



# **SUPPLEMENTARY BUSINESS PAPER**

## **WORKSHOP MEETING**

**Wednesday 29 June 2022  
at 6:30pm**



## TABLE OF CONTENTS

### SUPPLEMENTARY ITEMS

Item 1	LM8/22 Further Information - Adoption of Council's 2022-2026 Delivery Program Including the Operational Plan 2022/23 .....	1
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**ITEM 1      GM21/22 - Adoption of Council's 2022-2026 Delivery Program including the Operational Plan 2022/23 (Incorporating the Budget, Rating Structure and Fees and Charges for 2022/23)**

*Additional information with **CHANGE** to Recommendation*

When preparing General Manager's Report No. GM21/22, pages 15 and 87 of the *2022-2026 Delivery Program including the Operational Plan 2022/23* attached to the Report needed to be amended to reflect an updated budget surplus of \$2.908 million for 2022/23 consequent upon IPART's approval of a 2.28% rate increase for that year.

Although the amendments to the Attachment had not been included when the Business Paper for the 29 June 2022 General Meeting was published, updates to the tables on pages 15 and 87 of the Delivery Program and Operational Plan have now been made and updated versions of those pages are attached for Council's information. It is noted that the projected budget surplus of \$2.908 million detailed in those tables is consistent with the contents of Report No. GM21/22 and no other pages of the document require amendment.

A minor change to point 2 of the original recommendation for Report No. GM21/22 is required to reflect the contents of this Late Items Memo – see below.

**RECOMMENDATION**


**THAT:**

1. Council note the responses provided in Table 1A to the public submissions received during the exhibition of the draft 2022-2026 Delivery Program and 2022/23 Operational Plan.
2. Subject to the amendments to pages 15 and 87 of the Delivery Program referred to in Late Items Memo No. LM8/22 and the incorporation of the recommendations detailed in the Budget section, Table 1A and Table 1B attachments and marked up in Attachment 1 of General Manager's Report No. GM21/22, Council adopt the 2022-2026 Delivery Program and 2022/23 Operational Plan.
3. Council make and levy the 2022/23 Ordinary Rates on all rateable land in the Shire in accordance with Table 2 of General Manager's Report No. GM21/22.
4. Council make and levy the 2022/23 Catchments Remediation Rate on all rateable land in the Shire in accordance with either Table 3 of General Manager's Report No. GM21/22.
5. Council write to those who have made submissions in respect of the Delivery Program and Operational Plan thanking them for their feedback.

GLEN MAGUS  
Director - Corporate Support  
Corporate Support Division

STEVEN HEAD  
General Manager  
Office of the General Manager

**Attachments:**

1.   Pages 15 and 87 Delivery Program and Operational Plan

File Reference: F2022/00059

Document Number: D08435346



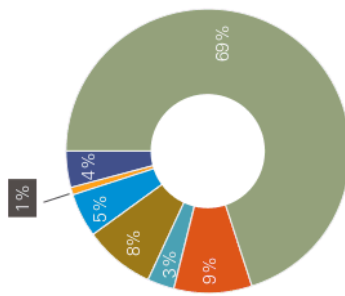
## Budget overview

Council's budget for 2022/23 has been prepared after taking into account community demands for services, obligations to present and future generations, statutory income constraints and expenditure commitments.

With Hornsby Shire's high expectation of the many different services to be provided, Council's income is not able to realise all services and expectations. The budget therefore represents Council's best efforts to meet community priorities after recognising these constraints.

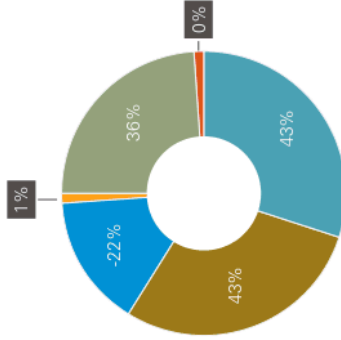
### 2022/23 Budget Summary

Source of funds	%	2022/23 \$
Rates and charges <sup>1</sup>	69	109,401,105
Fees and charges <sup>2</sup>	9	14,231,474
Interest <sup>3</sup>	3	4,941,246
Grants and Contributions – operating purposes <sup>4</sup>	8	12,770,694
Grants and Contributions – capital purposes <sup>5</sup>	5	8,350,000
Asset sales <sup>6</sup>	1	1,000,000
Other <sup>7</sup>	4	6,884,074
<b>Total Income<sup>8</sup></b>	<b>100</b>	<b>157,578,594</b>



- Rates and Charges** includes all ordinary rates, the Catchments Remediation Rate and garbage charges
- Fees and Charges** includes fees from Development Applications and revenue earned from aquatic centres, commercial waste services, park and oval hire and property rentals
- Interest** – Investment income received from Council's investment portfolio, overdue rates and annual charges interest
- Grants and Contributions – operating purposes** includes development contributions, the Federal Government's Financial Assistance Grant and numerous smaller amounts from governments for services including bushfire mitigation, various community services, libraries, roads, various environmental grants and pensioner rate subsidy
- Grants and Contributions – capital purposes** includes new facilities and upgrades to footpaths, local roads, leisure and foreshore facilities, parks, playgrounds, sportsgrounds, stormwater drainage and Council buildings
- Asset Sales** – proceeds from the sale of property, plant or equipment
- Other** includes many revenue sources such as fines, recycling income, private vehicle use fees and income from road closures
- Based on Council's final budget for 2022/23 as at June 2022

Use of funds	%	2022/23 \$
Employee costs <sup>1</sup>	3624	54,972,788
Borrowing repayments <sup>2</sup>	04	281,920
Materials and contracts <sup>3</sup>	4339	66,681,605
Capital expenditure <sup>4</sup>	4329	65,965,434
Restricted assets <sup>5</sup>	45	(34,433,593)
Other <sup>6</sup>	-22	(34,764,977)
<b>Total Expenses<sup>7</sup></b>	<b>100</b>	<b>155,002,067</b>
		<b>154,670,593</b>



**Net Budget Surplus<sup>7</sup>**

2,576,526
2,908,000

- Employee Costs** includes salaries and wages, leave entitlements, travel expenses, superannuation, workers compensation insurance, fringe benefits tax and training
- Borrowing Repayments** includes principal and interest repayments required from external loan borrowing
- Materials and Contracts** includes all costs, other than employee costs, associated with the maintenance of parks, roads, buildings, aquatic centres, drainage and the cost of waste services. Also included are environmental protection and plant operating expenditure
- Capital Expenditure** includes new facilities and upgrades to footpaths, local roads, leisure and foreshore facilities, parks, playgrounds, sportsgrounds, stormwater drainage, Council buildings and fleet
- Restricted Assets** is the transfer of funds to reserve accounts to be used in future years
- Other** reflects Council's diverse operations and includes such items as statutory levies, street lighting, office equipment, legal, insurance, advertising and utility costs
- Based on Council's final budget for 2022/23 as at June 2022



# Summary budget 2022/23

	Total Year 2022/23 Original Budget	Total Year 2021/22 Total Revised Budget	Total Year 2021/22 Original Budget	Jun YTD 2021/22 Actual
	\$	\$	\$	\$
<b>OPERATING INCOME</b>				
Rates and annual charges	(109,401,105)	(102,135,834)	(102,153,451)	(102,933,507)
User charges and fees	(14,231,474)	(14,285,451)	(14,254,331)	(11,244,321)
Interest & investment revenue	(4,941,246)	(3,992,059)	(3,992,059)	(1,163,878)
Other revenue	(4,020,017)	(3,779,817)	(3,848,517)	(3,012,139)
Grants and contributions (operating)	(12,770,694)	(12,263,671)	(9,940,783)	(16,744,970)
Other income (including lease income)	(2,864,057)	(2,750,080)	(2,764,057)	(3,583,912)
<b>Total operating income</b>	<b>(148,228,594)</b>	<b>(139,206,912)</b>	<b>(136,953,198)</b>	<b>(138,682,726)</b>
<b>OPERATING EXPENSES (CONTROLLABLE)</b>				
Employee benefits and on-costs	54,016,719	49,135,473	50,817,497	45,114,373
Materials and services	67,162,681	65,438,657	62,584,717	54,521,491
Borrowing costs	25,388	24,070	24,070	17,622
Other expenses	3,874,130	3,704,723	3,699,723	2,590,577
Internal expenses	(481,075)	(461,381)	(551,882)	(325,500)
<b>Total operating expenses (controllable)</b>	<b>124,597,842</b>	<b>117,841,542</b>	<b>116,574,125</b>	<b>101,918,563</b>
<b>Net operating result before depreciation</b>	<b>(23,630,752)</b>	<b>(21,365,370)</b>	<b>(20,379,072)</b>	<b>(36,764,163)</b>
<b>CAPITAL INCOME</b>				
Grants and contributions (capital)	(8,350,000)	(11,383,130)	(5,282,264)	(23,071,166)
Proceeds from the sale of assets	(1,000,000)	(1,000,000)	(1,000,000)	(1,016,879)
<b>Total capital income</b>	<b>(9,350,000)</b>	<b>(12,383,130)</b>	<b>(6,282,264)</b>	<b>(24,088,045)</b>
<b>CAPITAL EXPENSES</b>				
WIP Expenditure	63,401,934	67,269,625	53,798,671	33,427,748
Asset Purchases	2,563,500	2,563,500	2,563,500	3,117,993
<b>Total capital expenses</b>	<b>65,965,434</b>	<b>69,833,125</b>	<b>56,362,171</b>	<b>36,545,740</b>
<b>Net capital result</b>	<b>56,615,434</b>	<b>57,449,995</b>	<b>50,079,907</b>	<b>12,457,695</b>
<b>Net operating &amp; capital result before depreciation</b>	<b>32,984,682</b>	<b>36,084,624</b>	<b>29,700,835</b>	<b>(24,306,468)</b>
<b>FUNDING ADJUSTMENTS</b>				
External restricted assets	<del>(36,009,997)</del> <b>37,135,471</b>	(31,473,653)	(29,544,713)	11,955,322
Internal restricted assets	2,370,494	(5,812,805)	(2,751,219)	1,175,369
External loan principal repayments/(proceeds)	256,532	241,970	241,970	180,145
Employee leave payments (from provisions)	956,069	956,069	956,069	1,305,422
Non cash accounting adjustments contra	(2,340,307)	0	0	72,535
<b>Total funding adjustments</b>	<b>(35,561,268)</b>	<b>(36,088,420)</b>	<b>(31,057,893)</b>	<b>14,688,794</b>
<b>Net operating &amp; capital result after funding (liquidity result)</b>	<b>(2,576,526)</b>	<b>(3,795)</b>	<b>(1,397,059)</b>	<b>(9,617,674)</b>
<b>Consolidated Statutory Reporting Result</b>	<b>2,908,000</b>			
<b>FINANCIAL REPORTING ADJUSTMENTS – NON CASH</b>				
Depreciation & amortisation	(23,630,752)	(21,365,370)	(20,379,072)	(36,764,163)
Carrying amount of assets disposed/impairment	21,215,275	20,442,227	20,442,227	18,402,717
Asset revaluation decrement (P&L)	0	0	0	585,076
Fair value increment on investment properties	0	0	0	0
Other	0	0	0	0
<b>Total financial reporting adjustments – non cash</b>	<b>21,215,275</b>	<b>20,442,227</b>	<b>20,442,227</b>	<b>18,987,792</b>
<b>Net operating result before capital grants and contributions</b>	<b>(2,415,476)</b>	<b>(923,143)</b>	<b>63,155</b>	<b>(17,776,370)</b>

DELIVERY PROGRAM 2022-2026 INCLUDING THE OPERATING BUDGET

# ATTACHMENT 1 - ITEM 1