

CLAUSE CL04**TITLE** Endorsement of the Draft Delivery Program 2022-2026, Draft Operational Plan (Budget) 2022/23 and Draft Resourcing Strategy**FROM** Brett Stonestreet, General Manager**TRIM REF** 22/21370

SUMMARY

In accordance with the Office of Local Government (OLG) Integrated Planning and Reporting Guidelines, Council is required to prepare a Delivery Program detailing the activities it will undertake to achieve the objectives established in the Community Strategic Plan, within the resources available under the Resourcing Strategy. The following draft documents (attached) have been prepared for Council's endorsement:

- Draft Delivery Program 2022/23 – 2025/26 incorporating the 2022/23 Operational Plan (Budget)
- Resourcing Strategy consisting of:
 - Draft Ten Year Long Term Financial Plan
 - Asset Management Plan
 - Workforce Management Plan.

Following a 28 day public exhibition period the draft documents and any submissions received will be presented to Council for adoption.

RECOMMENDATION

- (a) Council endorse the draft Operational Plan (Budget) 2022/23 as per **Scenario 2b** (which is identical to Scenarios 1 and 2a).
- (b) Council endorse the draft Delivery Program 2022/23 – 2025/26 and the draft Ten Year Long Term Financial Plan as per **Scenario 2b** (which includes Lake Wyangan Project - Special Rate Variation (SRV) / Environmental Levy for 20 year period subject to SRV application and approval process as detailed in this report).
- (c) Council endorse the draft Asset Management Plan and draft Workforce Management Plan as attached to this report.
- (d) Council place the draft Operational Plan (Budget) 2022/23, draft Delivery Program 2022/23 – 2025/26, draft Ten Year Long Term Financial Plan (**Scenario 2b**), draft Asset Management Plan and draft Workforce Management Plan on public exhibition for 28 days during which time a community consultation process will be implemented including a community workshop.
- (e) Following the public exhibition period, the draft Operational Plan (Budget) 2022/23, draft Delivery Program 2022/23 – 2025/26, draft Ten Year Long Term Financial Plan (Scenario 2b), draft Asset Management Plan and draft Workforce

Management Plan be presented to Council for adoption, including any submissions received, by 30 June 2022.

REPORT

The Integrated Planning and Reporting (IPR) framework has the objective of improving delivery of services to the community by councils. Under the IPR Guidelines NSW councils are required to prepare the following documents:

- Community Strategic Plan (CSP)
- Delivery Program
- Resourcing Strategy consisting of Long Term Financial Plan, Asset Management Plan and Workforce Management Plan
- Operational Plan (Budget)
- Annual Report
- End of Term Report.

Council's Community Strategic Plan was reviewed following the Council election in December 2021 and a new revised CSP 2022/2032 adopted at the Ordinary Meeting of Council 22 March 2022.

Council is required to prepare a Delivery Program detailing the activities it will undertake to achieve the objectives established in the Community Strategic Plan, within the resources available under the Resourcing Strategy. The Delivery Program must cover a four year period commencing 1 July following each ordinary election.

Council must have an annual Operational Plan, adopted before the beginning of each financial year, outlining the activities to be undertaken that year, as part of the Delivery Program. The Operational Plan must include Council's detailed annual budget, statement of revenue policy, estimated income and expenditure, ordinary rates and special rates, proposed fees and charges, Council's proposed pricing methodology and proposed borrowings.

The Independent Pricing and Regulatory Tribunal (IPART) annually determines the maximum % by which Councils in NSW may increase notional rate income without making a Special Rate Variation application. This process is referred to as "Rate Pegging".

Early this calendar year IPART set the 2021/22 Rate Pegging % at 0.7%. This decision caused great concern for all Councils in NSW. In response to this situation, the Minister for Local Government requested IPART to consider a one off additional percentage increase for all Councils. In response, IPART advised that all Councils may apply to increase rates by the % published in their Delivery Plan for 2022/23 adopted last year i.e. in June 2021 up to a maximum of 2.5%. In Griffith City Council's case, 2.0% is the maximum increase that can be applied for given 2.0% was included in Council's Delivery Plan as adopted in June 2021. Applications must be submitted to IPART by 29 April 2022.

As a consequence of the approach by the Minister for Local Government to IPART, Council resolved at its meeting held 12 April 2022 as follows:

"Griffith City Council resolve to apply to the Independent Pricing and Regulatory Tribunal for a Special Rate Variation of 1.3% in addition to the approved rate pegging increase of 0.7% for the 2022/23 financial year."

Council has lodged a submission to IPART in accordance with the above resolution. The draft Operational Plan (Budget) for 2022/23 has therefore been prepared based on a 2.0% increase in rates.

The Resourcing Strategy consists of three components - Ten Year Long Term Financial Plan, Asset Management Plan and Workforce Management Plan. The Ten Year Long Term Financial Plan is the point where long term community aspirations are tested against financial realities. The Asset Management Plan accounts for all existing and new Council assets. The Workforce Management Plan addresses the human resourcing requirements of Council's Delivery Program.

Following endorsement by Council, the attached draft plans will be placed on public exhibition for a minimum 28 days. A community consultation process will be conducted including a community workshop. Following the public exhibition process the draft plans and any submissions received will be presented to Council for consideration and adoption by 30 June 2022.

Lake Wyangan Restoration Project

Lake Wyangan particularly the North Lake is an important environmental and recreational asset for the community but it faces a very uncertain future unless significant intervention is taken to improve water quality. Lake Wyangan is not a natural lake. A gypsum quarry operated in this area several decades ago and over time irrigation water and storm water from farms have drained into the Lake bringing sediment, nutrients, phosphate and salt. The Lake is a closed system. In other words, there is no outflow point. Water that drains into the Lake remains there and is subject to significant evaporation especially during summer months. High evaporation levels have resulted in an increase in the concentration of nutrients, phosphates and salinity. Further, there is limited circulation within the Lake's water column which promotes the prevalence of Blue/Green Algae.

During 2016, Council established a Lake Wyangan Catchment Management Committee which was charged with the task of researching the scope of the problems facing the Lake and investigating possible strategies to address these challenges. There is no silver bullet that will "fix" the Lake overnight but Council has made real progress in developing a Plan which, if implemented over several years will give the Lake a sustainable future.

The Concept Plan is an attachment to this Report (Attachment E).

The Concept Plan will involve considerable capital expenditure, in the order of \$30 million. Clearly a project of this scope cannot be funded by the ratepayers of Griffith alone. Council has been working with the NSW Government to prepare an application to the Federal Government for funds to facilitate a detailed Business Case which will examine the Project Scope of Works in considerable detail. Unfortunately, funds for the Business Case were not included in the Federal Government's 2022 Budget recently announced. The NSW Government is still supportive of the Lake Wyangan Project and will endorse another application to the Federal Government later this year (i.e. 2022).

During 2021 Council secured approval for a grant from the NSW Government to fund 50% of the cost of constructing a pipeline from the Water Reclamation Plant to the Lake Wyangan (South Lake). The project involves the transfer of treated effluent to the South Lake, then mixing with other water before distributing to farmers for irrigation purposes. This project has been placed on hold until the detailed Business Case for the entire Lake Wyangan Project has been undertaken.

The results of the detailed Business Case (if positive) will form a key body of evidence to support a funding application to the NSW/Federal Governments for 50% of the cost of capital

works. If and when a capital works grant is secured, the community will still be asked to contribute \$15 million to complete the remaining 50% of the works. Council does not have the resources to commit to an expense of this magnitude without implementing a Special Rate Variation (SRV)/Environmental Levy in order to raise sufficient additional revenue to fund the project. All applications for SRVs must be submitted to the NSW Independent Pricing and Regulatory Tribunal (IPART) for assessment. Council is committed to and indeed required by IPART to undertake thorough **community consultation** prior to making a firm decision to apply for as SRV.

Council has not made any decision at this point to submit a SRV application. There are several steps Council needs to follow in order to progress the project.

1. A second application to NSW Government for funding to undertake a detailed Business Case for Lake Wyangan Project. (July 2022).
2. Council advised as to whether funding approved for detailed Business Case (October 2022).
3. Business Case completed (July 2023).
4. Council considers detailed Business Case results **and consults with the Community regarding findings.** (August/October 2023).
5. Subject to results of Community consultation, Council makes application to NSW Gov./Federal Gov. for 50% Grant funding. Applications close in July and November each year. Therefore lodge application November 2023.
6. Grant Funding approved or rejected (Mid 2024).
7. Council application to IPART for SRV effective July 2025.
8. Work on site could commence during 2025/2026 financial year.

Clearly there are significant hurdles yet to negotiate before this project is implemented.

Lake Wyangan - What is planned "on the ground" for the 2022/2023 Financial Year?

Council will plan for and fund using existing resources and supplemented by grant funding some improvement works at the Lake Wyangan Recreation Area. These works may incorporate roads, paths, green space, some sediment control works. These works will be in the order of \$2.5M.

1. Council will prepare a scope of works to be undertaken. The community will be consulted in terms of the draft scope of works.
2. Works on site will commence late 2022/23 financial year and continue into the 2023/24 financial year.

Cultural Precinct Masterplan

As per Council Resolution on 8 June 2021 Council resolved to:

- “(a) Commit to build a purpose-built Regional Art Gallery within the next five years.*
- (b) Provide funds within the 2022/23 Operational Year Budget for the preparation of a Cultural Precinct Masterplan and inclusion of plans for a Regional Art Gallery.*
- (c) Commence a building fund reserve, funded initially by water sales profits with an allocation of \$100,000.00 per annum to support the design/construction phase or to be used as a co-contribution for any grant funds sought.*
- (d) Establish a community Committee to oversee future public fundraising efforts.*
- (e) Identify a suitable site within the city precinct to build the facility.”*

Provision has been made in the Operational Plan 2022/23 to prepare a Cultural Precinct Masterplan. The Masterplan will include provision for an Art Gallery complex. The draft Long Term Financial Plan (LTFP) makes provision in the 2026/27 & 2027/28 financial years for capital expenditure. Councillors should note the following:

1. The Capital sum included in the LTFP is a provisional sum only. The actual funds required will depend on the final scope of works determined, detailed design, quantity surveyor estimate and tender process.
2. The provisional sum included in the LTFP is inclusive of a grant (50% of total), loan (50% of total), and Special Rate Variation (7%) to repay the loan portion.

Councillors should note this project is not included in the scope of the Delivery Program as the capital expenditure included in the LTFP is outside the timeframe of the current Delivery Plan (4 years) and will be subject to an additional Special Rate Variation application process.

OPTIONS

OPTION 1

As per the Recommendation.

OPTION 2

- (a) Council endorse the draft Operational Plan (Budget) 2022/23 as per Scenario 2a (which is identical to Scenarios 1 & 2b).
- (b) Council endorse the draft Delivery Program 2022/23 – 2025/26 and the draft Ten Year Long Term Financial Plan as per Scenario 2a (which includes Lake Wyangan Project - Special Rate Variation / Environmental Levy for 10 year period subject to SRV application and approval process as detailed in this report).
- (c) Council endorse the draft Asset Management Plan and draft Workforce Management Plan as attached to this report.
- (d) Council place the draft Operational Plan (Budget) 2022/23, draft Delivery Program 2022/23 – 2025/26 (including Scenario 2a of the LTFP), draft Ten Year Long Term Financial Plan (Scenario 2a), draft Asset Management Plan and draft Workforce Management Plan on public exhibition for 28 days during which time a community consultation process will be implemented including a community workshop.
- (e) Following the public exhibition period, the draft Operational Plan (Budget) 2022/23, draft Delivery Program 2022/23 – 2025/26, draft Ten Year Long Term Financial Plan (Scenario 2a), draft Asset Management Plan and draft Workforce Management Plan be presented to Council for adoption, including any submissions received, by 30 June 2022.

OPTION 3

- (a) Council endorse the draft Operational Plan (Budget) 2022/23 as per Scenario 1 (which is identical to Scenarios 2a & 2b).
- (b) Council endorse the draft Delivery Program 2022/23 – 2025/26 and the draft Ten Year Long Term Financial Plan as per Scenario 1 (Lake Wyangan Project and Art Gallery excluded).
- (c) Council endorse the draft Asset Management Plan and draft Workforce Management Plan as attached to this report.

- (d) Council place the draft Operational Plan (Budget) 2022/23, draft Delivery Program 2022/23 – 2025/26 (including Scenario 1 of the LTFP), draft Ten Year Long Term Financial Plan (Scenario 1), draft Asset Management Plan and draft Workforce Management Plan on public exhibition for 28 days during which time a community consultation process will be implemented including a community workshop.
- (e) Following the public exhibition period, the draft Operational Plan (Budget) 2022/23, draft Delivery Program 2022/23 – 2025/26, draft Ten Year Long Term Financial Plan (Scenario 1), draft Asset Management Plan and draft Workforce Management Plan be presented to Council for adoption, including any submissions received, by 30 June 2022.

POLICY IMPLICATIONS

Not Applicable.

FINANCIAL IMPLICATIONS

As per the draft documents attached. Councillors should note that the draft Operational Plan (Budget) 2022/23 figures are identical in each of the Scenarios 1, 2a and 2b.

Scenario 1. - The draft Delivery Program 2022/23 – 2025/26 and the draft Ten Year Long Term Financial Plan as per Scenario 1 (Lake Wyangan Project excluded).

Scenario 2a - The draft Delivery Program 2022/23 – 2025/26 and the draft Ten Year Long Term Financial Plan as per Scenario 2a (Includes Lake Wyangan Project - Special Rate Variation / Environmental Levy for 10 year period subject to SRV application and approval process as detailed in this report).

Scenario 2b - The draft Delivery Program 2022/23 – 2025/26 and the draft Ten Year Long Term Financial Plan as per Scenario 2b (includes Lake Wyangan Project - Special Rate Variation (SRV) / Environmental Levy for 20 year period subject to SRV application and approval process as detailed in this report).

Council is forecasting a consolidated operating surplus of \$706,788 (before Grants & Contributions provided for Capital Purposes) for the 2022/23 year.

Council's projected Consolidated Income Statement, Cash Flow Statement and Balance Sheet for the four year Delivery Program are attached to this report.

LEGAL/STATUTORY IMPLICATIONS

The attached draft documents have been prepared as per the requirements outlined in the Local Government Act 1993, Local Government Regulation 2021 and Integrated Planning and Reporting Guidelines for local government in NSW.

ENVIRONMENTAL IMPLICATIONS

Not Applicable.

COMMUNITY IMPLICATIONS

Not Applicable.

LINK TO STRATEGIC PLAN

This item links to Council's Strategic Plan item C5 - To provide a governance role in the continuous development of the City of Griffith.

CONSULTATION

Senior Management Team

Councillors

Council staff

Community consultation undertaken as part of the Community Strategic Plan review.

ATTACHMENTS

- (a) Draft Delivery Program 2022/23 to 2025/26 & Operational Plan 2022/23 (under separate cover) [⇒](#)
- (b) Draft Ten Year Long Term Financial Plan 2022/23 to 2031/32 (under separate cover) [⇒](#)
- (c) Draft Asset Management Plan 2022 / 2032 (under separate cover) [⇒](#)
- (d) Draft Workforce Management Plan 2022 (under separate cover) [⇒](#)
- (e) Concept Plan Lake Wyangan (under separate cover) [⇒](#)