CM13.3. AlburyCity Draft Four Year Delivery Program, Draft 2023/24 Operational Plan and Draft Long Term Financial Plan

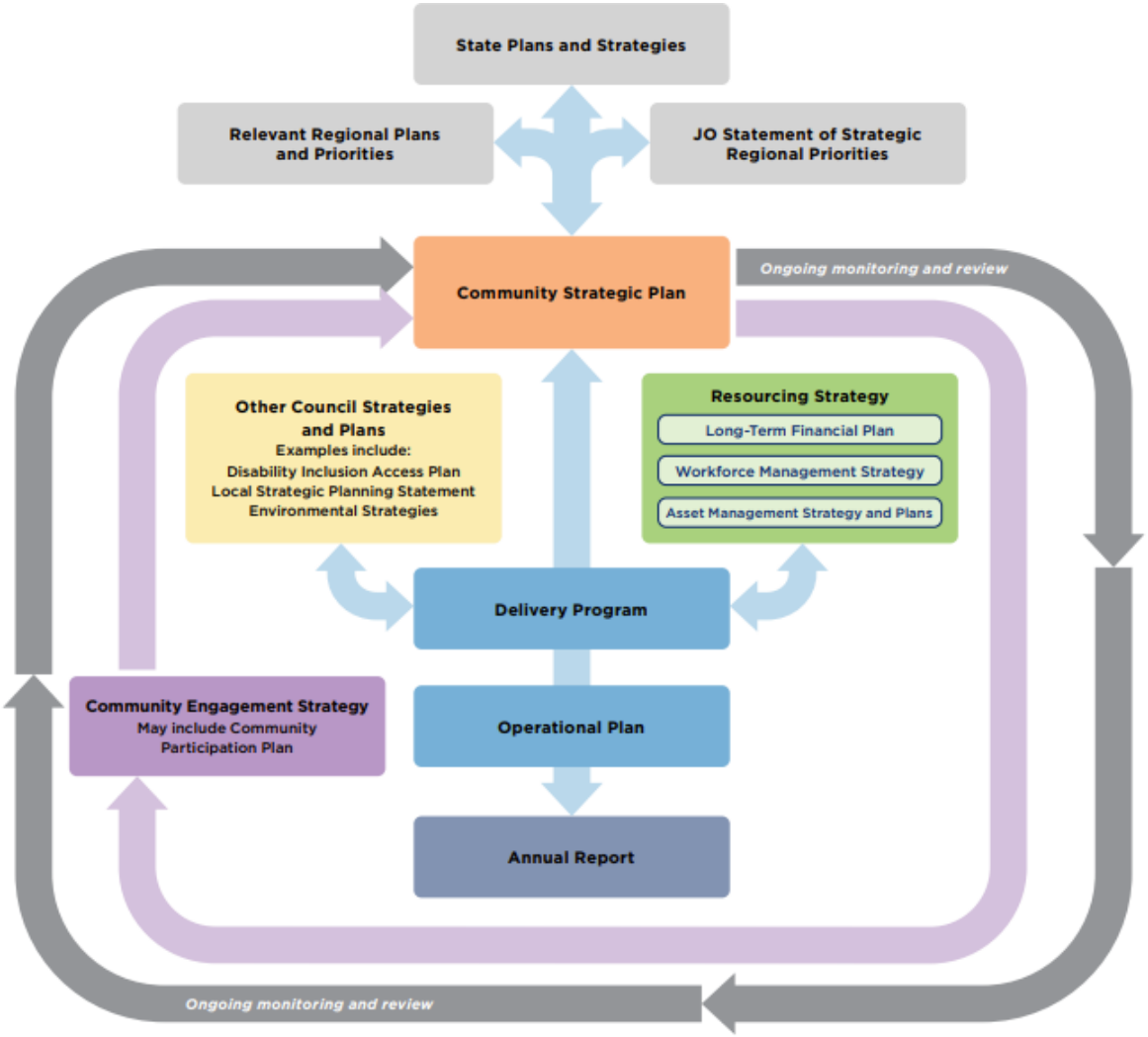
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Purpose of Report

This report presents AlburyCity's draft Four Year Delivery Program, draft 2023/24 Operational Plan and draft Long-Term Financial Plan for consideration.

Background

AlburyCity develops plans in accordance with the Local Government Integrated Planning and Reporting Framework, as required by the *Local Government Act 1993*.



A key focus for AlburyCity is delivering quality services, maintaining and improving infrastructure, and delivering on the Community Strategic Plan Towards Albury 2050 vision; A *nationally significant regional city that is vibrant, diverse, innovative and connected and inspired by its culture, environment and location on the Murray River,* which is underpinned by the following themes:

- A Growing Sustainable Economy
- An Enhanced Natural Environment
- A Caring Community, and
- A Leading Community.

As a can-do collaborative organisation, we will continue to innovate and be dynamic, empowering progress through serving with excellence and taking care of our place. The AlburyCity Our Future Strategy 2031 and business improvement focus encourages our people to live and breathe our values and vision to ensure AlburyCity is vibrant, rewarding and community focused.

We will ensure that people are at the heart of innovation and our community at the forefront of our interactions, constantly challenging the status quo and seeking innovative ways to deliver services that meet community expectations. We remain committed to continuous improvement and achieving value for money with every dollar spent, to achieve financial sustainability.

AlburyCity's draft budget has been prepared with the following principles in mind:

- focus on strategic priorities including Albury 2050;
- aim to achieve at least break-even operating results;
- continue to identify efficiencies and savings;
- optimise grant funding opportunities;
- continue to plan for the renewal of assets;
- capital works program to be part funded by borrowings; and
- plan to deliver projects on time and within budget.

Issues

Draft Four Year Delivery Program 2023-2027

The AlburyCity Four Year Delivery Program (refer Attachment 1) details the principal activities that will be undertaken by AlburyCity covering the full range of Council functions and operations (including implementing the strategies set out in the Community Strategic Plan Towards Albury 2050).

Draft 2023/24 Operational Plan

The AlburyCity draft 2023/24 Operational Plan details new projects (New Initiatives) and other actions utilising internal resources for the 2023/24 financial year that will help progress Four Year Delivery Program actions and work towards the communities' aspirations as outlined in the Community Strategic Plan Towards Albury 2050.

Proposed AlburyCity New Initiatives

The Four-Year Delivery Program and Operational Plan incorporate proposed AlburyCity New Initiatives for the four-year period 2023-2027 (refer Attachment 2).

Proposed 2023/24 Operating New Initiatives total $3.5 million including:

- $375,000 Water Mains Cleaning Program
- $330,000 East Albury Precinct Master Plan
- $250,000 Depot Relocation Options Analysis
- $200,000 Thurgoona Wirlinga Precinct Structure Plan Review
- $180,000 Integrated Planning and Reporting Service Reviews
- $150,000 Biodiversity Certification - Biodiversity Offsets Scheme surveys
- $145,000 Implementation of the Reconciliation Action Plan
- $138,000 IT Infrastructure Roadmap - Operating
- $100,000 Cultural Plan & Creative Economy Strategy Review
- $100,000 Albury Environmental Lands - Strategies, Management and Use
- $100,000 AlburyCity - Land Management Incentive Program
- $100,000 Sustainability Rebate Program
- $100,000 Retail Action Plan Implementation
- $100,000 Albury and Lavington CBD Master Plan reviews
- $100,000 Infrastructure Contributions Plan Review
- $1 million other projects.

Proposed 2023/24 Capital New Initiatives of $63.4 million in support of the continuation of essential services and infrastructure for the community, include:

Recreation projects of $16.6 million including:

- $6.35 million Lauren Jackson Sports Centre - Major Upgrade (Stage 1)
- $2 million Alexandra Park Master Plan - Sports Field (Ian Barker) Reconstruction
- $1,100,000 Building - Melrose Park Sports Pavilion - Construction
- $1,000,000 Fredericks Park Master Plan Detailed Design and Stage 1 Construction
- $1,000,000 Sarvaas Park Building Upgrade (Construction)
- $800,000 Hovell Tree Park - Public Toilet Replacement
- $500,000 Australia Park Car Park and Linking Footbridge
- $500,000 Wagirra Trail - Ongoing Construction and Design
- $400,000 Albury Regional Skate Park - Toilet Block
- $400,000 Building - Bunton Park Refurbishment Works
- $400,000 Lavington Sports Ground - Concourse Upgrade
- $300,000 Lavington Swim Centre - Replacement of the Existing Facility with a New Facility – Investigation and Design
- $300,000 Murray River Experience - Oddies Creek Park and Noreuil Park Streambank Weed Removal, Remediation and Revegetation Works.
- $261,725 Play Space Shade Program
- $200,000 Les O'Brien Athletics Precinct (LOAP) Complex Upgrades

- $200,000 Mountain Bike Audit and Strategy Implementation
- $910,000 other projects.

Water and Wastewater projects of $10.4 million including:

- $1,600,000 Annual Water Main Replacement/Renewal Program
- $1,500,000 Annual Sewer Rehabilitation Program
- $1,000,000 Interim Capacity Upgrades of Waterview and Kremur St WWTPs
- $800,000 Thurgoona/Wirlinga Sewer Upgrades and Growth Support
- $750,000 Murray River Experience - Wonga Wetlands Visitor Education and Experience Centre.
- $650,000 Thurgoona North Sewerage Infrastructure - Kerr Rd Connection.
- $600,000 Electrical upgrades - Wastewater network
- $600,000 Waterview - Stage Two Wastewater Treatment Plant
- $530,000 Water Supply Projects - Equipment replacement
- $390,000 Sewer Projects - Equipment replacements
- $300,000 Sewage Pump Station (SPS) Number 37 - Jelbart Road - Upgrade
- $300,000 Water Infrastructure for Thurgoona - Wirlinga Growth Precinct
- $250,000 Water trunk main from Albury Water Filtration Plant to Riverina Highway/Kerr Road intersection.
- $250,000, Electrical Upgrades – Water network
- $910,000 other projects.

Roads, Bridges and Footpath projects of $10.8 million including:

- $3 million Road - Road and Drain Rehabilitation
- $2.2 million Road - Mudge Street (Centaur to Tip Road)
- $750,000 Road - Hawkesview
- $750,000 Road - Perryman Lane
- $600,000 Footpath/Bikepath - Construction Program
- $500,000 Footpath/Bikepath - Cycleways and Active Transport Program
- $500,000 Road - Dean Street/Garden/ Thurgoona Street Intersection
- $500,000 Road - Splitters Creek Road Construction (Ch03162 to End)
- $500,000 Road - Thurgoona Link Roads
- $500,000 Road- Thurgoona Drive & Evesham Place Intersection
- $250,000 Borella Road Retaining wall
- $232,000 Footpath/Bikepath - Asset Renewal Program
- $505,000 other projects.

Environmental Protection of $6.7 million including:

- $3 million Albury Waste Management Centre - Material Recovery Facility for Construction and Demolition Material
- $1.65 million Albury Waste Management Centre - Northern Valley Cell 3 Construction
- $750,000 Lighting - Bulk Lamp Replacement
- $200,000 Energy Savings - Solar Shade on Multi-Storey Car Parks

- $160,000 Albury Waste Management Centre - Leachate Upgrades Northern Valley - Construction
- $124,000 Albury Waste Management Centre - Concrete Crushing Unit
- $100,000 Albury waste Management Centre - Solar panel installations
- $202,000 other projects.

Building upgrades of $3.5 million including:

- $1,400,000 Administration Building Upgrade Program
- $500,000 Albury Animal Care Centre
- $330,000 Education Hub and Emergency Pens (Animal Care Centre)
- $250,000 Wodonga Place Depot - Portable Buildings and Demolition
- $200,000 Building - Emergency Management Centre Stage Two
- $150,000 Public Change Room Upgrade Program
- $150,000 Wagirra Depot Building Works
- $145,000 Building - Ross Circuit Pre-School - Roof Replacement and Improved Site Drainage
- $396,000 other projects.

Albury Airport upgrades of $3.4 million including:

- $2.2 million Albury Airport - Extension of Taxiway C Stage 2 (Turning Node)
- $500,000 Albury Airport - General Aviation Development (Western Precinct)
- $360,000 Albury Airport - Northern Apron Resurfacing (Construction)
- $350,000 Albury Airport - Reshape and Strengthen Taxiway Bravo.

Arts & History of $3.2 million including:

- $1 million Albury Entertainment Centre - Convention Wing Expansion
- $429,010 Thurgoona Museum Collection Store Expansion - Refurbishment
- $300,000 Cultural precinct masterplan implementation feasibility study
- $250,000 Pumphouse Creative Enterprise
- $250,000 Wonga Wetlands Visitor and Education Centre Visitor Display
- $239,000 Riverside Precinct Public Art Work
- $222,968 Library Book Stock Acquisition Fund
- $200,000 Cultural Precinct Master Plan - QEII Square Improvements
- $200,000 World War II Memorial Bowl Upgrade (Construction)
- $100,000 Crossing Place Exhibition Refresh
- $100,000 Gateway Urban and Public Art Commissions
- $182,000 other projects.

Flood Prevention & Drainage of $2.7 million including:

- $1.5 million Drainage – Lavington Drain East Branch (Boronia Street to Railway Line)
- $400,000 Drainage - Retarding Basin Rehabilitation (Rear 24 Lexington Place)
- $275,000 Drainage - Reconstruction Holmwood Cross Drain (Elm St to Albury TAFE)
- $250,000 Flood - South Albury Levee - Australia Park
- $100,000 Flood - Thurgoona Wirlinga Drainage Strategy

- $100,000 Flood prevention measures
- $100,000 other projects.

Other projects of $5.6 million including:

- $2.1 million Fleet - Replacement Program
- $1.5 million AlburyCity Community Fund
- $300,000 Glenmorus Gardens Development Section 15
- $215,000 New AlburyCity Corporate Website
- $185,000 IT Infrastructure Roadmap - Capital
- $150,000 Regional Partnerships & Innovation Projects
- $125,000 Public Wi-Fi Phase 2
- $100,000 Procurement, Contract Management and Payables Software
- $97,000 Parking Sensor Network Extension
- $90,000 Integration with NSW Planning Portal Program
- $75,000 Visitor Services & Engagement Review - Implementation and activation
- $520,000 other projects.

Ordinary and Special Rates

The proposed ordinary rate revenue for the 2023/24 financial year includes an overall 3.7% increase, which is in line with the AlburyCity rate peg, set by the Independent Pricing and Regulatory Tribunal (IPART).

The average residential rate for the 2023/24 financial year will be $1,481, being an increase of $68 or 4.8%. When all rates, water, sewer and waste management charges are combined, the average residential property impact is an increase of $118 or $2.27 per week, representing an overall average increase of 4.1%.

The actual increase for each property will also be impacted by changes in unimproved land values as reassessed by the NSW Valuer-General, which have increased on average by 67%. While properties with a valuation increase greater than average will pay more in rates, it is important to note that this does not result in an overall increase in AlburyCity rates revenue, as the rate in the dollar has been adjusted for each rating category to reflect the average change in land valuations.

The Statement of Revenue Policy (Attachment 4) provides an overview of Council's income from continuing operations, including rates, fees and charges, borrowings and proceeds from the sale of assets. Maps have also been prepared that show the location of the different rating categories (Attachment 5).

Waste Management Charges

The Domestic Waste Management Charge is proposed to increase by $40, or 14.8% in 2023/24, from $270 to $310 per annum. Charges for domestic waste services increased by 8% in the 2022/23 budget, having remained the same for the six years prior to 2022/23. The proposed increase reflects changes in contract collection and processing costs for the various services offered and also an increase in organics material collected.

The Domestic Waste Management Charge is apportioned to every household and in some cases small businesses that are serviced by AlburyCity's waste contractor. Charges are apportioned to cover the costs for refuse, recycling, and organics services.

Water and Sewer Pricing

No increases are proposed regarding sewer charges for 2023/24, with a two percent (2%) increase proposed for water charges.

The draft 2023/24 Water and Sewer Pricing structure (refer Attachment 6) has been prepared in accordance with the NSW Government's best practice guidelines.

AlburyCity has a relatively low level of water and sewer pricing compared to other NSW water/sewer authorities. For example, in the most recent NSW Water Supply and Sewerage Performance Monitoring Report ranked AlburyCity as the 6th lowest typical residential water and sewer bill in NSW.

Fees and Charges

Proposed fees and charges for the 2023/24 financial year are further detailed in Attachment 7.

Draft 2023/24 Operating Result

AlburyCity's ability to finance new programs is determined by available cash generated from operations and borrowing capacity. Operating results in all funds generate positive cash returns and these funds can be applied to fund capital new initiatives.

Overall, the draft 2023/24 budget result is a deficit of $8.8 million, which is $1.7 million more than the prior year adopted budget, which is mainly due to projected increases in non-cash depreciation expense of $5.8 million.

Table 1

(Surplus)/ Deficit by Fund	Adopted 2022/23 Operating Budget $'000	December Quarter Budget Review Forecast $'000	Draft 2023/24 Operating Budget $'000	Variance to Adopted Budget $'000
General	14,228	23,009	17,587	3,359
Water	(1,151)	(733)	(2,014)	(863)
Sewer	(5,986)	(7,133)	(6,738)	(752)
Total	7,091	15,141	8,834	1,743

Note: (Favourable)/Unfavourable variance

The draft 2023/24 General Fund operating budget deficit variance of $3.3 million, when compared with the prior year adopted budget, is mainly due to the following items:

Unfavourable variances:

- $5.8 million depreciation expense increase based on inflation running at 6% per year for the past two years
- $1.2 million software subscription expenses mostly related to increases in usage and per head numbers for MS Teams, Office 365, and the new Human Resources Information System
- $847,000 sale of land net profits reduction, due to less lots than the prior year budget
- $780,000 maintenance budget increase, to enable a more proactive maintenance program for street and storm water drainage by City Landscapes & Natural Areas teams
- $520,000 sports ground operations and maintenance budgets which was originally understated in the prior year budget, combined with increased utilisation
- $441,300 net increases to operational employee costs, in most part due to a provisional 4% increase to the Award, partially offset by an increase of $1.5 million to the vacancy budget.

Favourable variances:

- $3.5 million Rates income based on 3.7% rate peg
- $1.4 million Albury Waste Management Centre net income
- $1.1 million Interest income from term deposits.

It is also important to note that to achieve the 2022/23 General Fund operating deficit, operating budget savings of $4 million are budgeted to be achieved, which is in line with the prior year adopted budget.

Australian Government Financial Assistance Grants

Financial Assistance Grants from the Australian Government are a vital part of AlburyCity's revenue base as they represent $7 million or 75% of the operating grants received by AlburyCity from other levels of government. Council continues to highlight the importance and the positive impact of Financial Assistance Grants to AlburyCity.

Financial Assistance provided by AlburyCity

As considered earlier in this Council Meeting agenda, financial assistance of $4.2 million is proposed to be provided by AlburyCity during the 2023/24 financial year as detailed in Attachment 10 in support of Council's objectives and the objectives of the Community Strategic Plan Towards Albury 2050.

In addition, it is proposed that AlburyCity allocate funding of $500,000 as part of the AlburyCity Community Fund in 2023/24 in response to requests from organisations to further develop community facilities. If supported by Council, these will be included in the exhibited draft Operational Plan and associated New Initiatives budget.

Long-Term Financial Plan

The Long-Term Financial Plan 2023-2033 projections are available in Attachment 12, which demonstrate that an ongoing focus is required for the General Fund to achieve a sustainable operating result. Further analysis of the budget projections can be found in Attachment 8. An alternative scenario has been included as Attachment 13 which includes additional General Fund operating budget saving measures that would achieve a break even operating result in future years.

It is proposed that the practice of part-funding capital New Initiatives with borrowings continue. The use of borrowings carries part of the cost to the future users of the asset. Borrowings are long-term loans repayable by instalments and secured against Council revenue. Council's projected loan program is detailed in Attachment 11.

New General Fund loans of $27.5 million are proposed for the 2023/24 financial year. These new General Fund loans will result in a manageable Debt Service Ratio of 6.6%, which is less than the Fit for the Future benchmark of 20%. No new loans are proposed for the Water Fund or Sewer Fund.

Risk

- **Business Risk** – Ongoing work is required to achieve and maintain a sustainable surplus result within each fund to deliver required services and infrastructure improvements. We will need to continue to maintain a focus on sustainability and manage community expectations so that we have the capacity to deliver over the longer term. To support this AlburyCity has commenced the development of a financial sustainability plan that is to be presented to Council for adoption.

- **Corporate Risk** – Council continues to be proactive in managing its budget as part of its Business Improvement Program while working to maintain and improve the infrastructure within AlburyCity.

- **WHS and Public Risk** – No risks identified.

- **Environmental Risk** – The Operational Plan and Four-Year Delivery Program detail how AlburyCity is working towards the achievement of an enhanced environment as detailed in the Community Strategic Plan Towards Albury 2050.

- **Delivery Program Risk** – The Delivery Program is dependent upon quality planning to enable successful delivery. The changing economic environment will also need to be monitored with respect to increasing input costs and availability of resources.

Community Engagement

Public notice will be given in the Border Mail, on Saturday 29 April 2023, of the Council's decision to adopt the draft Four-Year Delivery Program, Operational Plan, and Long-Term Financial Plan.

The draft Four-Year Delivery Program, Operational Plan, and Long-Term Financial Plan will be on public exhibition for 28 days. The draft plans will be promoted through local media agencies, the All About Albury eNewsletter and other relevant eNewsletter databases, organic and paid exposure utilising social media channels and will be available for viewing on AlburyCity's website and in Customer Service Centres and Libraries.

Submissions received by Friday 26 May 2023, will be considered at a Meeting of Council to be held on Monday 26 June 2023.

Options

1. Adopt the draft Four-Year Delivery Program, draft Operational Plan and draft Long-Term Financial Plan, as presented in this report for public exhibition; or
2. Adopt the draft Four-Year Delivery Program, Operational Plan, and draft Long-Term Financial Plan, with nominated changes prior to public exhibition.

The *Local Government Act 1993* requires that Council adopt the final version of these plans by 30 June each year.

Conclusion

The draft Four Year Delivery Program, 2023/24 Operational Plan and Long-Term Financial Plan have been prepared for consideration.

A key focus for AlburyCity is on delivering quality services, maintaining and improving infrastructure, and delivering on the Community Strategic Plan Towards Albury 2050 community vision; *A nationally significant regional city that is vibrant, diverse, innovative and connected, and inspired by its culture, environment and location on the Murray River.*

When all rates, water, sewer and waste management charges are combined, the average residential property impact is an increase of $118 or $2.27 per week, representing an overall average increase of 4.1%.

An overall deficit is budgeted for the 2023/24 financial year, which is mainly due to projected increases in non-cash depreciation expense of $5.8 million.

Ongoing work is required to achieve and maintain a sustainable surplus result within the General Fund to deliver required services and infrastructure improvements. Council remains committed to continuous improvement and achieving value for money with every dollar spent. As a can-do collaborative organisation, we will continue to innovate and be dynamic, empowering progress through serving with excellence and taking care of our place.

The proposed Capital New Initiatives of $63 million for the 2023/24 financial year will ensure the continuation of essential services and infrastructure for the community. It focuses on improving roads, footpaths, water quality and sewer networks, as well as continuing Council's future planning agenda to grow the city and provide quality services and facilities.

Submissions received during the public exhibition period regarding the draft Four Year Delivery Program, Operational Plan and Long-Term Financial Plan will be presented for consideration to a Meeting of Council to be held on Monday 26 June 2023.

Recommendation

That Council:

a. Adopts the draft Four-Year Delivery Program 2023-2027, the draft 2023/24 Operational Plan, and the draft Long-Term Financial Plan;

b. Places the draft plans on public exhibition for 28 days concluding on Friday 26 May 2023; and

c. Considers any submissions received at a Meeting of Council to be held on Monday 26 June 2023, prior to final adoption of the plans.

Attachments

Draft Four Year Delivery Program and Operational Plan
1. Draft Four Year Delivery Program 2023-2027 (DOC23/159326)
2. Draft 2023/24 Operational Plan (DOC23/161921)
3. Draft New Initiatives 2023-2027 Booklet (DOC23/133102)

Draft Statement of Revenue Policy
4. Statement of Revenue Policy (DOC23/134661)
5. Rate Category Maps (DOC23/182245)
6. Land Valuation Comparison (DOC23/141254)
7. Water and Sewer Pricing Model (DOC23/139777)
8. Draft Fees and Charges Schedule (DOC23/133371)

Draft Budget Additional Information
9. Draft 2023/24 Budget Analysis (DOC23/172776)
10. Draft Operating Results by Team (DOC23/181391)
11. Draft Financial Assistance Schedule (DOC23/172632)
12. Draft Budget Borrowing Summary (DOC23/170175)

Draft Long-Term Financial Plan
13. Long-Term Financial Plan Scenario 1 – Base Scenario (DOC23/172754)
14. Long-Term Financial Plan Scenario 2 – Additional Saving Measures (DOC23/172757).