
Governance and Administration Matters - 26 April 2022

ITEM 7.3 **Draft Integrated Planning and Reporting Suite – Community Strategic Plan 2036, Delivery Program (2022-25), Operational Plan (2022/23), Resourcing Strategy for Assets, Finance and Workforce, and the Community Engagement Framework, Policy and Toolkit**

AUTHOR **City Future**

PURPOSE AND BACKGROUND

The Local Government Act (Sect 406) requires all councils to prepare a suite of integrated planning and reporting (IPR) documents comprising:

- Community Strategic Plan for the City (minimum 10-years);
- Delivery Program for the Council (Council term);
- Operational Plan for the Council (prepared annually);
- Resourcing Strategy for Council covering Asset Management (10-years), Financial Management (10-years) and Workforce Planning (Council term); and
- Community Engagement Framework, Policy and Toolkit.

ISSUE

The IPR documents must be reviewed regularly to monitor progress towards projected outcomes and in particular, must be reviewed following a Council election.

This report presents new and revised IPR documents for public exhibition.

RECOMMENDATION That -

1. In accordance with Section 406 of the Local Government Act 1993, the draft Integrated Planning and Reporting Documents, including the draft Community Strategic Plan, draft Resourcing Strategy, draft Delivery Program, draft Operational Plan including Budget and draft 2022/23 Schedule of Fees and Charges, draft Community Engagement Framework, Policy and Toolkit, be placed on public exhibition.
2. Council notes the Rates Harmonisation path for both former Council rating structures, as outlined in this report.
3. The proposed Rating and Annual Charges for 2022/23 as outlined in Annexures F and G (forming part of Attachment B to this report) be exhibited. The proposal is based on the following:
 - (i) Council's ordinary rates for 2022/23 making provision for an ad valorem structure and an increase to Council's general income equivalent to the percentage of 7.8%,

being a 2.5% rate peg increase plus a 5.3% special rate variation increase as determined by the Independent Pricing and Regulatory Tribunal (IPART).

- (ii) A Minimum Ordinary Residential Rate of \$850.00 in respect of each separate parcel of rateable land in the City categorised as Residential land as specified by the Independent Pricing and Regulatory Tribunal (IPART).
- (iii) A Minimum Ordinary Business Rate of \$850.00 for each parcel of rateable land in the City categorised as Business as specified by the Independent Pricing and Regulatory Tribunal (IPART).
- (iv) Council notes its earlier decision regarding Business Sub-Categories, and adjustments to the business ad valorem rates as outlined in this report.
- (v) Annual charges from Domestic Waste collection be set at \$585.00 for all Residential properties.
- (vi) Annual charges from Trade Waste collection be set at \$585.00 for all Business properties in the former City of Canterbury
- (vii) The maximum mandatory pensioner rebate of \$250.00 per annum. In addition, Council continue to provide a further voluntary rebate, which equates to \$40.00 per annum in accordance with Council's 'Rates and Charges Debt Recovery and Hardship Assistance Policy'.
- (viii) Annual Charges for Stormwater Management Services as follows:
 - **Residential Properties**
 - Annual Residential Charge of \$25.00 per property.
 - Annual Residential Strata Charge of \$12.50 per property.
 - **Business Properties**
 - Annual Charge of \$25.00 per property plus an additional \$25.00 for each 350 square metres or part of 350 square metres by which the area of the parcel of land exceeds 350 square metres.
 - **Mixed Development**
 - Adopt the dominant Rating category as applied to the parcel of land as determined by the Valuer General and apply to each relevant property.
 - In the event that a mixed development is 50% residential and 50% business, Council will apply a residential charge.

- **Exemptions**

In addition to the exemptions stipulated in the *Local Government Act 1993* and the *Local Government (General) Regulation 2005*, the following exemptions will also apply in managing the service:

- Council-owned land;
- Bowling and Golf Clubs - where the dominant use is open space;
- Properties zoned:
 - Open space 6(a);
 - Private Recreation 6(b); and
 - Rural

4. A maximum rate of interest on overdue rates and charges as specified by the Minister for Local Government.

ATTACHMENTS

[Click here for attachments](#)

- A. Draft Community Strategic Plan - CBCity 2036
- B. Draft 2022-25 Delivery Program and 2022/23 Operational Plan and Budget
- C. Draft Resourcing Strategy – 2022-32 Financial Management Strategy
- D. Draft Resourcing Strategy – 2022-32 Asset Management Strategy
- E. Draft Resourcing Strategy – 2022-25 Workforce Strategy
- F. Draft Community Engagement Framework
- G. Draft Community Engagement Policy
- H. Draft Community Engagement Toolkit

POLICY IMPACT

The draft suite of Integrated Planning and Reporting documents has been prepared in accordance with the Office of Local Governments Integrated Planning and Reporting Guidelines for Local Government in NSW (September 2021).

FINANCIAL IMPACT

The draft Operational Plan sets out Council's draft Revenue Policy, Budget and Schedule of Fees and Charges for the 2022/23 financial year. The budget has been premised on providing as many business-as-usual services and facilities as possible, and with the need to be flexible and sensitive to changing community needs during 2022/23.

The Delivery Program projects spending for the Council term and the Financial Management Strategy includes projections on spending for the next 10 years. Budgets are reviewed regularly for amendment to maintain currency and to ensure they reflect Council decisions.

COMMUNITY IMPACT

The draft Delivery Program, Operational Plan and Resourcing Strategies ensure that Council continues to focus the priorities identified by the community and that resources are properly allocated to address them.

DETAILED INFORMATION

It's more than just a legal requirement

Communities do not exist in isolation – they are part of a larger natural, social, economic and political environment. Council's plans and strategies also do not exist in isolation – land use and infrastructure planning support social, environmental and economic outcomes, and vice-versa – they are all connected and must therefore be integrated.

Under the Local Government Act 1993, Councils are required to develop a hierarchy of plans known as the Integrated Planning and Reporting (IPR) Framework. IPR requires councils to draw their various plans together and understand how they interact. It also acknowledges that the City is constantly changing and that decisions made now may have a long 'lead' time before they are realised in the future.

All documents are based on ongoing and specific community engagement activities to ensure that the IPR documents continue to reflect community and stakeholder priorities and aspirations.

Format

The IPR documents are structured around seven Destinations or key themes.

1. Safe and Strong;
2. Clean and Green;
3. Prosperous and Innovative;
4. Moving and Integrated;
5. Healthy and Active;
6. Liveable and Distinctive; and
7. Leading and Engaged.

CBCity 2036

The Community Strategic Plan sits at the top of Council's planning hierarchy and is the highest-level plan that a Council will prepare. Its purpose is to identify the community's priorities and aspirations for the City's future and to provide direction for how to get there.

The Community Strategic Plan:

- underpins all we do at Council, ensuring that successive terms work towards agreed outcomes, setting funding priorities and shaping internal policy;
- links to plans in other levels of government e.g. Greater Sydney Regional Plan;
- capitalises on the City's status as a Strategic Centre and major health and education precinct;
- provides the base on which to prepare Delivery Programs, annual Operational Plans and supporting resourcing strategies; and is
- a catalyst for collaboration, advocacy and future funding.

The revised Community Strategic Plan – CBCity 2036 – reaffirms the Community Vision or a *Thriving, Dynamic and Real City*. It also proposes **seven Transformations** or ‘game changers’ They are:

- we are a ‘Child Friendly City’;
- the City has its own solar farm;
- a network of Smart infrastructure is constructed across the City;
- there is a rapid transport connection between Kogarah and Parramatta via Bankstown;
- Canterbury and Bankstown-Lidcombe Hospitals are transformed into state-of-the-art facilities;
- our town centres are transformed through the Complete Streets approach; and
- a collaboration is formed where local and state services are delivered through a single lens.

The document is Attachment A to this report.

DELIVERY PROGRAM 2022-25 AND OPERATIONAL PLAN 2022/23

The Delivery Program examines the important issues facing the Council and outlines the priorities for the Council term to ensure that services continue to meet community expectations in terms of quality and value for money. The 2022-25 Delivery Program will focus on a range of priorities including:

- leading the way to create a cool, clean and green city – through transparent planning, clear targets and direct action (e.g. increasing the tree canopy; establishing of a solar farm in the City; and progressing a new Sustainable Resource Recovery Facility at Kelso);
- taking a more customer-centric approach to service delivery (e.g. verge mowing, town centre maintenance), aligning services with community expectations, strategies and available resources, and using data and technology to improve service provision;
- improving overall road condition and pursuing data and technology solutions to improve infrastructure maintenance e.g. using artificial intelligence and cameras on trucks to monitor and maintain the road conditions;
- marketing the City and aligning services with the evolving creative needs of our community (e.g. Campsie Cultural and Civic Precinct, night time economy);
- advocating for the community and our city, with better outcomes from NSW Government planning and infrastructure initiatives (e.g. transforming Canterbury and Bankstown-Lidcombe Hospitals into state-of-the-art facilities); and
- masterplanning for our local and village centres i.e. Canterbury, Lakemba, Belmore; Belfield Village; Punchbowl; and Wiley Park.

A full list of priorities is set out in the Delivery Program.

The annual Operational Plans expand on the priorities in the Delivery Program by identifying the specific services and projects Council will provide. The Operational Plan 2022/23 will see Council spending \$96.4 million on capital works across the City including:

- \$60 million on upgrades at community buildings and leisure and aquatic facilities;
- \$12.6 million on road, car park, bridge and traffic upgrades;
- \$4 million on parks, playgrounds and sporting facilities;

- \$3.2 million water quality improvements;
- \$1.5 million on footpaths and boardwalks; and
- \$1.7 million on town centres.

Key highlights include:

- protecting and promoting local biodiversity including habitat box and hollow management, powerful owl monitoring, and ibis management;
- keeping the city cool with more tree planting and a Towards Net Zero Emissions Plan;
- delivering an annual calendar of events, including Ramadan Nights Lakemba, Lunar New Year and Bankstown Bites;
- improving or consolidating ageing assets to provide new, modern, multipurpose community facilities including designing the new Griffith Park community facility; constructing new community facilities at Hurlstone Park and Thurina Park, and commencing construction of the new Canterbury Leisure and Aquatic Centre;
- developing infrastructure and programs that foster grass roots, recreation and lifestyle sports including a new synthetic playing field at Padstow Park; upgrading sporting amenities buildings including Bennett Park, Croydon Park, Memorial Oval, O'Neill Park and Parry Park; and sportsfield improvements at Croydon Park and Lance Hutchinson Reserve;
- planning for current and future generations including adopting a range of key strategic documents relating to transport, community facilities, public art and town centre masterplans;
- enhancing the quality of open space across the city including playground upgrades at Burnett Reserve, East Hills Park and Josephine Reserve; concept designs for new playspaces at Deepwater Park and Ewen Park; and improving the Cup and Saucer Creek bike path;
- facilitating movement around the City for all users including road rehabilitation in Beamish Street, Campsie; Bonds Road, Riverwood; Fitzpatrick Street, Revesby; Miller Road, Chester Hill, and Lancaster Avenue, Punchbowl, and advocating for improved infrastructure at Stacey Street and Henry Lawson Drive; and
- improving activity, accessibility, connectedness and attractiveness of the public domain by upgrading the Rawson Road Greenacre town centre and commencing the Campsie Complete Streets project.

The document is Attachment B to this report.

RESOURCING STRATEGY

The Resourcing Strategy ensures that Council has all of the resources it needs to deliver on its commitment to the community. It comprises a 10-year Asset Management Plan, 10-year Long Term Financial Plan and a three-year Workforce Strategy.

Financial Management Strategy (FMS) and Long Term Financial Plan (LTFP)

Council's current financial position and performance (from a cashflow perspective) is considered sound and stable. That said, Council's long-term financial plan forecasts a number of financial challenges, particularly in adequately funding Council's required asset maintenance and backlog requirements.

In the main, Council's LTFP:

- identifies some of the financial pressures Council continues to face, in terms of escalating non-discretionary costs, cost-shifting and reduction in government grants, particularly allocations made to Council under the Financial Assistance Grant program;
- reflects Council's approach to managing growth, throughout the local government area, particularly from a financial perspective; and
- addresses funding under several scenarios to meet Council's ongoing asset maintenance, asset renewal and backlog estimates.

The document is Attachment C to this report.

Asset Management Strategy – 10 years

Council has one of the most advanced and well-populated asset management systems in NSW Local Government to manage its \$4 billion asset base of roads, buildings, parks, drainage infrastructure and other community assets. In relation to these existing assets, there are three critical issues:

1. the cost of maintenance and renewal is going up;
2. there is a gap between the funding available for ongoing maintenance and renewal of our assets and what should be spent to keep assets in reasonable condition; and
3. some assets are beyond maintenance and need to be replaced.

The Asset Management Strategy is a 10-year plan to address both the Renewal Gap and to manage the Asset Backlog in a reasonable timeframe. It contains a funding strategy which has been aligned with the LTFP and provides for all Council assets to have a current Asset Management Plan detailing the whole lifecycle of the asset including responsibilities and accountabilities for the delivery, routine maintenance, partial capital renewal and (as required) the disposal or renewal of the asset.

The document is Attachment D to this report.

Workforce Strategy - 3 years

Council employs in excess of 1,400 staff across a wide variety of disciplines and professions and is committed to effective workforce planning to ensure it has the right people in the right jobs, in the right place at the right time.

The Workforce Strategy 2022-2025 draws together Council's ambition of creating a *community that loves their community* and purpose of *together we create a great city we love*. The Strategy is a collaborative approach for using data and evidence to develop and maintain

an agile, sustainable, and well distributed workforce across council to deliver on its strategic objectives.

The Strategy contains three People Priorities to ensure Council is prepared for immediate and long-term workforce demands. They are to:

1. inspire people with ambition and purpose through engaging our people to create a great city we love;
2. reimagine our workplace culture through empowering our people to make a difference; and
3. find better ways to do things through building a digital and growth mindset into what we do.

The document is Attachment E to this report.

EXHIBITION and COMMUNITY ENGAGEMENT FRAMEWORK, POLICY AND TOOLKIT

Under Section 402A of the Local Government Act 1993 all councils in NSW are required to develop and implement a Community Engagement Strategy. Council's Community Engagement Strategy is comprised of a Community Engagement Policy, Community Engagement Framework and Community Engagement Toolkit, together with the Community Participation Plan, which guides development assessment and planning processes.

The draft Integrated Planning and Reporting Suite will be exhibited for comment from 2 May to 3 June 2022. In addition to the usual engagement activities undertaken for significant matters, Council will be holding five drop-in sessions, one in each Ward to provide more opportunity for face-to-face discussion with the community and to enhance community participation prior to Council adoption. This is in accordance with the attached Community Engagement Strategy and Toolkit.

The documents are Attachments F, G and H to this report.

FINANCIAL MANAGEMENT

Council's Financial Management Strategy (FMS) and Long Term Financial Plan, sets out the parameters which look to respond to the ongoing challenges to long term financial sustainability, and manage liabilities for future generations.

Despite the many financial challenges faced by Council including the loss of a previous Special Rate Variation (SRV), the capping of rates income, the ongoing cost shifting from other levels of government, the reduction in federal government general purpose grants, the ongoing financial impact of the global coronavirus pandemic, the emergence of cost rises above income growth, and supply chain issues, Council's current financial position is considered sound from a cashflow perspective and able to support the ongoing management of Councils operations.

Council's broader financial position continues to reflect a Net Result of negative \$1.4M. Once adjusted for one-off capital grants and contributions (which establishes/provides the true result of managing our day-to-day operations), Council's net result further declines to negative \$24.4M (negative \$35.0M in 2021/22).

Council's long-term financial plan supports the decisions Council has taken to address these challenges, including a successful application to IPART for a Special Rate Variation, and importantly developing a path to ensure we remain financially sustainable including:

- ongoing maintenance of our infrastructure assets;
- pressure to both align and/or increase service levels across the local government area;
- increases in non-discretionary costs, such as the emergency services levy, local government election costs and waste levies; and
- recouping the loss of rating revenue to fund services/capital (i.e. former Canterbury Council Special Rate Variation - \$5.1M per year).

The Long-Term Financial Plan highlights Council's steps to address this imbalance and importantly provides a path which ensures Council remains financially sustainable.

Council has an ongoing commitment to refining/reviewing its cost base, particularly through ongoing efficiency improvements throughout operations, to ensure that every effort is made to deal with the pressures noted above.

Recent relaxing of COVID-19 virus restrictions has assisted in reducing the virus's impact on Council's operations. However, the COVID-19 pandemic continues to impact council operations through supply chain issues, staffing of operations for service delivery and the flow on to rising inflationary pressures on Councils costs. In responding to the crisis, Council has provided a number of community initiatives and support packages to assist its community throughout the pandemic.

Council estimates that the total direct financial impacts of the pandemic on Council's operations is estimated to be around \$24M to date. The impact has come at the expense of replacing infrastructure assets throughout the local government area.

More broadly, Council's Financial Management Strategy addresses long term financial sustainability challenges including a commitment to slow expense-growth, adequately fund the maintenance and renewal of infrastructure, and manage liabilities for future generations.

Council's FMS includes measures to tackle and absorb the broader economic environment and ensure that it is ready to respond to issues such as:

- harmonising services and revenue funding across the local government area;
- the expected growth in housing and its impact on service and infrastructure needs;
- revitalising and re-investing in the CBD, town centres, libraries and recreational facilities;
- enforcement of required regulatory and compliance standards expected by the community;
- preserving the City's fragile natural environment;
- building confidence in the City by identifying relevant opportunities to support the local economy and attract investment; and
- taking a positive and leading role in responding to the reforms set out by the NSW Government.

Financial Objectives

Council's financial approach provides the required framework for managing objectives and financial decision making. This focuses on ensuring that the financial parameters, principles and objectives applied in developing the budget continue to achieve a balance between financial stability, sustainability, asset maintenance, construction and the provision of services to our community.

The principal financial objectives are to:

- provide adequate investment in recurrent operational and asset replacement programs/projects;
- incorporate all necessary governance and administrative costs required in delivering Council's objectives;
- manage cash restrictions based on agreed policies and statutory requirements;
- meet the cost of accrued liabilities such as loan repayments and employee entitlements as they fall due; and
- maintain a sound financial position.

Council's financial goals continue to include:

- maintaining an adequate level of unrestricted working funds and liquidity levels to preserve our sound financial position;
- increasing non-rates revenue through investing in income generating activities, effective pricing and property management;
- providing affordable services through productivity and efficiency improvements which will also include a continued assessment of core/non-core services being provided to the community; and
- achieving an optimum balance in satisfying our financial objectives and other planned activity outcomes.

The 2022/23 budget is premised on a number of elements, including:

- an adjustment to rates income as approved by the Independent Pricing and Regulatory Tribunal (IPART);
- unless known, the growth in other revenues and operational costs be increased to reflect Council's pricing principles outlined in the Long-Term Financial Plan;
- commencement of a loan borrowing program to partially fund the proposed new Canterbury Leisure and Aquatic facility; and
- maintaining strategic indicators and cash restrictions at acceptable levels.

Amidst our known financial challenges, Council's focus for the forthcoming financial year will again centre on balancing our need to provide effective services throughout the community, delivering on infrastructure and preserving/managing our cash reserve position.

Revenue Policy

- **General Rates and Annual Charges**

On the 29 March 2017, the NSW Parliament passed the Local Government Amendment (Rates – Merged Council Areas) Bill 2017 providing rate protection for residents of NSW Merged Councils. The Bill effectively froze rates on their current paths for a period of 5 years, an obligation which continued until 30 June 2021 – including Council’s ability to restore the former Canterbury Council’s Infrastructure Levy – which would have equated to \$5.1M if it were reflected in Council’s 2022/23 Budget – which ended in 2019. When compounded, the cumulative loss of rating income from the levy totals around \$14.9M.

Separately, the NSW Government originally required all merged councils to implement a new aligned rating system by 1 July 2021. Subsequently, the Government agreed to allow merged councils to gradually harmonise their former council rating structures over an 8-year period, rather than needing to complete the process by 1 July 2021.

As part of Council’s 2021/22 Operational Plan process, Council agreed to adopt an 8-year gradual rates harmonisation strategy. The 2022/23 rating year reflects the second year of the strategy.

Councils parameters in terms of setting its rating structures for 2022/23, is as follows:

- a permissible rate increase of 7.8% (rate-peg of 2.5% and SRV of 5.3%), as determined/set by the IPART;
- reflects an anticipated staged growth of around 750 dwellings throughout the year; and
- as indicated above, gradually harmonising Council’s Residential and Business ad valorem rates over an 8-year period (Year 2 of 8).

Business Sub-Categories

As part of its 2021/22 Operational Planning process, Council established new subcategories for the business rating category. The sub-categories are based on the parameters and/or hierarchy of commercial and industrial zones, as adopted in our Local Strategic Planning Statement.

Given the higher volume of pedestrian traffic, increased retail exposure, and proximity location to the centre of activities in suburbs, business sub-categories and a rating differential provides greater fairness and equity to Council’s rating structure. Business ratepayers operating outside established commercial zones and city centres, are not provided the same level playing field as businesses located inside of these areas. Businesses who choose to position themselves in these locations do so specifically for the benefits of that location.

On this basis, Business Sub-Categories established and applied for the 2021/22 financial year – were as follows:

Business Sub-Categories	
Rating Sub-Category	Local Strategic Planning Statement (LSPS) Hierarchy
Business – Commercial Large	Major Shopping Centres (Bankstown / Roselands)
Business – Commercial General	Bankstown CBD, Campsie, Local Centres
Business – Industrial Large	Business Parks, Major Industrial Areas
Business – Industrial General	All Other Industrial Areas
Business – Ordinary	Village, Small & Neighbourhood Centres

Based on the above, each business throughout the local government area has been assigned to a new sub-category. The current differential between the residential ad valorem rate and the business ad valorem rate is 1:2.7.

The ad valorem differential will be gradually/equally adjusted over a 4-year period. Indicatively, the proposed differential rate/ratio for ad valorem rates in each rating category will be as follows:

Business Sub-Categories					
Rating Sub-Category	Current (2021/22) Differential from Residential Ordinary	Proposed Differential from Residential Ordinary 2022/23	Proposed Differential from Residential Ordinary 2023/24	Proposed Differential from Residential Ordinary 2024/25	Proposed Differential from Residential Ordinary 2025/26
Business – Commercial Large	1:2.7	1:3.025	1:3.350	1:3.675	1:4
Business – Commercial General	1:2.7	1:2.775	1:2.850	1:2.925	1:3
Business – Industrial Large	1:2.7	1:3.025	1:3.350	1:3.675	1:4
Business – Industrial General	1:2.7	1:2.775	1:2.850	1:2.925	1:3
Business – Ordinary	1:2.7	1:2.525	1:2.350	1:2.175	1:2

Naturally, the respective differential rates/ratios will separately be set and determined by Council as part of each annual planning process.

Minimum Rates

Council commenced its minimum rates harmonisation from 1 July 2021 in accordance with its approved IPART proposal. The main purposes of Council's minimum rate application to IPART in 2021 was to:

- harmonise the former Council's rating structure; and
- deliver a fairer and more equitable rating structure.

By way of background, in 2020/21, 30.6% of the council's ratepayers were paying the minimum rate. Without the proposed minimum rate increases the dollar gap between ratepayers paying the minimum rate and ratepayers paying the ad valorem rate would continue to grow in the future.

Residents living in standard houses would effectively bear a greater percentage of the rating burden if the minimum rate was not increased, despite all ratepayers having the same access to council's services. IPART had considered Council's approach and determined it be appropriate/reasonable.

As part of Council's rates harmonisation strategy and approved SRV, Council's minimum rates will be adjusted to \$850 in 2022/23 and \$990 in 2023/24.

Special Rates – Bankstown CBD Town Centre

In implementing its overall rating strategy, Council had agreed to discontinue levying the Bankstown CBD Special Improvement Rate from 1 July 2022. This decision has been applied in setting Council's 2022/23 rating structure.

Pensioner Rates

Approximately 20,500 pensioner ratepayers qualify for Council's voluntary rate rebate and the State Government's mandatory rate rebate, which are granted to people in receipt of pensioner concession cards. The maximum mandatory rebate, which is 55% funded by the State, is \$250.00 per year.

In accordance with Council's proposed rates and charges, debt recovery and Hardship Assistance Policy, an additional voluntary rebate which equates to \$40.00 per year will be provided to all eligible pensioners. The total rebate will cost Council approximately \$3.0M in net terms for 2022/23, approximately \$0.8M of which is Council's discretionary concession.

Domestic Waste Management Fee

Council, during 2020/21, harmonised its waste operations. The new service and contracts reflect increased/standardised service levels throughout the local government area, across all waste services.

In setting its fee, Council is required to:

- apply cost recovery principles in setting its fee, including the need to account for increasing non-discretionary state government costs, such as tipping fees and levies;
- reflect the increased service levels costs;
- reflect required capital resourcing to accommodate the new service and restore relevant cash reserves (former Canterbury Council); and
- maintain adequate cash reserves for ongoing vehicle and bin replacement, including tip rehabilitation and deploying Council's waste strategy.

Council harmonised the annual Domestic Waste Management fee across the local government area in 2021/22. The proposed Domestic Waste Management fee will be set at \$585 for

2022/23. Whilst IPART had suggested an increase of 1.1% to the fee, Council's proposed adjustment has been set at 0.9%.

Annexure E provides the financial details relating to the service.

Stormwater Levy

The City of Canterbury Bankstown is the principal authority responsible for the local management of stormwater. On behalf of the public, Council:

- maintains stormwater drainage pipes;
- implements essential flood mitigation measures to protect life, property and infrastructure;
- conserves the natural waterways of the City;
- harvests and reuses stormwater to reduce potable water use;
- protects water quality in our creeks and rivers by installing water sensitive urban design features and pollution control devices; and
- protects riparian bushland and other natural assets from the impacts of urban runoff.

In recognition of Councils' key role in stormwater management, the NSW Government made amendments to the Local Government Act 1993 (amended October 2005) and the Local Government (General) Regulation 2005 (amended April 2006) to allow councils the option of levying a stormwater management service charge.

The charge was introduced to help council to cover some or all of the costs of providing new or additional stormwater management services to eligible land, above and beyond those that council could provide with their own funds.

The implementation of the charge recognises that increasing urbanisation has resulted (and continues to result) in a significant increase in impervious surfaces and has significantly increased the volume of stormwater (and therefore pollutant loads) flowing into urban waterways and urban drainage systems.

These pressures have increased the costs of stormwater management for local councils. In accordance with Section 496A of the Local Government Act 1993 and Local Government (General) Regulation 2021, Council has in place a Stormwater Charge on eligible properties within Canterbury- Bankstown. In managing the annual charge, the following structure will be applied:

Residential Properties

Annual Residential Charge of \$25.00 per property. Annual Residential Strata Charge of \$12.50 per property.

Business Properties

Annual Charge of \$25.00 per property plus an additional \$25 for each 350 square metres or part of 350 square metres by which the area of the parcel of land exceeds 350 square metres.

Mixed Development

Adopt the dominant Rating category as applied to the parcel of land as determined by the Valuer General and apply to each relevant property. In the event that a mixed development is 50% residential and 50% business, Council will apply a residential charge.

Exemptions

In addition to the exemptions stipulated in the Local Government Act 1993 and the Local Government (General) Regulation 2005, the following exemptions will also apply in managing the service:

- Council-owned land;
- Bowling and Golf Clubs - where the dominant use is open space; and
- Properties zoned:
 - Open space 6(a);
 - Private Recreation 6(b); and
 - Rural.

It should be noted that this charge, set by legislation, has not changed (not even CPI). Since being first introduced. In reality this is a decline over time.

Annexure I of the Financial Statements in Part 5 of the Operational Plan provides details of the Stormwater Levy funded projects for 2022/23.

Interest Income

Council will continue to carefully manage its investment portfolio having regard to prevailing market conditions, industry benchmarks and allowable investment opportunities, as they arise. Having regard to Council's current investments and market expectations, the budget includes a weighted average return of around 1.75% per year.

With official interest rates at historically all-time lows, Council has seen a rapid decline in interest income over last few financial years. It is expected that the Reserve Bank will begin increasing official interest rates over the 2022/23 financial year. However, these increases will take some time to flow through to increased interest income for Council due to the timing of maturities and re-investments. Budgeted interest income over the short-medium term have been revised to reflect the current low interest rate environment.

In total, Council expects its interest income to increase slightly by \$0.1M in 2022/23 from the low base of investment interest income forecast for 2021/22.

Other Fees and Charges

The general principle being applied is that fees should reflect true costs less the amount Council is willing to subsidise as a community service obligation. In general, it is proposed to increase the 2022/23 fees and charges by 0.7%, subject to rounding where required.

Council's approach to setting its fees and charges is based on the following broad parameters.

Pricing of Goods and Services (Pricing Policy)

Council establishes its pricing levels through a range of factors, which are broadly dependent on the nature of the good or service being provided and the extent to which Council recognises an obligation to subsidise provision of the good or service. Council's Pricing Policy is subject to review on an annual basis or where appropriate, according to need. Where appropriate, Council will assess and apply a user pays model in setting its pricing based on the following provisions:

Cost of provision

The cost to Council of providing goods or services is a primary consideration when determining pricing. Council recognises that rational and relevant pricing decisions can only be made when there is a full understanding of the cost to Council and the community, of resourcing specific service areas.

Community Service Obligations

Council acknowledges that it has an obligation to provide some goods and services as a community service. As a result, Council accepts responsibility for at least partially funding these goods and services from other sources of revenue. This is reflected in varying degrees of pricing subsidy, dependent on the nature of the good or service being provided. Where it is not feasible to collect fees from private beneficiaries for a good or service, which provides a wider community benefit, full subsidy will be applied.

Where cost-recovery can be achieved but Council recognises an obligation in terms of equity and social justice considerations, and the merit and well-being of the community, an appropriate level of subsidisation will be applied.

Private Benefit

Some goods and services provided by Council are not provided on the basis of wider community benefit and are used by private beneficiaries. Goods or services of a commercial nature will be subject to commercially competitive pricing principles, which reflect market conditions and full cost recovery.

Where Council are engaged in providing any commercial/business operations, it will price such services at full cost recovery, to cover both the cost of capital and a commercial rate of return.

Council looks to generate an agreed positive return on assets so as to not reduce financial viability. Where required, Council will ensure compliance with 'competitive neutrality' provisions of the National Competition Policy and categorisation (i.e. category 1 or 2 business activity). Council has not identified any category 1 or 2 business activities for the 2022/23 budget.

Statutory Limitation

It is acknowledged that certain fees, charges and levies are set by legislation and Council has no control over pricing in these circumstances.

Details of each charge are attached in Section 5 of the Operational Plan.

Loan Borrowings

Council's long-term Financial Management Strategy reflects a budgeting model whereby General Fund Revenue is generated to maintain our infrastructure asset replacement program and that loans will only be acquired to support certain community self-funding initiatives that Council endorses.

Council is scheduled to begin a borrowing program during 2022/23 of up to \$85M over the next 10 years to fund Council's adopted Leisure and Aquatics Strategy. An initial loan of \$43M will be required commencing in 2022/23 and be drawn down as required to fund the Canterbury Leisure and Aquatics Facility.

As part of Council's approved Special Rate Variation by IPART funding has been made available to service new loan borrowings for the implementation of Council's adopted Leisure and Aquatics Strategy. The Canterbury Leisure and Aquatics facility and loan have been included in the 2022/23 operational plan and budget. Specific timing, budgets and loan funding for other projects in the Leisure and Aquatics Strategy will be identified as part of future annual Operational Plans.

Costing Parameters and Assumptions

Inflation

Inflation expectations are as per the Reserve Bank of Australia (RBA) target, which is a band set at a rate of between 2.0% and 3.0%. Inflation has been impacted by the COVID pandemic, global factors and supply chain issues during 2021/22 which has seen recent inflation rise above the RBA's target.

As a guide, Council's costs have been adjusted by 2.5% to accommodate and/or reflect relevant escalation in proposed budgets for the 2022/23 financial year, particularly those of a contractual nature.

Employee Costs

Council's employee costs in the 2022/23 Budget include an award increase of 2.0%. Council's full-time equivalent (FTE) employee numbers (organisational structure) for the 2022/23 financial year is set at 1,483.

Depreciation Expense

Council's operating expenses include an amount for Depreciation Expense, a non-cash item which aims to broadly account for the level of use/consumption of assets on an annual basis. An amount of \$77.9M has been reflected in the 2022/23 Budget to reflect this cost. Council assesses depreciation annually as part of preparing and reviewing its Asset Management Strategy.

Planned 2022/23 Budget

Council's expected operating result for the 2022/23 financial year is:

Category	2022/23 Original \$M	2021/22 Original \$M	Difference \$M
Operating Revenue	363.7	357.6	6.1
Operating Expenditure	365.1	358.4	6.7
Operating Deficit (Including Capital Income)	(1.4)	(0.8)	(0.6)
Less Capital Grants and Contributions	23.0	34.2	11.2
Total Operating Result	(24.4)	(35.0)	10.6

The 2022/23 Budget is assessed against the 2021/22 Original Budget given that it provides a comparable base to assess the broader movement between financial years.

Council's Net Operating Result before Capital Grants and Contributions for 2022/23 is estimated to be negative \$24.4M, this is an improvement of \$10.6M when compared to Council's 2021/22 Original Budget.

Once capital grants and contributions are added, Council's projected Operating Result for the year is expected to be negative \$1.4M.

A break-up of both the Revenue and Operating Budgets proposed for the forthcoming financial year is shown below.

Revenue/Income Budget

Council's Revenue Budget (excluding capital grants and contributions) for 2022/23 is expected to be \$340.7M, an increase of \$17.3M (5.3%) to that originally planned for 2021/22. A break-up by income category is as follows:

Category	2022/23 Original \$M	2021/22 Original \$M	Variance \$M
Rates / Domestic	274.3	256.0	18.3
User Charges / Fees	19.1	19.2	(0.1)
Interest	6.7	6.6	0.1
Other Revenue	14.1	13.6	0.5
Grants - Operating	21.4	22.4	(1.0)
Other Income	5.1	5.6	(0.5)
Total	340.7	323.4	17.3

The variation of \$17.3M, is a result of the following movements:

Component	Variance \$M
Rating Revenue	14.8
Domestic Waste	3.5
Interest Income	0.1
User Fees & Charges	(0.1)
Operating Grants	(1.0)
Total	17.3

Revenue projections for 2022/23 have been set to reflect known elements and/or current year trends. An explanation of the major variations is as follows:

- Reflected the approved 7.8% (rate-pegging limit of 2.5% and SRV of 5.3%) to its rating revenue budget and expected growth in properties throughout the local government area;
- Council's annual Domestic Waste Levy for residential properties will increase by \$5 (0.9%) per year which reflects a general increase in the cost of providing the service and the longer-term costs associated with replacing plant, bins and rehabilitating various waste facilities – see Domestic Waste Fee section above for detailed explanation;
- Operating Grants, including the Financial Assistance Grant, are included where the grant has been confirmed and the level of funding can be reliably calculated, and additional grant funds will be reported during the year as part of the quarterly budget reviews; and
- Council's level of interest income is expected to increase by \$0.1M, which is a reflection expected market conditions and the estimated level of cash on hand throughout the year.

In terms of specific purpose capital grants and contributions, Council expects to receive approximately \$23.0M in funds for various capital outcomes throughout 2022/23.

Type	Amount \$M
Development Contributions	15.0
Roadworks/Traffic – Various	7.2
Open Space	0.8
Total	23.0

Operating Expenses (OPEX)

Council's proposed operating expenditure budget is analysed to ensure that allocations are comparable to current trends. Council's Operating Expenditure Budget is expected to be \$365.1M, an increase of \$6.7M (1.9%) to that adopted for 2021/22. A break-up of each operating expenditure category is as follows:

Category	2022/23 \$M	2021/22 \$M	Variance \$M
Employee Costs	157.4	152.3	5.1
Borrowing Cost Expense	0.8	0.1	0.7
Depreciation	77.9	75.5	2.4
Materials & Services	115.0	118.3	(3.3)
Other Expenses	14.0	12.2	1.8
Total	365.1	358.4	6.7

A summary of the major variations by category is as follows.

Employee Costs

A comprehensive planning process has been carried out to ensure that the Employee Costs budget accurately reflects required resources in managing Council's operations. Council's full time equivalent (FTE) employee resources for the 2022/23 financial year are set at 1,483.

The budgeted increase in employee costs of \$5.1M is largely attributable to the Local Government Award Increase of 2.0% and its broader impact on employee entitlements. The budgeted employment costs also include the raising of the superannuation guarantee amount for employees from 10.0% to 10.5% for 2022/23.

Borrowing Costs

Borrowing costs have increased by \$0.7M in 2022/23 which are the interest charges on the loan for the Canterbury Leisure and Aquatics facility. The first tranche of the initial loan of \$43M is expected to be drawn down in the fourth quarter of 2022/23.

Depreciation

Depreciation expense has increased by \$2.4M in 2022/23 to reflect capitalisation of new assets and infrastructure revaluations which provided amendments to infrastructure values and useful lives resulting in increased depreciation charges.

Material / Services and Other Expenses

Materials, Services and Other Expenses are expected to decrease by around \$1.5M or 1.1% when compared to Council's adopted 2022/23 budget.

The decrease in Materials, Services and Other Expenses mainly relates to:

- Adjusting for one off election costs \$2.3M in 2021/22 (funded from councils dedicated reserves); and
- Investing in the next stage of Council's LED streetlighting program \$1.6M with the pay back of reduced electricity charges in future years

Council's current financial performance, although considered sound from a financial perspective, suggests that the impact of increasing non-discretionary costs (those largely imposed upon us by the State), will continue to grow at a rate far greater than planned inflation/CPI. This will have an ongoing impact on our longer-term ability to absorb similar cost increases in the coming years and/or continue to preserve our current sound financial position.

Council's Budgeted Income Statement, which outlines the various OPEX categories, is attached in Annexure A of Part 4 of the Operational Plan.

Capital Works (CAPEX)

Council continues to improve its approach to managing its infrastructure, with a rolling schedule of comprehensive condition assessments of infrastructure assets from year to year.

This allows Council to clearly determine the extent of funding required to restore or rationalise certain assets within the City. Although the management and financial impact requires a long-term commitment well beyond the 2022/23 budget, the identified framework provides Council with a level of confidence in determining an effective approach to formulate its long-term planning.

In 2022/23, Council's focus will largely be to ensure the timely replacement / maintenance of existing assets throughout the Local Government Area.

As outlined previously, Council's ability to maintain its ongoing funding for asset management purposes is aligned to the approved special rate variation from IPART. Without increasing its revenue base (Rates) Council's ability to fund depreciation would have continued to erode/reduce.

Council's total expenditure on assets throughout 2022/23 (excluding any potential carryovers from the current financial year) is expected to be approximately \$96.4M.

Project Area	Amount \$M
Bridges	0.8
Buildings (including Canterbury Leisure and Aquatics Centre)	60.0
Car parks	1.8
Drainage Conduits	1.8
Waste Management	2.3
Town Centres	1.7

Open Space	3.6
Park/Street Furniture	0.7
Park Lighting	0.3
Pathways and Boardwalks	1.5
Road Pavement	8.5
Traffic Management Devices	0.4
Water Courses and Water Quality Devices	0.8
Operational Assets	12.2
TOTAL CAPEX	96.4

As in previous years, the 2022/23 Budget is well balanced with a strong focus on asset maintenance/replacement, complemented with priority initiatives. Of Council's capital budget, an amount of \$34.8M will be spent on replacing and/or restoring ageing infrastructure throughout the City.

The draft capital works budget for 2022/23 incorporates projects to be funded from the consolidated draft Canterbury Bankstown Local Infrastructure Contributions Plan that is currently on exhibition. Any changes required to the draft 2022/23 capital works program based on the Council's determination of the consolidated draft Canterbury Bankstown Local Infrastructure Contributions Plan will be included at an appropriate quarterly budget review during 2022/23 for Council consideration.

Annexure J and K summarises Council's capital works program for 2022/23.

Cash Reserves

A large component of Council's capital works program is reliant on the use of dedicated Reserve funds, held to fund future projects and/or initiatives throughout the city and the prudent management of its liabilities.

In addition, Council's Development Contribution Reserves form an integral part of Council's capital works program.

In net terms, Council's level of Reserves, both those imposed by legislation or established by Council are forecast to total \$345.2M by 30 June 2023, a net increase of \$28.0M.

With the planned capital program of \$96.4M, asset replacement reserves are estimated to increase by \$4.0M during 2022/23.

A summary of restrictions made and used can be found in Annexure D of Part 4 of the Operational Plan.

Liquidity and Performance Indicators

Based on the proposed 2022/23 Budget, Council's major financial indicators continue to meet accepted industry standards and convey a sound financial position.

Council's major financial indicators for the 2022/23 financial year are expected to be as follows:

Indicator	Target	2022/23
Unrestricted Current Ratio	>150%	145%
Debt Service Ratio	<10%	0.43%
Unrestricted Cash	>\$0	\$8.1M

Based on all the cash movements noted above, Council's budget reflects an increase in cash of \$28.0M, which accounts for both internal and external restricted funds expected to be received and utilised throughout 2022/23.

Council will continue to maintain a sound level of liquidity and reserves to manage any foreseen fluctuations and/ or uncertainties that may eventuate. This together with other measures are demonstrated by Council's financial indicators, which with the exception of the operating performance ratio (as highlighted in Council's Long Term Financial Plan) continue to meet and in some cases are estimated to exceed accepted industry levels.

CONCLUSION

Council's goal is to provide residents with high quality facilities and services and position the City to best capture future opportunities. Our integrated planning suite ensures sufficient attention is given to strategic decision-making at the local level. It details future direction, significant initiatives and projected budgets to guide progress and measure performance. Each annual operational plan is a further step towards achieving the goals outlined in our long term plans.

CBCity 2036 sets the vision and direction for Canterbury-Bankstown to 2036. It was shaped by our community and key stakeholders and reflects their views. It is supported at Council by the:

- Delivery Program for the Council (Council Term);
- Operational Plan for the Council (prepared annually);
- Resourcing Strategy for Council covering Asset Management (10-years), Financial Management (10 Years) and Workforce Planning (Council Term); and the
- Community Engagement Framework, Policy and Toolkit.

Together this Integrated Planning and Reporting Suite assists Council and the community to turn aspirations to reality.