

ORD01

SUBJECT: PUBLIC EXHIBITION - DRAFT 2023/24 OPERATIONAL PLAN AND BUDGET, INCLUDING DRAFT REVENUE POLICY, DRAFT CAPITAL WORKS PROGRAM, DRAFT FEES AND CHARGES AND DRAFT LONG TERM FINANCIAL PLAN.

FROM: Director Customer & Corporate Strategy

EDMS #: 23/148381

PURPOSE OF REPORT

The purpose of this report is to inform Council that the Draft 2023/24 Operational Plan and Budget, Draft Revenue Policy and Draft Fees and Charges, Draft Capital Works Program and Draft Long-Term Financial Plan, are now in a position to be formally considered by Council and placed on public exhibition.

BACKGROUND

In accordance with the *Local Government Act 1993*, all councils are required to undertake community planning and reporting activities using the Integrated Planning and Reporting (IPR) framework. The framework provides for the interrelationship between the Community Strategic Plan, Delivery Program, Operational Plan and Resourcing Strategy.

At its meeting 14 June 2022, Council endorsed the revised Community Strategic Plan and Connecting Camden – Our Community Strategic Plan and adopted the Delivery Program 2022-26, Operational Plan 2022-23, Long-Term Financial Plan and Asset Management Policy, Strategy and Plan.

The Community Strategic Plan is a minimum 10-year plan and represents the highest level of strategic planning undertaken by a council. All other plans must support the achievement of the Community Strategic Plan's objectives. The purpose of the Community Strategic Plan is to identify the community's main priorities and aspirations for the future and to plan strategies to achieve them.

The Delivery Program is a four-year program and outlines the principal activities Council will deliver, or advocate for, to achieve the objectives outlined in the Community Strategic Plan. All plans, projects, activities, and funding allocations are directly linked to the Delivery Program.

The Operational Plan is an annual plan that supports the Delivery Program and outlines the projects and actions that will be undertaken to achieve the commitments made in the Delivery Program. The Draft 2023/24 Operational Plan is the second annual plan within the four-year Delivery Program.

Councillors were briefed on the Draft 2023/24 Operational Plan and Budget on 14 March and 21 March 2023.

DRAFT 2023/24 OPERATIONAL PLAN

The IPR framework requires councils to have an Operational Plan that is adopted before the beginning of the financial year, detailing activities and actions to be undertaken during the year to achieve commitments made within the Delivery Program 2022-2026.

The Draft Operational Plan for the 2023/24 financial year has been compiled and details 156 actions to be delivered across our five key directions. The delivery of these actions will ensure Council's effective and efficient delivery of the adopted Delivery Program 2022-2026.

A copy of the 2022-2026 Adopted Delivery Program and Draft 2023/24 Operational Plan are provided as **Attachment 1** to this report.

DRAFT 2023/24 BUDGET

A detailed review of the draft 2023/24 Budget has been undertaken. A summary of the Draft 2023/24 Budget is provided in the table below:

Draft 2023/24 Budget	2023/24
Operating Expenditure	\$158,205,000
Capital Works Program Expenditure – Council Delivered	\$132,253,400
Capital Works Program Expenditure – Developer Delivered	\$83,212,000
Other Capital Expenditure	\$5,914,300
Loan Principal Repayments	\$3,376,000
Transfers to Cash Reserves	\$61,464,000
Gross Expenditure Budget	\$444,424,700
Less: Developer Delivered Capital Works	(\$83,212,000)
Less: Depreciation Expense	(\$32,175,000)
Less: Transfers to Cash Reserves	(\$61,464,000)
Net Cash Expenditure Budget	\$267,573,700

Council's proposed gross expenditure budget for the 2023/24 financial year is \$444.4 million. Upon removing non-cash expenditure and transfers to reserve, Council's proposed cash budget for the 2023/24 financial year is \$267.6 million.

Capital Works Program Summary

The Capital Works Program for the 2023/24 financial year is \$215.465 million. A breakdown of this program is shown in the following table:

Local Service	2023/24
Roads and Transport Infrastructure	\$94,545,500
Drainage Infrastructure	\$14,335,700
Parks & Playgrounds	\$55,802,100
Community & Recreational Facilities	\$50,782,100
Total	\$215,465,400
Funded By:	
Works in Kind Agreements	\$83,212,000
Section 7.11 Funds (Cash Reserves)	\$63,613,400
External Grants	\$48,832,400
Internal Reserves	\$2,035,000
Loans	\$16,450,000
General Fund	\$1,322,600
Total	\$215,465,400

A copy of the draft Capital Works Program is provided as **Attachment 2** to this report.

2023/24 BUDGET AND RECOMMENDED ALLOCATION OF AVAILABLE FUNDS

The draft 2023/24 Budget provides the financial resources for Council to continue to deliver the services, programs and activities outlined within the adopted Delivery Program. In reviewing the 2023/24 Budget, Council has prudently considered both the needs of the community and long-term financial sustainability of the organisation.

After taking into consideration the cost of maintaining existing service levels, the draft 2023/24 Budget has identified available funding of \$2.509 million.

The proposed allocation of available funds will ensure Council is able to maintain contemporary service levels in support of a rapidly growing and diversifying community, including Council's asset base. The proposed allocation of available funds is shown in the following table:

Allocation of Available Funds	2023/24
Available Funding	\$2,508,900
Recommended Allocation:	
Camden Precinct - Operational and Maintenance Costs	\$426,000
Camden Precinct - Plant Purchases (Capital Cost)	\$394,000
Civil Infrastructure (Roads & Drainage) Maintenance	\$63,800
Stormwater & Drainage - Design & Investigation Actions	\$128,300
Regulatory Compliance & Companion Animals Activities	\$257,600
Development Certification - Subdivision Infrastructure	\$163,400
Julia Reserve Community Centre Management	\$134,200
Community Engagement Program and Activities	\$168,800
Community Events Program Review	\$45,000

Allocation of Available Funds	2023/24
Disability Inclusion Action Plan Implementation	\$100,000
Workforce Management Plan – Year 2 Actions	\$280,000
Customer Experience Strategy - Year 1 Actions	\$130,000
Corporate Support (Organisation Growth)	\$217,800
Camden Animal Shelter and Community Education Hub	\$117,500
Less: Funding from Capital Project budget	(\$117,500)
Domestic Waste Operations – Service Growth	\$269,400
Domestic Waste Mgmt. Reserve – Transfer from Reserve	(\$269,400)
Property Acquisitions Program – Growth Areas	\$101,600
Developer Contributions Reserve – Transfer from Reserve	(\$101,600)
Growth Infrastructure Planning – Growth Areas	\$155,500
Housing Acceleration Fund Grant Funding	(\$155,500)
Oran Park Admin. Building – Sun Awning Repairs (Atrium)	\$75,000
Administration Building Reserve – Transfer from Reserve	(\$75,000)
Total – Recommended Allocation	\$2,508,900
Draft Budget Position	Balanced

DRAFT 2023/24 CAPITAL WORKS PROGRAM HIGHLIGHTS

WestInvest Program

In 2022, the NSW State Government announced the WestInvest Program, a \$5 billion program to fund infrastructure projects that will improve liveability across Western Sydney. Under the program, \$3 billion was allocated to NSW Government agencies and \$2 billion was allocated to community projects.

Within the community project fund, \$400 million was allocated to 15 Local Government Areas for local projects, with each Council being eligible based on population size. Camden Council was allocated \$24.097 million under the Local Government Allocation.

The remaining \$1.6 billion was allocated through a competitive round of grants, open to non-State Government organisations (including councils). To qualify, projects were assessed across six focus areas including: quality green and open space, community infrastructure, school modernisation, arts and cultural facilities, high street activations and local traffic programs.

Council has been successful in securing funding for 11 projects under the WestInvest Program totalling \$132 million, including two under the Local Government Allocation and nine under the Competitive Round.

These projects are included in the Draft 2023/24 Budget and Capital Works program and will be delivered over the next three financial years. The projects are shown in the following table:

WestInvest Program Funding	Funding
Scalabrini North - Leppington Town Centre Open Space and Riparian Corridor – Leppington	\$24,724,941
Camden Town Centre Enhancements - John Street Public Domain Upgrade and Activation – Camden	\$23,139,708
Scalabrini East - Pat Kontista Active Open Space and Community Facilities – Leppington	\$21,340,562
Liz Kernohan Drive Intersection Upgrade with Camden Valley Way & Kirkham Lane – Elderslie	\$14,930,000
Cut Hill Reserve Sports Field Redevelopment - Cobbitty	\$13,954,000
Camden Animal Shelter and Community Education Hub – Smeaton Grange	\$9,985,000
Narellan Town Centre Improvements – Narellan	\$9,700,745
Camden Civic Centre Renewal and Upgrade – Camden	\$7,747,000
Camden Community Nursery – Smeaton Grange	\$4,024,727
Camden Pedestrian Access and Mobility Plan – City Wide	\$1,452,581
Ultimate Nature Challenge – Cobbitty	\$993,430
TOTAL WESTINVEST	\$131,992,694

Other Significant Additional Grant Funding

Council has also been successful in securing grant funding through the NSW State Government's Accelerated Infrastructure Fund (Stage 2) and the Western Sydney Infrastructure Fund – Local Roads Package for projects to be delivered over the next three financial years.

Additional Grant Funding	Funding
Accelerated Infrastructure Fund (Round3)	
Dickson Road – Leppington	\$18,060,000
Woolgen Park Road – Leppington	\$3,710,000
Western Sydney Infrastructure Fund – Local Roads Package	
Camden Valley Way / Hilder Street Upgrade - Elderslie	\$6,409,049
Total – Additional Grant Funding	\$28,179,049

Council has also secured \$8,242,962 in funding through the NSW Government's Regional and Local Roads Repair Program (RLRRP) for major repairs to its road network following the 2022 Storm and Flood Events. \$4,000,000 has been allocated in the 2022/23 Budget and \$4,242,962 will be allocated to the 2023/24 Budget to undertake these repairs.

Community Support Package Stage 3

The draft 2023/24 capital works program includes the continuation of the Community Support Package Stage 3 which focuses on recovery and generating investment into our community following the COVID-19 pandemic. The total support package, valued at \$130.6 million over four years, includes a \$16.5 million Sportsground Improvement Program to be delivered over the next three years.

Across the three stages of the Community Support Package, it is estimated that Camden's economic output will increase by up to \$221.7 million. 507 additional FTE jobs within the local area will also be generated by the package.

Continuation of Community Infrastructure Renewal Program (CIRP)

As the population of Camden grows, the infrastructure that Council is required to maintain increases. This includes roads, drainage, parks and community buildings.

To ensure Council maintains its infrastructure in a good condition and the renewal backlog remains within the industry benchmark, over the past ten years Council has adopted renewal programs, which have assisted in this initiative. The current Community Infrastructure Renewal Program will be completed in the 2022/23 financial year.

The Draft 2023/24 Budget and Capital Works program includes an extension of the Community Infrastructure Renewal Program from 2023/24 to 2026/27 (Four Year Program). A summary of the works program is included below:

Community Infrastructure Renewal Program	Amount
Community Buildings	\$2,400,000
Playgrounds	\$1,400,000
Open Space	\$680,000
Sportsgrounds	\$520,000
Total Proposed Program:	\$5,000,000

Councillors were briefed on 14 March 2023 with respect to recommendations for the allocation of this funding to specific projects. The following tables outline the recommended infrastructure renewal projects over the different asset categories.

Community Buildings	Amount	Expected Delivery
Narellan Library – Narellan Replacement / major repairs to roof covering and internal works.	\$300,000	2023/24
Camden Library – Camden Major maintenance including floor coverings, painting and fit out replacements.	\$50,000	2023/24
Camden Museum – Camden Major maintenance including floor coverings, painting and fit out replacements	\$30,000	2023/24
Narellan Scouts Building – Narellan Flooring repairs	\$120,000	2023/24
Onslow Park Cattle Stalls & Loading Ramp –Camden Structural rectification works	\$100,000	2024/25
Macaria Art Gallery – Camden Replacement of roof covering, structural repairs and internal works.	\$350,000	2024/25
Camden Sports Club – Camden Major maintenance throughout facility including upgrade to Lighting, toilets, doors, windows and painting.	\$460,000	2025/26
Mount Annan Leisure Centre – Mount Annan	\$450,000	2026/27

Community Buildings	Amount	Expected Delivery
Major maintenance throughout facility including tiling, painting, fit out replacements		
Minor Projects – City Wide Minor replacements and maintenance at various Council facilities.	\$540,000	2023/24 to 2026/27
Total – Community Buildings	\$2,400,000	

Playgrounds	Amount	Expected Delivery
Kirkham Park – Elderslie Complete replacement of play equipment & embellishment of surrounds	\$250,000	2023/24
Onslow Park – Camden Complete replacement of play equipment & embellishment of surrounds	\$250,000	2024/25
Rossmore Reserve – Rossmore Complete replacement of play equipment & embellishment of surrounds	\$125,000	2025/26
Banks Reserve – Camden South Complete replacement of play equipment & embellishment of surrounds	\$125,000	2025/26
Elizabeth Macarthur Reserve – Camden South Complete replacement of play equipment & embellishment of surrounds	\$125,000	2026/27
Don Moon Memorial Reserve – Camden Complete replacement of play equipment & embellishment of surrounds	\$125,000	2026/27
Minor Projects – City Wide Includes major rubber soft-fall repairs & component replacements.	\$400,000	2023/24 to 2026/27
Total - Playgrounds	\$1,400,000	

Open Space	Amount	Expected Delivery
Macarthur Park – Camden Reconstruction of retaining wall and footpath repairs.	\$100,000	2024/25
French & Outram Reserves – Currans Hill Reconstruction of a retaining wall and surrounding garden beds.	\$100,000	2025/26
Nott Oval - Narellan Reconstruction of section of retaining wall and steps. Repairs of park furniture, footpaths and pathway lighting	\$120,000	2026/27
Minor Projects – City Wide Renewal of park furniture, fencing and other minor works.	\$360,000	2023/24 to 2026/27
Total – Open Space	\$680,000	

Community Infrastructure Renewal Projects - SPORTSGROUNDS	Amount	Expected Delivery
Cricket Wicket Surfacing – City Wide Replacement of synthetic wicket covering by priority of condition.	\$120,000	2023/24 to 2026/27
Tennis and Multi-Use Court Surfacing – City Wide Replacement and maintenance of poor condition surfacing by priority of condition.	\$200,000	2023/24 to 2026/27
Sportsfield Lighting – City Wide Replacement and maintenance of poor condition lighting by priority of condition.	\$200,000	2023/24 to 2026/27
Total - Sportsgrounds	\$520,000	

DRAFT 2023/24 BUDGET HIGHLIGHTS

Rate Income

Rates consist of a base charge (\$710 proposed in 2023/24) and an ad-valorem charge. The base charge amount is a standard amount, which is applied to all properties. The ad-valorem charge is primarily determined by the value of the property as provided by the NSW Valuer General.

The land valuation calculated for each property is determined by the Valuer General's Department and is reviewed every three years. The most recent review was conducted in 2022 with the impact of that valuation included in the proposed rates for the 2023/24 financial year.

Under the *Valuation of Land Act 1916*, Council must use the 2022 valuations for the issuing of 2023/24 rate notices. Council has no input or control over the valuation process.

It is proposed that total rating income for the 2023/24 financial year will increase by 6.8% as recommended by the NSW Independent Pricing and Regulatory Tribunal (IPART). This is an increase in total rating income and not the increase which will be applied against each rateable assessment.

The impact on the average residential assessment is an increase of approximately \$35 per year (\$0.67 per week).

The additional rate income generated in the 2023/24 financial year will be used to continue to deliver key services and infrastructure and facilities for our current and growing community. It will also assist Council in strategically planning and delivering for our future growth.

Voluntary Pension Rebate

In accordance with section 575 of the *Local Government Act 1993*, Council provides a rebate to eligible pensioners for annual rates and domestic waste charges of \$250.

As part of the 2022/23 Budget, Council resolved to provide an additional voluntary pension rebate of \$50 to eligible pensioners, bringing the total pension rebate amount to \$300. This increase is now in place on a permanent basis.

The provision of an additional voluntary pension rebate is permissible under section 582 of the *Local Government Act 1993*, which states that a council may waive or reduce rates, charges and interest due by any person prescribed by the regulations who is in receipt of a pension, benefit or allowance under the *Social Security Act 1991*.

Stormwater Management Levy

In accordance with Section 496A of the *Local Government Act 1993*, Council will continue to levy properties that receive a stormwater service through the Stormwater Management Levy, which is \$25 per year for land categorised as residential. This amount has remained unchanged since 2006.

Residents who currently receive a pension rebate will continue to receive an exemption from paying the Stormwater Management Levy.

The proposed charges for the Stormwater Management Levy and the proposed program of works for the 2023/24 financial year can be found in Council's Draft Revenue Policy.

Domestic Waste Charges

It is proposed to increase Domestic Waste Management charges by 5% for the 2023/24 financial year. The impact on the average 120 litre service is approximately \$19.00 per year (\$0.37c per week). This increase is required primarily due to an increase in waste disposal fees. Council continues to provide a weekly three-bin service at a very reasonable cost per property.

The proposed charges for Domestic Waste Management can be found in Council's draft Fees and Charges schedule for the 2023/24 financial year.

Fees and Charges

It is proposed to increase discretionary fees and charges by 3.3% in the 2023/24 financial year. While this is significantly below the current level of CPI increases, which is impacted by inflationary pressures, Council recognises that it plays an important role in providing services and facilities to all residents within the LGA.

Fees set by legislation have been reviewed and updated as required.

Council's Fees and Charges for the 2023/24 financial year will be part of the documentation placed on public exhibition for 28 days.

A copy of the Fees and Charges Report has been provided as **Attachment 3** to this report.

Investment Income

Council has an adopted Investment Policy which outlines the way Council may invest funds, risk profile considerations and the types of institutions and products which it may invest in.

Interest projections for the 2023/24 financial year have been prepared based on generating a return on investment of 4.9% (this includes a performance factor of 2.0%).

Loan Borrowings - External

The proposed loan borrowings for the four-year Delivery Program are shown below. Loan borrowings are indicative only and revisited at each review of the Budget. Council's capacity to borrow is strong and within the industry benchmarks for a growing Council.

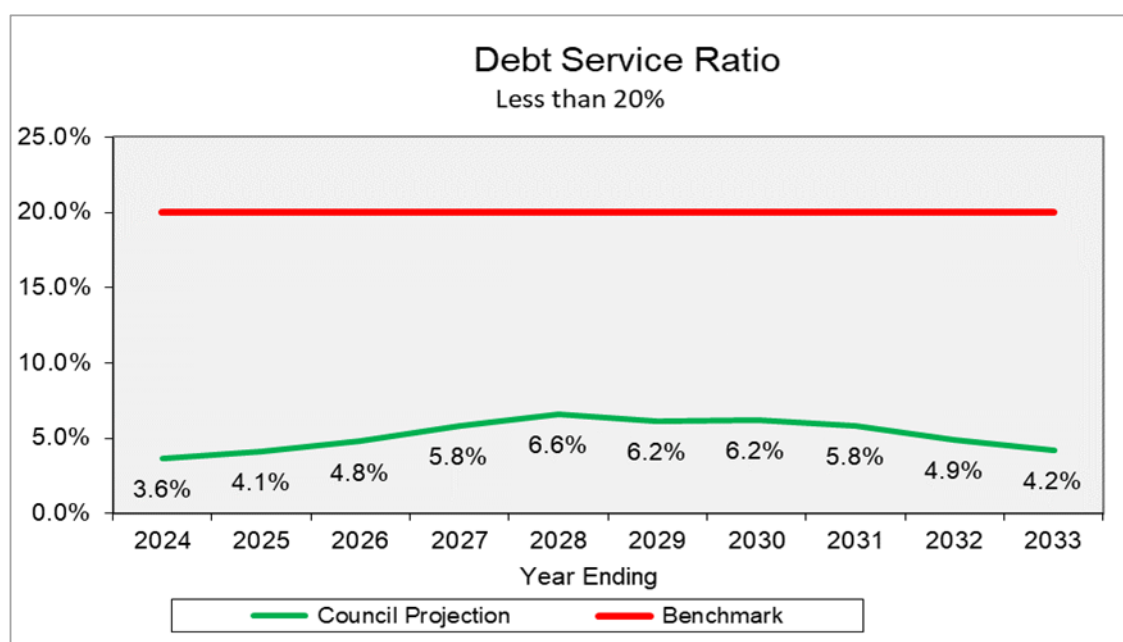
Purpose	2023/24	2024/25	2025/26	2026/27
Renewal Program	\$3.50M	\$1.50M	-	-
CSP Stage Three	\$12.95M	\$15.40M	-	-
Community/Civic Catalyst Site	-	-	\$27.30M	\$27.30M
Community Infrastructure Renewal Program	-	\$1.50M	\$1.25M	\$1.25M
Total Borrowings	\$16.45M	\$18.40M	\$28.55M	\$28.55M

Where possible, Council will also take advantage of low-cost interest schemes offered by the NSW State Government that assist councils with the cost of growth.

Council's proposed debt is shown in the table below:

	2023/24	2024/25	2025/26	2026/27
Principal Outstanding	\$59,600,000	\$74,300,000	\$98,600,000	\$122,300,000
Debt Servicing Costs (principal & interest)	\$5,215,000	\$6,456,000	\$7,984,000	\$10,359,000

Council has considered the impact of its proposed loan borrowings program on the Long-Term Financial Plan and is satisfied that this level of debt is well within the recommended levels for a growth Council. This is demonstrated through the forecasted debt service ratio which is shown in the chart below:



Council continues to use debt prudently, balancing the level of debt, capacity to borrow and the opportunity cost of borrowing to ensure inter-generational equity in a rapidly growing environment. As Council grows, there will be greater pressure to borrow in order to construct the infrastructure required to support our community. Council has deliberately maintained a strong borrowing capacity for this purpose.

Council's borrowing capacity remains well within the benchmark of no greater than 20%.

PROPOSED RESERVE MOVEMENTS

In addition to the reserve transfers already approved as part of the 2022/23 - 2025/26 Delivery Program, the following reserve transfers are proposed to be made as part of the 2023/24 Budget.

Proposed Reserve Transfers (Net)	2023/24
Transfer from Working Funds Reserve	(\$450,000)
Transfer from Capital Works Reserve	(\$500,000)
Transfer from Asset Renewal Reserve	(\$500,000)
Transfer from Admin Building Reserve	(\$75,000)

Transfer from Working Funds Reserve – \$450,000

As part of the 2022/23 Budget, funds were transferred to this reserve to provide for unforeseen impacts arising from global events such as the conflict in Europe on the broader economy and recent natural disasters. Due to a range of cost increases anticipated in the 2023/24 financial year, it is proposed to transfer \$450,000 from this reserve to assist with meeting these additional cost pressures.

Transfer from Capital Works Reserve – \$500,000

It is proposed to utilise \$500,000 from the Capital Works Reserve to part-fund the proposed continuation of the Community Infrastructure Renewal Scheme in the 2023/24 financial year.

Transfer from Asset Renewal Reserve – \$500,000

It is proposed to utilise \$500,000 from the Asset Renewal Reserve to part-fund the proposed continuation of the Community Infrastructure Renewal Scheme in the 2023/24 financial year.

Transfer from Administration Building Reserve – \$75,000

It is proposed to utilise \$75,000 from the Administration Building Reserve to fund the Oran Park Administration Building Sun Awning Repairs in the 2023/24 financial year.

RESERVE BALANCES

The balances available to Council for future allocation from its three major reserves are shown below.

Capital Works Reserve

The Capital Works Reserve is predominantly used to fund capital works or to match grant funding as part of a capital grant funding agreement.

Capital Works Reserve	
Reserve Balance 1 July 2022	\$1,663,810
Add: June 2022 Budget Review Transfer	\$608,489
Add: 2022/23 September Quarterly Budget Review	\$434,246
Available Balance of Reserve	\$2,706,545
Committed Funds Held in Reserve	
Less: 2021/22 Revoted Projects	(\$381,911)
Less: 2022/23 Community Support Package Round 3 Funding	(\$205,000)
Less: 2022/23 Narellan Catchment Creek Flood Study (ORD 55/22)	(\$133,333)
Less: 2022/23 Nepean River Corridor Study (ORD 10/23)	(\$25,000)
Less: 2023/24 Nepean River Corridor Study (ORD 10/23)	(\$175,000)
Less: 2023/24 Camden Memorial Pool Funding	(\$330,000)
Less: Proposed - 2023/24 Community Infrastructure Renewal Program (see reserve transfers section of this report)	(\$500,000)
Total Committed Funds	(\$1,750,244)
Uncommitted Balance – Capital Works Reserve	\$956,301

Asset Renewal Reserve

Council approved the creation of the Asset Renewal Reserve as part of adopting the 2013/14 - 2016/17 Delivery Program for the replacement and/or renewal of existing assets.

Asset Renewal Reserve	
Reserve Balance 1 July 2022	\$754,854
Add: Transfers to Reserve (Loan Interest Savings) 2022/23	\$90,100
Add: Transfers to Reserve (Loan Interest Savings) 2023/24	\$74,900
Available Balance of Reserve	\$919,854
Committed Funds Held in Reserve	
Less: 2021/22 Revoted projects	(\$89,973)
Less: 2022/23 Community Support Package Round 3 Funding	(\$291,800)
Less: Proposed - 2023/24 Community Infrastructure Renewal Program (see reserve transfers section of this report)	(\$500,000)
Total Committed Funds	(\$881,773)
Uncommitted Balance – Asset Renewal Reserve	\$38,081

Working Funds Reserve

The Working Funds Reserve is primarily used as a holding reserve for unallocated funds or for transferring committed funding from one budget year to the next.

Working Funds Reserve	
Reserve Balance 1 July 2022	\$559,224
Add: June 2022 Budget Review Transfer	\$500,000
Add: 2022/23 Adopted Budget - Transfer to Reserve	\$507,000
Available Balance of Reserve	\$1,566,224
Committed Funds Held in Reserve	
Less: 2021/22 Revoted projects	(\$559,224)
Less: Proposed - 2023/24 Transfer from Reserve (see reserve transfers section of this report)	(\$450,000)
Total Committed Funds	(\$1,009,224)
Uncommitted Balance – Working Funds Reserve	\$557,000

FINANCIAL SUSTAINABILITY INDICATORS

Council's Long-Term Financial Plan (LTFP) outlines the key financial ratios that assist councils to determine their financial health and sustainability. An overview of these ratios is provided in this section.

Council's long-term financial sustainability is primarily driven by increased economies of scale through population growth. Council will remain financially sustainable if the rate peg recommended by IPART is adopted annually and the rate of growth remains within the parameters allowed for in the LTFP.

Most councils in NSW adopt the recommended rate peg set by IPART annually as it is the only way of maintaining existing services without applying to IPART for a special rate variation, now or in the future. Recurrent rate income is essential to operations, maintaining the service quality expected by our community, to upgrade/renew and construct infrastructure. It is also expected that Council will continue to deliver its services as efficiently as possible, adopting leading technologies and practices that are sustainable and environmentally sensitive.

Council has a history of strong financial management through adopting and maintaining a balanced cash budget position. This is supported by a Council that does not spend beyond its means and has the appropriate budgetary controls and project management frameworks in place.

Council's rapidly growing and diversifying asset base continues to be maintained at a high standard with the appropriate maintenance and asset renewal programs in place. Council has a strong cash position which is maintained at a level better than the industry benchmark, which is prudent for rapidly growing community and organisation.

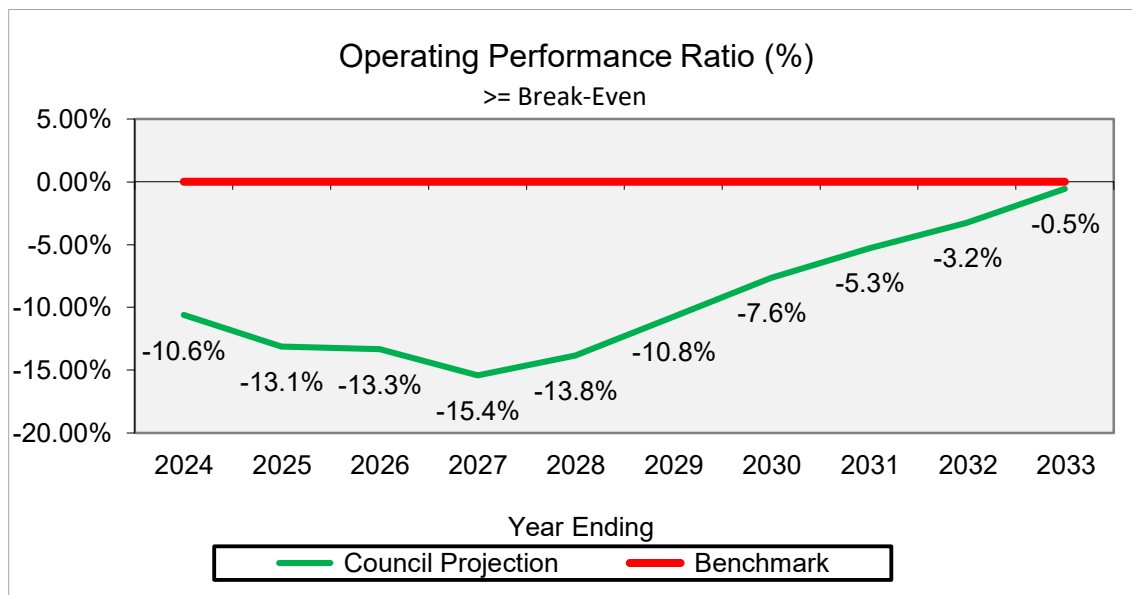
Council has a strong capacity to borrow, which is essential for the delivery of infrastructure in a rapidly growing environment. In this instance, borrowing ensures the cost of growth is distributed across generations with no one community responsible for infrastructure that will be used by communities over many years. Where possible, Council looks to capitalise on low-cost loan initiatives made available by the State Government or grant funding as it becomes available.

Further information on Council's financial health ratios is provided below and in Council's LTFP.

A copy of the Long-Term Financial Plan has been provided as **Attachment 4** to this report.

Operating Performance Ratio

This ratio measures Council's ability to fund operations (including non-cash depreciation) now and into the future. The benchmark for this ratio is to break even or better.



The Camden LGA is the fastest growing area in NSW. Camden welcomes over five hundred new residents per month. This brings the challenge of planning and delivering service demand and infrastructure sometimes years before additional income is realised through growth.

Rates and annual charges income is expected to double over the next 10 years, providing greater economies of scale in the later years of the long-term financial plan. The Operating Performance Ratio remains below breakeven predominantly due to high depreciation expense resulting from infrastructure constructed for future growth in the area.

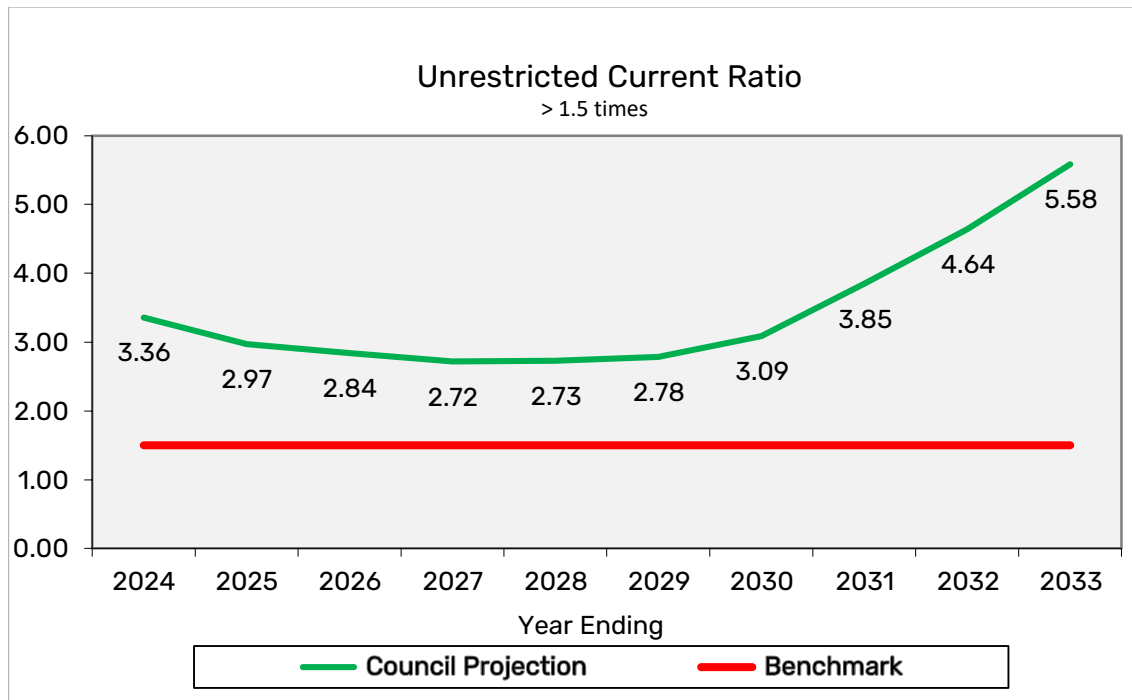
A Council undertaking greenfield developments cannot decide to deliver infrastructure once the population is fully realised; it must deliver services and infrastructure from the time growth commences. It is expected that this ratio will continue to improve over time as Council's economies of scale increase.

It is important to note that the operating performance ratio is not a measure of the Council's budget or cash position. Council has a history of adopting balanced budgets and prudently managing expenditure throughout the year to ensure, at each quarterly budget review, the budget remains in a balanced or surplus position. Council's cash reserves and ability to fund debt (borrowings) are in a strong position.

The operating performance ratio declines in the first three years primarily due to an anticipated increase in domestic waste management (DWM) disposal costs. Council has in place a DWM reserve which has allowed Council to limit the offsetting increase in DWM Charges in 2023/24 to only 5%; without this intervention, the increase would have been 23%. While increasing disposal costs are recognised as an expense in the Income Statement the transfer of cash from reserves is not recognised as income which means, while the waste cash budget balances over the next three years, there will be no correlating income to offset the increasing waste disposal costs in the Income Statement until 2026/27.

Unrestricted Current Ratio

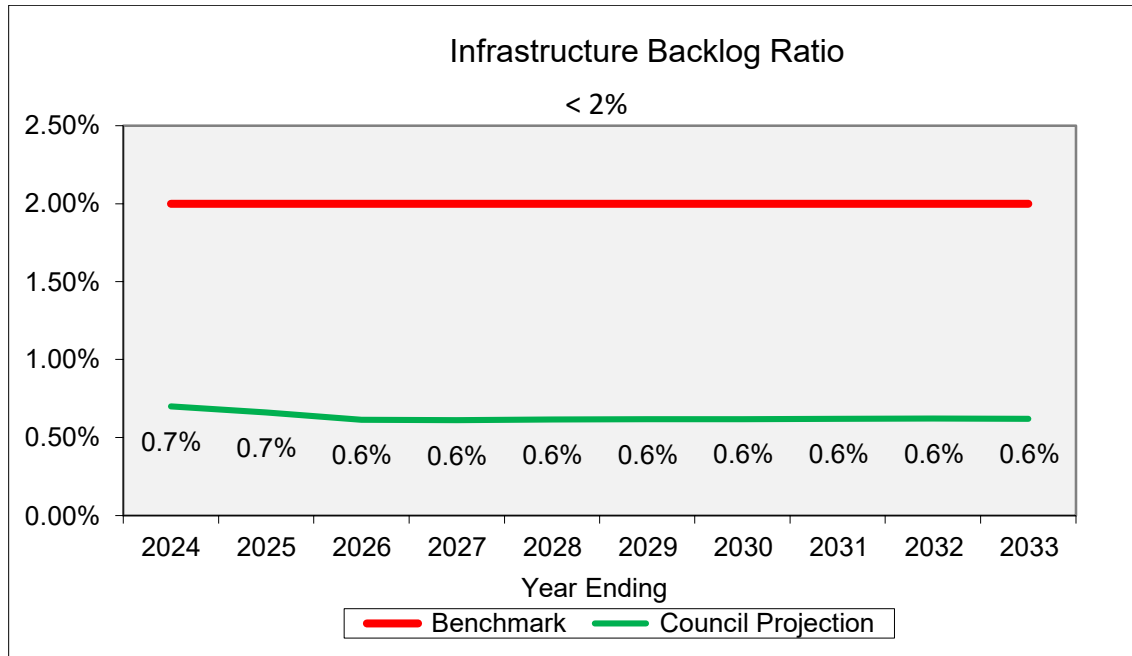
The unrestricted current ratio measures Council's ability to fund short term financial obligations such as loans, payroll and leave entitlements (measures liquidity). The benchmark for this ratio is greater than 1.5:1.



This indicator measures Council's ability to fund its short-term liabilities. It is forecast that in the 2023/24 financial year Council will have \$3.36 to fund every \$1 of liability. Forecasts indicate that Council will remain above benchmark levels over the life of the plan, demonstrating Council's strong cash position.

Infrastructure Backlog Ratio

This ratio measures the proportion of the infrastructure backlog against the total value of Council's infrastructure asset base. The benchmark for this ratio is less than 2%.



Camden's rapid growth forecasts will result in a significant proportion of new assets to be constructed each year. This ratio improves as a result of the magnitude of new assets being received through development and existing renewal/maintenance programs such as the Community Infrastructure Renewal Program, which will see an additional \$5mil invested in renewal programs over the next 4 years.

PUBLIC EXHIBITION

The draft documents – 2023/24 Operational Plan and Budget, 2023/24 Revenue Policy and Fees and Charges schedule, Draft Capital Works Program and Long-Term Financial Plan – have been prepared in accordance with the *Local Government Act 1993* and IPR framework.

The draft documents must be publicly exhibited for a period of 28 days as per the legislation. Public exhibition will commence Wednesday 19 April 2023 and conclude Tuesday 16 May 2023 (inclusive).

The documents will be available at Council's Customer Service Centre (Oran Park) and the Camden and Narellan Libraries, and will be published on Council's website throughout the course of the exhibition period.

Submissions and/or comments received will be reported back to Council as part of the adoption of 2023/24 Operational Plan and Budget.

FINANCIAL IMPLICATIONS

The financial implications are covered within the body of the report

CONCLUSION

It is recommended that the Draft 2023/24 Operational Plan and Budget, Draft 2023/24 Revenue Policy, Draft Fees and Charges schedule, Draft Capital Works Program and Draft Long-Term Financial Plan be placed on public exhibition for a period of 28 days.

RECOMMENDED

That Council:

- i. endorse the following documents for the purposes of public exhibition:**
 - **Draft 2023/24 Operational Plan and Budget including Revenue Policy;**
 - **Draft 2023/24 Capital Works Program;**
 - **Draft 2023/24 Fees and Charges schedule; and**
 - **Draft Long-Term Financial Plan.**
- ii. note a further report will be presented to Council at its meeting of 13 June 2023 to consider submissions received during the public exhibition period and to adopt the documents outlined above.**

ATTACHMENTS

1. Draft Delivery Program 2022-26 and Operational Plan 2023-24
2. Draft 2023-24 to 2026-27 Capital Works Program
3. Draft 2023-24 Fees And Charges
4. Draft 2023-24 to 2032-33 Long Term Financial Plan