these loans is due in 2024-2025. It is intended that for the most part, the loan repayment will be funded by future Section 7.11 Developer Contributions and rates revenue from West Dapto. Funding has been applied to debt repayments over the first 10 years. Council also had an earlier \$26.1M interest free loan from the Department of Planning that was used to accelerate construction of the West Dapto Access Strategy. Repayment of this loan was completed in 2019-2020.

## Enhanced Community Centre & Library Services

Financial forecasts include a preliminary estimate for the potential impact on operational costs associated with proposed new community centre and library at Warrawong and Helensburgh. These projects are currently planned for construction to commence within the next four years. As the projects progress, the level of additional 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 Section 7.11 Developer Contributions, 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.

The following table shows anticipated restrictions and the subsequent table outlines the nature of funding and purpose of the current internally restricted asset funds.

### **Strategic Projects Internally Restricted Asset**

The Strategic Projects internally restricted assets has been created largely from prior year financial improvements that exceeded planned targets, along with a number of non-recurrent windfall gains such as the proceeds from the settlement of a long term litigation matter and a number of land sales such as the Flinders Street property. Accumulated funds have provided a level of additional capacity to support enhancement of some service deliveries, accelerate planned projects or introduce additional projects. The Operational Plan 2022-2023 and 2022-2026 Delivery Program include a range of projects with a total value of \$17.0M to be funded from this source between 2022-2023 and 2025-2026. This will leave an estimated unallocated funds balance of approximately \$6.9M.

### **City Parking Strategy Internally Restricted Asset**

This restriction is created from the net surplus from the Inner City Parking Strategy that included the introduction of parking meters. In the past, it has been applied to parking, transport and pedestrian access, bicycle and public transport projects in the City Centre. The Adopted Operational Plan 2020-2021 approved the application of the net estimated annual surplus for the next 10 years to be applied to projects that will support the recovery and reactivation of the City Centre post COVID-19.

### **Waste Disposal Facilities Internally Restricted Cash**

The Waste Disposal Facilities Restricted Asset is held for development and renewal of assets within Council's waste facilities and for the rehabilitation of sites at the end of their lives. The waste facility fee structure includes a component for future replacement of facilities that is transferred to the restricted asset and offsets expenditure as it is incurred. The nature of asset construction and renewal is 'lumpy' and can result in periods when the restricted asset becomes 'overdrawn' as can be seen in the schedules below. Internal interest will be allocated against the restriction during the period of debt to offset lost interest income to the general operations of the organisation. As assets tend to be long lived, it is expected that the position will be recovered over time.

## 4 YEAR RESTRICTED ASSETS SUMMARY

		2022/2023 Forecast \$'000			2023/2024 Forecast \$'000			2024/2025 Forecast \$'000			2025/2026 Forecast \$'000		
PURPOSE OF RESTRICTED ASSET	Opening Balance 1/07/22	Transfer		Balance	Transfer		Balance	Transfer		Balance	Transfer		Balance
		In	Out	30/06/23	In	Out	30/06/24	In	Out	30/06/25	In	Out	30/06/26
Internally Restricted Assets													
Strategic Projects	25,943		8,414	17,529		4,138	13,391		1,423	11,968		3,318	8,650
Strategic Projects (unallocated)	5,089			5,089			5,089			5,089			5,089
Property Investment Fund	9,275	76	220	9,132	80	123	9,089	75	127	9,038	91	130	8,998
MacCabe Park Development	1,740	150		1,890	150		2,040	150		2,190	150		2,340
City Parking Strategy	1,035	741	599	1,177	718	508	1,387	696	489	1,594	674	542	1,726
Sports Priority Program	666	317	574	409	322	400	331	327	400	258	332	400	190
Natural Areas Fund	173			173			173			173			173
West Dapto Rates (additional)	8,046	2,845	901	9,990	3,320	715	12,595	3,739	732	15,603	4,377	749	19,231
Lake Illawarra Estuary Management Fund	459	165	159	465	165	167	463	165	167	462	165	167	460
Darcy Wentworth Park	171			171			171			171			171
Waste Disposal Facilities ***	5,852	4,216	1,586	8,483	4,432	9,211	3,704	3,157	18,082	(11,221)	3,311	8,693	(16,604)
Total Internal Restricted Assets	58,450	8,510	12,453	54,507	9,188	15,262	48,433	8,310	21,419	35,324	9,099	14,000	30,424
Externally Restricted Assets													
Developer Contributions (formerly S 94 )	33,348	19,459	7,263	45,544	20,550	12,978	53,116	26,393	12,447	67,061	25,837	7,514	85,384
Planning Agreements	2,655			2,655			2,655			2,655	17,342		19,997
Grants	10,661	17,044	28,780	(1,076)	17,504	21,967	(5,539)	11,645	14,770	(8,663)	7,698	9,696	(10,662)
Loan Repayment	965	(17)		948	(19)		930	(19)		910	(21)		889
Domestic Waste Management	6,770	85	203	6,652	77	74	6,655	357		7,012	62	189	6,885
Contributed Assets		10,056	10,056		7,876	7,876		7,014	7,014		5,871	5,871	
External Service Charges to Restricted Assets	33	66		100	66		166	70		236	72		308
Other Contributions	4,177	650	356	4,471	647	341	4,777	677	347	5,106	681	348	5,439
Special Rates Levies - City Centre + Mall	301	1,673	1,742	232	1,715	1,789	158	1,761	1,837	82	1,809	1,880	11
Housing Affordability Program	9,575	63	80	9,558	85		9,643	95		9,738	160	2,894	7,004
Local Infrastructure Renewal Scheme	278	10		289	12		300	12		312	13		325
Stormwater Management	1,961	1,888	1,778	2,070	1,903	1,767	2,205	1,918	1,808	2,316	1,934	1,768	2,482
Total External Restricted Assets	70,724	50,977	50,258	71,443	50,417	46,792	75,067	49,923	38,224	86,766	61,458	30,161	118,063
Grand Total	129,174	59,487	62,710	125,950	59,604	62,054	123,500	58,233	59,643	122,090	70,558	44,160	148,487
*** 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.													

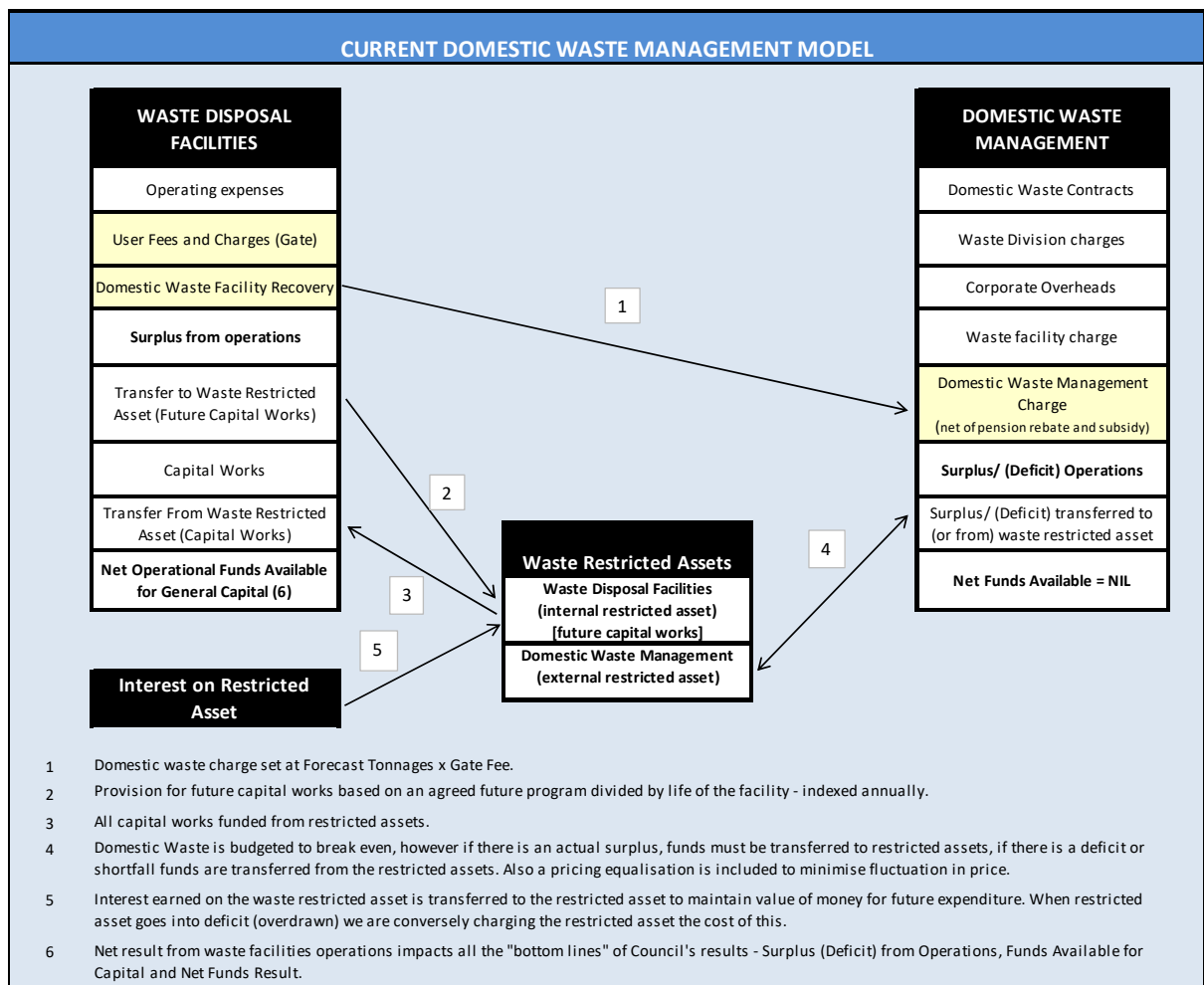


## 4 YEAR DEVELOPER CONTRIBUTIONS RESTRICTED ASSETS SUMMARY

		2022/2023 Forecast \$'000			2023/2024 Forecast \$'000			2024/2025 Forecast \$'000			2025/2026 Forecast \$'000		
PURPOSE OF RESTRICTED ASSET	Opening Balance 1/07/22	Transfer		Balance 30/06/23	Transfer		Balance 30/06/24	Transfer		Balance 30/06/25	Transfer		Balance 30/06/26
		In	Out		In	Out		In	Out		In	Out	
Externally Restricted Assets													
Old Plans	431			431			431			431			431
West Dapto	9,854	16,806	4,237	22,423	17,880	6,604	33,699	23,671	2,964	54,406	23,053	6,627	70,832
Calderwood	357	14		371	14		385	15		400	15		415
City Centre	3,011	(4)	200	2,807	(8)	500	2,298	(12)	560	1,726	(22)		1,705
City Wide	19,696	2,643	2,826	19,513	2,664	5,874	16,303	2,718	8,923	10,098	2,790	887	12,002
Total Developer Contributions Restricted Assets	33,348	19,459	7,263	45,544	20,550	12,978	53,116	26,393	12,447	67,061	25,837	7,514	85,384

Internally Restricted Assets	
Purpose	Source of Funds
<b>Strategic Projects</b>	
Support for future strategic projects to be approved by Council.	Where Available Funds level are above minimum requirements, additional funds will be transferred to the Strategic Projects Restricted Asset and consideration given to the allocation of funds through the Strategic Planning process.
<b>MacCabe Park Development</b>	
To accumulate cash for the acquisition of properties adjacent to MacCabe Park, as and when they are offered to Council in accordance with the planning provisions to achieve the objectives of extending MacCabe Park.	Recurring annual allocation made by Council.
<b>City Parking Strategy</b>	
To fund future parking, transport and pedestrian access, bicycle and public transport projects in the City Centre.	Net surplus of the Inner City Parking Strategy.
<b>Sports Priority Program</b>	
To provide funding for projects recommended by the Sports & Facilities Reference Group.	Annual allocation made by Council and telecommunication licence fees (50% Fernhill & Woonona soccer club, and Berkeley Sports & Social Club grounds and 100% of other sports grounds).
<b>West Dapto Rates (additional)</b>	
Increased annual rate revenue created from subdivision in West Dapto will be restricted and only allocated to operational expenditure as the area develops. In the interim period, the annual revenue should be made available to meet infrastructure or planning requirements in the area.	Increased annual rate revenue created from subdivisions in West Dapto.
<b>Darcy Wentworth Park</b>	
Upgrading sporting facilities in the local ward. On completion of these facilities, additional funds to be allocated to the Sports & Facilities Reference Group, to embellish sporting facilities across the City.	Rental proceeds from Darcy Wentworth Park car park.
<b>Waste Disposal Facilities</b>	
The Waste Facilities restricted asset is held for the development and renewal of assets within Council's waste facilities and for the rehabilitation of the sites at the end of their lives.	A proportion of the annual waste fee is allocated for the estimated future development and rehabilitation of waste facilities. This estimate is included in the annual calculation of the waste fees.
<b>Property Investment Fund</b>	
To provide funding for investment in longer term income generating activities.	Proceeds from property sales (excluding those already identified through the property rationalisation program), investment income on accumulated funds held and dividends from investments funded from this source.
<b>Lake Illawarra Estuary Management Fund</b>	
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 \$165,000 for Wollongong and \$85,000 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.

### COVID-19

There is still uncertainty about the ongoing or future impacts of COVID-19. The financial forecasts in the Operational Plan 2022-2023 are based on the assumption that generally Council will return to full service provision in the new financial year, there will not be significant changes in the operation and delivery of services and Council will have the planned capacity to work towards reinstating the pre COVID-19 financial position. These assumptions will be extremely sensitive to actual restrictions and community responses, the duration and nature of the recovery phase and any longer term changes that may be required in the way services are delivered. These developments will need to be monitored and potential impacts on Council's business reassessed.

### Indices

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

### Utility Cost

Projected increases for utility costs are generally based on the Independent Pricing and Regulatory Tribunal (IPART) publications where applicable other than for electricity which also includes recognition of specific negotiated contracts that are in place for street lighting and Council 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 2020. 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. Ongoing refinement of these forecasts may result in revised useful lives which would impact on depreciation expenditure in either direction.

Asset revaluations have been carried out for Transport and Stormwater assets as at 31 March 2022 that have led to a substantial increase in depreciation. The revaluations were based on evidence based on information available at the time. While these valuations and the resultant depreciation has been accounted for in Council's estimates, it is considered that further assessment of optimization strategies and improved data maturity may have a positive impact on the future renewal requirements and future accounting estimates for depreciation.

In addition, changing technologies may impact on renewal and maintenance costs.

### 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 State Government agencies. The development of future Delivery Plans will need to consider allocations towards unfunded actions in the CMP.

### **Internal Charging**

There have been continuing efforts to better reflect the costs of capital and services by distributing the cost of internal assets and services. There are existing charges for buildings, plant, vehicles, desktop computing, marketing, printing, waste tipping fees, insurances, Fringe Benefits Tax (FBT), cost of capital (plant and vehicles only) and internal labour services. There has been some change in the current plan to provide greater levels of service cost understanding by increasing the use of internal charging to include other asset classes where assets are used in specific services but are managed and maintained by another area. This has included such things as roads, bridges and footpaths in parks, tourist parks, crematorium and cemeteries and recreation assets that were not previously captured against that service.

### **Contributed Assets**

Council's estimates do not currently provide fully for potential assets that may be contributed or donated to Council over time. 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.

### **Developer Contributions (excluding West Dapto)**

Developer 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 included in the Delivery Program 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 Federal Government has indicated 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, 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 Climate Change Mitigation Plans (current and future) and the Climate Change Adaptation Plan currently under development.

## Section 2

### Capital Program and Budget 2022-2023 to 2025-2026

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:

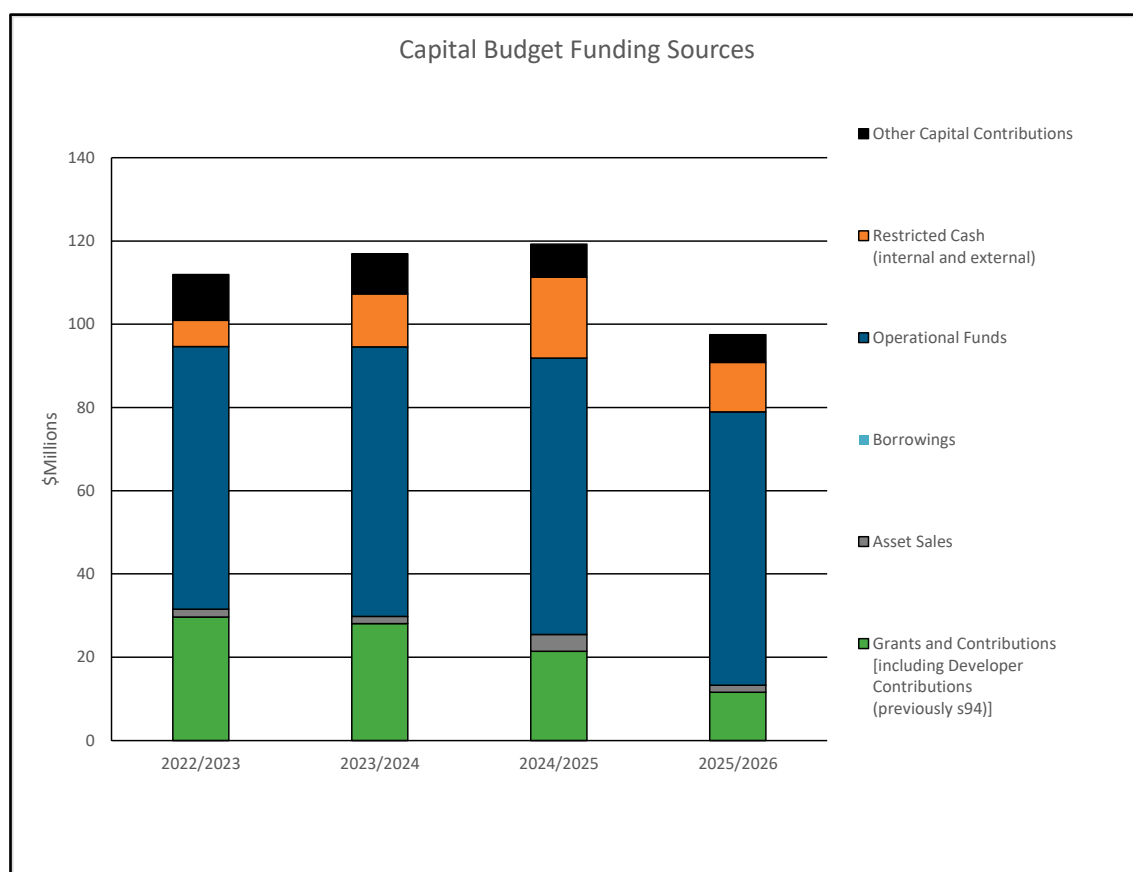
- Community input and strategic directions stated in the Our Wollongong Our Future 2032 - Community Strategic Plan
- Council's Asset Management Policy and Strategies
- Economic, tourism and growth factors including West Dapto
- Availability of funding

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.

#### Capital Budget Funding 2022-2023

In 2022-2023, \$112.0M 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 2022-2023 is derived from the allocation of operational funds (including contributions from operational savings), asset sales, contributions from restricted assets, allocations from Section 7.11 Developer Contributions funds and funding from State and Federal Government grants.

#### Capital Budget by Funding Sources – Summary Graph



## Capital Budget by Funding Sources - Table

Revenue Type	2022/2023 Budget \$M	2023/2024 Forecast \$M	2024/2025 Forecast \$M	2025/2026 Forecast \$M
Operational Funds	63.1	64.7	66.4	65.7
Asset Sales	1.9	1.7	4.0	1.7
Grants and Contributions [including Developer Contributions (previously s94)]	29.7	28.1	21.5	11.6
Restricted Cash (internal and external)	6.3	12.8	19.4	11.9
Borrowings	0.0	0.0	0.0	0.0
Other Capital Contributions	11.0	9.7	8.0	6.6
<b>TOTAL</b>	<b>112.0</b>	<b>117.0</b>	<b>119.3</b>	<b>97.5</b>

## Capital Budget by Asset Class

Asset Class	2022/2023 Budget \$ M	2023/2024 Forecast \$ M	2024/2025 Forecast \$ M	2025/2026 Forecast \$ M
Roads And Related Assets	21.1	16.9	15.7	18.3
West Dapto	5.3	12.9	10.0	10.8
Footpaths And Cycleways	17.1	21.3	10.9	11.8
Carparks	1.2	0.9	1.4	1.3
Stormwater And Floodplain Management	6.5	7.1	5.9	6.3
Buildings	16.4	20.8	30.6	12.9
Commercial Operations	0.5	3.3	2.1	1.0
Parks Gardens And Sportfields	17.2	3.7	3.8	2.2
Beaches And Pools	3.9	0.1	2.7	6.5
Natural Areas	0.0	0.0	0.0	0.0
Waste Facilities	1.5	9.2	18.0	8.6
Fleet	1.8	1.8	1.8	1.8
Plant And Equipment	3.8	3.4	3.6	3.4
Information Technology	1.4	1.4	1.3	1.4
Library Books	1.3	1.3	1.4	1.4
Public Art	0.1	0.1	0.1	0.1
Emergency Services	0.0	0.0	0.0	0.0
Land Acquisitions	0.0	0.2	0.2	0.2
Non-Project Allocations	2.9	4.8	2.5	3.7
Loans	0.0	0.0	0.0	0.0
Not Applicable	10.1	7.9	7.0	5.9
	112.0	117.0	119.3	97.5
Contributed Assets	10.1	7.9	7.0	5.9
Total Excluding Contributed Assets	101.9	109.1	112.3	91.6



## Upcoming Capital Projects in 2022-2023

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### PROJECTS – PLANNING AND DESIGN

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During 2022-2023 Wollongong City Council plans to continue and complete approximately 130 design projects including the following:

- Helensburgh Library and Community Centre
- Warrawong CBD Upgrade
- Hill 60 Masterplan
- Beaton Park Masterplan
- Wollongong and Thirroul Skate Parks
- Botanic Gardens Southern Amenities Replacement

### PROJECTS – CONSTRUCTION

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During 2022-2023, Wollongong City Council plans to commence or continue over 260 construction projects including the following:

- North Wollongong Beach Seawall
- North Wollongong SLSC
- Beaton Park Regional Tennis Complex Upgrade
- Cringila Hills Amenities
- Warrawong Library and Community Centre
- Channel Reconstruction – Railway to Holy Spirit College
- IPAC – Roof Replacement, Solar Installation and HVAC Upgrade

# CAPITAL BUDGET 2022/23 to 2025/26

## \$'000

Asset Class	2022/2023			2023/2024			2024/2025			2025/2026		
	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding	Expenditure	Funding	Revenue Funding
<b>Roads And Related Assets</b>												
Traffic Facilities	4,183	(3,221)	962	1,915	(1,445)	470	380	(300)	80	600	(300)	300
Public Transport Facilities	365	0	365	245	0	245	300	0	300	600	0	600
Roadworks	14,533	(5,393)	9,140	12,975	(3,825)	9,150	12,410	(2,400)	10,010	14,125	(766)	13,359
Bridges, Boardwalks and Jetties	2,005	(167)	1,838	1,730	0	1,730	2,585	0	2,585	2,940	0	2,940
<b>Total Roads And Related Assets</b>	<b>21,085</b>	<b>(8,780)</b>	<b>12,305</b>	<b>16,865</b>	<b>(5,270)</b>	<b>11,595</b>	<b>15,675</b>	<b>(2,700)</b>	<b>12,975</b>	<b>18,265</b>	<b>(1,066)</b>	<b>17,199</b>
<b>West Dapto</b>												
West Dapto Infrastructure Expansion	5,310	(5,310)	0	12,930	(12,930)	0	10,015	(10,015)	0	10,800	(10,800)	0
<b>Total West Dapto</b>	<b>5,310</b>	<b>(5,310)</b>	<b>0</b>	<b>12,930</b>	<b>(12,930)</b>	<b>0</b>	<b>10,015</b>	<b>(10,015)</b>	<b>0</b>	<b>10,800</b>	<b>(10,800)</b>	<b>0</b>
<b>Footpaths And Cycleways</b>												
Footpaths	10,230	(3,020)	7,210	9,746	(5,091)	4,655	4,480	(240)	4,240	5,660	0	5,660
Cycle/Shared Paths	3,575	(2,170)	1,405	6,800	(3,900)	2,900	2,465	(200)	2,265	2,100	(500)	1,600
Commercial Centre Upgrades - Footpaths and Cycleways	3,275	(200)	3,075	4,785	0	4,785	4,000	0	4,000	4,000	0	4,000
<b>Total Footpaths And Cycleways</b>	<b>17,080</b>	<b>(5,390)</b>	<b>11,690</b>	<b>21,331</b>	<b>(8,991)</b>	<b>12,340</b>	<b>10,945</b>	<b>(440)</b>	<b>10,505</b>	<b>11,760</b>	<b>(500)</b>	<b>11,260</b>
<b>Carparks</b>												
Carpark Construction/Formalising	140	0	140	150	0	150	450	(300)	150	200	0	200
Carpark Reconstruction or Upgrading	1,060	0	1,060	710	0	710	970	0	970	1,100	0	1,100
<b>Total Carparks</b>	<b>1,200</b>	<b>0</b>	<b>1,200</b>	<b>860</b>	<b>0</b>	<b>860</b>	<b>1,420</b>	<b>(300)</b>	<b>1,120</b>	<b>1,300</b>	<b>0</b>	<b>1,300</b>
<b>Stormwater And Floodplain Management</b>												
Floodplain Management	2,375	(650)	1,725	3,975	(1,570)	2,405	2,980	0	2,980	3,050	0	3,050
Stormwater Management	4,100	(75)	4,025	2,610	(225)	2,385	2,760	0	2,760	3,250	0	3,250
Stormwater Treatment Devices	20	0	20	530	0	530	150	0	150	0	0	0
<b>Total Stormwater And Floodplain Management</b>	<b>6,495</b>	<b>(725)</b>	<b>5,770</b>	<b>7,115</b>	<b>(1,795)</b>	<b>5,320</b>	<b>5,890</b>	<b>0</b>	<b>5,890</b>	<b>6,300</b>	<b>0</b>	<b>6,300</b>

## CAPITAL BUDGET 2022/23 to 2025/26

\$'000

### Buildings

Cultural Centres (IPAC, Gallery, Townhall)	9,900	0	9,900	4,560	0	4,560	4,500	0	4,500	0	0	0
Administration Buildings	360	0	360	3,735	0	3,735	1,125	0	1,125	1,200	0	1,200
Community Buildings	5,950	(1,600)	4,350	12,195	0	12,195	24,570	(9,400)	15,170	11,170	(2,600)	8,570
Public Facilities (Shelters, Toilets etc.)	150	0	150	310	0	310	450	0	450	575	0	575
<b>Total Buildings</b>	<b>16,360</b>	<b>(1,600)</b>	<b>14,760</b>	<b>20,800</b>	<b>0</b>	<b>20,800</b>	<b>30,645</b>	<b>(9,400)</b>	<b>21,245</b>	<b>12,945</b>	<b>(2,600)</b>	<b>10,345</b>

### Commercial Operations

Tourist Park - Upgrades and Renewal	175	0	175	1,850	0	1,850	1,750	0	1,750	800	0	800
Crematorium/Cemetery - Upgrades and Renewal	195	0	195	1,255	0	1,255	240	0	240	0	0	0
Leisure Centres & RVGC	100	0	100	150	0	150	100	0	100	160	0	160
<b>Total Commercial Operations</b>	<b>470</b>	<b>0</b>	<b>470</b>	<b>3,255</b>	<b>0</b>	<b>3,255</b>	<b>2,090</b>	<b>0</b>	<b>2,090</b>	<b>960</b>	<b>0</b>	<b>960</b>

### Parks Gardens And Sportfields

Play Facilities	2,290	(1,100)	1,190	1,848	(813)	1,035	2,300	(1,300)	1,000	1,150	0	1,150
Recreation Facilities	3,330	(2,200)	1,130	320	(20)	300	565	(235)	330	340	0	340
Sporting Facilities	11,625	(7,390)	4,235	1,470	(850)	620	980	(800)	180	700	(400)	300
Lake Illawarra Foreshore	0	0	0	25	0	25	0	0	0	0	0	0
<b>Total Parks Gardens And Sportfields</b>	<b>17,245</b>	<b>(10,690)</b>	<b>6,555</b>	<b>3,663</b>	<b>(1,683)</b>	<b>1,980</b>	<b>3,845</b>	<b>(2,335)</b>	<b>1,510</b>	<b>2,190</b>	<b>(400)</b>	<b>1,790</b>

### Beaches And Pools

Beach Facilities	450	(450)	0	0	0	0	0	0	0	200	0	200
Rock/Tidal Pools	0	0	0	0	0	0	0	0	0	200	0	200
Treated Water Pools	3,400	0	3,400	120	0	120	2,730	0	2,730	6,060	0	6,060
<b>Total Beaches And Pools</b>	<b>3,850</b>	<b>(450)</b>	<b>3,400</b>	<b>120</b>	<b>0</b>	<b>120</b>	<b>2,730</b>	<b>0</b>	<b>2,730</b>	<b>6,460</b>	<b>0</b>	<b>6,460</b>

### Natural Areas

Natural Area Management and Rehabilitation	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Natural Areas</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## CAPITAL BUDGET 2022/23 to 2025/26 \$'000

### Waste Facilities

Whytes Gully New Cells	1,525	(1,525)	0	9,150	(9,150)	0	18,020	(18,020)	0	8,630	(8,630)	0
<b>Total Waste Facilities</b>	<b>1,525</b>	<b>(1,525)</b>	<b>0</b>	<b>9,150</b>	<b>(9,150)</b>	<b>0</b>	<b>18,020</b>	<b>(18,020)</b>	<b>0</b>	<b>8,630</b>	<b>(8,630)</b>	<b>0</b>

### Fleet

Motor Vehicles	1,800	(949)	851	1,800	(949)	851	1,800	(949)	851	1,800	(949)	851
<b>Total Fleet</b>	<b>1,800</b>	<b>(949)</b>	<b>851</b>	<b>1,800</b>	<b>(949)</b>	<b>851</b>	<b>1,800</b>	<b>(949)</b>	<b>851</b>	<b>1,800</b>	<b>(949)</b>	<b>851</b>

### Plant And Equipment

Mobile Plant (trucks, backhoes etc.)	3,800	(937)	2,863	3,350	(779)	2,571	3,600	(780)	2,820	3,428	(782)	2,646
Fixed Equipment	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Plant And Equipment</b>	<b>3,800</b>	<b>(937)</b>	<b>2,863</b>	<b>3,350</b>	<b>(779)</b>	<b>2,571</b>	<b>3,600</b>	<b>(780)</b>	<b>2,820</b>	<b>3,428</b>	<b>(782)</b>	<b>2,646</b>

### Information Technology

Information Technology	1,350	0	1,350	1,350	0	1,350	1,340	0	1,340	1,400	0	1,400
<b>Total Information Technology</b>	<b>1,350</b>	<b>0</b>	<b>1,350</b>	<b>1,350</b>	<b>0</b>	<b>1,350</b>	<b>1,340</b>	<b>0</b>	<b>1,340</b>	<b>1,400</b>	<b>0</b>	<b>1,400</b>

### Library Books

Library Books	1,315	0	1,315	1,340	0	1,340	1,374	0	1,374	1,404	0	1,404
<b>Total Library Books</b>	<b>1,315</b>	<b>0</b>	<b>1,315</b>	<b>1,340</b>	<b>0</b>	<b>1,340</b>	<b>1,374</b>	<b>0</b>	<b>1,374</b>	<b>1,404</b>	<b>0</b>	<b>1,404</b>

### Public Art

Art Gallery Acquisitions	100	0	100	100	0	100	100	0	100	100	0	100
<b>Total Public Art</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>

### Emergency Services

Emergency Services Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Emergency Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# **CAPITAL BUDGET 2022/23 to 2025/26** \$'000

<b>Land Acquisitions</b>												
Land Acquisitions	0	0	0	250	(250)	(0)	250	(250)	(0)	250	(250)	(0)
<b>Total Land Acquisitions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>(250)</b>	<b>(0)</b>	<b>250</b>	<b>(250)</b>	<b>(0)</b>	<b>250</b>	<b>(250)</b>	<b>(0)</b>
<b>Non-Project Allocations</b>												
Capital Project Contingency	2,931	0	2,931	4,799	0	4,799	2,512	0	2,512	3,651	0	3,651
Capital Project Plan	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Project Allocations</b>	<b>2,931</b>	<b>0</b>	<b>2,931</b>	<b>4,799</b>	<b>0</b>	<b>4,799</b>	<b>2,512</b>	<b>0</b>	<b>2,512</b>	<b>3,651</b>	<b>0</b>	<b>3,651</b>
<b>Loans</b>												
West Dapto Loan	0	0	0	0	0	0	0	0	0	0	0	0
LIRS Loan	0	(2,474)	(2,474)	0	(2,564)	(2,564)	0	(656)	(656)	0	0	0
<b>Total Loans</b>	<b>0</b>	<b>(2,474)</b>	<b>(2,474)</b>	<b>0</b>	<b>(2,564)</b>	<b>(2,564)</b>	<b>0</b>	<b>(656)</b>	<b>(656)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Not Applicable</b>												
Not Applicable	10,056	(10,056)	0	7,876	(7,876)	0	7,014	(7,014)	0	5,871	(5,871)	0
<b>Total Not Applicable</b>	<b>10,056</b>	<b>(10,056)</b>	<b>0</b>	<b>7,876</b>	<b>(7,876)</b>	<b>0</b>	<b>7,014</b>	<b>(7,014)</b>	<b>0</b>	<b>5,871</b>	<b>(5,871)</b>	<b>0</b>
<b>TOTAL</b>	<b>111,971</b>	<b>(48,886)</b>	<b>63,086</b>	<b>116,954</b>	<b>(52,236)</b>	<b>64,718</b>	<b>119,265</b>	<b>(52,859)</b>	<b>66,406</b>	<b>97,513</b>	<b>(31,847)</b>	<b>65,666</b>
<b>NET REVENUE FUNDED</b>	<b>63,086</b>			<b>64,718</b>			<b>66,406</b>			<b>65,666</b>		
*Contributed Assets* in Non-Project	10,056	(10,056)	0	7,876	(7,876)	0	7,014	(7,014)	0	5,871	(5,871)	0
<b>Total Excluding "contributed assets"</b>	<b>101,916</b>	<b>(38,830)</b>	<b>63,086</b>	<b>109,078</b>	<b>(44,360)</b>	<b>64,718</b>	<b>112,250</b>	<b>(45,844)</b>	<b>66,406</b>	<b>91,642</b>	<b>(25,976)</b>	<b>65,666</b>