

Corporate & Works Committee

Agenda: *Corporate & Works Committee*

Date: *Monday 6 May 2013*

Time: *6.00pm*

Outline of Meeting Protocol & Procedure:

- The Chairperson will call the Meeting to order and ask the Committee/Staff to present apologies or late correspondence.
- The Chairperson will commence the Order of Business as shown in the Index to the Agenda.
- At the beginning of each item the Chairperson will ask whether a member(s) of the public wish to address the Committee.
- If person(s) wish to address the Committee, they are allowed four (4) minutes in which to do so. Please direct comments to the issues at hand.
- If there are persons representing both sides of a matter (eg applicant/objector), the person(s) against the recommendation speak first.
- At the conclusion of the allotted four (4) minutes, the speaker resumes his/her seat and takes no further part in the debate unless specifically called to do so by the Chairperson.
- If there is more than one (1) person wishing to address the Committee from the same side of the debate, the Chairperson will request that where possible a spokesperson be nominated to represent the parties.
- The Chairperson has the discretion whether to continue to accept speakers from the floor.
- After considering any submissions the Committee will debate the matter (if necessary), and arrive at a recommendation (R items which proceed to Full Council) or a resolution (D items for which the Committee has delegated authority).

Recommendation only to the Full Council (“R” Items)

- Such matters as are specified in Section 377 of the Local Government Act and within the ambit of the Committee considerations.
- The voting of money for expenditure on works, services and operations.
- Rates, Fees and Charges.
- Donations
- Matters which involve broad strategic or policy initiatives within responsibilities of the Committee.
- Matters not within the specified functions of the Committee.
- Asset Rationalisation.
- Corporate Operations:-
 - Statutory Reporting;
 - Adoption of Council's Community Strategic Plan, Delivery Program and Operational Plan;
 - Delegations; and
 - Policies.
- Tenders as per Regulation requirements.
- Leases.
- Matters reserved by individual Councillors in accordance with any Council policy on "safeguards" and substantive changes.

Delegated Authority (“D” Items)

- General financial and corporate management of the Council, except those specifically excluded by statute, by Council direction or delegated specifically to another Committee.
Note: This not to limit the discretions of nominated staff members exercising Delegated Authorities granted by the Council.
- Statutory reviews of Council's Delivery Program and Operational Plan;
- Finance Regulations, including:-
 - Authorisation of expenditures within budgetary provisions where not delegated;
 - Quarterly review of Budget Review Statements;
 - Quarterly and other reports on Works and Services provision; and
 - Writing off of rates, fees and charges because of non-rateability, bad debts, and impracticality of collection.
- Auditing.
- Property Management.
- Asset Management.
- Traffic Management - Works Implementation.
- Works and Services - Monitoring and Implementations.
- Legal Matters and Legal Register.
- Parks and Reserves Management.
- Infrastructure Management, Design and Investigation.
- To require such investigations, reports or actions as considered necessary in respect of matters contained within the Business Agenda (and as may be limited by specific Council resolution).
- Confirmation of the Minutes of its Meetings.
- Any other matter falling within the responsibility of the Corporate and Works Committee and not restricted by the Local Government Act or required to be a Recommendation to Full Council as listed above.

Committee Membership:

7 Councillors

Quorum:

The quorum for a Committee meeting is 4 Councillors.

WOOLLAHRA MUNICIPAL COUNCIL

Notice of Meeting

2 May 2013

To: His Worship the Mayor, Councillor Andrew Petrie ex-officio
Councillors Katherine O'Regan (Chair)
Ted Bennett
Peter Cavanagh
Deborah Thomas
Elena Wise
Susan Wynne (Deputy Chair)
Jeff Zulman

Dear Councillors

Corporate & Works Committee Meeting – 6 May 2013

In accordance with the provisions of the Local Government Act 1993, I request your attendance at a Meeting of the Council's **Corporate and Works Committee** to be held in the **Council Chambers, 536 New South Head Road, Double Bay, on Monday 6 May 2013 at 6.00pm.**

Gary James
General Manager

Additional Information Relating to Committee Matters

Site Inspection

Other Matters

Meeting Agenda

Item	Subject	Pages
1	Leave of Absence and Apologies	
2	Late Correspondence Note Council resolution of 27 June 2011 to read late correspondence in conjunction with the relevant Agenda Item	
3	Declarations of Interest	

Items to be Decided by this Committee using its Delegated Authority

D1	Confirmation of Minutes of Meeting held on 15 April 2013	1
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Items to be Submitted to the Council for Decision with Recommendations from this Committee

R1	Holdsworth Community Centre Incorporated – Funding agreement and leases for the Woollahra Seniors & Community Centres and Holdsworth Community Centre – 126.G, 148.334	2
R2	Paddington Library Agreement – 659.G	45
R3	Draft 2013/14 Budget – 33.G 2013/14 *Note: Annexures 1 & 2 distributed under separate cover	72
R4	Revised Community Strategic Plan – Woollahra 2025 and Draft Delivery Program 2013 to 2017 and Operational Plan 2013/14 – 1229.G 2013 to 2017 *Note: Annexures 1 & 2 distributed under separate cover	97

Item No: D1 Delegated to Committee
Subject: **Confirmation of Minutes of meeting held on 15 April 2013**
Author: Les Windle, Manager – Governance
File No: See Council Minutes
Reason for Report: The Minutes of the Meeting of Monday 15 April 2013 were previously circulated. In accordance with the guidelines for Committees' operations it is now necessary that those Minutes be formally taken as read and confirmed.

Recommendation:

That the Minutes of the Corporate and Works Committee Meeting of 15 April 2013 be taken as read and confirmed.

Les Windle
Manager – Governance

Item No: R1 Recommendation to Council

Subject: **Holdsworth Community Centre Incorporated - Funding Agreement and Leases for the Woollahra Seniors & Community Centre and Holdsworth Community Centre**

Author: Kylie Walshe, Director Community Services

File No: 126.G, 148.334

Reason for Report: New Funding Agreement with Holdsworth Street Community Centre Woollahra Incorporated and Lease for Woollahra Seniors & Community Centre and Holdsworth Community Centre.

Recommendation:

- A. That Council adopt the revised Funding Agreement with Holdsworth Street Community Centre Woollahra Incorporated and Holdsworth Family Services Incorporated, incorporating the activities at the Woollahra Seniors & Community Centre, effective 1 July 2013.
- B. That Council enter into a 5 year term plus 5 year option period lease agreement commencing 1 July 2013 with Holdsworth Street Community Centre Woollahra Incorporated for the Holdsworth Street Community Centre and Woollahra Seniors & Community Centre, with inclusion of conditions regarding the use of the outdoor deck and noise amplification as noted in the report.
- C. That Council authorise the General Manager to execute all legal documents required to enter into a lease agreement with Holdsworth Street Community Centre Woollahra Incorporated for Holdsworth St Community Centre and Woollahra Seniors & Community Centre.

Background:

Council has a long standing relationship with Holdsworth Street Community Centre Woollahra Incorporated (HCC), starting in the 1970s and building into the strong partnership that exists today. HCC provides a range of services to the Woollahra community, ranging from community transport and activities for seniors to playgroups for young children.

HCC has been funded by Council for over 40 years, with this funding currently at \$833,800 for 2012/13 to provide appropriate services to the Woollahra community. This level of funding includes a base amount of \$748,800 to continue services that have been provided by HCC for many years to Woollahra residents, and \$85,000 to manage and continue to provide activities at the Woollahra Seniors & Community Centre that were provided directly by Council until 30 June 2012. This funding is in accordance with Council's Community Services Policy, revised in March 2013, as '*Council acts primarily as a facilitator for community services rather than a provider of direct services.*'

Over the years the relationship with HCC has moved from a Management Committee operating on behalf of Council, to a Management and Funding Agreement in 1 July 2006 and the most recent Funding Agreement, which came into effect on 1 July 2010, with HCC operating as a completely separate entity to Council. (See Annexure 1 for the report regarding this agreement on 21 June 2010). In accordance with the Funding Agreement Clauses 6(a) and 6(b), HCC is required to present its annual Business Plan and Strategic Plan to Council. HCC has provided a combined Business Strategy 2013-14 in Annexure 2.

In conjunction with the Business Strategy 2013-14, HCC has requested continued funding for 2013/14 plus an increase of 2.2% (Annexure 2), totalling \$862,364. The request to increase funding by CPI has occurred on an annual basis in order to maintain service levels. It should be noted that HCC has been very successful in leveraging off Council funding to increase funding from other levels of government and substantially increase service levels over the past 5 years. In 2003 Council provided \$1 for every other \$1 of income secured by HCC, when now every \$1 attracts an additional \$4 of other funding.

This report will discuss a revised Funding Agreement and the execution of two lease agreements with HCC, one for the Woollahra Seniors & Community Centre and the other for Holdsworth Community Centre.

Woollahra Seniors & Community Centre:

In 2012 Council was approached by Meals on Wheels and HCC to consider a proposal regarding the amalgamation of meal services to deliver improved services to Woollahra residents. The proposal was to combine all meal services provided by Meals and Wheels and Council into an integrated meal service from one location, managed by HCC. The location identified was the Woollahra Seniors & Community Centre. See Annexure 3 for detail on this proposal.

Council adopted the following on 26 March 2012:

- A. *THAT Council support the proposal by Meals on Wheels and Holdsworth Community Centre and Services to enter into a partnership to provide an integrated meal service for Woollahra seniors.*
- B. *THAT Council support the allocation of \$200,000 for access and internal improvements at the Woollahra Seniors and Community Centre, Woollahra, to be included in the 2012/13 Capital Budget, on the condition that the other funding for the project is provided.*
- C. *THAT Council enter into an interim lease and management agreement with Holdsworth Community Centre and Services for the Woollahra Seniors and Community Centre commencing 1 July 2012 and ceasing at the completion of the improvements at the Centre, when a new agreement and lease will be negotiated and reported to Council.*

Significant progress has been made on this proposal, with an update on actions shown in the table over the page.

Est. Date	Action	Update
26 March 2012	Adoption of proposal by Council	Completed
27 March – April 2012	Notification of proposal to all staff, volunteers, user groups and clients of Meals on Wheels and Woollahra Seniors & Community Centre.	Completed
April 2012	Meals on Wheels meeting to vote on the handover to HCCS.	Completed
April – Nov 2012	Consultation by HCCS with current and potential users of the new meals service and other programs at WSC.	Completed
1 July 2012	HCCS commences management of WSCC and Meals on Wheels.	Commenced
July – November 2012	Detailed design of access, kitchen and toilet upgrades to WSCC	Completed
December 2012	Development Application submitted	Completed
February 2013	Tender advertised for access, kitchen and toilet upgrades at WSCC	Commenced
March 2013	Development Application approved	Approved 22 April 2013
April - June 2013	Undertake upgrade works at WSCC	Due to commence in June 2013
1 July 2013	Commence new model for meals services and program at WSCC, including the relocation of Meals on Wheels from the Hugh Latimer Centre.	Due to commence in Sep/ October 2013

As the proposal is now in the last stages of implementation it is time for Council to grant a lease to HCC for Woollahra Seniors & Community Centre at 334 Edgecliff Rd, Woollahra, and amend the Funding Agreement to include the operations of the Centre.

Proposal – Lease for Woollahra Seniors & Community Centre:

It is proposed that HCC be granted a lease for Woollahra Seniors & Community Centre at 334 Edgecliff Rd, Woollahra for the purpose of providing community services, specifically centre based meals and a meals on wheels service to the Woollahra community. As landlord Council will retain control of the fabric of the building with HCC responsible for outgoings and internal maintenance. This is standard for a lease to a community organisation of a community facility. It is proposed that this be a 5 year lease, with a further option for an additional 5 years, commencing on 1 July 2013 or when the Centre renovations are completed, whichever occurs last, and finalising or renewing on 30 June 2018. The 5 year by 5 year tenure is appropriate due to the large capital investment made by HCC to the renovation and access improvements at the Centre, equating to \$300,000 in reserves and \$110,400 in grant funding.

In response to community concern raised during the consideration of the Development Application for the improvements to 334 Edgecliff Rd, the lease agreement will include conditions regarding the hours of use of the Centre as a whole, with specific conditions for the hours of use of the deck. The clause relating to the hours of use for the Centre as a whole will be:

Holdsworth must:

- *only use the Centre the following hours:*
 - (a) *7.30am to 10pm, Monday to Sunday.*

These hours are in accordance with the development approval conditions of consent and will be in force regardless of whether the centre is being used for Holdsworth activities or hired out for recreation, community or private use. These are similar the hours of use for all community facilities owned and managed by Council, with the closing hours ranging from 9pm at Cooper Park Community Centre to 12am at Vaucluse Bowling Club.

The clause relating to the hours of use for the outdoor deck will be:

Holdsworth must:

- *only use the outdoor deck during the following hours:*
 - (a) *8am to 4pm Monday to Friday*
 - (b) *10am to 4pm Saturday and Sunday*
- *not use amplified music on the outdoor deck at any time*
- *remove all outdoor furniture form the deck at the completion of each day of use.*

As the hours of use for the outdoor deck listed above may restrict activities that may not impact on residential amenity it is recommended that Council include another condition, such as:

The outdoor deck may also be used between 4pm and 7pm (or 8pm in daylight saving hours) Monday to Sunday for community services activities only, on the condition that there is no amplified music in the centre at all at this time.

This clause will, in effect, stop any person or group hiring the facility for activities other than community services, such as private gatherings, using the deck after 4pm on any day. It will also stop any community activity that uses amplified music from using the deck after 4pm on any day. It will enable activities managed by HCC, such as programs for young adults with a disability, or low key community uses, such as bridge groups, to enjoy the use of the deck when participating in an activity at the Centre that does not use amplified music. If this condition is endorsed by Council, it is also recommended that another condition be imposed, such as:

Council reserves the right to review the hours of use of the outdoor deck after 4pm at any time, taking into consideration any complaints received.

HCC will also need to ensure that any other conditions it includes in its external hiring agreements are consistent with its general obligations under the lease. Clauses in the lease to be used that will address community concerns are:

Holdsworth must:

Comply with all laws regulating how the premises are used, obtain any consents or licenses needed, comply with any conditions of consent, and keep current any licences or registrations needed for the use of the Premises or for the conduct of Holdsworth's business there.

Holdsworth must not:

Use the Premises as a residence or for any activity that is dangerous, offensive, noxious, illegal or immoral or that is or may become a nuisance or annoyance to the Council or to the owner of occupier of any neighbouring property.

These clauses should address the particular concerns raised by the adjoining residents regarding potential noise and impact that the use of the deck and Centre may have on residential amenity.

Proposal – New Funding Agreement and Lease for Holdsworth Community Centre:

Council also needs to amend the current Funding Agreement between Council and HCC to include the Woollahra Seniors & Community Centre. See Annexure 3 for the proposed Funding Agreement, with amendments from the Funding Agreement 2010 identified. The only other material amendment to the Funding Agreement is a guaranteed increase in funding per annum not less than the Consumer Price Index for the previous year. (Annexure 4, Clause 5.2) This provides some level of security for HCC as the main expense of this organisation is the payment of salaries, which are subject to significant increases over the coming years. This is due to the Equal Remuneration Order which causes a structural increase in salaries for staff on the SACS Award for the next 7 years. It will commence at an increase of 2.16% in 2013/14, increasing to 12.10% in 2021/22. There may also be an increase due to the National Wage case in June and the need to pay market rates to attract good employees.

The inclusion of this clause does not take away Council's right to reduce or vary funding to HCC should it decide to do so. This may be done at Council's sole discretion by providing 12 months written notice to HCC of its intention. (Annexure 4, Clause 5.6)

As these two documents will be entered into on 1 July 2013, it is deemed appropriate to align the lease agreement with HCC for the community facility at 64 Holdsworth St, Woollahra with these documents. This will ensure that Council is viewing the leases and agreements with HCC in one line. This has been requested by HCC, as per the correspondence in Annexure 5.

Identification of Income & Expenditure:

The adoption of this recommendation makes no change to the method that Council allocates funding to HCC. The subsidy paid to Holdsworth Street Community Centre Incorporated is determined annually by Council during its annual budget process, 12 months in advance.

The subsidy for 2012/13 was \$748,800 base funding plus \$85,000 for the continued operation of activities at the Woollahra Seniors & Community Centre. It is recommended that Council provide base funding of \$767,520 for 2013/14, a 2.5% increase on the current year. This is in accordance with the amended draft Funding Agreement that includes an increase per annum to an amount not less than the Consumer Price Index for the previous year.

The draft 2013/14 funding for the operation of activities at the Woollahra Seniors & Community Centre is \$95,000. This has increased from 2012/13 as HCC will be responsible for all outgoings under the new lease for the Woollahra Seniors & Community Centre, which amounts to approximately \$10,000 per annum.

The proposed budget amounts, totalling \$862,520, have been included in the draft 2013/14 budget due to be presented to the Corporate & Works Committee on 6 May 2013.

Conclusion:

It is recommended that Council enter into a lease agreement with Holdsworth Community Centre & Services for the management of the Woollahra Seniors & Community Centre, in accordance with the resolution of Council on 26 March 2012. Adoption of this recommendation includes the inclusion of specific clauses regarding the hours of use of the Centre as a whole and, more specifically, the outdoor deck. These are:

Holdsworth must:

- *only use the outdoor deck during the following hours:*
 - (a) *8am to 4pm Monday to Friday*
 - (c) *10am to 4pm Saturday and Sunday*
- *not use amplified music on the outdoor deck at any time*
- *remove all outdoor furniture from the deck at the completion of each day of use.*

It is also recommended that Council include the following clauses:

- *The outdoor deck may also be used between 4pm and 7pm (or 8pm in daylight saving hours) Monday to Sunday for community services activities only, on the condition that there is no amplified music in the centre at all at this time.*
- *Council reserves the right to review the hours of use of the outdoor deck after 4pm at any time, taking into consideration any complaints received.*

The report details amendments to the Funding Agreement between Council and Holdsworth Community Centre Incorporated and recommends that the lease for the community facility at 64 Holdsworth St, Woollahra, be aligned with the new lease and agreement.

Kylie Walshe
Director Community Services

Zubin Marolia
Manager Property & Projects

Annexures:

1. Report to Corporate & Works Committee, 21 June 2010
2. Correspondence from HCC, including Business Strategy 2013-14
3. Report to Corporate & Works Committee, 26 March 2012
4. Draft Funding Agreement, May 2013
5. Correspondence from Holdsworth Community Centre & Services, 26 March 2013

Item No: R2 Recommendation to Council
Subject: **Paddington Library Agreement**
Author: Corinna Pierce, Library Customer Service Team Leader and Vicki Munro, Manager, Library & Information Service
File No: 659.G
Reason for Report: This report seeks Council's endorsement to finalise the negotiations for the Paddington Library Agreement with City of Sydney Council, for the period 1 January 2013 to 30 June 2015.

Recommendation:

That Council authorise the General Manager to finalise negotiations and enter into an agreement with City of Sydney Council for Paddington Library, for the period 1 January 2013 to 30 June 2015 with details as set out in this report.

Background:

Since 2 January 1994, Paddington Library has been operating as a joint library service between Woollahra and the City of Sydney (previously with the then South Sydney Council) with Woollahra Municipal Council having the managerial control for the service.

Under the existing agreement, Woollahra funds 55% and the City of Sydney funds 45% of the total cost of operating the Library Service. The funding has been based on the use of the Library by the respective residents of the two Councils. The City of Sydney also contributes the free use of Paddington Town Hall.

Since inception, there have been five cooperative agreements. The current agreement expired on 30 June 2012, (See Annexure 1 for this Agreement). Woollahra has continued to operate within the terms of the existing agreement, pending the outcomes of the negotiations with the City of Sydney. The City of Sydney resolved to extend the current agreement by a period of 6 months until 31 December 2012.

As a snapshot, Paddington Library is a well used Library service point, open 48 hours per week, Monday to Saturday, with three key staff members. The service has a collection totalling approx. 35,000 items consisting of books, magazines and audio visual materials to meet local demand. Its children's books, DVD and fiction collections are particularly popular.

As at 31 March 2013, Paddington Library had a membership of 3,442, representing 25.5 % of total library membership. During the January to March 2013 quarter, 26,305 items were borrowed and 15,294 people visited Paddington Library.

The Library provides the following Community Learning programs : a Storytime session (2-5 yr olds), and two Rhymetime (0-2 yr olds) sessions per week. It also hosts a monthly 55+ Club, which meets on the first Wednesday of each month. In this program, the Library is open only to senior residents who have the opportunity to meet other residents over morning tea, discuss new books and review the libraries' latest additions before they go public.

In October 2012, the Library rolled out its Radio Frequency Technology (RFID) to Paddington Library. This technology provides self checkout services, improved security and stock control and a higher level of customer service, as staff are more available on the Library floor. The Library provides WiFi access and four public access PC's which are all well used.

During 2012, the City of Sydney undertook a major renovation to the exterior of Paddington Town Hall. This has now been completed, but did impact upon the Library operations during the renovation. Woollahra Council, supported by the City has submitted an application through the State Library's Library Development Grant 2012/13 for \$95,860 for the rejuvenation of Paddington Library. The outcomes of the grant application have yet to be announced.

Proposal:

Both Councils have expressed a desire to enter into another agreement, based on similar terms in the existing agreement. The new agreement covering the period from 1 January 2013 to 30 June 2015 places a greater emphasis on the strategic direction of the Library, including responding to trends in membership, visitation and circulation as well as monitoring feedback from the community on a regular basis. The new agreement also introduces definitions for the apportionment ratio, member and operational expenses.

Under the new agreement, the Paddington operating costs will be shared based on the use of the Library by the respective residents of the two Councils, with Library members outside the LGA, also split using the same ratio. This represents 55% of costs to Woollahra Council and 45% of costs to the City of Sydney.

At the Council meeting of 10 December 2012, the City of Sydney considered this matter and resolved to enter into an agreement with Woollahra Council for a further three years (2012/13-2014/15). The resolution states:

- “(A) Council enter into a three year agreement with Woollahra Municipal Council to provide its share of the Paddington Library nett operating costs, including building utilities cost for each financial year of the term, plus CPI for the years 2013/14 and 2014/15;*
- (B) each party's share of operating costs be based on an apportionment ratio that reflects the number of library members in each Local Government Area and that those members outside both party's Local Government Areas be split in accord with the same ratio;*
- (C) Council continue to provide part of the Paddington Town Hall building free of charge to Woollahra Municipal Council for the Paddington Library service, maintaining the building at the City's cost and noting the City will incur revenue forgone of approximately \$88,000 per annum in providing such free use.; and*
- (D) authority be delegated to the Chief Executive Officer to negotiate and enter into agreement with Woollahra Municipal Council for this purpose.*

A copy of the City of Sydney report is listed as Annexure 2.

Consultation:

Negotiations have commenced between representatives of both Councils. Once this report is adopted, the Paddington Library agreement can be finalized by the General Manager.

Identification of Income & Expenditure:

The total cost for the operation of the Paddington Library for the year 2012/13 is \$498,765. The contribution the City of Sydney Council is making towards this is \$215,403.

In the preliminary draft budget for 2013/14, it indicates that the operational costs for Paddington Library total \$532,955, with Woollahra's costs being \$293,125 and the City of Sydney's contribution being \$239,830.

Conclusion:

The joint operation of the Paddington Library has been a highly successful venture since it commenced in 1994. It has established co-operation between Councils and enabled a cost effective, quality library service for the residents of both Woollahra and the City of Sydney. It is now proposed that the Council endorse a further Paddington Library Agreement between Woollahra Municipal Council and the City of Sydney Council.

Corinna Pierce
Library Customer Service Team Leader

Vicki Munro
Manager, Library and Information Service

Kylie Walshe
Director – Community Services

Annexures:

Annexure 1: Library Agreement. 1 July 2009 – 30 June 2012.

Annexure 2: Paddington Library – Renewal of agreement with Woollahra Council – Community Sub- Committee, City of Sydney – 3 December 2012 and City of Sydney minute – 10 December 2012

Item No: R3 Recommendation to Council
Subject: **Draft 2013/14 Budget**
Author: Don Johnston, Manager Finance
File No: 331.G 2013/14
Reason for Report: To present the Draft 2013/14 Budget to the Committee.

Recommendation:

- A. THAT the report on the Draft 2013/14 Budget be received and noted.
- B. THAT the Draft Budget be incorporated into the Delivery Program 2013 to 2017 and 2013/2014 Operational Plan for the purpose of public exhibition.
- C. THAT Council note the inclusion of an Action in the draft Operational Plan 2013/14 stating Council's intention to undertake targeted community consultation in 2013/14 in relation to the review of its long term financial plan and potential special rate variation application to IPART for 2014.

Background:

At its meeting on 3 December 2012 the Corporate & Works Committee considered the strategy to guide the preparation of the draft 2013/14 budget. The Committee's recommendation was considered by Council on 10 December 2012 when it was resolved that Council:

- A. *Receive and note the report on the Budget Strategy for 2013/14.*
- B. *Note the principal strategy for the preparation of the draft 2013/14 Budget (which supports the Operational Plan and adopted four year Delivery Program), subject to the completion of management's comprehensive budget review process is to:*
 - 1. *Provide sufficient funding for all continuing services;*
 - 2. *Provide funding for essential service expansions where identified;*
 - 3. *Continue Council's commitment to infrastructure renewal;*
 - 4. *Continue a program of capital improvements at similar budget levels and ratios; and*
 - 5. *Maintain an adequate working funds balance.*
- C. *Endorse the following economic parameters around which the draft 2013/14 Budget will be prepared:*
 - 1. *That Council adopt a balanced budget for 2013/14.*
 - 2. *That the Draft 2013/14 Budget be prepared on the basis of no new borrowings other than those related to the Kiaora Lands redevelopment Project.*
 - 3. *That no transfers from the Property Reserve, other than for the Kiaora Lands project, be proposed in the Draft 2013/14 Budget and any transfers to and from other Reserves be clearly shown.*
 - 4. *That fees and charges be increased by at least CPI (3%) where practical unless it would have an adverse impact on forecast revenue or users' capacity to pay.*
 - 5. *That the 2013/2014 draft Budget be prepared on the basis of a 4.5% vacancy rate.*
 - 6. *That the 2013/2014 budget be prepared on the basis of the continuation of higher employer contributions to the defined benefits superannuation scheme as notified by the scheme.*
- D. *Receives further progress reports in relation to the preparation of Council's 2013/14 Operational Plan and Budget at future Corporate & Works Committee Meetings.*

In response to Part D of the resolution, the Corporate & Works Committee has since received reports on the Draft Fees & Charges and Draft Rating Structure for 2013/14.

Introduction:

The preparation of the draft 2013/14 budget has been particularly difficult. Aside from the usual increases in expenditure that are beyond Council's control such as award increases in salaries, CPI increases in recurrent contracts and increases in statutory contributions, the 2013/14 budget also needed to make provision for:

- costs associated with the Naval Review celebrating the 150th anniversary of the Royal Australian Navy (\$120k)
- additional legal costs associated with the ongoing car parking tender dispute (\$295k)
- an increase in the superannuation guarantee from 9% to 9.25% (\$55k)
- an increased commitment to the lifecycle maintenance of Council's buildings (\$173k)
- increases in insurance premiums (\$102k)
- a forecast reduction in interest on investments in a lower interest rate environment (\$320k)

With award increases in salaries and wages alone costing the budget an estimated \$875k in 2013/14, it is easy to see the extent of the difficulties Council has faced in achieving a balanced budget, given the 3.4% rate peg increase generates only \$1.13m in additional rates revenue. The above-listed provisions place a further strain on the budget to the extent of \$1.065m.

It should also be noted that the 2013/14 Budget sees the commencement of incorporating the Kiaora Lands Redevelopment project, introducing new rental income streams and associated outgoings and loan repayments. Inclusion of the Kiaora Lands project in the draft 2013/14 Budget result in a net expenditure of \$63. This is due to the timing of the commencement of anticipated rental income streams and cost associated with letting-agents fees. If the commencement date extends beyond April 2014, the net impact on the budget will change, either positively or negatively, depending on the quantum of agents fees that may remain payable. This will need to be monitored as construction of the Kiaora Lands project proceeds with budget adjustments made as necessary.

It is in this context that the preliminary draft budget for 2013/14 is presented to the Committee for consideration.

It is pleasing to report therefore that despite these significant fiscal challenges, the draft 2013/14 budget presented has been balanced, but at the expense of prioritising optimal levels of capital expenditure within funding constraints.

As will be outlined in the detailed report that follows, the approach we have taken in presenting a balanced budget to Council for 2013/14, in light of what have been difficult fiscal challenges, has been to prioritise capital expenditure in favour of building and infrastructure asset renewal and re-directing available Section 94A funding accordingly. Small amounts from old infrastructure and general reserves have also been used to fund infrastructure renewal projects.

The report also presents a discussion of future strategies for Council to consider in preparing its 'Sustainability Model' long term financial plan, having regard to previous decisions by Council in respect of the long term financial plan and the results from the recent financial sustainability report on Woollahra Council from NSW Treasury Corporation (TCorp).

EXECUTIVE SUMMARY

Analysis of the Draft Budget against the Budget Strategy and Economic Parameters:

The following table presents an analysis of the Draft 2013/14 Budget, as presented in this report, against Council's previously adopted Budget strategy and economic parameters for the 2013/14 Budget.

Principal Strategy

- | | | |
|--|---|--|
| • Provide sufficient funding for all continuing services |  | All continuing services have been funded |
| • Provide funding for essential service expansions where identified |  | A small number of essential service expansions have been funded |
| • Continue Council's commitment to infrastructure renewal |  | Council's commitment to infrastructure renewal has been continued with a capital works program of just over \$4.8m |
| • Continue a program of capital improvements at similar budget levels and ratios |  | The program of capital improvements has been continued at levels allowed by available funding, with an emphasis on building and infrastructure renewal |

Economic Parameters

- | | | |
|---|---|--|
| • That Council adopt a balanced budget for 2013/14 |  | The draft budget as presented is balanced |
| • That the Draft 2013/14 Budget be prepared on the basis of no new loan borrowings other than those related to the Kiaora Lands redevelopment project |  | The draft budget as presented includes borrowings of \$2.1m under LIRS for streetscape projects (subject to approval) and \$58.25m for stage 1 of the Kiaora Lands redevelopment |
| • That no transfers from the Property Reserve, other than for the Kiaora Lands project, be proposed in the Draft 2013/14 Budget and any transfers to and from other Reserves be clearly shown |  | The draft budget proposes transfers totalling \$617,659 from the Property Reserve for Kiaora Lands Stage 1 |
| • That fees and charges be increased by at least CPI where practical unless it would have an adverse impact on forecast revenue or users' capacity to pay |  | The draft 2013/14 fees and charges were considered by Corporate & Works at its last meeting and increased in accordance with the parameter |
| • That the 2013/14 draft Budget be prepared on the basis of a 4.5% vacancy rate |  | The draft budget includes a 4.5% vacancy rate for salaries and wages |
| • That the 2013/14 budget be prepared on the basis of the continuation of higher employer contributions to the defined benefits superannuation scheme as notified by the scheme |  | The draft budget includes the required superannuation contribution funding and an increase in the superannuation guarantee from 9% to 9.25% |

Summary of Draft Budget Outcomes:

While a detailed analysis follows, highlights to note from the draft 2013/14 budget are:

- Achievement of all elements of Council's adopted budget strategy
- A budget surplus of \$30,796
- Maintenance of an adequate working funds balance forecast to be \$2.685m at 30 June 2014
- Maintaining a healthy unrestricted current ratio at 2.02:1 (Against the TCorp benchmark of >1.5:1)
- \$3.949m released from the operating budget to fund capital works
- Inclusion of Stage 1 of the Kiaora Lands Redevelopment Project with the associated rental income streams, outgoings and loan repayments
- A targeted capital budget including an ongoing commitment to building and infrastructure asset renewal consistent with the findings in the recent TCorp Financial Assessment Report which highlighted Council's under-investment in building assets renewal
- Restricted cash Reserves maintained at just over \$27m
- New borrowings of \$58.25m for Kiaora Lands Stage 1 and \$2.1m for streetscape improvements, subject to a successful Local Infrastructure Renewal Scheme application. This additional borrowing would be at an effective rate of 2.69% (5.69% less 3% LIRS subsidy) and provides an opportunity to accelerate the streetscapes improvements program
- Provision of sufficient funding in the Operating Budget for all continuing services and essential service expansions, namely:
 - \$11,100 for additional digitisation of Council's Local History Collection
 - \$19,620 for a Library Traineeship to free up senior Library staff time to plan for the new Double Bay Library
 - \$35,000 for a follow up to the 2009 Child Care Study Review (Council Resolution 22 March 2010)
 - \$25,000 for additional funding to complete the migration from Lotus Notes to Microsoft Outlook
 - \$120,000 for costs associated with the International Naval Review
 - \$10,000 for public art cleaning and maintenance
 - \$50,000 for the waste recycling tender consultancy advice (\$25k) and public consultation (\$25k)
 - \$7,500 for a consultation program for the new swimming pool inspection policy
 - \$39,000 for GPS and duress alarm functionality for Parking Enforcement Officers' PDAs
 - \$34,000 for a vehicle and associated running costs for Council's Food & Health Officer

High Level Summary of the Draft 2013/14 Budget:

The Income Statement below provides a high level summary of the Operating Budget. The various reserve and non-cash adjustments that are made to determine the amount of capital funding released from the Operating Budget are also included.

Woollahra Council Draft 2013/14 Budget Income Statement

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Income							
Rates & Annual Charges	44,297,448	44,335,648	46,671,255	2,373,807	5.4	2,335,607	5.3
Fees & Charges	9,508,690	9,570,274	9,855,810	347,119	3.7	285,535	3.0
Interest	1,960,420	2,225,680	1,634,500	(325,920)	(16.6)	(591,180)	(26.6)
Grants & Contributions	2,863,050	2,041,000	2,836,169	(26,881)	(0.9)	795,169	39.0
Capital Grants & Contributions	2,557,250	4,814,835	2,451,500	(105,750)	(4.1)	(2,363,335)	(49.1)
Other Revenue	10,558,000	10,568,307	12,753,693	2,195,693	20.8	2,185,386	20.7
Other Income							
Net Gain/(Loss) on Sale of Assets	267,856	573,843	(751,455)	(1,019,311)	(380.5)	(1,325,298)	(231.0)
Total Income from continuing operations	72,012,715	74,129,588	75,451,471	3,438,757	4.8	1,321,884	1.8
Expenses							
Employee Costs	32,035,635	32,179,810	33,670,706	1,635,071	5.1	1,490,896	4.6
Materials & Contracts	11,831,221	12,275,467	13,442,791	1,611,570	13.6	1,167,324	9.5
Borrowing Costs	438,877	438,877	1,495,070	1,056,193	240.7	1,056,193	240.7
Depreciation	10,113,091	10,113,091	10,325,170	212,079	2.1	212,079	2.1
Other Costs	15,446,569	15,466,029	15,919,904	473,335	3.1	453,875	2.9
Total Expenses from continuing operations	69,865,393	70,473,274	74,853,641	4,988,248	7.1	4,380,367	6.2
Net Operating Result from continuing operations	2,147,322	3,656,314	597,831				
Net Operating Result before capital movements	(677,784)	(1,732,364)	(1,102,214)				
LESS: Transfers to Reserves							
DWM Reserve	750,000		763,500	13,500			
DWM ELE	0		78,754	78,754			
Section 94 Interest	108,000		90,000	(18,000)			
Election	0		87,500	87,500			
Section 94A Cont'ns & Interest	25,500		40,000	14,500			
Enviro & Infrastructure Levy	3,614,172		3,741,205	127,033			
Stormwater Management Charge	480,000		485,410	5,410			
Preschool Reserve	28,568		34,021	5,453			
LESS: Reductions in Liabilities							
Principal on Loans	944,098		1,015,811	71,713			
ELE on Termination	395,000		395,000	0			
ADD: Non cash items							
Depreciation	10,113,091		10,325,170	212,079			
Increase in ELE	957,386		1,130,788	173,402			
ADD: Reserve funding of Operational Expenditure							
Loan Repayments	150,000		150,000	0			
Insurance	25,000		89,000	64,000			
Election	200,000		0	(200,000)			
Other	0		87,858	87,858			
CAPITAL FUNDING	4,422,355		3,949,401	(472,954)			
Net Capital Budget	4,394,610		3,918,605	(476,005)			
BUDGET RESULT Surplus/(Deficit)	27,745		30,796	3,051			

A detailed analysis of operating revenues and operating expenses is provided later in the report while full cost centre details are provided in **ANNEXURE 1** which has been circulated separately.

The table below summarises the Capital Budget for the past two years, and proposed for 2013/14. The various funding sources, including the funding released from the Operating Budget are also shown. To assist with the comparison across the years, the Capital Budget for 2013/14 is shown both inclusive and exclusive of the Kiaora Lands project.

	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	
			Excluding Kiaora Lands	Including Kiaora Lands
Capital Works Programs				
Infrastructure Renewal	4,931	5,017	4,819 ⁴	4,819 ⁴
Stormwater	840	580	605	605
Environmental Works	1,050	580	560	560
Parks & Open Space	2,536 ¹	1,210	832	832
Streetscape Improvements	383	170	2,200	2,200
Traffic	297	478	494	494
Floodplain Management	65	20	60	60
Council Buildings	723	1,743	1,330	1,330
Kiaora Lands Stage 1	0	0	0	59,068
	10,825	9,798	10,900	69,968
Operating Capital				
Plant & Fleet	2,659	2,980	1,891	1,891
IT	763 ²	100	180	180
Library	381	450 ³	441	441
Other	0	40	40	40
	3,803	3,640	2,552	2,552
Total Capital Budget	14,628	13,368	13,452	72,520
LESS: Capital Funding:				
Enviro & Infrastructure Levy	3,511	3,613	3,690	3,740
Stormwater Charge	480	480	485	485
Section 94 & 94A	1,846	1,488	1,303	1,303
Grants & Contributions	2,650	957	1,002	1,152
Loans:				
Streetscape Projects (LIRS)	0	0	2,100	2,100
Kiaora Lands Stage 1	0	0	0	58,250
Reserves	1,299	1,223	224	842
Plant & Vehicles Sales	1,124	1,241	730	730
Released from Operating	3,786	4,394	3,949	3,949
Total Capital Funding	14,696	13,396	13,483	72,551
EQUALS: Budget Result (Surplus) / Deficit	(68)	(28)	(31)	(31)

- 1 Includes repayment of \$500k 'borrowed' in 2010/11 for Watsons Bay Baths
- 2 Includes \$351k for cyclical replacement of PCs and \$270k provision for Document Management
- 3 Includes transfer of \$80,000 "book maintenance" from the Operating Budget
- 4 Less than 2012/13 due to the cessation of \$250k State Govt grant funding for Old South Head Road

Full details of individual capital projects are provided in **ANNEXURE 2** which has been circulated separately.

The above table also presents the final draft budget result for 2013/14 of \$31k surplus as referred to in the summary of budget outcomes. This positive result is achieved after the release of \$3.949m from the operating budget to fund capital works.

The final high level summary of the 2013/14 Budget is the Balance Sheet which appears below. It reveals a minor forecast decrease in the Unrestricted Current Ratio to 2.02:1 while the small budget surplus increases the forecast workings funds balance to \$2.685m, against a forecast benchmark (arrears of rates + inventory) of \$2.443m.

Draft 2013/14 Budget
Balance Sheet

	Actual 11/12	Original Budget & Revotes	December Review 12/13	Draft Budget 13/14	Draft Budget 13/14
Current Assets					
Cash & Investments	35,003,207	28,576,632	28,047,826	309,528	28,357,354
Receivables	5,629,934	5,500,000	5,200,000	-50,000	5,150,000
Inventories & Other Assets	187,424	200,000	200,000		200,000
Other	845,691	1,000,000	1,000,000		1,000,000
	41,666,256	35,276,632	34,447,826	259,528	34,707,354
Current Liabilities					
Payables	17,653,450	18,666,000	18,666,000		18,666,000
Interest Bearing Liabilities	944,098	1,015,811	1,015,811	238,581	1,254,393
Provisions	9,232,275	9,232,275	9,232,275	289,859	9,522,134
	27,829,823	28,914,087	28,914,087	528,440	29,442,526
NET CURRENT ASSETS	13,836,433	6,362,545	5,533,739	-268,912	5,264,828
Non-Current Assets					
Receivables	109,872	109,872	109,872		109,872
Investments	0	0	0		0
Investment Properties	19,075,000	19,075,000	19,075,000	59,067,659	78,142,659
Property, Plant & Equipment	582,744,446	592,122,549	593,292,642	1,340,620	594,633,262
	601,929,318	611,307,421	612,477,514	60,408,279	672,885,793
Non-Current Liabilities					
Payables	0	0	0		0
Interest Bearing Liabilities	5,035,215	4,019,404	4,019,404	59,095,607	63,115,011
Provisions	250,943	250,943	250,943	445,929	696,872
	5,286,158	4,270,346	4,270,346	59,541,537	63,811,883
NET ASSETS	610,479,594	613,399,620	613,740,907	597,831	614,338,738
EQUITY					
Opening Equity	502,779,738	610,479,594	610,479,594		610,479,594
Asset Revaluation Reserves	106,812,286				
Operating Result	887,569	2,920,027	3,261,314	597,831	3,859,144
Closing Equity	610,479,594	613,399,620	613,740,907	597,831	614,338,738
Working Funds					
Current Assets	13,836,433	6,362,545	5,533,739		5,264,828
ADD:					
Current Prov'n for ELE	9,232,275	9,232,275	9,232,275		9,522,134
Provision for Increase in ELE		957,386	957,386		957,386
Current Deposits	13,069,177	13,069,177	13,069,177		13,069,177
Current Loan Liability	944,098	1,015,811	1,015,811		1,254,393
LESS:					
External Restrictions *	-7,771,862	-4,098,993	-3,720,924		-4,349,435
Internal Restrictions *	-26,695,619	-23,895,955	-23,432,984		-23,033,206
	2,614,502	2,642,247	2,654,481	0	2,685,276
Movement in Working Funds		27,745	-1,700		30,795
Unrestricted Current Ratio	2.54	2.15	2.12		2.02

Full details of the movements in restricted cash (Reserves) are provided later in the report.

Detailed Analysis of the Operating Budget:

All references to variances in this section of the report are between the draft 2013/14 budget and the original 2012/13 budget.

OPERATING REVENUES:

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Income							
Rates & Annual Charges	44,297,448	44,335,648	46,671,255	2,373,807	5.4	2,335,607	5.3

The draft budget provides for the 3.4% rate peg increase approved by IPART and confirmed by the Corporate & Works Committee following consideration of the 2013/14 rating structure. As a result, Rates income has increased by \$1.13m over 2012/13.

As reported to the Committee in relation to the draft 2013/14 fees and charges, the Domestic Waste Management (DWM) Charge has been calculated to increase by \$44.70 (11.95%) for 2013/14, from \$373.95 to \$418.65, of which \$19.20 relates to a \$500,220 (16%) increase in Tipping Charges. Additionally, for the first time in 2013/14 a proportion of the Business Centres team has been included as staff are involved in Clean Up Services. Other increases include workers' compensation, due to updated claims experience data, and an increase in the Customer Service attribution to better reflect the level of service provided in responding to customer enquiries. The DWM Charges are estimated to increase in total by \$1.2m over 2012/2013.

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Income							
Fees & Charges	9,508,690	9,570,274	9,855,810	347,119	3.7	285,535	3.0

While, overall, income from fees and charges is forecast to increase by only \$285,535 or 3.7%, a little above CPI, there are a number of increases and decreases in income to be noted.

Increases

- Trade Waste service charges increase by \$157k (8.7%) through passing on Council's increased costs of providing the service
- Restoration charges increase by \$213k (19.3%) through a forecast continuation of the increase in activity experienced in 2012/13 (offset by increased expenditure in Materials & Contracts)
- Kindergarten Fees increase by \$53k (7.1%) through the current \$65 per day fee only coming into effect in January 2013 and budgeting for an increased occupancy rate, noting that the Fees themselves will remain unchanged for 2013/14
- Certificate Fees increase by \$28k due to an increase in the fees
- A new income stream from Compliance Cost Notices is forecast to generate \$25k in 2013/14

Decreases

- Mobile Bin Sales decrease by \$48k (96%) – as bins are reaching the end of their service life they are being replaced free of charge
- Work Zone charges decrease by \$45k (9%) due to a forecast continuation of reduced demand
- Compliance Levy income decreases by \$40k (21%) to be in line with the revised 2012/13 Budget

The net increase resulting from these forecasts is \$343k.

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Income							
Interest	1,960,420	2,225,680	1,634,500	(325,920)	(16.6)	(591,180)	(26.6)

Interest rates are forecast to fall to 3.5% over the course of 2013/14, which may be optimistic. At these levels interest on investments is forecast to fall by \$320k. Further, the interest rate on overdue rates will fall from the current 10% to 9% resulting in a further \$5k reduction in interest income.

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Income							
Grants & Contributions	2,863,050	2,041,000	2,836,169	(26,881)	(0.9)	795,169	39.0

Increases

- The contribution received from the City of Sydney for the Paddington Library increases by \$24k, returning it to a full 45% contribution
- The Preschool operational subsidy increases by \$21k in line with the 2012/13 subsidy received
- \$15k has been included for LIRS subsidy for the streetscapes loan, subject to approval of Council's application

Decreases

- Cessation of the grant program supporting Council's Sustainable Business Project Officer results in a reduction in grant funding of \$81k

The net decrease in grants & contributions resulting from these changes is \$21k.

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Income							
Capital Grants & Contributions	2,557,250	4,814,835	2,451,500	(105,750)	(4.1)	(2,363,335)	(49.1)

Capital grants and contributions vary from year to year depending on the projects being undertaken and grant availability. A comparison of the 2012/13 original budget and 2013/14 draft budget is provided in the table below.

Project	2012/13 Original Budget	2013/14 Draft Budget
Sustainability Action Plan	40,000	0
Roads to Recovery Program	194,150	194,500
Regionals Roads repair and improvement program	0	65,000
Old South Head Road pavement reconstruction	250,000	0
Trumper Park playing surface upgrade	100,000	0
Paddington Library refurbishment	173,100	0
Carbon reduction action plan (in Kiaora Lands Stage 1)	100,000	0
Fairfax Road stormwater line	100,000	0
Watsons Bay outlet pipe upgrade	0	20,000
Yamba Road stormwater system upgrade	0	100,000
Bicycle facilities	0	32,000
Watsons Bay Flood Risk Management Plan	0	20,000
Gap Park shared pathway	0	100,000
Floodlight replacement	0	25,000
Kiaora Lands Stage 1 – energy conservation & sustainability	0	150,000
Redleaf – energy efficiency grant	0	325,000
Stormwater harvesting	0	50,000
Biodiversity & sustainable building service	0	70,000
	957,250	1,151,500
Section 94A contributions	1,600,000	1,300,000
Total Capital Grants & Contributions	2,557,250	2,451,500

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Income							
Other Revenue	10,558,000	10,568,307	12,753,693	2,195,693	20.8	2,185,386	20.7

There is a diverse range of income streams that make up “Other Revenue”. Overall it has increased by \$2,196k (20.8%) in the draft 2013/14 budget

Increases

- Kiaora Lands Stage 1 rents, assuming an April 2014 commencement date, total \$1.45m
- Parking fines have been increased by \$400k to similar levels forecast for 2012/13
- Car Park income has been increased by \$136k based on the new operational arrangements
- Park hire has been increased by \$65k including the anticipated return of the Moscow Circus (\$45k), subject to Council approval
- Kiosk leases have increased by \$61k including the new Lyne Park Café (\$52k)
- Recovered costs have increased across Council by \$47k, including recovery of Parental Leave payments
- Fuel Tax Credits have been budgeted separately for the first time (previously netted off in fuel expenses) providing \$32k in income

Decreases

- \$80k previously received for the Cross Street Car Park Car Wash has reverted to the new operator

The net increase in other revenue resulting from these changes is \$2.11m.

OPERATING EXPENSES:

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Expenses							
Employee Costs	32,035,635	32,179,810	33,670,706	1,635,071	5.1	1,490,896	4.6

Staffing costs make up 45% (46% in 2012/13) of Council's operating expenditure and have increased, in total, by \$1.635m or 5.1%.

Increases

- The 3.25% Award increase increases salaries & wages by \$875k
- Pay grade increases as employees progress through Council's salary system have been budgeted to cost a further \$100k
- Ongoing effect of 2012/13 pay grade increases and market rate adjustments total \$94k
- Reduction in the vacancy factor from 5% to 4.5% adds \$86k to the salaries & wages budget
- Additional staff resources totalling \$189k included in the draft 13/14 budget including:
 - Library Trainee
 - HR Trainee
 - Customer Service Trainee
 - Asset Inspections Officer
 - Horticulturalist at Redleaf (in lieu of contractor)
 (The total increase in salaries & wages, inclusive of the provisions for additional resources, is \$1,344k or 5.2%)
- An increase of \$138 in superannuation, including the increase from 9% to 9.25%.
- A forecast \$95k increase in provisioning for employee entitlements
- A \$50k increase in workers' compensation payments

The total of these increases is \$1,637k.

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Expenses							
Materials & Contracts	11,831,221	12,275,467	13,442,791	1,611,570	13.6	1,167,324	9.5

This is a diverse area of Council expenditure that has increased by some \$1,612k (13.6%) in the draft 2013/14 budget.

Increases

- A \$492k increase in recurrent contracts including \$259k for the new car park operational arrangements and \$233k in outgoings associated with Kiaora Lands Stage 1
- A \$423k increase in general contracts comprising:
 - \$291k in restorations contract works (partly offset by increased income in Fees & Charges)
 - \$44k CPI increase in Council's recycling contract
 - \$26k provision for EBooks previously budgeted as capital expenditure
 - \$25k provision for public consultation for waste tender
 - \$22k increase in parking meter cleaning, maintenance and clearance contracts as the initial fixed price contract has expired
 - \$16k in various CPI increases in open space maintenance contracts such as toilet cleaning, lighting maintenance, weed spraying and verge mowing.
- A \$308k increase in legal expenses including \$250k in car parking and \$50k relating to Kiaora Lands leases
- An increased commitment to building asset lifecycle maintenance of \$173k to \$309k comprising the following projects:
 - Asbestos removal at Parsley Bay Cottage (\$50k)
 - Essential Services (\$15k)
 - Polishing and replacement of tables (\$25k)
 - Overhaul of mechanical ventilation at Fletcher St Depot (\$15k)
 - Overhaul of mechanical ventilation at Quarry St Depot (\$30k)
 - Internal painting (stage 2) at E J Ward (\$17k)
 - Internal & external painting (\$37k) and asbestos removal (\$10k) at Sir David Martin Reserve Cottage
 - Repair of termite damage (\$25k) and asbestos removal (\$25k) at Sir David Martin Reserve RANSA
 - Internal painting at Sir David Martin Reserve Drill Hall (\$30k)
 - Internal & external painting and repairs at Lough Playing Fields dressing sheds (\$20k)
 - Painting balustrade at Christison Park grandstand and amenities (\$10k)
- A \$120k provision for the costs associated with the International Naval Review
- A \$75k increase in parts & repairs, mainly related to Council's garbage compactors and street sweepers
- A \$65k net increase in the use of consultants across Council, comprising increases related to:
 - Kiaora Lands agents fees (\$183k)
 - Parking Enforcement Officer PDA upgrade (\$39k)
 - Child Car Study Review (\$35k)
 - Waste tender advice (\$25k)

and decreases relating to:

- Strategic Planning (\$40k)
- Open Space Plans of Management (\$80k)
- Property (\$67k)
- Corporate Services Management (\$30k)

These net increase resulting from these changes is \$1,656k.

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Expenses							
Borrowing Costs	438,877	438,877	1,495,070	1,056,193	240.7	1,056,193	240.7

Interest repayments on Council's existing loans decrease by \$73k (with a corresponding increase in principal repayments leaving total repayments at \$1.383m) while provisions for interest on Kiaora Lands and streetscapes loans have been made for \$1.099m and \$30k respectively, both assuming an April 2014 drawdown.

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Expenses							
Depreciation	10,113,091	10,113,091	10,325,170	212,079	2.1	212,079	2.1

Provisions for increased depreciation across all asset classes have been made to allow for the depreciation of 2012/13 acquisitions.

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Expenses							
Other Costs	15,446,569	15,466,029	15,919,904	473,335	3.1	453,875	2.9

This category of expenditure, like Materials & Contracts, includes a wide variety of expenditure items and has increased by \$473k (3.1%) in the draft 2013/14 budget. While this is roughly in line with CPI, there are a number of increases and decreases to report.

Increases

- Waste tipping charges have increased by \$466k (10.7%)
- A \$107k provision for increases in electricity charges has been made, representing a 7% increase over the revised 2012/13 Budget
- Insurance premiums, excluding workers' compensation, have been forecast to increase by \$101k (8.9%)
- A new \$60k provision for lease incentives associated with Kiaora Lands
- Contributions to Holdsworth Community Centre and Services have increased by \$38k (4%) including a contribution for services delivered at Woollahra Seniors.
- Based on advice from the City of Sydney, Council's contribution to the utilities and security at Paddington Town Hall, relating to the Paddington Library, has increased by \$24k to \$40k for 2013/14

Decreases

- The \$280k provision for the September 2012 election, noting that an \$87k transfer to Reserve has been included to provide \$350k for the 2016 election
- \$52k in street lighting charges.

The net increase resulting from these changes is \$464k.

	12/13 Original Budget	12/13 Revised Budget	13/14 Draft Budget	Variance to Original	%	Variance to Forecast	%
Other Income							
Net Gain/(Loss) on Sale of Assets	267,856	573,843	(751,455)	(1,019,311)	(380.5)	(1,325,298)	(231.0)

The net gain or loss on sale of assets varies year to year depending on the plant and vehicle replacement cycle and any potential unmade road sales. The 2013/14 budget also includes, for the first time, provision for the write off of assets replaced under the renewals program. A comparison of the 2012/13 original budget to the 2013/14 draft budget is provided in the table below.

Asset Class	2012/13 Original Budget	2013/14 Draft Budget
Proceeds from sales of replaced plant and vehicles	1,240,700	730,200
Written down value of plant and vehicles sold	(1,518,844)	(861,755)
Sale of unmade roads	546,000	305,000
Assets write off – renewals program	0	(924,900)
Net gain/(loss) on sale of assets	267,856	(751,455)

It should be noted that the proceeds from the sale of unmade roads are to be transferred to the Property Reserve in both 2012/13 and 2013/14.

Highlights in the 2013/14 Draft Capital Budget:

As noted in the summary of the capital budget, Council's commitment to infrastructure renewal is continuing in 2013/14 with plans to spend just over \$4.9m. The stormwater program continues, funded by the Stormwater Management Charge and available grants with a total program of works of \$605,000 in 2013/14. Projects for these works programs are taken from Council's five year infrastructure renewal program which prioritises works throughout the municipality.

Council has undertaken infrastructure conditions surveys which have provided detailed information on the state of our roads, footpaths and kerb & gutters. Additional research is currently underway on other assets, such as the stormwater. Works are prioritised based on this condition rating of the asset and factors such as the volume of vehicles and pedestrians.

Assets which do not meet the current expected service levels are identified for renewal.

Reduced availability of Section 94A contributions, and the re-direction of Section 94A funding to building and infrastructure asset renewals, sees a reduced open space program proposed for 2013/14. The open space capital works program totals \$832,000.

The streetscape program sees the continuation of bus shelter replacement with \$100,000 provided in 2013/14. It also provides for a \$2.1m improvement program, subject to a successful LIRS application. The total streetscapes program for 2013/14 is \$2.2m.

The 2013/14 capital budget also includes \$58.25m for Stage 1 of the Kiaora Lands Redevelopment Project, \$418k in associated ESD works and \$400k in preliminaries. Total project costs in the 2013/14 budget are \$59.068m.

The continuation of an expanded buildings program into 2013/14 includes projects such as:

- Grimley Pavilion amenities refurbishment (\$100,000)
- Christison Park amenities renovation to include disability access (\$100,000)
- Fletcher Street Depot roof replacement (\$180,000)
- Chiller replacement and energy efficiency measures at Redleaf (\$525,000)
- Cross Street car park lighting upgrade (\$150,000)
- Trumper Oval amenities (\$60,000)
- E J ward Centre carpet replacement (\$45,000)

The total buildings program in 2013/14, excluding Kiaora Lands, totals \$1.33m.

Projects in this works program are taken from Council's ten year property upgrade program of works for its building assets, which includes lifecycle maintenance works that are incorporated into the operating budget.

Condition inspections are undertaken twice a year to evaluate the condition of the buildings including any plant and equipment. Some critical equipment such as fire detection devices and air conditioning are inspected by qualified contractors more frequently. Inspection reports are reviewed on each occasion and any works identified feed into the ten year property upgrade program.

Each year this works program is prioritised based on condition and risk factors for inclusion into the following year's capital and operating budgets.

Routine replacement of plant and vehicles, library books and audio visual and IT continue in the operating capital budget provisions. The IT budget for 2013/14 includes acquisition of a new asset management system which will record, review and update the condition assessment for Council's various assets including roads and footpaths, over time. Council will also be able to record any renewal or maintenance works undertaken on the individual assets. This should help to reduce the overall whole of life costs associated with managing the assets, as well helping to reduce potential liability claims against Council.

Sustainability Model Long Term Financial Plan – Future Strategies

In considering options for Council's 2011 Special Rate Variation (SRV) application to IPART, the draft Long Term Financial Plan presented to Council in June 2010 as a component of Council's Resourcing Strategy, included three scenarios for consideration, being:

Scenario 1: Do-Nothing Model

This scenario modelled the impact on Council's long term financial sustainability if we "do nothing" in respect of the cessation of the then time-limited Environmental & Infrastructure Renewal Levy (E&IRL), i.e., Council did not seek approval for the continuation of the E&IRL.

Scenario 2 – Status Quo Model

This scenario modelled the impact on Council's financial position if:

- Council sought to renew the current Environmental & Infrastructure Renewal Levy resulting in a net increase in rates consistent with the permissible rate increase.
- Council's capital expenditure on infrastructure renewal is maintained at current levels through the renewal of the Environmental & Infrastructure Renewal Levy
- Other capital expenditure continues at current levels

Whilst maintaining capital expenditure at the current levels, this scenario did not address any increased funding requirements identified in Council's Asset Management Plans, notably Council's Building Assets, nor did it seek to inject any additional rating income into Council's operational budget for improved service delivery.

Scenario 3: Sustainability Model:

Council's long term financial plan needs to ensure financial sustainability for the Council and demonstrate our long term capacity to deliver the strategic objectives outlined in the Community Strategic Plan, Delivery Program and the Operational Plan. Equally, it is important to note that the LTFP model is developed in the context of the State Government's Rate Pegging legislation and must have regard to restrictions on Council's revenue raising capacity.

Therefore the Sustainability Model LTFP may be one that extends beyond the Status Quo model described above to one that represents an acceptable balance in the context of meeting community expectations, sound financial management, and the achievement of strategic objectives within supportable and justifiable rating increases, the outcomes of which should be clearly measurable, and have both community and Council support.

It was evident at the time of preparing Council's 2011 SRV application that IPART, in their new role at the time as the determining authority for setting the rate pegging limit and approval of SRVs, would be looking for strong alignment between a Council's four year Delivery Program, Resourcing Strategy and any SRV applications. With Council already 2 years into its 2009 to 2013 Delivery Program, an SRV application in 2011 supported by a funding strategy that was strongly aligned to its Delivery Program, would involve an SRV under S508A of the Local Government Act over the 2 years remaining in the Delivery Program, being 2011/12 and 2012/13. Such a strategy also supported the renewal of the Environmental & Infrastructure Renewal Levy (E&IRL) which was due to expire over the 2 years of 2011/12 and 2012/13.

It was suggested at the time that, whilst Council would continue to work towards finalising the “Sustainability Model” long term financial plan, a conservative and prudent approach to making any SRV application in 2011 would be to limit that application to the renewal of the E&IRL.

Council supported this strategy with the SRV application expanded to include an additional 1.1% rate increase for each of 2011/12 and 2012/13 to recoup, in part, the value of extraordinary increases Council had experienced in recent years in the compulsory Emergency Management Contribution paid annually to the NSW State Government.

This strategy proved successful with IPART approving, in full, Council’s 2011 SRV application seeing the E&IRL become a permanent part of Council’s rating base. With this funding secured Council could look toward finalising its Sustainability Model long term financial plan.

It has been reported in the past, and confirmed in the recent TCorp Financial Assessment of Council, that there are a number of key areas that require particular attention in the development of the Sustainability Model long term financial plan. These areas are:

- increased investment in infrastructure renewal, particularly buildings infrastructure;
- improving the level to which Council ‘reserves’ funds to cover future Employee Leave Entitlements and long-term security deposits and bonds; and
- addressing Council’s structural deficit (i.e. increases in recurrent expenditure exceeding increases in recurrent income).

These issues are all clearly evident from the projects and initiatives that could not be funded in the draft 2013/14 Budget and in having not transferred any discretionary cash to Reserve. Both the 2012/13 and 2013/14 Budget have been “balanced” using strategies that are one-off and not sustainable into the future in the absence of either an increase in recurrent revenue, or a review of services and service levels.

In this regard, Council has been reluctant to consider reducing services and service levels in the past given the results of community satisfaction surveys. Whilst previous satisfaction surveys have produced pleasing results for Council, the community has made it clear that they have high expectations for quality service delivery and continued improvements to community infrastructure. Targeted surveying in relation to Council’s 2011 SRV also demonstrated a high level of support for modest rate increases above the rate pegging limit to pay for infrastructure renewal.

The areas that Council had previously identified as requiring particular attention in the development of our sustainability model LTFP are also reflected in the recent TCorp assessment of Council’s financial sustainability, which rated Council as ‘Moderate’ for Financial Sustainability (FSR) and ‘Neutral’ for Outlook – which assesses likely movement in Council’s FSR over the next three years.

By TCorp’s definition, the ‘Moderate’ FSR and ‘Neutral’ Outlook suggests that Council:

- has an adequate capacity to meet its financial commitments in the short to medium term and an acceptable capacity in the long term.
- has some record of reporting minor to moderate operating deficits.
- is likely to be able to address its operating deficits, manage unforeseen financial shocks and any adverse changes in business, with moderate revenue and/or expense adjustments. The expense adjustments are likely to result in a number of changes to the range of and/or quality of services offered.
- Has a moderate capacity to manage core business risks.

And

- there is no foreseeable events that would have a direct impact on Council's financial sustainability

The final TCorp report for all NSW Councils states that *'TCorp considers that a Council needs to be assessed as Moderate or higher to be acceptable in terms of their sustainability. A Moderate level FSR is on average equivalent to marginally exceeding the benchmarks utilised in TCorp's assessment process.'*

The following tables extracted from the final TCorp report presents Council's 'Moderate' and 'Neutral' rating in comparison to all NSW councils.

Table 1 - FSR Distribution

Rating	Count	Percentage
Very Strong	0	0.0%
Strong	2	1.3%
Sound	32	21.1%
Moderate	79	52.0%
Weak	34	22.4%
Very Weak	5	3.3%
Distressed	0	0.0%
Total	152	100.0%

Table 2 - Outlook Distribution

Outlook	Count	Percentage
Positive	5	3.3%
Neutral	74	48.7%
Negative	73	48.0%

In comparison to all NSW councils, Woollahra's results are certainly not disappointing and indeed are somewhat expected, given our previous long term financial planning had focussed on securing our existing Environmental & Infrastructure levies through our 2011 special rate variation and not on our sustainability model LTFP. It was envisaged at the time that the sustainability model LTFP would be developed to support the new Delivery Program 2013-2017 with appropriate actions to be included in the 2013/14 Operational Plan referencing community consultation in respect of the LTFP.

Council's LTFP has now been updated with the draft 2013/14 Budget as its base year and further modelling is continuing having regard to the results of the recent TCorp financial sustainability report. This early long-term financial modelling continues to reinforce the need for Council to address those areas previously referenced as requiring particular attention. Further details on the LTFP will be provided in a future report and presentation to the Corporate & Works Committee and as will be discussed in that report and presentation, the sustainability model LTFP may well involve a further SRV application to IPART in 2014.

With this in mind, an Action has been included in the draft Operational Plan 2013/14 stating Council's intention to undertake targeted community consultation in 2013/14 in relation to the review of its long term financial plan and potential special rate variation application to IPART for 2014.

Independent Local Government Review Panel

As Councillors would be aware, the Independent Local Government Review Panel has released a further discussion paper - *Future Directions for NSW Local Government* for public consultation and comment. As has been widely reported in the media, the Panel has proposed wide-ranging reforms for the future of local government in NSW including significant amalgamations of councils. Whilst it is not the intention of this report to consider the Panel's paper in any detail, as a separate report will be presented to Council on the matter as the public consultation process proceeds, the Panel make a number of suggestions in the report on the future of rate pegging and IPART's role in the SRV approval process. These suggestions are relevant to the discussion of Council's sustainability model LTFP.

Of particular note are the following comments extracted from the Panel's discussion paper:

"In the current fiscal climate the Panel sees no likelihood of significant increases in grant funding for NSW local government. Also, there is considerable evidence to suggest that many councils can make better use of their rating base to achieve significant increases in own-source revenue, and that this can be done without undue impacts on household budgets. Affordability must remain a key objective. Experience in other states and the results of community surveys suggest that increases of \$1-2 per week would be acceptable for most NSW ratepayers. This should be sufficient to address many of the problems identified by TCorp."

The Panel further state:

"The Panel's view is that the system of rate-pegging in NSW has impacted adversely on sound financial management. It creates political difficulties for councils that really should raise rates above the peg, and adds administrative costs. It is not applied in other states. The Panel's preference is for the system to be abandoned, subject to the imposition of the new fiscal responsibility framework outlined in section 4. However, the Panel accepts that rate-pegging has been in effect for over 30 years and is now part of the landscape in NSW. A proposal to abolish it completely may well prove unacceptable at this time.

As an alternative, the Panel believes that the rate-pegging arrangements can be simplified and streamlined. The provisions of the Local Government Act can be applied more flexibly with reduced demands on councils for special documentation and additional community consultation. The Panel's approach is presented in Box 6. It has been developed in close consultation with IPART and builds on the revised rate-pegging guidelines for 2013-14, which link applications for Special Rate Variations (increases above the annual peg) more closely to Integrated Planning and Reporting requirements.

The TCorp report makes it clear that rate revenues need to grow not only to cover annual cost increases faced by councils, but also underlying costs of service delivery, including progressive elimination of operating deficits and funding infrastructure needs.

Increased flexibility for councils to set rates within a margin of 3% above the rate-pegging cap was proposed by IPART. It would add around 50 cents per week to the average residential rate. The Panel will undertake further investigations to determine whether this amount is sufficient to enable most councils to tackle the problems identified by TCorp.

In addition to the proposals in Box 6, the Panel believes that consideration should be given to exempting Special Rates from the cap, where they are levied on a small group of ratepayers or a specific area in order to undertake defined projects, and the projects have been shown to enjoy majority support amongst those affected."

Box 6 – as referenced above is reproduced below:

Box 6: Streamlining Rate-Pegging

The Panel proposes that, within a framework of enhanced fiscal responsibility, councils be allowed to increase rates by up to 3% more than the annual cap set or projected by IPART for the following 4 years, provided documentation certified by the Mayor and General Manager shows that:

- Appropriate and effective community engagement, tailored to local needs, has been undertaken in reviewing the Community Strategic Plan and preparing the council's 4-year Delivery Program, and details of those engagement processes have been documented in the Special Variation proposal
- The Delivery Program meets the criteria set out in Box 4
- The Delivery Program and 'price path' have been endorsed by the council's auditor or another suitable independent party as being soundly based and warranted to ensure the council's long term sustainability
- The council is taking other necessary steps to improve asset and financial management.

In addition, the Panel proposes that:

- Section 509 of the Local Government Act be amended to enable the Minister to exempt a council from rate-pegging on the basis of demonstrated high performance in asset and financial management.

Under the Panel's proposals IPART's role would be modified to cover:

- Random audits to ensure the criteria are being satisfied
- Determining applications for increases greater than 3% above the cap
- Advising the Minister when a council warrants exemption from rate-pegging.

Where an audit shows that a council has failed to meet the new criteria for Delivery Programs and/or Special Variations, the current rate-pegging arrangements would be re-applied.

In the absence of the abolition of rate-pegging, the proposals presented in Box 6 above are strongly supported by management.

As will be demonstrated in the proposed future presentation on the LTFP to the Corporate & Works Committee, a series of 3% increases in rates above the rate pegging limit for four years would largely address those areas previously referenced as requiring particular attention in our sustainability model LTFP. To put this in perspective, the compounding effect of such increases represents a 12.6% increase in rates, or approximately \$135 per annum (\$2.60 per week) for the average residential property.

Whilst further information in this regard will be provided in a report and presentation on the LTFP to the Corporate & Works Committee at a future meeting, such a sensible improvement to the current rate pegging arrangements sits comfortably with giving effect to Council's sustainability model LTFP.

Conclusion:

The draft 2013/14 Budget has been particularly difficult to prepare. Increases in expenditure beyond Council's control, combined with reductions in some income streams, have had an unfavourable impact on the budget bottom line.

To manage this in the short term the 2013/14 Budget as presented to the Committee, consistent with the 2012/13 Budget, again proposes no transfer to the Employee Leave Entitlements Reserve and no transfer of interest to the Property Reserve. To partly offset not transferring interest to the Property Reserve it has again been proposed that the \$305,000 forecast proceeds from the sale of unmade roads be transferred to the Reserve. These actions release funding for capital projects and allow for the funding of continuing services.

Detailed Operating and Capital Budgets have been included as Annexures 1 and 2 to this report, circulated separately. Due to the fiscal constraints on the draft budget, based on prioritisation by senior staff, numerous projects were not funded in the draft budget. These projects have been listed in Annexure 3. If the Committee is of the view that some of these projects should be included in the draft budget, cuts to the budget will also need to be identified.

The draft budget presented to the Committee in this report has been prepared in line with the principal budget strategy and economic parameters as adopted by Council in December 2012, and is submitted for the Committee's consideration.

Don Johnston
Manager Finance

Stephen Dunshea
Director Corporate Services

Gary James
General Manager

Annexures:

1. Detailed Draft 2013/14 Operating Budget (circulated separately)
2. Draft 2013/14 Capital Budget (circulated separately)
3. Projects and Requests not funded in the Draft 2013/14 Budget

Item No: R4 Recommendation to Council

Subject: **Revised Community Strategic Plan – Woollahra 2025 and Draft Delivery Program 2013 to 2017 and Operational Plan 2013/14**

Author: Helen Tola - Governance & Corporate Planning Coordinator
Stephen Dunshea - Director Corporate Services

File No: 1229.G 2013 to 2017

Reason for Report: To present the revised Community Strategic Plan - Woollahra 2025 and draft Delivery Program 2013 to 2017 and Operational Plan 2013/14 with a recommendation that the documents be placed on public exhibition for a period of 28 days.

Recommendation:

- A. THAT Council note the Urban Planning and Community & Environment Committees' endorsement of the Priorities and Actions proposed for inclusion in the draft Delivery Program 2013 to 2017 and Operational Plan 2013/14.
- B. THAT the revised Community Strategic Plan – *Woollahra 2025* and draft Delivery Program 2013 to 2017 and Operational Plan 2013/14, be placed on concurrent public exhibition for a period of 28 days in accordance with the requirements of Sections 404 and 405 of the *Local Government Act 1993*, commencing on Wednesday 15 May 2013.
- C. THAT Council note that information relating to Council's draft 2013/14 draft Budget and other relevant financial information will be incorporated into the draft Delivery Program 2013 to 2017 and Operational Plan 2013/14 prior to public exhibition.
- D. THAT a further report be presented following the public exhibition period advising of any submissions received in relation to revised *Woollahra 2025* and draft Delivery Program 2013 to 2017 and Operational Plan 2013/14.

Background

The Corporate & Works Committee has considered a number of reports to date in relation to the statutory review of Council's suite of strategic documents, the preparation of the draft Delivery Program 2013 to 2017 and Operational Plan 2013/14, and the 2013/14 draft Budget. The most recent being the report tabling the listing of Priorities and Actions proposed for inclusion in the draft Delivery Program 2013 to 2017 and Operational Plan 2013/14 to the meeting on 15 April 2013.

In considering the report on 15 April 2013, the Committee resolved, in part:

- B. *That the Committee note that the Priorities and Actions in the Draft Delivery Program 2013 to 2017 & Operational Plan 2013/14 will be presented to the Urban Planning Committee and the Community & Environment Committee for review and comment on the 22 April 2013, with recommended changes to be reported back to the Corporate & Works Committee on 6 May 2013.*

The relevant Priorities and Actions were referred to the Community & Environment Committee and the Urban Planning Committee on the 22 April 2013 for consideration. Both committees endorsed the Priorities and Actions as proposed with no recommended changes.

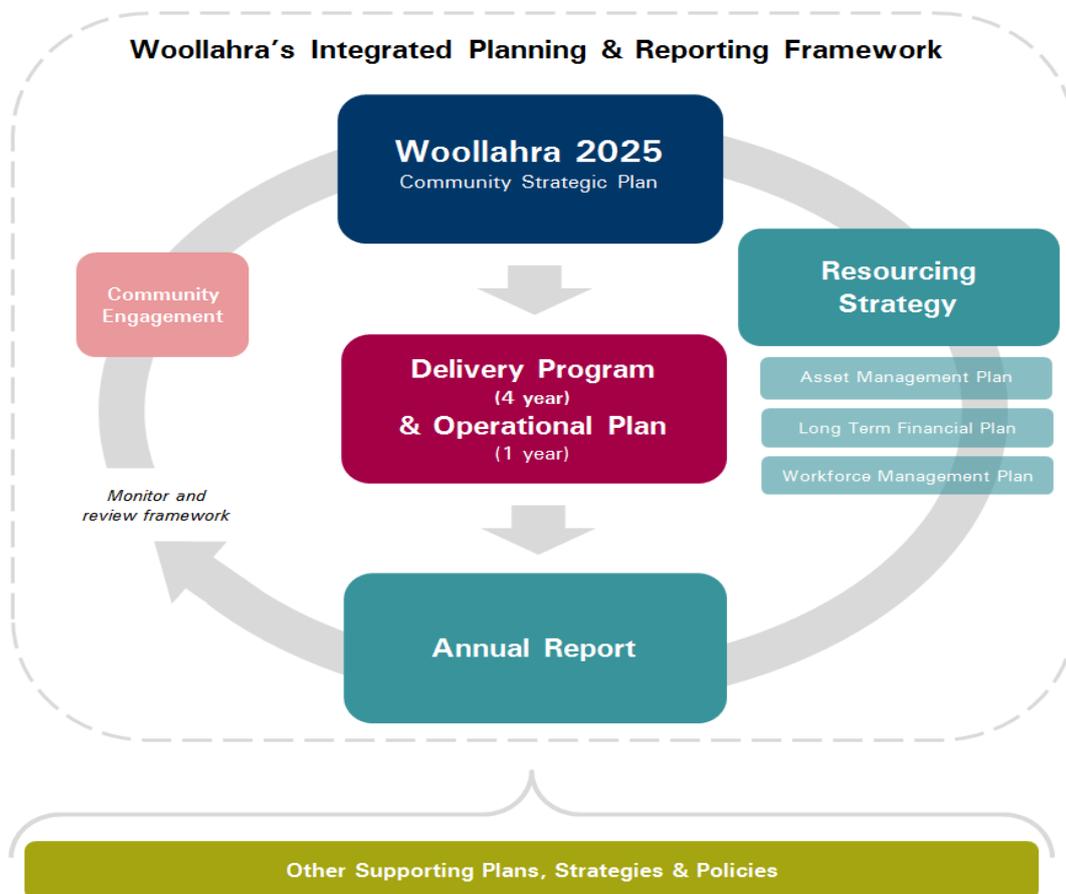
The purpose of this report is to table Council’s revised draft Community Strategic Plan – *Woollahra 2025*, plus the draft Delivery Program 2013 to 2017 and Operational Plan 2013/14 for consideration and to recommendation to Council that the documents be placed on public exhibition.

A separate report on the Corporate & Works Committee agenda for 6 May 2013 presents the draft 2013/14 for consideration.

Woollahra Integrated Planning & Reporting Framework

In 2009, the NSW Government adopted a new Integrated Planning and Reporting Framework for local Councils, requiring each Council to develop a Community Strategic Plan, Delivery Program, Operational Plan and Resourcing Strategy.

Council’s Integrated Planning & Reporting Framework is demonstrated in the diagram below.



As previously reported, the Local Government Act requires Council to review its Community Strategic Plan and develop a new Delivery Program by the 30 June, following the Local Government Elections.

Community Strategic Plan – Woollahra 2025

Originally prepared in 2009/10, *Woollahra 2025 –our community, our place, our plan*, is a long term strategic plan for the Woollahra Local Government Area (the LGA). It represents a shared vision for our area for Council and the community and sets clear goals to meet this vision. Our revised edition largely retains the Themes, Goals and Strategies from the original Woollahra 2025, however contains some amendments in response to the outcomes of the Community Capacity Survey Council conducted in 2012, the recent review of our Social and Cultural Plan, and the results of the 2012 Community Satisfaction Survey. Details of the amendments have previously been reported to the Committee.

A copy of the revised draft *Woollahra 2025* is provided as **ANNEXURE 1**.

Delivery Program & Operational Plan:

As mentioned previously, Council is required to adopt a new Delivery Program by the 30 June, following a Local Government Election. A number of reports have been presented to the Committees detailing the process, the latest being the report to the Corporate & Works Committee tabling the Priorities and Actions for inclusion in the Draft Delivery Program and Operational Plan.

In accordance with the resolution passed at the Corporate & Works Committee on 15 April 2013, relevant Priorities and Actions were presented to the relevant Committee on 22 April 2013. Both committees endorsed the proposed Priorities and Action as presented with no changes recommended.

A copy of the draft Delivery Program 2013 to 2017 & Operational Plan 2013/14 is provided as **ANNEXURE 2**.

Inclusion of the Draft Operating and Capital Budgets into the DPOP

A separate report regarding Council's draft Budget for 2013/14 is presented on this evening's agenda for consideration by the Committee.

Following the Corporate & Works Committee's consideration of the Budget and subsequent adoption by Council, the necessary Budget and other relevant financial information will be included in the draft Delivery Program 2013 to 2017 and Operational Plan 2013/14 prior to public exhibition.

Public Exhibition & Communication Strategy:

Following consideration of the revised Community Strategic Plan – *Woollahra 2025* and draft Delivery Program 2013 to 2017 & Operational Plan 2013/14 by the Corporate & Works Committee this evening, it is recommended that the Committee endorse the concurrent public exhibition of both documents for a period of 28 days in accordance with Sections 404 and 405 of the *Local Government Act 1993*.

Similar to previous years, our communication strategy to support the public exhibition of the documents will include:

- *Placement of advertisements in the Wentworth Courier (on 15 May & 29 May 2013)*
- *Advertising via Council's website (including the use of an online feedback form)*
- *Advertising via the Council's Customer Service Centre and Library Service Points (including posters and feedback forms as in previous years)*

- *Advice to Councillors and staff members*
- *Writing to members of the community who have previously had input into the preparation of our strategic document the past and inviting feedback*
- *Distribution to a range of community groups inviting feedback.*

Following the public exhibition of these documents a further report will be presented to the Corporate & Work Committee advising of any submissions received with a recommendation to Council regarding the adoption of the revised edition of *Woollahra 2025* and adoption of the Delivery Program 2013 to 2017 and Operational Plan 2013/14.

It is therefore recommended that the revised *Woollahra 2025* and Draft Delivery Program 2013 to 2017 and Operational Plan 2013/14 be endorsed for concurrent public exhibition for a period of 28 days and that a further report be submitted following the public exhibition of both documents providing details of submission received.

Conclusion:

Following initial consideration of the draft Priorities and Actions proposed for inclusion in the draft Delivery Program 2013 – 2017 and Operational Plan 2013/14 by the Corporate & Works Committee on 15 April 2013, relevant Priorities and Actions were referred to both the Urban Planning and Community & Environment Committees on the 22 April 2013 for review. Both Committees endorsed the inclusion of the proposed actions in the draft Delivery Program and Operational Plan for public exhibition with no recommended changes.

The draft 2013/14 Budget will be incorporated into the draft Delivery Program and Operational Plan prior to public exhibition, following the Committee's consideration of a separate report on the budget this evening.

Subject to the Committee's deliberations in respect of this report this evening, it is recommended that the revised edition of *Woollahra 2025* and the draft Delivery Program 2013 to 2017 and Operational Plan 2013/14, be endorsed for the purpose of concurrent public exhibition commencing on 15 May 2013.

The Committee is advised that the 2013/14 planning cycle remains on track.

Helen Tola
Governance & Corporate Planning Coordinator

Stephen Dunshea
Director Corporate Services

Annexures:

Annexure 1 Revised *Woollahra 2025* – our community, our place, our plan
(*circulated separately*)

Annexure 2 Draft Delivery Program 2013 to 2017 and Operational Plan 2013/14
(*circulated separately*)

Political Donations – matters to be considered by Councillors at Meetings

