



**muswellbrook
shire council**

Muswellbrook Shire Council
**EXTRA ORDINARY COUNCIL
MEETING**

BUSINESS PAPER
16 JULY 2018



EXTRA ORDINARY COUNCIL MEETING, 16 JULY 2018

MUSWELLBROOK SHIRE COUNCIL

P.O Box 122
MUSWELLBROOK
13 July, 2018

Councillors,

You are hereby requested to attend the Extra Ordinary Council Meeting to be held in the CHAMBERS, Administration Centre, Muswellbrook on **16 July, 2018** commencing at 6.00pm.

Fiona Plesman
GENERAL MANAGER

Order of Business

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8.1	2018-2019 REVENUE POLICY <i>Item 8.1 is classified CONFIDENTIAL under the provisions of Section 10A(2)(g) of the local government act 1993, as it deals with advice concerning litigation, or advice as comprises a discussion of this matter, that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege, and Council considers that discussion of the matter in an open meeting would be, on balance, contrary to the public interest.</i>	
8.2	EXECUTION OF \$7M RWTW LOAN <i>Item 8.2 is classified CONFIDENTIAL under the provisions of Section 10A(2)(c) of the local government act 1993, as it deals with information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business, and Council considers that discussion of the matter in an open meeting would be, on balance, contrary to the public interest.</i>	
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MUSWELLBROOK SHIRE COUNCIL

AGENDA

1 ACKNOWLEDGEMENT OF COUNTRY

2 CIVIC PRAYER

3 APOLOGIES AND LEAVE OF ABSENCE

4 DISCLOSURE OF ANY PECUNIARY AND NON-PECUNIARY INTEREST

Section 451 of the Local Government Act requires that if a councillor or member of a council or committee has a pecuniary interest in any matter before the council or committee, he/she must disclose the nature of the interest to the meeting as soon as practicable and must not be present at, or in sight of, the meeting, when the matter is being discussed, considered or voted on.

A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of financial gain or loss (see sections 442 and 443 of the Local Government Act).

A non-pecuniary interest can arise as a result of a private or personal interest which does not involve a financial gain or loss to the councillor or staff member (eg friendship, membership of an association, or involvement or interest in an activity). A councillor must disclose the nature of the interest to the meeting as soon as practicable.

Council's Model Code of Conduct now recognises two forms of non-pecuniary conflict of interests:

- Significant
- Less than significant

A Councillor must make an assessment of the circumstances and determine if the conflict is significant.

If a Councillor determines that a non-pecuniary conflict of interests is less than significant and does not require further action, they must provide an explanation of why it is considered that the conflict does not require further action in the circumstances.

If the Councillor has disclosed the existence of a significant non-pecuniary conflict of interests at a meeting they must not be present at, or in sight of, the meeting, when the matter is being discussed, considered or voted on.

5 PUBLIC PARTICIPATION

6 CORPORATE AND COMMUNITY SERVICES

6.1 MAKING OF THE RATES AND ANNUAL CHARGES FOR 2018-19

Attachments:	Nil
Responsible Officer:	Fiona Plesman - General Manager
Author:	Natalia Cowley - Manager, Corporate Services
Community Plan Issue:	<i>Progressive leadership</i>
Community Plan Goal:	<i>That Muswellbrook Shire is well led and managed</i>
Community Plan Strategy:	<i>A financially sustainable council</i>

PURPOSE

To make the rates and charges for the 2018/19 financial year in order to raise Council's revenue requirements as contained in the 2018/19 Budget and Revenue Policy.

OFFICER'S RECOMMENDATION

GENERAL FUND

RECOMMENDED that the following Ordinary Rates be **NOW MADE** for the 2018/19 Financial Year.

Rate Type	Category	Sub-Category	Ad Valorem Cents in \$	Base/ Min \$	Base as % of Total Rate Levied
Ordinary	Residential	Residential – General	0.4467857	\$240	22.77%
Ordinary	Residential	Muswellbrook & Denman	0.5933775	\$290	38.66%
Ordinary	Farmland	Farmland – General	0.3496211	\$400	14.57%
Ordinary	Farmland	Affected by Mining	1.0223658	\$15,000	0%
Ordinary	Farmland	Irrigable	0.3788571	\$440	11.38%
Ordinary	Farmland	Offset	1.0223658	\$15,000	0%
Ordinary	Mining	Mining General	1.0223658	\$15,000	3.68%
Ordinary	Mining	Underground Coal Mining	26.9161393	\$15,000	3.37%
Ordinary	Business	Business – General	1.1686422	\$250	10.06%
Ordinary	Business	Power Generation	7.8095063	\$25,000	19.93%

Ordinary	Business	Thomas Mitchell Drive Industrial Centre	1.1765032	\$275	12.83%
Ordinary	Business	Showground Release Area	0.2182791	\$250	2.36%

WATER CHARGES

RECOMMENDED that the Council do hereby prescribe and order under Section 552 of the Local Government Act 1993, the following water charges be NOW MADE for the 2018/19 Financial Year:-

1. A Water Service Availability Charge is charged for each service to the property in respect of land that is supplied with water from a water pipe of the Council and land that is situated within 225 metres of a water pipe of the Council (whether or not actually supplied with water from any water pipe of the Council). The Water Service Availability Charge is based on the service size of the connection to the water supply line. The Water Service Availability Charges for the 2018/19 Financial Year are:

Water Service Charge

Availability Charge (Not Connected)	\$ 186
Availability Charge (Connected)	
- 20mm service	\$ 186
- 25mm service	\$ 291
- 32mm service	\$ 476
- 40mm service	\$ 744
- 50mm service	\$1,163
- 65mm service	\$1,965
- 80mm service	\$2,976
- 100mm service	\$4,650
- 150mm service	\$10,463

2. A Consumption Tariff is to be charged per kilolitre for all water supplied. The water consumption tariffs for the 2018/19 Financial Year are:

<u>Consumption Tariff</u>	<u>(\$/Kl)</u>
Residential	Tier 1 (1-350Kl per annum) \$1.87/kl Tier 2 (>350Kl per annum) \$2.70/kl
Non-Residential	\$2.35 per Kl

SEWERAGE CHARGES

RECOMMENDED that the Council do hereby prescribe and order under Section 501 of the Local Government Act 1993, the following sewer charges be NOW MADE for the 2018/19 Financial Year:-

An annual charge for sewer is applicable to each rateable assessment except:

- a) land which is more than 75 metres from a sewer of the Council and is not connected to the sewer; and
- b) land from which sewage could not be discharged into any sewer of the Council.

1) Residential Sewer Charges

A Sewer Service Availability Charge is charged in respect of each Residential assessment for which the service is provided or is proposed to be provided. The Sewer Service Availability Charges for the 2018/19 Financial year are:-

Sewer Service Charge

Residential Sewer Availability Charge (Vacant)	\$270.00
Residential Sewer Charge (Occupied)	\$675.00

2) Non-Residential Sewerage Charges

Non-Residential Sewer Charges will be based on the following formula:

$$SC = SDF \times (AC + (C \times UC))$$

SC = Sewerage Charge

SDF = Sewerage Discharge Factor

AC = Availability Charge

C = Total water consumption for meter

UC = Sewer Usage Charge

The Sewer Service Availability Charges for the year commencing 1 July 2018 are:-

Sewer Service Availability Charge

Availability Charge (Not Connected)	\$270.00
Availability Charge (Connected)	
- 20mm service	\$270.00
- 25mm service	\$421.89
- 32mm service	\$691.20
- 40mm service	\$1,080.00
- 50mm service	\$1,687.50
- 65mm service	\$2,851.89
- 80mm service	\$4,320.00
- 100mm service	\$6,750.00
- 150mm service	\$15,187.50

The Sewer Usage Charge for the 2018/19 Financial Year is:-

<u>Sewer Usage Charge</u>	<u>(\$/Kl)</u>
Non-Residential Sewer Usage Charge	\$2.35

Discharge Factors required for non-residential properties will be determined on an individual property basis.

WASTE CHARGES

RECOMMENDED that the Council do hereby prescribe and order under Section 496 of the Local Government Act 1993, for rateable land categorised for rating purposes as Residential and situated within the urban area in which a Domestic Waste Management Service is able to be provided, that the following waste charges be NOW MADE for the 2018/19 Financial Year:-

Domestic Waste Management Service Charge

Urban Domestic Waste Management Availability Charge ^(a)	\$96.00
Urban Domestic Waste Management Service Charge ^(b)	\$390.00
Additional Urban Domestic Waste Management Service Charge	\$100.00
Additional Urban Domestic Waste Management Recycling Service Charge	\$70.00
Additional Urban Domestic Waste Management Green Waste Service Charge	\$30.00

- a) Charge applies to vacant rateable land categorised for rating purposes as Residential and situated within the urban area in which a Domestic Waste Management Service is able to be provided.
- b) Each premises is entitled to one approved mobile waste bin service per week and one fortnightly collection of recyclable material and one fortnightly collection of green waste for each Urban Domestic Waste Management Service Charge.

RECOMMENDED that the Council do hereby prescribe and order under Section 496 of the Local Government Act 1993, for rateable land categorised for rating purposes as Residential or Farmland and situated within the rural area in which a Domestic Waste Management Service is able to be provided, that the following waste charges be NOW MADE for the 2018/19 Financial Year:-

Rural Domestic Waste Management Service Charge

Rural Domestic Waste Management Availability Charge ^(a)	\$96.00
Rural Domestic Waste Management Service Charge ^(b)	\$360.00
Additional Rural Domestic Waste Management Service Charge	\$100.00
Additional Rural Domestic Waste Management Recycling Service Charge	\$70.00
Rural Domestic Waste Management Green Waste Service Charge	\$30.00

- a) Charge applies to vacant rateable land categorised for rating purposes as Residential or Farmland and situated within the rural area in which a Rural Domestic Waste Management Service is able to be provided.
- b) Each premises is entitled to one approved mobile waste bin service per week and one fortnightly collection of recyclable material for each Rural Domestic Waste Management Service Charge.

RECOMMENDED that the Council do hereby prescribe and order under Section 501 of the Local Government Act 1993, for land not categorised for rating purposes as residential and situated within the urban area in which a Waste Management Service is able to be provided, that the following waste charges be NOW MADE for the 2018/19 Financial Year:-

Waste Management Service Charge

Urban Waste Management Availability Charge – Non-Domestic ^(a)	\$96.00
Waste Management Service Charge ^(b)	\$360.00
Additional Waste Management Service Charge	\$100.00
Additional Waste Management Recycling Service Charge	\$70.00
Waste Management Green Waste Service Charge	\$30.00

- a) Charge applies to vacant rateable land not categorised for rating purposes as Residential and situated within the urban area in which a Waste Management Service is able to be provided.
- b) Each premises is entitled to one approved mobile waste bin service per week and one fortnightly collection of recyclable material for each Waste Management Service Charge.

RECOMMENDED that the Council do hereby prescribe and order under Section 501 of the Local Government Act 1993, for land not categorised for rating purposes as Residential or Farmland and situated within the rural area in which a Waste Management Service is able to be provided, that the following waste charges be **NOW MADE** for the 2018/19 Financial Year:-

Rural Waste Management Service Charge

Rural Waste Management Availability Charge – Non-Domestic ^(a)	\$96.00
Rural Waste Management Service Charge ^(b)	\$360.00
Additional Rural Waste Management Service Charge	\$100.00
Additional Rural Waste Management Recycling Service Charge	\$70.00
Rural Waste Management Green Waste Service Charge	\$30.00

- a) Charge applies to vacant rateable land not categorised for rating purposes as Residential or Farmland and situated within the rural area in which a Rural Waste Management Service is able to be provided.
- b) Each premises is entitled to one approved mobile waste bin service per week and one fortnightly collection of recyclable material for each Rural Waste Management Service Charge.

STORMWATER MANAGEMENT CHARGE

RECOMMENDED that the Council do hereby determine and order, in accordance with Section 496A of the Local Government Act 1993 to levy a Stormwater Management Charge for land within the Muswellbrook and Denman urban areas and included in the Town Planning Zones of R1 General Residential, B2 Local Centre, SP2 Infrastructure, IN2 Light Industrial, IN1 General Industrial and RU5 Village, except where exemption or variation to the charge is provided in accordance with the document “Stormwater Management Service Charge Guidelines” issued by the Division of Local Government in July 2006, be **NOW MADE** for the 2018/19 Financial Year at a rate of \$25.00 per assessment and \$12.50 per residential strata unit.

Where a non-residential assessment exists with an impervious land area falling within the ranges outlined below the charge will be levied in accordance with table established below:-

Area of Impervious Land	Charge
0- 1,199 sqm	\$ 25.00
1,200- 4,999 sqm	\$100.00
5,000- 9,999 sqm	\$375.00
Greater than 10,000 sqm	\$725.00

INTEREST ON OVERDUE ACCOUNTS

RECOMMENDED that the Council do hereby determine and order, in accordance with Section 566 of the Local Government Act 1993, that if rates and charges are unpaid at the due date, the amount shall be increased by a sum calculated at seven point five per cent (7.5%) per annum simple interest, calculated daily for the Financial Year.

HUNTER CATCHMENT CONTRIBUTION

RECOMMENDED that the Council do hereby determine and order, in accordance with Clauses 36 and 40, Part 4 of the Local Land Services Regulation 2014 as advised by Hunter Local Land Services in 2018/19, a rate of 0.0111 (zero point zero one one one) cents in the dollar on the current Land Value of the land within the Council area. By virtue of the provisions of the above regulation, the Council is authorised, empowered and required to levy the said Catchment contribution rate in respect of the lands.

Moved: _____ **Seconded:** _____

BACKGROUND

At the Council meeting on 12 June 2018, Council adopted the 2018/19 Operational and Capital budget. In adopting the Revenue Policy, Council has agreed on the rates and charges to be levied for 2018/19.

CONSULTATION

The draft Revenue Policy was placed on public exhibition as part of the draft 2018/19 Operational Plan. Five submissions were received on the initial Revenue Policy and following a Shire-wide land re-valuation by the Valuer General in June 2018, with a base date of 1 July 2017, the Revenue Policy was re-exhibited and a further six submissions were received on the re-exhibited Revenue Policy. In adopting the Revenue Policy, Council made some amendments to the draft document.

CONSULTATION WITH COUNCILLOR SPOKESPERSON

This report deals with the mechanic of implementing the rates and charges as adopted so no consultation was required.

REPORT

This report has been written to enable Council to raise the revenues as outlined in the adopted Operational Plan, Budget and Revenue Policy.

The recommendations follow the statutory requirements as set out in the Local Government Act 1993.

OPTIONS

The only viable option is for Council to pass the recommended resolutions and this is the mechanics of implementing the Revenue Policy, as adopted by Council.

If Council wants to vary any of the resolutions, other than to rectify any error within them, the resulting revenue impact will need to be modelled and the Revenue Policy would need to be amended and re-exhibited.

CONCLUSION

This report contains the mechanical resolutions required by statute to enable Council to make and levy the rates and charges.

SOCIAL IMPLICATIONS

There are no social implications.

FINANCIAL IMPLICATIONS

The resolutions to make the rates will enable Council to collect the revenue of \$25.1m as budgeted in the 2018/19 Operational Plan and Budget. Following the Shire-wide land revaluation by the Valuer General in June 2018, the general ordinary rates revenue has decreased by \$33k from the amount approved in the 18/19 Operational Budget. This will be amended in the September 2018 budget review.

POLICY IMPLICATIONS

This report implements existing policy decisions.

STATUTORY IMPLICATIONS

The statutory requirements relating to the making and levying of rates are included in sections 493 to 607 of the Local Government Act 1993. In addition the Office of Local Government published a guidance document titled "Council Rating and Revenue Raising Manual" and this document is available to be viewed on the OLG website.

LEGAL IMPLICATIONS

Council must pass a resolution to make the rates before it can levy rates and charges on properties each year. The resolutions must be passed before 1 August each year.

OPERATIONAL PLAN IMPLICATIONS

The report raises the revenues as budgeted for in the Operational Plan and Budget.

RISK MANAGEMENT IMPLICATIONS

The form of the resolutions has been structured to ensure compliance with Council's legal requirements.

6.2	2017-2021	DELIVERY	PROGRAM	REVIEW
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Attachments:	A. REVISED Delivery Program 2017-2021.docx
Responsible Officer:	Carolyn O'Brien - Acting Director - Planning, Community & Corporate Services
Author:	Melissa Cleary - Co-Ordinator - Integrated Planning
Community Plan Issue:	<i>A Council that is well managed, efficient and properly resourced and that is responsive to its communities and stakeholders</i>
Community Plan Goal:	<i>Maintain a strong focus on financial discipline to enable Council to properly respond to the needs of the communities it serves.</i>
Community Plan Strategy:	<i>Appropriate matters are reported to Council in a timely manner in accordance with the Financial Control and Reporting Policy.</i>

PURPOSE

This report details the public submissions received during the public exhibition of the revised 2017-2021 Delivery Program, updated to include projects articulated in Council's 2018 Special Variation (SV) application to the Independent Pricing and Regulatory Tribunal (IPART). Additionally, it outlines any amendments proposed for the final 2017-2021 Delivery Program.

OFFICER'S RECOMMENDATION

The revised 2017 – 2021 Delivery Program be adopted.

Moved: _____ **Seconded:** _____

BACKGROUND

The NSW Independent Pricing and Regulatory Tribunal (IPART) conditionally approved a Special Variation (SV) to Muswellbrook Shire Council's rating for 2018/19 to fund the following projects:

- improvements in stormwater management;
- upgrades to Muswellbrook's Olympic Park sporting precinct;
- a new Regional Entertainment and Convention Centre for the region;
- additional support for job creation across the Shire; and
- the recovery of rating income lost as a consequence of the conversion of mining biodiversity offsets to voluntary conservation agreements.

The approval has been granted for twelve months with an invitation to apply in 2019 for the increase to become permanent once the 2017-2021 Delivery Program is revised to include the projects and programs articulated in Council's application in 2018. In its determination IPART noted that Council demonstrated community awareness, that the impact on ratepayers was reasonable and that there were demonstrable productivity improvements and cost containment in the Council organisation.

CONSULTATION

The revised 2017-2021 Delivery Program was placed on public exhibition from 12 June 2018 to 10 July 2018. A media release was distributed to the Muswellbrook Chronicle and ABC Upper Hunter. An advertisement was placed in the Hunter Valley News. A public notification was placed on Council's

website and also distributed via Council's Facebook page. The revised document was available for inspection at Council's Administration Centre, at Muswellbrook and Denman Libraries, at Muswellbrook Aquatic Centre and could be viewed and/or downloaded on Council's website.

During the public exhibition period, Council received no submissions from the community.

All Council staff were notified of public exhibition of these documents.

CONSULTATION WITH COUNCILLOR SPOKESPERSON

Council endorsed the public exhibition of the revised 2017-2021 Delivery Program at the 12 June 2018 Ordinary Council Meeting.

REPORT

In February 2018, Council submitted an application to IPART for a special variation to increase its general income by 14.73% in 2018-19, and to permanently retain this increase in its general income base. IPART determined not to approve the special variation in full because Council did not exhibit its IP&R documents containing the proposed 2018-19 special variation (and associated projects and programs) and showing the impact on the community before applying to IPART.

The 2017-2021 Delivery Program was amended to reflect the community priorities identified for funding by way of a Special Variation. The following updates were made:

- page 4, paragraph 5 – *An additional challenge for Council*;
- page 10 – updated Council Organisational Chart;
- page 13 – additional Delivery Program Objective (2.6);
- page 14 – updated Delivery Program Objective (4.1);
- page 19 – updated Delivery Program Objective (14.1);
- page 23 – additional Delivery Program Objective (18.5);
- pages 31 to 35 – *Special Variation* updated projects and programs to reflect 2018 SV application and the addition of information required to be included as outlined in IPART determination.

OPTIONS

Council may determine to adopt the revised 2017-2021 Delivery Program or conduct another round of revisions and public exhibition.

CONCLUSION

It is recommended that Council adopts the revised 2017-2021 Delivery Program, updated to include projects articulated in Council's 2018 Special Variation (SV) application to the Independent Pricing and Regulatory Tribunal (IPART).

SOCIAL IMPLICATIONS

As described in the Delivery Program.

FINANCIAL IMPLICATIONS

As described in the annual operational budgets.

POLICY IMPLICATIONS

As described in the Muswellbrook Shire Council policy register.

STATUTORY IMPLICATIONS

As described in the NSW Local Government Act, 1993.

LEGAL IMPLICATIONS

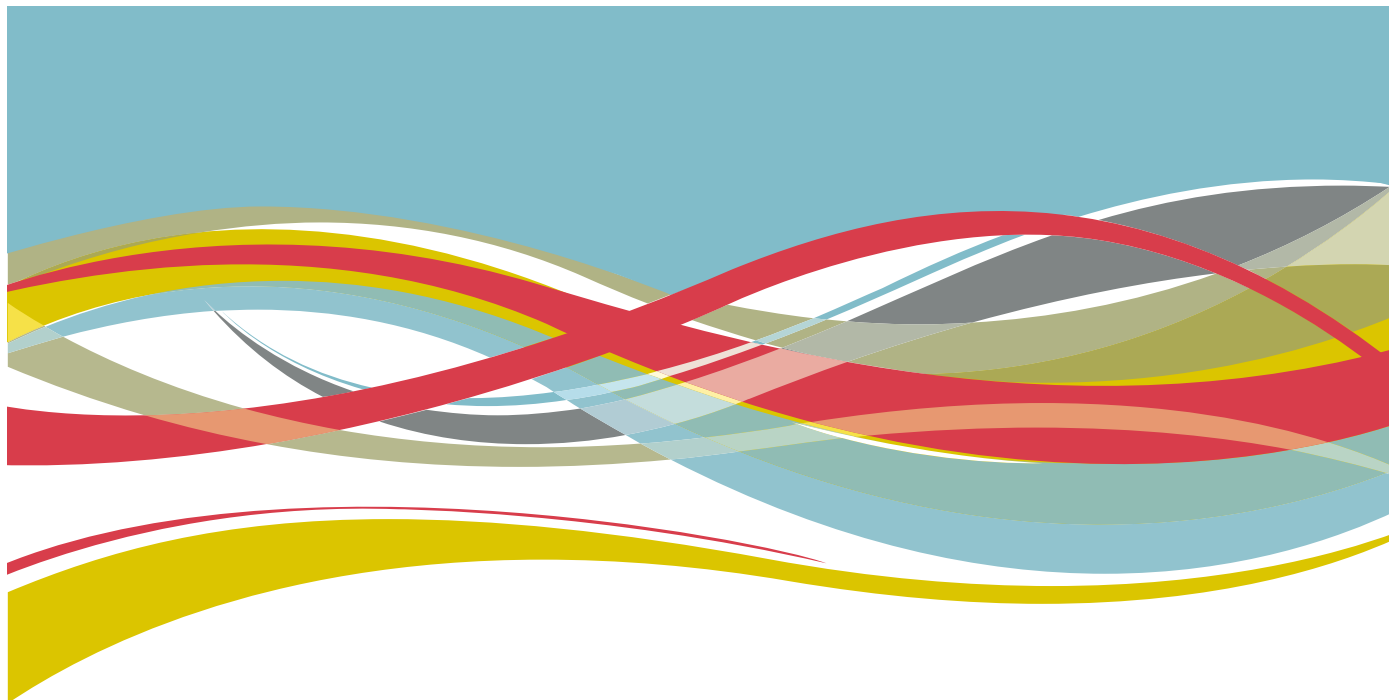
Not Applicable.

OPERATIONAL PLAN IMPLICATIONS

The entire operational plan.

RISK MANAGEMENT IMPLICATIONS

Not applicable.



Muswellbrook Shire Council Delivery Program 2017-21

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A Message from the Mayor and Acting General Manager

The Muswellbrook Shire Council Delivery Program 2017-21 is Council's plan for the delivery of community services and infrastructure over the coming four years.

This Delivery Program reflects the broader goals set out in the Community Strategic Plan (CSP) 2017-2027 and outlines how we will deliver against the six priority areas stated, that is, our plan for:

- economic prosperity
- social equity and inclusion
- environmental sustainability
- cultural vitality
- community infrastructure, and
- community leadership.

The Delivery Program 2017 to 2021 has been developed to integrate with our CSP, the NSW Government's Hunter Regional Plan 2036, the Hunter Regional Implementation Program 2016-2018 (both released in October 2016), the Shire Integrated Water Cycle Management Plan, Council's Long Term Financial Plan and the commitments made in Council's Fit for the Future Plan.

Challenges and opportunities

Council has worked hard over these last few years to implement its *Fit for the Future* Improvement Plan with improved service delivery while costs have been contained. In July 2016 the community indicated a high level of satisfaction with the quality of the services delivered, with particular appreciation for improved amenity in the Shire's parks, gardens, sporting fields, libraries, pools and the upgrades to the town centres of Muswellbrook, Denman and Sandy Hollow. As set out in the CSP, community feedback has indicated strong concern about job losses associated with the reversal in the long term economic projections for traded thermal coal. Undoubtedly, the recent closure of Drayton Coal in November 2016 and the planned closures of Muswellbrook Coal, Liddell Coal and Mangoola Coal will have a substantial impact on local employment. The community has seen a substantial increase in unemployment from 3.1%-12.4% between December 2012 and December 2015

An additional challenge for Council is a Voluntary Conservation Agreement between the NSW Government and Mt Arthur Mine (gazetted 2 December 2016). It related to a parcel of land to be used as environmental offset and required Council to reclassify it as non-rateable. This impacted Council's rating income by \$62,000, effective from 2017/18, it is permanent and cannot be redistributed to other ratepayers.

Nonetheless, the Shire's largest thermal coal mines, Mt Arthur and Bengalla are relatively new and efficient operations, each operating within the first quartile of cost relative to global competitors, and will enjoy long futures even within a challenging international demand setting. Additionally, the new Mt Pleasant mine is widely regarded as the last high quality thermal coal asset in the Hunter.

The Shire has time in which to transition to a more diverse and sustainability economy – but transition we must.

Some years ago, the *Hunter Research Foundation – Trade and Investment Upper Hunter Workforce Plan* identified aged care, education, intensive agriculture, innovative and complex manufacturing, tourism and eco-tourism as being areas of focus in the diversification of the Hunter economy. Pleasingly, Council's investments during the previous four year term in education – the Sam Adams residential student college, the Upper Hunter Conservatorium of Music, the Upper Hunter Tertiary Education Centre – together with private investment in approved and proposed preschool and child care developments, are working towards securing Muswellbrook as a centre of educational excellence to drive the upskilling of local residents and to drive further diversification in the local economy.

In 2016, Council developed a partnership with the University of Newcastle and, along with our existing relationship with Hunter TAFE, Council looks forward to expanding tertiary education opportunity within the Shire.

Aged care development is supported by the commencement of a \$27m aged care and retirement living development, a \$26.5m redevelopment of the Muswellbrook District Hospital together with the continued expansion of the community operated Merton Aged Care Village in Denman. Council will continue in this term to support development and expansion of the visitor economy and the quality of the tourism product.

This Delivery Program recognises that Council must concentrate its efforts on job creation, economic diversification and encouraging sustainable economic development within the Shire. Council's commitment to continuous improvement and operational efficiency was recognised in 2015 by the Independent Pricing and Regulatory Tribunal's (IPART) recommendation to the Office of Local Government that Council is *Fit For The Future*. Council recognises the need to continue to invest in efficiency and capacity within the organisation whilst we invest in significant regional major projects in ongoing consultation with the community. As part of this investment in continuous improvement, Council will implement a new \$3 million Information Systems Strategy, which will be rolled out over the life of this Delivery Program, to upgrade customer service, data management and improve business processes.

This Delivery Program will progress the delivery of the new Muswellbrook and Denman Town Centre Strategies which are designed to improve the liveability of the town centres and facilitate economic development and retail investment. The formulation of new Development Control Plans (DCP) and a new Local Environmental Plan (LEP) for the Muswellbrook Shire will provide the basis, together with the new Hunter Regional Plan, to consider future land use that will support sustainable economic growth and support the development of intensive agriculture in the Shire.

By this Delivery Program, Council will also tackle community concerns for social inclusion – particularly in Muswellbrook South and we will develop and build new partnerships with our neighbouring councils, government and industry to tackle the issues in a more integrated way.

Council is pleased to commend the Delivery Program to the community.



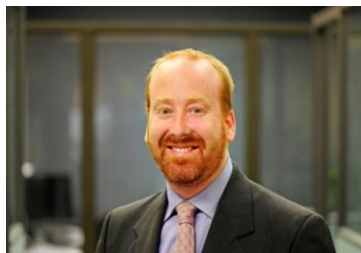
MARTIN RUSH
Mayor



FIONA PLESMAN
Acting General Manager

Councillors of Muswellbrook Shire

Councillors were elected on 10 September 2016



Cr Martin Rush
Mayor



Cr Scott Bailey



Cr Mark Bowditch



Cr Janelle Eades



Cr Jason Foy



Cr Michelle Green



Cr Jacinta Ledlin



Cr Graeme McNeil



Cr Steve Reynolds



Cr Rod Scholes



Cr Stephen Ward



Cr Brett Woodruff

Snapshot of the Shire

Muswellbrook Shire is centrally located in the Upper Hunter Valley, approximately 130km north-west of Newcastle. By road, Muswellbrook is approximately three hours from Sydney, two hours from Tamworth and 90 minutes from Newcastle.

The Shire's boundary is delineated by Lake Liddell to the east, Wollemi National Park to the west, Aberdeen to the north and Coricudgy State Forest to the south.

Muswellbrook Shire covers 3,402km², of which 1,455km (43%) is national park.

Approximately 17,209 people live in the Muswellbrook Shire Local Government Area (LGA), up around 4% from 2011. Most of this growth has been concentrated in the town of Muswellbrook. Council anticipates growth to continue in the short to medium term due to affordable housing and educational opportunities.

It is a welcoming community offering all the cultural, recreational, educational and community facilities that you would expect to find in a city.

Muswellbrook and Denman are the largest towns in the Shire along with a number of outlying rural communities including Sandy Hollow, Wybong, Baerami, Martindale, McCullys Gap, Widden and Muscle Creek.

The population of Muswellbrook Shire tends to be a younger community, with the median age of people being 34 years (2011 ABS Census), compared with 38 for NSW, and 37 for Australia.

Of this population 7.9% are aged 0-4 years (pre-school age) compared with NSW at 6.6%, while 22% are aged 5-19 years (school age/dependants) compared with NSW at 19%.

At the 2011 Census, the population was 51.7% male and 48.3% female.

To find out more about Muswellbrook Shire's Community Profile visit:

www.communityprofile.com.au/muswellbrook

Economic Output

The total annual output in the Muswellbrook Shire LGA is estimated at \$6.9 billion. Output data represents the gross revenue generated by businesses/organisations in each of the industry sectors.

Mining

Coal mining commenced in Muswellbrook Shire in the late 1800s; initially underground mining and then, beginning in 1944, open cut mining.

The oldest mine is Muswellbrook Coal, which celebrated its centenary in 2006. The mining industry has recently experience external economic factors that have resulted in a review of operations, however, the industry remains the biggest employer in the Shire.

There are currently three large mining operations in the Shire, BHP Billiton's Mount Arthur coal mine, New Hope Mining's Bengalla, and Glencore's Mangoola Coal mine are local employers who have also brought many new people and families to the Muswellbrook Shire. MACH Energy has commenced preliminary work on its Mt Pleasant project just north of Muswellbrook township.

Power Generation

AGL Macquarie is Australia's largest electricity producer; Liddell (which is earmarked to close in 2022) and Bayswater power stations currently employ around 600 people. They generate the equivalent of 40% of the State's base-load electricity.

Education

Muswellbrook is developing as a centre of educational excellence in the Upper Hunter. It is particularly well positioned for the efficient and effective provision of vocational training for existing and emerging industries.

In 2016 the Upper Hunter Tertiary Education Centre was opened, bringing the University of Newcastle to the Upper Hunter. The Centre houses TAFE and the University of Newcastle, in partnership, contributing to the realisation of our goal for greater diversification over the life of the Community Strategic Plan and new Delivery Program. In addition, the recently opened and now operational Sam Adams College, a joint TAFE, Council and Federal Government initiative, is providing a 63 bed student accommodation facility for the Shire.

Council aims to grow tertiary education further with the implementation of the new Muswellbrook Town Centre Strategy, which will see Muswellbrook become a Regional Centre with high quality community services.

Thoroughbred Industry

The equine industry origins in the Upper Hunter Valley date back over 150 years. This is a result of the Hunter Valley's unique topography, soil, air, and water availability, making it an ideal location for the horse breeding industry.

Muswellbrook Shire is home to the largest critical mass of thoroughbred rearing in Australia, located in an arc from Widden Valley through Sandy Hollow to Jerry's Plains. The equine industry is a significant employer alongside other agriculture including dairy, beef and cropping.

Viticulture Industry

The Upper Hunter viticulture industry is small but internationally renowned for the quality and quantity of wine production and processing, and as a wine tourism destination.

The earliest evidence of grape growing in the Upper Hunter dates back to 1860 when vines were planted at the meeting of Wybong Creek and the Goulburn River. The wine from these grapes gained international recognition and acclaim and established a tradition and consumer expectation of quality that continues today.

Government Services

A number of State Government Departments and Agencies have offices located in Muswellbrook Shire and have based regional and sub-regional operations to service the Upper Hunter; these including, Corrective Services, Juvenile Justice, Department of Human Services and the Area Command for NSW Police.

Muswellbrook District Hospital recently completed a significantly larger and more suitable emergency department and planning is currently nearing completion for stage two of development on the site.

Centrally located between the New England and Lower Hunter, Muswellbrook Shire holds an excellent geographical advantage in servicing the surrounding areas through these government agencies.

To find out more about Muswellbrook Shire's Economic Profile visit:

www.economicprofile.com.au/muswellbrook

Integrated Planning and Reporting Framework

The Integrated Planning and Reporting (IP&R) framework was established in 2009 by the New South Wales state government. This legislation requires all Councils to have the following plans developed in consultation with the community:

Community Strategic Plan (10 years)

The Community Strategic Plan is an overview document that identifies the community's main priorities and goals for the future. It aims to describe what the community wants to see and feel in and around their area. It is based on community consultation undertaken by Council and covers at least 10 years.

Delivery Program (4 years)

The Delivery Program is the point of reference for all activities undertaken by the Council during its term of office. The Program details the goals Council prioritises to undertake over a four year period, working towards achieving certain strategies in the Community Strategic Plan.

Operational Plan (Annual)

The Operational Plan directly addresses the goals outlined in the Delivery Program. It identifies the actions, programs and activities Council will undertake within the current financial year. The Operational Plan also allocates responsibility for each action, or set of actions, and identifies suitable performance measures for determining the effectiveness of the activities.

Resourcing Strategy

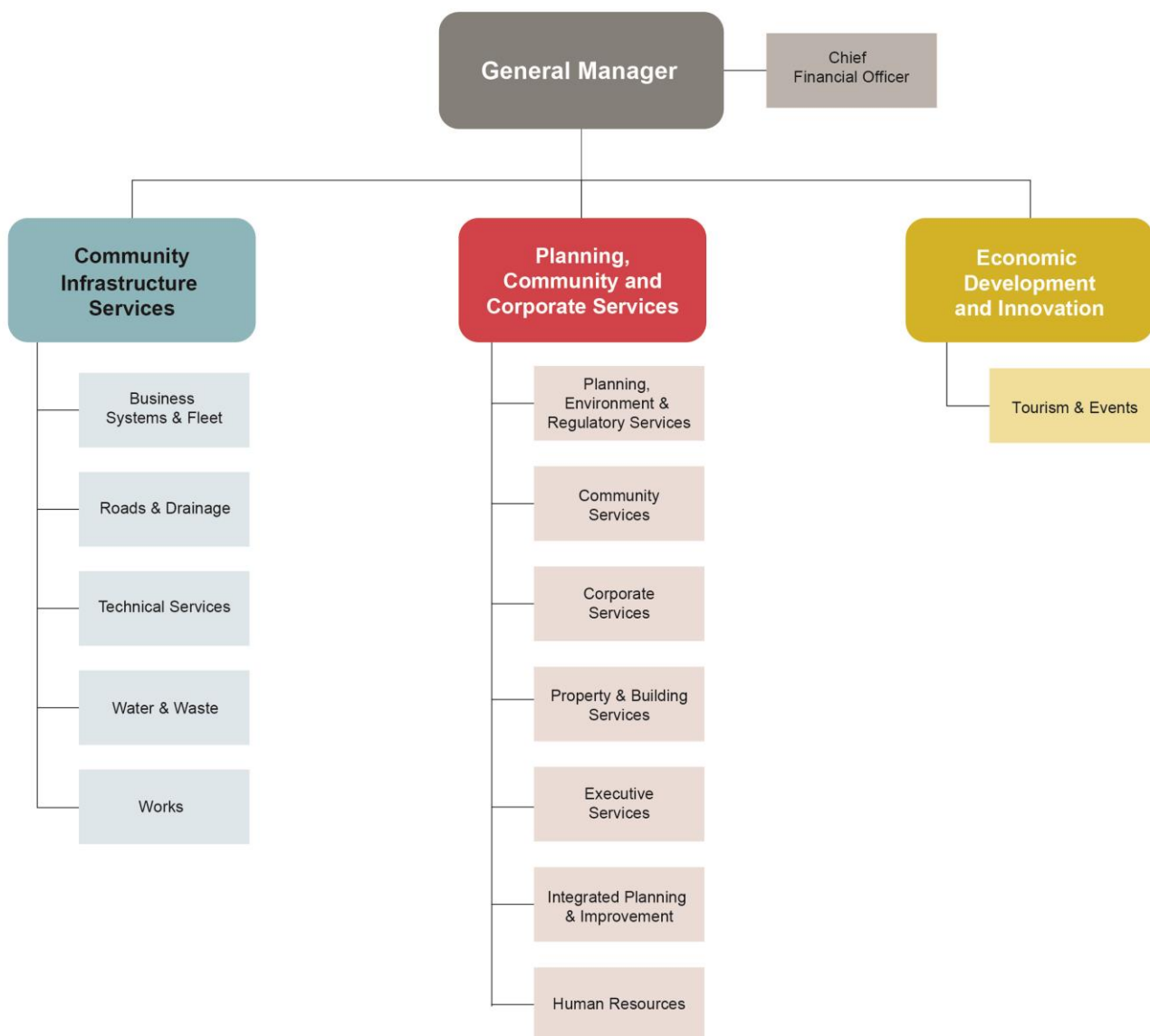
The Resourcing Strategy demonstrates how Council will resource achievement of the Community Strategic Plan and Delivery Program. Council does not have full responsibility for implementing or resourcing all the community aspirations, State agencies, non-government organisations, community groups and individuals also have a role to play in delivering these outcomes. Council's Long Term Financial Plan, Asset Management Plan and Workforce Management Plan have been developed to outline how Council intends to resource the actions identified in the Delivery Plan and objectives of the Community Strategic Plan.



Muswellbrook Shire Council Organisational Chart

Council's leadership team comprises the General Manager, the Director Planning, Community and Corporate Services, the Director Community Infrastructure Services, Executive Manager of Water & Waste, Executive Manager Economic Development and Innovation, Chief Financial Officer and Manager of Corporate Services and Executive Manager Planning, Environment and Regulatory Services.

The chart below shows the current organisational structure:



Delivery Program Structure

The following sections of the Delivery Program provide details of each objective that Council will undertake in the next four years. It shows the link to the Community Strategic Plan (CSP) and includes expected targets.

The CSP and Delivery Program were framed within the following model of community wellbeing and integrate with quadruple bottom line reporting and the IP&R Framework. Council's Community Strategic Plan and Delivery Program respond to the six global megatrends identified by the CSIRO in 2010 to prepare Australia future challenges and assist with planning. The six megatrends address: 1) resource depletion (More from less); 2) reduced biodiversity and extinction (Going, going, gone?); 3) growth of the middle class in developing nations (The silk highway); 4) growing ageing populations in OECD countries (Forever young); 5) increasing connectivity and digital disruption (Virtually here); 6) growing demand for personalised services (Great expectations).



As noted above, Council's priorities focus on:

1. Economic Prosperity
2. Social Equity and Inclusion
3. Environmental Sustainability
4. Cultural Vitality

Added to this are:

5. Community Infrastructure
6. Community Leadership

Informing and underpinning these priorities and goals are Council's:

- Community Engagement Strategy
- Asset Management and Asset Renewal Program
- Financial information, including budget and revenue
- Special variation projects

1. Our Plan for Economic Prosperity

Our plan for local economic prosperity is to continue our focus on supporting local jobs in the short term whilst facilitating the growth and development of innovative, sustainable and high value-add industries into the future.

We need to prepare our local economy for transition. In recent years, there has been a reversal in the long term projections for traded thermal coal and any many associated local job losses. The closure of Drayton Coal in November 2016, and the planned closures of a number of other mining operations, will have a substantial impact on local employment.

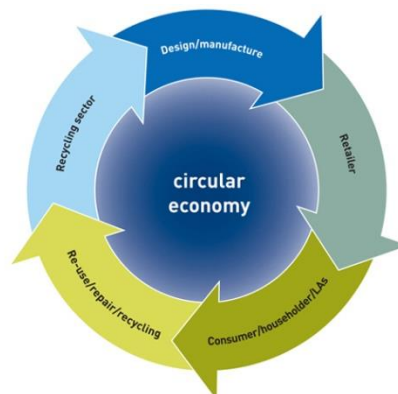
Nonetheless, the Shire's largest thermal coal mines, Mt Arthur and Bengalla are relatively new and efficient operations, each operating within the first quartile of cost relative to global competitors, and will enjoy long futures even within a challenging international demand setting. Additionally, the new Mt Pleasant mine is widely regarded as the last high quality thermal coal asset in the Hunter.

For that reason, the Shire has time in which to transition to a more diverse and sustainable economy but it is important that we work towards that transition now. The volatility of the Shire's thermal coal industry is not without very human consequences in terms of job losses and unemployment as well as housing affordability and investment certainty.

In arriving at this Delivery Program, Council has carefully considered the various local economic prosperity issues, along with global mega-trends as outlined in the following table:

Local economic prosperity issues
Structural decline or uncertainty in the thermal coal industry, associated job losses, and the need to diversify the Shire's economic base
A rising middle class – particularly in south east Asia, and an associated growing demand for agricultural product
The growth of the knowledge, creativity, and digital economy and a reshaping labour market
The continued growth of the services sector and the concentration of services in Regional centres
A growing visitor economy
The movement from a linear to a circular economy ★

★A **circular economy** is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life.



Economic Prosperity

COMMUNITY STRATEGIC PLAN GOAL	DELIVERY PROGRAM OBJECTIVE	TARGET
IN PARTNERSHIP WITH: <ul style="list-style-type: none"> NSW Government Federal Government Hunter Development Corporation Upper Hunter Shire Council Hunter Councils Muswellbrook Chamber of Commerce and Industry Denman Chamber of Commerce Trade Unions University of Newcastle Hunter TAFE Mining sector Agriculture sector AGL Macquarie 		
GOAL ONE Support job growth	1.1 Facilitate the expansion of and establishment of new industries and business	New growth achieved
GOAL TWO Diversify the economy, facilitate the development of intensive agriculture and other growth industries, make the shire a more attractive place to invest and do business.	2.1 Facilitate the diversification of the Shire's economy and support growth of existing industry and business enterprise	Facilitation leads to the establishment of new industries and business enterprise which diversify our economic base and create employment opportunities.
	2.2 Work with the University of Newcastle on research and innovation in areas where the Upper Hunter has a competitive or comparative advantage	Research and innovation leads to the establishment of new industries.
	2.3 Review the Local Environmental Plan and Development Control Plan to improve investment certainty for industry	New planning instruments lead to greater industry investment in the Shire.
	2.4 Implement the Muswellbrook, Denman Town Centre Masterplans and the Sandy Hollow Village Masterplan	Implement the first stage of the Muswellbrook town centre masterplan (Regional Convention and Performance Centre - subject to Special Variation) and the Denman town revitalisation project.
	2.5 Develop agricultural industry opportunities in the Shire	Develop agricultural industry masterplan.
	2.6 Develop a Local Strategic Plan in response to changes to the NSW Planning Act	Develop a Local Strategic Plan in consultation with the community
GOAL THREE Facilitate greater access to higher education and participation in the knowledge and creativity economy	3.1 Through the Future Fund invest in additional education infrastructure, in partnership with Hunter TAFE, the University of Newcastle and other providers	Additional education and creativity infrastructure constructed to support improved access to higher education and participation in the knowledge and creativity economy

<p>GOAL FOUR</p> <p>Develop Muswellbrook as a Regional Centre</p>	<p>4.1 Council will apply to IPART for a permanent single year special variation for a one-off 14.7% (to be varied depending on the rate peg) from 2019/20 continuing permanently in the rate base, made up as follows:</p> <ol style="list-style-type: none"> Residential, Business and Farmland rating revenue increase by 12.3% (to be varied depending on the rate peg) in 2019/20; and Mining rating revenue increase by 18.3% (to be varied depending on the rate peg) in 2019/20. 	<p>The special variation will support:</p> <ul style="list-style-type: none"> - development of a Regional Entertainment and Conference Centre (RECC); - development of Olympic Park Precinct Upgrade projects; - an allocation of \$695,000 per annum for maintenance of new infrastructure associated with the RECC and Olympic Park Precinct Upgrade; - an additional allocation of \$300,000 per year for stormwater drainage; - an additional allocation of \$250,000 towards a job creation program; - an additional allocation of \$100,000 per year for roads and parks asset maintenance; and - fund mining category rates shortfall resulting from a change in NSW Government policy with respect to biodiversity offsets.
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How Muswellbrook's Community Goals align with NSW Government Priorities and Plans:

PREMIER'S PRIORITIES IN ACTION: Creating Jobs; improving education results.

STATE PRIORITIES: Strong budget and economy; encourage business investment; boosting apprenticeships; Improving Aboriginal education outcomes.

HUNTER REGIONAL PLAN 2036: to be the leading regional economy in Australia; enhance inter-regional linkages to support economic growth; transform the productivity of the Upper Hunter; greater housing choice and jobs; protect the economic functions of employment land; strengthen the economic self-determination of Aboriginal communities; develop advanced manufacturing, defence and aerospace hubs; promote innovative small business and growth in the service sectors; grow tourism in the industry; protect and enhance agricultural productivity; manage the ongoing use of natural resources; diversify and grow the energy sector.

2. Our Plan for Social Equity & Inclusion

Our plan for social equity and inclusion is to focus on supporting policies which promote social inclusion, participation in a range of employment and community events and activities, and better liveability services and facilities to help support families in work and older residents in retirement.

Most Shire residents are engaged, feel a sense of pride in their communities and feel safe and secure in their homes. However, there are still a number of indicators where the community is seeking more. Youth services, facilities and services for older people along with a desire for support for local communities are areas of priority.

Residents from across the Shire have access to a wide range of community and government agency services appropriate for their age and needs. Council works with health, welfare and educational organisations from the government and non-government sectors with the aim of improving outcomes for individuals and our community. This occurs through liaison, advisory support, assistance with premises and provision of opportunities for networking.

Council will continue to support the Aboriginal community and work in partnership with the Wanaruah Local Aboriginal Land Council to further the reconciliation process with local Aboriginal people.

In arriving at this Delivery Program, Council has carefully considered the various local social equity and inclusion issues, along with the external mega-trends outlined in the following table:

Local social equity and inclusion issues
An aging population and changing retirement patterns
Social disadvantage and social exclusion – particularly in Muswellbrook South
Early childhood education and social advantage indicia
Improving local liveability and amenity
Easily accessible venues to appreciate and participate in arts and culture

Social Equity & Inclusion

COMMUNITY STRATEGIC PLAN GOAL	DELIVERY PROGRAM OBJECTIVE	TARGET
IN PARTNERSHIP WITH: <ul style="list-style-type: none"> NSW Government Federal Government Upper Hunter Community Services Wanaruah Local Aboriginal Land Council University of Newcastle Hunter TAFE Schools Childcare providers Shire Sports Clubs and User Groups Muswellbrook Chamber of Commerce and Industry Denman Chamber of Commerce Social and community housing providers 		
GOAL FIVE Continue to improve the affordability, liveability and amenity of the Shire's communities	5.1 Implement the outcomes of the Recreation Needs Study	The recommendations from the Recreation Needs Study are implemented
	5.2 Continue town centre revitalisation projects.	Revitalisation projects completed
	5.3 Facilitate investment in entertainment opportunities, particularly for young people.	New entertainment opportunities provided.
	5.4 Improve access to waterways	Greater appreciation and interaction by the community with our local rivers and creeks.
	5.5 Promote and facilitate increased participation in active and passive recreation activities	Increased participation in recreation activities. Implement the Olympic Park Precinct Masterplan (subject to Special Variation).
	5.6 Consider and deliver social inclusion principles across Council functions.	People with disability are continually included in improving the provision of accessible options across the Shire.
	5.7 Facilitate the provision of affordable housing opportunities through development application process as encouraged through the Affordable Rental Housing SEPP 2009	New affordable housing opportunities provided
GOAL SIX Stabilise the tenancy turnover in the Shire's social housing	6.1 Continue partnership with Government and community housing services to reduce the turnover of tenants in the Shire's social housing	Reduction in the turnover of tenants residing in social housing

GOAL SEVEN Build social inclusion and improve the delivery of social services	7.1 Facilitate discussions with other levels of government to enhance the delivery of services to improve and promote social inclusion services	Improved social indicators across the Shire
	7.2 Facilitate and implement improved disability access and inclusion across the Shire	Disability access and inclusion improved to targeted facilities.
GOAL EIGHT Retention and expansion of quality and affordable child care services.	8.1 Facilitate investment in child care services across the Shire	Increased childcare, early childhood education and pre-school options.
GOAL NINE Facilitate opportunities to expand seniors living.	9.1 Facilitate investment in new seniors living facilities	Improved opportunities for seniors living within the Shire.
	9.2 Facilitate discussions with other levels of government to enhance the delivery of services to support older people to live in the Muswellbrook Shire	Improved services for older residents.
GOAL TEN Further the process of reconciliation in the Shire	10.1 Collaborate with local Aboriginal people on projects which enhance an appreciation for, and which develop the vitality of, Aboriginal culture.	Improved understanding and appreciation of the importance of the Aboriginal Community and their traditions and culture.
	10.2 Raise awareness of the local Aboriginal Community and an appreciation of their long traditions and culture.	Improved understanding and appreciation of the importance of the Aboriginal Community and their traditions and culture.

How Muswellbrook's Community Goals align with NSW Government Priorities and Plans:

PREMIER'S PRIORITIES IN ACTION: Reducing domestic violence; tackling childhood obesity; improving education results; protecting our kids; reduce youth homelessness; improving government services; creating jobs; building infrastructure; improving service levels in hospitals.

STATE PRIORITIES: Increasing housing supply; creating sustainable social housing; increasing cultural participation; improving Aboriginal education outcomes; reducing violent crime.

HUNTER REGIONAL PLAN 2036: Thriving Communities; create healthy built environments through good design; enhance access to recreational facilities and connect open spaces; revitalise existing communities; greater housing choice and jobs; promote housing diversity; deliver infrastructure to support growth and communities.

3. Our Plan for Environmental Sustainability

Our plan for environmental sustainability is to focus on the regeneration of mined land and urban riparian areas, increase our use of renewable energy and to monitor and manage our use of natural resources.

Muswellbrook Shire Council is committed to improve its environmental performance and to demonstrate good environmental practice. We are working towards a number of goals to reduce water and energy usage, improve waste management and promote awareness of environmental issues throughout the community.

Our sustainability goals are to:

- comply with the requirements of government legislation and regulations as applies to environmental sustainability
- reduce consumption of energy, water and consumables
- reduce waste to landfill and enhance our recycling system
- record energy usage and provide an annual estimate of carbon emissions
- incorporate sustainability measures into relevant business decisions
- promote environmental sustainability goals to staff, community and key stakeholders.

Council supports the Principles of Environmentally Sustainable Development as defined in the *Protection of the Environment Administration Act 1991* (NSW):

- **The precautionary principle** - public and private decisions should be guided by careful evaluation to avoid serious or irreversible damage to the environment wherever practicable, and an assessment of the risk-weighted consequences of various options.
- **Inter-generational equity** - the present generation should ensure that the health, diversity and productivity of the environment are maintained or enhanced for the benefit of future generations,
- **Conservation of biological diversity and ecological integrity** - conservation of biological diversity and ecological integrity should be a fundamental consideration in environmental planning and decision-making processes.
- **Improved valuation, pricing and incentive mechanisms** - environmental factors should be included in the valuation of assets and services for example, the polluter pays – those who generate pollution and waste should bear the cost of containment, avoidance or abatement.

These principles are implemented at the State level through a number of decision-making processes, including the regulation of pollution, and development assessment and approval regimes.

In arriving at this Delivery Program Council has carefully considered the various local environmental sustainability issues, along with the external mega-trends, as outlined in the following table:

Local environmental sustainability issues
Climate change
Loss/re-establishment/rehabilitation of native vegetation and vegetation connectivity
Poor riparian environments and poor public access to waterways

Environmental Sustainability

COMMUNITY STRATEGIC PLAN GOAL	DELIVERY PROGRAM OBJECTIVE	TARGET
IN PARTNERSHIP WITH: <ul style="list-style-type: none"> NSW Government Federal Government Hunter Councils Upper Hunter Shire Council Singleton Council Upper Hunter Weeds Authority Mining Industry AGL Macquarie University of Newcastle Landcare groups Muswellbrook Chamber of Commerce and Industry Denman Chamber of Commerce 		
GOAL ELEVEN Higher quality final landforms with shallower voids and more emphasis on progressive rehabilitation with local workforce participation	11.1 Work in partnership with industry and other levels of government to achieve improved rehabilitation outcomes for disused mining lands and ongoing employment for the local workforce.	Improvements in final landforms and void depths.
GOAL TWELVE Enhance native vegetation connectivity across the Upper Hunter	12.1 Support Landcare initiatives and programs to enhance native vegetation connectivity across the Upper Hunter.	Enhanced native vegetation connectivity across the Upper Hunter.
GOAL THIRTEEN Our local rivers and creeks are enhanced, utilised and valued	13.1 Adopt an Urban Riparian Masterplan and implement actions.	Healthier waterways and greater recreational use by the community.
GOAL FOURTEEN Support initiatives which reduce the community's impact on the environment	14.1 Carry out actions under the Sustainability Action Plan.	Actions carried out.
	14.2 Require all development proposals to avoid and mitigate against potential environmental impacts and facilitate improved environmental outcomes where possible.	Development application process includes review of potential environmental impacts and mitigation requirements included in conditions.
GOAL FIFTEEN Support Federal and State initiatives to reduce the human impact on climate change	15.1 Increase the proportion of the energy used by Council from renewable sources.	Council to meet a Renewable Energy Target of 40% by 2020.
	15.2 Increase the take up of energy used by the wider community from renewable sources.	The community to meet Renewable Energy Target commensurate with the NSW Government Renewable Energy Target.

How Muswellbrook's Community Goals align with NSW Government Priorities and Plans:

PREMIER'S PRIORITIES IN ACTION: Keeping our environment clean.

HUNTER REGIONAL PLAN 2036: A biodiversity-rich natural environment; protect and connect natural areas; sustain water quality and security; increase resilience to hazards and climate change.

NSW DRAFT CLIMATE CHANGE FUND STRATEGIC PLAN: NSW Aspirational objectives: achieve net-zero emissions of 2050; NSW is more resilient to a changing climate; lead by example to reduce emissions in government operations.

4. Our Plan for Cultural Vitality

Our plan for cultural vitality is to increase the variety, availability and access to the arts and cultural experiences.

Muswellbrook Shire aims to be a culturally rich and diverse Shire with communities that have strong identities and a shared sense of place. The communities of the Shire support and value the culture and traditions of local Aboriginal people and acknowledge their profound contribution to the land and communities of the Shire.

Council also places importance on the value of the arts and creative industries in all their forms as part of our everyday lives. Council recognises the value the arts provide to enrich our lived experience and supports:

- Providing opportunities for cultural participation across multiple dimensions;
- Systems and mechanisms that support and encourage cultural participation; and
- Opportunities for inclusive arts and cultural expression.

Council looks forward to encouraging growth in non-profit, public, and commercial arts-related organisations, retail arts venues (bookshops, cinemas, craft and art suppliers), venues with arts and cultural programming (parks, libraries, multicultural associations, societies, and centres), festivals and parades, arts-focused media outlets (print and electronic, including web-based venues) and art schools.

In arriving at this Delivery Program Council has carefully considered the various local cultural vitality issues, along with the external mega-trends, as outlined in the following table:

Local cultural vitality issues
A variety of opportunities for cultural participation
Opportunity to experience high quality national and international arts and culture

Cultural Vitality

COMMUNITY STRATEGIC PLAN GOAL	DELIVERY PROGRAM OBJECTIVE	TARGET
IN PARTNERSHIP WITH: <ul style="list-style-type: none"> • NSW Government • Federal Government • Arts Upper Hunter • Mining industry members • Creative industries sector • Muswellbrook Chamber of Commerce and Industry • Denman Chamber of Commerce • Upper Hunter Conservatorium of Music 		
GOAL SIXTEEN Conserve the Heritage and History of the Shire	16.1 Support the conservation and restoration of the Shire's heritage items.	New investment in heritage conservation and restoration made.
	16.2 Ensure sites or artifacts of aboriginal significance are protected where new development proposals are considered.	Development assessment includes assessment of the potential impact on aboriginal sites and artefacts and appropriate mitigation is applied as required.
	16.3 New investment in heritage conservation and restoration made.	Funding allocation for heritage conservation and restoration is available.
GOAL SEVENTEEN Facilitate options to improve cultural activities in the Shire.	17.1 Construct a Regional Entertainment and Conference Centre (subject to Special Variation).	Construction completed.
GOAL EIGHTEEN Facilitate cultural activities and events which engage the community and visitors, and which create a 'sense of place' and identity.	18.1 Increase funding to the Blue Heeler Film Festival and the Bottoms Up beer and music festival with a view to engaging more locals and visitors.	Increased attendance and participation at a variety of festivals and events.
	18.2 Continue the provision of arts appreciated through the Muswellbrook Regional Arts Centre	A minimum of five exhibitions each year and the artist in residency completed.
	18.3 Continue the Public Art Program in the localities identified by Council	One piece of public art is placed each financial year for five years (commencing 16/17)
	18.4 Support Arts Upper Hunter as the peak organisation of Artist endeavour	Financial support is provided each year.

	18.5 Investigate increasing the participation in the Upper Hunter Eisteddfod in partnership with Upper Hunter Conservatorium of Music	Participation in the Upper Hunter Eisteddfod is increased.
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How Muswellbrook's Community Goals align with NSW Government Priorities and Plans:

PREMIER'S PRIORITIES IN ACTION: Creating jobs; building infrastructure.

STATE PRIORITIES: Improving Aboriginal education outcomes; increasing cultural participation.

HUNTER REGIONAL PLAN 2036: Transform the productivity of the Upper Hunter; grow tourism in the region; create healthy built environments through good design; enhance access to recreational facilities and connect open spaces; revitalise existing communities; deliver infrastructure to support growth and communities; strengthen the economic self-determination of Aboriginal communities.

5. Our Plan for Community Infrastructure

Our plan for community infrastructure is to expand on the infrastructure required for Muswellbrook to realise Regional Centre status, improve community facilities and improve accessibility to community facilities.

Council has made significant investments in community infrastructure in recent years and plans to continue to do so over the next four years of this Delivery Program. The value of community infrastructure for which Council is responsible is \$795million.

The cost of operating, maintaining and renewing these assets, accounting for their depreciation and building new assets to meet the growing needs and aspirations of our community makes up around 85% of Council's budget.

Council maintains 690.8 kilometres of roadway (596.6kms of which is sealed), 42.5km of footpaths, approximately 73 kms of stormwater drainage and over 1000 rural culverts, 45 carparks, 169kms of kerb and gutter and approximately \$12.4 million worth of traffic safety and control devices.

Council as the local water utility provides water treatment and reticulated drinking water supply services to the urban areas of Muswellbrook, Denman and Sandy Hollow and sewerage reticulation and treatment to the urban areas of Muswellbrook and Denman. The fully regulated Hunter River provides a highly reliable source for Muswellbrook and Denman. Sandy Hollow relies for its water supply on the Goulburn River. Council provides domestic waste services for the townships and some limited rural roads along the truck travel routes. Council operates a three bin system; weekly mixed waste, fortnightly recycling and green waste services and operates a waste management centre in Muswellbrook and a transfer station in Denman.

Managing assets responsibly is critical to Councils financial sustainability. Councils focus is on the provision of best value, in terms of:

- performance - quality, functionality and capacity of assets
- sustainability - minimising the costs of providing assets over their life cycle
- risk (managed at an acceptable level) and resilience - ability to withstand shocks

In arriving at this Delivery Program Council has carefully considered the various local community infrastructure issues, along with the external mega-trends, as outlined in the following table:

Local community infrastructure issues
Integrated footpath and cycle ways
Improved accessibility to Council's facilities
Maintain and expand infrastructure to support Muswellbrook achieve Regional Centre status
Ageing Water and Wastewater Infrastructure

Community Infrastructure

COMMUNITY STRATEGIC PLAN GOAL	DELIVERY PROGRAM OBJECTIVE	TARGET
IN PARTNERSHIP WITH: <ul style="list-style-type: none"> • NSW Government • Hunter Development Corporation • Federal Government • Upper Hunter Water Alliance • Mining sector • Agriculture sector 		
GOAL NINETEEN Our community's infrastructure is planned well, is safe and reliable, and provides required levels of service.	19.1 Improve and maintain civic precincts	Civic precincts and traffic safety devices and networks are well maintained and safe
	19.2 Maintain and continually improve asset management	Implement Councils asset management strategy.
	19.3 Facilitate investment in high quality community infrastructure necessary to a regional centre	High quality infrastructure is provided to support Muswellbrook as a Regional Centre.
	19.4 Maintain and continually improve community infrastructure across the Shire	Roads, footpath and cycleway networks, stormwater devices and kerb and guttering are well maintained, safe and meet relevant standards and the community's service expectations.
GOAL TWENTY A safe, secure and reliable water supply and sewerage services are provided to all residents that will ensure public health.	20.1 Provide safe, secure, efficient and effective water, sewerage and waste services in compliance with regulatory requirements.	Council re-news, upgrades and maintains Councils water and waste utilities and facilities to agreed standards and within regulatory requirements.
GOAL TWENTY ONE The road, footpath and cycleway networks are integrated and allow for the safe movement of residents around the Shire.	21.1 Maintain and continually improve the Shire's footpath and cycleway networks to improve connectivity.	The Shire's footpaths, cycleways and carparks are well planned, maintained, safe, assist community connectivity and meet the community's service expectations.

How Muswellbrook's Community Goals align with NSW Government Priorities and Plans:

PREMIER'S PRIORITIES IN ACTION: Building infrastructure.

STATE PRIORITIES: Improving road travel reliability.

HUNTER REGIONAL PLAN 2036: Thriving communities: enhance access to recreational facilities and connect open spaces; Greater housing choice and jobs: deliver infrastructure to support growth and communities; A biodiversity-rich natural environment: sustain water quality and security.

6. Our Plan for Community Leadership

Our plan for community leadership is to improve the community's participation in decision making and implement business improvement initiatives to improve service delivery.

The Governing Body

The Governing Body of the Council consists of 12 councillors elected for four years. The Chair of Muswellbrook Shire Council (the Mayor of Muswellbrook) and the Deputy Chair are elected by all councillors every two years.

The Mayor and Councillors

The Mayor holds a number of Council delegations and some statutory responsibilities to make determinations on behalf of the Governing Body of the Council between Council meetings. The Mayor is responsible to the Governing Body for the determinations he or she makes. The Governing Body has also provided certain delegations to Councillor Spokespersons for Council's principal activities to speak on behalf of Council and make policy determinations between Council meetings with respect to those specific principal activities.

Council's Business Improvement Strategy

Local governments across the state (and around the world) have recognised the need to improve service delivery and the way assets are managed to ensure they are financial sustainable, particularly as large portfolios of long-lived assets deteriorate with age and need renewal. Council's Strategic Asset Management Plan, aligns with the Long Term Financial Plan and business improvement plans. Over this Delivery Program, Council will implement a new Information Services Strategic and Business Improvement Plan.

Key actions that will be undertaken across Council to improve delivery of all services over the next few years includes:

- *introduction of a new Information Services Strategy:* Council has applied technology in a number of areas, but the functionality of some systems is limited and most do not integrate (this is a barrier to improving management and planning, it also makes it difficult to keep data updated)
- *knowledge and data:* while Council has reasonable information on most asset classes (condition, expected service life, cost of renewal) there is a need to continue to refine this to improve confidence in reporting and to facilitate future planning
- *lifecycle management strategies:* the way assets are operated, maintained and renewed improves performance and resilience and reduces cost and risk (strategies are in place, but these need to be refined / optimised as well as modelled long term)
- *processes and documentation:* asset management can be technical and complex, but it must be simpler and clearer to facilitate community engagement, inform Council decision making and encourage active participation by relevant staff.

Council is also focused on ensuring the information it reports on its assets is auditable as auditing by the NSW Auditor General is due to commence in 2017.

In arriving at this Delivery Program Council has carefully considered the various local community leadership issues, along with global mega-trends, as outlined in the following table:

Local community leadership issues
Community consultation and participation in council planning
Workforce and asset management
Business Improvement

Community Leadership

COMMUNITY PLAN GOAL	STRATEGIC	DELIVERY OBJECTIVE	PROGRAM	TARGET
IN PARTNERSHIP WITH: <ul style="list-style-type: none"> • NSW Government • Federal Government • Hunter Councils • Trade unions 				
GOAL TWENTY TWO Collaborative and responsive community leadership that meets the expectations and anticipates the needs of the community.		22.1 Enhanced collaboration with Council's community and stakeholders to ensure Council and its elected arm is best place to make decisions in the best interests of the community.		Heightened levels of community satisfaction with Council's decision making processes and the maintenance of high standards of transparency and accountability.
GOAL TWENTY THREE Genuine and well informed community participation in decision making.		23.1 Utilise best practice models of community engagement to ensure decision making is meeting the expectations of the community.		Increased participation of residents and other key stakeholders in consultation and decision making processes.
		23.2 Enhance Council's consultation and communication with the community to build awareness and understanding of Council's activities and Community needs.		Greater awareness in the community of Council's activities.
GOAL TWENTY FOUR A Council that is well managed, efficient and properly resourced and that is responsive to its communities and stakeholders.		24.1 Maintain a strong focus on financial discipline to enable Council to properly respond to the needs of the communities it serves.		Strong financial discipline maintained. Delivering approved programs complying with statutory obligations.
		24.2 Implement a comprehensive and targeted business improvement program		Improve information systems and business processes to provide responsive and customer focused service delivery
GOAL TWENTY FIVE A sustainable council that is a best practice employer providing a safe, happy and productive workplace.		25.1 Continue to prioritise safety and risk management initiatives, employee welfare initiatives and upgrades to Council's works depot and waste management facility.		Initiatives and upgrades undertaken.

How Muswellbrook's Community Goals align with NSW Government Priorities and Plans:

PREMIER'S PRIORITIES IN ACTION: Improving government services; faster housing approvals; driving public sector diversity.

STATE PRIORITIES: Delivering strong budgets; Better Government digital services.

Community Engagement Strategy and Outcomes

As part of its 2015 Fit for the Future Plan, Council noted that it had sufficient resources to meet planned levels of service and the renewal of community infrastructure. It also noted, however, that:

The community engagement strategy articulates how Council will engage with the community to ensure that the Community Strategic Plan is developed in line with the community's needs and reflects the community's vision for the future of the Muswellbrook Shire.

Council's Engagement Strategy aims to:

- To identify the community's priorities and vision for the Muswellbrook Shire, its towns and villages over the next 10 years
- Develop a Delivery Program and Operational Plans to realise the community's vision and priorities
- Test the relevance of the pillars and themes of the draft 2027 Community Strategic Plan

Our community engagement is guided by the following principles:

- Comply with 'The council charter' as per the NSW Local Government Act 1993 section 8
- Apply a deliberative democracy approach to community engagement
- Address social, environmental, economic and civic leadership issues in an integrated manner applying the 4 pillars of sustainability in the planning and reporting process.

NSW IP&R legislation requires a newly elected Council to endorse its new 10-year CSP within six months of the local government election. The Muswellbrook CSP 2027 needs to be endorsed by the elected Council no later than March 2017.

Council's strategic planning documents sit within the IP&R framework as outlined previously.

Activities that have been undertaken in 2016-17 as part of our Community Engagement have included:

- **Media releases** - local radio and newspapers are kept informed about the range of opportunities to provide feedback and "have your say"
- **Council newsletter** - Council's community newsletter keeps the community informed about our engagement process and how to get involved
- **Website feedback forum** - Council's website includes information about Listening Post sites, post it walls and a portal to lodge submissions and ideas on various topics and issues of community significance
- **Listening Posts** - Council staff collect community feedback at Listening Posts; these are set up at shopping centres, schools and popular locations
- **Post it walls and boxes** - Post it walls and feedback boxes are provided at the libraries and swimming pools
- **Submissions** - local individuals and groups from across the Shire are invited to make submissions for the consideration and information of the Community Panel
- **Community Panel** - residents are randomly drawn from across the Shire to form a demographically representative panel. They regularly meet over a specific period to prepare recommendations for Council about their vision and priorities for the Muswellbrook area. Once the Community Panel process is complete the Panel will present their views to the Council.

The five characteristics of deliberative democracy that Council's Community Panel will utilise are:

- Information - accurate and relevant data is made available to all participants
- Substantive balance - different positions are compared based on their supporting evidence
- Diversity - all major positions relevant to the matter are considered
- Conscientiousness - participants sincerely weigh all arguments
- Equal consideration - views are weighed based on evidence, not on who is advocating a particular view

Council has consulted with our community extensively. This has been done in relation to a number of specific projects, such as the Muswellbrook and Denman Town Centre Plans, the Olympic Park Precinct Masterplan, but also in more general terms, such as our Listening Post interactions.

Financial Position

Over the last eight (8) years, Council has made a conscious and concerted effort to achieve ongoing improvements in its Operating Result and has been successful in reducing the General Fund operating result for the year before grants and contributions provided for capital purposes from a deficit of \$3,090k in 2010/11 to a surplus of \$3,342k for 2016/17. This has been achieved through a series of measures including:

- Financial and budgetary discipline in regard to expenditures.
- Careful investment in projects that have reduced ongoing operational costs
- Diversification of Council's revenues, including investment in commercial properties that have allowed for the payment of an increasing and ongoing dividend.
- Increased revenues related to the expansion of mining activities in the Shire.

The achievement of a balanced budget, or even a small surplus is important for two major reasons. The first is that it allows for the continuation of services at their current levels without the need to unexpectedly increase revenues related to the provision of the services, that is, there is no need to unexpectedly increase fees and charges. The second is that it allows Council to replace and renew infrastructure and other community assets as they deteriorate. This ensures that the standard of this infrastructure is maintained over time. This prevents the accumulation of an "infrastructure backlog" or a catalogue of infrastructure items that Council does not have sufficient funds to be able to correct.

In addition to the achievement of a solid operating result, it should also be noted that the General Fund has a strong cash position, holding \$19.402M in reserve fund and a low level of debt (\$5.871M) that it can easily service with at its current revenue levels. This gives Council a degree of flexibility as it seeks to respond to the financial challenges that it faces.

As part of its 2015 *Fit for the Future* Plan, Council noted that it had sufficient resources to meet planned levels of service and the renewal of community infrastructure. However, Council now faces a situation of uncertainty in that there now exists a large degree of uncertainty in regard to revenues related to mining operations. This uncertainty arises from a series of threats as some mines reach the end of their approved or useful lives and opportunities as other mines open or expand their operations. If Council is to be able to maintain the strong financial situation that it has currently achieved and to be able to maintain services and infrastructure standards, it needs to be able to replace any revenues lost from this source. Similarly, in order to be able to properly plan for the provision of services and replacement and renewal of infrastructure, Council needs to be able to be confident in regard to the ongoing levels of revenue that it expects to receive over time.

Council also recognises that it needs to respond to local social and economic impacts that are currently arising as a result of the uncertainty facing the mining industry. Council proposes a range of new programmes that are geared toward helping the community and the local economy adapt to these changes. It will provide the Shire with a new base from which it can progress in the new economic realities that apply.

To make allocations towards job creation, stormwater drainage, and roads and parks asset maintenance, and to create new regional level facilities - like the proposed Regional Entertainment and Conference Centre and Olympic Park Precinct (as per the masterplan), Council will need to seriously consider all possible revenue sources to adequately fund them. This could include: the reallocation of funding away from other existing activities and services; review of the fees and charges levied on specific users of community facilities; the appropriate use of debt and cash reserves; or, the possible application for a Special Variation to current rate settings.

Council has prepared a budget based on facilitating the activities and targets outlined in this Delivery Program. A summary of the proposals and two scenarios – one where a Special Variation application is approved, and one without - are presented on the following pages. It should be noted that these figures and allocations will be subject to change on an annual basis as the needs, goals and targets of the organisation change and evolve.

Special Variation

As part of its 2015 *Fit for the Future* Plan, Council noted that it had sufficient resources to meet planned levels of service and the renewal of community infrastructure. It also noted, however, that:

“Council would consider as an option, and in consultation with community, making application for a Special Rate Variation to fund any new infrastructure identified by the community.”

Since the last Community Strategic Plan and *Fit for the Future* Plan issues, particularly the economic issues, have become more acute. Council's ability to address these issues has in part been met by the introduction of new programs for job creation, innovation and research and sustainability.

These programs, which have substantial priority, have largely been funded by further efficiencies achieved since the *Fit for the Future* process was introduced and additional revenues flowing from Council's Future Fund. In order to drive the transition of the Shire into a Regional Centre (Goal 4 of the CSP), Council proposes a Special Variation to fund regionally significant projects: a Regional Entertainment and Conference Centre, a major component of the Muswellbrook Town Centre Plan; and development of the Olympic Park Precinct. The variation, if approved, would also allocate funds towards job creation, stormwater drainage, and roads and parks asset maintenance programs.

COMMUNITY STRATEGIC PLAN GOAL	DELIVERY PROGRAM OBJECTIVE	TARGET	ACTION (17/18)
GOAL ONE Support job growth	1.1 Facilitate the expansion of and establishment of new industries and business	New growth achieved	1.1.1 Develop the subsidised innovation
	2.2 Work with University of Newcastle on research and innovation in areas where the Upper Hunter has a competitive or comparative advantage	Research and innovation leads to the establishment of new industries	2.2.1 Bring key stakeholders together to initiate and progress projects and programs that have a high probability to deliver positive economic outcomes for the Shire
GOAL TWO Diversify the economy, facilitate the development of intensive agriculture and other growth industries, make the shire a more attractive place to invest and do business.	2.4 Implement the Muswellbrook, Denman town centre masterplans and the Sandy Hollow Village Masterplan	Implement the first stage of the Muswellbrook town centre masterplan (Regional Convention and Performance Centre) and the Denman town revitalisation project, subject to Special Variation.	2.4.1 Investigate detailed design of a new commercial building within the Muswellbrook town centre
			2.4.2 Apply the Shire Town Centre Masterplans and Strategies
GOAL FOUR Develop Muswellbrook as a Regional Centre	4.1 Construct and maintain regionally significant infrastructure that facilitates regional service provision.	Increase in provision of regional service delivery.	4.1.1 Apply Shire Town Centre Masterplans, Development Control Plans and Regional Economic Development Strategies to support development of Muswellbrook as a Regional Centre
GOAL FIVE Continue to improve the affordability, liveability and amenity of the Shire's communities	5.1 Implement the outcomes of the Recreation Needs Study	The recommendations from the Recreation Needs Study are implemented	5.1.2 Recreation Needs Study used for works planning and budget purposes
	5.4 Improve access to waterways	Greater appreciation and interaction by the community with our local rivers and creeks.	5.4.1 Commence investigation and design a Public Art Trail along accessible parts of Muscle

COMMUNITY STRATEGIC PLAN GOAL	DELIVERY PROGRAM OBJECTIVE	TARGET	ACTION (17/18)
			Creek and/or the Hunter River that provides options for passive exercise, recreation and social inclusion
	5.5 Promote and facilitate increased participation in active and passive recreation activities	Increased participation in recreation activities	5.5.3 Maintain the sporting and recreational facilities to standard
			5.5.6 User group consultation program
GOAL THIRTEEN Our local rivers and creeks are enhanced, utilised and valued	13.1 Adopt an Urban Riparian Masterplan and implement actions.	Healthier waterways and greater recreational use by the community.	13.1.1 Muswellbrook Urban Riparian Master Plan (MURLMP) is adopted and implemented
GOAL SEVENTEEN Facilitate options to improve cultural activities in the Shire.	17.1 Construct a Regional convention and performance space subject to a Special Variation.	Construction completed.	17.1.1 Investigate the detailed design of the Regional Convention and Performance Centre (RCPC)
GOAL NINETEEN Our community's infrastructure is planned well, is safe and reliable, and provides required levels of service.	19.3 Facilitate investment in high quality community infrastructure necessary to a regional centre	High quality infrastructure is provided to support Muswellbrook as a regional centre.	19.3.11 Seek support for Council's infrastructure priorities for grant programs; e.g. Resources for Regions
	19.4 Maintain and continually improve community infrastructure across the Shire	Roads, footpath and cycleway networks, stormwater devices and kerb and guttering are well maintained, safe and meet relevant standards and the community's expectations.	19.3.1 Provide to Council a list of works proposed for design
GOAL TWENTY ONE The road, footpath and cycleway networks are integrated and allow for the safe movement of residents around the Shire.	21.1 Maintain and continually improve the Shire's footpath and cycleway networks to improve connectivity.	The Shire's footpaths cycleways and carparks are well planned, maintained, safe, assist community connectivity and meet the community's service expectations.	21.1.2 Provide a report to Council on options to be funded and the amounts necessary to achieve the Delivery Plan

These projects and programs align with the priorities of this Delivery Program as well as the Premier's Priorities in Action, State Priorities, Hunter Regional Plan 2036 and other State Government plans.

Regional Entertainment and Conference Centre	
Premier's Priorities in Action	Creating Jobs
	Building Infrastructure
State Priorities	Encouraging Business Investment
	Increasing cultural participation
Hunter Regional Plan 2036	Transform the productivity of the Upper Hunter
	Promote innovative small business and growth in the service sectors
	Grow tourism in the region
	Protect and enhance agricultural productivity
	Enhance access to recreational facilities and connect open spaces
	Revitalise existing communities
	Deliver infrastructure to support growth and communities
Upper Hunter Economic Diversification Strategy	Encourage population to the region and develop knowledge intensive activity
Upper Hunter Workforce Plan	Implement initiatives to broaden the workforce Attract higher education to Muswellbrook
Olympic Park Precinct Masterplan Implementation	
Premier's Priorities in Action	Building Infrastructure
	Tackling childhood obesity
State Priorities	Building Infrastructure
Hunter Regional Plan 2036	Grow tourism in the region
	Enhance access to recreational facilities and connect open spaces
	Revitalise existing communities
	Deliver infrastructure to support growth and communities
Upper Hunter Economic Diversification Strategy	Encourage population to the region and develop knowledge intensive activity
Upper Hunter Workforce Plan	Implement initiatives to broaden the workforce

Additional funding allocations – job creation, stormwater drainage, roads and parks

Premier's Priorities in Action	Creating Jobs
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	Building Infrastructure
State Priorities	Encouraging Business Investment
	Increasing cultural participation
Hunter Regional Plan 2036	Transform the productivity of the Upper Hunter
	Promote innovative small business and growth in the service sectors
	Grow tourism in the region
	Protect and enhance agricultural productivity
	Enhance access to recreational facilities and connect open spaces
	Revitalise existing communities
	Deliver infrastructure to support growth and communities
Upper Hunter Economic Diversification Strategy	Encourage population to the region and develop knowledge intensive activity
Upper Hunter Workforce Plan	Implement initiatives to broaden the workforce Attract higher education to Muswellbrook

Each of the projects and programs has been the subject of considerable interest from the community over a sustained period of time but could not be delivered within the current resourcing envelope.

In light of the community's desire to achieve the goals of this Delivery Program as quickly as possible, Council proposes a one-off Special Variation of 14.73% to bring forward identified priorities to enable completion of projects within the period of this Delivery Program. The New South Wales Independent Pricing and Regulatory Tribunal (IPART) has approved Council's Special Variation of 14.73% for 2018/2019. In order to proceed with the projects to completion, Council will be required to make a further application to IPART.

Affordability and the community's capacity to pay

Muswellbrook Shire average residential rates are among the lowest of Hunter Councils and Group 11 Councils (of which Muswellbrook is one). All categories of rates (with the exception of the Farmland category) are below the average of both Group 11 and Hunter Councils. Table 3.1 provides a comparison to other Councils for 2015/16 (the most up-to date comparative data available from the Office of Local Government, noting that data was not available for merged councils in this data set).

	Residential (\$)	Farmland (\$)	Business (\$)	Mining (\$)
Average Group 11	764.03	3,187.73	2,048.39	94,838.00
Average Hunter	943.20	2,322.15	3,543.83	74,350.00
Muswellbrook Shire Council	722.43	2,765.18	1,859.22	68,241.94

Table 3.1: Average rates for all categories for 2015/16.

(Source: <https://www.olg.nsw.gov.au/public/my-local-council/yourcouncil-website>)

Council has had relatively low outstanding residential rates compared to other Group 11 Councils.

Muswellbrook Shire has the second highest average taxable income per person of local government areas in the Hunter Region and the highest among Group 11 councils.

Residents of Muswellbrook Shire enjoy access to higher levels of discretionary income.

ABS data records the Shire's median wage (excluding government pensions and allowances) at \$51,184. There is a high wage and salary component, from which is deducted significant taxes. Property income is significant and there is a reasonable growth in household wealth despite high indebtedness. The unemployment rate is moderate sitting at 6.1% with a high labour market participation rate.

The population demonstrates moderate levels of socio-economic disadvantage compared to the State Average when measured against the Socio-Economic Indexes for Areas Index of Relative Socio-economic Disadvantage.

Willingness to Pay

A telephone survey undertaken for the purposes of Council's 2018 Special Variation application indicated there is 41% support among the community for the proposed increase. Confidence in these figures is high and based on the methodology used and reputation of Jetty Research, which undertook the telephone survey and the high level (79%) of awareness within the community of the proposals. Council is confident that there are sufficient levels of willingness in the community to justify the increase.

Scenario One – Consolidated - Financial Statements – 2019-28 LTFP

Income Statement - Consolidated For the year	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
Income from Continuing Operations										
Revenue:										
Rates and Annual Charges	21,462	22,345	22,951	23,585	24,238	24,909	25,599	26,309	27,039	27,790
User Charges and Fees	17,489	18,135	18,658	19,213	19,786	20,375	20,982	21,607	22,252	22,915
Interest and Investment Revenue	1,448	1,357	1,323	1,411	1,534	1,672	1,896	2,155	2,455	2,639
Other Revenue	2,650	2,704	2,764	2,841	2,921	3,003	3,087	3,173	3,262	3,353
Grants and Contributions provided for Operating Purposes	5,698	5,757	5,855	6,002	6,152	6,305	6,463	6,625	6,790	6,960
Grants and Contributions provided for Capital Purposes	5,733	5,785	5,876	6,023	6,174	6,328	6,486	6,648	6,815	6,985
Internal Revenue	3,752	3,825	3,899	4,008	4,120	4,236	4,354	4,476	4,602	4,730
Total Income from Continuing Operations	58,233	59,908	61,326	63,084	64,924	66,829	68,868	70,994	73,214	75,374
Expenses from Continuing Operations										
Employee Benefits and On-Costs	13,558	14,115	14,505	14,940	15,388	15,850	16,326	16,815	17,320	17,839
Borrowing Costs	2,876	3,240	3,289	3,200	3,061	2,926	2,825	2,732	2,656	2,581
Materials and Contracts	16,057	16,480	16,910	17,333	17,767	18,211	18,666	19,133	19,611	20,101
Overheads	3,974	4,054	4,136	4,218	4,324	4,432	4,542	4,656	4,772	4,892
Depreciation and Amortisation	11,039	11,319	11,613	11,915	12,225	12,543	12,869	13,203	13,547	13,899
Impairment	-	-	-	-	-	-	-	-	-	-
Net Losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Other Expenses	3,682	3,871	4,076	4,158	4,241	4,326	4,412	4,501	4,591	4,683
Total Expenses from Continuing Operations	51,186	53,079	54,530	55,764	57,006	58,287	59,640	61,040	62,497	63,995
Operating Result from Continuing Operations	7,046	6,829	6,796	7,320	7,918	8,541	9,227	9,955	10,717	11,378
Discontinued Operations										
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	7,046	6,829	6,796	7,320	7,918	8,541	9,227	9,955	10,717	11,378
Net Operating Result attributable to Council	7,046	6,829	6,796	7,320	7,918	8,541	9,227	9,955	10,717	11,378
Net Operating Result attributable to Minority Interests	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	1,313	1,044	920	1,297	1,744	2,213	2,741	3,306	3,903	4,393
Net Operating Result for the Year	7,046	6,829	6,796	7,320	7,918	8,541	9,227	9,955	10,717	11,378
Total Comprehensive Income for the year	7,046	6,829	6,796	7,320	7,918	8,541	9,227	9,955	10,717	11,378

Statement of Cash Flows - Consolidated For the year (000's)	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
Cash Flows from Operating Activities										
Receipts:										
Rates and Annual Charges	21,462	22,345	22,951	23,585	24,238	24,909	25,599	26,309	27,039	27,790
User Charges and Fees	17,489	18,135	18,658	19,213	19,786	20,375	20,982	21,607	22,252	22,915
Investment and Interest Revenue Received	1,448	1,357	1,323	1,411	1,534	1,672	1,896	2,155	2,455	2,639
Grants and Contributions	11,432	11,542	11,732	12,025	12,325	12,634	12,949	13,273	13,605	13,945
Other	6,402	6,529	6,663	6,850	7,041	7,239	7,441	7,650	7,864	8,084
Payments:										
Employee Benefits and On-Costs	(13,558)	(14,115)	(14,505)	(14,940)	(15,388)	(15,850)	(16,326)	(16,815)	(17,320)	(17,839)
Materials and Contracts	(20,032)	(20,534)	(21,047)	(21,551)	(22,090)	(22,642)	(23,208)	(23,789)	(24,383)	(24,993)
Borrowing Costs	(2,876)	(3,240)	(3,289)	(3,200)	(3,061)	(2,926)	(2,825)	(2,732)	(2,656)	(2,581)
Other	(3,682)	(3,871)	(4,076)	(4,158)	(4,241)	(4,326)	(4,412)	(4,501)	(4,591)	(4,683)
Net Cash provided (or used in) Operating Activities	18,085	18,148	18,409	19,235	20,143	21,084	22,096	23,158	24,264	25,277
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	9,657	2,473	2,022	-	327	98	-	28	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-
Payments:										
Purchase of Investment Securities	(1,407)	(2,950)	(3,426)	(2,983)	(3,719)	(5,603)	(6,401)	(7,436)	(8,091)	(10,228)
Purchase of Investment Property	(350)	(350)	(350)	(350)	(350)	(350)	(500)	(350)	(350)	(350)
Purchase of Infrastructure, Property, Plant and Equipment	(33,466)	(15,215)	(14,191)	(12,789)	(13,388)	(13,148)	(13,516)	(13,637)	(14,214)	(13,015)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used) in Investing Activities	(25,566)	(16,042)	(15,945)	(16,122)	(17,130)	(19,003)	(20,417)	(21,394)	(22,655)	(23,593)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowing and Advances	10,506	1,077	552	-	-	-	-	-	-	-
Payments:										
Repayment of borrowing and advances	(3,025)	(3,182)	(3,017)	(3,113)	(3,013)	(2,081)	(1,679)	(1,764)	(1,609)	(1,684)
Net Cash provided (or used) in Investing Activities	7,481	(2,105)	(2,465)	(3,113)	(3,013)	(2,081)	(1,679)	(1,764)	(1,609)	(1,684)
Net Increase / (Decrease) in Cash and Cash Equivalents	-	(0)	(0)	0	(0)	(0)	(0)	(0)	(0)	-
plus: Cash and Cash Equivalents - beginning of year	9,572	9,572	9,572	9,571	9,571	9,571	9,571	9,571	9,571	9,571
Cash and Cash Equivalents - end of year	9,572	9,572	9,571	9,571	9,571	9,571	9,571	9,571	9,571	9,571
plus: Investments on hand - end of year	22,852	23,329	24,733	27,716	31,108	36,613	43,014	50,421	58,513	68,741
Total Cash, Cash Equivalents and Investments	32,424	32,901	34,304	37,287	40,679	46,184	52,585	59,993	68,084	78,312

Item 6.2 - Attachment A
REVISED Delivery Program 2017-2021.docx

Balance Sheet - Consolidated	Budget	Budget	Budget	Budget	Projected	Projected	Projected	Projected	Projected	Projected
As at (000's)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
ASSETS										
Current Assets										
Cash and Cash Equivalents	9,572	9,571	9,571	9,571	9,571	9,571	9,571	9,571	9,571	9,571
Investments	9,390	6,712	6,712	6,712	6,712	6,712	6,712	6,712	6,712	6,712
Receivables	9,550	9,550	9,550	9,550	9,550	9,550	9,550	9,550	9,550	9,550
Inventories	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116
Other	102	102	102	102	102	102	102	102	102	102
Total Current Assets	30,730	28,052	28,051	28,051	28,051	28,051	28,051	28,051	28,051	28,051
Non-Current Assets										
Investments	14,190	17,345	18,749	21,732	25,124	30,629	37,030	44,437	52,529	62,757
Infrastructure, Property, Plant and Equipment	640,282	644,178	646,756	647,631	648,794	649,399	650,047	650,480	651,147	650,263
Investments accounted for using the equity method	91	91	91	91	91	91	91	91	91	91
Investment Property	59,068	59,418	59,768	60,118	60,468	60,818	61,318	61,668	62,018	62,368
Total Non-Current Assets	713,631	721,033	725,364	729,572	734,477	740,938	748,486	756,677	765,785	775,479
TOTAL ASSETS	744,360	749,084	753,415	757,623	762,528	768,989	776,537	784,728	793,836	803,530
LIABILITIES										
Current Liabilities										
Payables	5,917	5,917	5,917	5,917	5,917	5,917	5,917	5,917	5,917	5,917
Borrowings	3,182	3,017	3,113	3,013	2,081	1,679	1,764	1,609	1,684	0
Provisions	3,227	3,227	3,227	3,227	3,227	3,227	3,227	3,227	3,227	3,227
Total Current Liabilities	12,326	12,161	12,257	12,157	11,225	10,823	10,908	10,753	10,828	9,144
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	80,652	78,712	76,151	73,138	71,058	69,378	67,615	66,005	64,321	64,321
Provisions	5,284	5,284	5,284	5,284	5,284	5,284	5,284	5,284	5,284	5,284
Total Non-Current Liabilities	85,936	83,996	81,435	78,422	76,342	74,662	72,899	71,289	69,605	69,605
TOTAL LIABILITIES	98,262	96,157	93,692	90,579	87,566	85,486	83,806	82,043	80,433	78,749
Net Assets	646,098	652,928	659,724	667,044	674,962	683,503	692,731	702,685	713,403	724,781
EQUITY										
Retained Earnings	341,126	347,955	354,752	362,072	369,990	378,531	387,758	397,713	408,430	419,809
Revaluation Reserves	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972
Total Equity	646,098	652,927	659,724	667,044	674,962	683,503	692,730	702,685	713,402	724,781

Statement of Changes in Equity - Consolidated	Budget	Budget	Budget	Budget	Projected	Projected	Projected	Projected	Projected	Projected
For the year (000's)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
RETAINED EARNINGS										
Opening Balance	334,080	341,126	347,955	354,752	362,072	369,990	378,531	387,758	397,713	408,430
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	334,080	341,126	347,955	354,752	362,072	369,990	378,531	387,758	397,713	408,430
Net Operating Result for the Year	7,046	6,829	6,796	7,320	7,918	8,541	9,227	9,955	10,717	11,378
Total Comprehensive Income	7,046	6,829	6,796	7,320	7,918	8,541	9,227	9,955	10,717	11,378
Balance at End of the Reporting Period	341,126	347,955	354,752	362,072	369,990	378,531	387,758	397,713	408,430	419,809
IPP&E ASSET REVALUATION RESERVE										
Opening Balance	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264
Revaluations - IPP&E Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264
Balance at End of the Reporting Period	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264	282,264
COUNCIL EQUITY INTEREST										
Opening Balance	639,052	646,098	652,927	659,724	667,044	674,962	683,503	692,730	702,685	713,402
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	639,052	646,098	652,927	659,724	667,044	674,962	683,503	692,730	702,685	713,402
Net Operating Result for the Year	7,046	6,829	6,796	7,320	7,918	8,541	9,227	9,955	10,717	11,378
Total Comprehensive Income	7,046	6,829	6,796	7,320	7,918	8,541	9,227	9,955	10,717	11,378
Revaluations - IPP&E Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Balance at End of the Reporting Period	646,098	652,927	659,724	667,044	674,962	683,503	692,730	702,685	713,402	724,781

Scenario Two – Consolidated - Financial Statements – 2019-28 LTFP

Income Statement - Consolidated For the year	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
Income from Continuing Operations										
Revenue:										
Rates and Annual Charges	23,355	24,281	24,931	25,612	26,311	27,030	27,769	28,528	29,309	30,112
User Charges and Fees	17,489	18,135	18,658	19,213	19,786	20,375	20,982	21,607	22,252	22,915
Interest and Investment Revenue	1,448	1,357	1,323	1,411	1,534	1,672	1,896	2,155	2,455	2,639
Other Revenue	2,650	2,704	2,764	2,841	2,921	3,003	3,087	3,173	3,262	3,353
Grants and Contributions provided for Operating Purposes	5,698	5,757	5,855	6,002	6,152	6,305	6,463	6,625	6,790	6,960
Grants and Contributions provided for Capital Purposes	19,943	5,785	5,876	6,023	6,174	6,328	6,486	6,648	6,815	6,985
Internal Revenue	3,752	3,825	3,899	4,008	4,120	4,236	4,354	4,476	4,602	4,730
Total Income from Continuing Operations	74,335	61,844	63,307	65,110	66,997	68,949	71,037	73,214	75,485	77,696
Expenses from Continuing Operations										
Employee Benefits and On-Costs	13,558	14,365	15,356	15,813	16,283	16,767	17,265	17,778	18,307	18,851
Borrowing Costs	3,348	3,655	3,656	3,558	3,409	3,265	3,153	3,049	2,963	2,876
Materials and Contracts	16,057	16,480	17,110	17,538	17,977	18,426	18,887	19,359	19,843	20,339
Overheads	3,974	4,054	4,136	4,218	4,324	4,432	4,542	4,656	4,772	4,892
Depreciation and Amortisation	11,039	11,319	12,021	12,323	12,632	12,950	13,276	13,611	13,954	14,306
Other Expenses	3,682	3,933	4,140	4,223	4,308	4,394	4,483	4,573	4,665	4,758
Total Expenses from Continuing Operations	51,658	53,806	56,419	57,672	58,933	60,234	61,607	63,026	64,504	66,023
Operating Result from Continuing Operations	22,677	8,038	6,888	7,438	8,064	8,715	9,430	10,187	10,981	11,673
Discontinued Operations										
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	22,677	8,038	6,888	7,438	8,064	8,715	9,430	10,187	10,981	11,673
Net Operating Result attributable to Council	22,677	8,038	6,888	7,438	8,064	8,715	9,430	10,187	10,981	11,673
Net Operating Result attributable to Minority Interests	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	2,733	2,253	1,011	1,415	1,890	2,387	2,944	3,539	4,166	4,688
Net Operating Result for the Year	22,677	8,038	6,888	7,438	8,064	8,715	9,430	10,187	10,981	11,673
Total Comprehensive Income for the year	22,677	8,038	6,888	7,438	8,064	8,715	9,430	10,187	10,981	11,673

Item 6.2 - Attachment A
REVISED Delivery Program 2017-2021.docx

Statement of Cash Flows - Consolidated For the year (000's)	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
Cash Flows from Operating Activities										
Receipts:										
Rates and Annual Charges	23,355	24,281	24,931	25,612	26,311	27,030	27,769	28,528	29,309	30,112
User Charges and Fees	17,489	18,135	18,658	19,213	19,786	20,375	20,982	21,607	22,252	22,915
Investment and Interest Revenue Received	1,448	1,357	1,323	1,411	1,534	1,672	1,896	2,155	2,455	2,639
Grants and Contributions	25,642	11,542	11,732	12,025	12,325	12,634	12,949	13,273	13,605	13,945
Other	6,402	6,529	6,663	6,850	7,041	7,239	7,441	7,650	7,864	8,084
Payments:										
Employee Benefits and On-Costs	(13,558)	(14,365)	(15,356)	(15,813)	(16,283)	(16,767)	(17,265)	(17,778)	(18,307)	(18,851)
Materials and Contracts	(20,032)	(20,534)	(21,247)	(21,756)	(22,300)	(22,858)	(23,429)	(24,015)	(24,615)	(25,231)
Borrowing Costs	(3,348)	(3,655)	(3,656)	(3,558)	(3,409)	(3,265)	(3,153)	(3,049)	(2,963)	(2,876)
Other	(3,682)	(3,933)	(4,140)	(4,223)	(4,308)	(4,394)	(4,483)	(4,573)	(4,665)	(4,758)
Net Cash provided (or used in) Operating Activities	33,716	19,357	18,908	19,761	20,696	21,665	22,707	23,798	24,935	25,980
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	9,657	2,473	2,022	761	1,082	746	-	28	-	-
Payments:										
Purchase of Investment Securities	(1,407)	(2,950)	(3,397)	(3,190)	(3,749)	(5,160)	(5,756)	(6,286)	(7,287)	(8,129)
Purchase of Investment Property	(350)	(350)	(350)	(350)	(350)	(350)	(500)	(350)	(350)	(350)
Purchase of Infrastructure, Property, Plant and Equipment	(59,476)	(15,215)	(14,491)	(13,634)	(14,423)	(14,557)	(14,485)	(15,117)	(15,356)	(15,459)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used) in Investing Activities	(51,576)	(16,042)	(16,216)	(16,413)	(17,440)	(19,320)	(20,741)	(21,725)	(22,993)	(23,938)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowing and Advances	22,306	1,077	552	-	-	-	-	-	-	-
Payments:										
Repayment of borrowing and advances	(4,446)	(4,391)	(3,245)	(3,349)	(3,259)	(2,337)	(1,946)	(2,040)	(1,897)	(1,984)
Net Cash provided (or used) in Investing Activities	17,860	(3,314)	(2,693)	(3,349)	(3,259)	(2,337)	(1,946)	(2,040)	(1,897)	(1,984)
Net Increase / (Decrease) in Cash and Cash Equivalents	-	(0)	(0)	(1)	(3)	9	20	32	45	57
plus: Cash and Cash Equivalents - beginning of year	9,572	9,572	9,572	9,571	9,570	9,567	9,576	9,596	9,629	9,674
Cash and Cash Equivalents - end of year	9,572	9,572	9,571	9,570	9,567	9,576	9,596	9,629	9,674	9,731
plus: Investments on hand - end of year	22,852	23,329	24,704	27,134	29,800	34,213	39,969	46,228	53,515	61,644
Total Cash, Cash Equivalents and Investments	32,424	32,901	34,276	36,704	39,368	43,789	49,566	55,857	63,188	71,375

Balance Sheet - Consolidated	Budget	Budget	Budget	Budget	Projected	Projected	Projected	Projected	Projected	Projected
As at (000's)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
ASSETS										
Current Assets										
Cash and Cash Equivalents	9,572	9,572	9,571	9,570	9,567	9,576	9,596	9,629	9,674	9,731
Investments	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390
Receivables	9,550	9,550	9,550	9,550	9,550	9,550	9,550	9,550	9,550	9,550
Inventories	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116
Other	102	102	102	102	102	102	102	102	102	102
Total Current Assets	30,730	30,730	30,729	30,728	30,725	30,734	30,754	30,787	30,832	30,889
Non-Current Assets										
Investments	14,190	14,667	16,042	18,472	21,138	25,551	31,307	37,566	44,853	52,982
Infrastructure, Property, Plant and Equipment	666,292	670,188	672,659	673,970	675,761	677,367	678,576	680,082	681,484	682,637
Investments accounted for using the equity method	91	91	91	91	91	91	91	91	91	91
Investment Property	59,068	59,418	59,768	60,118	60,468	60,818	61,318	61,668	62,018	62,368
Total Non-Current Assets	739,641	744,365	748,560	752,650	757,458	763,828	771,292	779,407	788,446	798,078
TOTAL ASSETS	770,371	775,094	779,289	783,378	788,184	794,562	802,047	810,194	819,277	828,967
LIABILITIES										
Current Liabilities										
Payables	5,917	5,917	5,917	5,917	5,917	5,917	5,917	5,917	5,917	5,917
Borrowings	4,391	3,245	3,349	3,259	2,337	1,946	2,040	1,897	1,984	0
Provisions	3,227	3,227	3,227	3,227	3,227	3,227	3,227	3,227	3,227	3,227
Total Current Liabilities	13,535	12,389	12,493	12,403	11,481	11,090	11,184	11,041	11,128	9,144
Non-Current Liabilities										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	89,822	87,655	84,857	81,599	79,262	77,316	75,276	73,379	71,395	71,395
Provisions	5,284	5,284	5,284	5,284	5,284	5,284	5,284	5,284	5,284	5,284
Total Non-Current Liabilities	95,106	92,939	90,141	86,883	84,546	82,600	80,560	78,663	76,679	76,679
TOTAL LIABILITIES	108,641	105,327	102,635	99,285	96,027	93,690	91,744	89,704	87,807	85,823
Net Assets	661,729	669,767	676,655	684,093	692,157	700,872	710,302	720,490	731,470	743,144
EQUITY										
Retained Earnings	356,757	364,795	371,683	379,121	387,185	395,900	405,330	415,517	426,498	438,171
Revaluation Reserves	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972
Total Equity	661,729	669,767	676,655	684,093	692,157	700,872	710,302	720,489	731,470	743,143

Statement of Changes in Equity - Consolidated For the year (000's)	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
RETAINED EARNINGS										
Opening Balance	334,080	356,757	364,795	371,683	379,121	387,185	395,900	405,330	415,517	426,498
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	334,080	356,757	364,795	371,683	379,121	387,185	395,900	405,330	415,517	426,498
Net Operating Result for the Year	22,677	8,038	6,888	7,438	8,064	8,715	9,430	10,187	10,981	11,673
Total Comprehensive Income	22,603	8,029	6,822	6,891	7,382	7,904	8,474	9,057	9,674	10,172
Balance at End of the Reporting Period	356,683	364,786	371,617	378,573	386,503	395,088	404,374	414,387	425,192	436,670
IPP&E ASSET REVALUATION RESERVE										
Opening Balance	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972
Revaluations - IPP&E Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972
Balance at End of the Reporting Period	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972	304,972
COUNCIL EQUITY INTEREST										
Opening Balance	639,052	661,729	669,767	676,655	684,093	692,157	700,872	710,302	720,489	731,470
Correction of Prior Period Errors	-	-	-	-	-	-	-	-	-	-
Revised Opening Balance	639,052	661,729	669,767	676,655	684,093	692,157	700,872	710,302	720,489	731,470
Net Operating Result for the Year	22,677	8,038	6,888	7,438	8,064	8,715	9,430	10,187	10,981	11,673
Total Comprehensive Income	22,677	8,038	6,888	7,438	8,064	8,715	9,430	10,187	10,981	11,673
Revaluations - IPP&E Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Balance at End of the Reporting Period	661,729	669,767	676,655	684,093	692,157	700,872	710,302	720,489	731,470	743,143

6.3 FUTURE FUND COMMITTEE

Attachments:	A. Report on the Future Fund
Responsible Officer:	Fiona Plesman - General Manager
Author:	Michelle Sandell-Hay - PA to the General Manager
Community Plan Issue:	<i>A Council that is well managed, efficient and properly resourced and that is responsive to its communities and stakeholders</i>
Community Plan Goal:	<i>Maintain a strong focus on financial discipline to enable Council to properly respond to the needs of the communities it serves.</i>
Community Plan Strategy:	<i>Appropriate matters are reported to Council in a timely manner in accordance with the Financial Control and Reporting Policy.</i>

PURPOSE

For Council to approve the establishment of a Future Fund Committee as a sub-committee of the Corporate Planning and Policy Committee.

OFFICER'S RECOMMENDATION

1. The Future Fund Committee be established as sub-committee of the Corporate Policy and Planning Committee of Council
2. Membership of the Future Fund Committee include:
 - The Mayor
 - Councillor Spokesperson Finance
 - The General Manager
 - Chief Financial Officer
 - Executive Manager Economic Development and Innovation
 - Manager Property and Building

Moved: _____ Seconded: _____

BACKGROUND

The planned establishment of a Future Fund Committee that reports to Council via the Corporate Policy and Planning Committee was delayed in the 2017/2018 Operational Year and remains outstanding. The Independent Internal Audit into Council's Commercial and Future Fund has identified this committee as a priority for action.

CONSULTATION

Independent Internal Auditor

CFO

Executive Manager Economic Development

CONSULTATION WITH COUNCILLOR SPOKESPERSON

Councillor Bailey

REPORT

The independent internal auditor provides the following advice to Council:

Based on our review we consider that now the Fund is substantial it should be managed as a separate business within council, with a management committee, monthly reports, regular assessment of the Fund assets and leasing status. The management committee would oversight the management of the fund, reviewing and monitoring the Fund against its objectives and purposes, managing the borrowings within the fund and reporting to MANEX and Council on the results of the Fund.

In addition, there should be an annual report to Council and the community on the operations and performance of the Fund against its purposes in accordance with Councils policy.

OPTIONS

The Future Fund be managed by the Upper Hunter Economic Development Corporation once it is established

CONCLUSION

It is recommended to set up a Future Fund Committee

SOCIAL IMPLICATIONS

No social implication identified

FINANCIAL IMPLICATIONS

No financial implications are identified

POLICY IMPLICATIONS

The Future Fund Committee would abide by the Code of Meeting Practice and other council Policies

STATUTORY IMPLICATIONS

The Future Fund Committee would meet statutory requirements

LEGAL IMPLICATIONS

No legal implications

OPERATIONAL PLAN IMPLICATIONS

Establishment of a Future Fund Committee is in line with Council's Integrated Plans

RISK MANAGEMENT IMPLICATIONS

The establishment of the Future Fund reduces Council enterprise risks

Review of the Management of the Future Fund

Council's Objectives

- Develop and Improve Future Fund Operations.

Objective of internal audit project

- To review the operation and management of the Future Fund to assess the effectiveness and efficiency of its operation and its financial viability.

Scope

- The establishment of the Future Fund and fund objectives.
- The Future Fund policies and procedures.
- Management of the Future fund and fund property.
- Accounting and reporting for the Future fund.
- Process for moving resources in and out of the Future Fund.
- Financial viability of the Future fund.

Methodology

- Review the documentation establishing the Future Fund and the objectives of the Fund. Assessing the need for a Charter/Deed/Constitution of the Fund to formalise its objectives.
- Review the adequacy of Councils policies and procedures for the operation of the Fund.
- Review the responsibilities within Council for the operation of the Future Fund. Including:
 - Assessing meetings, agendas and outcomes.
 - Assessing the funds strategy and reporting against the strategy.
 - Management structure - use of independent experts, Consultants, Property managers, etc.
- Review the selection and acquisition process for assets in the Fund.
- Review the processes and criteria for retaining assets in the Fund and the decision points for identifying assets of the Fund for disposal.
- Review the management of the properties, including tenancy management and maintenance of the properties.
- Review the valuation of properties, return on investment and market risk management.
- Review the processes and controls over the transferring resources in and out of the Fund.
- Review the adequacy of accounting and reporting for the Fund. Assessing the sufficiency of the Fund probity to Council and the community.
- Review the financial results to date of the Future Fund.

Overall grading - Some Improvement Needed



A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives being met.

Conclusion



The Future Fund is now a substantial Fund within Council with total assets worth \$87 million, debt of \$50 million and revenue of approximately \$6.4 million per annum. Our review of the Future Fund showed that the fund has been effectively established that it is viable and is being adequately managed. There is a Council policy clearly establishing the Fund comprising a Commercial division and Education division. The policy clearly sets out the objectives of each division and the purposes of each division.

Based on our review we consider that now the Fund is substantial it should be managed as a separate business within council, with a management committee, monthly reports, regular assessment of the Fund assets and leasing status. The management committee would oversight the management of the fund, reviewing and monitoring the Fund against its objectives and purposes, managing the borrowings within the fund and reporting to MANEX and Council on the results of the Fund.





In addition, there should be an annual report to Council and the community on the operations and performance of the Fund against its purposes in accordance with Councils policy.

Ref No	Rating	Findings/ Issue	Agreed Action Plan	By Whom	When
X-1		<p>Although the Future Fund is being adequately managed it is not being run like a business within Council rather it is being run as part of the Property and Building department of Council. As a result it has not been set up to be managed like an independent accountable Fund. For example, it is difficult to get a comprehensive listing of assets and values of the Fund or the borrowings of the Fund. Further, it is not easy see the results of the Fund by building.</p> <p>There is no committee overseeing the operations and there is a lack of reporting and monitoring of strategic and operating parameters for the Fund.</p> <p>In addition, there has been a lack of Finance department involvement in the process development for the Fund resulting in duplication of processes and documentation.</p>	<p>Council will establish an Operating Committee comprising a Finance representative, Building representative and a member from MANEX to oversight the management and operations of the Fund on a timely basis.</p> <p>The committee will set up a terms of reference for the management of the Fund to ensure that they meet the expectations of Council.</p> <p>The Future Fund will be set up in Authority as a business unit so that reports can be easily prepared on the profit and loss and balance sheet of the Fund and the results by property can be measured.</p> <p>The committee will also oversee the refinancing of the debt within the Fund.</p>	Fiona Plesman	30 Sept 2018
X-2		<p>There are no monthly KPI reports for the Future Fund and no regular reporting on performance of the Fund other than quarterly budget review and comments in the annual report.</p>	<p>A monthly report will be developed for the Future Fund to enable the committee to monitor the performance of the Fund. The monthly reports will include:</p> <ul style="list-style-type: none"> • Revenue and expenses against budget. • Occupancy status; • Rental arrears; • Aged debtor listings; • Results by building; 	Matthew Lysaught	31 Dec 2018

Ref No	Rating	Findings/ Issue	Agreed Action Plan	By Whom	When
			<ul style="list-style-type: none"> Balance sheet for the Fund including asset values and borrowing; and Short and long term plans, budgets and forecasts for the Fund. 		
X-3	M	<p>The Progen Property billing system does not interface to Authority and is not reconciled to Authority on a timely basis. As a result the system does not comply with Councils IT architecture of one source of truth.</p> <p>In addition, the Progen system has not been fully implemented.</p>	<p>Procedures for reconciling the Progen Property billing system to the Authority system will be developed and the Progen will be reconciled at least monthly to Authority.</p> <p>The interface of Progen to the Authority system will be investigated to determine if the Progen fits with Councils IT architecture. If Council approves the use of Progen as part of Council's IT architecture, then a plan to fully implement the system will be developed and implemented.</p> <p>If it is determined that Progen does not fit Councils IT architecture, then alternate systems will be investigated to replace Progen.</p>	Matthew Lysaught	31 Dec 2018
X-4	M	<p>Tenant debtors are not being followed up adequately and on a timely basis. We note that the property staff are aware of this issue and is currently being addressed.</p> <p>In addition, there is a different debtors process for the Future Fund compared to other Council debtors, resulting in duplication and inconsistent processes.</p>	<p>Future Fund staff will meet with finance to develop debtor follow up processes and to integrate the property management process with Councils debtors procedures.</p> <p>A monthly aged debtors listing will be provided to property staff for their follow up. The Management Committee will oversight the collection of rent and debtors to ensure that it is collected on a timely basis.</p>	Matthew Lysaught	31 Dec 2018
X-5	M	No annual report has been prepared for Council and the community setting out the performance of each Division of the Fund against its purposes as required in	An annual report to Council will be prepared each year and a report provided to the community setting out the performance of each Division of the Fund against its purposes.	Matthew Lysaught	31 Oct 2018

Ref No	Rating	Findings/ Issue	Agreed Action Plan	By Whom	When
		the Future Fund policy.			
X-6		There is no “Shire Education Fund Committee” as required by Section 6.4 of the Future Fund policy.	Council will establish an operational committee to oversee the management and operation of the divisions of the Future Fund.	Fiona Plesman	30 Sept 2018
X-7		Invoices are prepared manually in Authority each quarter rather than monthly standing invoice	The Future Fund staff will meet with finance staff and review the invoicing processes and establish standing invoices where appropriate.	Matthew Lysaught	31 Dec 2018

Rating Key

We have grouped findings using “traffic light” symbols relating to risk as follows:			
	Issue of high risk/impact requiring action by Council within the coming year		Issue of low risk/impact requiring action within 3-4 years
	Issue of medium risk/impact requiring action by Council within 2 years		Efficiency suggestion for improvement with no set timeframe for action but exploration of idea should occur within 12 months

This is a report of the findings from our internal audit review and as such it only reports the issues identified and agreed with management and their agreed action plans to address those issues. This internal audit report is for Council use only (refer to the “Use of our Report” section in our engagement letter). The work undertaken during this review was permeated by judgment, in particular regarding the nature, timing and extent of the audit procedures for gathering

7 ADJOURNMENT INTO CLOSED COUNCIL

In accordance with the Local Government Act 1993, and the Local Government (General) Regulation 2005, in the opinion of the General manager, the following business is of a kind as referred to in Section 10A(2) of the Act, and should be dealt with in a Confidential Session of the Council meeting closed to the press and public.

RECOMMENDATION

Council adjourn into Closed Session and members of the press and public be excluded from the meeting of the Closed Session, and access to the correspondence and reports relating to the items considered during the course of the Closed Session be withheld unless declassified by separate resolution. This action is taken in accordance with Section 10A(2) of the Local Government Act, 1993 as the items listed come within the following provisions:

8.1 2018-2019 REVENUE POLICY

Item 8.1 is classified CONFIDENTIAL under the provisions of Section 10A(2)(g) of the local government act 1993, as it deals with advice concerning litigation, or advice as comprises a discussion of this matter, that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege, and Council considers that discussion of the matter in an open meeting would be, on balance, contrary to the public interest.

8.2 EXECUTION OF \$7M RWTW LOAN

Item 8.2 is classified CONFIDENTIAL under the provisions of Section 10A(2)(c) of the local government act 1993, as it deals with information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business, and Council considers that discussion of the matter in an open meeting would be, on balance, contrary to the public interest.

Moved: _____ **Seconded:** _____

8 CLOSED COUNCIL

9 RESUMPTION OF OPEN COUNCIL

10 CLOSURE