

ATTACHMENTS UNDER SEPARATE  
COVER

ORDINARY COUNCIL MEETING  
13 APRIL 2021



**PORT STEPHENS**  
C O U N C I L

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ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL  
PLANS 2018-2022.



## Delivery Program and Operational Plans

2018 to 2022: **Our place. Our plan.**

Incorporating Operational Plan 2021 to 2022



PORT STEPHENS  
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# ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

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The Delivery Program and Operational Plan of Port Stephens Council have been prepared in accordance with Section 404 and 405 of the Local Government Act 1993.

### Acknowledgement

Port Stephens Council acknowledges the Worimi People as the traditional custodians of the land of Port Stephens. We also pay our respect to Aboriginal Elders past, present and future.

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**From the General Manager**

The arrival of the COVID-19 pandemic was unprecedented and everyone, including Port Stephens Council, has felt its effects.

While we were already committed to continuously improving our services, COVID-19 has taught us how to be even more resilient and adaptable. This approach is reflected in both the planning and execution of our Integrated Planning and Reporting (IPR) documents and all that we do at Port Stephens Council.

Despite the challenges presented by COVID-19, we are committed to delivering services valued by our community in the best possible way to ensure the wellbeing of our people and our place.

I am pleased to present our Operational Plan for 2021 to 2022 — the fourth year of our Delivery Program. We have extended our Delivery Program for an additional year to include our 2021 to 2022 program of works due to the Local Government elections being deferred until September 2021.

As was the case last year, we have developed and prepared our Operational Plan and other IPR documents at a point in time. We will, however, remain agile and continue to review and adjust our plans as the situation with COVID-19 evolves.

Our plan for 2021 to 2022 is another ambitious one, with many projects underway and many to commence, such as the Nelson Bay Public Domain Works, increase in Council road projects and more public space activation.

**Reviewing the Community Strategic Plan**

Following the Local Government election, we will review the Community Strategic Plan (CSP) and work together with our community on mapping the future of Port Stephens including restarting and recovering from the COVID-19 pandemic.

With a proposed Capital Works program of \$19 million, our 546 (FTE)\* employees are ready to get to work on making this program a reality.

I am proud of our resilience as an organisation and as a community. The past 12 months have proved that no matter what happens, Port Stephens Council will continue to deliver valued services to our community.

*Wayne Wallis*

General Manager



\* FTE numbers from Workforce Plan 2018 to 2022

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## Context

### What are the Integrated Plans?

The NSW Government's Integrated Planning and Reporting (IPR) Framework is required for all local governments, with Diagram 1 illustrating this framework.

At Port Stephens Council, the Integrated Plans are the Community Strategic Plan, the Delivery Program and the Operational Plans. The Delivery Program and Operational Plan are our response to the Community Strategic Plan, which is a summary of the community's aspirations and priorities over the next 10 years.

Each newly elected Council in New South Wales must develop a 4-year Delivery Program to outline how it will contribute to achieving the goals of the Community Strategic Plan. The Delivery Program is generally reviewed on a 4-year cycle, in line with the local government election timetable. However, due to the Government merger process, the Delivery Program was originally prepared for 3 years (2018 to 2021) and is proposed to be extended for another year (including 2021 to 2022).

The Community Strategic Plan, Delivery Program and Operational Plans are all founded on a basis of social, economic, environmental and governance factors through four Focus Areas: 'Our Community, Our Place, Our Environment and Our Council'. These Focus Areas provide a structure for all of the plans and highlight the key priorities, enabling the Council to meet the community's vision of 'A great lifestyle in a treasured environment'.

Our council forms partnerships with many other government departments, agencies, and private enterprise to help deliver on all aspects of the community's aspirations and priorities.

The Operational Plan is the detailed action plan for the year ahead. It enables us to achieve the objectives set out in both the Delivery Program and Community Strategic Plan and provides the community with more information on what they can expect to occur and which areas of Council are responsible. The Operational Plan is implemented with a supporting annual budget to fund the necessary works. This budget is included in the Long Term Financial Plan.

This Operational Plan is for 2021 to 2022.

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### What are the resourcing strategies?

The resourcing strategies are our Council's long-term strategies for how the Integrated Plans will be resourced. The resourcing strategies consist of three plans which provide more detail on the financial, workforce and asset matters that Council is responsible for:

- Long Term Financial Plan
- Workforce Plan
- Strategic Asset Management Plan

### How to read this document and plans?

The Community Strategic Plan, Delivery Program and Operational Plans are organised under 4 Focus Areas agreed with our community:

- Our Community
- Our Place
- Our Environment
- Our Council

Under each Focus Area are:

- Community Strategic Plan Key Directions — the long term priorities to achieve the vision and outline where we want to be.
- Delivery Program Objectives — set out the Council's objectives for the 4 years to assist in achieving the Community Strategic Plan Key Directions.
- Operational Plan Actions — set out the actions that the Council will undertake to implement its Delivery Program, which area of Council is responsible for implementing each action and what we deliver.



Diagram 1 - Integrated Planning & Reporting Framework

In reading these documents, the following symbols are used to represent the Council's various roles in delivering the Community Strategic Plan Key Directions.

- ✓ Sole Responsibility
  - Deliver — as part of its core business, Council provides these services and assets.
- ⊕ Shared Responsibility



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- Facilitate and support — support and connect agencies to provide services in the community.

❖ Local Strategic Planning Statement (LSPS) action

- Operational plan action aligned with LSPS action

This document should be read in conjunction with the Community Strategic Plan and the resourcing strategies. The Community Strategic Plan and resourcing strategies are set out in companion documents to this volume. Council's Fees and Charges 2021 to 2022 document also forms part of the annual budget and is set out in a separate document. These documents are available on our website [portstephens.nsw.gov.au/your-council/policies-forms-publications/integrated-plans](http://portstephens.nsw.gov.au/your-council/policies-forms-publications/integrated-plans) [www.portstephens.nsw.gov.au](http://www.portstephens.nsw.gov.au).



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Community Wellbeing

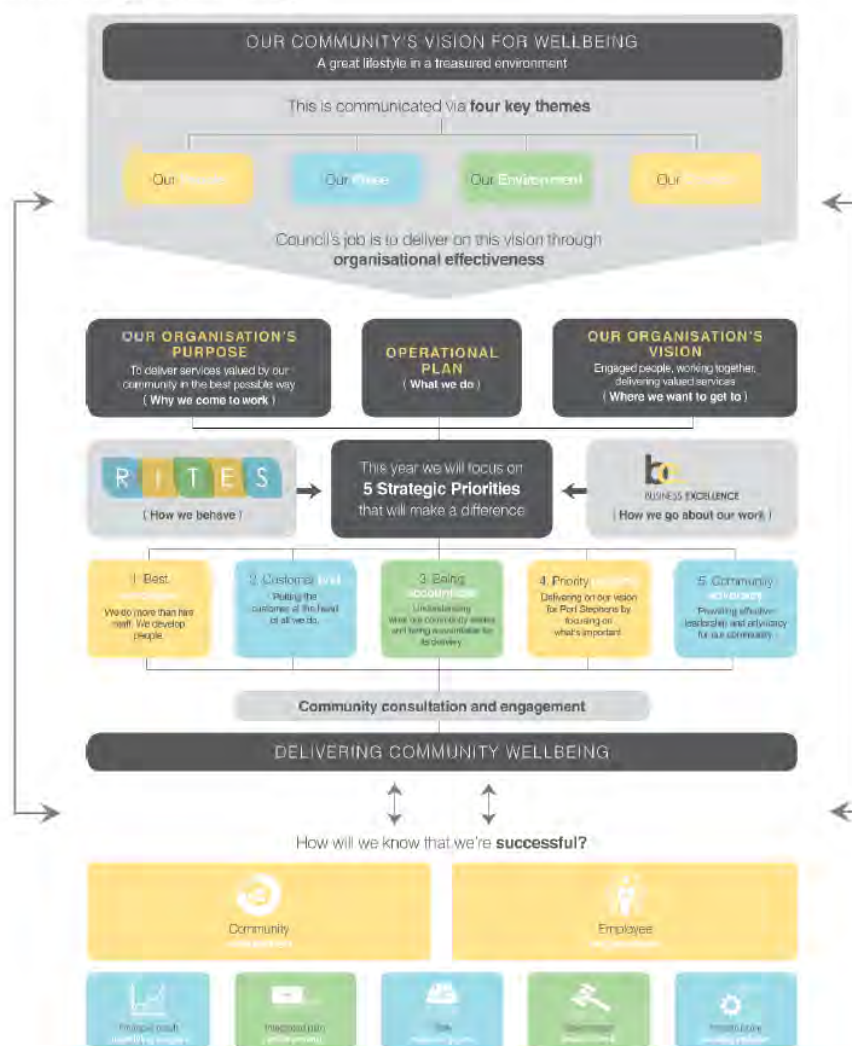


Diagram 2 - Community Wellbeing

Everything we do at Port Stephens's Council is to deliver on our community vision for wellbeing.

Our organisation's purpose, vision and plan help us understand why we come to work, what we do and what we want to achieve.

At Port Stephens Council we have a responsibility to achieve our organisational priorities by focusing on being the best employer, putting customer's first, being accountable, delivering on priority projects and providing community advocacy.

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### Our planning

#### *Delivery Program and Operational Plans*

A number of broad Key Priorities were nominated for investigation and progression over the period of the Delivery Program reflecting the aspirations of the Port Stephens community and Councillors.

These priorities have evolved since this plan was first adopted by the Council in June 2018, with progress and investigations made as outlined below. Progress can also be found in the Annual and Six Monthly reports on Council's website [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au).

In addition, in 2019 the elected body (Mayor and Councillors) endorsed the progression of a number of projects known as Port Stephens 2020 projects (PSC2020) which are featured under the heading 'Port Stephens 2020 Projects' below.

#### Key Priorities 2018 to 2022

##### Accessible Port Stephens

Council's Disability Inclusion Action Plan (DIAP) outlines the need for more accessible facilities and services in the local government area. Council is required to revise and adopt a new DIAP by October 2021, with work scheduled as part of Strategic Planning's Work Program for 2021.

Council has completed several actions under the current Disability Inclusion Action Plan (DIAP). More information is available in Council's 2019 to 2020 Annual Report. We will continue to provide ongoing support and services to ensure and promote inclusivity.

Over the period Council has and will continue to investigate options for securing grants or other funding options to provide more accessible playgrounds.

*Key Delivery Program Objective: C1.3  
Encourage Port Stephens to be  
inclusive and access friendly*

##### Williamstown Special Activation Precinct (SAP) (DAREZ)

Council has been seeking to re-establish a direct discharge point from Dawson's Drain to Fullerton Cove to facilitate future development in the Williamstown area.

The Special Activation Precinct (SAP) establishment, as announced in May 2020, covers up to 10,000 hectares of land in and around Newcastle Airport and RAAF Base Williamstown. The declaration of the SAP realises the alignment of the planning and investment necessary to realise Port Stephens Council's long term vision for the Williamstown area.

This remains a Key Priority, with council planners and other resources continuing to assist the State Government project to facilitate development in this area.

*Key Delivery Program Objective: P3.1  
Provide land use plans, tools and*

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*advice that sustainably supports the community.*

**Birubi Information Centre**

Council is leading the development of a purpose-built tourism reception centre at Anna Bay — the entrance to the Birubi Point Aboriginal Place and the Worimi Conservation Lands. With more than 120,000 visitors each year accessing Worimi Conservation Lands and the Stockton sand-dunes, the demand for the interchange is unquestionable.

Council has partnered with Worimi Conservation Lands Board of Management, Worimi Local Aboriginal Land Council, NSW Crown Lands, NSW National Parks and Wildlife Service and tourism operators to plan for, fund and deliver an interchange at the intersection of Gan Gan Road and the 4WD access to the sand-dunes.

Planning for the centre has commenced in 2020. Once delivered it will be the focus of all tourism-related activities for the Worimi Conservation Lands

*Key Delivery Program Objective: C2.1 Recognise and support local Aboriginal and Torres Strait Islander people.*

**Cycleways and footpaths**

Council has an endorsed Port Stephens Pathways Plan, which is a series of maps that show existing footpaths and shared paths throughout the Local Government Area. It also identifies locations for future pathway construction when funding becomes available.

Over the period Council has accelerated a cycleway and footpath construction program under this plan.

Council has secured additional funding from State Government Walking and Cycling initiatives for projects identified in the Medowie area.

Council will continue to work on the plans for paths alongside Nelson Bay Road through Fern Bay, Lemon Tree Passage Road missing link from Mallabula to Lemon Tree Passage, and the Shoal Bay foreshore.

*Key Delivery Program Objective: P2.2 Build Council's civil and community infrastructure to support the community.*



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### Coastal Management Plan

Over the period Council is partnering with neighbouring Councils, relevant state agencies and stakeholders to develop a Coastal Management Plan by early 2022. The plan will set the long term strategy for the coordinated management of land within the coastal zone for the next 10 years.

- Stage 1 — Scoping study (issues, threats/ hazards and risk identification) is complete
- Stage 2 — Detailed studies of vulnerabilities and opportunities commenced in 2019 and final reports prepared in 2020.
- Stage 3 — Response identification and evaluation is scheduled to be finalised in 2021.
- Stage 4 — Implementation, monitoring and reporting will be scheduled to commence in 2022.

*Key Delivery Program Objective: E3.1 Encourage community resilience to coastal hazards.*

### Events

Council continues to support events that add economic value across Port Stephens. Council will begin an event attraction strategy aimed at driving economic outcomes and increasing liveability and wellbeing across the community.

A Port Stephens Produce Markets pilot project will be initially supported by funding from the NSW Government Summer Fund.

We will also begin a program of educational workshops to upskill community event organisers.

Whilst a number of events have been cancelled or postponed as a result of COVID-19 disruptions, we remain flexible and agile in the facilitation of events across Port Stephens into the future.

*Key Delivery Program Objective: P1.2 Support and deliver services that attract sustainable visitation to Port Stephens.*

### Funding investigations

From 2018 to 2019, as part of the Operational Plan, Council endorsed the investigation of other funding options for a range of major projects.

Our council continues to seek a broader range of State and Federal Government grants. This can be challenging as grant program priorities do not often match those of local projects. Council will continue to optimise our investment returns.

*Key Delivery Program Objective: L2.1 Maintain strong financial sustainability*

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**Gateway, location and town signage**

Council has completed stage one of the gateway signage program. Council will plan for further stages of the signage program as funding becomes available.

*Key Delivery Program Objective: P2.2  
Build Council's civil and community  
infrastructure to support the community.*

**Key road projects**

Council has a plan to deliver a number of key capital works projects. As part of this program Council will undertake the following key road projects:

- Church Street, Nelson Bay — Council has completed reconstructing the road pavement along the full length of Church Street to improve the ride quality and pavement strength, as well as improve the drainage and pedestrian accessibility.
- Fingal Bay Link Road (estimated cost is \$188 million) — The State Government has committed to providing funding for this project. Transport NSW will lead the planning and delivery and is currently undertaking project due-diligence, reviewing options and consultation.
- Tanilba Road, Mallabula — Council has plans to reconstruct Tanilba Road from Bay Street to The Parkway Ave North including pavement widening, kerb and gutter construction and drainage upgrades. Project initiation and design have been deferred to commence in 2021 while construction is scheduled for 2021 to 2022 financial year.

- Tomaree Road, Shoal Bay — Council is continuing with the full reconstruction of Tomaree Road between Marine Drive and Verona Road. This is to include pavement widening, kerb and gutter and footpath construction and drainage upgrades, utilising Council funding as well as Road to Recovery funds. Construction of stage 1 and 2 from Rigney Street to Verona Road is already complete. Council plans to complete stage 3 from Marine Drive to Rigney Street when funding is available.
- Duns Creek Road – Council will begin to undertake road safety improvements on Duns Creek Road including sealing of sections thanks to Federal Blackspot funding supplementing Council's PS2020 funds. Works will include widening, sealing, the addition of guardrail and correction of superelevation on curves. Planning has commenced, with environmental considerations progressing. The design is anticipated to be complete by mid-2021, with major roadworks planned for 2021 to 2022 financial year.
- Swan Bay Road - Council completed an additional 1.1km stage of widening and sealing Swan Bay Road towards Morten Road including safety improvements to culverts along Swan Bay Road. Council is also progressing with the sealing of the unsealed end of Swan Bay Road with acquisitions and service relocations to allow for future roadworks.

*Key Delivery Program Objective: P2.2  
Build Council's civil and community  
infrastructure to support the community.*



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Koala Sanctuary



After years of planning and months of construction, our vision of a Koala Sanctuary in Port Stephens became a reality when it was officially opened on 25 September 2020 by the NSW Environment Minister Matt Kean.

The facility has been made possible through a partnership with the NSW Government and volunteer group Port Stephens Koalas.

The Koala Sanctuary includes a hospital for sick, injured and orphaned koalas, a tourism centre café, tourist accommodation and an elevated walking platform for visitors to see koalas in their natural environment. It is uniquely designed to combine both conservation and tourism.

*Key Delivery Program Objective: P1.1 Support sustainable business development in Port Stephens.*

**ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.****Medowie Sport and Community Facility**

Construction of a new multi-purpose community centre at Medowie finished in February 2020 with a lease signed by a third party operator in November 2020.

The centre provides:

- club facilities at Medowie Sporting Precinct
- multiple community groups access to use the facility under a sublease agreement with the Medowie Sport and Community Club
- a restaurant, bar, event space, sporting facilities and meeting places.

*Key Delivery Program Objective: P2.2 Build Council's civil and community infrastructure to support the community.*

**Off-leash dog parks**

Over the period Council has completed off-leash dog projects at both Lancaster Park, Soldiers Point and Boomerang Park, Raymond Terrace.

From 2021 to 2022 Council will investigate the mapping of the dog exercise area in Anna Bay, Fisherman's Bay and Boat Harbour areas making recommendations to Council in 2021.

*Key Delivery Program Objective: P2.1 Plan civil and community infrastructure to support the community.*

**Placemaking**

Placemaking has been identified as a priority for Council, to create better places and spaces that increase the liveability of Port Stephens and the wellbeing of our residents.

Recent projects include:

- adoption of a Public Domain Plan for Raymond Terrace
- implementation of Public Domain Plan for Nelson Bay
- successful grant application for place-making activities
- community funding program to initiate place making activities.

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During the period, Place Plans will provide the framework for the delivery of place-making actions across our communities, with the Shoal Bay Place Plan to be developed in 2021. We will also implement the actions of the Our Incredible Place Strategy, with the Community Grants Fund to drive new initiatives aimed at increasing vibrancy in our town centres.

*Key Delivery Program Objective: P1.1 Support sustainable business development in Port Stephens*

**Port Stephens Council depot development**

A substantial part of Council's work involves providing construction and maintenance of community infrastructure, roads, parks and gardens. Council depots provide a safe location to store and maintain a substantial fleet including specialised machinery and servicing of NSW Rural Fire Service vehicles.

Councillors have been briefed on a preliminary recommendation to rejuvenate the existing Raymond Terrace depot site and rationalise the existing Administration Building fit-out. This will allow for greater centralisation of staff as well as meet the needs of Council to provide services to the community.

*Key Delivery Program Objective: P2.2 Build Council's civil and community infrastructure to support the community.*

**Strategic Planning Statement and Local Housing Strategy**

Under the Hunter Regional Plan 2016 and Greater Newcastle Metropolitan Plan 2018, the Department of Planning, Industry and Environment committed to preparing guidelines to assist councils in preparing local housing strategies to implement the Regional Plan.

Council has undertaken the necessary strategic planning to guide the supply of a mix of housing and development types including for rural residential development in Port Stephens. This will ensure a clear position on urban development across the local government is well defined to meet the future needs of the Port Stephens local government area.

In July 2020 the Local Strategic Planning Statement (LSPS) and Local Housing Strategy (LHS) were adopted by the Council to provide an integrated approach to housing in the LGA.

Implementation of the Port Stephens LSPS and LHS will commence in 2021 to 2022, with key actions including:

- commence preparation of an Employment Land Strategy,
- review of planning controls to increase the supply of infill housing and
- review of tree and vegetation management framework.

*Key Delivery Program Objective: P3.1 Provide land use plans, tools and advice that sustainably supports the community.*

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**Williamstown management area**

Department of Defence has prepared a project plan to manage ongoing PFAS contamination remediation.

Council will continue to monitor the implementation of the Department of Defence PFAS contamination remediation program and liaise with relevant agencies, community groups and residents as appropriate.

*Key Delivery Program Objective: E3.2 Encourage community resilience to detrimental impacts from the environment.*



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### Port Stephens 2020 Projects

The PSC2020 works were adopted by Council on 27 August 2019, refined on 24 September 2019 and further adjusted on 14 April 2020.

Before COVID-19 these projects were scheduled to be completed across Port Stephens during 2020. Projects not finalised in the year 2020 to 2021 will be carried out in 2021 to 2022 financial year, however, we remain flexible and agile to respond as required during these challenging times.

The status of these projects is provided in Council's Six-month progress reports and Annual reports along with monthly updates on Council's website.

The status of the projects is as of the end of December 2020, with the original budget shown below.

Note – Funding for the below projects has been supplemented from other sources to maximise value for money.

#### East Ward (Subtotal: \$4.658 million)

- Completed - foreshore improvements - Conroy Park, Corlette
- Completed - road upgrade - Foreshore Drive, Corlette
- Completed - stage 1 East Donald Street Carpark demolition and at grade car parking including amenities replacement — Nelson Bay
- In progress - amenities replacement - George Reserve, Salamander Bay
- In progress - amenities replacement - Little Beach, Nelson Bay
- In progress - revetment work - Soldiers Point
- In progress - ancillary works (paths/drainage) - Shoal Bay Foreshore, Shoal Bay
- In progress - Tomaree Sports Complex amenities replacement - Salamander Bay

#### Central Ward (Subtotal: \$4.53 million)

- Completed - town centre improvements
- Completed - shared pathway - Waropara Road, Medowie
- Completed - shared pathway - Gan Gan Road (missing links) Anna Bay
- Completed - Soccer and Athletics Club Amenities Upgrades - Mallabula Sports Complex
- In progress - town centre improvements (including amenities)
- In progress - Shared pathway - Avenue of the Allies, Tanilba Bay
- In progress - shared pathway - Lemon Tree Passage Road, Mallabula to Lemon Tree Passage (missing link)
- In progress - shared pathway - Medowie Road (Ferodale Road to South Street) Medowie
- In progress - Skate park relocation and upgrade - Tilligerry Peninsula
- In progress - Multisport Court facility - Mallabula Sports Complex
- In progress - Peace Park, Tanilba Bay - BBQ installation

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- In progress - amenities replacement - Longworth Park, Karuah
- In progress - bus interchange - Seaham
- In progress - shared pathway - levee bank, Raymond Terrace
- In progress - road upgrade - Mustons Road, Karuah
- In progress - shared paths - Fern Bay
- In progress - town Centre improvements (road upgrade and streetscape) – William Street, Raymond Terrace
- In progress - road upgrades - Duns Creek Road, Forest Road, Swan Bay Road
- In progress - amenities/clubhouse upgrade - Stuart Park, Hinton
- A number of smaller maintenance requirements have also been identified.

**Total: \$14.618 million**

**Ancillary Minor Works (Subtotal: \$480,000)**

- Completed - tree works Karuah & Raymond Terrace
- Completed - Bill Strong irrigation
- Completed - Nelson Bay Tennis Club Lighting
- Completed - Supporting park infrastructure for Medowie Skate Park
- Completed - Raymond Terrace dog park
- Completed - Nelson Bay Road/Port Stephens Drive roundabout entrance beautification
- In progress - Medowie playground fencing
- In progress - Lemon Tree Passage Road roundabout beautification (Avenue of Allies)
- Completed - Salt Ash Hall outside toilet
- In progress - King Park irrigation

These projects will be funded from Reserve Funds, Developer Contributions (\$7.11) and loan funding as outlined in the Council report of 27 August 2019.





**ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.****Business Excellence and continuous improvement**

Our goal at Port Stephens Council is to develop a high performing organisation that has a strong culture of 'delivering services valued by our community in the best way'. We want to be recognised by our community as a leading local government authority and as a 'best employer'. We are doing this by pursuing the philosophy within the Australian Business Excellence Framework. The Framework is based on a set of 9 universal principles (outlined further in the Workforce Plan) which describe the elements that allow us to measure and continuously improve our systems, processes and relationships, and to measure what we do in order to be a sustainable Council.

Business Excellence is about:

- having a clear direction and knowing how our employees all contribute to the big picture
- having a focus on our customers
- implementing best practice
- doing our best every single day

Council has implemented a Business Operating System (BOS) which follows the structure of the Australian Business Excellence Framework, allowing us to achieve our key metrics which are outlined in the next section.



**BUSINESS EXCELLENCE**  
THE RIGHT THING, THE BEST WAY

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### Measuring success

At Council, we have several measures and indicators to rate our performance.

- Seven key result measures are critical to underpinning everything that we do.
- Effectiveness Measures demonstrate to the community how effective we have been at doing what we said we were going to do.
- Efficiency Measures based on the Australian Business Excellence Framework provide critical indicators to our internal operating performance.

There are also some indicators outlined in the Community Strategic Plan (CSP) which over time indicate whether the community is better off as a result of the work that Council, state government, government agencies and other partners have undertaken.

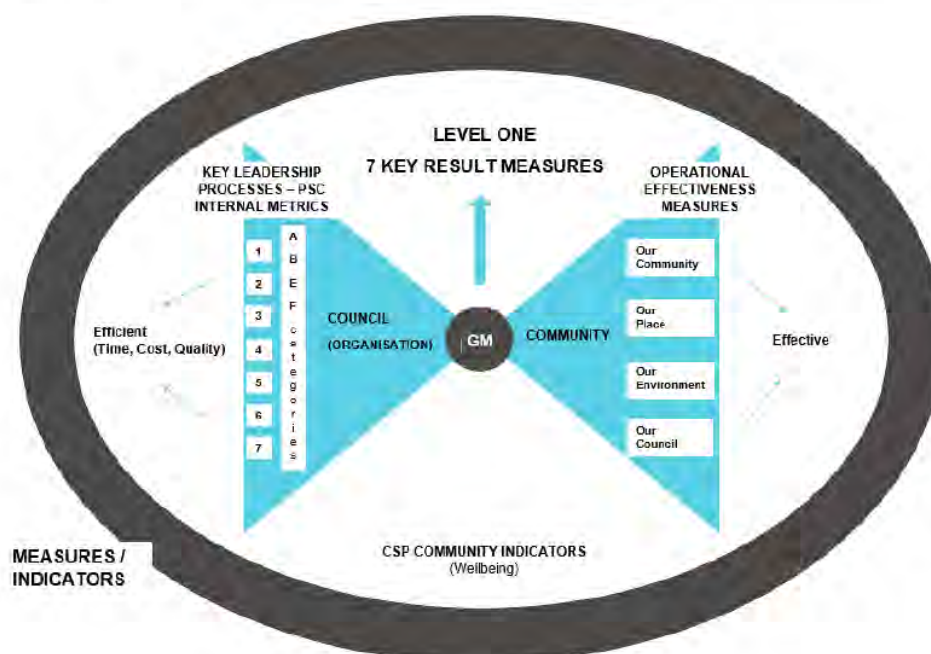


Diagram 3 - Measuring Success

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### Seven Key Result Measures

Appendix Two provides a further outline of these key metrics.

#### 1. Service Delivery

Target: > 95% Integrated Plans delivered on time

#### 2. Community Satisfaction

Target: >80% community satisfaction score

#### 3. Employee Engagement

Target: >75% employee engagement

#### 4. Governance

Target: >95% governance health check

#### 5. Risk Management

Target: >80% risk management maturity score

#### 6. Infrastructure Backlog

Target: infrastructure backlog reduction

#### 7. Financial Sustainability

Target: underlying financial surplus



Diagram 4 - Key Metrics

By balancing these key metrics, the Council ensures that:

- 'we deliver on what we say we're going to do'
- the community is satisfied with the level of service provided
- the right practices and governance are in place
- Council has an appropriate risk maturity
- we have engaged employees who deliver on what we say we're going to do
- Council is financially sustainable
- Council's assets are maintained within an acceptable standard.



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Further detail of the Effectiveness Measures is included on pages 44 to 58.

For each Focus Area (Our Community, Our Place, Our Environment, Our Council) and under each operational plan action we have a series of measures to rate how effective we have been in doing what we said we were going to do. These measures are called our Effectiveness Measures.

These measures are reviewed each year in accordance with the operational plan actions and the relevant program of work to be delivered.









**Reporting on performance**

Council uses a variety of reporting documents to outline its progress towards achieving the actions of the Operational Plan, outcomes set out in the Delivery Program and the goals of the Community Strategic Plan. These include the:

- Annual report
- Six-month progress reports
- Quarterly financial reports
- End of Term report



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<div>  <b>Focus Area One   Our Community</b>  <i>Port Stephens is a thriving and strong community respecting diversity and heritage</i> </div> <div>  Sole Responsibility   Shared Responsibility   LSPS Action         </div>										
Community Strategic Plan	Delivery Program	Operational Plan	Delivery				Delivery Responsibility			What We Deliver
Key Direction	Objective	Action	2018-2019	2019-2020	2020-2021	2021-2022	Group	Section	Service Package	
<b>Key Directions</b> <b>C1 COMMUNITY DIVERSITY</b> Our community accesses a range of services that support diverse community needs	<b>C1.1</b> Provide facilities and services for children 	<b>C1.1.1</b> Deliver early education and care of children	✓	✓	✓	✓	Facilities & Services	Community Services	Children's Services	Provide: <ul style="list-style-type: none"> <li>Family daycare services</li> <li>Mobile preschool service</li> <li>Outside school hours care services</li> </ul>
	<b>C1.2</b> Provide support for young people to build their confidence and contribution to the community 	<b>C1.2.1</b> Deliver youth projects and support youth services provided by other agencies	✓	✓	✓	✓	Development Services	Communications	Community Development & Engagement	Targeted early youth intervention through the NSW Department of Community and Justice contract
	<b>C1.3</b> Encourage Port Stephens to be inclusive and access friendly 	<b>C1.3.1</b> Identify and plan for an inclusive and access friendly community	✓	✓	✓	✓	Development Services	Strategy & Environment	Strategic Planning	<ul style="list-style-type: none"> <li>Implement the current Disability Inclusion Plan (DIAP)</li> <li>Develop new Disability Inclusion Action Plan</li> </ul>
	<b>C1.4</b> Support needs of an ageing population 	<b>C1.4.1</b> Identify and plan for the needs of an ageing population	✓	✓	✓	✓	Development Services	Strategy & Environment	Strategic Planning	Implement the Ageing Strategy

- 2018-2019, 2019-2020 and 2020-2021 progressed
- 2021-2022 Operational Plan proposed to be implemented from 1 July 2021 to 30 June 2022



## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
	C1.5 Support volunteers to deliver appropriate community services	C1.5.1 Coordinate Council's volunteer program	✓	✓	✓	✓	Corporate Services	Organisation Support	Human Resources	Administer Council's 355c committees and volunteer management program
Key Directions C2 RECOGNISED TRADITIONS AND LIFESTYLE Our community supports the richness of its heritage	C2.1 Recognise and support local Aboriginal and Torres Strait Islander people	C2.1.1 Support initiatives and projects to promote Aboriginal culture and protect Aboriginal places	✓	✓	✓	✓	Development Services	Communications	Community Development & Engagement	<ul style="list-style-type: none"> <li>Administer the Aboriginal Strategic Committee</li> <li>Deliver Birubi Point Aboriginal Place Advisory Panel</li> </ul>
	C2.2 Support and promote local cultural activities	C2.2.1 Support initiatives and projects to encourage local cultural activities	✓	✓	✓	✓	Development Services	Communications	Community Development & Engagement	<ul style="list-style-type: none"> <li>Support local cultural activities</li> <li>Develop an action plan for 'Our Incredible Place Strategy'</li> <li>Manage community events such as Australia Day, NAIDOC week and Youth week</li> <li>Providing support to appropriate community events</li> </ul>
	C2.3 Recognise and support the heritage of Port Stephens	C2.3.1 Support the preservation of Port Stephens heritage	✓	✓	✓	✓	Development Services	Strategy & Environment	Strategic Planning	<ul style="list-style-type: none"> <li>Funding support for heritage projects and placemaking</li> <li>Provide specialist heritage advice</li> <li>Incorporate local knowledge about cultural heritage, including Aboriginal cultural heritage</li> </ul>
	C2.4 Provide public libraries as	C2.4.1 Deliver public library services,	✓	✓	✓	✓	Facilities & Services	Community Services	Library Services	Provide:

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ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
	vibrant community spaces	programs and resources								<ul style="list-style-type: none"> <li>• Range of programs (including literacy), activities and events to meet lifelong learning needs.</li> <li>• Connectivity for the public – internet and Wi-Fi</li> <li>• Active community spaces</li> <li>• Outreach and homebound services</li> <li>• Mobile Library and branch facilities</li> <li>• Library collection with a balanced range of resources (digital and hard copy)</li> </ul>
Key Directions- C3 COMMUNITY PARTNERSHIPS Our Council works with the community to foster creative and active communities	C3.1 Assist community service providers to effectively deliver services in the region	C3.1.1 Assist community service providers to deliver services for vulnerable people and families	✓	✓	✓	✓	Development Services	Communications	Community Development & Engagement	Deliver the NSW Department of Community and Justice contract
	C3.2 Support local community events that highlight and foster the creative and diverse nature of our community	C3.2.1 Provide financial, logistical and marketing support for local community events	✓	✓	✓	✓	Development Services	Communications	Community Development & Engagement	Provide support to appropriate community events
	C3.3 Provide recreational and leisure services	C3.3.1 Initiate and manage leisure contracts with recreational and leisure services	✓	✓	✓	✓	Facilities & Services	Community Services	Contract & Services	Manage: <ul style="list-style-type: none"> <li>• Aquatic Centre Management</li> <li>• Surf Life Guard contract</li> </ul>

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Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
										<ul style="list-style-type: none"> <li>Leases and licences for commercial operators on community land</li> <li>Sailability at Grahamstown Dam Aquatic Reserve</li> </ul>
	C3.4 Support financially creative and active communities	C3.4.1 Provide financial assistance for the community	✓	✓	✓	✓	Corporate Services & General Manager's Office	Financial Services & Office of the General Manager	Financial Reporting & Executive Administration	Administer: <ul style="list-style-type: none"> <li>Mayoral Funds</li> <li>Wards Funds</li> <li>Community Funding Program</li> </ul>





## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

<div>  <div>  Sole Responsibility   Shared Responsibility   LSPS Action </div> </div>										
Community Strategic Plan  Key Direction	Delivery Program  Objective	Operational Plan  Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
<b>Key Directions</b> <b>P1 STRONG ECONOMY, VIBRANT LOCAL BUSINESSES, ACTIVE INVESTMENT</b> Our community has an adaptable, sustainable and diverse economy	<b>P1.1 Support sustainable business development in Port Stephens</b>	<b>P1.1.1 Support sustainable business in Port Stephens</b>	✓	✓	✓	✓	Development Services	Strategy & Environment	Economic Development & Tourism	<ul style="list-style-type: none"> <li>Support and facilitate business engagement programs</li> <li>Enable business growth</li> <li>Advocate for business</li> <li>Coordinate the Economic Development Advisory Panel</li> <li>Investigate Council owned land for commercial catalyst sites in centres, including sites that may be suitable for shared workspaces or start-up hubs. (LSPS Action – 1.1 &amp; 1.2)</li> </ul>
		<b>P1.1.2 Provide funding support to business initiatives that create economic benefit</b>	✓	✓	✓	✓	Development Services	Strategy & Environment	Economic Development & Tourism	<ul style="list-style-type: none"> <li>Implement Economic Development and Tourism Strategy</li> <li>Support effective business networks which demonstrate clear outcomes.</li> <li>Increase the capacity and competitiveness of business</li> </ul>
		<b>P1.1.3 Coordinate place management and activation</b>	✓	✓	✓	✓	Development Services	Strategy & Environment	Economic Development & Tourism	<ul style="list-style-type: none"> <li>Activate our public spaces</li> <li>Promote processes and partnerships that create placemaking outcomes</li> </ul>

■ 2018-2019, 2019-2020 and 2020-2021 progressed

■ 2021-2022 Operational Plan proposed to be implemented from 1 July 2021 to 30 June 2022

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Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
										(LSPS Action – 10.2)
	P1.2 Support and deliver services that attract sustainable visitation to Port Stephens	P1.2.1 Manage an integrated event licensing process	✓	✓	✓	✓	Development Services	Strategy & Environment	Economic Development & Tourism	Coordinate approvals and licensing for temporary events on Council owned and managed land
		P1.2.2 Manage the Nelson Bay Visitor Information Centre	✓	✓	✓	✓	Development Services	Strategy & Environment	Economic Development & Tourism	<ul style="list-style-type: none"> <li>• Provide visitor information</li> <li>• Manage tour and accommodation booking services</li> <li>• Support the visitor economy</li> </ul>
		P1.2.3 Provide strategic and financial support to Destination Port Stephens	✓	✓	✓	✓	Development Services	Strategy & Environment	Economic Development & Tourism	<ul style="list-style-type: none"> <li>• Provide financial support and strategic direction to Destination Port Stephens</li> <li>• Attract year-round visitation and increase overnight visitor expenditure</li> <li>• Promote Port Stephens to key domestic and international markets</li> <li>• Encourage investment in high-quality tourism product and experiences (LSPS Action – 3.2)</li> </ul>
		P1.2.4 Attract and facilitate major events that deliver economic benefit	✓	✓	✓	✓	Development Services	Strategy & Environment	Economic Development & Tourism	<ul style="list-style-type: none"> <li>• Attract and support a diverse range of events that create economic benefit and support destination marketing strategies.</li> <li>• Administer Corporate Events Sponsorship Policy</li> </ul>
Key Directions P2 INFRASTRUCTURE	P2.1 Plan civil and community infrastructure to	P2.1.1 Plan for and initiate civil assets	✓	✓	✓	✓	Facilities & Services	Assets	Civil Assets, Community & Recreation	<ul style="list-style-type: none"> <li>• Develop and initiate the civil infrastructure Capital Works Program</li> </ul>

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Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
<b>RE AND FACILITIES</b> Our community's infrastructure and facilities are safe, convenient, reliable and environmentally sustainable	support the community 	P2.1.2 Plan for the operation, maintenance and replacement of Council's fleet	✓	✓	✓	✓	Facilities & Services	Assets	Civil Assets	<ul style="list-style-type: none"> <li>Review the SAMP 2022 - 2032</li> <li>Manage Council's fleet</li> <li>Review and implement the fleet replacement program</li> <li>Monitor fleet utilisation, efficiency and effectiveness</li> </ul>
		P2.1.3 Plan for the operation, maintenance and renewal of Council's civil assets	✓	✓	✓	✓	Facilities & Services	Assets	Civil Assets	<ul style="list-style-type: none"> <li>Manage Council's civil assets</li> <li>Monitor, model and report on civil asset conditions</li> <li>Plan and develop optimised capital works and maintenance programs</li> <li>Manage activities on road reserves</li> <li>Review the SAMP 2022 - 2032</li> </ul>
		P2.1.4 Plan, design and provide advice services for drainage and flooding	✓	✓	✓	✓	Facilities & Services	Assets	Engineering Services	<ul style="list-style-type: none"> <li>Provide specialist technical assessment, investigate and planning services in drainage and flooding</li> <li>Monitor and implement standards, regulations and policies for drainage and flooding</li> </ul>
		P2.1.5 Provide traffic engineering services and conduct road safety programs	✓	✓	✓	✓	Facilities & Services	Assets	Engineering Services	<ul style="list-style-type: none"> <li>Provide specialist technical assessment, investigate and planning services in traffic engineering and road safety</li> <li>Administer the Local Traffic Committee</li> </ul>
		P2.1.6 Provide development engineering	✓	✓	✓	✓	Facilities & Services	Assets	Engineering Services	<ul style="list-style-type: none"> <li>Provide specialist technical assessment, investigate and</li> </ul>

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## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
		assessment and advice services								planning services in development engineering • Provide a compliance and certification service to developments
		P2.1.7 7 Provide, manage and maintain community, recreation and corporate assets	✓	✓	✓	✓	Facilities & Services	Assets	Community & Recreation	<ul style="list-style-type: none"> <li>• Manage community land, buildings, foreshores, sport and park infrastructure</li> <li>• Monitor, model and report on community, recreation and corporate asset conditions.</li> <li>• Plan community, recreation and corporate infrastructure delivery</li> <li>• Review the SAMP 2022 - 2032</li> </ul>
		P2.1.8 Coordinate and report on asset finances and data systems	✓	✓	✓	✓	Facilities & Services	Assets	Asset Systems	Provide corporate data management and systems to support asset modelling and long term financial forecasts
	P2.2 Build Council's civil and community infrastructure to support the community	P2.2.1 Provide survey services	✓	✓	✓	✓	Facilities & Services	Capital Works	Survey & Design	Provide: <ul style="list-style-type: none"> <li>• Engineering survey services for Council projects</li> <li>• Cadastral and property boundary survey services for Council and development related activities</li> <li>• External surveying consultancy services</li> </ul>
		P2.2.2 Provide design and specialist engineering services	✓	✓	✓	✓	Facilities & Services	Capital Works	Survey & Design	<ul style="list-style-type: none"> <li>• Provide engineering design services for Council projects</li> <li>• Engage specialist consultancy services including geotechnical,</li> </ul>

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## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
										structural and environmental advice and support
		P2.2.3 Provide infrastructure project management services for all projects and contract manage outsourced construction work	✓	✓	✓	✓	Facilities & Services	Capital Works	Project Management	Provide: <ul style="list-style-type: none"> <li>• Project management services for Council Projects</li> <li>• Contract management and administration services for externally delivered construction works</li> <li>• Project quality and environmental surveillance services for Council projects</li> </ul>
		P2.2.4 Provide construction services for internally delivered civil works	✓	✓	✓	✓	Facilities & Services	Capital Works	Construction	Provide civil construction services for Capital Works projects (refer SAMP 2021-2031)
	P2.3 Maintain Council's civil and community infrastructure to support the community	P2.3.1 Provide roads maintenance	✓	✓	✓	✓	Facilities & Services	Public Domain & services	Roads	Maintain Council controlled roads
		P2.3.2 Provide roadside and drainage maintenance	✓	✓	✓	✓	Facilities & Services	Public Domain & services	Roadside & Drainage	<ul style="list-style-type: none"> <li>• Maintain road reserves</li> <li>• Maintain Council controlled drains</li> </ul>
		P2.3.3 Provide open space and foreshore maintenance	✓	✓	✓	✓	Facilities & Services	Public Domain & services	Parks	<ul style="list-style-type: none"> <li>• Maintain Council controlled parks, reserves, foreshores and other Council assets.</li> <li>• Prepare sites for events</li> </ul>
		P2.3.4 Provide building trades services	✓	✓	✓	✓	Facilities & Services	Public Domain & services	Building Trades	Maintain Council's buildings and associated infrastructure
		P2.3.5 Provide depot and workshop services	✓	✓	✓	✓	Facilities & Services	Public Domain & services	Mechanical Maintenance	Provide: <ul style="list-style-type: none"> <li>• Mechanical services</li> <li>• Fabrication services</li> </ul>
		P2.3.6 Provide cemetery	✓	✓	✓	✓	Facilities & Services	Community Services	Community Contracts	Administer and maintain cemeteries

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## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
		administration and cemetery maintenance services								
	P2.4 Deliver road infrastructure services on behalf of Roads and Maritime Services	P2.4.1 Maintain roads as contracted with Transport for NSW	✓	✓	✓	✓	Facilities & Services	Capital Works	Project Management	Maintain roads by providing: <ul style="list-style-type: none"> <li>• Survey services</li> <li>• Design and specialist engineering services</li> <li>• Project and contract management services</li> <li>• Construction and maintenance services</li> </ul>
Key Directions P3 THRIVING AND SAFE PLACE TO LIVE Our Community supports a healthy, happy and safe place	P3.1 Provide land use plans, tools and advice that sustainably support the community	P3.1.1 Optimising land use and managing Council's key planning documents	✓	✓	✓	✓	Development Services	Strategy & Environment	Strategic Planning	<ul style="list-style-type: none"> <li>• Provide land use planning advice to the community.</li> <li>• Prepare land use studies and strategies. (LSPS Actions - 1.2, 5.1 &amp; 9.2)</li> <li>• Review develop and implement:               <ul style="list-style-type: none"> <li>○ Local Environmental Plan (LEP)</li> <li>○ Development Control Plan (DCP)</li> <li>○ Development Contributions Plans</li> </ul> </li> <li>• Implement the Local Housing Strategy and Local Strategic Planning Statement</li> <li>• LEP Housekeeping amendment</li> </ul>
		P3.1.2 Optimise land use to maximise social, economic and environmental needs of the area	✓	✓	✓	-				Merged with action P3.1.1

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Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
	P3.2 Enhance public safety, health and liveability through use of Council's regulatory controls and services	P3.2.1 Provide development assessment services	✓	✓	✓	✓	Development Services	Development Assessment & Compliance	Planning & Developer Relations	<ul style="list-style-type: none"> <li>• Provide development application assessments</li> <li>• Provide information and advice relating to development applications and development proposals</li> </ul>
		P3.2.2 Provide building certification services	✓	✓	✓	✓	Development Services	Development Assessment & Compliance	Building & Developer Relations	Provide: <ul style="list-style-type: none"> <li>• Building certification</li> <li>• Swimming pool safety program</li> <li>• Fire safety program</li> </ul>
		P3.2.3 Provide environmental health services	✓	✓	✓	✓	Development Services	Development Assessment & Compliance	Environmental Health & Compliance	Provide: <ul style="list-style-type: none"> <li>• Inspections and audits</li> <li>• Environmental regulation</li> <li>• Food, commercial premises and public health surveillance</li> <li>• Onsite Sewage Management Program</li> </ul>
		P3.2.4 Provide land use compliance services	✓	✓	✓	✓	Development Services	Development Assessment & Compliance	Environmental Health & Compliance	<ul style="list-style-type: none"> <li>• Investigate and resolve unauthorised developments</li> <li>• Compliance education</li> </ul>
		P3.2.5 Provide regulatory ranger services	✓	✓	✓	✓	Development Services	Development Assessment & Compliance	Environmental Health & Compliance	Provide ranger services including parking surveillance, animal management and environmental regulation
		P3.2.6 Provide illegal waste compliance services	✓	✓	✓	✓	Development Services	Development Assessment & Compliance	Environmental Health & Compliance	Provide an illegal dumping compliance program
	P3.3 Support the amenity and identity of Port Stephens	P3.3.1 Develop and monitor Town Centre strategies	✓	✓	✓	✓	Development Services	Strategy & Environment	Strategic Planning	Develop and monitor implementation of town strategies (Meadowie, Raymond)

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Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
										Terrace, Heatherbrae & Nelson Bay)
	P3.4 Support emergency services and protect Council assets from bushfires and extreme weather events	Maintain facilities for rural Fire service and State Emergency Service	✓	✓	✓	-				Included under action P2.1.7
		P3.4.1 Manage asset protection zones and fire trails on Council property	✓	✓	✓	✓	Facilities & Services	Community Services	Community Contracts	Maintain asset protection zones and fire trails on Council land
		P3.4.2 Maintain and implement a Local Emergency Management Plan	✓	✓	✓	✓	Facilities & Services	Community Services	Emergency Management	Review the Local Emergency Management Plan in line with the requirements of the Office of Emergency Management



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## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

<div>  <h2>Focus Area Three   Our Environment</h2> <p><i>Port Stephens' environment is clean, green, protected and enhanced.</i></p> <div>  Sole Responsibility   Shared Responsibility   LSPS Action </div> </div>										
Community Strategic Plan  Key Direction	Delivery Program  Objective	Operational Plan  Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
<b>Key Directions E1 ECOSYSTEM FUNCTION</b> Our community has healthy and dynamic environmental systems that support biodiversity conservation	<b>E1.1 Protect and enhance the local natural environment</b> 	<b>E1.1.1 Develop and monitor environmental policies, strategies and technical information</b> 	✓	✓	✓	✓	Development Services	Strategy & Environment	Natural Resources	Provide strategic guidance, current knowledge and advice. (LSPS Action – 7.1)
		<b>E1.1.2 Develop and implement a range of nature conservation programs</b>	✓	✓	✓	✓	Development Services	Strategy & Environment	Natural Resources	<ul style="list-style-type: none"> <li>Develop and implement environmental projects to protect and enhance:               <ul style="list-style-type: none"> <li>wetlands and bushland</li> <li>koala conservation projects</li> <li>coastal and estuarine environment</li> </ul> </li> <li>Implement the Bushland Enhancement Program</li> <li>Administer the Environmental Projects Fund grant program</li> </ul>
		<b>E1.1.3 Provide environmental impact assessment services</b>	✓	✓	✓	✓	Development Services	Strategy & Environment	Natural Resources	<ul style="list-style-type: none"> <li>Provide ecological and environmental planning services for Council's operations</li> <li>Provide ecological and environmental planning services for the community</li> </ul>

■ 2018-2019, 2019-2020 and 2020-2021 progressed

■ 2021-2022 Operational Plan proposed to be implemented from 1 July 2021 to 30 June 2022

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			2018 2019	2019 2020	2020 2021	2021 2022	Group	Section	Service Package	
										<ul style="list-style-type: none"> <li>Administer the Council's Tree Permit System</li> <li>Provide tree assessment services (compliance, risk and environmental assessments) for Council</li> </ul>
		E1.1.4 Manage biosecurity risks (weeds and pests)	✓	✓	✓	✓	Development Services	Strategy & Environment	Natural Resources	<ul style="list-style-type: none"> <li>Implement the Hunter Strategic Weed Management Plan</li> <li>Coordinate the management of biosecurity risks (weeds and pests) on Council owned and managed land</li> <li>Regulate biosecurity risks (weeds) in Port Stephens</li> </ul>
		E1.1.5 Develop a bio-diversity strategy (stage 1)				✓	Development Services	Strategy & Environment	Natural Resources	Deliver stage 1 of the bio-diversity strategy to avoid, minimise and offset the impact on bio-diversity. (LSPS Action – 7.2)
		E1.2 Re-educate the community about the natural environment	✓	✓	✓	✓	Development Services	Strategy & Environment	Natural Resources	Provide environmental education programs and grants for the community
Key Direction 2: ENVIRONMENTAL SUSTAINABILITY Our community uses resources sustainably,	E2.1 Reduce the community's environmental footprint	E2.1.1 Reduce waste going to landfill	✓	✓	✓	✓	Facilities & Services	Community Services	Waste Management	<ul style="list-style-type: none"> <li>Provide a range of waste collection, recycling and disposal services</li> <li>Operate the Salamander Bay Waste Transfer Station</li> </ul>


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Community Strategic Plan  Key Direction	Delivery Program  Objective	Operational Plan  Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
efficiently and equitably										<ul style="list-style-type: none"> <li>Provide waste education programs</li> </ul>
		E2.1.2 Improve Council's energy usage	✓	✓	✓	✓	Facilities & Services	Office of the Group Manager	Office of the Group Manager	Coordinate and implement projects identified by Council's Sustainable Energy Group
	E3.1 Encourage community resilience to coastal hazards 	E3.1.1 Develop a Coastal Management Program 	✓	✓	✓	✓	Development Services	Strategy & Environment	Natural Resources	Adoption and certification of Coastal Management Plan for Port Stephens (LSPS Action – 8.3)
		E3.2 Encourage community resilience to detrimental impacts from the environment	✓	✓	✓	✓	General Manager's Office	Office of the General Manager	Office of the General Manager	Support the community through advocacy at relevant forums
		E3.2.2 Monitor and manage environmental impacts from waste management activities.	✓	✓	✓	✓	Facilities & Services	Community Services	Waste Management	Rehabilitate, monitor and manage environmental compliance for waste management operations including decommissioned landfill sites.
	E3.3 Encourage community resilience to detrimental impacts of climate change 	E3.3.1 Review Climate Change Adaptation Action Plan 	✓	✓	✓	✓	Development Services	Strategy & Environment	Natural Resources	<ul style="list-style-type: none"> <li>Implement outstanding/ongoing actions from the existing Climate Change Adaptation Action Plan</li> <li>Deliver revised Climate Change Adaptation Action Plan</li> <li>(LSPS Action - 8.1)</li> </ul>

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## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.




# Focus Area Four | Our Council


Port Stephens Council leads, manages and delivers valued community services in a responsible way


✓ Sole Responsibility

↔ Shared Responsibility

✦ LSPS Action

Community Strategic Plan  Key Direction	Delivery Program  Objective	Operational Plan  Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
Key Directions L1 <b>GOVERNANCE</b> Our Council's leadership is based on trust and values of Respect, Integrity, Teamwork, Excellence and Safety (RITES)	L1.1 Develop and encourage the capabilities and aspirations of a contemporary workforce <div>  </div>	L1.1.1 Manage and deliver the Human Resources and Workplace Development program of works	✓	✓	✓	✓	Corporate Services	Organisation Support	Human Resources and Workplace Development	<ul style="list-style-type: none"> <li>Review the Workforce Plan (2022-2025)</li> <li>A framework for enabling Council to deliver service in the best possible way (Business Excellence)</li> <li>Conduct an Employee Engagement Survey</li> <li>Provide:                             <ul style="list-style-type: none"> <li>Apprentice, Trainee and Cadet Program</li> <li>Cultural Development</li> <li>Education Assistance</li> <li>Employee Benefits</li> <li>Employee Relations</li> <li>Employment Services</li> <li>Human Resource Information System</li> <li>Learning and Development</li> <li>Performance Management</li> <li>Recognition</li> <li>Salary System</li> <li>Equity, Diversity and Inclusion</li> </ul> </li> </ul>

 2018-2019, 2019-2020 and 2020-2021 progressed

 2021-2022 Operational Plan proposed to be implemented from 1 July 2021 to 30 June 2022

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Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
	L1.2 Provide strong civic leadership and government relations	L1.2.1 Coordinate and deliver Councillor and executive support services	✓	✓	✓	✓	General Manager's Office	Office of the General Manager	Executive Administration	Support the Mayor, Councillors and General Manager
		L1.2.2 Conduct citizenship ceremonies	✓	✓	✓	✓	General Manager's Office	Office of the General Manager	Executive Administration	Host citizenship ceremonies
		L1.2.3 Develop and manage relationships with all levels of government and stakeholders	✓	✓	✓	✓	General Manager's Office	Office of the General Manager	Office of the General Manager	Liaise with Federal, State and local governments and other government agencies on regulatory and governance matters and other community issues
		L1.2.4 Develop shareholder value through an effective partnership with Newcastle Airport	✓	✓	✓	✓	General Manager's Office	Office of the General Manager	Office of the General Manager	Support commercial aviation business through participation in the boards of: • Newcastle Airport Pty Ltd • Newcastle Airport Partnership; Greater Newcastle Aerotropolis Pty Ltd; Greater Newcastle Aerotropolis Partnership.
		L1.2.5 Work with Hunter Councils to enhance the Hunter Region	✓	✓	✓	✓	General Manager's Office	Office of the General Manager	Office of the General Manager	Manage strategic and operational matters for: • Hunter Councils • Hunter Joint Organisation • Strategic Services Australia Ltd • Legal Services Ltd
	L1.3 Provide a strong ethical governance structure	L1.3.1 Coordinate and deliver governance and legal services	✓	✓	✓	✓	General Manager's Office	Governance	Office of Section Manager, Legal Services	Provide: • Governance, legislative and policy advice • Governance Health Check • Internal legal advice and advocacy

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## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
	✓									• Legal services
		L1.3.2 Coordinate and report on the internal audit process	✓	✓	✓	✓	Office of the General Manager	Governance	Office of Section Manager, Legal Services	Coordinate Council's audit committee program
		L1.3.3 Undertake a community satisfaction survey	✓	✓	✓	✓	Corporate Services	Office of the Group Manager Corporate Services	Corporate Reporting	Undertake a community satisfaction survey of the Council's services and facilities
		L1.3.4 Manage the Integrated Planning & Reporting Framework	✓	✓	✓	✓	Corporate Services	Office of the Group Manager Corporate Services	Corporate Reporting	Manage and report on: <ul style="list-style-type: none"> <li>• Delivery Program 2018-2022 and Operational Plan 2021-2022 via the Annual Report 2020-2021 and Six Monthly Reports</li> <li>• Community Strategic Plan 2018-2028 via the End of Term Report</li> <li>• Council achievements and awards</li> <li>• Review and develop: <ul style="list-style-type: none"> <li>◦ Community Strategic Plan 2022-2032</li> <li>◦ Delivery Program 2022-2025</li> <li>◦ Operational Plan 2022-2023</li> </ul> </li> </ul>
		L1.3.5 Manage access to information and privacy processes	✓	✓	✓	✓	General Manager's Office	Governance	Office of Section Manager, Legal Services	Provide access to information

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Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
	L1.4 Provide strong supportive business systems for Council's operations	L1.4.1 Facilitate the four-year rolling Service Review of Council's processes and services	✓	✓	✓	✓	Corporate Services	Organisation Support	Workplace Development	Provide specialist advice, information and support for Service Reviews
		✓ L1.4.2 Manage the Corporate Improvement and Business Systems program of work	✓	✓	✓	✓	Corporate Services	Organisation Support	Corporate Systems & Data Project Management, Data & Information Maintenance and Support ICT Maintenance & Support, Workplace Development	Provide: <ul style="list-style-type: none"> <li>• Corporate systems and data management</li> <li>• Data and Corporate systems support</li> <li>• Information and communication technology maintenance and support</li> <li>• Records services</li> </ul>
	L1.5 Reduce risk across Council	⚙ L1.5.1 Manage the Enterprise Risk Management System program of works	✓	✓	✓	✓	General Manager's Office	Governance	Enterprise Risk Management	<ul style="list-style-type: none"> <li>• Conduct Risk Maturity Score</li> <li>• Provide: <ul style="list-style-type: none"> <li>◦ Enterprise Risk Management System</li> <li>◦ Incident Management and Business Continuity</li> <li>◦ Management of Council's insurance portfolio</li> <li>◦ Environmental Auditing</li> <li>◦ Environmental Management System</li> <li>◦ Environmental Performance</li> <li>◦ Environmental Regulatory Licenses, Permits and Certificates</li> </ul> </li> </ul>

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Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
Key Directions L2 FINANCIAL MANAGEMENT Our Council is financially sustainable to meet community needs										<ul style="list-style-type: none"> <li>Incident Management</li> <li>Contractor Management</li> <li>Corporate Wellness</li> <li>Injury Management</li> <li>Work Health and Safety Management System</li> </ul>
	L2.1 Maintain strong financial sustainability	L2.1.1 Manage Council's financial resources	✓	✓	✓	✓	Corporate Services	Financial Services	Finance Revenue, Finance Expenditure, Finance Reporting, Finance Acquisition	<ul style="list-style-type: none"> <li>Implement:               <ul style="list-style-type: none"> <li>Long Term Financial Plan (2021-2031)</li> <li>Fees and Charges (2021-2022)</li> <li>Annual Revenue Policy (2021-2022)</li> </ul> </li> <li>Complete Annual Financial Reports(2020-2021)</li> <li>Develop:               <ul style="list-style-type: none"> <li>Long Term Financial Plan (2022-2032)</li> <li>Fees and Charges (2022-2022)</li> <li>Annual Revenue Policy (2021-2022)</li> </ul> </li> </ul>
	L2.2 Maximise non-rate revenue and investment to support Council services	L2.2.1 Manage Council's commercial businesses and investment assets	✓	✓	✓	✓	Corporate Services	Office of the Group Manager Corporate Services	Strategic Property	Manage: <ul style="list-style-type: none"> <li>Commercial agreements to maximise non-rate revenue</li> <li>Assets in accordance with executed legal documents</li> <li>Development and implementation of Planned and Preventative Maintenance plans for Council's commercial businesses &amp; investment assets</li> </ul>

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Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
		L2.2.2 Deliver the Strategic Property capital works program	✓	✓	✓	✓	Corporate Services	Office of the Group Manager Corporate Services	Strategic Property	Develop and implement the Property Services Capital Works work plan (refer SAMP 2021-2031)
		L2.2.3 Manage land acquisition, development projects and biodiversity sites	✓	✓	✓	✓	Corporate Services	Office of the Group Manager Corporate Services	Strategic Property	<ul style="list-style-type: none"> <li>Develop and deliver land acquisition and divestment projects in accordance with the work plan</li> <li>Maintain bio-banking sites and where appropriate divest of bio-banking credits to maximise non-rate revenue</li> <li>Continue the Property Investment Strategy</li> </ul>
		L2.2.4 Manage Council's tourist accommodation	✓	✓	✓	✓	Corporate Services	Holiday Parks	Holiday Parks Business Development, Holiday Parks Operations, Koala Sanctuary	<ul style="list-style-type: none"> <li>Develop and implement Plans of Management for Crown Holiday Parks</li> <li>Develop and implement Holiday Park's capital works program (refer SAMP 2021-2031)</li> <li>Provide a range of quality accommodation and tourist experiences across Council's owned and managed holiday parks including the Port Stephens Koala Sanctuary</li> <li>Provide a koala hospital, education and research facility at the Koala Sanctuary</li> </ul>

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## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

Community Strategic Plan Key Direction	Delivery Program Objective	Operational Plan Action	Delivery				Delivery Responsibility			What We Deliver
			2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Group	Section	Service Package	
										<ul style="list-style-type: none"> <li>Provide marketing and promotion services for Council's holiday parks</li> </ul>
Key Directions L3 COMMUNICATION AND ENGAGEMENT Our Community understands Council's services and can influence outcomes that affect them	L3.1 Promote a customer-first organisation	L3.1.1 Develop, implement and monitor Council's Customer First Framework	✓	✓	✓	✓	Development Services	Communications	Customer Relations	Customer First Framework program of work stage 2 (including customer service, telephone service, financial transactions etc)
	L3.2 Provide information in a range of accessible formats	L3.2.1 Manage Council's communications	✓	✓	✓	✓	Development Services	Communications	Public Relations & Marketing	Provide: <ul style="list-style-type: none"> <li>Website management</li> <li>Internal and external communication services</li> </ul>
	L3.3 Strengthen Council's reputation	L3.3.1 Manage Council's brand and reputation	✓	✓	✓	✓	Development Services	Communications	Public Relations & Marketing	Provide: <ul style="list-style-type: none"> <li>Graphic design services</li> <li>Corporate functions (Council's brand, media and relationship management)</li> </ul>
	L3.4 Provide a voice for the community	L3.4.1 Conduct Council's community engagement activities	✓	✓	✓	✓	Development Services	Communications	Community Development & Engagement	Community engagement in line with our Community Engagement Strategy

\*Critical to delivering the Operational Plan actions is support from the respective Business Administration team, Office of the Section Manager and Office of the Group Manager.



## Effectiveness Measures

## Our Community



## Community diversity

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
C1.1.1 Deliver early education and care of children	Customer satisfaction with Thrive Kids	≥ 85%	99%
	Annual accreditation	Compliant	100%
C1.2.1 Deliver youth projects and support youth services provided by other agencies	Deliver 5 contract milestones in the NSW Department of Community and Justice Service Delivery Schedule	100%	New
C1.3.1 Identify and plan for an inclusive and access friendly community	Actions completed in Disability Inclusion Action Plan	≥ Baseline	5 of 24 <sup>1</sup>
	New DIAP developed and adopted	30 Oct 2021	New

<sup>1</sup> 8 of 24 are ongoing

## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

C1.4.1 Identify and plan for the needs of an ageing population	Actions completed in Ageing Strategy	≥ Baseline	2 of 7
C1.5.1 Coordinate Council's volunteer program	Variety of activities volunteers support at Council	Maintain	6 <sup>2</sup>

## Recognised traditions and lifestyles

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
C2.1.1 Support initiatives and projects to promote Aboriginal culture and protect Aboriginal places	Actions completed or commenced in Yabang Gumba-Gu Plan from the Aboriginal Strategic Committee	≥ 90%	100%
	Develop an Aboriginal Place Advisory Panel annual works plan for Birubi Point	≥ 90%	90%
C2.2.1 Support initiatives and projects to encourage local cultural activities	Developed an action plan for 'Our Incredible Places Strategy'	100%	New
C2.3.1 Support the preservation of Port Stephens heritage	Providing Heritage Projects Fund grants	Maintain	\$6,000
	Heritage advice on Development Applications and Council projects	Within 10 days	New
C2.4.1 Deliver public library services, programs and resources	Customer Satisfaction with Library Services	≥ 85%	99%
	Customer Satisfaction with outreach and homebound services	New <sup>^</sup>	-
	Number of visits to Library branches	230,000	217,360
	Internet and Wi-Fi usage at Raymond Terrace and Tomaree Library branches	45,000	42,176

<sup>2</sup> Parks, halls, sports, community engagement, library, visitor information centre

## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
	Community Satisfaction with Library Programs, Activities & Events	New^	New^
	Attendance at programs, activities and events	8,300	8,126
	Use of resources (collection items borrowed)	300,000	320,000

## Community Partnerships

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
C3.1.1 Assist community service providers to deliver services for vulnerable people and families	Refer to C1.2.1	-	-
C3.2.1 Provide financial, logistical and marketing support for local community events	Refer to C2.2.1	-	-
C3.3.1 Initiate and manage leisure contracts with recreational and leisure services	Community satisfaction with Council swimming pools	≥ 90%	90%
	Maintain a score above NSW 3 year average in the Royal Life Safety Assessment Audit	≥ 84.62%	91.67%
C3.4.1 Provide financial assistance for the community	Annual grant funding	Maintain	93 grants \$122,992

^Library customer satisfaction Survey 2021 data will be used for target and baseline.



## Our Place



### Strong economy, vibrant local businesses, active investment

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
P1.1.1 Support sustainable business in Port Stephens	Number of active businesses in Port Stephens	Annual increase	4591*
P1.1.2 Provide funding support to business initiatives that create economic benefit	Business satisfaction survey – Port Stephens is a good place to conduct business	Annual increase	57%*
P1.1.3 Coordinate place management and activation	Implementation of place activation delivery plan	Number of actions completed	New
P1.2.1 Manage an integrated event licensing process	Number of licences issued	Annual increase	127
	Visitors to portstephens.org.au	Annual increase	12% increase*

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What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
P1.2.2 Manage the Nelson Bay Visitor Information Centre	Number of tour and accommodation bookings on behalf of operators	Maintain	5627 bookings
P1.2.3 Provide strategic and financial support to Destination Port Stephens	Financial support for Destination Port Stephens	Maintain	\$397,500
	Visitor expenditure per annum	Annual increase	\$535M*
P1.2.4 Attract and facilitate major events that deliver economic benefit	Economic benefit from major events	Annual increase	\$8,260,000

## Infrastructure and facilities

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
P2.1.1 Plan for and initiate civil assets	Civil assets work pre - initiated within the agreed timeframe	100%	100%
P2.1.2 Plan for the operation, maintenance and replacement of Council's fleet	Fleet utilisation hours per annum	≥ 67,080	75,264

\* Baseline from 2018 – 2019

# Due to an administrative error, records for 2017-2018 have been updated

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What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
P2.1.3 Plan for the operation, maintenance and renewal of Council's civil assets	High-risk civil assets inspection program up to date	100%	100%
	Strategic Asset Management Plan conforms with IP&R checklist	Compliant	Compliant
P2.1.4 Plan, design and provide advice services for drainage and flooding	Flooding and drainage development application referrals completed to the agreed service standard	≥ 90%	New
P2.1.5 Provide traffic engineering services and conduct road safety programs	Road Safety Projects (funded by Traffic NSW) conducted and completed to the agreed service standard	100%	New
P2.1.6 Provide development engineering assessment and advice services	Engineering development application referrals completed to the agreed service standard	≥ 90%	New
P2.1.7 Provide, manage and maintain community, recreation and corporate assets	Community, recreation and corporate assets inspection program up to date	100%	100%
	Strategic Asset Management Plan conforms with IP&R checklist	Compliant	Compliant
P2.1.8 Coordinate and report on asset finances and data systems	Meeting customer needs	≥ 90%	90%
P2.2.1 Provide survey services	Deliver Capital Works program on time and budget (including approved variations)	≥ 95%	100%
P2.2.2 Provide design and specialist engineering services	Deliver Capital Works program on time and budget (including approved variations)	≥ 95%	100%
P2.2.3 Provide infrastructure project management services for all projects and contract manage outsourced construction work	Deliver Capital Works program on time and budget (including approved variations)	≥ 95%	100%

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What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
P2.2.4 Provide construction services for internally delivered civil works	Deliver Capital Works program on time and budget (including approved variations)	≥ 95%	100%
P2.3.1 Provide roads maintenance	High priority road defects fixed on time	100%	100%
	Community satisfaction with roads maintenance	≥ Baseline	75%
P2.3.2 Provide roadside and drainage maintenance	High priority roadside drainage and maintenance defects fixed within required timeframes	100%	100%
	Community satisfaction with roadside and drainage maintenance	≥ Baseline	84%
P2.3.3 Provide open space and foreshore maintenance	High priority open spaces and foreshore maintenance defects fixed within required timeframes	100%	100%
	Community satisfaction with maintaining parks	≥ Baseline	85%
P2.3.4 Provide building trades services	High priority actions fixed within required timeframes	≥ Baseline	92%
P2.3.5 Provide depot and workshop services	Number of pre rego check repairs conducted	≥ Baseline	142
P2.3.6 Provide cemetery administration and cemetery maintenance services	Community satisfaction with cemetery services	≥ Baseline	94%
P2.4.1 Maintain state roads as contracted with Transport for NSW	Average Transport for NSW contractor performance grading	Good	Good

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## Thriving and safe place to live

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
	No overdue planning certificates (certificates issued within 7 days)	None overdue	None overdue
P3.1.1 Optimising land use and managing Council's key planning documents	Completed actions in the Local Strategic Planning Statement	Annual Increase	New
	Completed actions in the Local Housing Strategy	Annual Increase	New
P3.2.1 Provide development assessment services	Median net determination time for Development Applications	< 40days	34 days
P3.2.2 Provide Building certification services	Market share of certification	Maintain	Maintain
	Premises added to the fire safety program	Annual Increase	1095 (1103 2018-2019)
P3.2.3 Provide environmental health services	Onsite sewer management systems inspected	≥ Baseline	881/800, 110%
	Food premises inspected <sup>3</sup>	≥ Baseline	514/500, 103%
P3.2.4 Provide land use compliance services	Development compliance customer requests closed	≥ 95%	89%
P3.2.5 Provide regulatory ranger services	Ranger customer requests closed	≥ 95%	99%

<sup>3</sup> Schedule changes each year depending on number of inspections and inspection frequency

## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
P3.2.6 Provide illegal waste compliance services	Number of successful waste investigations <sup>4</sup>	≥ 85% <sup>5</sup>	91%
P3.3.1 Develop and monitor Town Centre strategies	Completed actions in town centre strategies: Medowie (M), Nelson Bay (NB), Raymond Terrace (RT) and Heatherbrae (RTH)	Annual Increase	M 5 of 10 NB 19 of 27 RTH 4 of 15*
P3.4.1 Manage asset protection zones and fire trails on Council property	Contractor's performance against the agreed program	100%	100%
P3.4.2 Maintain and implement a Local Emergency Management Plan	Review Local Emergency Management Plan every 3 year	100%	100%

<sup>4</sup> Perpetrator found<sup>5</sup> Include total number of reported incidents as well as proportion of successfully investigated

\* Baseline from 2018 - 2019



## Our Environment



### Ecosystem function

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
E1.1.1 Develop and monitor environmental policies, strategies and technical information	Refer to E1.1.2, E1.1.3 and E3.3.1	-	-
E1.1.2 Develop and implement a range of nature conservation programs	Scheduled actions completed in the Bushland Enhancement Program	≥ Baseline	71 work programs*
E1.1.3 Provide environmental impact assessment services	Number of Environmental Impact Assessments conducted within agreed timeframes	≥ Baseline	66%*
E1.1.4 Manage biosecurity risks (weeds and pests)	Actions completed in the Hunter Strategic Weed Management Plan 2017-2022	≥ Baseline	29/37*
E1.1.5 Develop a bio-diversity strategy	Completion of stage 1	30 June 2022	New
E1.2.1 Provide environmental education programs to the community	Number of environmental education programs developed and implemented	Maintain	28*
	Number of participants	≥ Baseline	312*

### Environmental sustainability

\* Baseline from 2018 – 2019

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## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
E2.1.1 Reduce waste going to landfill	Community satisfaction with garbage collection and access to waste depot/ transfer stations	≥ 90%	91%
	Participation in 'problem waste' days	≥ Baseline	42%*
	Waste diverted from landfill	≥ 40%	50%
E2.1.2 Improve Council's energy usage	MWh usage on year	Maintain	8,400MWh

2019-2020 Performance

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
E3.1.1 Develop a Coastal Management Program	Certified Coastal Management Plan (CMP)	30 June 2022	New
E3.2.1 Support affected communities in the Williamstown PFAS Management Area and surrounds	Participation in consultation/ advocacy activities	Maintain	Yes
E3.2.2 Monitor and manage environmental impacts from waste management activities	Quarterly monitoring of Council's decommissioned landfill sites.	100%	100%
	Annual reporting to the EPA	Compliance	New
	Quarterly site auditing	Compliance	New
E3.3.1 Develop a revised Climate Change Adaptation Action Plan	Number of actions complete in the Climate Change Adaptation Action Plan	Maintain	13/35*
	Develop a revised Climate Change Adaptation Action Plan	30 June 2022	New

\* Baseline from 2018 – 2019

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## Our Council



### Governance

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
L1.1.1 Manage and deliver the Human Resources and Workplace Development program of works	Employee engagement	≥ 75%	70%
	Workforce plan conforms with IP&R checklist	Compliant	Compliant
L1.2.1 Coordinate and deliver Councillor and executive support services	Elected Member's satisfaction with services	Maintain	100%
L1.2.2 Conduct citizenship ceremonies	Number of citizens conferred	Citizens conferred	61
L1.2.3 Develop and manage relationships with all levels of government and stakeholders	Participation in consultation/ advocacy activities with other levels of government or agencies	Maintain	Yes
L1.2.4 Develop shareholder value through an effective partnership with Newcastle Airport	Participation in NAPL/GNAPL Board meetings	Maintain	Yes
	Airport traveller numbers per annum	≥ Baseline	1,272,634
	Airport dividends received per annum	≥ Baseline	\$1.903M

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L1.2.5 Work with Hunter councils to enhance the Hunter Region	Participation in Hunter Joint Organisation meetings	Maintain	Yes
L1.3.1 Coordinate and deliver governance and legal services	Governance Health Check score	≥ 95%	97%
L1.3.2 Coordinate and report on the internal audit process	Audit-identified issues resolved within the expected timeframe	≥ Baseline	83%
L1.3.3 Undertake a community satisfaction survey	Overall community satisfaction with Council	≥ 80%	85%
L1.3.4 Manage the Integrated Planning & Reporting Framework	Integrated Plans delivered on time	≥ 95%	97%
	IP&R documents conform with the IP&R checklist	Compliant	Compliant
L1.3.5 Manage access to information and privacy processes	Number of privacy complaints/breaches	< Baseline	5
L1.4.1 Facilitate the four-year rolling Service Review of Council's processes and services	Number of reviews completed – Service Reviews (SR) and mini-reviews (ADRI)	Completion	19 SRs 3 ADRI
L1.4.2 Manage the Corporate Improvement and Business Systems program of work	Maintain system uptime	Maintain 99.99%	100%
	Maintain risk management maturity score	≥ 80%	83%
L1.5.1 Manage the Integrated Risk Management System program of works	Rolling projected workers compensation deposit premium (rounded)	Pay < base, < 100%	Base \$1M Paid \$0.7M 67%
	Percentage of incidents reported to Corporate Risk outside 24 hours	< Baseline	12.8%

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## Financial Management

What we said we'd do	How effective were we?	Target for 2021-2022	Baseline 2017-2018
L2.1.1 Manage Council's financial resources	Underlying financial surplus of 1% of the budget	Maintain	Achieved
	Unqualified Annual Financial Statements	Maintain	Achieved
	Long Term Financial Plan conforms with IP&R checklist	Compliant	Compliant
L2.2.1 Manage Council's commercial businesses and investment assets	Maintain yield on the commercial investment portfolio	7 to 10%	7%
	Property vacancy rate	< 20%	20%
L2.2.2 Deliver the Strategic Property capital works program	Scheduled works delivered on time and budget	≥ Baseline	100%
L2.2.3 Manage land acquisition, development projects and biodiversity sites	Scheduled works delivered on time and budget	≥ Baseline	100%
	Land and Property Strategy adopted	30 June 2021	New
L2.2.4 Manage Council's tourist accommodation	Average nightly rate (per site/cabin)	≥ Baseline	Cabins \$173 Sites \$51
	Annual day visitation into the Koala Sanctuary	> 38,600	New
	Net promoter score for Council's Holiday Parks	≥ Baseline	63.95%

## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

## Communication and engagement

What we said we'd do	How effective were we?	Target for 2020-2021	Baseline 2017-2018
L3.1.1 Develop, implement and monitor Council's Customer First Framework	Develop a Customer First Framework program of work stage 2	100%	Stage 1 completed in 2019
L3.2.1 Manage Council's communications	The proportion of internal and external communication plans completed on time	≥ 95%	90%
	Growth in website users per year	≥ 2%	2%
L3.3.1 Manage Council's brand and reputation	Actions commenced or completed in Graphic Design work plan	≥ 90%	New
L3.4.1 Conduct Council's community engagement activities	Scheduled actions completed or commenced in the Capital Works Program	≥ 95%	85%



## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

## Resourcing Strategies

### Long Term Financial Plan snapshot

Port Stephens Council's Long Term Financial Plan (LTFP) outlines how we will deliver the objectives and strategies expressed in the Community Strategic Plan, by ensuring the objectives of the IP&R framework are matched by appropriate resources.

The LTFP provides a robust yet dynamic framework in which Council can review and assess its financial sustainability in conjunction with its core functions and responsibilities. The LTFP contains a set of long-range financial projections based on a set of assumptions. It covers a 10 year period from 2021 to 2022 to 2030 to 2031. It is then reviewed and rolled over annually.

In addition to acting as a resource plan, the LTFP endeavours to:

- establish a financial framework that combines and integrates financial strategies to achieve a planned outcome
- establish a financial framework that allows us to measure Council's strategies, policies and financial performance
- ensure that Council complies with sound financial management principles
- allow Council to meet its obligations under the Local Government Act

The development of the long term financial projections represent the output of several strategy areas, that when combined, produce the financial direction of Council (see below)

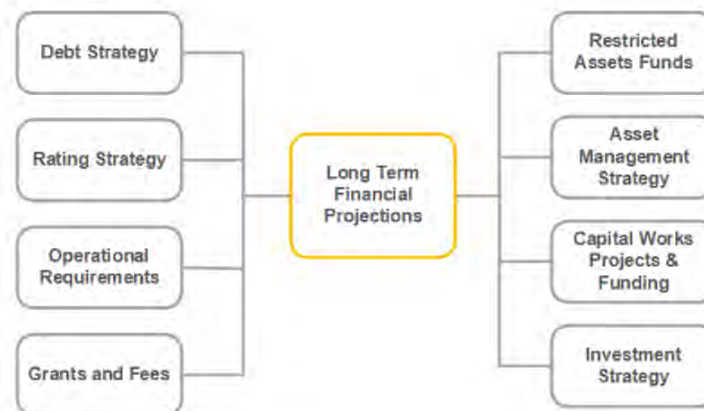


Diagram 5 - Long Term Financial Projections

**ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.**

The LTFP is based on achieving the following outcomes:

- Maintain the underlying operating surplus.
- Ensure Council infrastructure is maintained at a satisfactory level.
- Achieve a financial structure that allows us to pay for new assets and renew existing assets within our operating income.
- Retain services at present levels.

The LTFP 2021 to 2031 presents financial forecasts associated with the following scenarios.

INCOME	Conservative	Standard	Strategic
<b>Rates</b>			
Pegging factor applied 2021	1.5%	2.0%	2.0%
Ongoing peg factor beyond 2021	1.5%	2.0%	2.5%
New annual rates assessment	150	150	150
User fees and charges Annual factor	1.0%	2.0%	2.5%
Operating grants and Contributions Annual factor	1.5%	2.2%	2.5%
<b>Other</b>			
Cash investment returns	1.0%	2.0%	2.5%
Other income	1.0%	2.0%	2.5%
Rental income	2.0%	2.5%	3.0%
Airport dividend	Nil – first 3 years	Fixed Amount	Fixed Amount

EXPENSES	Conservative	Standard	Strategic
Salaries and allowances	1.5%	2.0%	2.5%
Materials and contracts	1.5%	2.0%	2.5%
Capital spend over 10 years	\$200m	\$225m	\$250m
Other expenses	1.5%	2.0%	2.5%
Enhanced services levels	-	Permanent increase by \$500k in the first year only	Continually increase by \$250k per year

**ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.**

Projected Result	Conservative	Standard	Strategic
2021-2022	(1,025,006)	52,377	180,431
2022-2023	(1,698,937)	(490,302)	(364,670)
2023-2024	(2,718,074)	93,995	(329,488)
2024-2025	(1,888,843)	305,268	(615,628)
2025-2026	(1,904,932)	677,598	(737,119)
2026-2027	(2,117,621)	550,889	(1,061,041)
2027-2028	(2,083,729)	687,796	(1,138,274)
2028-2029	(2,359,970)	531,076	(1,521,193)
2029-2030	(2,278,996)	524,870	(1,579,731)
2030-2031	(2,483,168)	660,266	(1,915,065)

In summary, the LFTP presents a responsible financial blueprint for the future of Port Stephens Council.



**ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.****Strategic Asset Management Plan snapshot**

Port Stephens Council's Strategic Asset Management Plan 2021 to 2031 (SAMP11) provides a framework to help us manage current and future Council assets so that appropriate services are effectively delivered to the community now and in the future.

It considers information about Council's assets, asset management processes and practices, and presents a plan to improve Council's asset provision and management capability.

Legislation requires that the SAMP is for a minimum 10 year period and that it is reviewed and rolled over annually.

Council is responsible for a very large and broad asset portfolio, which totals approximately \$1.002 million. This asset base includes traditional asset infrastructure such as roads, footpaths, buildings and drainage as well as assets that are unique to coastal councils such as seawalls, surf clubs, lifeguard towers, wharves and jetties. Council has an ethical and legal obligation to effectively plan for, account for, and manage the public assets for which it is responsible. The successful delivery of Council's assets will enable the current and long term aspirations of the community to be met.



ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

**Workforce Plan snapshot**

Port Stephens Council's Workforce Plan (2018 to 2022) sets out what type of organisation we need to be and how we plan to get there.

In partnership with Council's Long Term Financial Plan and Strategic Asset Management Plans, the Workforce Plan ensures that there are sufficient resources available in the right place, at the right time, with the right skills to deliver on the community's vision and aspirations for their place and community.

The following strategies have been developed and integrated by Port Stephens Council to support the Workforce Plan and to address the challenges of providing appropriately qualified staff for today and the future.

- Best Employer
- Talent Management
- Integrated Risk Management
- Continuous Improvement
- Workplace Governance
- Corporate Systems and Data Management Strategy



**ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.**

## Appendices

### Appendix One: Our Council's Partners

Who assists Council achieve the community priorities.

- Ausgrid
- Australian Government  
Department of Health
- Australian Tax Office (Federal)
- Business Port Stephens
- Department of Industry, Innovation  
and Science (Federal)
- Department of Communities and  
Justice
- Department of Planning, Industry  
and Environment
- Department of Premier and  
Cabinet
- Department of Primary Industries
- Destination Network Sydney  
Surrounds North
- Destination NSW
- Destination Port Stephens (not  
with NSW Government)
- Economic Development Australia
- Environment Protection Authority  
(EPA)
- Hunter Business Chamber
- Hunter Councils Incorporated
- Hunter Region Business Hub
- Hunter Joint Organisation
- Hunter Local Lands Services
- Hunter Water Corporation
- Karuah Local Aboriginal Land  
Council
- National Parks and Wildlife  
Service
- Newcastle Airport Pty Limited
- Newcastle Region Library
- NSW Government - Small  
Business Commissioner
- Office of Environment and  
Heritage
- Office of Local Government
- Port Stephens Koalas
- Regional Development Australia,  
Hunter
- Rural Fire Service
- State Emergency Service
- State Library of NSW
- Surf Life Saving Australia
- The Business Centre, Newcastle  
Region
- Tourism Australia
- Transport for NSW
- Volunteers
- Worimi Conservation Lands Board  
of Management
- Worimi Local Aboriginal Land  
Council

Note: This list is not exhaustive. Unless otherwise stated, the government departments and agencies are with the NSW government.



**ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.****Appendix Two: Performance Measures****Key result measures**

Council deploys seven key measures to record its performance against targets. The measures are:

**1. Service Delivery**

While the Community Strategic Plan lays out the general priorities for the community, the Delivery Program and Operational Plan detail how Council will deliver these priorities through objectives and actions.

Council reports against actions and budgets, detailed in the Delivery Program and the annual Operational Plan. Council's Annual and Six Monthly reports provide details.

To be successful in this measure, Council has set a target to achieve greater than 95% of the Integrated Plans (which includes delivery of the actions set out in the annual Operational Plan) delivered on time.

**2. Community Satisfaction**

Council's annual Community Satisfaction Survey provides the community with an opportunity to comment on the Council's performance against its targets. Council can also test community perceptions of its services.

To be successful in this measure, the Council has set a target to achieve an overall satisfaction rating with the Council's services of greater than 80%.

In addition to the Community Satisfaction Survey, Council also undertakes a number of other user surveys.

**3. Governance Health Check**

The Governance Health Check ensures the Council is held to account in meeting its legislative and operational requirements.

The Governance Health Check covers four key areas:

- Ethics
- Risk management
- Information management
- Reporting

To be successful in this measure, the Council has set a target to achieve a rating of greater than 95%.

**ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.****4. Employee Engagement**

Council's annual employee engagement survey measures an employee's energy and passion, their level of connection to the organisation and their willingness to apply discretionary effort to improve individual and business performance.

Research continues to find that organisations with higher engagement levels also have better talent, operational, customer and financial outcomes.

To be successful in this measure, the Council has set a target to achieve an overall employee engagement rating of greater than 75%.

**5. Risk Management Maturity Score**

Council's Integrated Risk Management Framework assists the Council to understand the broad spectrum of risks facing it in delivering a complex range of services to the community. The Framework provides tools to ensure that risk is appropriately managed.

To be successful in this measure, the Council has set a target to achieve an overall risk management maturity score of greater than 80%.

**6. Financial Sustainability**

Council aims to achieve an underlying surplus which enables it to be financially sustainable.

**7. Infrastructure Backlog**

Infrastructure Backlog (or Gap) refers to the maintenance and works on an asset that should have been done, that did not get done, measured against agreed service levels. This is measured by 2 ratios:

- the value of works to bring an asset to a satisfactory condition
- the value of works required to maintain an asset in any 1 year.

These values will vary from year to year depending on the needs of the asset, the organisation's focus and grants received.

**Other** – In some areas of Council, additional performance measures may be legislatively required.

**ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.****Appendix Three: Statement of Revenue Policy**

The following rates are proposed for 2021 to 2022 including 2.0% rate-pegging increase allowed by the NSW Government.

Key elements of Council's rating policy are:

- Rates levied on the most recent land valuations provided by the NSW Valuer-General, being base date 1 July 2019;
- Total rate income will increase by approximately 2.0% above 2020 to 2021 levels in accordance with rate-pegging;
- 35% base amounts are continued in the main residential category and business category;
- Continuation of sub-categories in the residential and farmland categories aligned with the Williamstown Management Area;
- Farmland and residential rates to have the same rate in the dollar and base amounts;
- No special rates under section 495 of the Local Government Act are proposed for 2021 to 2022.

**Rating of Strata Lots**

Each lot in a strata plan is rated separately but Council will include lots on one rate notice where one lot consists of either a residential unit or residential unit and garage and the other lots consist of either a garage or utility room. A maximum of three (3) separate strata lots can be included on one rate notice where only one lot must contain a residential unit. All lots must be within the same strata plan. Council will not allow aggregation in any other circumstances including multiple residential units, multiple garages, multiple industrial bays, multiple retail premises and multiple marina berths. Council will allow aggregation of land values where new land values are received and amalgamation or consolidation of parcels owned by the same ratepayer is to occur, and the Valuer-General has confirmed that amalgamation will be approved. Council will also allow aggregation of land values with other land owned by the same ratepayer where land is subject to a license or enclosure permit and the Valuer-General has confirmed that amalgamation will be approved. Rates will be levied on the new aggregated land value, but not backdated for previous years.

**Categorisation of Land**

All land is placed within one of four mandatory categories for rating purposes according to the dominant use of the land: residential, farmland, business and mining. The land category is printed on the rate notice. Ratepayers may apply for their land category to be reviewed and applications are determined within 40 days. Where a ratepayer applies for their land category to be reviewed and this is approved, the date of effect for rating purposes is the date their application was received by Council. The date of effect may be backdated at Council's discretion, if there are exceptional circumstances that prevented the ratepayer from making an earlier application. Where Council initiates the review of a land category the date of effect shall be no earlier than the date the declaration is posted to the ratepayer.



## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

**Exemption from Rates**

All land is rateable unless it is exempt under section 555 or section 556 of the Local Government Act. Eligible organisations (generally public charities) may apply for their land to be made exempt if they believe it to be exempt. Where a ratepayer applies for their land to be made exempt and this is approved the date of effect for rating purposes is the date their application was received by Council. The date of effect may be backdated, at Council's discretion, if there are exceptional circumstances that prevented the ratepayer from making an earlier application.

**Hunter Local Land Services**

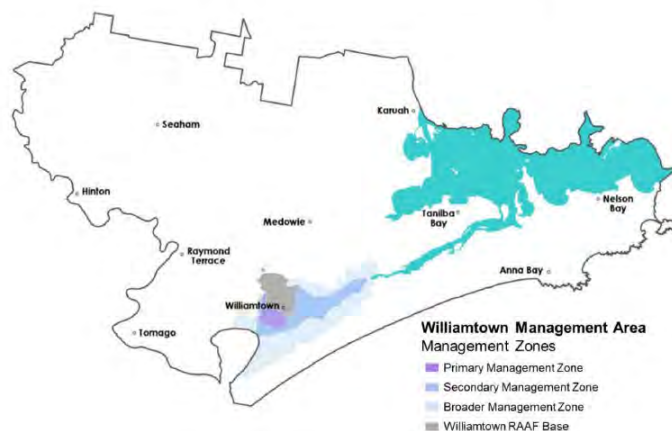
Council includes on its rate notice a catchment contribution collected on behalf of the Hunter-Local Land Services. The Local Land Services sets the rate in the dollar around June each year after receiving Ministerial approval. Catchment contributions are collected by Council under the Local Land Services Act 2013 and are passed on to the Service. All rateable land with a land value exceeding \$300 within a defined river catchment area is subject to the contribution.

**Ordinary Rate Structure**

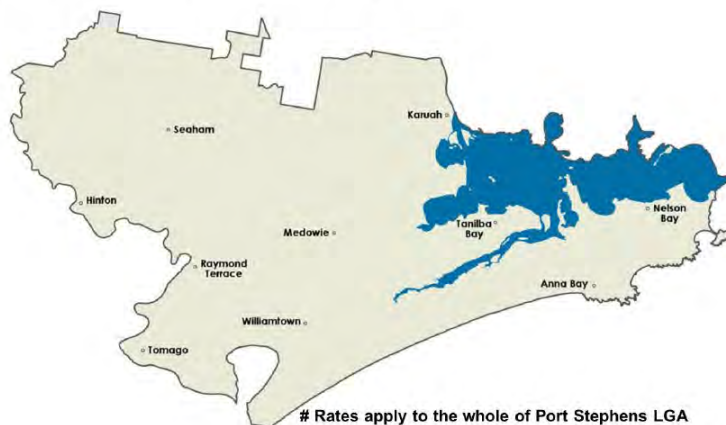
Category	Sub-Category	Ad Valorem Rate c in \$	Base Amount \$	Base Amount Yield %	Estimated Rate Yield '000s
Residential	n/a	0.2796	394.00	35	\$35,789
Residential	Williamstown Primary Zone	0.1398	197.00	39	12
Residential	Williamstown Secondary Zone	0.2097	295.50	41	112
Residential	Williamstown Broader Zone	0.2516	354.60	40	223
Farmland	n/a	0.2796	394.00	21	\$840
Farmland	Williamstown Primary Zone	0.1398	197.00	30	6
Farmland	Williamstown Secondary Zone	0.2097	295.50	27	19
Farmland	Williamstown Broader Zone	0.2516	354.60	26	21
Business	n/a	0.7727	1,684.00	35	\$9,046
Mining	n/a	0.7727	n/a	n/a	Nil
				Total	\$46,068

ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

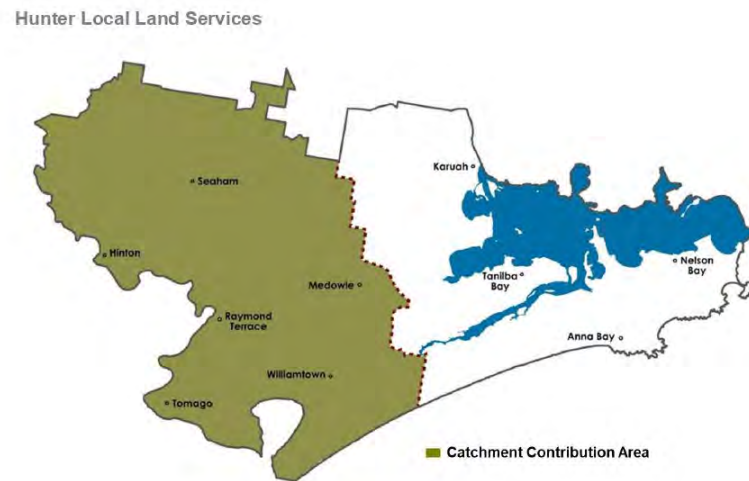
Ordinary rate sub-categories: Williamstown management area



Residential, farmland, business and mining rates#



ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.



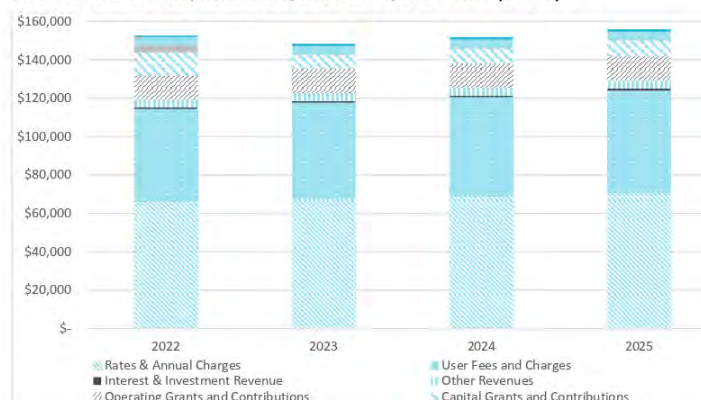


ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

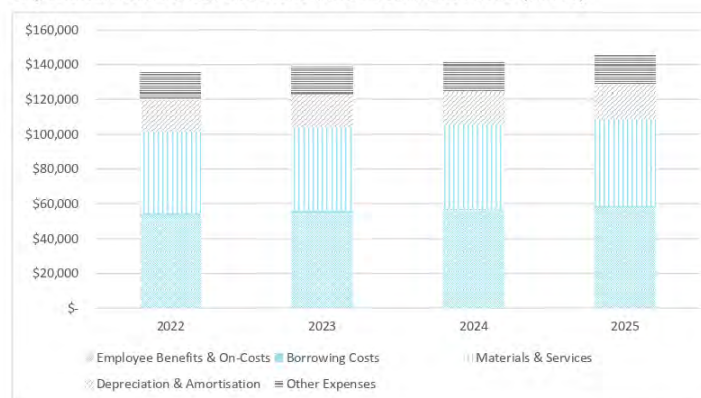
Budget Summary

Revenue and Expenditure for 2021-2025 reflects the forecasted impacts of COVID-19 pandemic, however as the pandemic continues to evolve we will remain flexible and agile to respond as required, with financial impacts and adjustments reported to Council through the Quarterly Budget Review and Annual Reporting process.

Revenue 2021-2022 , 2022-2023, 2023-2024, 2024-2025 (\$000s)



Expenditure 2021-2022, 2022-2023, 2023-2024, 2024-2025 (\$000s)



Refer to the Long Term Financial Plan 2021-2031 document for more details of the Budget Summary.

ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

**Appendix Four: Statement of Waste Management**

Council proposes a two-level waste charge for 2021 to 2022.

**Waste Management Charge**

A base waste management charge of \$105 will be applied to all rateable properties as authorised by section 501 of the *Local Government Act 1993*. This charge contributes towards the management of waste services not delivered to the kerbside such as the waste transfer station, the rehabilitation and environmental monitoring of decommissioned landfill sites and the provision of ancillary waste services including scheduled garden waste, electronic waste, household chemicals, mattress, dry recycling and tyre drop off events as well as the management of other public place waste services. In the case of properties categorised as farmland, if there is more than one property in the same ownership and run as a single undertaking then the full base charge will be applied to the first property plus a \$1 base charge against each subsequent property.



## ITEM 10 - ATTACHMENT 1 DELIVERY PROGRAM AND OPERATIONAL PLANS 2018-2022.

**Waste Service Charge**

As required by section 496 of the *Local Government Act 1993*, a domestic waste service charge of \$475 will be applied to all developed residential properties, whether occupied or unoccupied, including land categorised as 'residential' and 'farmland'.

This charge will entitle the ratepayer to the weekly collection of residual waste using a 240-litre wheelie bin (red bin), fortnightly collection of material for recycling using a 240-litre wheelie bin (yellow bin) and two on-call bulky/garden waste clean-up services.

A non-domestic waste service charge of \$452 will be applied to each commercial and business property, whether occupied or unoccupied, as authorised by section 501 of the *Local Government Act 1993*. This charge will entitle the ratepayer to the weekly collection of residual waste using a 240-litre wheelie bin (red bin) and fortnightly collection of materials for recycling using a 240-litre wheelie bin (yellow bin).

For the purpose of applying a domestic or non-domestic waste service charge and/or waste management charge, 'property' means any residence, business premises or commercial premises used or capable of being used as a separate premise whether or not situated on the same or separate rateable parcels of land, and whether occupied or unoccupied.

The projected waste charges for the next three years are shown in the below table, however, new contract costs and state government levies are outside of Council's control so these figures are subject to change.

	Current Year 2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025
<b>Waste Management Charge</b>	\$91	\$105	\$118.50	\$132.50	\$140
<b>Waste Service Charge</b>	\$452	\$475	\$496	\$520	\$535





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# Long Term Financial Plan

2021 to 2031: **Our place. Our plan.**



PORT STEPHENS  
COUNCIL

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## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

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The Long Term Financial Plan 2021 to 2031 of Port Stephens Council has been prepared in accordance with Section 403 of the Local Government Act 1993.

**Acknowledgement**

Port Stephens Council acknowledges the Worimi People as the traditional custodians of the land of Port Stephens. We also pay our respect to Aboriginal Elders past, present and future.

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DRAFT – Long Term Financial Plan 2021 – 2031 | Port Stephens Council | 3

## 1. Executive Summary

The Long Term Financial Plan 2021-2031 (LTFP) aligns the long term aspirations and goals of the Community Strategic Plan (CSP) with Council's financial ability to deliver these ambitions.

It provides a robust yet dynamic framework in which Council can review and assess its financial sustainability in conjunction with its core functions and responsibilities. The LTFP contains a set of long range financial projections based on a set of assumptions. It covers a 10 year period from 2021-2022 to 2030-2031.

The LTFP models 3 scenarios, each of which shows a specific financial outlook. The scenarios are cumulative, so that each scenario incorporates the assumptions and financial outcomes of the previous scenario(s). The scenarios can also be looked at in isolation. This iteration of the LTFP aims to model and inform residents on the outcomes of the various financial scenarios.

The **Standard Scenario** is the preferred option in setting the 2021-2022 operating and capital budget. This scenario maintains financial sustainability targets as set by Council without materially altering service levels. The Conservative Scenario is not financially suitable and demonstrates the need to take up the full rate peg in order to maintain current service levels. The Strategic Scenario is also not financially sustainable as it demonstrates the need to align funding sources or increase revenue streams if service levels are to be enhanced and the capital works programs expended.

The main assumptions used for each scenario is as follows:

Income	Conservative	Standard	Strategic
<b>Rates</b>			
Pegging factor applied 2021	1.5%	2.0%	2.0%
Ongoing peg factor beyond 2021	1.5%	2.0%	2.5%
New annual rates assessment	150	150	150
<b>User fees and charges</b>			
Annual factor	1.0%	2.0%	2.5%
<b>Operating grants and Contributions</b>			
Annual factor	1.5%	2.2%	2.5%
<b>Other</b>			
Cash investment returns	1.0%	2.0%	2.5%
Other income	1.0%	2.0%	2.5%
Rental income	2.0%	2.5%	3.0%
Airport dividend	Nil – first 3 years	Fixed Amount	Fixed Amount

## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

Expenses	Conservative	Standard	Strategic
Salaries and allowances	1.5%	2.0%	2.5%
Materials and contracts	1.5%	2.0%	2.5%
Capital spend over 10 years	\$200m	\$225m	\$250m
Other expenses	1.5%	2.0%	2.5%
Enhanced services levels	-	Permanent increase by \$500k in the first year only	Continually increase by \$250k per year

Projected Result	Conservative	Standard	Strategic
2021-2022	(1,025,006)	52,377	180,431
2022-2023	(1,698,937)	(490,302)	(364,670)
2023-2024	(2,718,074)	93,995	(329,488)
2024-2025	(1,888,843)	305,268	(615,628)
2025-2026	(1,904,932)	677,598	(737,119)
2026-2027	(2,117,621)	550,889	(1,061,041)
2027-2028	(2,083,729)	687,796	(1,138,274)
2028-2029	(2,359,970)	531,076	(1,521,193)
2029-2030	(2,278,996)	524,870	(1,579,731)
2030-2031	(2,483,168)	660,266	(1,915,065)

Assumptions for each respective scenario are for financial modelling purposes only and would require community consultation, Council endorsement and the necessary legislative approvals before implementation.

A summary of each scenario is as follows:

#### Scenario 1 – Conservative (less than authorised rate peg)

The future sustainability of Council is dependent upon generating sufficient funds to meet the costs of maintaining and renewing assets to deliver services.

In this scenario, budget parameters are set at conservative levels including a rate increase of 1.5%. The outcomes is that Council would not generate sufficient funds to continue providing current service levels or renew its assets when required.

#### Covid-19 Assumption

This scenario assumes no services are impacted due to COVID-19 infections however; the economic recovery is slow and prolonged and because of this no annual dividend from Newcastle Airport is possible.

#### Scenario 2 – Standard (authorised rate peg)



**ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.**

Under this scenario (*currently applied*), financial sustainability is maintained however, it does identify a number of financial challenges that Council will need to review in the near future. The assumption of the authorised rate peg of 2.0% for 2021-2022 and estimated rate peg of 2.0% for the period of 2022 to 2030 has been used. Budget parameters are set based on a business as usual approach however does allow for an additional \$500k to be invested in increased asset maintenance.

Covid-19 Assumption

This scenario assumes no services are impacted due to COVID-19 infections and the economic recovery is moderate as vaccines are delivered. The annual dividend from Newcastle Airport is based on a fixed allocation driven by cash reserves.

**Scenario 3 – Strategic (authorised rate peg & increased service levels)**

Under this scenario, budget parameters are set at levels designed to increase service levels including a rate increase of 2.5%, larger capital works program and enhanced service levels.

The outcomes from this scenario place financial sustainability under pressure due to increased service level costs without a compensating revenue source.

Covid-19 Assumption

This scenario assumes no services are impacted due to COVID-19 infections and the economic recovery is fast, back around pre Covid-19 levels. The annual dividend from Newcastle Airport is based on a fixed allocation driven by cash reserves.

## **2. Introduction**

### **2.1 Purpose of the Long Term Financial Plan**

The LTFP is a critical document that forms part of the NSW Government's Integrated Planning and Reporting (IP&R) framework required for all of local government. It is one of a number of resourcing strategies that also includes the Strategic Asset Management Plan (SAMP) and the Workforce Plan. These documents show how a council will deliver the community aspirations as outlined in the Community Strategic Plan (CSP) and spelt out in the Delivery Program and Operational Plans.

Council's key objective when managing its financial resources is to remain financially sustainable and demonstrate our long term capacity to deliver the strategic objectives in the CSP, Delivery Program and Operational Plans.

The LTFP must:

- project financial forecasts for the Council for at least ten years;

**ITEM 10 - ATTACHMENT 2      LONG TERM FINANCIAL PLAN 2021-2031.**

- inform Council's decision-making during the finalisation of the CSP, development of the Delivery Program, delivery of priorities outlined in the SAMP; and
- be updated annually as part of the development of the Operational Plan.

Council's LTFP needs to ensure financial sustainability for Council and demonstrate our long term capacity to deliver the strategic objectives in the Community Strategic Plan, Delivery Program and Operational Plans.

The LTFP must be structured to include the following:

- projected income and expenditure, a balance sheet and cash flow statement;
- planning assumptions that were used in the Plan's development;
- a sensitivity analysis which highlights the factors and assumptions most likely to impact on the Plan;
- financial modelling for at least three different scenarios, eg the planned scenario, an optimistic scenario and a conservative scenario; and
- methods of monitoring financial performance.

It is essential the LTFP adopted by Council provides a level of certainty to the community regarding Council's financial sustainability, but also demonstrates:

- an acceptable balance of meeting community expectation;
- sound financial management;
- the achievement of strategic objectives within any rate increases;
- outcomes that are clear and measurable; and
- have community and Council support.

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In addition to acting as a resource plan, the LTFP further endeavours to:

- Establish a prudent and sound financial framework, combining and integrating financial strategies to achieve a planned outcome;
- Establish a financial framework against which Council's strategies, policies, and financial performance can be measured;
- Ensure that Council complies with sound financial management principles and plans for the long term financial sustainability of Council; and
- Enable Council to carry out its functions in a way that facilitates local communities to be strong, healthy and prosperous (Section 8B of the *Local Government Act 1993*).

This LTFP represents a comprehensive development of long term financial projections by documenting and integrating the various financial strategies of Council. When combined, it produces the financial direction of Council as shown in the following diagram:



## 2.2 Objectives and Preferred Outcomes

The objectives of this LTFP are:

- An increased ability to fund asset renewal requirements;
- An enhanced funding level for capital works in general;
- Maintenance of Council's financial sustainability in the long term;
- Incorporation of rate and fee increases that are both manageable, sustainable and politically acceptable;
- Inclusion of investment and funding strategies which promote intergenerational equity;
- Demonstration of Council's ability to be Fit For The Future;
- Demonstration that external conditions are considered; eg changes in interest rates and population growth; and
- Thorough financial modelling to consider all financial alternatives.

### Preferred Outcomes:

In preparing the LTFP, each of the above objectives has been addressed to achieve the following outcomes.

- maintaining the underlying operating surplus;
- reducing the infrastructure backlog to ensure Council infrastructure is maintained at a satisfactory level;
- achieving a financial structure where new assets or existing asset renewal needs are met from the base operating income of Council; and
- retention of service provision at present levels.



### **2.3 Financial Challenges**

The challenge of financial sustainability is one faced by the majority of NSW councils and Port Stephens Council is not immune from this issue. Some of the financial challenges affecting Council over the last few years include:

- significant increases in utility prices (phone, water and electricity);
- increase in the Construction Industry Output Price Indexes;
- State and Federal Government cuts to operating grants and subsidies
- State and Federal Government cost shifting and increased compliance tasks;
- reduced investment income as a result of continued low interest rates;
- successive rate pegs below labour market increases.
- service restrictions due to COVID-19

Despite these challenges Council has been successful in developing strategies to remain financially sustainable. These strategies include:

- implementation of a Treasury model across each Group within Council;
- a rolling services review across all areas of Council; and
- ensuring adequate funding strategies are in place and adhered to.
- growing non rate revenue streams
- rationalising of land assets and commercial development

### **2.4 Sensitivity analysis**

Long term financial plans are inherently uncertain given the lengthy period of time which they are required to cover and the assumptions that are required to be made. Some of these assumptions have a relatively limited impact if they are incorrect; others can have a major impact on future financial plans.

The three scenarios within the LTFP allow Council to model the potential impact of various assumptions and is a critical management tool.

Quarterly Budget Reviews provide the ability to regularly monitor the LTFP forecasts against actual activity, update assumptions and make amendments that have a permanent impact on the Plan.

Council also reviews and updates relevant sections and projections of the Long Term Financial Plan on an annual basis.

### **2.5 Key Assumptions**

The LTFP and the financial models are based on a number of key assumptions.

#### **Certainty of Revenue Streams**

Projections of revenue streams over the next ten years are based on historic trends, planned pricing methodologies, known and recurrent grants, current statutory prices

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and the assumption of the continuation of annual rate pegging. Pricing methodologies are aimed to provide services in a sustainable manner, with the community's capacity to pay taken into consideration.

Due to the level of support received from the Financial Assistance Grant (FAG) program, any reduction in the overall available funds for distribution is likely to result in a diminished allocation to Council. This will have a direct impact on the level of works able to be delivered by Council.

A major risk contained within the LTFP for the Standard and Strategic scenarios relates to the assumed 2.0% rate peg limit for years 2 to 10. A 0.5% reduction, will have an impact of approximately \$300K in revenue. This in turn will have a significant impact on the services and asset management functions that can be delivered.

None of the modelling includes land sales or royalties. This is due to the uncertainty of market expectations. If these transactions do occur they are adjusted for via the QBR process or in the baseline year which the LTFP is projected from.

**Accuracy of Expenditure Estimates**

Projections of operating expenditure over the next ten years is based on a combination of CPI assumptions, specific increases and one-off expenditure where known. In the case of infrastructure maintenance costs, expenditure required to maintain service levels is based on asset management projections. Capital expenditure estimates mainly relate to infrastructure renewal, based on the service levels required and Council's current asset condition data.

If any of the assumptions in relation to the projected expenditure vary, then Council has the opportunity to modify service provision and asset management practices in order to recover any negative impacts.

### **3. Other Resourcing Strategies**

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#### **3.1 Workforce Plan**

As employment costs are a large proportion of Council's operational expenditure, effective workforce planning and management is critical to long term financial sustainability.

The Workforce Plan assists Council plan its human resource requirements for the next three years and to ensure the necessary staff resources are in place when and where they are needed. An appropriate workforce is a critical element to successfully delivering each of Council's plans.

The Workforce Plan establishes Council's human resource hierarchy which informs the required level of employment remuneration in the LTFP. Council delivers a diverse range of more than 300 services which have been grouped into discrete service packages. They are delivered under the following organisation structure:

- Corporate Services Group responsible for internal service provision;
- Development Services Group responsible for enabling balanced growth;
- Facilities and Services Group responsible for external service delivery; and
- General Manager's Office responsible for provision of strategic leadership and governance.

In addition to outlining the resourcing requirements of the organisation, the Workforce Plan outlines a number of strategies that Council has or will implement in order to meet the challenges of providing appropriately qualified staff for today and the future.

The financial modelling suggests that each scenario would affect the Workforce Plan as follows:

##### **Scenario 1 – Conservative**

Under this scenario, there would be a need to review the human resource levels and strategies as outlined in the workforce plan due to financial constraints.

##### **Scenario 2 – Standard**

Under this scenario, there would be no change to the current human resource levels and strategies as outlined in the Workforce Plan however an extra \$500k is put towards asset maintenance programs on an annual basis, which would potentially require additional recruitment or outsourcing.

##### **Scenario 3 – Strategic**

Under this scenario, additional funds are allocated to increasing service levels by 200k each year, which would potentially require additional recruitment, or outsourcing.

### **3.2 Strategic Asset Management Plan**

Council is responsible for a large and diverse asset base. These assets include roads, bridges, footpaths, drains, libraries, childcare centres, halls, parks, sporting facilities, fleet, land and information communication technology-related assets.

Council's Strategic Asset Management Plan (SAMP) is a comprehensive record of Council's asset maintenance, renewal and construction of new infrastructure. It aims to prioritise works according to key factors such as asset condition and safety, community priority and efficient service delivery. The LTFP is dependent on information provided in the SAMP to develop long term financial plans to deliver actions articulated in the SAMP.

The *Local Government Act 1993* states:

The following principles of sound financial management apply to councils:

- Council spending should be responsible and sustainable, aligning general revenue and expenses.
- Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- Councils should have effective financial and asset management, including sound policies and processes for the following:
  - performance management and reporting;
  - asset maintenance and enhancement;
  - funding decisions; and
  - risk management practices.
- Councils should have regard to achieving intergenerational equity, including ensuring the following:
  - policy decisions are made after considering their financial effects on future generations;
  - the current generation funds the cost of its services.

Over time, Council has greatly increased its assets, which has consequently increased its depreciation, operation and maintenance costs and contributed to the ageing asset base.

Infrastructure assets are a significant part of Council's operations with depreciation alone accounting for around 14-15% of Council's annual operating budget.

In order to manage this asset base, strategies and plans have been developed and designed to address issues regarding asset life cycles and risk. These strategies and



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plans ensure that priorities are aligned to organisational objectives. Finance and expenditure should also be planned and controlled in line with these priorities. Resources should be used as effectively and efficiently as possible and technical levels of service that relate to compliance requirements in legislation should be maintained.

The SAMP ensures Council's infrastructure, buildings and other assets are managed to an appropriate standard. The SAMP highlights, based on condition ratings, when and what assets require replacement and forecasts how that can be achieved in a financially sustainable manner. Key issues within the SAMP affecting the LTFP include:

- ensuring an appropriate amount of asset maintenance expenditure is allocated;
- there is an appropriate mix between asset renewal and the construction of new assets in order to meet community needs; and
- asset renewal programs are prioritised based on condition ratings.

The SAMP also estimates the levels of depreciation required for assets based on asset age, obsolescence and condition rating. Any change to the SAMP estimates would have a significant impact on Council's operating result.

The financial modelling suggests that the SAMP would affect each scenario as follows:

**Scenario 1 – Conservative**

Under this scenario, there would be an increase in the asset backlog due to financial constraints affecting Council's ability to service and renew its asset base. As a result the capital works and maintenance schedules would have to be scaled back in order to maintain financial sustainability.

**Scenario 2 – Standard**

Under this scenario, there would be no change to the capital works program outlined in the SAMP. Securing grants or the ability to use developer contributions may bring forward some works within the schedule.

**Scenario 3 – Strategic**

Under this scenario there is a \$25 million increase to the capital works program outlined in the SAMP across the 10 years. This is the only scenario out of the three scenarios that additional capital works will be undertaken, under this scenario Council will have an increased ability to renew its asset base. Securing grants or the ability to use developer contributions may bring forward some works within the schedule.

## **4. Planning Assumptions**

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Council's LTFP, associated scenarios and resulting financial models have been based on a number of key planning assumptions.

### **Service Levels**

For the conservative and standard scenarios, the LTFP is based on the assumption that the current levels relating to services is maintained in line with the CSP within the limits of available funding. The range of services is based on those identified as part of the community consultation process undertaken when developing the CSP, the Delivery Program and Operational plan as adopted by Council.

### **Infrastructure**

For all 3 scenarios the LTFP is based on the assumption that no major new capital works are undertaken in the next ten years other than those funded by Contribution Plans, Voluntary Planning Agreements and/or Reserves.

For new major works to be undertaken, existing planned asset renewal funding would need to be reallocated to those works or appropriate grant funding for the works being obtained.

### **Population Growth and Demographic changes**

The LTFP is based on existing local government area (LGA) boundaries and the assumption that Council's projected population movement over the next ten years will not be significant. This may result in an increasingly older population placing increased pressure on existing infrastructure and services.

### **Economic Growth**

The LTFP is based on moderate economic recovery for Council and the LGA as a result of COVID-19. However, as indicated in the CSP, Council will continue to focus on supporting business and local jobs through the tourism and economic strategies.

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The LTFP is based on stable interest rates and an investment portfolio reflecting projected income and expenditure. Interest rates during 2020/2021 were low due to reductions in the official cash rate. It is anticipated that rates will remain within 1-2% for the near future. Whilst it is recognised that interest rates will fluctuate over a ten year period, the financial modelling is based on an average constant interest rate over the LTFP timeframe.

**COVID 19**

All 3 scenarios assume that no services are closed as a result of COVID-19 infections with the level of economic recovery differing between the 3 scenarios.

## 5. Financial Position

The Balance Sheet discloses the assets, liabilities and equity of Council. The table below displays Council's reported Balance Sheet as at 30 June 2020.

Statement of Financial Position (Balance Sheet)	Actual 2020 \$'000
<b>Current Assets</b>	
Cash & Investments	43,377
Receivables	8,406
Inventories & Other Assets	6,095
<b>Total Current Assets</b>	<b>57,878</b>
<b>Non-Current Assets</b>	
Receivables	172
Inventories & Other Assets	9,857
Infrastructure, Property, Plant, Equipment, Intangibles & ROU Assets	1,049,748
Investments using the equity method	540
<b>Total Non-Current Assets</b>	<b>1,060,317</b>
<b>Total Assets</b>	<b>1,118,195</b>
<b>Current Liabilities</b>	
Payables & Contract liabilities	16,401
Provisions	16,566
Borrowings & Lease liabilities	4,126
<b>Total Current Liabilities</b>	<b>37,093</b>
<b>Non-Current Liabilities</b>	
Payables & Contract liabilities	3,280
Provisions	771
Borrowings & Lease liabilities	33,584
<b>Total Non-Current Liabilities</b>	<b>37,635</b>
<b>Total Liabilities</b>	<b>74,728</b>
Net Assets	1,043,467
<b>Equity</b>	<b>1,043,467</b>

As shown, Council's main assets and liabilities are:

- Cash & Investment
- Infrastructure, Property, Plant, Equipment, Intangibles & ROU Assets
- Borrowings & Lease Liabilities
- Provisions
- Trade Payables

The following discusses strategies, assumptions and risks in ensuring Council's balance sheet remains in a financially sustainable state.



### **5.1 Cash and Investments**

Maintaining adequate cash levels and cash flow is vital in ensuring Council can deliver service to the community. Council has policies in place to ensure its portfolio is managed appropriately however there are challenges with such restrictions. Council is required by statute or other external conditions to restrict assets (predominately cash and investments) for specific purposes in future periods. These restrictions are called Externally Restricted Assets. In addition to external restrictions Council, like other councils in NSW, has also resolved to hold assets in the same way to fund works or expenses in future periods.

Where the decision to restrict assets is made by Council and is not required by legally enforceable external conditions, it is referred to as an Internally Restricted Asset. Internally Restricted Assets held by Council currently fall into five groups (a listing and overview of each restricted asset is attached):

- Net revenue streams held for specific purpose
- Provisions held as cash to meet possible or probable future expense
- Allocations for future projects
- Allocations for asset maintenance
- Investment

In relation to externally restricted reserves, the LTFP reflects projected reserve movements and balances as determined by the programs' respective ten year plans. Internally restricted reserves over the next ten years are projected in line with the expected timing of the specific expenditure the reserves are aimed at funding.

A large part of Council's cash restrictions is to fund future capital work projects. A listing and policy statement on Council's cash reserves can be found at Appendix 1.

Under all scenarios there is no intention to change the level of cash restrictions provided that restricting the cash does not create undue cash flow pressures.

## **5.2    Infrastructure, Property, Plant and Equipment**

The Local Government Code of Accounting Practice and Financial Reporting states that comprehensive revaluations are to be undertaken on all assets at a minimum of every five years. Although historically the Office of Local Government (OLG) provided a fixed revaluation schedule, the OLG no longer mandates when each class of asset is subject to a comprehensive revaluation.

The financial modelling presented does not factor in any revaluation increases in any of the asset categories because of the difficulty in quantifying. Revaluations generally reflect the changes in market conditions or construction costs. As a result, revaluation increases can negatively impact on the rate of annual depreciation incurred, affecting Council's performance indicators.

A revaluation decrement can also indicate the decline in asset values, which can occur for a number of reasons. Decrements may indicate permanent impairment in the asset value and thus require a write down in its value. Such write downs have not been factored into any scenario.

Council also becomes liable for maintenance of assets and spaces provided and paid for by the developers of residential estates one year after they are created. There are a number of areas that have potential for future growth and potential for new residential estates to be built. Council may become liable for maintenance of assets and spaces provided by the developers of these residential estates.

At this stage these maintenance costs have not been quantified. When the costs are quantified, they will be included in future updates of the LTFP.

Future increases in the number of rate assessments has been estimated conservatively taking into consideration the environmental and conservation constraints placed on large scale residential and commercial developments in the Port Stephens LGA.

**5.2.1 Fleet Management**

Council is committed to ensuring that the current fleet of vehicles and machinery is appropriately maintained and replaced when economically feasible to do so. In line with the ten year fleet purchasing program, an annual sum of \$2.2m, in addition to any operating surplus achieved out of the fleet business unit, is recommended to be set aside from general revenue, to the Fleet Fund.

**5.2.2 Business technology**

As part of Council's ongoing service delivery, an annual sum of \$800,000 is made available from general revenue to the Business Technology Fund to provide an ongoing source of funds to ensure that Council's business technology is maintained at an appropriate level.

**5.3 Debt Management (Borrowings)****5.3.1 Borrowing Strategies**

Many NSW councils are debt averse and view the achievement of a low level of debt or even debt free status as a primary goal. Others see the use of loan funding as being a critical component of the funding mix to deliver much needed infrastructure to the community.

Council recognises that loan borrowings for capital works are an important funding source for local government and that the full cost of infrastructure should not be borne entirely by present day ratepayers but be contributed to by future ratepayers who will also benefit. This concept is frequently referred to as 'intergenerational equity'.

In combination, the financial sustainability ratios measure a council's ability to generate sufficient revenue to enable it to maintain asset renewal and maintenance at an optimum level and to use debt funding to spread the burden of the cost of long lived assets and its infrastructure backlog over a period of time to achieve intergenerational equity.

In this context, intergenerational equity means the consideration of the financial effects of Council decisions on future generations. Council's financial management strategies are aimed at achieving equity between generations of ratepayers whereby the mechanisms to fund specific capital expenditure and operations take into account the ratepayers who benefit from the expenditure and therefore on a user pays basis who should pay for the costs associated with such expenditure. Funding long lived infrastructure assets works through a program of borrowings over a number of years achieves intergenerational equity.

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Council will utilise loan funds to undertake capital works only when the asset is of a long term nature. The term of the loan will not exceed the useful life of the asset. A key performance measure of Council's debt strategy is the Debt Service Ratio.

### 5.3.2 Current Debt Portfolio

Historically, Council's policy regarding the use of loan funding was that loan funding is only available where the proposed expenditure will result in a future revenue stream that will fund the loan repayments. That is, its commercially focused activities such as the holiday parks, Newcastle Airport and the commercial property portfolio.

Council regularly reviews the loan portfolio for refinancing options where favourable outcomes are possible. During the 2020 financial year Council borrowed \$12.5 million to construct a mixture of public infrastructure and commercially focused assets. This saw Council's debt reach its highest ever-unconsolidated level. During 2021 no new loans have been introduced as Council has focused on reducing debt levels.

The table below outlines Council's position in respect of all interest bearing liabilities and the break down between loan borrowings and other long term debt during the past eight financial years.

Debt type	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2021 \$'000*
Loan borrowings	20,497	16,768	13,422	15,308	17,581	13,278	20,997	17,708
Other long term debt	6,548	6,365	6,290	6,250	6,250	6,250	11,850	11,850
<b>Total</b>	<b>27,045</b>	<b>23,133</b>	<b>19,712</b>	<b>21,558</b>	<b>23,831</b>	<b>19,528</b>	<b>32,847</b>	<b>29,558</b>

\* Estimated figure

### 5.3.3 Future loan strategies

Based on the current SAMP and delivery plan a loan has been factored in the year 2022 to fund the upgrade of Council's Depot & Admin building to the value of \$10m. Proceeds from royalties will be used to repay the loan over a period of 20 years. A further \$5m for public domain upgrades has been factored in for 2023 because of a notice of motion from Council. This loan will be repaid by an increase revenue received from SMART parking. No other new loans, which are directly related to Council, are scheduled under any scenario. However, loan funding will be assessed as a viable funding source for any new projects that are presented to Council.

Council's loan portfolio includes its consolidated portion of Newcastle Airport Partnership (NAP) and Greater Newcastle Aerotropolis Partnership (GNAP). Newcastle Airport is currently expanding which may require either entity to borrow funds in their own right to deliver infrastructure related projects. Any new debt would then be consolidated and displayed in Council's annual financial report.



## **5.4 Provisions**

Council's main form of provision relates to that of accrued employee leave entitlements. The growth of leave provisions are expensed as they are earned by the employee however the cash outflow may not happen for a period of time. This can expose Council to large sum payments upon employees leaving the organisation. As part of the Workforce Plan, Council has policies in place to ensure employees cannot accrue excessive amounts of leave however there are certain entitlements where employees cannot be directed to reduce. These provisions include:

### **5.4.1 Vested sick leave**

Staff employed by Council prior to or on 26 September 2000, who have not previously waived their right to this provision, continue to have an entitlement for the payment of unused sick leave arising out of the termination of employment. A provision for vested sick leave of \$2,962,000 has been included as a liability in the balance sheets of each scenario in this Plan. For the purpose of the forecast, payments from the provision have been estimated when the eligible employee reaches the age of 65.

### **5.4.2 Long Service Leave liability**

Long service leave entitlements are governed primarily by the *Long Service Leave Act 1955* and by conditions in the Port Stephens Council Enterprise Agreement 2018. Council has not actively required employees to take long service leave as it falls due however if the amount of liability becomes excessive it is likely that employees will be encouraged to keep balances within reasonable limits. A provision of \$8,242,000 has been included as a liability in the balance sheets of each scenario in this plan. For the purpose of the forecast, payments from the provision have been estimated when the eligible employee reaches the age of 65.

### **5.4.3 Local Government Superannuation fund deficiency**

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits.

Each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

Due to a fund deficiency, Council has been required to contribute additional funds to cover the deficiency between assets and accrued liabilities until it is rectified.

## 6. Financial Performance

Council generates revenue through the levying of general rates and annual charges, user fees, investment income, grants and other income sources.

The revenue generated from the various sources is used to deliver operational programs in line with the adopted CSP. Council's operating budgets are expended in maintaining the infrastructure in Port Stephens such as parks, recreational facilities, roads, bridges, community buildings and community facilities, and in delivering services in line with Council's adopted plans.

These funds are also required to deliver essential services to the community, including waste management services, and community and cultural services. Other services provided include city planning and support services. Apart from direct service delivery, Council also supports other bodies, including emergency services and recreational services by way of contributions and donations. Some expenditure items include employee costs, materials, contractors, legal expenses, utilities, contributions and insurance.

The tables below show Council's audited financial results for the 2019/2020 financial year.

Statement of Financial Performance (Income Statement)	Actual 2020 \$'000
<b>Income from continuing operations</b>	
Rates and annual charges	58,812
User charges and fees	41,465
Interest and investment revenue	884
Other revenues	2,877
Rental Income	4,154
Grants and contributions	37,155
Net gains from the disposal of assets	-
Fair value increment on investment properties	13
Net Share in Joint Venture Interest	540
<b>Total income from continuing operations</b>	<b>148,900</b>
<b>Expenses from continuing operations</b>	
Employee benefits and on-costs	49,812
Borrowing costs	797
Materials and contracts	39,023
Depreciation and amortisation	17,073
Other expenses	17,558
Net loss from the disposal of assets	2,570
Revaluation decrement / impairment of IPP&E	-
<b>Total expenses from continuing operations</b>	<b>128,833</b>
<b>Operating result from continuing operations</b>	<b>20,067</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(4,251)</b>

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**Potential Impacts on Income and Expenditure**

The projected income and expenditure could be impacted by the following:

- variations in underlying planning assumptions;
- changes to legislation and/or relevant regulations;
- future Council resolutions;
- major unplanned projects; and
- service level reviews arising from a community consultation process.
- service shutdown due to COVID-19

Should any of the above situations arise resulting in an impact on the LTFP, it is envisaged that those impacts are taken into account in future annual reviews of the LTFP.

The following analysis provides additional information on each class of income and expenditure shown in the income statement as well as highlighting past trends. A clear statement on future trends and economic assumptions is provided to assist the user of this plan in interpreting the projected outcomes.

**6.1 Income****6.1.1 Rates and charges****Ordinary Rates**

Approximately 30-40% of Council's annual operating income (not including capital) is derived from the levying of rates and charges. The following table shows the historical trend of rate increases (peg) over the past few years.

Financial Year	Rate Peg	No. Assessments†	Ordinary Rate Yield
2012-2013	3.68%	32,037	\$34,915,940
2013-2014	3.47%	32,128	\$36,263,573
2014-2015	2.34%	32,324	\$37,307,437
2015-2016	2.44%	32,671	\$38,490,462
2016-2017	1.83%	33,199	\$39,685,207
2017-2018	1.53%	33,608	\$40,767,105
2018-2019	2.32%	33,748	\$41,806,000
2019-2020	2.70%	34,290	\$43,572,563
2020-2021	2.60%	34,500	\$44,969,842
2021-2022*	2.00%	34,642	\$46,068,062

\* Estimated figures

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Council's rating strategy and structure is reviewed every year as part of the annual Operational Plan process. Council's proposed rating structure provides for three different categories of ordinary rates: residential, farmland and business. The rate type applicable to a particular property is determined on the basis of the property's rating categorisation. All properties are categorised in accordance with the provisions set out in the *Local Government Act 1993*.

**6.1.2 Comparison of rates with other councils**

Comparison of rating between councils is affected by the rating and charging strategies they have each adopted. Some councils rely solely on the ordinary rate for rate income while others levy special rates and annual charges for specific purposes that supplement ordinary rate income.

Income from ordinary rates, special rates and drainage services are subject to State government rate pegging while domestic waste management service annual charges are limited to recovering the reasonable cost of providing those services.

Councils may choose a mix of ordinary and special rates and vary those from year to year, however the annual increase in total rate income from all rates is not to exceed the percentage specified by IPART each year. Council currently has no special rates.

The Office of Local Government (OLG) publishes annual comparative information on council rating, financial indicators, service costs and service performance. The information is separated into 11 groups of similar councils based on size and character. Port Stephens Council is placed within OLG's Group 5. The data published by the OLG indicates Councils ordinary rates are low compared with other Hunter Councils and other Group 5 Councils.

**Rating assumptions**

Scenario 1 and 2 of the LTFP are based on the assumption that Council's rating structure remains unchanged over the next ten years. Any changes in the rating structure would not impact on the total revenue but merely redistribute the income amongst the different categories and sub-categories thereof. Council's rating income or notional yield may be increased from one year to the next up to the rate-pegging limit as determined by the IPART. Apart from grants and contributions, the next largest funding source of the capital works programs is rates. Due to rate pegging, Council's ability to increase the scale of the capital works program or introduce new and enhanced services is restricted.

**Scenario 1 – Conservative**

Under this scenario, only a 1.5% rate increase has been applied.



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**Scenario 2 – Standard**

Annual rate-pegging increases have been assumed at 2.0% for 2021/2022 based on the IPART's determination, and 2.0% each year for each consecutive year thereafter.

**Scenario 3 – Strategic**

Annual rate-pegging increases have been assumed at 2.0% for 2021/2022 based on the IPART's determination, and 2.5% each year for each consecutive year thereafter.

**Domestic Waste Charges**

Council's Domestic Waste Management Program is self-funded by way of an externally restricted reserve. The *Local Government Act 1993* limits annual domestic waste management charges to an amount sufficient to recover the costs of providing the service. As such, revenue from Council's annual domestic waste charges included in this LTFP is based on the projected full cost to provide the waste service over the next ten years. For the 2022 and 2023 financial years the projected charge per household is as follows:

Financial Year	Section 406 charge	Section 501 charge
2021-2022	\$475.00	\$105.00
2022-2023	\$495.00	\$118.50

It is to be noted that the projected increases in the domestic waste charges reflect increasing cost pressures within the waste services industry as well as projected increases in the Section 88 Waste and Environment Levy imposed on Council by NSW Government.

**6.1.2 User charges and fees**

For scenarios 2 and 3, user charges and fees have been modelled to increase by 2.5% per year for the life of this plan. This has been modelled off the inflation rate forecast by the Reserve Bank of Australia which is expected to be 2.5%.

**6.1.3 Other income**

Other income has been modelled to increase by between 2% and 3% per year for the life of this plan depending on the revenue stream. This income stream is less reliant on inflation therefore a more conservative increase has been used in comparison to the user charges and fees.

**6.1.4 Grants and contributions**

For scenarios 2 and 3, all operating grants and contributions with the exception of the Roads to Recovery Program grant have been modelled to increase by 2.2% per year for the life of this plan.

The NSW Government's Financial Assistance Grant program was paid in advance (50%) prior to the start of the 2018 financial year. It is expected that the payment

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schedule will revert back to being paid within the financial year that it relates. The Federal Government's Roads to Recovery Program reverted back to 2013-2014 levels of funding from 2021 and beyond.

Operating grants are quite unpredictable and if a grant has been received in one year there is no guarantee that it will be received again in the following year. Even though the modelling of future operating grants is contained in this plan if a significant number of operating grants are no longer received then the levels of service provided may need to be decreased.

The only capital grants or contributions that have been modelled in the LTFP are those grants confirmed for the immediate financial year, Section 7.11 Developer Contributions and dedicated subdivisions. Any un-forecasted capital grants or contributions that are received would be applied to the Capital Works Plus Program attached to the SAMP.

**6.1.5 Interest income**

The level of interest income is dependent on the forecasted cash levels in conjunction with an estimated rate of return. The rate of return has been linked to the expected rate of inflation set for each scenario.

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**6.2 Expenditure****6.2.1 Employee benefits****6.2.1.1 Port Stephens Council Enterprise Agreement**

The Port Stephens Council Enterprise Agreement (EA) applies to all employees of Port Stephens Council. A new agreement is under negotiation with a starting date of 1 July 2020. An increase factor has been assumed for the life of the plan tied to the rate peg that has been applied for that scenario. The projected expenditure is based on the current staff establishment.

**6.2.1.2 Compulsory Superannuation Guarantee rates increase**

The Federal government has changed the phasing of the increases in the Superannuation Guarantee rate as per the table below. The impact of this change has been factored into all three scenarios of the LTFP.

Year	Rate
2021-2022	10.00%
2022-2023	10.50%
2023-2024	11.00%
2024-2025	11.50%
2025-2026	12.00%

An increase of 0.5% in the superannuation guarantee rates equates to approximately \$250,000 each year.

**6.2.1.3 Learning and development**

Council's Workforce Plan identifies future skill and workforce requirements.

Council provides extensive learning and development opportunities and there are education and training opportunities for people of all ages. A yearly learning and development expenditure of \$318,000 has been included in the other expenses in the income statement of each scenario in this Plan.

**6.2.1.4 Workers compensation**

Council places a high priority on workplace safety, commitment to performing safety observations, reporting near misses and implementing many safe workplace policies. Workers Compensation premiums have been increasing in recent years due to significant one off claims. Whilst Council will maintain a strong commitment to worker safety and wellbeing, premiums have been modelled off known levels increasing with inflation. Increases in the premium beyond inflation will require a review of insurance strategies and service levels to ensure financial sustainability is maintained. Any reductions in the premium that does occur due to claims history will benefit Councils operating budget.

**6.2.2 Borrowing costs**

Council has taken advantage of a declining cash rate over the past two years by installing the majority of its loan portfolio at fixed interest rates. This allows for borrowing costs to be forecasted accurately using existing loan schedules, which remains the same across all three scenarios as well as providing security against impending cash rate increases. Council benchmarks the performance of its loans portfolio against the Reserve Bank of Australia's national average lending rate for large business.

**6.2.3 Materials and contracts**

The LTFP assumes that budgets are sufficient in order to meet service level expectations. Therefore material and contractor costs have been increased based on the Local Government Cost Index (LGCI) and Consumer Price Index (CPI) thereafter. An additional amount (between \$560,000 and \$750,000) has been made available every four years to allow for the outsourcing of local government elections.

**6.2.4 Depreciation**

Council's major non-cash operating expense is depreciation. Council infrastructure, property, plant, and equipment are depreciated using various methods which are specific to the asset category. These methods include, condition based, consumption based, straight line and diminishing value.

Condition based depreciation methods rely upon a known correlation between the physical characteristics of the asset (for example, cracking, rutting, roughness, oxidation) and the relevant remaining useful life.

Consumption-based depreciation is based on measuring the level of the asset's remaining service potential after taking into account both holistic and component specific factors. It relies upon the determination of a pattern of consumption consistent with the asset's residual value and path of transition through the various stages of an asset's lifecycle.

The straight line method of depreciation ensures that there will be no major peaks or troughs in depreciation expense from year to year as this method ensures a uniform rate of depreciation of infrastructure, property, plant and equipment.

The diminishing value method provides for a higher depreciation charge in the first year of an asset's life and gradually decreasing charges in subsequent years. It is based on the assumption that the asset loses most of its value as soon as it is put into use and the rate of depreciation then reduces over time.

For each scenario the growth in depreciation expense is linked to the annual investment in infrastructure, property, plant and equipment. The depreciation expense ignores the effect of any asset revaluation that is mandatory.



### **6.3 Other factors**

#### **6.3.1 Newcastle Airport Partnership & Greater Newcastle Aerotropolis Partnership**

Under the Australian Accounting Standards, Council is required to consolidate and report on its 50% proportionate ownership of Newcastle Airport Partnership (NAP) & Greater Newcastle Aerotropolis Partnership (GNAP). The consolidation process requires the net profit to be included in the income statement and any related transactions eliminated; e.g. the annual dividend. To calculate Council's underlying result the NAP & GNAP profit is deducted and the dividend received from NAP is added back.

Covid-19 has required NAP and GNAP to use a significant proportion of cash reserves. As a result, no dividend has been factored in under any scenario for 2022. Scenario 1 models no dividend until 2025 whilst Scenario's 2 & 3 model a fixed dividend allocation from 2023 onwards.

## 7. Financial Performance Indicators

### 7.1 Fit For The Future

The NSW Government's Fit For The Future (FFTF) Program aims to improve the strength and effectiveness of local government in providing services and infrastructure for the community. It is intended to ensure that councils will be financially sustainable into the future and more capable of being strategic partners with other levels of government. The FFTF Program requires councils to demonstrate that they have the capacity to generate sufficient income to fund the expenditure needed to deliver core services and maintain community assets to a satisfactory standard.

The table below shows Council's current performance against the NSW State Government's FFTF Program and have been taken from the 2019/2020 audited financial results.

Ratio	Benchmark	Actual 2020	Benchmark Met
Operating Performance Ratio (OPR)	>0%	(1.76)%	No
Own Source Revenue Ratio	>60%	74.63%	Yes
Debt Service Cover Ratio	>2x	2.49x	Yes
Asset Renewal Ratio	>=100%	157.37%	Yes
Infrastructure Backlog Ratio	<2%	1.73%	Yes
Asset Maintenance Ratio	>100%	98.93%	No

### 7.2 Additional Performance Monitoring

In addition to the annual FFTF Framework, Council also uses other financial performance indicators on a monthly and quarterly basis. These indicators are intended to be indicative of the financial health and good business management practices at Council.

The endorsed annual budgets aim to achieve identified financial indicator benchmarks. Consequently, budget control and monitoring is paramount for Council achieving the outcomes of the LTFP. Budgets are monitored internally on an on-going basis. Monthly financial reports are reported to senior management and Quarterly Budget Reviews are reported to Council every 3 months to inform on the progress against the adopted budgets.

Each of the following indicators is used in reviewing the reasonableness and financial sustainability of each scenario modelled.

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**Operating performance ratio**

Definition	This ratio measures a council's achievement of containing operating expenditure within operating revenue.  Ratio = Operating revenue excluding capital grants and contributions – operating expenses / operating revenue excluding capital grants and contributions.
Analysis	The Code of Accounting Practice and Financial Reporting uses a benchmark for the operating performance ratio of greater than 0%.

**Own source operating revenue ratio**

Definition	It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves the higher the level of its own source revenue.  Ratio = rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions).
Analysis	NSW Treasury Corporation uses a benchmark for the Own Source Revenue Ratio of greater than 60%.

**Debt service cover ratio**

Definition	This ratio measures the availability of cash to service debt including interest, principal and lease payments. Ratio = operating results before interest and depreciation (EBITDA) / principal repayments (from the Statement of Cash Flows) + borrowing interest costs (from the Income Statement).
Analysis	Council uses a benchmark for the Debt Service Cover Ratio of greater than zero.

**Asset Renewal Ratio**

Definition	The building and infrastructure renewals ratio represents the replacement or refurbishment of existing assets to an equivalent capacity or performance, as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance. The ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration.
Analysis	Performance of less than 100% indicates that a Council's existing assets are deteriorating faster than they are being renewed and that potentially council's infrastructure backlog is worsening. Councils with consistent asset renewals deficits will face degradation of building and infrastructure assets over time.

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**Infrastructure Backlog**

Definition	The infrastructure backlog ratio indicates the proportion of backlog against the total value of the Council's infrastructure assets. It is a measure of the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way. This measures how councils are managing their infrastructure which is so critical to effective community sustainability
Analysis	TCorp adopted a benchmark of less than 2% to be consistently applied across councils. The application of this benchmark reflects the State Government's focus on reducing infrastructure backlogs.

**Asset Maintenance Ratio**

Definition	The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance as measured by an individual council. The ratio provides a measure of the rate of asset degradation (or renewal) and therefore has a role in informing asset renewal and capital works planning.
Analysis	Performance of less than 100% indicates that a Council's existing assets are deteriorating faster than they are being renewed and that potentially council's infrastructure backlog is worsening. Councils with consistent asset renewals deficits will face degradation of building and infrastructure assets over time.

**Underlying Surplus**

Definition	The underlying surplus is a key measure of Council's true operating result. The calculation involves subtracting income and expenditure transactions that are abnormal in nature (eg disaster recovery efforts) and or as a result of a timing difference (eg capital grants).
Analysis	Performance of less than 100% indicates that a Council's existing assets are deteriorating faster than they are being renewed and that potentially council's infrastructure backlog is worsening. Councils with consistent asset renewals deficits will face degradation of building and infrastructure assets over time.

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**Cash expense cover ratio**

Definition	This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow. Ratio = current year's cash and cash equivalents / total expenses – depreciation – interest costs.
Analysis	NSW Treasury Corporation uses a benchmark for the cash expense ratio of greater than three.

**Rates and annual charges outstanding**

Definition	Used to assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.
Analysis:	The Office of Local Government states a maximum of 5% for metropolitan councils and 10% for all other councils.

The performance indicators for each scenario are projected in conjunction with the primary financial statements as appendices to the LTFP.



## 8. Financial Modelling Assumptions and Results

The LTFP is structured as a series of 'scenarios', each of which shows a specific financial outlook. Each of the scenarios relates to particular Council plans or policies. The scenarios are cumulative so that each scenario incorporates the assumptions and financial outcomes of the previous scenarios. The scenarios can also be looked at in isolation.

This iteration of the LTFP presents financial forecasts associated with the following scenarios:

Income	Conservative	Standard	Strategic
<b>Rates</b>			
Pegging factor applied 2021	1.5%	2.0%	2.0%
Ongoing peg factor beyond 2021	1.5%	2.0%	2.5%
New annual rates assessment	150	150	150
User fees and charges Annual factor	1.0%	2.0%	2.5%
Operating grants and Contributions Annual factor	1.5%	2.2%	2.5%
<b>Other</b>			
Cash investment returns	1.0%	2.0%	2.5%
Other income	1.0%	2.0%	2.5%
Rental income	2.0%	2.5%	3.0%
Airport dividend	Nil – first 3 years	Fixed Amount	Fixed Amount

Expenses	Conservative	Standard	Strategic
Salaries and allowances	1.5%	2.0%	2.5%
Materials and contracts	1.5%	2.0%	2.5%
Capital spend over 10 years	\$200m	\$225m	\$250m
Other expenses	1.5%	2.0%	2.5%
Enhanced services levels	-	Permanent increase by \$500k in the first year only	Continually increase by \$250k per year

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Projected Result	Conservative	Standard	Strategic
2021-2022	(1,025,006)	52,377	180,431
2022-2023	(1,698,937)	(490,302)	(364,670)
2023-2024	(2,718,074)	93,995	(329,488)
2024-2025	(1,888,843)	305,268	(615,628)
2025-2026	(1,904,932)	677,598	(737,119)
2026-2027	(2,117,621)	550,889	(1,061,041)
2027-2028	(2,083,729)	687,796	(1,138,274)
2028-2029	(2,359,970)	531,076	(1,521,193)
2029-2030	(2,278,996)	524,870	(1,579,731)
2030-2031	(2,483,168)	660,266	(1,915,065)

There are many factors that can affect Councils ability to meet all benchmarks which are outside of its control. Some of these factors include:

- Changes to State and Federal government policies;
- Natural disasters;
- Economic downturn;
- Cost shifting; and
- Low level rate pegging.

If any of these factors were to occur it would affect Councils forecasting and benchmarks. In turn this would require a of service levels to ensure Council remains financially sustainable. The base point used for modelling is the December Quarterly Budget Review for the financial year ended 30 June 2021.

The following information provide more detail on each financially model scenario.

#### Scenario 1 – Conservative

The Conservative Model represented in Scenario 1 reflects Council's financial position over a ten year period. The basis for the scenario is adopting an assumed 1.5% rate peg. The financial modelling indicates that the performance indicators of Council will not be met which would require a reduction in expenditure on infrastructure assets, or reducing services delivered to the community.

In summary, based on Council's projected income and expenditure over a ten year period, based on existing services and existing service levels, this will mean that Council has a funding gap in regard to its infrastructure funding. Council will therefore need to restrict the level of asset maintenance and renewal in line with funding available. This would be at the cost of rapidly deteriorating assets, therefore pushing the cost to the community potentially resulting in compromised safety and increased residents' dissatisfaction.

The main assumptions underpinning the Conservative model are as follows:

- rating income indexed by 1.5% from 2021/2022 onwards;

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- fees and charges indexed by 1.0%;
- current service levels maintained (non-infrastructure asset services);
- materials and contracts expenditures indexed by 1.5%;
- employee costs indexed by 1.5%;
- infrastructure asset maintenance costs based on asset planning models; and
- infrastructure asset renewal costs based on funding available after all other service levels have been maintained.

Under this Model, Council will not to generate sufficient revenue to renew infrastructure assets at the rate they are deteriorating. This Model demonstrates that based on current budget settings, Council may face an on-going sustainability challenge.

Under this Scenario, service rationalisation, such as closing down community facilities to obtain cost reductions, is highly likely to be required to ensure ongoing financial sustainability. In addition, the ongoing funding shortfall will result in continuing deterioration of the condition of the community infrastructure and therefore reduce service levels. For example, roads currently in a fair condition would slip into a poor condition if the optimal asset management intervention is not funded.

This Model places the Port Stephens Council financial sustainability in its current form at risk, and is therefore not the optimal long term model to pursue.

Financial modelling has been undertaken based on the assumptions above. A projected Income Statement, Capital Budget Statement, Balance Sheet and Cash Flow Statement and the resulting Sustainability Measures are included as Appendix 2: Conservative Model.

**Scenario 2 – Standard**

The Standard Model represented in Scenario 2 reflects Council's financial position over a ten year period based on all the FFTF indicators attempting to be met. The basis for the scenario is adopting an assumed full 2.0% rate peg along with other normal economic factors.

Under this scenario Council will attempt to reduce its infrastructure backlog and continue to renew infrastructure assets at the rate they are deteriorating provided sufficient funding levels are maintained.

Under this scenario Council can maintain its financial sustainability in its current form. This Model identifies however that there is minimal room to offer additional or enhanced service levels. Doing so without a compensating revenue increase or expenditure decrease would create financial stress on Council resources. This model would not be able to address any residents' expectations on increased service levels or fast tracking of asset renewal.

The main assumptions underpinning the Standard Model are as follows:

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- rating income indexed by estimated rate pegging of 2.0% from 2021/2022 onwards;
- fees and charges indexed by 2.0%;
- current service levels maintained (non-infrastructure asset services);
- materials and contracts expenditures indexed by 2.0%;
- employee costs indexed by 2.0%;
- infrastructure asset maintenance costs based on asset planning models; and
- infrastructure asset renewal costs based on funding available after all other service levels have been maintained.

Under this scenario Council will attempt to reduce its infrastructure backlog and continue to renew infrastructure assets at the rate they are deteriorating provided sufficient funding levels are maintained. A once off permanent increase of \$500,000 has been provided for to increase asset service levels in this scenario.

This Model also attempts to meet all the benchmarks over the set timeframe with a view that continued improvement program strategies will be delivered.

Financial modelling has been undertaken based on the assumptions above. A projected Income Statement, Balance Sheet and Cash Flow Statement and the resulting Sustainability Measures are included commencing on page 40.

**Scenario 3 – Strategic**

The Strategic Model represented in Scenario 3 reflects Council's financial position over a ten year period based on all the FFTF indicators attempting to be met. The basis for the scenario is adopting an assumed full 2.0% rate peg.

Under this scenario Council will attempt to reduce its infrastructure backlog and continue to renew infrastructure assets at the rate they are deteriorating provided sufficient funding levels are maintained. An additional \$250,000 increase each year to enhancing service level of assets has been provided in this scenario.

This model does address residents' expectations on increased service levels, however under this scenario Council cannot maintain its financial sustainability in its current form. This Model identifies that providing enhanced levels of service without a compensating revenue increase or expenditure decrease would create financial stress on Council resources.

The main assumptions underpinning the Strategic Model are as follows:

- rating income indexed by estimated rate pegging of 2.5% from 2022/2023 onwards;
- fees and charges indexed by 2.5%;
- service levels increased by \$200,000 per year (non-infrastructure asset services);
- materials and contracts expenditures indexed by 2.5%;

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- employee costs indexed by 2.5%;
- infrastructure asset maintenance costs based on asset planning models; and
- infrastructure asset renewal costs based on funding available after all other service levels have been maintained.

This Model also attempts to meet all the benchmarks over the set timeframe with a view that continued improvement program strategies will be delivered.

Financial modelling has been undertaken based on the assumptions above. A projected Income Statement, Balance Sheet and Cash Flow Statement and the resulting Sustainability Measures are included as Appendix 3: Strategic Model.



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## 9. Financial Statements – Standard Scenario

## 9.1 Standard Scenario – Income Statement

## INCOME STATEMENT

For the period ended 30 June

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>										
Rates & Annual Charges	66,079	67,554	69,058	70,592	72,157	73,753	75,381	77,041	78,735	80,463
User Fees and Charges	48,272	50,117	51,507	53,339	54,711	56,475	57,778	59,114	60,984	62,401
Interest & Investment Revenue	1,237	1,189	1,110	1,162	1,019	1,124	1,251	1,405	1,539	1,709
Other Revenues	3,919	3,997	4,077	4,158	4,242	4,326	4,413	4,501	4,591	4,683
Operating Grants and Contributions	12,214	12,482	12,757	13,038	13,325	13,618	13,917	14,223	14,536	14,856
Capital Grants and Contributions	12,122	7,212	7,356	7,503	7,653	7,806	7,962	8,121	8,284	8,450
Gain on Sale of assets	3,750	250	250	250	250	250	250	250	250	250
Other Income - Rental Income	4,219	4,346	4,476	4,610	4,749	4,891	5,038	5,189	5,344	5,505
Other Income - Fair Value increment	835	1,177	1,212	1,248	1,286	1,324	1,364	1,405	1,447	1,490
<b>Total Revenue</b>	<b>152,647</b>	<b>148,323</b>	<b>151,803</b>	<b>155,900</b>	<b>159,390</b>	<b>163,567</b>	<b>167,354</b>	<b>171,250</b>	<b>175,711</b>	<b>179,808</b>
<b>Operating Expenses</b>										
Employee Benefits & On-Costs	53,894	55,244	56,682	58,212	59,826	61,340	62,898	64,504	66,163	67,872
Borrowing Costs	872	775	739	658	383	457	396	335	312	259
Materials & Services	47,073	48,153	48,366	49,983	50,320	51,326	52,353	54,150	54,468	55,557
Depreciation & Amortisation	18,247	18,773	19,481	20,091	20,589	20,956	21,206	21,743	22,059	22,286
Other Expenses	15,507	15,869	16,182	16,552	16,878	17,212	17,550	17,910	18,274	18,645
<b>Total Operating Expenses</b>	<b>135,594</b>	<b>138,814</b>	<b>141,449</b>	<b>145,495</b>	<b>147,995</b>	<b>151,292</b>	<b>154,403</b>	<b>158,643</b>	<b>161,275</b>	<b>164,618</b>
<b>Operating Surplus / (Deficit)</b>	<b>17,053</b>	<b>9,509</b>	<b>10,353</b>	<b>10,405</b>	<b>11,395</b>	<b>12,275</b>	<b>12,951</b>	<b>12,607</b>	<b>14,436</b>	<b>15,190</b>
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>17,053</b>	<b>9,509</b>	<b>10,353</b>	<b>10,405</b>	<b>11,395</b>	<b>12,275</b>	<b>12,951</b>	<b>12,607</b>	<b>14,436</b>	<b>15,190</b>
<b>Net Operating Result before Capital Grants</b>	<b>4,931</b>	<b>2,297</b>	<b>2,998</b>	<b>2,902</b>	<b>3,742</b>	<b>4,469</b>	<b>4,989</b>	<b>4,485</b>	<b>6,152</b>	<b>6,740</b>
<b>Adjustments for Underlying Result</b>										
Gain on Sale of assets	(3,750)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Investment property fair value increases & royalty	(1,485)	(1,840)	(1,888)	(1,938)	(1,989)	(2,042)	(2,096)	(2,152)	(2,209)	(2,267)
NAP Profit	(244)	(1,198)	(1,765)	(2,559)	(2,825)	(3,626)	(3,955)	(4,303)	(5,169)	(5,563)
Local election costs	600	-	-	650	-	-	-	750	-	-
NAP dividend	-	500	1,000	1,500	2,000	2,000	2,000	2,000	2,000	2,000
<b>Underlying result</b>	<b>52</b>	<b>(490)</b>	<b>94</b>	<b>305</b>	<b>678</b>	<b>551</b>	<b>688</b>	<b>531</b>	<b>525</b>	<b>660</b>

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## 9.2 Standard Scenario – Balance Sheet

As at 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	23,705	19,767	22,372	15,205	20,464	26,836	34,501	41,225	49,731	62,733
Investments	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852
Receivables	10,157	10,515	10,832	11,197	11,519	11,885	12,208	12,538	12,926	13,272
Inventories & Other	6,095	6,095	6,095	6,095	6,095	6,095	6,095	6,095	6,095	6,095
<b>Total Current Assets</b>	<b>66,809</b>	<b>63,229</b>	<b>66,151</b>	<b>59,349</b>	<b>64,930</b>	<b>71,667</b>	<b>79,655</b>	<b>86,710</b>	<b>95,603</b>	<b>108,952</b>
<b>Non Current Assets</b>										
Infrastructure, Property, Plant & Equipment	1,043,926	1,058,022	1,061,618	1,065,003	1,068,243	1,071,396	1,074,775	1,078,031	1,081,310	1,081,789
Right of Use Asset	2,662	2,386	1,593	811	3,762	3,004	2,248	2,501	1,714	958
Investments using Equity Method	540	540	540	540	540	540	540	540	540	540
Inventories & Other	10,257	10,665	11,081	11,506	11,939	12,380	12,831	13,290	13,759	14,237
Investment Properties	39,220	40,396	41,608	42,856	44,142	45,466	46,830	48,235	49,682	51,173
Intangibles	5,890	5,354	4,906	4,532	4,222	3,965	3,755	3,583	3,446	3,336
<b>Total Non Current Assets</b>	<b>1,102,495</b>	<b>1,117,363</b>	<b>1,121,346</b>	<b>1,125,248</b>	<b>1,132,848</b>	<b>1,136,752</b>	<b>1,140,979</b>	<b>1,146,181</b>	<b>1,150,451</b>	<b>1,152,035</b>
<b>Total Assets</b>	<b>1,169,303</b>	<b>1,180,592</b>	<b>1,187,497</b>	<b>1,184,597</b>	<b>1,197,778</b>	<b>1,208,419</b>	<b>1,220,634</b>	<b>1,232,891</b>	<b>1,246,054</b>	<b>1,260,986</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	15,473	15,668	15,706	15,997	16,058	16,239	16,423	16,747	16,804	17,000
Lease liabilities	747	819	847	773	709	742	694	779	814	770
Borrowings	4,020	3,063	13,867	2,044	2,072	2,099	1,882	1,822	1,552	1,189
Provisions	13,035	13,560	13,545	14,217	14,646	14,725	15,713	15,709	16,027	16,910
<b>Total Current Liabilities</b>	<b>33,275</b>	<b>33,110</b>	<b>43,965</b>	<b>33,031</b>	<b>33,484</b>	<b>33,804</b>	<b>34,712</b>	<b>35,056</b>	<b>35,197</b>	<b>35,871</b>
<b>Non Current Liabilities</b>										
Trade & Other Payables	2,189	1,644	1,098	553	7	0	0	0	0	0
Lease liabilities	1,915	1,566	746	38	3,053	2,263	1,554	1,723	900	189
Borrowings	32,159	34,096	20,229	18,184	16,113	14,014	12,132	10,310	8,758	7,569
Provisions	1,751	2,653	3,582	4,509	5,444	6,386	7,332	8,291	9,252	10,222
<b>Total Non Current Liabilities</b>	<b>38,013</b>	<b>39,959</b>	<b>25,655</b>	<b>23,283</b>	<b>24,617</b>	<b>22,663</b>	<b>21,018</b>	<b>20,324</b>	<b>18,910</b>	<b>17,980</b>
<b>Total Liabilities</b>	<b>71,288</b>	<b>73,068</b>	<b>69,620</b>	<b>56,315</b>	<b>58,101</b>	<b>56,467</b>	<b>55,731</b>	<b>55,380</b>	<b>54,108</b>	<b>53,851</b>
<b>Net Assets</b>	<b>1,098,015</b>	<b>1,107,524</b>	<b>1,117,877</b>	<b>1,128,283</b>	<b>1,139,677</b>	<b>1,151,952</b>	<b>1,164,904</b>	<b>1,177,511</b>	<b>1,191,946</b>	<b>1,207,135</b>
<b>EQUITY</b>										
Accumulated Surplus	694,798	704,307	714,661	725,067	736,461	748,735	761,687	774,295	788,730	803,918
Asset Revaluation Reserves	403,217	403,217	403,217	403,217	403,217	403,217	403,217	403,217	403,217	403,217
<b>Total Equity</b>	<b>1,098,015</b>	<b>1,107,524</b>	<b>1,117,878</b>	<b>1,128,284</b>	<b>1,139,678</b>	<b>1,151,952</b>	<b>1,164,904</b>	<b>1,177,512</b>	<b>1,191,947</b>	<b>1,207,135</b>

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## 9.3 Standard Scenario – Statement of Cash flows

## CASHFLOW STATEMENT

For the period ended 30 June

## Cash Flows from Operating Activities

## Receipts:

	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000	2031 \$'000
Rates & Annual Charges	64,640	67,195	68,741	70,227	71,834	73,387	75,058	76,711	78,348	80,115
User Charges & Fees	48,272	50,117	51,507	53,339	54,711	56,475	57,778	59,114	60,984	62,401
Interest & Investment Revenue Received	1,237	1,189	1,110	1,162	1,019	1,124	1,251	1,405	1,539	1,709
Grants & Contributions	21,735	17,041	17,407	17,780	18,162	18,552	18,950	19,357	19,773	23,306
Other Income - Rental Income	4,219	4,346	4,476	4,610	4,749	4,891	5,038	5,189	5,344	5,505
Other	3,919	3,997	4,077	4,158	4,242	4,326	4,413	4,501	4,591	4,683

## Payments:

Employee Benefits & On-Costs	(52,134)	(56,672)	(57,597)	(59,810)	(61,191)	(62,361)	(64,832)	(65,460)	(67,442)	(69,725)
Materials & Contracts	(47,679)	(47,802)	(47,859)	(49,729)	(49,835)	(51,500)	(52,538)	(54,473)	(54,525)	(55,754)
Borrowing Costs	(872)	(775)	(739)	(658)	(383)	(457)	(396)	(335)	(312)	(259)
Other	(18,633)	(13,823)	(15,286)	(13,809)	(15,128)	(14,791)	(13,328)	(15,414)	(15,487)	(14,488)

## Net Cash provided (or used in) Operating Activities

24,704	24,813	25,837	27,272	28,181	29,645	31,395	30,595	32,813	37,495
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## Cash Flows from Investing Activities

## Receipts:

Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	3,750	250	250	250	250	250	250	250	250	250

## Payments:

Purchase of Investment Securities										
Purchase of Real Estate Assets	(400)	(408)	(416)	(424)	(433)	(442)	(450)	(459)	(469)	(478)
Purchase of Infrastructure, Property, Plant & Equipment	(27,602)	(28,418)	(18,768)	(19,125)	(19,489)	(19,860)	(20,239)	(20,625)	(21,019)	(21,421)
Purchase of Intangible Assets	(400)	(408)	(416)	(424)	(433)	(442)	(450)	(459)	(469)	(478)

## Net Cash provided (or used in) Investing Activities

(24,652)	(28,984)	(19,350)	(19,724)	(20,105)	(20,493)	(20,890)	(21,294)	(21,706)	(22,127)
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## Cash Flows from Financing Activities

## Payments:

New Borrowings	10,000	5,000								
Repayment of leases principal	(28)	(747)	(819)	(847)	(773)	(709)	(742)	(694)	(779)	(814)
Repayment of Borrowings & Advances	(3,380)	(4,020)	(3,063)	(13,867)	(2,044)	(2,072)	(2,099)	(1,882)	(1,822)	(1,552)

## Net Cash Flow provided (used in) Financing Activities

6,592	233	(3,882)	(14,714)	(2,817)	(2,780)	(2,841)	(2,576)	(2,601)	(2,366)
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## Net Increase/(Decrease) in Cash &amp; Cash Equivalents

6,644	(3,939)	2,605	(7,166)	5,259	6,372	7,665	6,724	8,506	13,002
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## plus: Cash - beginning of year

17,061	23,705	19,767	22,372	15,205	20,464	26,836	34,501	41,225	49,731
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## Cash - end of the year

23,705	19,767	22,372	15,205	20,464	26,836	34,501	41,225	49,731	62,733
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## plus: Investments - end of the year

26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852
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## Total Cash &amp; Investments - end of the year

50,557	46,619	49,224	42,057	47,316	53,688	61,353	68,077	76,583	89,585
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## Less restricted Cash (NAL)

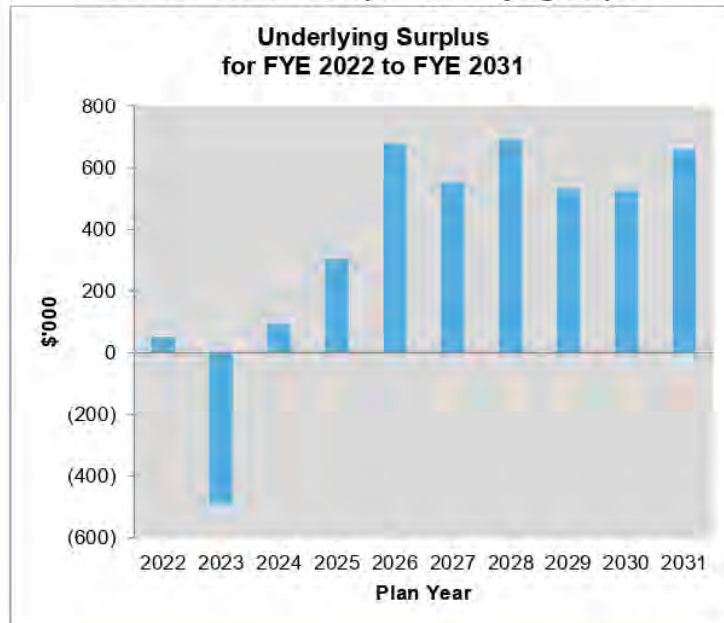
(17,251)	(17,637)	(17,820)	(6,452)	(6,720)	(7,805)	(9,232)	(11,017)	(13,675)	(16,734)
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## Cash, Cash Equivalents &amp; Investments - end of the year

33,307	28,981	31,404	35,606	40,596	45,883	52,121	57,060	62,908	72,851
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#### 9.4 Standard Scenario – Graphs

Standard Scenario Graph – Underlying Surplus

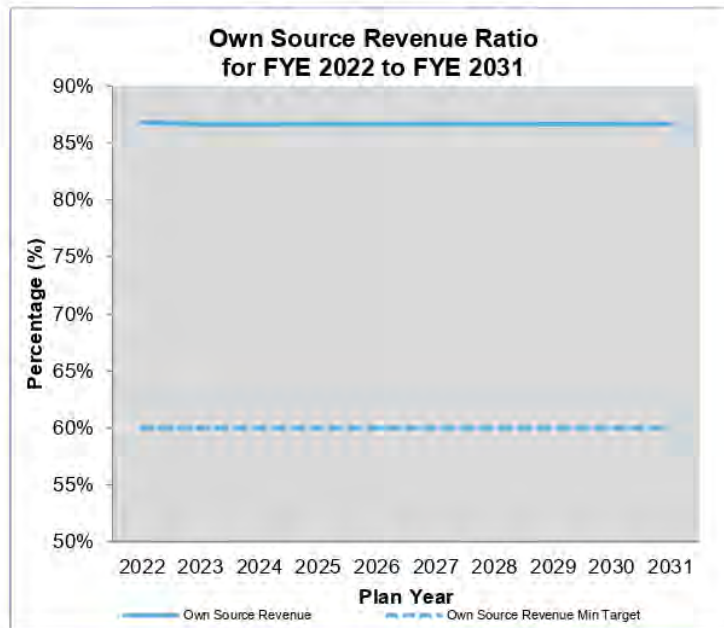


Standard Scenario Graph - Operating Performance Ratio

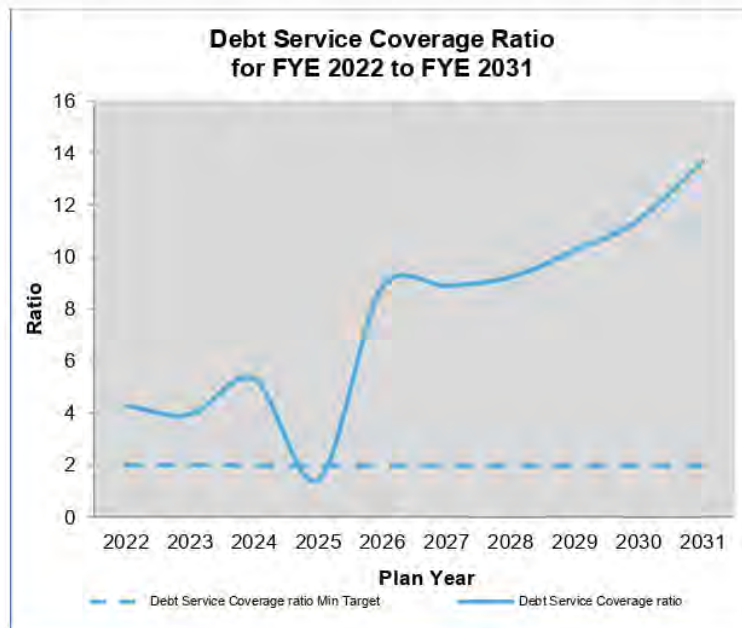


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Standard Scenario Graph – Own Source Revenue Ratio



Standard Scenario Graph – Debt Service Coverage Ratio

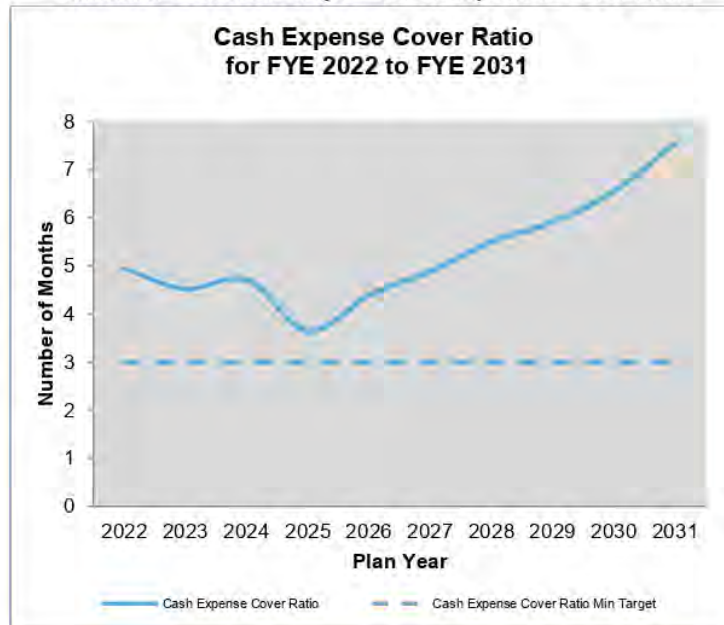


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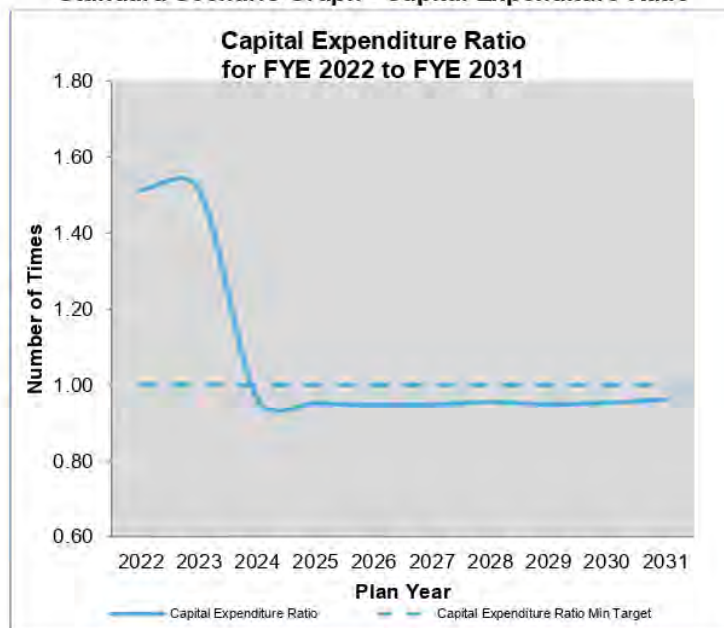


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Standard Scenario Graph - Cash Expense Cover Ratio



Standard Scenario Graph - Capital Expenditure Ratio



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## Appendices

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### Appendix 1: Statement of Restricted Cash

Councils in NSW have traditionally operated with Restricted Asset funds that are amounts of money set aside for specific purposes in later years. In general, these funds do not have bank accounts of their own but are a theoretical split up of the accumulated cash surplus that a council has on hand.

#### Background

Local government will continue into the foreseeable future to be challenged by a tightening cash position through increasing demands for cash for daily operations, restricted rate income levels, increasing demands for expenditure on new infrastructure and the maintenance and rehabilitation of existing infrastructure. Port Stephens Council is certainly subject to these same pressures, exacerbated by high growth in population and development activity, significant environmental responsibilities and an added responsibility as a quality tourist destination.

A strategic financial response to these pressures is necessary for Port Stephens Council to remain a sustainable community leader.

#### Objective

Council will from time to time decide, or be required by legislation, to set aside funds for specific purposes for which clear guidelines are set to ensure Council's cash position and investment portfolio are adequate and managed responsibly.

#### Principles

- Council is the custodian of financial and built assets on behalf of the Port Stephens community;
- Council provides works, services and facilities to the community through limited financial means;
- Council is required to operate within the framework and supporting guidelines of:
  - *Local Government Act 1993*;
  - Local Government Code of Accounting Practice and Financial Reporting;
  - Local Government Asset Accounting Manual;
  - Australian Accounting Standards.
- A strategic financial plan and associated policies are required to support Council's service delivery and asset management strategies, ensuring long term financial viability.

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- Council will set aside funds as required by specific legislation. These funds will be managed and accounted for so as to comply with the relevant legislation;
- Council will also from time to time set aside additional funds for Council's specific purposes;
- Restricted funds will be reported in the Annual Financial Statements and reviewed annually against the specified requirements of each fund;
- Restricted funds will be reviewed quarterly against the annual budget by the Section Manager accountable for that fund;
- Each specific fund shall be approved by Council and must be supported by a statement which outlines the following:
  - Purpose of Restricted Funds;
  - Source of funds;
  - The apportionment of interest earned on cash held for that fund;
  - A specific statement including targets, sinking funds, timeframes for accumulation and expenditure of funds;
  - Accountability for the collection, management and expenditure of that fund;
  - Relevant legislation or Council Minute supporting the creation of the fund;
- Creation of all restricted funds shall be in accordance with this policy;
- Expenditure of Restricted Funds shall be in strict accordance with the approved budget, and expenditure shall not exceed funds available without specific Council Resolution;
- Budgeting for the expenditure of profits from land development activities will only occur after the physical receipt of sale proceeds by Council; and
- All Restricted Funds are to be 100% cash backed.

**Related Council policies**

- Cash Investment Policy
- Property Investment Policy
- Community Groups Loans Policy
- Land Acquisition and Divestment Policy

**Review date**

Review of this policy will be undertaken 12 months after the date of its adoption by Council. Should amendments to the relevant legislation occur within that 12 month period, review will take place as near as possible to the commencement of such amendments.

**ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.****Relevant legislative provisions**

- *Local Government Act (NSW) 1993*
- *Code of Accounting Practice and Financial Reporting*
- *Environmental Planning and Assessment Act (NSW) 1979*
- *Crown Lands Act (NSW) 1989*
- *Department of Lands – Crown Lands Caravan Park Policy (April 1990)*

**Implementation responsibility**

Financial Services Section

**Definitions**

**Externally Restricted Funds** refers to those funds which have an external restriction, whether by statute or otherwise, which governs the management of money held within the fund.

**Internally Restricted Funds** refers to those funds which Council has resolved to set up, to hold monies for specific purposes. The operation of such funds is solely governed by Council.

**Internal Pooling** refers to those monies transferred within Council to cover identified projects, where the money is to be repaid to the restricted fund from a specified source. Internal pooling is subject to specific Council approval and must demonstrate that the pooling of monies for the project will not be unreasonably, over a period of time, prejudice to other future projects.

The following section outlines what restricted assets Council currently holds, their purpose and recommendations for their future.

**Nature and purpose of current restricted assets**

The more material current restricted asset funds held by Port Stephens Council are:

- Deposits, retentions and bonds;
- Bonds held for developers' works;
- Section 7.11 & 7.12 developer contributions;
- Specific purpose unexpended grants;
- Domestic waste management;
- Crown Reserves;
- Employee leave entitlements;
- Capital asset restricted asset/asset rehabilitation;
- Drainage restricted assets;
- Election restricted assets;
- Business technology fund;
- Newcastle Airport Partnership;
- Fleet;
- Section 355c committees;
- Unexpended loan funds;
- Community loans;

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- Parking meters;
- Commercial properties;
- Other waste;
- Sustainable energy and water;
- Roads/environmental special rate;
- Administration building;
- Ward funds.

**Deposits, retentions and bonds**

Purpose	An external restriction is placed on deposits, retentions and bonds held by Council.
Source of Funds	Any person or company that has paid a deposit, retention monies or bond to Council.

**Bonds held for developers' works**

Purpose	An external restriction is placed on bonds held by Council.
Source of Funds	Any developer that has paid a bond to Council.

**Section 7.11 & 7.12 developer contributions**

Purpose	Section 7.11 & 7.12 of the <i>Environmental Planning &amp; Assessment Act 1979</i> enables Council to levy contributions because of development. These contributions are essential in providing quality facilities and services to an expanding local population. The Act requires Council to set these funds aside to be used specifically for the provision of these facilities and services.
Source of Funds	Developer contributions as levied in accordance with Council's adopted Section 7.11 Plan.

**Specific purpose unexpended grants**

Purpose	An external restriction is placed on grant funding that has been received for a specific purpose that has not been spent by the end of the financial year.
Source of Funds	Grant funding that is for a specific purpose is provided to Council from various sources.

**Domestic waste management**

Purpose	By virtue of Section 496 of the <i>Local Government Act 1993</i> (as amended), Council must levy a separate charge for domestic waste management services, which include garbage and recycling services. Under the legislation Council cannot finance these services from ordinary rates so the charge must be
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	sufficient to recover reasonable costs of providing these services. Council is obliged to set these funds aside and use them for their specific purpose.
Source of Funds	Domestic Waste Services & Management Levy.

**Crown Reserves**

Purpose	Net profits from Holiday Parks and parking meters on Crown Land are retained for reinvestment back into Holiday Parks or other assets on Crown Land.
Source of Funds	Surplus from the Holiday Parks on Crown Land.

**Employee leave entitlements**

Purpose	To provide funds for employee leave entitlements which have been accrued but not yet paid.
Source of Funds	General revenue.

**Capital restricted assets/asset rehabilitation**

Purpose	This restricted asset is to set aside monies for major capital works projects.
Source of Funds	Various sources.

**Drainage restricted assets**

Purpose	This restricted asset is to set aside funds to fund drainage works.
Source of Funds	Various sources.

**Election restricted assets**

Purpose	To provide funds for the Local Government Elections which are conducted every four years.
Source of Funds	Funds provided annually from general revenue.

**Business technology fund**

Purpose	This restricted asset is to fund the information technology needs of Council.
Source of Funds	General revenue.

**Newcastle Airport Partnership**

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Purpose	To set aside Council's share of Newcastle Airport Partnership's cash, cash equivalents and investments.
Source of Funds	Newcastle Airport Partnership.

**Fleet**

Purpose	To provide funds for the purchase of fleet assets.
Source of Funds	General revenue.

**Section 355c committees**

Purpose	Section 355(c) of the <i>Local Government Act, 1993</i> allows Council to delegate certain functions. A section 355(c) Committee is an entity of Port Stephens Council and as such is subject to the same legislation, accountability and probity requirements as Council. Funds are set aside for Section 355(c) purposes.
Source of Funds	Various sources.

**Unexpended loan funds**

Purpose	To restrict the use of cash which has been borrowed externally for a specific purpose but not yet spent.
Source of Funds	Funds borrowed from banks.

**Community loans**

Purpose	To provide loan funds for community recreational groups to assist with major asset upgrades on Council owned property.
Source of Funds	General revenue.

**Parking meters**

Purpose	This restricted asset is to set aside funds that are collected from parking meters on Council land to fund future works.
Source of Funds	General revenue.

**Commercial properties**

Purpose	To set aside net proceeds received from commercial investment property and property development to fund future commercial investments.
Source of Funds	Surplus from investment property portfolio

**ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.****Other waste**

Purpose	To set aside the net proceeds from the Salamander Waste Transfer Station to fund future works.
Source of Funds	General revenue.

**Sustainable energy and water**

Purpose	To provide a pool of funds that could be used to attract further funding for sustainable developments on Council owned properties.
Source of Funds	General revenue.

**Roads/environmental special rate**

Purpose:	To set aside revenue received from the roads and environmental special rate for those specific purposes.
Source of Funds:	General revenue.

**Administration Building**

Purpose	To provide funds for future upgrade and improvement works to the Administration Building.
Source of Funds	General revenue.

**Ward funds**

Purpose	To provide an annual allocation of funds to assist Councillors to provide facilities in each ward under section 356 of the local government Act.
Source of Funds	General revenue allocation and an allocation of net proceeds from the sale of commercially developed property.

## Appendix 2: Scenario 1: Conservative

### 2.1 Introduction

Scenario 1 of the LTFP shows the financial results of applying the following assumptions:

Income	Conservative
<b>Rates</b>	
Pegging factor applied 2021	1.5%
Ongoing peg factor beyond 2021	1.5%
New annual rates assessment	150
User fees and charges Annual factor	1.0%
Operating grants and Contributions Annual factor	1.5%
<b>Other</b>	
Cash investment returns	1.0%
Other income	1.0%
Rental income	2.0%
Airport dividend	Nil – first 3 years
<b>Expenses</b>	<b>Conservative</b>
Salaries and allowances	1.5%
Materials and contracts	1.5%
Capital spend over 10 years	\$200m
Other expenses	1.5%
Enhanced services levels	-

### 2.2 Financial Results

In Scenario 1 the forecast underlying result is regularly in deficit resulting in a substantial loss over the 10 years. The financial modelling suggests this Scenario is not financially sustainable due to the cumulative deficit which would require a review of service levels and infrastructure investment.

## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

## 2.3 Financial Statements

## Scenario 1: Conservative – Income Statement

## INCOME STATEMENT

For the period ended 30 June

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>										
Rates & Annual Charges	65,379	66,512	67,662	68,829	70,014	71,216	72,437	73,675	74,933	76,209
User Fees and Charges	47,526	48,658	49,280	50,316	50,858	51,911	52,471	53,036	54,108	54,692
Interest & Investment Revenue	1,225	671	613	630	544	576	617	668	706	758
Other Revenues	3,881	3,920	3,959	3,999	4,039	4,079	4,120	4,161	4,203	4,245
Operating Grants and Contributions	12,117	12,299	12,484	12,671	12,861	13,054	13,250	13,448	13,650	13,855
Capital Grants and Contributions	12,122	7,212	7,356	7,503	7,653	7,806	7,962	8,121	8,284	8,450
Gain on Sale of assets	3,750	250	250	250	250	250	250	250	250	250
Other Income - Rental Income	4,199	4,324	4,454	4,588	4,725	4,867	5,013	5,164	5,319	5,478
Other Income - Fair Value increment	826	784	800	816	832	849	866	883	901	919
<b>Total Revenue</b>	<b>151,025</b>	<b>144,630</b>	<b>146,857</b>	<b>149,602</b>	<b>151,775</b>	<b>154,609</b>	<b>156,986</b>	<b>159,407</b>	<b>162,353</b>	<b>164,855</b>
<b>Operating Expenses</b>										
Employee Benefits & On-Costs	53,630	54,708	55,837	57,020	58,250	59,189	60,157	61,155	62,188	63,253
Borrowing Costs	872	775	739	658	383	457	396	335	312	259
Materials & Services	47,073	47,170	47,878	49,246	49,325	50,065	50,816	52,328	52,352	53,137
Depreciation & Amortisation	18,247	18,773	19,480	20,054	20,514	20,843	21,051	21,547	21,618	22,002
Other Expenses	15,507	15,792	16,024	16,311	16,550	16,795	17,041	17,306	17,570	17,839
<b>Total Operating Expenses</b>	<b>135,329</b>	<b>137,218</b>	<b>139,957</b>	<b>143,288</b>	<b>145,022</b>	<b>147,350</b>	<b>149,461</b>	<b>152,671</b>	<b>154,040</b>	<b>156,490</b>
<b>Operating Surplus / (Deficit)</b>	<b>15,696</b>	<b>7,412</b>	<b>6,900</b>	<b>6,313</b>	<b>6,753</b>	<b>7,259</b>	<b>7,524</b>	<b>6,736</b>	<b>8,313</b>	<b>8,365</b>
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>15,696</b>	<b>7,412</b>	<b>6,900</b>	<b>6,313</b>	<b>6,753</b>	<b>7,259</b>	<b>7,524</b>	<b>6,736</b>	<b>8,313</b>	<b>8,365</b>
<b>Net Operating Result before Capital Grants</b>	<b>3,574</b>	<b>200</b>	<b>(456)</b>	<b>(1,190)</b>	<b>(900)</b>	<b>(547)</b>	<b>(438)</b>	<b>(1,385)</b>	<b>29</b>	<b>(85)</b>
<b>Adjustments for Underlying Result</b>										
Gain on Sale of assets	(3,750)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Investment property fair value increases & royalty	(1,470)	(1,109)	(1,128)	(1,148)	(1,167)	(1,187)	(1,208)	(1,228)	(1,250)	(1,271)
NAP Profit	21	(540)	(884)	(1,452)	(1,588)	(2,133)	(2,188)	(2,246)	(2,808)	(2,878)
Local election costs	600	-	-	650	-	-	-	750	-	-
NAP dividend	-	-	-	1,500	2,000	2,000	2,000	2,000	2,000	2,000
<b>Underlying result</b>	<b>(1,025)</b>	<b>(1,699)</b>	<b>(2,718)</b>	<b>(1,889)</b>	<b>(1,905)</b>	<b>(2,118)</b>	<b>(2,084)</b>	<b>(2,360)</b>	<b>(2,279)</b>	<b>(2,483)</b>

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## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

## Scenario 1: Conservative – Balance Sheet

STATEMENT OF FINANCIAL POSITION  
As at 30 June:

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	22,438	16,642	18,411	9,725	13,015	17,097	22,146	25,957	31,200	40,537
Investments	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852
Receivables	10,002	10,247	10,443	10,682	10,873	11,118	11,316	11,516	11,769	11,976
Inventories & Other	6,095	6,095	6,095	6,095	6,095	6,095	6,095	6,095	6,095	6,095
<b>Total Current Assets</b>	<b>65,387</b>	<b>59,836</b>	<b>61,801</b>	<b>53,353</b>	<b>56,835</b>	<b>61,162</b>	<b>66,408</b>	<b>70,420</b>	<b>75,916</b>	<b>85,460</b>
<b>Non Current Assets</b>										
Infrastructure, Property, Plant & Equipment	1,043,926	1,058,014	1,059,485	1,060,658	1,061,599	1,062,361	1,063,257	1,063,935	1,064,739	1,062,440
Right of Use Asset	2,662	2,386	1,593	811	3,762	3,004	2,248	2,501	1,714	958
Investments using Equity Method	540	540	540	540	540	540	540	540	540	540
Inventories & Other	10,257	10,663	11,075	11,493	11,918	12,349	12,786	13,230	13,681	14,138
Investment Properties	39,211	39,996	40,796	41,612	42,444	43,293	44,158	45,042	45,943	46,861
Intangibles	5,890	5,352	4,901	4,522	4,206	3,942	3,723	3,543	3,396	3,276
<b>Total Non Current Assets</b>	<b>1,102,486</b>	<b>1,116,951</b>	<b>1,118,389</b>	<b>1,119,636</b>	<b>1,124,468</b>	<b>1,125,489</b>	<b>1,126,714</b>	<b>1,128,792</b>	<b>1,130,012</b>	<b>1,128,214</b>
<b>Total Assets</b>	<b>1,167,874</b>	<b>1,176,787</b>	<b>1,180,190</b>	<b>1,172,989</b>	<b>1,181,303</b>	<b>1,186,651</b>	<b>1,193,122</b>	<b>1,199,211</b>	<b>1,205,928</b>	<b>1,213,674</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	15,473	15,491	15,618	15,864	15,879	16,012	16,147	16,419	16,423	16,565
Lease liabilities	747	819	847	773	709	742	694	779	814	770
Borrowings	4,020	3,063	13,867	2,044	2,072	2,099	1,882	1,822	1,552	1,189
Provisions	12,996	13,481	13,398	13,983	14,318	14,260	15,081	14,939	15,104	15,803
<b>Total Current Liabilities</b>	<b>33,237</b>	<b>32,854</b>	<b>43,731</b>	<b>32,664</b>	<b>32,977</b>	<b>33,113</b>	<b>33,804</b>	<b>33,959</b>	<b>33,893</b>	<b>34,328</b>
<b>Non Current Liabilities</b>										
Trade & Other Payables	2,189	1,644	1,098	553	7	0	0	0	0	0
Lease liabilities	1,915	1,566	746	38	3,053	2,263	1,554	1,723	900	189
Borrowings	32,159	34,096	20,229	18,184	16,113	14,014	12,132	10,310	8,758	7,569
Provisions	1,716	2,557	3,417	4,266	5,116	5,966	6,813	7,663	8,508	9,355
<b>Total Non Current Liabilities</b>	<b>37,979</b>	<b>39,863</b>	<b>25,489</b>	<b>23,041</b>	<b>24,289</b>	<b>22,243</b>	<b>20,499</b>	<b>19,696</b>	<b>18,167</b>	<b>17,114</b>
<b>Total Liabilities</b>	<b>71,216</b>	<b>72,717</b>	<b>69,220</b>	<b>55,705</b>	<b>57,266</b>	<b>55,356</b>	<b>54,303</b>	<b>53,655</b>	<b>52,060</b>	<b>51,441</b>
<b>Net Assets</b>	<b>1,096,658</b>	<b>1,104,070</b>	<b>1,110,970</b>	<b>1,117,284</b>	<b>1,124,037</b>	<b>1,131,296</b>	<b>1,138,820</b>	<b>1,145,556</b>	<b>1,153,869</b>	<b>1,162,233</b>
<b>EQUITY</b>										
Accumulated Surplus	693,441	700,853	707,754	714,068	720,821	728,079	735,603	742,340	750,653	759,016
Asset Revaluation Reserves	403,217	403,217	403,217	403,217	403,217	403,217	403,217	403,217	403,217	403,217
<b>Total Equity</b>	<b>1,096,658</b>	<b>1,104,070</b>	<b>1,110,971</b>	<b>1,117,285</b>	<b>1,124,038</b>	<b>1,131,296</b>	<b>1,138,820</b>	<b>1,145,557</b>	<b>1,153,870</b>	<b>1,162,233</b>

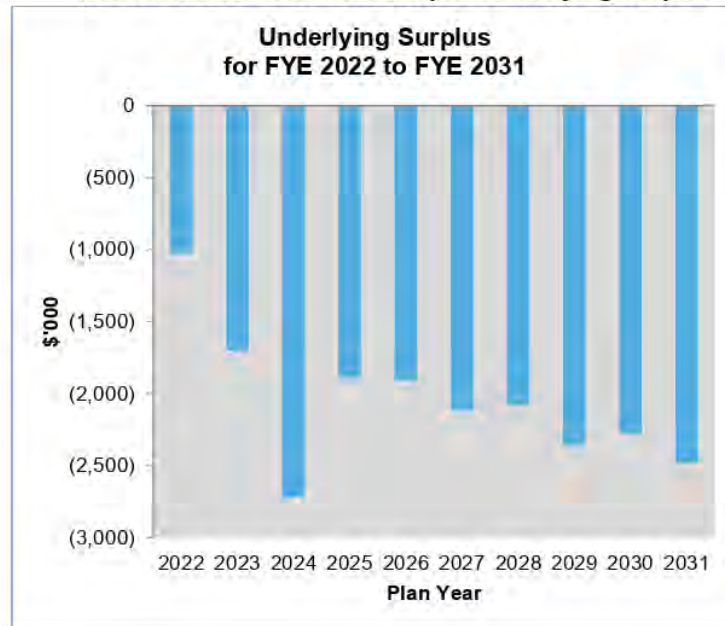
## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

## Scenario 1: Conservative – Statement of Cash Flows

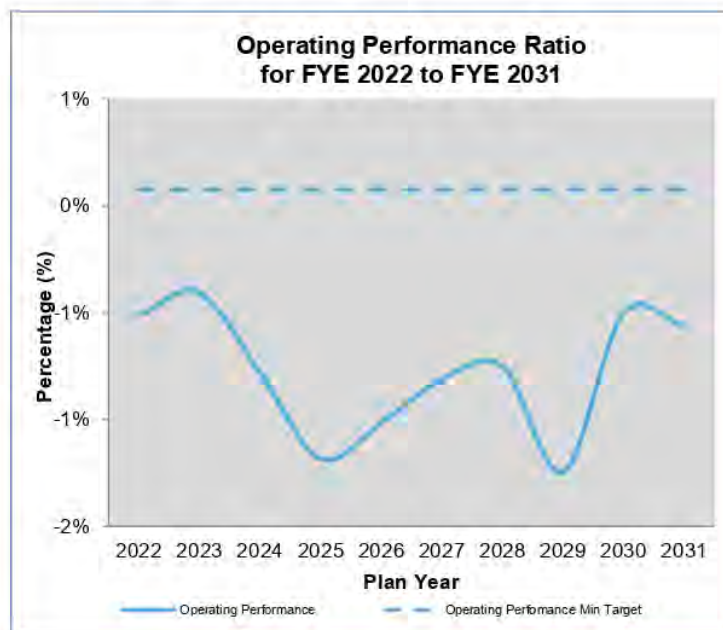
<b>CASHFLOW STATEMENT</b>										
For the period ended 30 June	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash Flows from Operating Activities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Receipts:</b>										
Rates & Annual Charges	64,094	66,267	67,466	68,590	69,822	70,971	72,239	73,475	74,680	76,001
User Charges & Fees	47,526	48,658	49,280	50,316	50,858	51,911	52,471	53,036	54,108	54,692
Interest & Investment Revenue Received	1,225	671	613	630	544	576	617	668	706	758
Grants & Contributions	21,639	16,858	17,133	17,414	17,699	17,988	18,283	18,582	18,887	22,304
Other Income - Rental Income	4,199	4,324	4,454	4,588	4,725	4,867	5,013	5,164	5,319	5,478
Other	3,881	3,920	3,959	3,999	4,039	4,079	4,120	4,161	4,203	4,245
<b>Payments:</b>										
Employee Benefits & On-Costs	(51,797)	(56,034)	(56,613)	(58,453)	(59,435)	(59,982)	(61,823)	(61,865)	(63,197)	(64,799)
Materials & Contracts	(47,679)	(46,642)	(47,460)	(48,947)	(48,794)	(50,191)	(50,951)	(52,600)	(52,356)	(53,279)
Borrowing Costs	(872)	(775)	(739)	(658)	(383)	(457)	(396)	(335)	(312)	(259)
Other	(18,778)	(14,303)	(15,226)	(13,987)	(15,250)	(14,928)	(13,452)	(15,404)	(15,430)	(14,406)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>23,437</b>	<b>22,944</b>	<b>22,868</b>	<b>23,492</b>	<b>23,824</b>	<b>24,835</b>	<b>26,120</b>	<b>24,882</b>	<b>26,606</b>	<b>30,736</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	3,750	250	250	250	250	250	250	250	250	250
<b>Payments:</b>										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Real Estate Assets	(400)	(406)	(412)	(418)	(425)	(431)	(437)	(444)	(451)	(457)
Purchase of Infrastructure, Property, Plant & Equipment	(27,602)	(28,410)	(16,642)	(16,878)	(17,117)	(17,360)	(17,607)	(17,857)	(18,111)	(18,369)
Purchase of Intangible Assets	(400)	(406)	(412)	(418)	(425)	(431)	(437)	(444)	(451)	(457)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(24,652)</b>	<b>(28,972)</b>	<b>(17,216)</b>	<b>(17,465)</b>	<b>(17,716)</b>	<b>(17,972)</b>	<b>(18,231)</b>	<b>(18,495)</b>	<b>(18,762)</b>	<b>(19,033)</b>
<b>Cash Flows from Financing Activities</b>										
<b>Payments:</b>										
New Borrowings	10,000	5,000	-	-	-	-	-	-	-	-
Repayment of leases principal	(28)	(747)	(819)	(847)	(773)	(709)	(742)	(694)	(779)	(814)
Repayment of Borrowings & Advances	(3,380)	(4,020)	(3,063)	(13,867)	(2,044)	(2,072)	(2,099)	(1,882)	(1,822)	(1,562)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>6,592</b>	<b>233</b>	<b>(3,882)</b>	<b>(14,714)</b>	<b>(2,817)</b>	<b>(2,780)</b>	<b>(2,841)</b>	<b>(2,576)</b>	<b>(2,601)</b>	<b>(2,366)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>5,377</b>	<b>(5,796)</b>	<b>1,769</b>	<b>(8,687)</b>	<b>3,290</b>	<b>4,083</b>	<b>5,048</b>	<b>3,811</b>	<b>5,244</b>	<b>9,337</b>
<b>plus: Cash - beginning of year</b>	<b>17,061</b>	<b>22,438</b>	<b>16,642</b>	<b>18,411</b>	<b>9,725</b>	<b>13,015</b>	<b>17,097</b>	<b>22,146</b>	<b>25,957</b>	<b>31,200</b>
<b>Cash - end of the year</b>	<b>22,438</b>	<b>16,642</b>	<b>18,411</b>	<b>9,725</b>	<b>13,015</b>	<b>17,097</b>	<b>22,146</b>	<b>25,957</b>	<b>31,200</b>	<b>40,537</b>
<b>plus: Investments - end of the year</b>	<b>26,852</b>	<b>26,852</b>	<b>26,852</b>	<b>26,852</b>	<b>26,852</b>	<b>26,852</b>	<b>26,852</b>	<b>26,852</b>	<b>26,852</b>	<b>26,852</b>
<b>Total Cash &amp; Investments - end of the year</b>	<b>49,290</b>	<b>43,494</b>	<b>45,263</b>	<b>36,577</b>	<b>39,867</b>	<b>43,949</b>	<b>48,998</b>	<b>52,809</b>	<b>58,052</b>	<b>67,389</b>
<b>Less restricted Cash (NAL)</b>	<b>(16,985)</b>	<b>(17,224)</b>	<b>(17,536)</b>	<b>(5,072)</b>	<b>(4,114)</b>	<b>(3,719)</b>	<b>(3,391)</b>	<b>(3,133)</b>	<b>(3,445)</b>	<b>(3,832)</b>
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>32,305</b>	<b>26,271</b>	<b>27,728</b>	<b>31,505</b>	<b>35,753</b>	<b>40,231</b>	<b>45,606</b>	<b>49,676</b>	<b>54,608</b>	<b>63,557</b>

## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

Scenario 1: Conservative Graph - Underlying Surplus



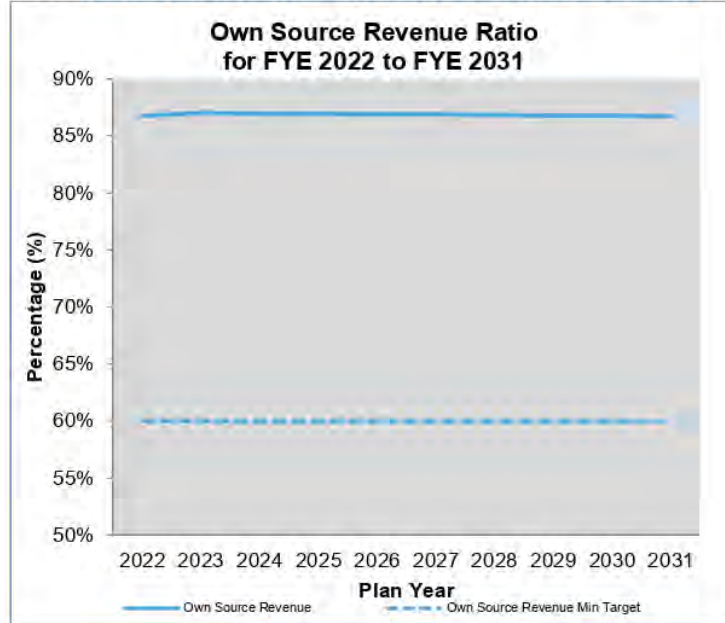
Scenario 1: Conservative Graph - Operating Performance Ratio



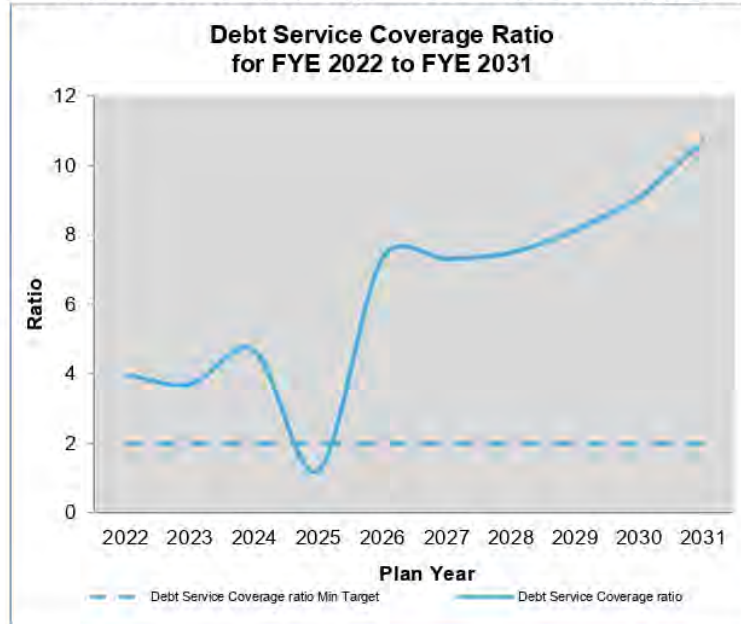
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Scenario 1: Conservative Graph - Own Source Revenue Ratio



Scenario 1: Conservative Graph - Debt Service Coverage Ratio

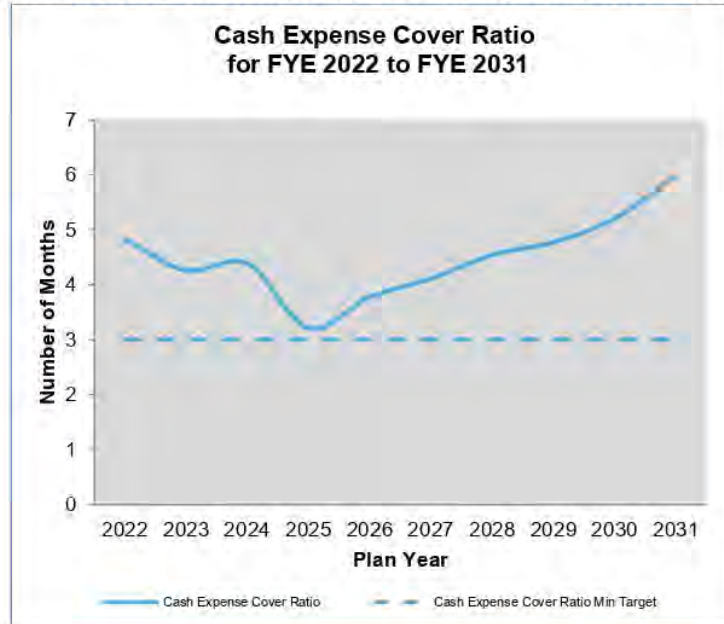


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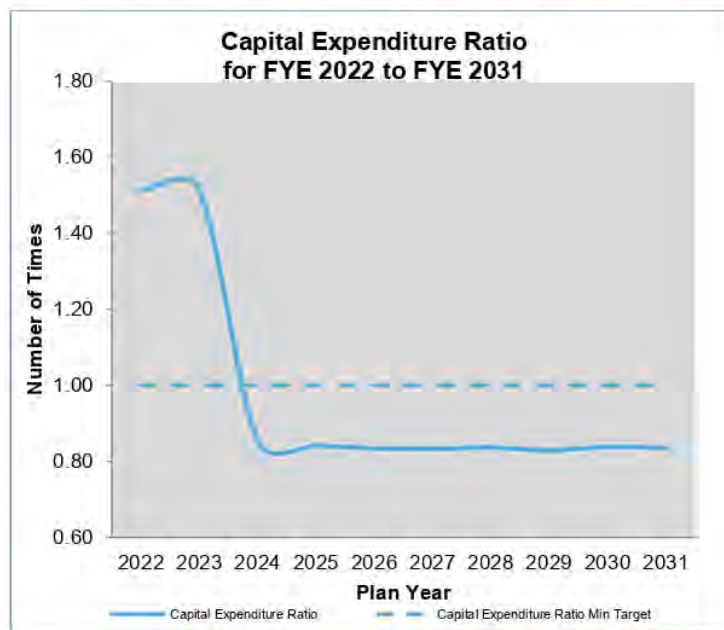


## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

Scenario 1: Conservative Graph - Cash Expense Cover Ratio



Scenario 1: Conservative Graph - Capital Expenditure Ratio



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## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

**Appendix 3: Scenario 3: Strategic****3.1 Introduction**

The Standard Scenario of the LTFP shows the financial results of applying the following assumptions:

Income	Strategic
Rates	
Pegging factor applied 2021	2.0%
Ongoing peg factor beyond 2021	2.5%
New annual rates assessment	150
User fees and charges	2.5%
Annual factor	
Operating grants and Contributions	2.5%
Annual factor	
Other	
Cash investment returns	2.5%
Other income	2.5%
Rental income	3.0%
Airport dividend	Fixed Amount

Expenses	Strategic
Salaries and allowances	2.5%
Materials and contracts	2.5%
Capital spend over 10 years	\$250m
Other expenses	2.5%
Enhanced services levels	Continually increase by \$250k per year

**3.2 Financial Results**

In Scenario 3 the forecast underlying result is in deficit for six out of the ten years. The financial modelling suggests this Scenario is not financially sustainable due to the cumulative deficit which would require a review of service levels and infrastructure investment. The enhanced service levels of an increase of \$250,000 per year is not financially sustainable.

## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

## 3.3 Financial Statements

## Scenario 3: Strategic – Income Statement

## INCOME STATEMENT

For the period ended 30 June

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>										
Rates & Annual Charges	66,079	67,885	69,736	71,633	73,577	75,570	77,613	79,708	81,854	84,054
User Fees and Charges	48,272	50,117	51,507	53,339	54,711	56,625	58,082	59,575	61,607	63,190
Interest & Investment Revenue	1,243	1,382	1,224	1,209	935	955	992	1,053	1,079	1,141
Other Revenues	3,937	4,036	4,137	4,240	4,346	4,455	4,566	4,680	4,797	4,917
Operating Grants and Contributions	12,255	12,561	12,875	13,197	13,527	13,865	14,212	14,567	14,932	15,305
Capital Grants and Contributions	12,122	7,212	7,356	7,503	7,653	7,806	7,962	8,121	8,284	8,450
Gain on Sale of assets	3,750	250	250	250	250	250	250	250	250	250
Other Income - Rental Income	4,219	4,346	4,476	4,610	4,749	4,891	5,038	5,189	5,344	5,505
Other Income - Fair Value increment	835	1,177	1,212	1,248	1,286	1,324	1,364	1,405	1,447	1,490
<b>Total Revenue</b>	<b>152,713</b>	<b>148,965</b>	<b>152,772</b>	<b>157,229</b>	<b>161,035</b>	<b>165,742</b>	<b>170,079</b>	<b>174,548</b>	<b>179,594</b>	<b>184,302</b>
<b>Operating Expenses</b>										
Employee Benefits & On-Costs	54,158	56,509	57,505	59,289	61,147	62,744	64,396	66,106	67,880	69,717
Borrowing Costs	872	775	739	658	383	457	396	335	312	259
Materials & Services	46,761	47,565	49,004	51,129	51,991	53,540	55,129	57,507	58,426	60,137
Depreciation & Amortisation	18,247	18,814	19,564	20,217	20,760	21,175	21,474	22,064	22,234	22,721
Other Expenses	15,507	15,947	16,340	16,796	17,210	17,637	18,072	18,533	19,002	19,482
<b>Total Operating Expenses</b>	<b>135,545</b>	<b>139,609</b>	<b>143,151</b>	<b>148,088</b>	<b>151,491</b>	<b>155,555</b>	<b>159,468</b>	<b>164,546</b>	<b>167,854</b>	<b>172,315</b>
<b>Operating Surplus / (Deficit)</b>	<b>17,168</b>	<b>9,356</b>	<b>9,621</b>	<b>9,141</b>	<b>9,544</b>	<b>10,187</b>	<b>10,611</b>	<b>10,003</b>	<b>11,740</b>	<b>11,986</b>
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>17,168</b>	<b>9,356</b>	<b>9,621</b>	<b>9,141</b>	<b>9,544</b>	<b>10,187</b>	<b>10,611</b>	<b>10,003</b>	<b>11,740</b>	<b>11,986</b>
<b>Net Operating Result before Capital Grants</b>	<b>5,046</b>	<b>2,145</b>	<b>2,265</b>	<b>1,638</b>	<b>1,891</b>	<b>2,381</b>	<b>2,649</b>	<b>1,881</b>	<b>3,456</b>	<b>3,537</b>
<b>Adjustments for Underlying Result</b>										
Gain on Sale of assets	(3,750)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Investment property fair value increases & royalty	(1,488)	(1,511)	(1,555)	(1,600)	(1,646)	(1,694)	(1,743)	(1,793)	(1,845)	(1,898)
NAP Profit	(228)	(1,248)	(1,790)	(2,554)	(2,732)	(3,498)	(3,795)	(4,109)	(4,941)	(5,304)
Local election costs	600	-	-	650	-	-	-	750	-	-
NAP dividend	-	500	1,000	1,500	2,000	2,000	2,000	2,000	2,000	2,000
<b>Underlying result</b>	<b>180</b>	<b>(365)</b>	<b>(329)</b>	<b>(616)</b>	<b>(737)</b>	<b>(1,061)</b>	<b>(1,138)</b>	<b>(1,521)</b>	<b>(1,580)</b>	<b>(1,915)</b>

## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

## Scenario 3: Strategic – Balance Sheet

## STATEMENT OF FINANCIAL POSITION

As at 30 June:

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	21,332	14,982	14,389	3,451	4,233	5,711	8,141	9,212	11,661	18,199
Investments	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852
Receivables	10,161	10,556	10,912	11,317	11,682	12,106	12,491	12,885	13,339	13,755
Inventories & Other	6,095	6,095	6,095	6,095	6,095	6,095	6,095	6,095	6,095	6,095
<b>Total Current Assets</b>	<b>64,440</b>	<b>58,485</b>	<b>58,248</b>	<b>47,715</b>	<b>48,862</b>	<b>50,764</b>	<b>53,579</b>	<b>55,044</b>	<b>57,947</b>	<b>64,901</b>
<b>Non Current Assets</b>										
Infrastructure, Property, Plant & Equipment	1,046,426	1,062,989	1,069,161	1,075,235	1,081,282	1,087,362	1,093,793	1,100,230	1,107,024	1,110,952
Right of Use Asset	2,662	2,386	1,593	811	3,762	3,004	2,248	2,501	1,714	958
Investments using Equity Method	540	540	540	540	540	540	540	540	540	540
Inventories & Other	10,257	10,667	11,087	11,518	11,960	12,412	12,876	13,351	13,839	14,338
Investment Properties	39,220	40,396	41,608	42,856	44,142	45,466	46,830	48,235	49,682	51,173
Intangibles	5,890	5,356	4,912	4,543	4,238	3,989	3,786	3,624	3,497	3,399
<b>Total Non Current Assets</b>	<b>1,104,995</b>	<b>1,122,334</b>	<b>1,128,901</b>	<b>1,135,503</b>	<b>1,145,924</b>	<b>1,152,773</b>	<b>1,160,074</b>	<b>1,168,483</b>	<b>1,176,296</b>	<b>1,181,361</b>
<b>Total Assets</b>	<b>1,169,434</b>	<b>1,180,820</b>	<b>1,187,149</b>	<b>1,183,218</b>	<b>1,194,786</b>	<b>1,203,537</b>	<b>1,213,653</b>	<b>1,223,526</b>	<b>1,234,243</b>	<b>1,246,262</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	15,417	15,562	15,821	16,203	16,358	16,637	16,923	17,351	17,517	17,825
Lease liabilities	747	819	847	773	709	742	694	779	814	770
Borrowings	4,020	3,063	13,867	2,044	2,072	2,099	1,882	1,822	1,552	1,189
Provisions	13,073	13,834	13,683	14,417	14,900	14,981	16,001	15,996	16,328	17,255
<b>Total Current Liabilities</b>	<b>33,257</b>	<b>33,278</b>	<b>44,218</b>	<b>33,437</b>	<b>34,039</b>	<b>34,459</b>	<b>35,501</b>	<b>35,948</b>	<b>36,211</b>	<b>37,040</b>
<b>Non Current Liabilities</b>										
Trade & Other Payables	2,189	1,644	1,098	553	7	0	0	0	0	0
Lease liabilities	1,915	1,566	746	38	3,053	2,263	1,554	1,723	900	189
Borrowings	32,159	34,096	20,229	18,184	16,113	14,014	12,132	10,310	8,758	7,569
Provisions	1,785	2,750	3,751	4,757	5,781	6,823	7,875	8,953	10,040	11,146
<b>Total Non Current Liabilities</b>	<b>38,047</b>	<b>40,055</b>	<b>25,823</b>	<b>23,532</b>	<b>24,954</b>	<b>23,099</b>	<b>21,561</b>	<b>20,985</b>	<b>19,698</b>	<b>18,904</b>
<b>Total Liabilities</b>	<b>71,304</b>	<b>73,333</b>	<b>70,041</b>	<b>56,969</b>	<b>58,993</b>	<b>57,558</b>	<b>57,062</b>	<b>56,933</b>	<b>55,910</b>	<b>55,944</b>
<b>Net Assets</b>	<b>1,098,130</b>	<b>1,107,486</b>	<b>1,117,107</b>	<b>1,126,249</b>	<b>1,135,792</b>	<b>1,145,979</b>	<b>1,156,591</b>	<b>1,166,593</b>	<b>1,178,333</b>	<b>1,190,319</b>
<b>EQUITY</b>										
Accumulated Surplus	694,913	704,269	713,891	723,033	732,576	742,762	753,374	763,377	775,117	787,102
Asset Revaluation Reserves	403,217	403,217	403,217	403,217	403,217	403,217	403,217	403,217	403,217	403,217
<b>Total Equity</b>	<b>1,098,130</b>	<b>1,107,486</b>	<b>1,117,108</b>	<b>1,126,250</b>	<b>1,135,793</b>	<b>1,145,979</b>	<b>1,156,591</b>	<b>1,166,594</b>	<b>1,178,334</b>	<b>1,190,319</b>

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## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

## Scenario 3: Strategic – Statement of Cash Flows

## CASHFLOW STATEMENT

For the period ended 30 June

## Cash Flows from Operating Activities

## Receipts:

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rates & Annual Charges	64,636	67,489	69,380	71,228	73,213	75,146	77,229	79,313	81,400	83,637
User Charges & Fees	48,272	50,117	51,507	53,339	54,711	56,625	58,082	59,575	61,607	63,190
Interest & Investment Revenue Received	1,243	1,382	1,224	1,209	935	955	992	1,053	1,079	1,141
Grants & Contributions	21,776	17,120	17,525	17,940	18,365	18,800	19,245	19,701	20,168	23,754
Other Income - Rental Income	4,219	4,346	4,476	4,610	4,749	4,891	5,038	5,189	5,344	5,505
Other	3,937	4,036	4,137	4,240	4,346	4,455	4,566	4,680	4,797	4,917

## Payments:

Employee Benefits & On-Costs	(52,471)	(58,235)	(58,355)	(61,029)	(62,655)	(63,866)	(66,469)	(67,178)	(69,301)	(71,749)
Materials & Contracts	(47,310)	(47,164)	(48,717)	(50,966)	(51,600)	(53,812)	(55,415)	(57,935)	(58,592)	(60,446)
Borrowing Costs	(872)	(775)	(739)	(658)	(383)	(457)	(396)	(335)	(312)	(259)
Other	(18,600)	(13,402)	(15,132)	(13,587)	(14,984)	(14,820)	(13,369)	(15,594)	(15,717)	(14,744)

## Net Cash provided (or used in) Operating Activities

## Cash Flows from Investing Activities

## Receipts:

Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	3,750	250	250	250	250	250	250	250	250	250

## Payments:

Purchase of Investment Securities										
Purchase of Real Estate Assets	(400)	(410)	(420)	(431)	(442)	(453)	(464)	(475)	(487)	(500)
Purchase of Infrastructure, Property, Plant & Equipment	(30,102)	(30,926)	(21,426)	(21,939)	(22,464)	(23,002)	(23,554)	(24,120)	(24,700)	(25,294)
Purchase of Intangible Assets	(400)	(410)	(420)	(431)	(442)	(453)	(464)	(475)	(487)	(500)

## Net Cash provided (or used in) Investing Activities

## Cash Flows from Financing Activities

## Payments:

New Borrowings	10,000	5,000								
Repayment of leases principal	(28)	(747)	(819)	(847)	(773)	(709)	(742)	(694)	(779)	(814)
Repayment of Borrowings & Advances	(3,380)	(4,020)	(3,063)	(13,867)	(2,044)	(2,072)	(2,099)	(1,882)	(1,822)	(1,552)

## Net Cash Flow provided (used in) Financing Activities

## Net Increase/(Decrease) in Cash &amp; Cash Equivalents

## plus: Cash - beginning of year

	17,061	21,332	14,982	14,389	3,451	4,233	5,711	8,141	9,212	11,661
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## Cash - end of the year

	21,332	14,982	14,389	3,451	4,233	5,711	8,141	9,212	11,661	18,199
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## plus: Investments - end of the year

	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852	26,852
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## Total Cash &amp; Investments - end of the year

	48,184	41,834	41,241	30,303	31,085	32,563	34,993	36,064	38,513	45,051
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## Less restricted Cash (NAL)

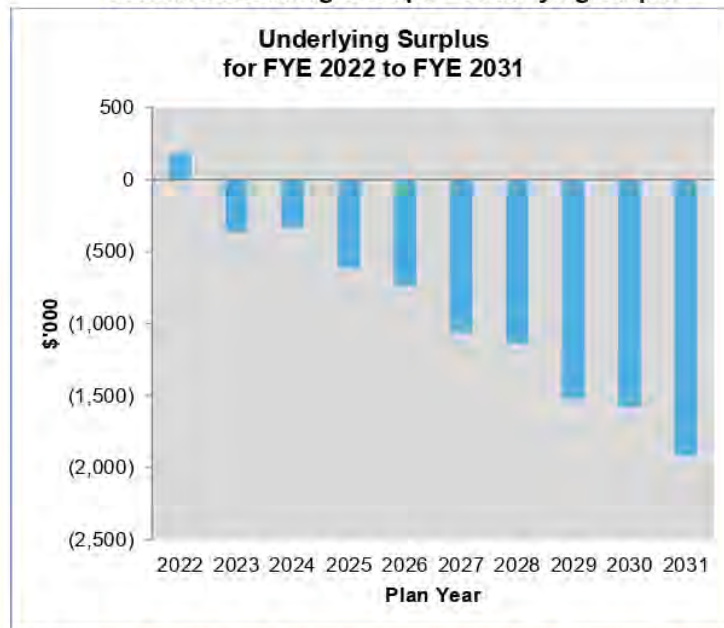
	(17,234)	(17,661)	(17,857)	(6,473)	(6,635)	(7,579)	(8,833)	(10,410)	(12,826)	(15,610)
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## Cash, Cash Equivalents &amp; Investments - end of the year

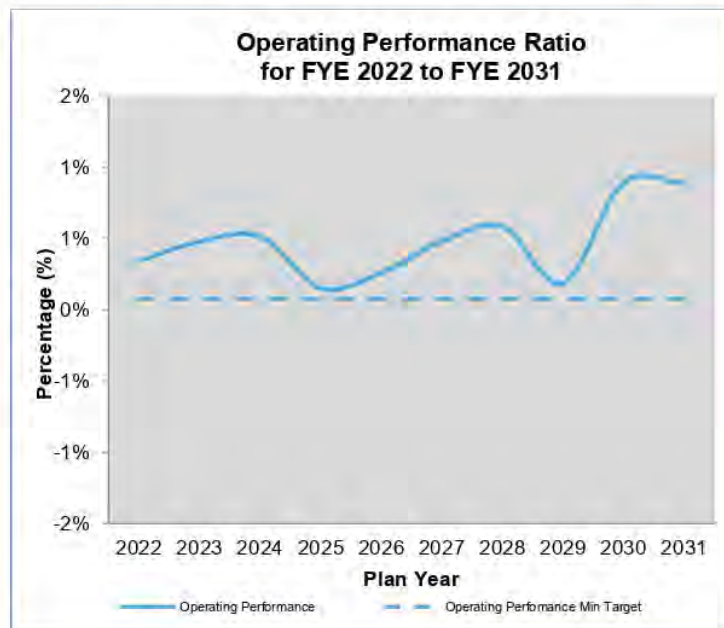
	30,950	24,173	23,384	23,830	24,450	24,984	26,160	25,654	25,687	29,441
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ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

Scenario 3: Strategic Graph - Underlying Surplus



Scenario 3: Strategic Graph - Operating Performance Ratio

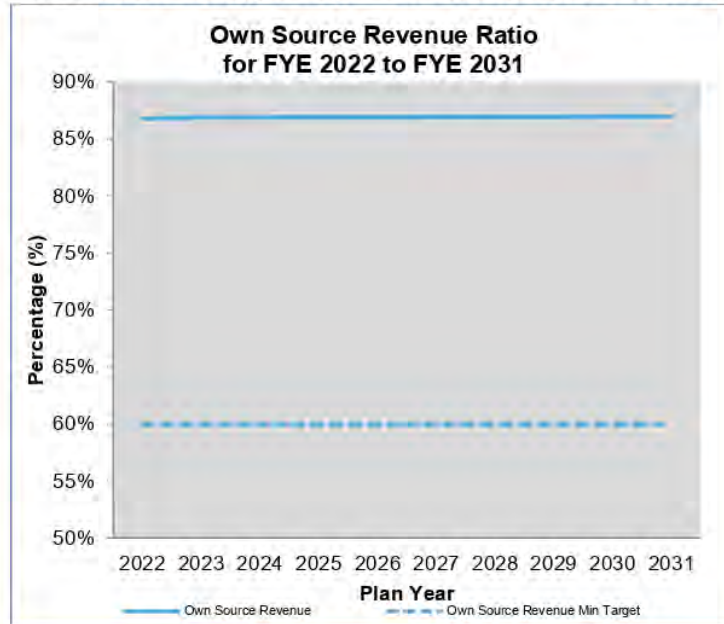


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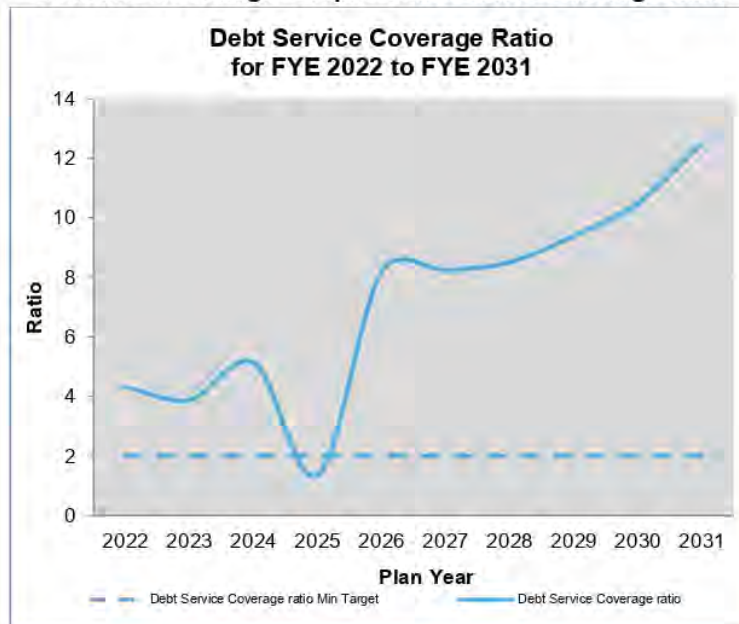


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Scenario 3: Strategic Graph - Own Source Revenue Ratio



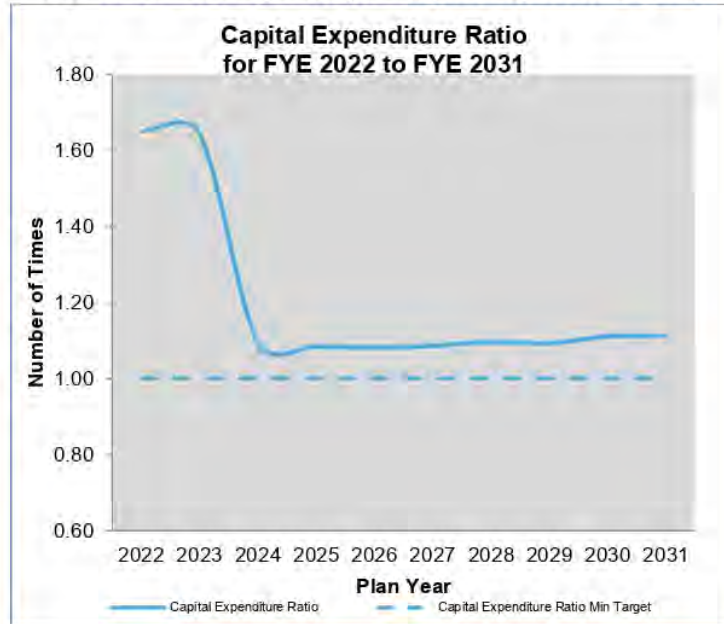
Scenario 3: Strategic Graph - Debt Service Coverage Ratio



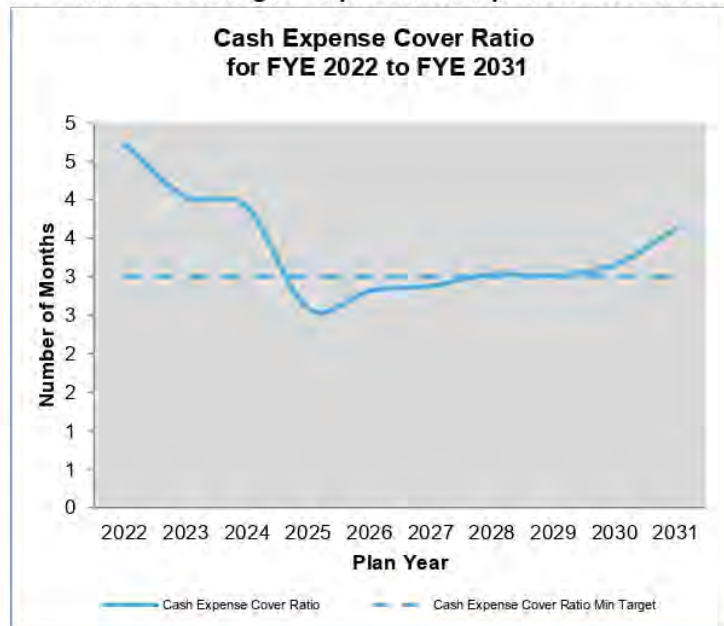
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## ITEM 10 - ATTACHMENT 2 LONG TERM FINANCIAL PLAN 2021-2031.

Scenario 3: Strategic Graph - Capital Expenditure Ratio



Scenario 3: Strategic Graph - Cash Expense Cover Ratio



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<b>Version</b>	<b>Date</b>	<b>Author</b>	<b>Details</b>
1.0	21/1/2020	Financial Services Section Manager	First draft.
2.0	21/2/2020	Financial Services Section Manager	Final draft.
3.0	12/1/2021	Financial Services Section Manager	Minor amendments relating to dates applied.
4.0		Financial Services Section Manager	





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