9.2 Revised Delivery Program 2017/21 and Draft Operational Plan 2020/21

REPORT BY THE MANAGER FINANCIAL PLANNING
TO 15 APRIL 2020 ORDINARY MEETING
GOV400067, FIN300201

RECOMMENDATION

That Council:

1. receive the report by the Manager Financial Planning on the Revised Delivery Program 2017/21 and Draft Operational Plan 2020/21;

2. include all endorsed budget variations from the April Ordinary Council Meeting into the Revised Delivery Program 2017/21 and Draft Operational Plan 2020/21 before placing on public exhibition;

3. endorse the Draft Delivery Program 2017/21 and Draft Operational Plan 2020/21 to go on public exhibition for a period of 28 days commencing Friday day 17 April 2020;

4. endorse the below amendments to the Delivery Program 2017/21:

   4.1 For Strategy 1.2.1: Respect and enhance the historic character of our Region and heritage value of our towns, remove action Maintain the 2017/19 Mid-Western Regional Heritage Strategy

   4.2 For Strategy 1.2.3: Make available diverse, sustainable, adaptable and affordable housing options through effective land use planning, remove the action Regular updating of the Comprehensive Land Use Strategy and replace with Implement the Land Use Actions in the Local Strategic Planning Statement

   4.3 For Strategy 2.2.1: Identify and implement innovative water conservation and sustainable water usage management practices, remove the action Play an active role in the implementation of the Murray Darling Basin Plan; and

5. request a further report be presented following the exhibition period including a review of any submissions made on the Draft Delivery Program 2017/21 and Draft Operational Plan 2020/21;

Executive summary

Following extensive community consultation and in line with Council’s Integrated Planning and Reporting requirements, the draft Delivery Program 2017/21 (the Delivery Program) and draft Operational Plan 2020/21 (the Operational Plan) are presented to Council and the community. This report seeks Council resolution to place the Delivery Program/Operational Plan on exhibition, with a subsequent report to be presented to Council in May considering any submissions made, and a further report to the ordinary meeting in June recommending adoption of the final Operational Plan and Delivery Program.
Disclosure of Interest

Nil.

Detailed report

Under the Local Government Act (1993), Council must have an annual Operational Plan, adopted before the beginning of each financial year, outlining the activities to be undertaken in that year, as part of the Delivery Program.

The Delivery Program details all of the principal activities Council will undertake to achieve the goals established in Council's Community Plan, Towards 2030. The draft Operational Plan for 2020/21 has been integrated into the Delivery Program and sets out the annual projects and activities to which Council are committed and includes detailed budgets for the projects and services identified under each theme, together with appropriate measures and timeframes for completion. The document includes budgets for the four years from 2020/21 to 2023/24.

If endorsed by Council, the draft documents will be published on Council's website from Friday 17 April 2020 for a period of 28 days.

**Draft Operational Plan 2020/21**

Residents were encouraged to make Community Plan Proposals to be considered in the Draft Operational Plan 2020/21 from 13 December 2019 to 31 January 2020. The draft Operational Plan has been prepared following a series of budget workshops with budget managers, executive, and Elected Members over the past 3 months. The draft Operational Plan sets out Council’s proposed budget for next financial year, and the three years thereafter. The budgets are presented in the form of consolidated statements and schedules, together with a more detailed breakdown at a functional level.

Operating revenue is forecast at $76.1 million for 2020/21, plus an estimated $15.7 million in Capital Grants & Contributions, taking total anticipated income to a budget of $91.8 million.

The draft Operational Plan includes additional borrowings of:

<table>
<thead>
<tr>
<th>Project</th>
<th>Fund</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glen Willow Sportsground Upgrade</td>
<td>General</td>
<td>$3,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>New Tip Construction</td>
<td>Waste</td>
<td>$2,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Waste Site Rehabilitation</td>
<td>Waste</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Rylstone Kandos Sewer Augmentation</td>
<td>Sewer</td>
<td>-</td>
<td>$2,000,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rylstone Kandos Water Augmentation</td>
<td>Water</td>
<td>-</td>
<td>$1,700,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mudgee Water Headworks</td>
<td>Water</td>
<td>-</td>
<td>-</td>
<td>$3,500,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Water Augmentation Rylstone</td>
<td>Water</td>
<td>-</td>
<td>-</td>
<td>$2,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$5,000,000</td>
<td>$3,700,000</td>
<td>$8,000,000</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

Operating expenditure is budgeted at $67.2 million for 2020/21.

**Revenue Policy**

The Rates Model proposed as part of the Operational Plan includes an increase to all rating categories of the IPART capped rate of 2.6%, distributed evenly. Land rating categories are:
Rate assessments are based upon property valuations (ad valorem), with minimum amounts applied where appropriate. No base amounts apply to the proposed 2020/21 rate structure.

**Delivery Program 2017-21 action amendments**

The following amendments are proposed to the Delivery Program 2017/21:

**Strategy 1.2.1: Respect and enhance the historic character of our Region and heritage value of our towns.**

Remove action “Maintain the 2017/19 Mid-Western Regional Heritage Strategy”. This strategy was a requirement of a previous grant program covering the 2017 to 2019 years. As it is no longer required for grant funding purposes and heritage actions are captured elsewhere under the Community Plan and the draft Local Strategic Planning Statement, this action is recommended to be deleted.

**Strategy 1.2.3: Make available diverse, sustainable, adaptable and affordable housing options through effective land use planning.**

Remove action “Regular updating of the Comprehensive Land Use Strategy” and replace with new action “Implement the Land Use Actions in the Local Strategic Planning Statement”. Council completed a LEP Health Check in December 2019 and NSW Department of Planning Industry and Environment has confirmed there is no requirement to review/update the Comprehensive Land Use Strategy. Amendments to the NSW Environmental Planning & Assessment Act requires all councils to adopt a Local Strategic Planning Statement (LSPS) by 1 July 2020. Council will be required to implement the Land Use Actions identified in the LSPS and complete the work as part of the annual strategic planning works program. A review of Council’s strategic planning works program will be conducted and reported to Council each year.

**Strategy 2.2.1: Identify and implement innovative water conservation and sustainable water usage management practices.**

Delete the action “Play an active role in the implementation of the Murray Darling Basin Plan”. In August last year, Council resolved not to renew its membership of the Murray Darling Basin Authority. Council continues to receive general correspondence but not meeting agendas.

**Delivery Program 2017-21 project/service updates**

**Strategy 2.2.4: Maintain and manage waste water quality to meet Environmental Protection Agency (EPA) standards.**

For the action “Identify and plan future maintenance, renewals and upgrades for Council’s sewerage treatment infrastructure”, delete the project “implement a system for the effective management of residential sewage at Charbon village”. This project has been completed.

**Strategy 1.3.1: Provide infrastructure and services to cater for the current and future needs of our community.**

Change the measure for the action “Review asset management plans and underpin with financial strategy”, from “All AMPs developed and reviewed bi-annually” to “All AMPs developed and
reviewed as scheduled”. Asset Management Plans are reviewed following Fair Value Evaluation which is every 4 years.

Strategy 5.3.3: Prudently manage risks associated with all Council activities

Remove the Project/Service “Develop an enterprise risk management (ERM) framework relevant to Council’s activities” and replace with “Review and update risk registers annually”. The ERM framework will be implemented by 30 June 2020 and therefore, ongoing implementation of the framework will be through the annual review and update of risk registers.

Community Plan implications

<table>
<thead>
<tr>
<th>Theme</th>
<th>Good Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Strong civic leadership</td>
</tr>
<tr>
<td>Strategy</td>
<td>Provide clear strategic direction through the Community Plan, Delivery Program and Operational Plans</td>
</tr>
</tbody>
</table>

Strategic implications

**Council Strategies**
Relevant Integrated Planning and Reporting Strategies are taken into account during the process of developing the revised Delivery Program 2017/21 and draft Operational Plan 2020/21, including the Community Strategic Plan, and Resourcing Strategies.

**Council Policies**
Relevant Integrated Planning and Reporting Policies may impact the way the Delivery program and Operational Plan are developed, for example the Asset Management Policy.

**Legislation**

<table>
<thead>
<tr>
<th>Due dates/ frequency</th>
<th>Plan/strategy</th>
<th>Legislative reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 2012, adopt by 30 June in year following election. Exhibit for at least 28 days.</td>
<td>Delivery Program</td>
<td>s404(1)– (5) (Act)</td>
</tr>
<tr>
<td>Adopt prior to beginning of financial year. Exhibit for at least 28 days. Post copy on website within 28 days of council endorsement.</td>
<td>Operational Plan</td>
<td>s405(1)– (6) s532 s610B – s610F s706(2) (Act) cl201(1)</td>
</tr>
</tbody>
</table>

Financial implications

The draft Operational Plan 2020/21 as attached to this report recommends to Council the proposed budget for the next four years.
<table>
<thead>
<tr>
<th>Budget Year</th>
<th>Operating Performance Ratio</th>
<th>Own Source Revenue</th>
<th>Building &amp; Infrastructure Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020/21</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Future Years</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Associated Risks

Not applicable.

NEIL BUNGATE
MANAGER FINANCIAL PLANNING

LEONIE JOHNSON
CHIEF FINANCIAL OFFICER

27 March 2020

Attachments: 1. MWRC Operational Plan 2020-21 DFsm. (separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER