WILLOUGHBY CITY COUNCIL
City of Diversity

Operational Plan 2023/24



Webinar
8 June 2023
7.00pm-8.30pm

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Welcome and acknowledgement

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.

Agenda

7.00 - 7.05pm	**Introduction**
7.05 - 7.15pm	**Context and Overview**
7.15 - 7.35pm	**Financials - Detail**
7.35 - 7.50pm	**Projects and Capital Works - Highlights**
7.50 - 7.55 pm	**Monitoring and Reporting**
8.00 - 8.20 pm	**Q&A community**
8.20 - 8.30 pm	**Next steps**

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Agenda

1. Introduction

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Housekeeping

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- Session will be recorded and published
- Ask that comments and questions be respectful
- Post comments and questions via Zoom chat
- After sections we will respond to any comments/questions
- All comments and questions will be captured
- Please keep your microphone on mute
- There will be Q&A at the end, please raise your (virtual) hand



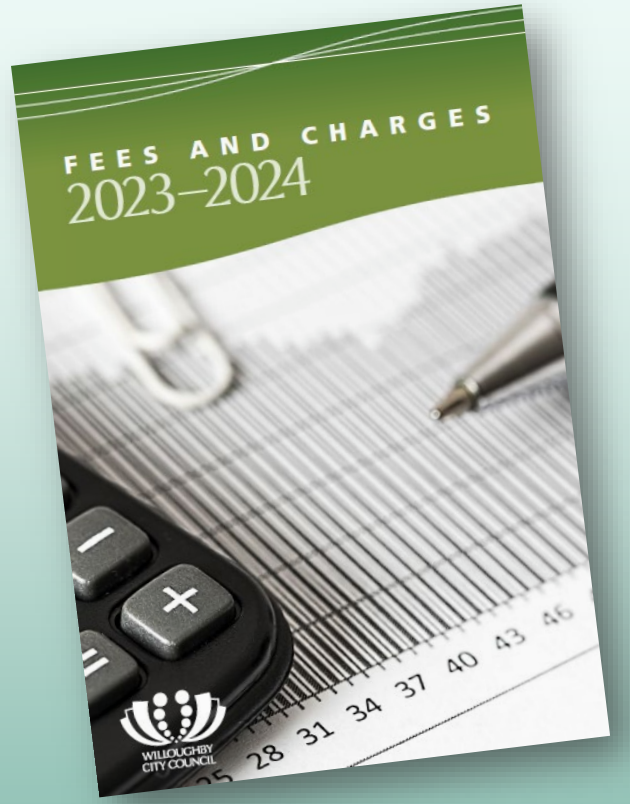
Agenda

2. Context and Overview

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What's on exhibition





18 May-15 June 2023

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Context

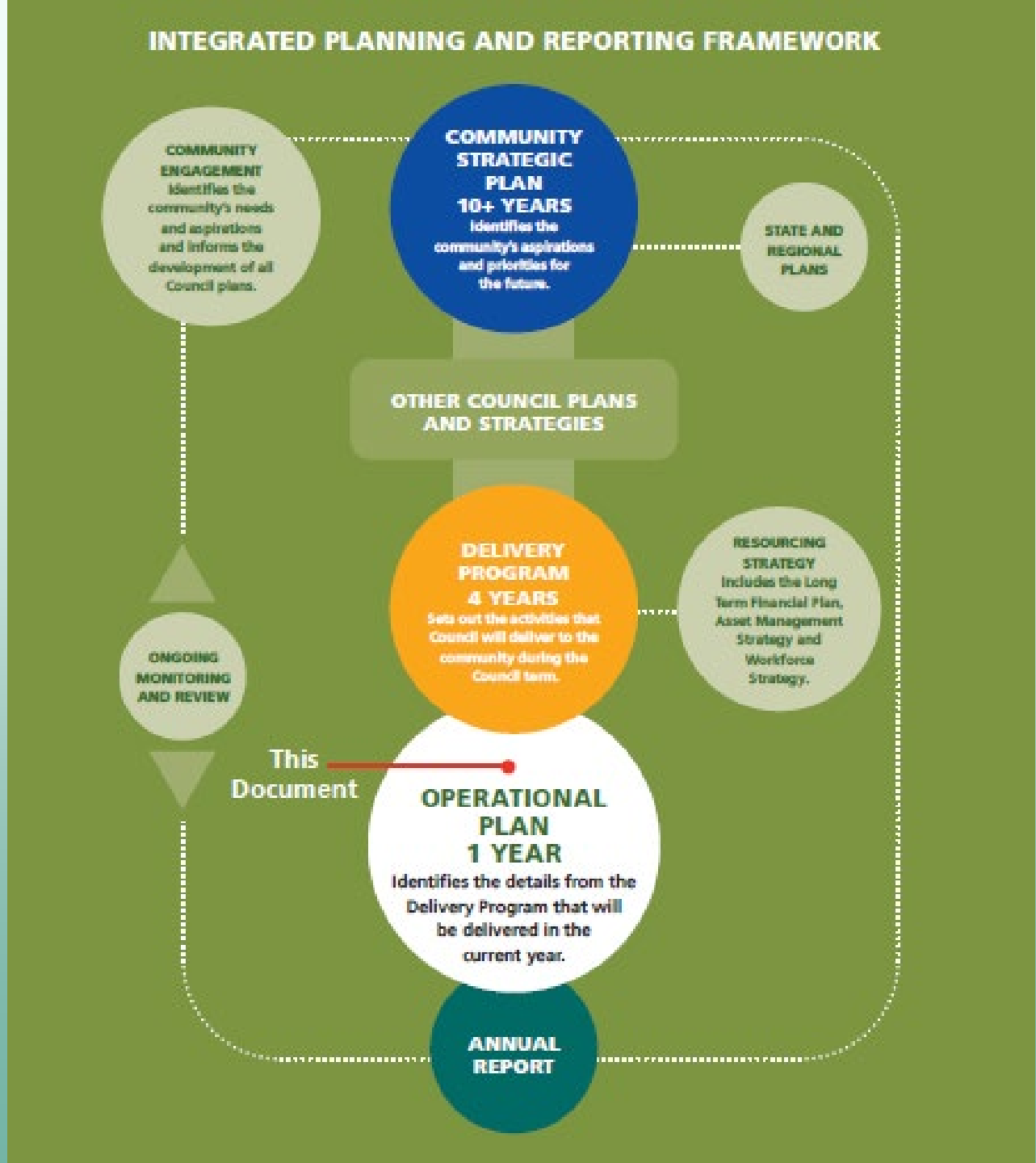
Operational Plan 2023/24 is Year 3 of the Delivery Program

The ***Operational Plan 2023/24*** details the services and projects we will provide and how we will fund these. It includes the annual budget and annual rates, projects and capital works and fees and charges.

The Plan also shows how we measure progress and work. This work links directly to our four-year *Delivery Program 2022/23-2025/26*.

The Operational Plan is guided by the outcomes in our Community Strategic Plan, *Our Future Willoughby 2032*:

- A City that is green
- A City that is connected, inclusive and resilient
- A City that is liveable
- A City that is prosperous and vibrant
- A City that is effective and accountable



Overview – Operational Plan



Projects and capital works – We prioritise all proposed projects for the financial year according to community needs, timing and resources.



Business improvements – There are areas where we can be more efficient or improve customer services. This program sets out the target areas for the year.



Resources – We allocate budgets, staffing and assets for different services and projects.



Performance indicators – Performance Indicators keep us accountable to our communities and ensure we provide services as promised.

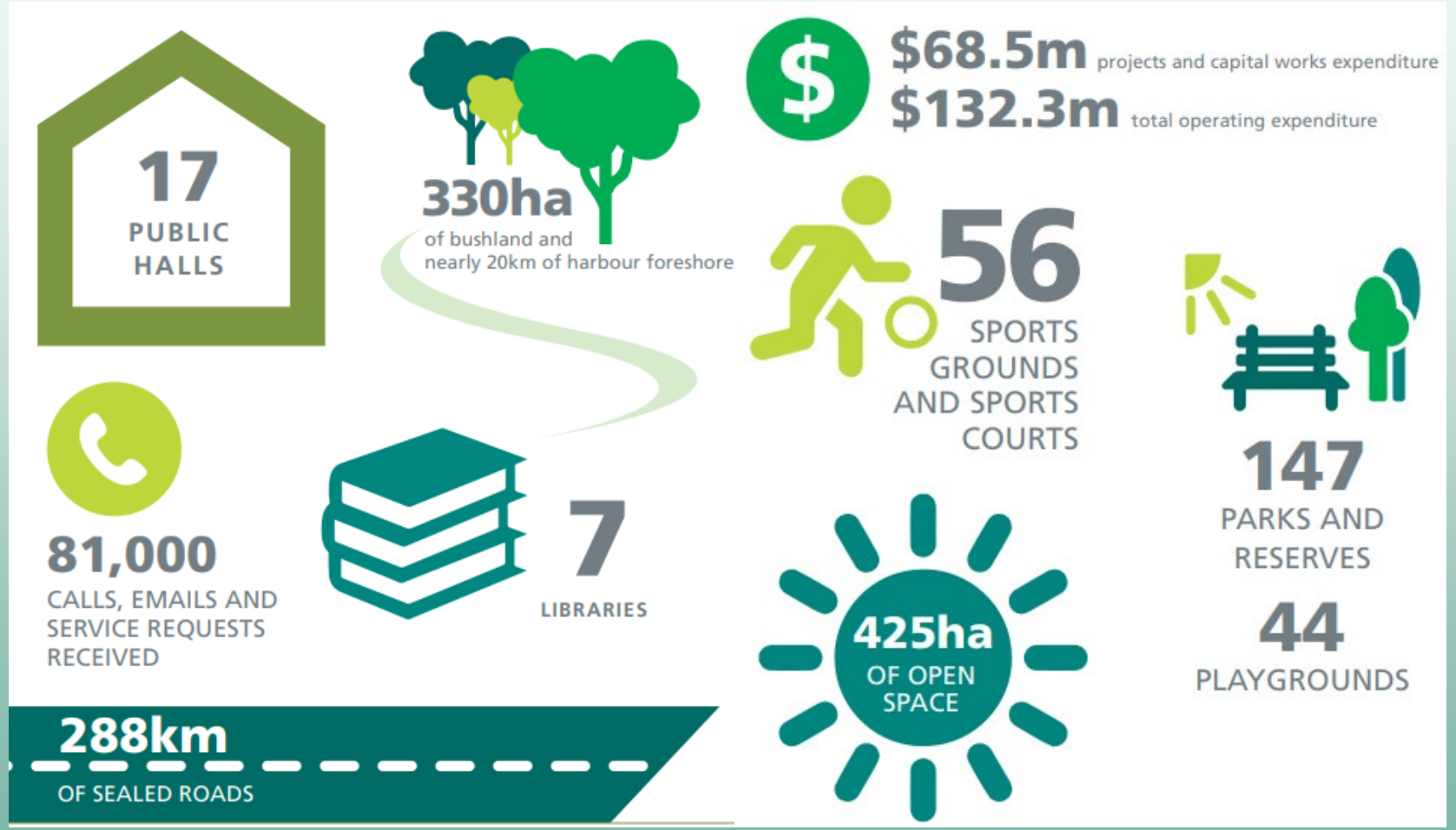
Business Improvement

- Improve **customer experience**
- Improve **community engagement**
- Improve **planning approval** process
- Implement CONNECT (**corporate systems**) project
- Improve **corporate processes**

Corporate Performance Indicators

Corporate performance indicator	Target
Operational budget Year to date actual compared to revised budget	≤±5%
Operational budget Year to date expenditure compared to revised budget	≤±5%
Projects and capital works Project and capital works milestones delivered on time	≥85%
Community perception Overall community satisfaction	≥70%
Customer satisfaction Overall customer satisfaction with Council services	≥70%
Enterprise risk management Enterprise Risk Management open actions not overdue	≥85%
Work health and safety Lost time injury rate	≤4.10
Work health and safety Work health and safety matters addressed within 30 days	≥90%

Overview – Services



Council has many services, they can be:

- Critical – legally required or unable to operate if we don't do it
- Essential – required to operate well
- Discretionary – optional and / or can be provided by others

The fees and charges general increase was set at 7% (where appropriate) to cater for inflation.

140 projects to be delivered within the financial year

Overview – Financials

Total operating budget of **$132.3M**

Key Financial Information	2023/24 Budget $M
Operating Income	129.6
Operating Expenditure	132.3
Net Operating Result (before Capital Grants and Contributions)	(2.7)
Capital Grants and Contributions	11.0
Operating Result	8.3

Detail Budget

Revenue from Ordinary Activities	Budget 2023/24 $M
Rates and Annual Charges	73.3
User Charges and Fees	16.2
Rental Income	14.1
Operating Grants and Contributions	9.7
Other Revenues from Ordinary Activities	9.0
Interest	7.3
Revenues from Ordinary Activities Before Capital Amounts	**129.6**
Expenses from Ordinary Activities	**Budget 2023/24 $M**
Materials and Contracts	54.9
Employee Costs	50.5
Depreciation	21.5
Other Expenses	3.1
Borrowing Costs	2.3
Total Expenses from Ordinary Activities	**132.3**
Surplus (Deficit) from Ordinary Activities Before Capital Amounts	**(2.7)**
Capital Grants and Contributions	**11.0**
Surplus (Deficit) from Ordinary Activities After Capital Amounts	**8.3**

Agenda

3. Financials – Detail

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Financial Challenges



RATE CAP

Rates are determined by the State Government and there is a rate cap on all NSW councils

Rates for 2023/24 were capped at 3.7% for Willoughby

This does not cover the basic increases associated with inflation

FEES AND CHARGES

$3m, or 17%, below pre-COVID-19 levels on a per-annum basis, mainly due to reduced car parking demand

Some fees and charges don't cover the cost of providing the service

INFLATION

Across 2021/22 and 2022/23, inflation up by 13.1%, compared to rates revenue up 4.1%

- Fuel up 8%
- General insurance up 5%
- Construction up 9.6%
- Workers' compensation premiums up 19.2%.

The cost to renew and repair Council's assets has risen from $12.8m in 2017/18 to $20.9m in 2022/23

LABOUR MARKET

Tight labour market, making it extremely competitive and difficult to resource

Award negotiations are much higher than previous years (4.5% as compared to 2-2.5% in previous years)

Financial results

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

- Rates represent 42% of Council's total revenue.
- Our rates income is limited by an approved rate "peg" set by the Independent Pricing and Regulatory Tribunal (IPART). 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).
- In 2023/24, the primary expense will be materials and contracts which will account for 42% of expenses, followed by employee costs (38% of expenses).
- Employee costs are forecast to increase by 5% annually over the next two financial years.
- We need to address these impacts and our options going forward within the Long Term Financial Plan.

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Financial results

- The 2023/24 operating budget finds Council budgeting for a deficit of $2.7m before capital grants and contributions.
- 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.
- Council has delivered quality services and significant projects this financial year from reserves built from the surpluses of prior years. Due to the current economic environment with high inflation and cost of living pressures, we are facing escalating costs which are higher than our revenue for 2023/24.

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Capital works



(Excludes $2.2M in centralised funding for unforeseen project costs associated with the current economic climate, and for other priority projects as required)

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Capital works



(Excludes $2.2M in centralised funding for unforeseen project costs associated with the current economic climate, and for other priority projects as required)

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Rates

- Total revenue raised from the levying of land rates continues to be capped by the State government with the Independent Pricing and Regulatory Tribunal (IPART).
- The 3.7% rate peg will result in a $1.9m increase in Council's rate income.
- New land valuations means it is possible that individual property owners will see their rates increase at a level greater than 3.7%, or even fall, compared to their 2022/23 bill.
- We divide our rates into rating categories and sub-categories, Residential, Business, Chatswood Town Centre, Chatswood Major Retail – Chatswood Chase, Chatswood Major Retail – Westfield and Strata Storage Facility.
- The rating structure determines how much of the "pie" each category pays. Rates are calculated based on your property's share of this pie. If your property's share of the pie is larger than the last time properties were valued, you will pay more in rates. If your share of the pie is less than the last time properties were valued, you will pay less.

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Rates

- 56% of Willoughby's residential ratepayers pay a standard minimum rate amount due to lower property values compared to all properties within the LGA, and for residential property owners.
- The minimum rate amount will increase by 3.7% from $849.80 to $881.20 (excluding the Domestic Waste Management Charge).
- The rates amount for the other 44% of residential ratepayers is linked to the value of their land.

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Domestic Waste Management Charge

- A 10% increase in the Domestic Waste Management Charge required due to:
    - Increased waste management volumes possibly resulting from increased working from home
    - Inflation at over 7% 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%).
- The 10% increase will result in the Domestic Waste Management Charge rising from $561.50 to $618 in 2023/24 (an increase of $56.50).
- Pensioners and qualifying self-funded retirees also receive a $158 reduction in the Domestic Waste Management Charge.

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Rates and Annual Charges – Hardship and Discounts

- Council has a hardship policy to prevent financial hardship to ratepayers.
- Council provides eligible pensioners with a $250 rebate on rates.
- Council also provides a $158 discount on the Domestic Waste Management Charge to Eligible Pensioners and qualifying Self Funded Retirees.

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Fees and charges

- General increase in fees and charges set at 7% (where appropriate) to cater for inflation.
- Committed to raising revenue in a fair and equitable manner to meet the community's needs.
- Our fee structure uses the pricing principles: User Pays Principle (full cost recovery); Subsidised Pricing (Partial Cost recovery); Market Pricing (Charged where the market has a preparedness to pay) and Legislative Pricing (Standard Fee imposed by legislation).
- Our fee structure also recognises our community service obligations to provide particular goods and services. These are reflected in the fees charged for those particular goods and services.

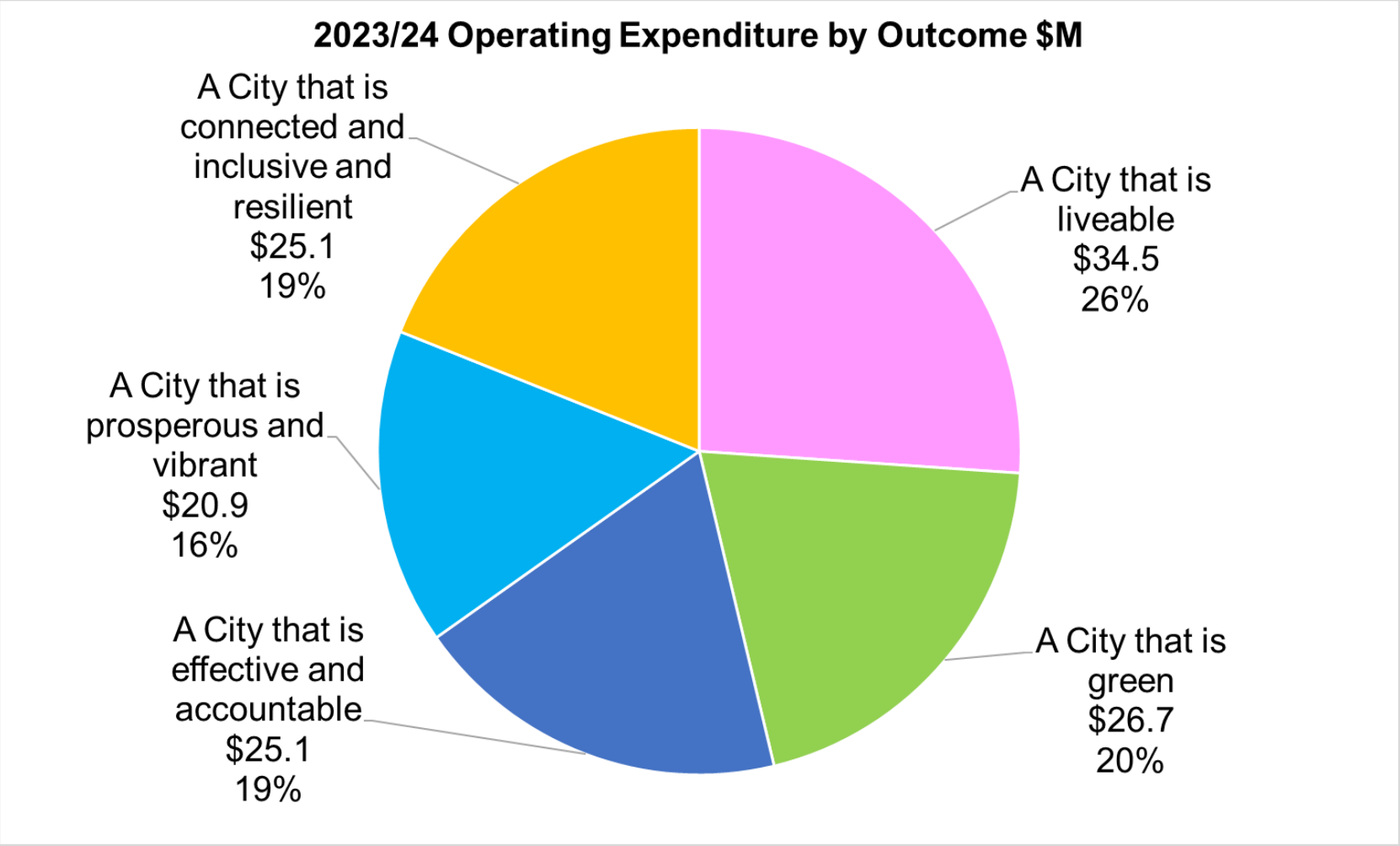
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4. Projects and Capital Works

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Operating expenditure by outcome



Projects and Capital Works Highlights

	Projects and Capital Works
Outcome 1 A City that is green	Natural area management – Middle Harbour - $480k
	Urban tree canopy and greening - $150K
	Flat Rock Gully – Stormwater Upgrade – Construction - $400K
Outcome 2 A City that is connected, inclusive and resilient	Chatswood Lunar New Year festival - $515K
	Hi Neighbours Program



Projects and Capital Works Highlights

	Projects and Capital Works
Outcome 3 A City that is liveable	Willoughby Leisure Centre upgrade - $27.6m
	Greening our City grant program – Edward St- Penshurst St South – $450K*
	Gore Hill indoor sports complex – Stage 2 – Revised Business Case and Concept Plan - $2M
	Thomson Oval - synthetic surface renewal and spectator seating – Construction - $1.4M
	Essential Housing – Abbott Road, Artarmon - $300K
	Sportsground pavilion upgrades - $250K**



*This is no longer proposed to occur in the Edward Street leased outdoor dining area as referred to in Plan on public exhibition. Work will focus on better management of traffic, increasing safer pedestrian and cycle links and greening.

** Upgrades at Artarmon Reserve Pavilion and Naremburn Oval Pavilion not Bicentennial and Castle Cove ovals as proposed in Plan.

Projects and Capital Works Highlights

Outcome	Projects and Capital Works
Outcome 4 A City that is prosperous and vibrant	Culture Bites – Chatswood CBD special event $483K
Outcome 5 A City that is effective and accountable	Naremburn local centre streetscape – Design and Construction – $850K
	Hampden Road Artarmon, streetscape upgrade – Construction – $3.4M
	Victor Street – Asset renewal and refurbishment - $3M
	Artarmon Parklands Pavilion - $1.3M project
	Customer Experience Strategy – Implementation - $118K
	Community Engagement Strategy – Implementation $50K



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5. Monitoring and Reporting

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Monitoring and Reporting



- **Six Month Progress report**, report on progress every six months on the principal activities detailed in the Delivery Program.
- **Annual report** outlines the council's achievements in implementing its Delivery Program through that year's Operational Plan, and reports on the effectiveness of the activities undertaken to achieve the outcomes in that year.

Reports are available to the public on Council's website.

Conclusion

PROJECTS AND CAPITAL WORKS

140 projects to be delivered within the FY

Invest in new capital works, asset renewal and upgrades to transform facilities and community spaces

Significant projects this financial year from reserves built from the surpluses of prior years

IMPROVING PERFORMANCE

Focus on improvement and performance metrics to ensure Council effectively meets its strategic objectives

FINANCIAL SUSTAINABILITY

Costs are increasing faster than our income

Council's approach to addressing these pressures is outlined in our Long Term Financial Plan, and aligns to priorities from the CSP and DP

CONTINUE TO DELIVER

Continue to deliver the range of activities and services


Q&A
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Next Steps

- Visit www.haveyoursaywilloughby.com.au
  - Share a thought
  - Make a submission
  - Respond to the survey
- Submissions will be made publicly available. If you do not want your personal details to be made public, please state this in your submission.

Public exhibition period closes **15 June 2023**

Engagement outcomes report and final Plans reported to Council for decision **26 June 2023**