

## 5.2 Submissions to the Draft 2023/24 Operational Plan and 2024/27 Delivery Program

REPORT BY THE MANAGER FINANCE  
TO 24 MAY 2023 EXTRAORDINARY MEETING  
GOV400103, FIN300202

### RECOMMENDATION

#### That Council:

1. receive the report by the Manager Finance on the Submissions to the Draft 2023/24 Operational Plan and 2024/27 Delivery Program;
  2. receive all public submissions to the Draft 2023/24 Operational Plan and 2023/26 Delivery Program as listed below, with the General Manager required to respond to each submissions as follows:
    - 2.1 Mr Gerald Norton-Knight be thanked for his submission and Council confirms support for a \$2,500 increase to the annual Sculptures in the Garden program;
    - 2.2 Mr Clinton McKenzie be thanked for his submission and Council confirms there are no new fees proposed for 2023/24
    - 2.3 Ms Lia Finnie be thanked for her submission and for Council to direct Gulgong Arts Council to the Community Grants application forms and to provide assistance.
  3. make the following amendments to the Draft 2023/24 Operational Plan and 2023/26 Delivery Program including Fees & Charges as exhibited;
    - 3.1 Community Submissions
      - 3.1.1 increase expenditure on the Sculptures in the Garden program by \$2,500 funded from unrestricted cash in 2023/24, 2024/25, 2025/26 and 2026/27;
    - 3.2 Management Submissions
      - 3.2.1 allocate \$6,760,000 to the Mudgee Valley Park Expansion to be loan funded, with \$1,760,000 being allocated in 2023/24 and \$5,000,000 to be allocated to 2024/25;
      - 3.2.2 increase expenditure on the Solar Farm Stage 3 by \$278,000, funded from unrestricted cash;
      - 3.2.3 increase expenditure on Central West Young Entrepreneurs Summit in 2023/24 by \$15,000 to be funded by grants;
      - 3.2.4 increase the Flavours of Mudgee 2023 Marketing expenditure budget by \$30,000 in 2023/24, 2024/25 and 2025/26 to be funded by grants;
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- 3.2.5 allocate an operating budget for Mudgee Riverside with a net operating surplus of \$508,000, and reduce rental income by \$110,000, in 2023/24, 2024/25, 2025/26 and 2026/27 (with an unrestricted cash impact of \$398,000 per annum);
  - 3.2.6 amend the 2023/24 budget to increase the Landfill extension project by \$1,296,904 funded from Waste Fund Reserves;
  - 3.2.7 amend the 2023/24 budget to allocate \$1,100,000 for the purchase of easement rights and construction of drainage channels to service Bombira, funded from unrestricted cash;
  - 3.2.8 increase expenditure on the Mudgee Arts Precinct Exhibition and Education Program, to be funded from grants, as follows:
    - 2024/25 - \$80,000
    - 2025/26 - \$83,000
    - 2026/27 - \$85,000
  - 3.2.9 allocate operating budgets for the Mudgee valley Park as follows:
    - a. allocation of annual loan repayments of \$584,853 to be included from 2024/25 to 2026/27 (unrestricted cash)
    - b. increase the operational budget for Mudgee Valley Park, with a net operating surplus of \$335,000 (unrestricted cash) for 2023/24
    - c. increase the operational budget for Mudgee Valley Park, with a net operating surplus of \$670,000 (unrestricted cash) from 2024/25 to 2026/27
  - 3.2.10 increase resources to maintain Council's expanding fleet of vehicles and heavy plant, \$139,000 in each year of the budget, funded from unrestricted cash;
  - 3.2.11 increase resources in risk management by \$21,000 in each year of the budget, funded from unrestricted cash;
  - 3.2.12 allocate \$85,000 in 2023/24 for the purchase of a replacement the events and economic development Van, funded from unrestricted cash;
  - 3.2.13 allocate \$22,000 in 2023/24 for the purchase of a buggy at Mudgee Valley Park for use by the cleaning team; funded from unrestricted cash;
  - 3.2.14 allocate \$20,000 in 2023/24 to replace the enter and exit door for the weighing scales at Mudgee saleyards, funded from Saleyards Reserve;
  - 3.2.15 increase resources in Information Technology to support capital project delivery across Council by \$30,000 per annum, funded from unrestricted cash;
  - 3.2.16 allocate \$180,000 to fund a Council trainee program, to support the
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**delivery of the operational plan and provide opportunities for local job development;**

**3.2.17 defer budget of \$2,471,000 for part the Mudgee Landfill Rehabilitation project from 2023/24 to 2024/25, funded from Waste Reserves;**

**3.2.18 defer budget of \$3,000,000 for part of the Sewer Augmentation Mudgee project from 2023/24 to 2024/25, funded from Sewer Developer Contribution;**

**3.3 March 2023 Quarterly Budget Review Statement amendments where budgets are amended;**

**4. make the following changes to the 2023/24 Fees and Charges as exhibited:**

**4.1 The Section 603 certificate fee has been determined to be \$95**

**4.2 The maximum interest rate on overdue rates and charges will be 9% per annum; and**

**5. note that the amended 2023/24 Operational Plan and 2024/27 Delivery Program will be brought back to Council at the June Ordinary Council Meeting for endorsement, including making of the rates.**

## Executive summary

Council has been through an extensive planning process over the past few months to determine which projects and initiatives would be undertaken across the next four financial years, culminating in the Draft Delivery Program 2024/27 and Draft Operational Plan 2023/24.

Following the public exhibition period, which closes 19 May 2023, this report seeks to consider submissions and make recommended changes based on those submissions. At the time of writing this report, the exhibition period had not yet closed, therefore some submissions may be tabled at the Council Meeting.

## Disclosure of Interest

Nil

## Detailed report

At its meeting of 19 April 2023, Council endorsed the Draft Delivery Program 2024/27 and Draft Operational Plan 2023/24 to be placed on public exhibition for a period of 28 days. The exhibition period closes on Friday 19 May 2023, with three public submissions received to date (refer to Attachment 1). Submissions received between the finalisation of this report and closure of the exhibition period will be added as late attachments.

FROM	SUMMARY OF SUBMISSION	COUNCIL RESPONSE
<b>2.1 Gerald Norton-Knight (Attachment 1)</b>	Continued and increased support of Sculptures in the Garden, with the Council contribution of \$12,500 to be increased to \$15,000 which will be matched by Sculptures in the Garden for a total prize	This submission is supported. It represents a \$2,500 increase or an average of 4% p.a. over the past five years for a successful program that continues to provide quality public art across the region.

	pool of \$30,000.	
<b>2.2 Clinton McKenzie (Attachment 2)</b>	Request to not impose and/or increase aerodrome fees at Mudgee airport.	There are no new fees proposed for Mudgee Airport in the Operational Plan for 23-24. Any fee increases have been minor and inline with fee increases across all Council services. All fees at Mudgee Airport are user-pay based.
<b>2.3 Lia Finnie (Attachment 3)</b>	Provide annual funding to hire a facility for storage of resources	This funding would be better accessed through the Community Grants process.

In addition to community submissions, management submissions are also discussed below. These include some new initiatives and also carry forward of projects deferred at the March 2023 Quarterly Budget Review.

The following submissions have been received from Council’s Management Team:

**Previously Approved Budget Changes (not yet included in draft Operational Plan)**

**3.2.1 Mudgee Valley Park Expansion**

At the 19 April 2023 Ordinary Council Meeting, Council resolved to support an expansion at Mudgee Valley Park. The proposed development of 20 x new cabins involves a total development cost of \$6.76 million to be fully loan funded over a 10-year period.

**3.2.2 Solar Farm Stage 3**

At the 19 April 2023 Ordinary Council Meeting, Council resolved to increase expenditure on this project in 2023/24 by \$278,000, funded from unrestricted cash.

**3.2.3 NSW Regional Business Event**

At the 19 April 2023 Ordinary Council Meeting, Council resolved to expand the Central West Young Entrepreneur Summit 2023 - speakers and social marketing by increasing the expenditure budget in 2023/24 by \$15,000 to be funded by grants.

**3.2.4 Regional Event Flagship**

At the 19 April 2023 Ordinary Council Meeting, Council resolved to expand the Flavours of Mudgee 2023 Marketing budget by \$30,000 in 2023/24, 2024/25 and 2025/26 to be funded by grants.

**3.2.5 Riverside Caravan Park**

At the 19 April 2023 Ordinary Council Meeting, Council resolved to amend the 2023/24, 2024/25 and 2025/26 budget as follows:

- allocate an operating budget with a net operating surplus of \$508,000 per annum (unrestricted cash)
- reduce rental income by \$110,000 per annum (unrestricted cash)

**3.2.6 Landfill Extension**

At the 19 April 2023 Ordinary Council Meeting, Council resolved to allocate additional funding \$1,296,904 from the Waste Fund Reserve in order for this critical project to proceed.

**3.2.7 Bombira Drainage**

At the 19 April 2023 Ordinary Council Meeting, Council resolved to allocate a budget of \$1.4 million for the purchase of easement rights and construction of drainage channels to service Bombira. Funding for the project will come from Council’s unrestricted cash balance.

**3.2.8 Multi-year funding for Arts & Cultural Program**

At the 19 April 2023 Ordinary Council Meeting, Council resolved to expand the Mudgee Arts Precinct Exhibition and Education Program as below:

- In 2024/25 increase the expenditure budget by \$80,000 to be funded by grants.
- In 2025/26 increase the expenditure budget by \$83,000 to be funded by grants.
- In 2026/27 increase the expenditure budget by \$85,000 to be funded by grants.
- In 2027/28 increase the expenditure budget by \$90,000 to be funded by grants.

**Additional Management submissions:**

**3.2.9 Mudgee Valley Park Expansion**

It is recommended to amend ongoing operational budgets for the Mudgee Valley Park expansion, in line with the business case reported to Council in April 2023. Amendments to the draft operational Plan and Delivery Program include:

- allocation of annual loan repayments of \$584,853 to be included from 2024/25 to 2026/27 (unrestricted cash)
- increase the operational budget for Mudgee Valley Park, with a net operating surplus of \$335,000 (unrestricted cash) for 2023/24
- increase the operational budget for Mudgee Valley Park, with a net operating surplus of \$670,000 (unrestricted cash) from 2024/25 to 2026/27

10 Year Return on Investment	Scenario 2
Cabin Revenue	1,209,000
Loss of Revenue House	60,000
Cabin Expenses	388,000
Operating Profit	761,000
Net Profit (After Overheads)	670,000

**3.2.10 Resources to maintain Councils Fleet**

It is recommended to amend the budget to increase resources to maintain Council’s expanding fleet of vehicles and heavy plant by \$139,000 in each year of the budget, funded from unrestricted cash.

**3.2.11 Resources in Risk Management**

It is recommended to amend the budget to increase resources in risk management by \$21,000 in each year of the budget, funded from unrestricted cash.

**3.2.12 Events and Economic Development Van**

It is recommended to amend the budget to allocate \$85,000 for the purchase of a replacement the events and economic development Van, funded from unrestricted cash. The old van is beyond its usable years and requires replacement.

**3.2.13 Purchase Buggy for Mudgee Valley Park**

It is recommended to amend the budget to allocate \$22,000 for the purchase of a buggy at Mudgee Valley Park for use by the cleaning team; funded from unrestricted cash.

**3.2.14 Saleyards Weigh Scale Door Replacement**

It is recommended to amend the budget to allocate \$20,000 to replace the entry and exit door for the weighing scales at Mudgee saleyards, funded from Saleyards Reserve.

**3.2.15 I.T. Project Delivery Support**

It is recommended to amend the budget to increase resources in Information Technology to support capital project delivery across Council by \$30,000 per annum, funded from unrestricted cash.

**3.2.16 Resources in Council Trainee Program**

It is recommended to amend the budget to allocate \$180,000 to fund a Council trainee program, to support the delivery of the operational plan and provide opportunities for local job development.

### 3.2.17 Mudgee Waste Site Rehabilitation

The rehabilitation project needs to occur after the construction of the new landfill cell. As that tender has now been finalised the project construction period will be up until about April 2024. Therefore, only pre-construction work, tender and geotechnical work will be completed next financial year. It is recommended to move \$2,471,000 to 2024/25 year.

### 3.2.18 Mudgee Sewer Augmentation

The timing of this work is delayed until options assessments are completed over the coming months. Therefore it is recommended to defer \$3,000,000 to the 2024/25 year.

### 3.3 March Quarterly Budget Review Statement

The March Quarterly Budget Review Statement which is also presented at this Council meeting proposes to defer some budgets from 2022/23 to 2023/24. Therefore it is recommended that any budgets that are approved to be deferred are also reflected in an amended Operational Plan for 2023/24.

Once these recommendations have been approved, the changes will be incorporated into the 2023/24 Operational Plan and presented to Council at the June 2023 Ordinary Council Meeting for adoption.

## CHANGES TO THE 2023/24 FEES AND CHARGES AS EXHIBITED

Recommended changes to fees and charges after exhibition are:

### 4.1 Change Fee amount for section 603 certificate fee

This fee is a statutory fee that has been recently amended. Under section 603 of the Local Government Act, councils may issue a certificate as to the amount (if any) of rates, charges, etc. due or payable to the council for a parcel of land. Section 603(2) states the application must be accompanied by the approved fee. In accordance with the approved methodology, the approved fee for 2023-24 is determined to be \$95. This is an increase of \$5 from the 2022-23 fee.

### 4.2 Change Fee for interest rate on overdue rates and charges

This fee is a statutory fee that has been recently amended. In accordance with section 566(3) of the Local Government Act, it has been determined that the maximum rate of interest payable on overdue rates and charges for the period 1 July 2023 to 30 June 2024 (inclusive) will be 9.0% per annum.

## Community Plan implications

Theme	Good Government
Goal	Strong civic leadership
Strategy	Provide clear strategic direction through the Community Plan, Delivery Program and Operational Plans

## Strategic implications

### Council Strategies

Relevant Integrated Planning and Reporting Strategies are taken into account during the process of developing the revised Delivery Program 2024/27 and draft Operational Plan 2023/24, including the Community Strategic Plan, and Resourcing Strategies.

**Council Policies**

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

**Legislation**

Section 405 of the Local Government Act 1993 requires that:

- 1) A council must have a plan (it's "Operational Plan") that is adopted before the beginning of each year and details the activities to be engaged in by the council during the year as part of the delivery program covering that year.
- 2) An Operational Plan must include a statement of the Council's revenue policy for the year covered by the Operational Plan. The statement of revenue policy must include the statements and particulars required by the regulations.
- 3) A council must prepare a Draft Operational Plan and give public notice of the draft indicating that submissions may be made to the council at any time during the period (not less than 28 days) that the draft is to be on public exhibition. The council must publicly exhibit the draft operational plan in accordance with the notice.
- 4) During the period of public exhibition, the council must have for inspection at its office (and at such other places as it may determine) a map that shows those parts of its area to which each category and sub-category of the ordinary rate and each special rate included in the draft operational plan applies.
- 5) In deciding on the final operational plan to be adopted, a council must consider any submissions that have been made concerning the draft plan.
- 6) The council must post a copy of its operational plan on the council's website within 28 days after the plan is adopted.

The revised Delivery Program 2024/27 and draft Operational Plan 2023/24 documents will be brought back to Council at the June Ordinary Council Meeting for endorsement, and will then be made available on Councils website.

**Financial implications**

Operating Performance Ratio – this ratio will decline due to additional expenditure.

Own Source Revenue - this ratio will decline due to additional revenue.

Budget Year	Operating Performance Ratio	Own Source Revenue	Building & Infrastructure Renewal
2022/23	-	-	-
Future Years	X	X	-

**Associated Risks**

Not Applicable

NEIL BUNGATE  
MANAGER FINANCE

LEONIE JOHNSON  
CHIEF FINANCIAL OFFICER

10 May 2023

*Attachments:* 1. Public Submissions. (separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM  
GENERAL MANAGER