



Willoughby City Council

ORDINARY COUNCIL

AGENDA

NOTICE IS HEREBY GIVEN that an
Ordinary Meeting of the Council
will be held at Council Chamber
Level 6, 31 Victor Street, Chatswood

on 15 May 2023
commencing at 7:00pm

The Meeting is open to the Public

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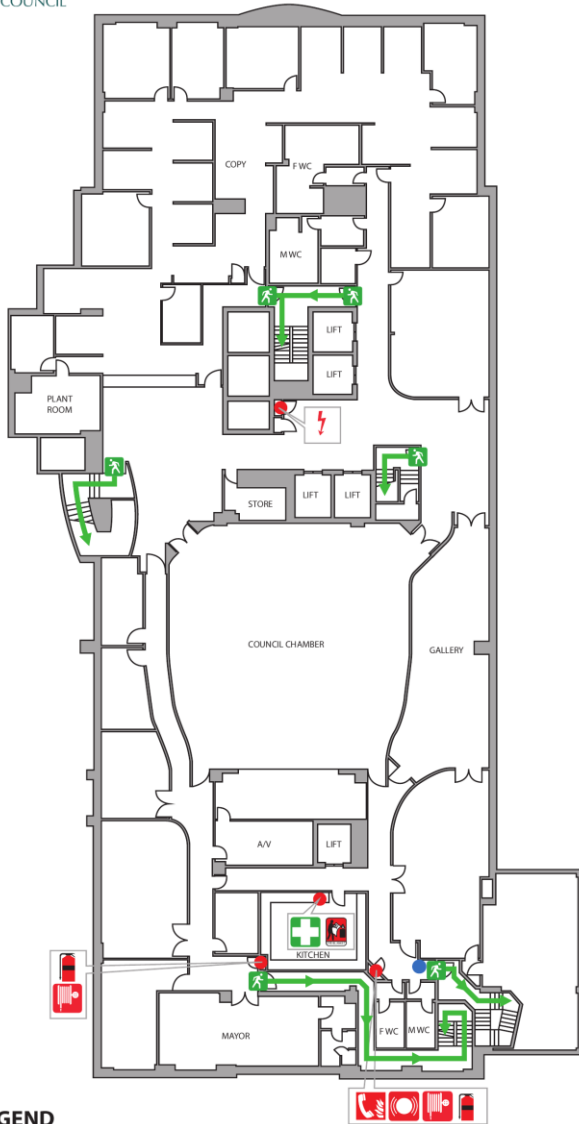
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WILLOUGHBY CITY COUNCIL

Level 6 Floor Plan



EVACUATION DIAGRAM | COUNCIL CHAMBERS



000 EMERGENCY Dial 000 for all emergency services
 Address: 31 Victor St, Chatswood
 Nearest Cross: Albert Ave

IN THE EVENT OF AN EMERGENCY

Remove any person from danger
Alert staff and others
Confine smoke/fire and close doors
Extinguish fire, if safe to do so -
 If not, assist others and move to the Emergency Assembly Area.

EVACUATION PROCEDURES

ALERT BEEEP..BEEEP..BEEEP.
 If you hear this sound you must be prepared to evacuate. Listen carefully to any instructions provided by Wardens and Staff.

EVACUATE WOOP..WOOP..WOOP.
 When you hear this sound you **MUST** evacuate using the nearest Fire Exit. Do not run and do not use any Lifts. If you need assistance to evacuate advise the nearest Staff member.

Listen carefully to any instructions provided by Wardens and Staff.

This diagram identifies the nearest Exit and the alternate Fire Exit as well. You must proceed to the Emergency Assembly Area and wait for further instruction.

DO NOT PANIC

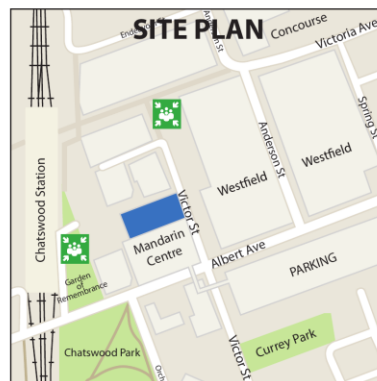
LEGEND

	FIRE EXIT		EMERGENCY ASSEMBLY POINT
	STAIRS		EMERGENCY EXIT ROUTE
	YOU ARE HERE		FIRST AID KIT
	ELECTRICAL DISTRIBUTION BOARD		FIRE BLANKET
	FIRE HYDRANT		FIRE INDICATOR PANEL
	FIRE HOSE REEL		BREAK GLASS ALARM
	WARDEN INTERCOM POINT		CO2 FIRE EXTINGUISHER

LEVEL 6

Assembly Area 1:
 Chatswood Mall, near Victor Street

Assembly Area 2:
 Garden of Remembrance



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 Ph 1300 71 81 31 Date of Review: 12-2017
 NOT DRAWN TO SCALE



COUNCIL CHAMBERS

CUSTOMER AND CORPORATE DIRECTOR	MAYOR	CHIEF EXECUTIVE OFFICER
M Kenyon	Clr T Taylor	D Just

Clr G Roussac	N A R E M B U R N	M I D D L E H A R B O U R	Clr R Samuel
Clr N Wright			Clr A Rozos
Clr A Greco			Clr S Mouradian
Clr H Eriksson	S A I L O R S	W E S T	Clr C Campbell
Clr J Moratelli			Clr B Zhu Deputy Mayor
Clr R McCullagh			Clr J Xia
	B A Y		

Council
Staff



Council Chamber Protocol

Ordinary Council Meetings are held on the fourth Monday of the month.

All meetings are open to the public except for items that, in the Council's opinion, are confidential, in accordance with Section 10A of the *Local Government Act 1993*.

- The Council meeting is in progress once the Mayor declares the meeting open and until the Mayor declares the meeting closed. Members of the public are asked to remain silent when the Council meeting is in progress.
- Members of the public can request that an item be discussed early in the meeting by approaching a Council Officer or Councillor prior to the meeting commencing. The decision to bring forward an item rests with the Mayor. Members of the public are not permitted to approach Councillors while the Council meeting is in progress. Having a matter brought forward in the Council meeting does not give you the right to address Council on that matter.
- You may address Council at a Council meeting in one of two ways:
 - **Open Forum** – allows people to address Council for up to three (3) minutes on any topic relating to Council's activities or Willoughby generally. Members of the public cannot use the Open Forum to speak about an item on the agenda. Requests to speak at Open Forum can be made by completing the on-line form on Council's website before noon on the day of the meeting.
 - **Public Forum** – allows people to address Council for up to three (3) minutes in relation to a specific matter on the agenda. People wishing to address must complete the on-line form on Council's website before noon on the day of the meeting. The decision as to whether or not the person will be heard rests with the Council.
- You are able to distribute additional papers to Councillors prior to a Council meeting via the on-line Request to Address Council Meetings form or via email, post or delivered to Council chambers by noon on the day of the meeting. No additional papers can be distributed to Councillors after 5:00pm on the evening of the Council meeting except in exceptional circumstances agreed by the Chief Executive Officer and the Mayor.
- Please ensure that all mobile phones are turned **off** whilst you are in the Council Chamber. Note that mobile phones or any other recording device are not to be used to record any part of the Council Meeting.
- **Guidelines for Speakers** – When addressing the Council, please remember to be courteous. Comments made by participants in any Council meeting, which are derogatory or damaging to any person's character or reputation, including any Councillor, employee of the Council, or member of the public, may be defamatory and may subject the participant to an action for defamation. Comments made during the course of a Council meeting are not protected by the defence of absolute privilege under the *Defamation Act 2005*, and may not attract any other defences available under that Act or the common law. Every Council meeting is recorded and applications to access to such recordings can be made under the *Government Information (Public Access) Act 2009 (GIPA Act)*.
- **Webcasting** – The proceedings of all Council meetings in open session, including all debate and addresses by the public, are recorded and webcast live on Council's website for the purpose of facilitating community access. Webcast archives are stored and available to the public on Council's website for two (2) years, after which time the recordings may be disclosed under the provision of the *GIPA Act*.
- Members of the public attending a Council meeting may have their image, voice and personal information (including name and address) recorded, publicly broadcast and archived for two (2) years. By attending a Council meeting, whether by addressing the Council or as an observer or other interested party, members of the public consent to this use of their image, voice and personal information.

Statement of Ethical Obligations

The Mayor and Councillors are reminded that they remain bound by the Oath or Affirmation of Office made at the beginning of the Council term to undertake their civic duties in the best interests of the people of the Willoughby Local Government Area and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act or any other Act, to the best of their ability and judgement.

Council Officials are also reminded of the requirement to declare and appropriately manage any conflicts of interest they may have in relation to matters considered at this meeting in accordance with the Code of Conduct and Code of Meeting Practice.

1 OPEN MEETING

2 ACKNOWLEDGEMENT OF COUNTRY

Willoughby City Council acknowledges the Traditional Owners of the lands on which we meet today, the Gamaragal People, and their connections to land, waters, and community. We pay our respects to their Elders past and present, and extend that respect to all Aboriginal and Torres Strait Islander people, including those who may be in attendance today.

3 REFLECTION OR PRAYER

4 APOLOGIES AND APPLICATIONS FOR A LEAVE OF ABSENCE BY COUNCILLORS

5 CONFIRMATION OF MINUTES

That the Minutes of the Ordinary Meeting of Council held 26 April 2023, copies of which have been circulated to each member of Council, be confirmed.

6 DISCLOSURES OF INTERESTS

In accordance with Part 16 of the Code of Meeting Practice, all Councillors must disclose and manage any conflicts of interest they may have in matters being considered at the meeting.

7 PETITIONS

8 OPEN AND PUBLIC FORUM

9 MAYORAL MINUTE

10 CHIEF EXECUTIVE OFFICER'S LATE REPORT

11 MATTERS BY EXCEPTION

12 REPORTS TO COUNCIL

CUSTOMER & CORPORATE DIRECTORATE

12.1 PUBLIC EXHIBITION OF OPERATIONAL PLAN 2023/24

ATTACHMENTS:	1. IMPLICATIONS 2. DRAFT OPERATIONAL PLAN 2023/24 3. DRAFT FEES AND CHARGES 2023/24 (ATTACHMENTS 2 - 3 INCLUDED IN ATTACHMENT BOOKLET)
RESPONSIBLE OFFICER:	MAXINE KENYON – CUSTOMER & CORPORATE DIRECTOR
AUTHOR:	STEPHEN NAVEN – CHIEF FINANCIAL OFFICER KATRINA FURJANIC – CORPORATE AND BUSINESS PLANNING LEAD
CITY STRATEGY OUTCOME:	5.1 – BE HONEST, TRANSPARENT AND ACCOUNTABLE IN ALL THAT WE DO 5.5 – MAKE IT EASY FOR CITIZENS TO ENGAGE AND PARTICIPATE IN DECISION MAKING 5.6 – ENSURE VALUE FOR MONEY AND FINANCIAL SUSTAINABILITY.
MEETING DATE:	15 MAY 2023

1. PURPOSE OF REPORT

To endorse for public exhibition, the draft *Operational Plan 2023/24* (which includes the annual budget, revenue policy and fees and charges).

2. OFFICER'S RECOMMENDATION

That Council:

- 1. Endorse for public exhibition the draft *Operational Plan 2023/24*, which incorporates the annual budget, revenue policy and fees and charges.**
- 2. Delegate to the Chief Executive Officer to make amendments to the *Operational Plan 2023/24* which do not alter the purpose or intent of the plans.**
- 3. Note that a report to Council will be provided on 26 June 2023 with the outcomes of the public exhibition and seek adoption of the *Operational Plan 2023/24*.**

3. BACKGROUND

The *Local Government Act NSW 1993* outlines the requirements for councils in relation to the Integrated Planning and Reporting Framework. Within this framework, Council is required to develop an annual Operational Plan which aligns to the four year Delivery Program. The resourcing of the Delivery Program is required to be outlined within a Resourcing Strategy, which includes a Long Term Financial Plan, Asset Management Strategy and Workforce Strategy.

The key underlying assumptions on which the Long Term Financial Plan is based, the projected income and expenditure, balance sheet and cash flow statement contained in the Plan, must be reviewed and updated at least annually as part of the development of the Operational Plan. The draft *Long Term Financial Plan 2023-2033* is the subject of another report on this Council meeting agenda.

This report presents the draft *Operational Plan 2023/24* for Council's review and endorsement for public exhibition.

4. DISCUSSION

The draft *Operational Plan 2023/24* (OP) details the services and projects we will provide and how we will fund these in the upcoming financial year. It includes the annual budget, annual rates, projects and capital works, user fees and charges, and shows how we measure our progress. The OP links directly to our four year *Delivery Program 2022-2026* and is guided by the outcomes in our Community Strategic Plan, *Our Future Willoughby 2032*.

The OP reflects the decreased revenue as a result of key services not returning to pre-COVID income and significant increased costs affected primarily by rising inflation, increased depreciation and tight labour markets. These unprecedented global impacts, combined with local government sector impacts such as the rate peg, Award increases, Government policy changes and cost shifting have resulted in the need to significantly revise the *Long Term Financial Plan 2023-2033* (LTFP) adopted in June 2022 and is the subject of another report on this Council meeting agenda.

Key elements and highlights of the OP are summarised below. Further detail on each of these elements can be found within the attached documents.

Operational Plan 2023/24

The OP (**Attachment 2-3**) outlines the activities Council intends to undertake during the 2023/24 financial year, the budget, revenue policy and fees and charges.

Budget Overview

The 2023/24 budget continues the previous years' deficit position mainly due to higher depreciation costs resulting from higher asset values and high inflation, offset by a significant increase in budgeted interest income due to higher interest rates on investments. This increased interest revenue is a short term benefit in 2023/24 only, as the delivery of major projects will reduce Council's total cash holdings and the resulting interest revenue in future years.

While some revenue streams are slowly recovering from the impact of COVID-19 restrictions over the past three years, Council's costs continue to grow at a higher rate than revenue due to the impact of high inflation. In response, Council and staff have worked together to identify opportunities to reduce costs and to optimise revenue where possible.

The Independent Pricing and Regulatory Tribunal (IPART) has approved a rate peg of 3.7% for 2023/24, which is significantly lower than the current annual inflation rate of 6.8% (February 2023).

For the 2023/24 financial year, Council is budgeting for a deficit of \$2.7m before capital grants and contributions. The budget moves to a surplus of \$8.3m when capital revenue (capital grants and developer contributions that are restricted for capital works) is accounted for, as outlined in Figure 1.

Figure 1: Financial Summary 2023/24

Key financial information	2023/24 Budget \$m	2022/23 Budget \$m
Operating income	129.6	114.5
Operating expenditure	132.3	116.2
Net operating result (before capital grants and contributions)	(2.7)	(1.7)
Capital grants and contributions	11.0	9.0
Operating result	8.3	7.3

Projects and Capital Works

The draft Projects and Capital Works program for 2023/24 is \$68.5m. Figure 2 provides a summary of all categories and their associated spend in 2023/24.

Figure 2: 2023/24 Projects and Capital Works by category

Project category	2023/24 funding
Bridges	\$122,328
Buildings and Investment Property	\$6,870,000
Carparks	\$2,176,904
Community Engagement	\$50,000
Community Life Projects	\$364,000
Corporate Services	\$100,000
Culture and Leisure	\$29,676,421
Customer Service	\$118,000
Economic Development	\$50,000
Environmental Projects	\$2,997,524
Events and Marketing	\$1,796,703
Information and Communications Technology	\$1,672,144
Kerb and Gutter	\$310,530
Knowledge and Community Learning	\$419,381
Open-Space Sport (Works)	\$1,680,282
Public Domain Projects	\$4,990,996
Recreation - Parks and Playgrounds	\$710,400
Retaining Walls	\$527,196
Road Pavements	\$4,897,367
Stormwater and Drainage	\$1,839,613
Traffic Management	\$739,000
Transport - Active (footpaths/bicycles)	\$3,630,935
Urban Planning	\$600,000
Centralised funding for unforeseen project costs associated with the current economic climate, and for other priority projects as required	\$2,202,447
Total	\$68,542,141

Draft Revenue Policy

The draft rating structure is included in the OP. Total revenue raised from the levying of land and rates continues to be capped by the State government through IPART. The proposed 2023/24 rates (including rates in the dollar and minimum rates) and charges are shown below.

a. Ordinary Rates

All rating classes include the e.restore levy funding. In general terms, these rates will increase by the rate peg of 3.7%, noting individual rates may increase or decrease based on the Valuer General's revised unimproved land valuations.

Figure 3: Ordinary Rates

Ordinary rates	2023/24 rate (\$)
Residential	
Ad valorem*	.00051561
Minimum	881.20
Yield	32.00m
Business	
Ad valorem*	.0035294
Minimum	1,253.50
Yield	12.77m
Chatswood Town Centre	
Ad valorem*	.006463
Minimum	1,338.50
Yield	7.44m
Chatswood Major Retail Centre – Chatswood Chase	
Ad valorem*	.0197253
Minimum	1,121.75
Yield	0.94m
Chatswood Major Retail Centre – Chatswood Westfield	
Ad valorem*	.018278
Minimum	1,121.75
Yield	1.20m
Strata storage facility	
Ad valorem*	.00595
Minimum	850.85
Yield	0.10m
Total yield	52.45m

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

b. Domestic Waste Management Charge

There will be a 10% increase in the Domestic Waste Management Charge. This increase is required due to:

- increased waste management volumes possibly resulting from increased working from home
- inflation at over 7% (annualised CPI peaked in December 2022 at 7.8% and in March 2023 was at 7%) which will increase the price of the current collection and disposal contracts
- fund the up-front investment and ongoing incremental costs associated with adoption of the State Government's *Waste and Sustainable Materials Strategy 2041*, which includes mandating the separation of food and garden organics for households and selected businesses (which is forecast to increase waste management costs by between 8% and 16%).

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

Figure 4: Domestic Waste Management Charge

Charge type	Amount
Domestic waste management charge	\$618.00
Domestic waste management self-funded retiree and pensioner charge	\$460.00
Total yield	\$18.81m

c. Commercial Waste Charge

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

Figure 5: Commercial Waste Charge

Charge type	Amount
Commercial Waste Charge	\$924.00
Total yield	\$268,000

d. Stormwater Management Charge

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

The program in 2023/24, incorporates further investigation of pipeline condition, cleaning and blockage removal and the specification and design of repair and upgrade works.

Figure 6: Stormwater Management Service Charge

Charge type	Amount
Per rateable residential property	\$25.00
Per rateable strata titled property	\$12.50
Per 350 square metre for business related properties	\$25.00
Total yield	\$700,000

e. e.restore Sustainability Levy

The e.restore Levy can only be spent on sustainability projects. In line with the projected rate peg increase of 3.7%, an amount of \$6.3m will be raised from the rate levy in 2023/24.

Draft Fees and Charges 2023/24

The draft Schedule Fees and Charges (**Attachment 3**) outlines all user fees and charges. Council applies GST to its fees and charges in accordance with relevant legislative requirements. The fees and charges have as a minimum, been increased by 7% where appropriate to cater for inflation. Some Council fees and charges are legislated and not determined by Council.

Public Exhibition

As required by the *Local Government Act 1993*, the *Operational Plan 2023/24* is required to be placed on public exhibition prior to being adopted by Council and submitted to the Office of Local Government by 30 June 2023.

The public exhibition period will be held from 18 May through to 15 June 2023, a total of 28 days.

During this time, we will promote the opportunity through the following:

- Media release
- Council's enews
- Have Your Say database
- Social media posts
- Key stakeholders: Progress Associations, Chambers of Commerce, Council Advisory Committees
- Leaflet, website, signage and video.

During the public exhibition we will consult with the community through the following:

- Online survey on Have Your Say portal
- Host webinars
- Host face to face sessions.

Council will receive a report on the outcomes of the public exhibition at the 26 June 2023 Council meeting.

5. CONCLUSION

Council has made positive and sound financial management decisions for many years which has allowed Council to fund and deliver significant projects to meet the needs of our community and improve their quality of life, as outlined in the draft *Operational Plan 2023/24*.

This document will be placed on public exhibition in May/June inviting submissions from the public. Council will consider the outcomes of the public exhibition at the 26 June 2023 Council meeting and adopt the *Operational Plan 2023/24*.

ATTACHMENT 1

IMPLICATIONS	COMMENT
City Strategy Outcome	<p>5.1 - Be honest, transparent and accountable in all that we do.</p> <p>5.5 – Make it easy for citizens to engage and participate in decision making</p> <p>5.6 – Ensure value for money and financial sustainability.</p>
Business Plan Objectives, Outcomes / Services	<p>The <i>Operational Plan 2023/24 (OP)</i> articulates the activities and how Council will allocate resources to deliver Council’s commitments during the financial year and links directly to our four-year <i>Delivery Program 2022-2026</i> and is guided by the outcomes in our Community Strategic Plan, <i>Our Future Willoughby 2032</i>.</p>
Policy	<p>This process is in accordance with the Office of Local Government <i>Integrated Planning and Reporting Guidelines</i>.</p> <p>There are no policy implications associated with this report.</p>
Consultation	<p>Councillors have received briefings on financial considerations and the development of the <i>Operational Plan 2023/24</i> and <i>Long Term Financial Plan 2023-2033</i> on the following dates in 2023: 4 February; 6 and 20 March; 3 April; 1 and 8 May.</p> <p>Community consultation is the subject of this report.</p>
Resource	<p>Council officers’ time was used in the preparation of the OP.</p>
Risk	<p>There are minimal risks associated with this report. Preparation of, and consultation on the plans is in accordance with the Integrated Planning and Reporting Framework requirements as described in the <i>Integrated Planning and Reporting Guidelines</i> for local government and complies with the requirements of the <i>Local Government Act 1993</i>.</p>
Legal	<p>There are no legal implications associated with this report.</p>
Legislation	<p>Under Section 405 of the <i>Local Government Act 1993</i>, Council must have a plan (called its “operational plan”) that is adopted before the beginning of each year and details the activities to be engaged in by the council during the year.</p>
Budget/Financial	<p>This report is the subject of budget and financial considerations for Council for 2023/24.</p>

12.2 PUBLIC EXHIBITION OF LONG TERM FINANCIAL PLAN 2023

ATTACHMENTS:	1. IMPLICATIONS 2. DRAFT LONG TERM FINANCIAL PLAN 2023-2033 (ATTACHMENT 2 INCLUDED IN ATTACHMENT BOOKLET)
RESPONSIBLE OFFICER:	MAXINE KENYON – CUSTOMER & CORPORATE DIRECTOR
AUTHOR:	STEPHEN NAVEN – CHIEF FINANCIAL OFFICER KATRINA FURJANIC – CORPORATE AND BUSINESS PLANNING LEAD
CITY STRATEGY OUTCOME:	5.1 – BE HONEST, TRANSPARENT AND ACCOUNTABLE IN ALL THAT WE DO 5.5 – MAKE IT EASY FOR CITIZENS TO ENGAGE AND PARTICIPATE IN DECISION MAKING 5.6 – ENSURE VALUE FOR MONEY AND FINANCIAL SUSTAINABILITY.
MEETING DATE:	15 MAY 2023

1. PURPOSE OF REPORT

To endorse for public exhibition, the draft *Long Term Financial Plan 2023-2033*.

2. OFFICER'S RECOMMENDATION

That Council:

- 1. Endorse for public exhibition the draft *Long Term Financial Plan 2023-2033*, noting:**
 - this references a Special Rate Variation of 15-20% as a possible option from 2024/25**
 - that a decision to make a Special Rate Variation application to the Independent Pricing and Regulatory Tribunal will be made following extensive community consultation and occur at the end of 2023.**
- 2. Delegate to the Chief Executive Officer to make amendments to the *Long Term Financial Plan 2023-2033* which do not alter the purpose or intent of the plans.**
- 3. Note that a report to Council will be provided on 26 June 2023 with the outcomes of the public exhibition and seek adoption of the *Long Term Financial Plan 2023-2033*.**

3. BACKGROUND

The *Local Government Act NSW 1993* outlines the requirements for councils in relation to the Integrated Planning and Reporting Framework. Within this framework, Council is required to develop an annual Operational Plan which aligns to the four year Delivery Program. The resourcing of the Delivery Program is required to be outlined within a Resourcing Strategy, which includes a Long Term Financial Plan, Asset Management Strategy and Workforce Strategy.

The key underlying assumptions on which the Long Term Financial Plan is based, the projected income and expenditure, balance sheet and cash flow statement contained in the Plan, must be reviewed and updated at least annually as part of the development of the Operational Plan.

This report presents the draft *Long Term Financial Plan 2023-2033* for Council's review and endorsement for public exhibition.

4. DISCUSSION

The draft *Operational Plan 2023/24* (OP) (subject of another report on this Council meeting agenda), details the services and projects we will provide and how we will fund these in the upcoming financial year. It includes the annual budget, annual rates, projects and capital works, user fees and charges, and shows how we measure our progress. The OP links directly to our four year *Delivery Program 2022-2026* and is guided by the outcomes in our Community Strategic Plan, *Our Future Willoughby 2032*.

The OP reflects the decreased revenue as a result of key services not returning to pre-COVID income and significant increased costs affected primarily by rising inflation, increased depreciation and tight labour markets. These unprecedented global impacts, combined with local government sector impacts such as the rate peg, Award increases, Government policy changes and cost shifting, have resulted in the need to significantly revise the *Long Term Financial Plan 2023-2033* (LTFP) adopted in June 2022.

The revised LTFP highlights that although we have sound financial practices, these global and sector impacts have, and will continue to have, a significant financial impact on all councils. Put simply our expenses are now more than our revenue, meaning we will not be financially sustainable without intervention. The LTFP outlines the options for intervention: either reducing service levels, ceasing services, or increasing our revenue. The recommended option is to consider increasing revenue through a Special Rate Variation, while continuing our program of review of services and service levels.

Key elements and highlights of the LTFP are summarised below. Further detail can be found within the attached document.

Long Term Financial Plan 2023-2033 (Attachment 2)

The *Long Term Financial Plan 2023-2033* (LTFP) is a 10-year plan that informs decision-making and demonstrates how the community's aspirations (10-year Community Strategic Plan) and commitments of Council through the (4-year Delivery Program) and OP will be resourced and funded.

The LTFP uses the 2023/24 budget as the baseline and indicates that we will need to proactively manage our finances to remain financially sustainable. This will require continued review of services and the consideration of a permanent Special Rate Variation of 15-20% from 2024/25. For the average rate this would mean an increase of between \$3.88 and \$5.18 per week if an SRV was adopted by Council following community consultation in 2024.

LTFP overview

The LTFP includes:

- projected income and expenditure, balance sheet and cash flow statement
- the planning assumptions used to develop the Plan
- sensitivity analysis highlighting factors/assumptions most likely to affect the Plan
- financial modelling for different scenarios
- methods of monitoring financial performance.

Global and sector challenges

The 10 year LTFP was previously adopted in 2022. Since that time, like many businesses and households, we are facing impacts from changes in the global economy and within the local government sector. These factors, outlined below, have been considered in the development of the LTFP to ensure we have a financially sustainable future.

- **Consumer Price Index (CPI)** growth (inflation) on goods and services (44% of total Council expenditure). Council is experiencing the highest level of inflation since the 1970's and this price growth has not been matched by revenue growth. Fuel for example has increased by over 40% in the last year.
- **Employee Costs** growth. Employee costs (representing 38% of total Council expenditure) are forecast to increase by 5% annually over the next two financial years. Employees are fundamental to delivering Council's services, programs and projects for the community and the environment.
- **Depreciation** and increased cost to replace assets. Depreciation (a further 16% of total Council expenditure) has increased from \$12.8 million in 2017/18 to a forecast \$20.9 million in 2022/23 (an increase of \$8.1 million or 64% over 5 years). Depreciation reflects the need to be able to fund asset upgrades and replacements.
- **Rate Peg** not keeping pace with inflation. Rates represent 42% of Council's total revenue and the misalignment between rate increases and cost increases creates a shortfall of \$4.2 million in the 2023/24 year alone. The rate peg's approach to modelling based upon past years has not reflected rising costs and has had a significant impact on the long term viability of councils despite cost saving and efficiency measures put in place.
- Ongoing impact of the **COVID pandemic** on user fees and charges with Council having to absorb a \$20.6 M reduction in revenue over the past 3 years.
- State and Federal **Government impacts** from shifting services to Council or changing policy positions, without financial compensation. The Emergency Services Levy announced last week increased costs by \$487k in one year alone while the costs of conducting a local government election through the State Electoral Commission have increased by 24% since 2023.
- Increase in **natural disasters and damage to infrastructure**. The increased incidence of natural disasters has resulted in immediate and material increased costs to our assets and also insurance costs. Insurance has increased by over 25% since 2018/19.
- Change in consumer behaviours and increased expectations from the community, as a result of COVID. An example is an increase in waste collection, probably due to more people working from home.

The revised LTFP highlights that although we have sound financial practices, the above impacts are placing severe pressure on Council's financial sustainability over the next 10 years. The current base case highlights that Council will not be able to meet its debts when due in future years without intervention. The LTFP outlines the options for intervention: either reducing service levels, ceasing services, or increasing our revenue.

The modelling in the LTFP indicates that the projected trend of costs increasing significantly above revenue will trigger the need for Council to apply to IPART for a Special Rate Variation in 2024/25 to ensure ongoing financial sustainability. If Council, at a future meeting post an extensive consultation program, endorsed seeking an SRV, we would also continue to review services and service levels as part of everyday business to ensure we are being as efficient as possible whilst still meeting community needs.

Consideration of Special Rate Variation (SRV)

The LTFP modelling highlights that an SRV is a potential solution that should be explored in combination with reviewing our services and continuing to find business improvements. The LTFP outlines the scenario if Council and the community were to consider a 15-20% permanent one off SRV from 2024/25.

The LTFP includes a high level analysis of the need and the impact of a possible SRV. The data is based on 15%, but as outlined in the document, Council should consider a one off increment of 15-20% permanent (that is this will be stay within the rate base and become the new baseline). This would allow Council to manage the volatile global and sector impacts outside of Council's control, while still aiming to maintain the service levels expected by the Willoughby community. Further modelling will be undertaken later in 2023 to further inform detailed community consultation and Council's deliberations and decision making.

An SRV is managed through IPART and is an important means of providing additional funding to councils to allow them to deliver services and infrastructure that the community has requested, and the council is unable to fund within its existing revenue. A council may need a SRV to either maintain current service levels due to costs outstripping income, or to increase service levels in line with community aspirations.

The inclusion of commentary and data on a SRV in the LTFP does not commit Council to undertaking an SRV. No decision has been made to undertake an SRV. No approval has been sought or received from IPART for an SRV.

The inclusion of an SRV in the LTFP is a first step which flags the prospect and that it is under further review. There is a **significant process required by IPART**, if Council and the community decide to apply for an SRV. The process includes:

- various points at which a formal resolution of Council is required
- demonstration of meeting five key criteria identified by IPART
- detailed scenario analysis
- extensive community consultation by Council
- a detailed submission to IPART
- a public exhibition process by IPART
- then a determination by IPART, all of which will take approximately 12 months.

Any feedback received through this public exhibition process will inform future decisions of Council and any subsequent processes associated with an SRV.

Consultation

As required by the *Local Government Act 1993*, the draft *Long Term Financial Plan 2023-2033* is required to be placed on public exhibition prior to being adopted by Council and submitted to the Office of Local Government by 30 June 2023.

The public exhibition period will be held from 18 May through to 15 June 2023, a total of 28 days.

During this time, we will promote the opportunity through the following:

- Media release
- Council's enews
- Have Your Say database
- Social media posts
- Key stakeholders: Progress Associations, Chambers of Commerce, Council Advisory Committees
- Leaflet, website, signage and video.

During the public exhibition we will consult with the community through the following:

- Online survey on Have Your Say portal
- Host a webinar
- Host a face to face session.

Council will receive a report on the outcomes of the public exhibition at the 26 June 2023 Council meeting.

5. CONCLUSION

Council has made positive and sound financial management decisions for many years which has allowed Council to fund and deliver significant projects to meet the needs of our community and improve their quality of life.

Even so, we, along with other councils and businesses are subject to volatile changes in the global economy and local government sector. To ensure the financial sustainability of Council over the next 10 years, a revised *Long Term Financial Plan 2023-2033* has been drafted which considers continued review of service levels and services, and the introduction of a one off permanent Special Rate Variation between 15-20% in 2024/25.

This document will be placed on public exhibition in May/June inviting submissions from the public. Council will consider the outcomes of the public exhibition at the 26 June 2023 Council meeting and adopt the *Long Term Financial Plan 2033-2033* to guide its decisions over the next ten years.

ATTACHMENT 1

IMPLICATIONS	COMMENT
City Strategy Outcome	<p>5.1 - Be honest, transparent and accountable in all that we do.</p> <p>5.5 – Make it easy for citizens to engage and participate in decision making</p> <p>5.6 – Ensure value for money and financial sustainability.</p>
Business Plan Objectives, Outcomes / Services	<p>The <i>Operational Plan 2023/24 (OP)</i> articulates the activities and how Council will allocate resources to deliver Council’s commitments during the financial year and links directly to our four-year <i>Delivery Program 2022-2026</i> and is guided by the outcomes in our Community Strategic Plan, <i>Our Future Willoughby 2032</i>.</p> <p>The <i>Long Term Financial Plan 2023-2033 (LTFP)</i> articulates how Council will fund the community’s long-term vision and aspirations.</p>
Policy	<p>This process is in accordance with the Office of Local Government <i>Integrated Planning and Reporting Guidelines</i>.</p> <p>There are no policy implications associated with this report.</p>
Consultation	<p>Councillors have received briefings on financial considerations and the development of the <i>Operational Plan 2023/24</i> and <i>Long Term Financial Plan 2023-2033</i> on the following dates in 2023: 4 February; 6 and 20 March; 3 April; 1 and 8 May.</p> <p>Community consultation is the subject of this report.</p>
Resource	<p>Council officers’ time was used in the preparation of the LTFP.</p>
Risk	<p>There are minimal risks associated with this report. Preparation of, and consultation on the plans is in accordance with the Integrated Planning and Reporting Framework requirements as described in the <i>Integrated Planning and Reporting Guidelines</i> for local government and complies with the requirements of the <i>Local Government Act 1993</i>.</p>
Legal	<p>There are no legal implications associated with this report.</p>
Legislation	<p>Under Section 403 of the <i>Local Government Act 1993</i>, Council must have a long-term strategy (called its “resourcing strategy”) for the provision of the resources required to perform its functions (including the implementation of strategies set out in the community strategic plan). This includes a long term financial plan component which is a 10-year plan that informs decision-making and demonstrates how the community’s aspirations, commitments of the council, and Operational Plan will be funded. The Long Term Financial Plan must be reviewed and updated at least annually as part of the development of the Operational Plan.</p>
Budget/Financial	<p>This report is the subject of budget and financial considerations for Council over the next 10 years.</p>

13 NOTICES OF MOTION

14 QUESTIONS WITH NOTICE

15 CONFIDENTIAL MATTERS

16 CONCLUSION OF THE MEETING
