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SUBJECT: PRE-PUBLIC EXHIBITION - DRAFT 2024/25 OPERATIONAL PLAN AND BUDGET, INCLUDING DRAFT REVENUE POLICY, DRAFT CAPITAL WORKS PROGRAM, DRAFT FEES AND CHARGES AND DRAFT LONG-TERM FINANCIAL PLAN

FROM: Director Growth and Finance

EDMS #: 24/88179

PURPOSE OF REPORT

The purpose of this report is to present the Draft 2024/25 Operational Plan, Budget and Long-Term Financial Plan, for formal consideration by Council and public exhibition. The draft 2024/25 Operational Plan also consists of the Draft Revenue Policy, Draft Fees and Charges and Draft Capital Works Program.

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 of 14 June 2022, Council endorsed the revised Community Strategic Plan and Connecting Camden – Our Community Strategic Plan and adopted the 2022-26 Delivery Program, 2022/23 Operational Plan, 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 2024/25 Operational Plan is the third annual plan within the four-year Delivery Program.

Councillors were briefed on the Draft 2024/25 Operational Plan and Budget on 28 November 2023, 12 March 2024, 19 March 2024 and 26 March 2024.

DRAFT 2024/25 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 2022-26 Delivery Program.

The Draft 2024/25 Operational Plan has been compiled and details 168 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 2022-26 Delivery Program.

A copy of the 2022-26 Adopted Delivery Program and Draft 2024/25 Operational Plan (including Revenue Policy) are provided as **Attachment 1** to this report.

DRAFT 2024/25 BUDGET

A detailed review of the draft 2024/25 Budget has been undertaken. A summary of the Draft 2024/25 Budget is provided in the table below:

Draft 2024/25 Budget	
Operating Expenditure	\$184,795,000
Capital Works Program Expenditure – Council Delivered	\$162,309,000
Capital Works Program Expenditure – Developer Delivered	\$108,984,000
Other Capital Expenditure	\$5,559,000
Loan Principal Repayments	\$3,523,000
Transfers to Cash Reserves	\$66,305,000
Gross Expenditure Budget	\$531,475,000
Less: Developer Delivered Capital Works	\$108,984,000
Less: Depreciation Expense	\$33,934,000
Less: Transfers to Cash Reserves	\$66,305,000
Net Cash Expenditure Budget	\$322,252,000

Council's proposed gross expenditure budget for the 2024/25 financial year is \$531.5 million. Upon removing non-cash expenditure and transfers to reserve, Council's proposed cash budget for the 2024/25 financial year is \$322.2 million.

RECOMMENDED ALLOCATION OF AVAILABLE FUNDS

The Draft 2024/25 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 2024/25 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 2024/25 Budget has identified available funding of \$3.624 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	2024/25
Available Funding	\$3,624,200
Recommended Allocation:	
Additional Asset Renewal Works	\$400,000
Emergency Management Response & Coordination	\$178,700
Community & Road Safety Programs and Initiatives	\$45,000
Traffic Management Advice & Support	\$71,000
Corporate Support (Organisational Growth)	\$428,000
Workforce Management Plan (Year 3)	\$200,000
Digital Innovation Strategy (Data Insights Stream)	\$526,400
Strategic Infrastructure Planning & Design (Growth)	\$327,100
Infrastructure / Engineering Requirements (Growth)	\$380,000
Property Services – New Release Areas	\$172,000
Regulatory Compliance - Environment and Health	\$172,000
Companion Animals	\$135,300
Heritage and Urban Design Services	\$155,100
Sport and Leisure Management Coordination	\$179,000
Social & Community Planning	\$163,600
Enhancement of Community Grants Program	\$50,000
Children and Families Services	\$41,000
Civil Maintenance & Construction Works Coordination	\$123,700
Funded from Capital Works	(\$123,700)
Civil Maintenance & Construction Works Surveying	\$296,100
Funded from Capital Works	(\$296,100)
Work Health & Safety Programs and Initiatives	\$135,000
Work Health & Safety Reserve – Transfer from Reserve	(\$135,000)
Digital Innovation Strategy	\$318,000
New Technology Reserve – Transfer from Reserve	(\$318,000)
Domestic Waste Services Operations	\$583,200
Funding from Domestic Waste Service	(\$583,200)
Cemeteries Operations	\$129,600
Cemeteries Reserve – Transfer from Reserve	(\$129,600)
Total – Recommended Allocation	\$3,624,200
Draft Budget Position	Balanced

DRAFT 2024/25 BUDGET HIGHLIGHTS

Rate Income

Rates consist of a base charge (\$760 proposed in 2024/25) 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.

Rates for the 2024/25 financial year will be based on 2022 land valuations as provided by the NSW Valuer General's Office. Under the *Valuation of Land Act 1916*, Council must use the 2022 valuations for the issuing of 2024/25 rate notices.

It is proposed that total rating income for the 2024/25 financial year will increase by 8.2% in line with the approved rate peg announced by the NSW Independent Pricing and Regulatory Tribunal (IPART) in November 2023. 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 \$106 per year (\$2.04 per week).

The additional rate income generated in the 2024/25 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.

In June 2022, 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 2024/25 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 2024/25 financial year. The impact on the average 120 litre service is approximately \$20 per year (\$0.38 per week). This increase is primarily driven by a significant increase in waste disposal fees.

Council will subsidise the impact of increasing disposal costs for four years (introduced 2023/24) by using a Domestic Waste Management reserve. This reserve had been planned for since 2015/16. Without this financial planning, residents would have seen an immediate increase of 23% in their Domestic Waste Management charge.

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 2024/25 financial year.

Fees and Charges

It is proposed to increase discretionary fees and charges by 2.9% in the 2024/25 financial year. Fees set by legislation have been reviewed and updated as required. Any changes to legislative fees which are announced during the public exhibition period will be included in the final Fees and Charges Schedule presented to Council for formal adoption in June 2024.

Council's Fees and Charges for the 2024/25 financial year will be part of the documentation placed on public exhibition for 28 days.

A copy of the Fees and Charges Schedule has been provided as **Attachment 2** 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 2024/25 financial year have been prepared based on generating a return on investment of 5.6% (this includes a performance factor of 2%). It is also anticipated that Council's investment base (pool of funds available for investment) will increase by 5.0% during the 2024/25 financial year.

Loan Borrowings - External

The proposed loan borrowing program is 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.

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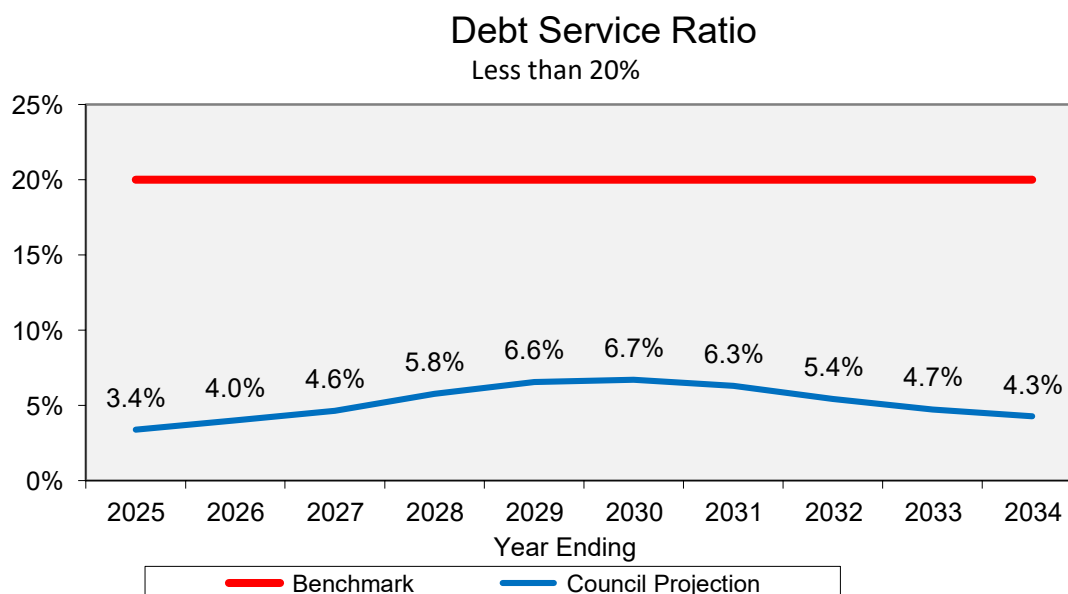
Purpose	2024/25	2025/26	2026/27	2027/28
Renewal Program	\$3.9M	\$4.3M	\$5.5M	\$6.5M
Community Support Package Stage 3	\$13.84M	\$7.45M	-	-
Community/Civic Catalyst Site	-	-	\$27.3M	\$27.3M
Community Infrastructure Renewal Program	\$1.17M	\$1.56M	\$1.27M	Nil
Total Borrowings	\$18.91M	\$13.31M	\$34.07M	\$33.8M

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:

	2024/25	2025/26	2026/27	2027/28
Principal Outstanding	\$65.1M	\$73.9M	\$103.1M	\$130.7M
Debt Servicing Costs (principal & interest)	\$5.7M	\$7.3M	\$8.7M	\$11.4M

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%.

DRAFT 2024/25 CAPITAL WORKS PROGRAM

Capital Works Program Summary

The Draft Capital Works Program for the 2024/25 financial year is \$271.3 million. A breakdown of this program is shown in the following table:

Local Service	2024/25
Roads and Transport Infrastructure	\$144,308,000
Drainage Infrastructure	\$34,180,000
Parks & Playgrounds	\$68,825,000
Community & Recreational Facilities	\$23,980,000
Total	\$271,293,000
Funded By:	
Works in Kind Agreements	\$108,934,000
Developer Contributions (Cash Reserves)	\$69,812,000
External Grants	\$71,085,000
Internal Reserves	\$500,000
Loans	\$18,910,000
General Fund	\$2,052,000
Total	\$271,293,000

A copy of the draft Capital Works Program is provided as **Attachment 3** to this report.

Western Sydney Infrastructure Grants

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.

Council was successful in securing funding for 11 projects under the WestInvest Program, totalling \$132 million which included the contingency amounts which are only allocated to projects following review and agreement with the grant body. The table below shows the updated budget for each of the projects included in the draft capital works program.

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WestInvest Program Funding	Budget
Scalabrini North - Leppington Town Centre Open Space and Riparian Corridor – Leppington	\$23,038,576
Camden Town Centre Enhancements - John Street Public Domain Upgrade and Activation – Camden	\$18,765,630
Scalabrini East - Pat Kontista Active Open Space and Community Facilities – Leppington	\$19,361,664
Liz Kernohan Drive Intersection Upgrade with Camden Valley Way & Kirkham Lane – Elderslie	\$13,000,000
Cut Hill Reserve Sports Field Redevelopment - Cobbitty	\$11,759,880
Camden Animal Shelter and Community Education Hub – Smeaton Grange	\$9,383,485
Narellan Town Centre Improvements – Narellan	\$8,707,700
Camden Civic Centre Renewal and Upgrade – Camden	\$6,272,000
Camden Community Nursery – Smeaton Grange	\$3,391,881
Camden Pedestrian Access and Mobility Plan – City Wide	\$1,149,163
Ultimate Nature Challenge – Cobbitty	\$851,400
SUB-TOTAL	\$115,681,379
Project Contingencies	\$16,311,221
Total Budget Plus Contingency Amounts	\$131,992,600

Community Support Package Stage 3

The draft 2024/25 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 \$127 million over four years, includes a Sportsground Improvement Program.

A detailed review of all projects was undertaken by Councillors to consider the need/timing and scope of projects. This review resulted in a \$3.375 million reduction in loan borrowings for the following projects.

Project	Draft Budget	Revised Budget	Savings	Comment
Birriwa Amenity Extension	\$700,000	\$0	\$700,000	Not Required
Cowpasture Reserve	\$2,642,900	\$1,952,900	\$690,000	Revised Footprint
Narellan Hockey Amenities	\$5,985,000	\$4,000,000	\$1,985,000	Revised Proposal
Total	\$9,327,900	\$5,952,900	\$3,375,000	

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 and 507 additional FTE jobs within the local area will also be generated by the package.

A list of the projects to be delivered under the Community Support Package Stage 3 (primarily funded through loan borrowings) is provided in the table below:

Project	CSP Funding	Other Sources	Total
Hybrid or Synthetic Turf Construction	\$6,000,000	\$49,000	\$6,049,000
Harrington Park Reserve Playing Surface Upgrades	\$4,650,000	\$91,300	\$4,741,300
NSH, New Amenities Building for Hockey	\$3,915,000	\$85,000	\$4,000,000
Civic Centre Upgrade and Renewal	\$1,765,000	\$6,348,100	\$8,113,100
Cowpasture Reserve Softball: Amenities	\$1,300,000	\$652,900	\$1,952,900
Sheathers Lane and Cawdor Road Shared Paths	\$1,090,000	\$1,585,600	\$2,675,600
Fairfax Reserve Sports field change room facilities	\$900,000	\$30,000	\$930,000
Nugget Beams: Amenities (Scope, design, upgrade)	\$850,000	\$30,000	\$880,000
Onslow Reserve: Sports fields Refurbishment	\$575,000	\$59,300	\$634,300
Fairfax Reserve Sportsfield Improvements	\$500,000	\$79,100	\$579,100
Birriwa Reserve Sportsfield Improvements	\$490,000	-	\$490,000
Ron Dine Reserve: Improved and Additional Parking	\$475,000	-	\$475,000
Hilder Reserve Sportsfield - Construction	\$450,000	\$2,614,800	\$3,064,800
Belgenny Reserve Design & Construction	\$400,000	\$137,400	\$537,400
Onslow Reserve: Irrigation	\$350,000	-	\$350,000
Nugget Beams: Sportsfield Construction & Seating	\$290,000	\$125,000	\$415,000
Wandarrah Reserve Sports Field Construction	\$290,000	-	\$290,000
Ron Dine Reserve: Irrigation Systems Improvement	\$270,000	\$1,282,400	\$1,552,400
Fairfax Reserve Irrigation System Improvements	\$190,000	-	\$190,000
Onslow Reserve: Additional Shade and Seating	\$150,000	-	\$150,000
Ron Dine Reserve: Seating Fields 3 & 4	\$50,000	-	\$50,000
Ron Dine Reserve: Move Turning Circle	\$25,000	-	\$25,000
TOTAL	\$24,975,000	\$13,169,900	\$38,144,900

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 any renewal backlog remains within the industry benchmark, over the past ten years Council has adopted renewal programs, which have assisted in this initiative.

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The 2023/24 Adopted Budget included an extension of the Community Infrastructure Renewal Program for a further four years (from 2023/24 to 2026/27).

A summary of the CIRP for the 2024/25 financial year is included below:

Community Infrastructure Renewal Program	Amount
Community Buildings	
Camden Sports Club – Camden Major Facility Maintenance including lighting upgrade, toilets, doors, windows, and painting (Note further funds allocated in 2025/26)	\$60,000
Minor Projects Funding – Minor replacements and maintenance at various Council Facilities	\$150,000
Playgrounds	
Onslow Park – Camden Complete replacement of play equipment & embellishment of surrounds (Note further funds allocated in 2023/24 for works)	\$230,000
Kirkham Park – Elderslie Complete replacement of play equipment & embellishment of surrounds (Note further funds allocated in 2023/24 for works)	\$225,000
Minor Projects Funding – Includes rubber Softfall repairs and component replacements	\$100,000
Open Space	
Macarthur Park – Camden Reconstruction of retaining wall and footpath repairs.	\$160,000
Jack Nash Reserve – Currans Hills Replacement of poor condition pathway lighting	\$45,000
Minor Projects Funding – Includes park furniture, fencing and other minor assets	\$70,000
Sportsgrounds	
Cricket Wicket Surfacing – Belgenny & Fairfax Reserves Replacement of Wicket by Priority of Condition	\$30,000
Tennis and Multi-Use Court Surfacing – Harrington Park Replacement and maintenance of poor condition surfacing by priority of condition.	\$50,000
Sportsfield Lighting – Liquidambar, Jack Nash & Macarthur Park Replacement and maintenance of poor condition lighting by priority of condition.	\$50,000
Total Proposed Program:	\$1,170,000

Councillors were briefed on 19 March 2024 and 26 March 2024 with respect to recommendations for the allocation of renewal funding to these specific projects.

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 2024/25 Budget.

Proposed Reserve Transfers (Net)	2024/25
Transfer from Biodiversity Credits Reserve	\$386,900
Transfer from Work Health and Safety Reserve	\$135,000
Transfer from Cemetery Reserve	\$129,600
Transfer from Technology Reserve	\$318,000
Total	\$969,500

Transfer from Biodiversity Credits Reserve – \$386,900

As part of the December 2023 Quarterly Budget Review, Council approved the creation of this new reserve which holds funds from the sale of Biodiversity credits. The draft 2024/25 budget includes a transfer from this reserve to fund a range of sustainability initiatives across the Camden LGA.

Transfer from Work Health and Safety Reserve – \$135,000

The draft 2024/25 budget proposes a \$135,000 allocation for work health and safety programs and initiatives to be funded from this reserve.

Transfer from Cemetery Reserve – \$129,600

The draft 2024/25 budget proposes a \$129,600 allocation from the Cemetery Reserve to assist with the appropriate surveying works which are required for burial allotments at the Camden Cemetery.

Transfer from Technology Reserve – \$318,000

The draft 2024/25 budget proposes a \$318,000 allocation from the Technology Reserve for the continued implementation of Council's Digital Innovation Strategy, including Cyber Security initiatives.

RESERVE BALANCES

The balances available to Council for future allocation from its three major reserves are shown below. There are no proposed transfers from these reserves to fund the 2024/25 Operational Plan (Budget).

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.

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Capital Works Reserve	
Reserve Balance – 30 June 2023	\$2,357,849
Add: December 2023 Budget Review Transfer	\$24,500
Proposed Balance of Reserve	\$2,382,349
Committed Funds Held in Reserve	
Less: 2022/23 Revoted projects	(\$696,548)
Less: 2023/24 Camden Memorial Pool Funding	(\$330,000)
Less: 2023/24 Nepean River Corridor Study	(\$175,000)
Less: 2023/24 Community Infrastructure Renewal Program	(\$500,000)
Less: 2023/24 Flood Recovery & Resilience Program	(\$46,250)
Total Committed Funds	(\$1,747,798)
Uncommitted Balance – Capital Works Reserve	\$634,551

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 – 30 June 2023	\$564,848
Add: Transfers to Reserve (Loan Interest Savings) 2023/24	\$74,900
Add: Transfers to Reserve (Loan Interest Savings) 2024/25	\$58,800
Available Balance of Reserve	\$698,548
Committed Funds Held in Reserve	
Less: 2022/23 Revoted projects	(\$89,973)
Less: 2023/24 Community Infrastructure Renewal Program	(\$500,000)
Total Committed Funds	(\$589,973)
Uncommitted Balance – Asset Renewal Reserve	\$108,575

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 – 30 June 2023	\$1,232,978
Add: June 2023 Budget Review Transfer	\$801,028
Proposed Balance of Reserve	\$2,034,006
Committed Funds Held in Reserve	
Less: 2022/23 Revoted projects (June 2023)	(\$60,152)
Less: 2022/23 Revoted projects (March QBR 2023)	(\$300,000)
Less: 2023/24 Approved Transfer from Reserve	(\$838,000)
Less: September 2023 Budget Review Transfer	(\$801,000)
Total Committed Funds	(\$1,999,152)
Uncommitted Balance – Working Funds Reserve	\$34,854

FINANCIAL SUSTAINABILITY INDICATORS

Council's Long-Term Financial Plan 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 will be assisted over time by increased revenue and 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 Long-Term Financial Plan.

Most councils in NSW adopt the recommended rate peg set by IPART annually as it is the only way of maintaining existing service levels 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 a 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.

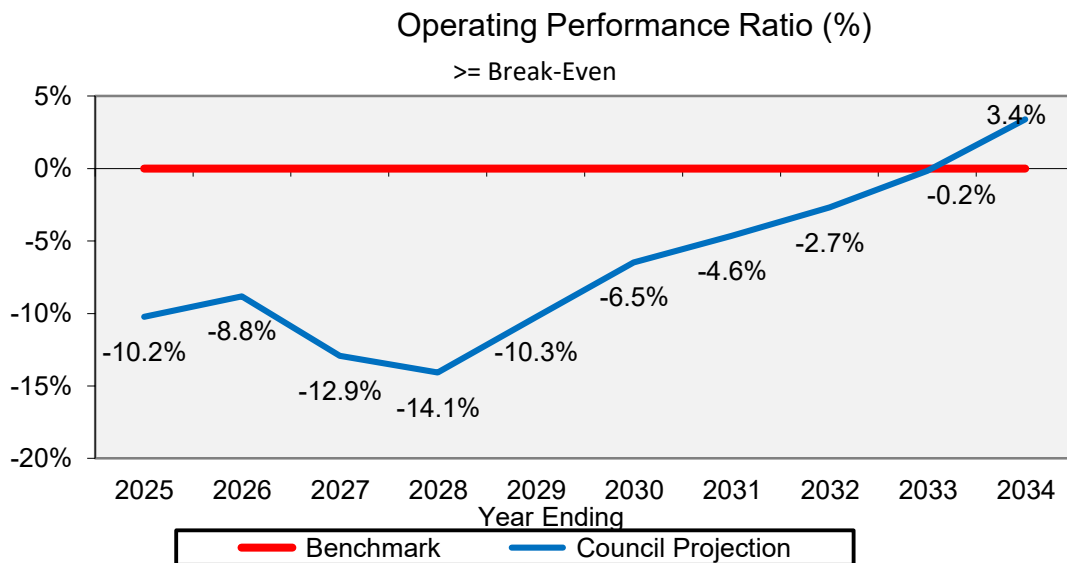
Further information on Council's financial health ratios is provided below and in Council's Long-Term Financial Plan.

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.

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The Camden LGA is one of the fastest growing areas in NSW. 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 predominately 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 increases.

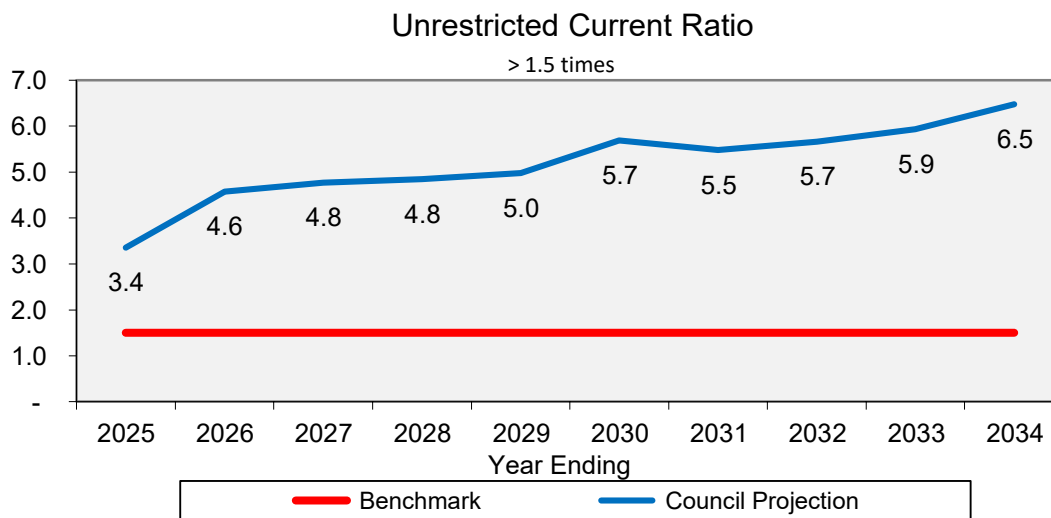
It is important to note that the operating performance ratio is not a measure of the Council's budget or cash position. Council has a history of adopting balanced budgets and prudently managing expenditure throughout the year to ensure at each quarterly budget review the budget remains in a balanced 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 a significant increase in domestic waste management (DWM) disposal costs. Council will subsidise the impact of increasing disposal costs for four years (introduced in 2023/24) by using a Domestic Waste Management reserve. This reserve had been planned for since 2015/16. Without this financial planning, residents would have seen an immediate increase of 23% in their Domestic Waste Management charge.

While increasing disposal costs are recognised as an expense on 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 on the Income Statement, which will impact the reported result.

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.

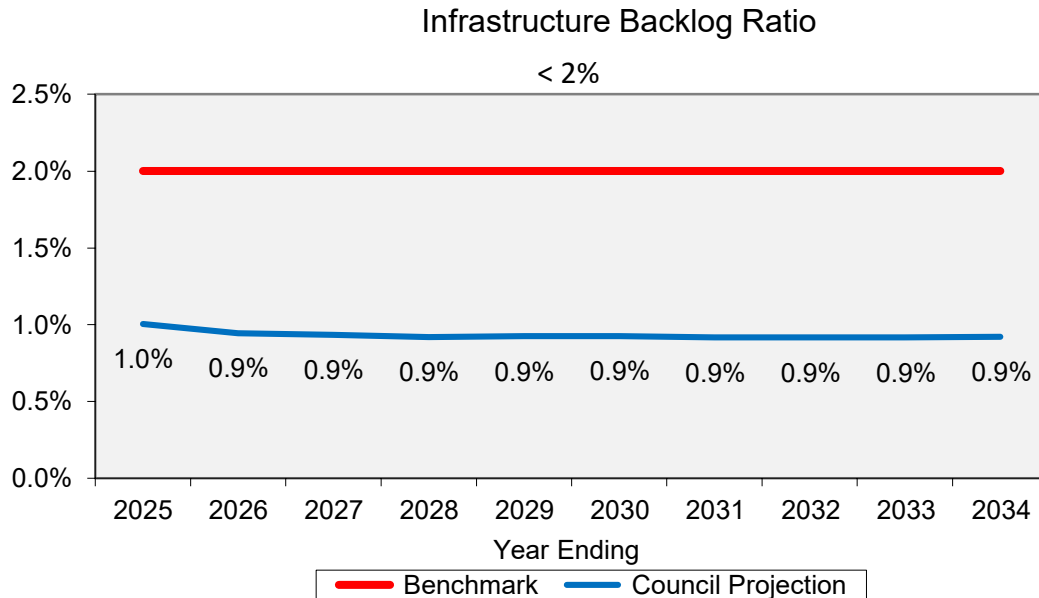


This indicator measures Council's ability to fund its short-term liabilities. It is estimated in 2024/25 that Council will have \$3.40 to fund every \$1 of liability. Forecasts indicate that Council will remain above benchmark levels over the life of the plan, demonstrating Council's strong cash position.

The ratio improves in later years due to an improved cash position when additional rating income is available. This reflects the ability for Council to allocate funds for future infrastructure requirements such as Community Infrastructure in Growth Areas which are not funded through Developer Contributions.

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 renewal/maintenance programs Council already has in place.

PUBLIC EXHIBITION

The draft documents – 2024/25 Operational Plan and Budget, 2024/25 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 on Wednesday 17 April 2024 and conclude on Tuesday 14 May 2024 (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 2024/25 Operational Plan and Budget.

FINANCIAL IMPLICATIONS

The financial implications are covered within the body of the report.

CONCLUSION

It is recommended that the Draft 2024/25 Operational Plan and Budget, Draft 2024/25 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 2024/25 Operational Plan and Budget including Revenue Policy;**
 - **Draft 2024/25 Capital Works Program;**
 - **Draft 2024/25 Fees and Charges schedule; and**
 - **Draft Long-Term Financial Plan; and**
- ii. note that a further report will be presented to Council at its meeting of 11 June 2024 to consider any submissions received during the public exhibition period and to adopt the documents outlined above.**

ATTACHMENTS

1. 2022-26 Delivery Program and Draft 2024-25 Operational Plan
2. Draft 2024-25 Fees and Charges Schedule
3. Draft 2024-25 Capital Works Program
4. Draft 2024-25 Long Term Financial Plan