



# Budget and Operations Breakfast

March 2023



**muswellbrook  
shire council**

# Acknowledgement of Country



# Welcome Mayor Steve Reynolds





# Overview

- Budget and Operations Overview
- Budget Update
- Future Fund
- Community and Economy
- Major Projects Overview
- Roads Update

Derek Finnigan General Manager

Josh Hogan Acting Chief Financial Officer

Matthew Lysaught Director Property and Place

Shaelee Welchman Director Community & Economy

Derek Finnigan General Manager

Kellie Scholes Manager Roads and Drainage

Peter Ball Manager Works

## Questions??





# Budget Update

Josh Hogan – Acting Chief Financial Officer

# Finance Overview

- Headline numbers for the 2022/23 Budget Update
- Provide an overview of our updated budget operating revenue & expenditure
- Provide an update on our capital budget
- Provide a perspective on economic factors
- Outline Council's high-level approach to facing the challenges and opportunities

# 2022/23 Budget Update

- Budget is reviewed and updated quarterly in line with regulatory requirements
- Updated figures from the December Quarterly Budget Review:
  - Consolidated operating income of **\$68.2M**
  - Consolidated operating expenditure of **\$66.4M**
  - Consolidated operating *cash* expenditure of **\$51.6M**
  - Net operating result from continuing operations of **\$1.8M**
  - Capital expenditure of **\$62.3M**
    - Asset purchases, construction & renewals: \$55.7M
    - Loan principal repayments: \$6.6M
    - Funded through grants, reserves & operating cash surplus



# 2022/23 Operating Results – By Fund

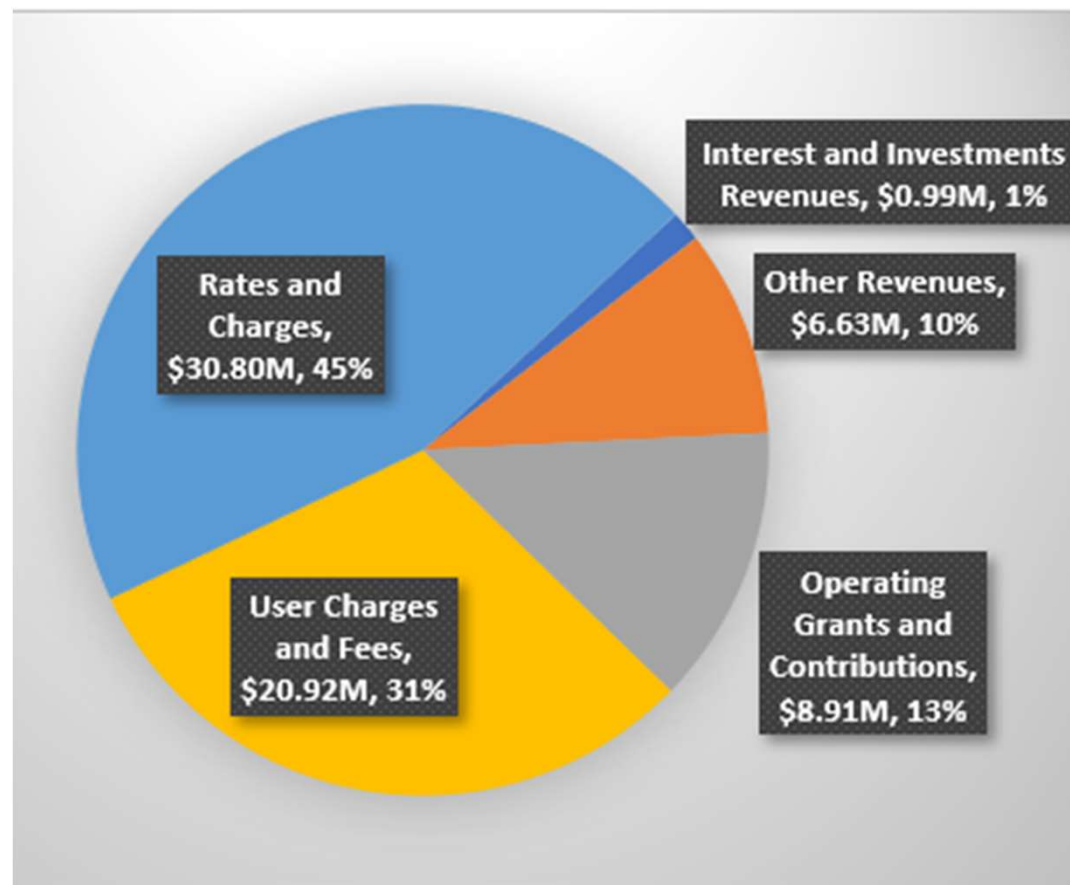
	2022/23 Total Budget	2022/23 Carry Overs	2022/23 Dec QBR Total	Δ 2022/23 Budget	Δ 2022/23 Budget (Excl Carryovers)
<b>General Fund</b>					
Revenue	\$44.40M	\$1.36M	\$48.40M	9%	6%
Expenses	\$44.40M	\$1.36M	\$48.40M	9%	6%
<b>General Fund Surplus/(Deficit)</b>	<b>\$0.00M</b>	<b>\$0.00M</b>	<b>\$0.00M</b>		
<b>Sewer Fund</b>					
Revenue	\$6.00M	\$0.00M	\$5.93M	-1%	-1%
Expenses	\$6.00M	\$0.00M	\$6.28M	5%	5%
<b>Sewer Fund Surplus/(Deficit)</b>	<b>\$0.00M</b>	<b>\$0.00M</b>	<b>(\$0.35M)</b>		
<b>Water Fund</b>					
Revenue	\$6.47M	\$0.25M	\$6.80M	5%	1%
Expenses	\$6.47M	\$0.25M	\$7.08M	9%	6%
<b>Water Fund Surplus/(Deficit)</b>	<b>\$0.00M</b>	<b>\$0.00M</b>	<b>(\$0.28M)</b>		
<b>Future Fund</b>					
Revenue	\$7.32M	\$0.00M	\$7.11M	-3%	-3%
Expenses	\$5.01M	\$0.00M	\$4.63M	-8%	-8%
<b>Future Fund Surplus/(Deficit)</b>	<b>\$2.32M</b>	<b>\$0.00M</b>	<b>\$2.48M</b>		
<b>Consolidated Surplus/(Deficit)</b>	<b>\$2.31M</b>	<b>\$0.00M</b>	<b>\$1.85M</b>		

Council has ensured the General Fund budget maintains a break-even position.

Where possible, expenditure has been adjusted to fit within the estimated revenue. Offsets for the rising costs in the Water and Sewer Funds have yet to be identified and are funded from reserves.

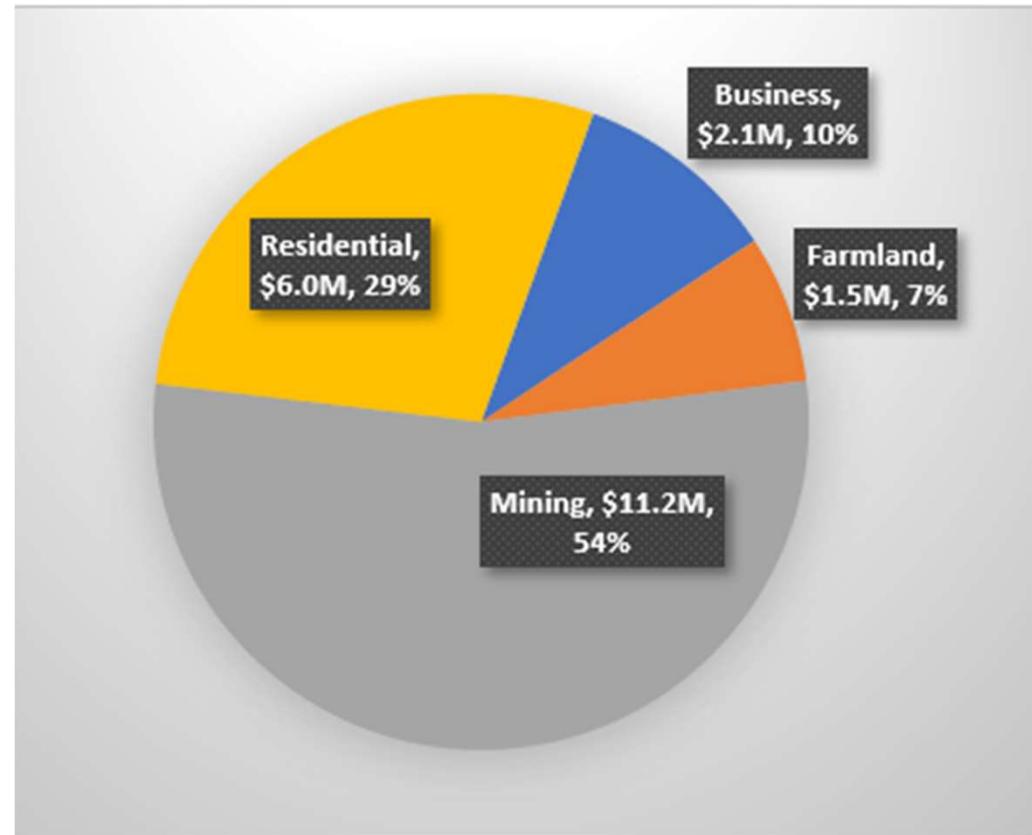
# 2022/23 Operating Revenue - Details

- **Rates & Charges (45%)**
  - Land Rates
  - Domestic Waste
  - Water & Sewer Access Charges
- **User Charges & Fees (31%)**
  - Water & Sewer Usage
  - Waste Management
  - Aquatic Centre
  - Planning
- **Operating Grants & Contributions (13%)**
  - Federal Financial Assistance Grant
  - Emergency Services
  - Roads & Drainage
  - Community Services
- **Other Revenue (10%)**
- **Interest & Investments (1%)**



# 2022/23 Operating Revenue - Rates

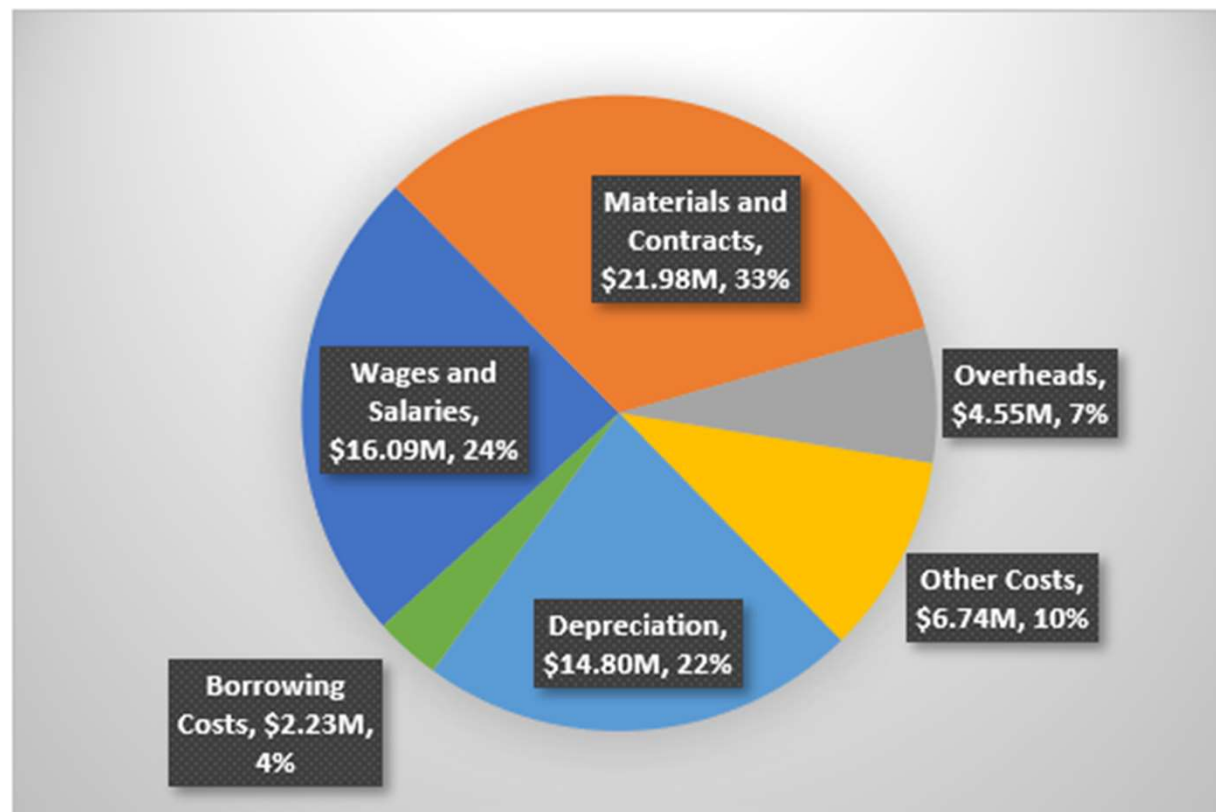
- Total Rates income of \$20.7M
  - 7,877 Rateable Land Parcels
  - ~16,500 population
- Rate Peg
- Mining





# 2022/23 Operating Expenditure - Details

- Operating Expenses of \$66.4M
  - Cash expenses of \$51.6M
  - Depreciation of \$14.8M
- Wages & Salaries  
(167 FTEs/26 Vacancies):
  - Incl. depn 24%
  - Excl. depn 31%
- Materials & Contracts:
  - Incl. depn 33%
  - Excl. depn 43%
- Other Costs
  - Electricity
  - Insurance
  - Rates & Water



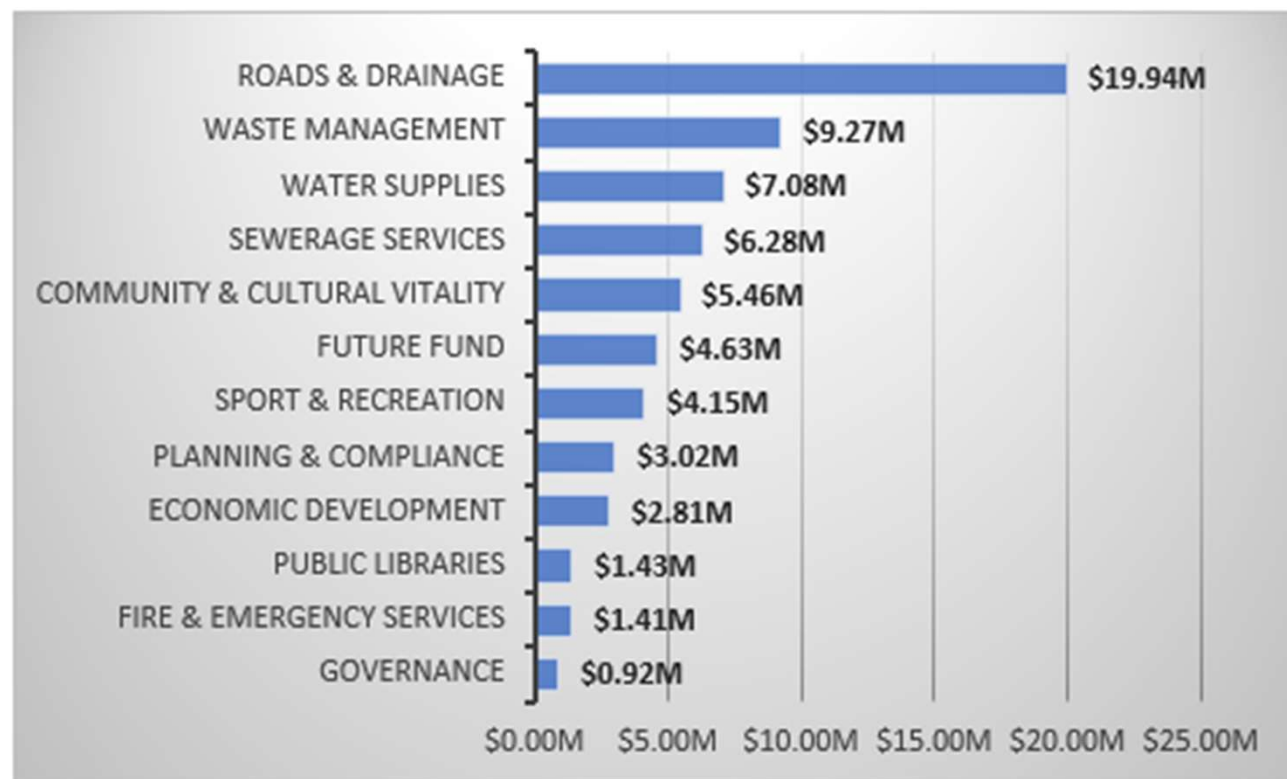
# 2022/23 Operating Expenditure - Services

Majority of our operating expenses are used to deliver legislated services to the community.

Large budget amounts are allocated to:

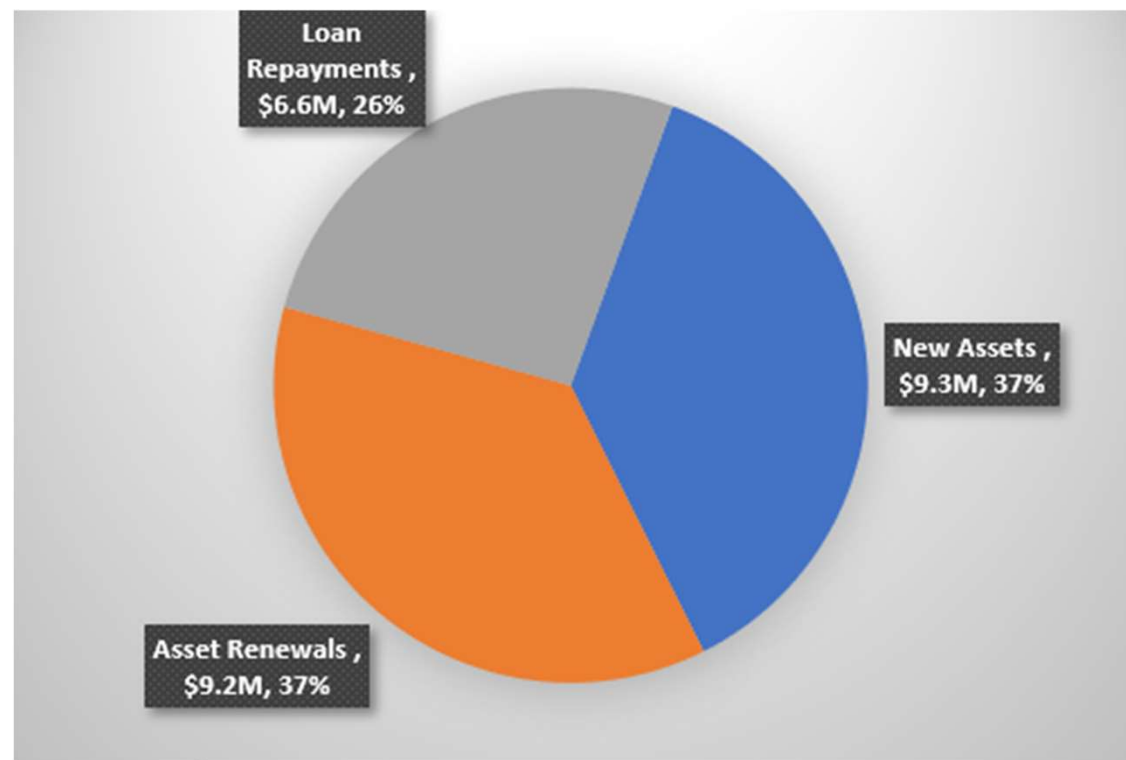
- Roads & Drainage 30%
- Waste Management 14%
- Water 11%
- Sewerage 9%

With these four main services accounting for **64%** of total expenditure.



# 2022/23 Capital Budget Overview

- 2022/23 Budget capital costs of \$25.1M
- Plus multi-year project carryover amounts from prior years totaling \$33.3M, including:
  - *Hunter Beach* (\$3.15m)
  - *Civic Precinct* (\$2.78m)
  - *Regional Entertainment Centre* (\$5.6M)
  - *Olympic Park Project* (\$2.9M)
  - *Resources for Regions – Round 5* (\$4.4M)
  - *Yarrawa Road* (\$2.9M)
- And \$3.9M in additional projects, largely due to additional grant funding
- Funded through a combination of:
  - Grants & Contributions
  - Reserves
  - Operating Cash Surplus





# 2022/23 Financial Update – Economic Factors

## *Inflation.....*

“reached 7.8 per cent over the year to the December quarter. ”

*(RBA, Feb 2023)*

## Cost Increases

- Energy – Material increase in costs over previous contract.
- Materials & Contracts – Significant cost pressures
- Wages – EA currently under review - \$168k for every 1% change
- Interest rates – Loan refinancing – Current average interest rate is 1.75%

# 2022/23 Financial Initiatives

In the short-term Council will focus on, and consider:

- Budget reviews in anticipation of cost increase pressures
- Project rationalization
- Review of the Future Fund
- A detailed review of all fees & charges
- Advocacy for greater Financial Assistance Grants
- Organisation-wide Business Process Reviews
- ICT Initiatives

Council officers will focus on delivering services to the community, with a continued focus on financial sustainability.



# Future Fund

Matthew Lysaught – Director Property and Place



The logo for the Muswellbrook Shire Future Fund, featuring the text "MUSWELLBROOK SHIRE" in a smaller font above "FUTURE FUND" in a larger, bold font, all in white on a green rectangular background.

## MUSWELLBROOK SHIRE FUTURE FUND

- Began in 2010
- In 2014 the Future Fund established two divisions: Commercial and Education
- The Future Fund though is not a separate Fund like the Water or Sewer Fund but an integrated part of the General Fund
- Council is reviewing the strategy and assets of the Fund
- At the end FY 22, the Fund had 35 assets valued at \$99,811,568
- The Fund is built on a handful assets
- The Operating Result for FY 22 was \$3.34m
- Council made \$5.44m in principal repayments in FY 22

# Marketplace, 72-78 Brook Street, Muswellbrook



## Proposed Development:

- Public car park improvements.
- Improving connections to the Bridge, Hill, and Brook streets.
- Continue program of plant replacement.
- Campaign to fully let.

## Numbers:

Purchase price: \$34,500,000

Total capital costs: \$35,400,000

Income 21/22: \$3,682,346

Expenses 21/22 (incl. borrowing costs): \$1,457,813

Borrowing costs 21/22: \$437,175

Operating result 21/22 (incl. borrowing costs):  
\$2,224,533

21/22 Principal Loan Capital Repayments \$2,879,672

Cash result: -\$655,139

Return (incl. borrowing costs): 6.28%

Return without borrowing costs: 7.52%

2022 Valuation: \$36,000,000

Loan balance as at 30 June 2022: \$22,225,816

Capital growth: 1.7%

# 5 Stanton Road, Seven Hills



No significant development proposed.

## Numbers:

Purchase price: \$9,875,000

Total capital costs: \$9,925,000

Income 21/22: \$977,029

Expenses 21/22 (incl. borrowing costs): \$281,243

Borrowing costs 21/22: \$133,350

Operating result 21/22 (incl. borrowing costs): \$695,786

21/22 Principal loan capital repayments: \$1,149,647

Cash result: -\$453,861

Return (incl. borrowing costs): 7.01%

Return without borrowing costs: 8.35%

2022 Valuation: \$17,000,000

Loan balance as at 30 June 2022: \$4,873,693

Capital growth: 71.3%

18-20 Person Meeting

CIRCULATION 25.89

BLK 100

PVC VENT PIPE BULKHEAD

EXISTING IGA ENTRY

ENTRY

MEETING BOARDROOM  
16 SEATS  
43.371 m²

FRIDGE & BENCH

PBD+PT

CORRIDOR 31.619 m²

WC/SHOWER 3.174 m²

MAYOR'S OFFICE 5.600 m²

RECEPTION 12.653 m²

PBD+PT

PBD+PT

45 PUBLIC SEATING ON INCLINE

PROPOSED CHAMBER MEETING ROOM  
116.054 m²

SIDE BENCH SEATS FOR STAFF

SILVER COUNCILOR SEAT

SPEAKER

MAYOR

308.285 m²

EXISTING EXIT

FLORIST 5.662

RAMP

KITCHEN

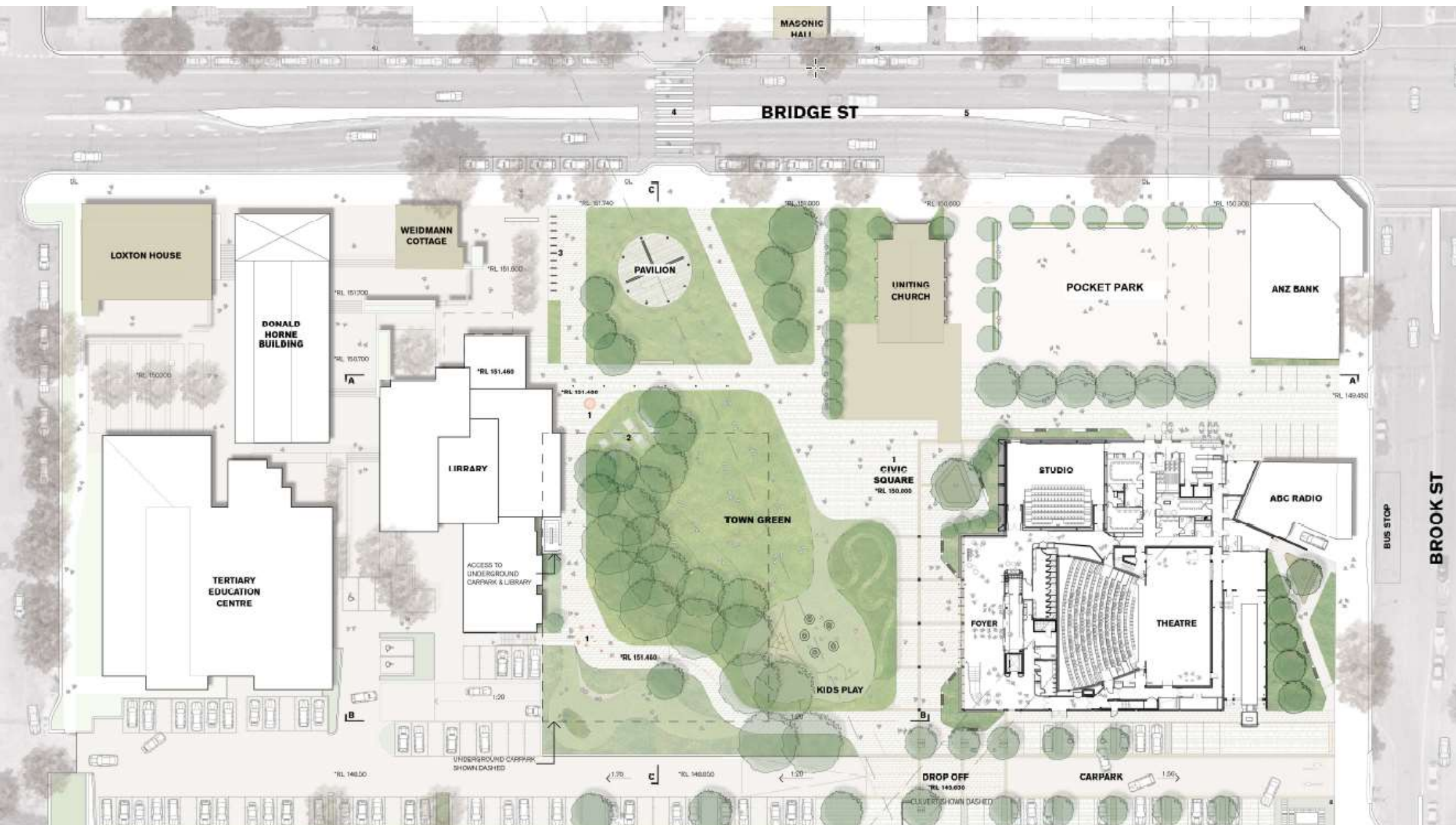
HOT FOOD DISPLAY

STORAGE ROOMS

Office









# Wollombi Future Residential, 35-53 Wollombi Road, Muswellbrook



Concept plan for residential development alongside Wollombi Park improvements.



# Community and Economy

Shaelee Welchman – Director Community and Economy

## ENABLE A PROSPEROUS AND RESILIENT ECONOMY



### OPPORTUNITY

Attract and retain business and investment:

- Energy and resources
- Intensive Agriculture and viticulture
- Equine
- Advanced manufacturing
- Waste and recycling
- Visitor Economy



### INNOVATION

Support business and entrepreneurs to innovate and commercialise:

- MELT Advanced Manufacturing Centre
- Business start-up incubator
- Loxton House Co-Working



### SKILLS DEVELOPMENT

Develop skills for future jobs:

- STEM Program
- STEM Library
- Training and reskilling



### LIVEABILITY

Provide social and cultural infrastructure and connectivity:


- Libraries
- Muswellbrook Arts Centre
- Aquatic Centre
- Community Services
- Events and activation

INVESTMENT  
AND BUSINESS  
ATTRACTION

SHOVEL READY  
PROJECTS

STRATEGIC  
LAND USE

PROMOTION  
AND ADVOCACY



**3822 jobs  
directly impacted  
in the next 8  
years**

# Closures

## **Muswellbrook Coal**

- December 2022
- 150 Employees and contractors

## **Liddell Power Station**

- April 2023
- 522 Employees – Approx 500 contractors

## **BHP Mt Arthur**

- 2030
- 2400 Employees
- \$16M spent in the local economy annually

## **Baywater Power Station**

- 2030
- 750 + - Contractors





The last bucket  
22/11/22

The final load from the wash  
plant 6/12/22



The final load loaded for haulage to Ravensworth Coal  
Terminal 13/3/23



Last load of coal 22/11/22

Pictured from left to right:

Garth Tuckey – OCE on shift –1989, 33 years of service  
Graham Newton – Production Operator - Excavator  
operator –1981, 41 years of service  
Frank Googe – Maintenance Technician - Truck  
operator - 1981, 41 years of service







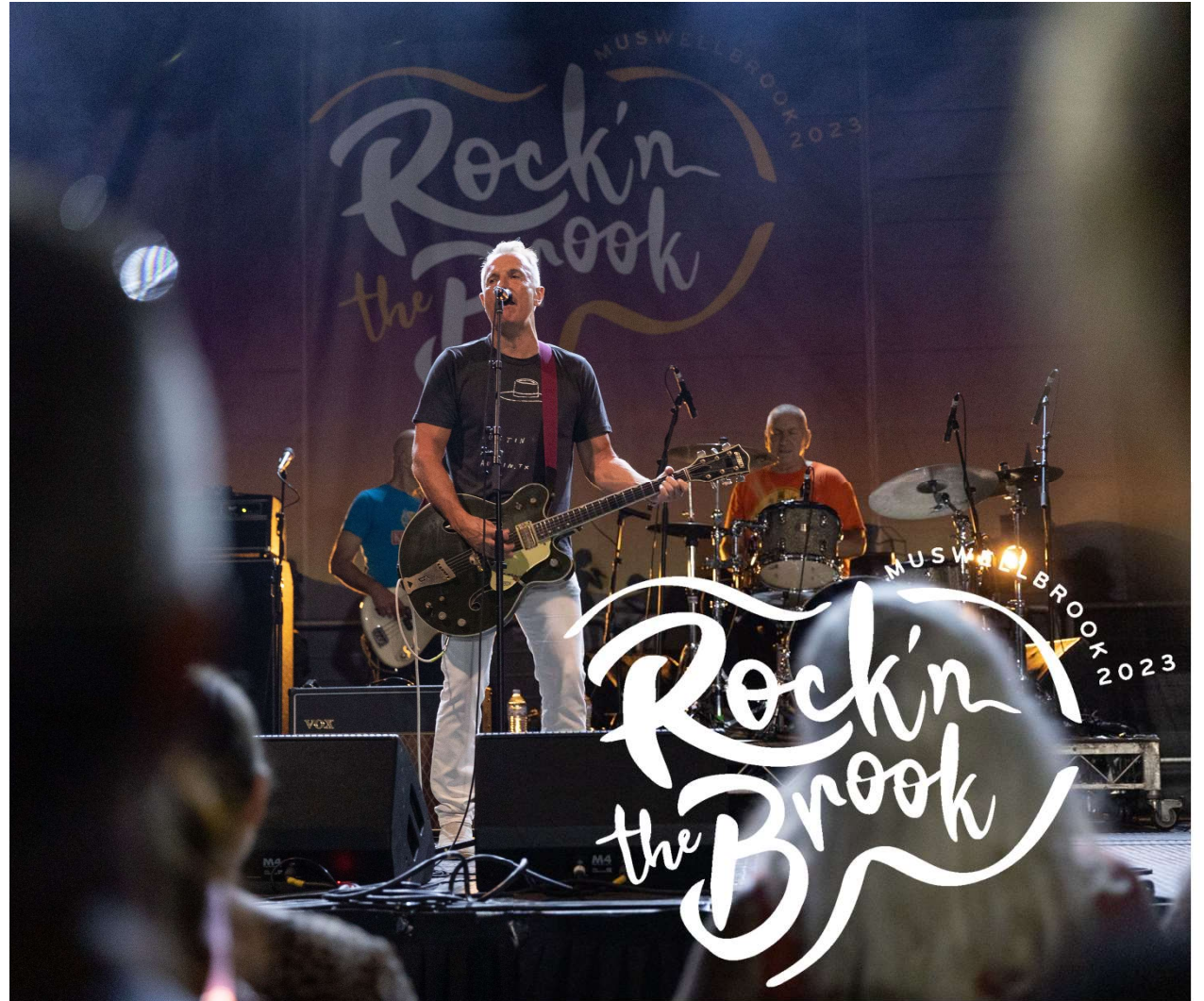




muswellbrook  
shire council

Australia Day 2023





# State Government Engagement

- Hunter Regional Plan
- Regional Economic Development Strategy
- Key Worker Program – Welcome Experience
- Royalties for Rejuvenation

## Hunter Regional Expert Panel

The members of the Hunter Regional Expert Panel are as follows:

### Chair

- Mr Bob Hawes

### Members

- Professor Roberta Ryan
- Mr Joe James
- Ms Elizabeth Watts
- Mr James Barben
- Mr Warrick Jordan
- Mr John Turner
- Mr Brendan Moyle
- Ms Fiona Plesman
- Mr Robin Williams



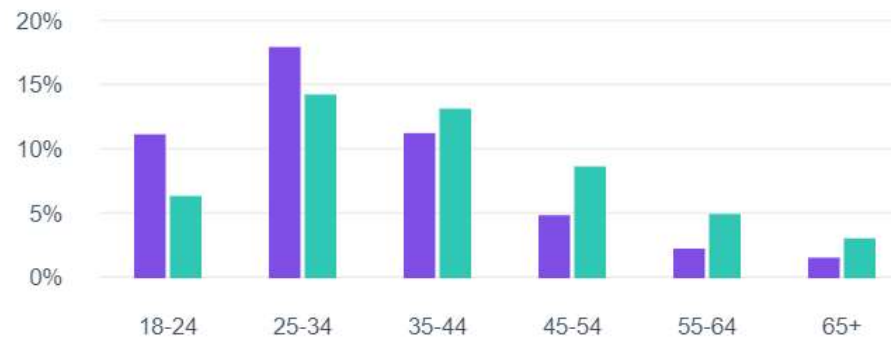





# Community Engagement

- Community Engagement Strategy
- Increase social media and website
- Community Panels


## Age and Gender

■ Men 49.40%  
■ Women 50.60%



 Post reach	50,903
 Post engagement	27,808
 New Page Followers	107

## Interactions

 Reactions	2,212
 Comments	635
 Shares	340
 Photo views	7,128
 Link clicks	2,385

## What

### THE BESPOKE STEM PROGRAM FOCUS ON

#### ROBOTICS (MECHATRONICS)

Robotics is the gateway to coding and STEM subjects where students learn applied knowledge. It's a fun and engaging way to teach a variety of STEM hard and soft skills using cutting-edge technology.

#### AERONAUTICS

Brings together STEM disciplines where students discover the joy of flight. With a renewed focus on aviation, space exploration, aircraft design, aerodynamics and manufacturing, future generation will have the power to discover new frontiers.

#### COMPUTER AIDED DESIGN / COMPUTER AIDED MANUFACTURING (CAD / CAM)

Shaping the next generation of engineers and designers. They are a great tool to develop creativity and design skills through spatial thinking and problem solving.

#### DESIGN THINKING CHALLENGE (MINISTEAM TANK)

Is a powerful approach to creating innovative solutions for real world problems and searching for a more sustainable future. This challenge will develop soft technical skills, critical thinking, creativity, and prototyping whilst encouraging curiosity, resilience and entrepreneurial ways of working.

#### CODING

As students learn to code, they transform from a user of technology into a maker of technology. Through coding students think creatively while developing problem-solving. Coding is a fun and entertaining activity as students develop their understanding of how computers, games, and websites work.



**We are**  
**Preparing for a bolder,**  
**brighter, better future**

## How

### THE STEM INNOVATION LAB WILL FOCUS ON

#### 01 BESPOKE STEM PROGRAMS

Tailored and responsive programs to develop soft skills for the jobs of the future and encourage students to aspire to careers in STEM.

#### 02 CO-TEACHING

Changing culture and fostering collaboration by providing STEM opportunities to schools to build capacity of local teachers to effectively implement and 4teach STEM.

[No Title]

#### 03 COMPETITIONS

Test, challenge and promote the region by involving students from different walks of life to meet and learn from others, make new friends, and provide opportunities for students to stretch and grow.

#### 04 INDUSTRY LINKAGES

Provide job ready skills, industry expertise and mentorship by linking industry and schools. Partnerships give students access to real world experiences and aligns with passions and interests.

## Aim

**Primary Schools (Y5–6)**  
**High School (Y7–8)**

**Primary and Secondary School Teachers**

**Primary and Secondary**

**Secondary (Y7–12)**

- Professional development sessions for groups of teachers in the STEM and Innovation Lab
- Networking
- Coordinating

- Solar Boat Challenge
- Science and Engineering Challenge
- Velocity Challenge
- and heaps more...

- Careers Expo (Speed Dating)
- Career ready events in partnership with Industry, TAFE, UNI



A large, stylized star logo composed of five triangular segments in grey, green, blue, yellow, and red, each with white curved lines. It is positioned in the upper left background.

# Major Projects Update

Derek Finnigan – General Manager

# Nearing Completion

- Hunter Beach
- Animal Shelter
- Donald Horne Building
- Olympic Park Pedestrian Bridge



# Hunter Beach



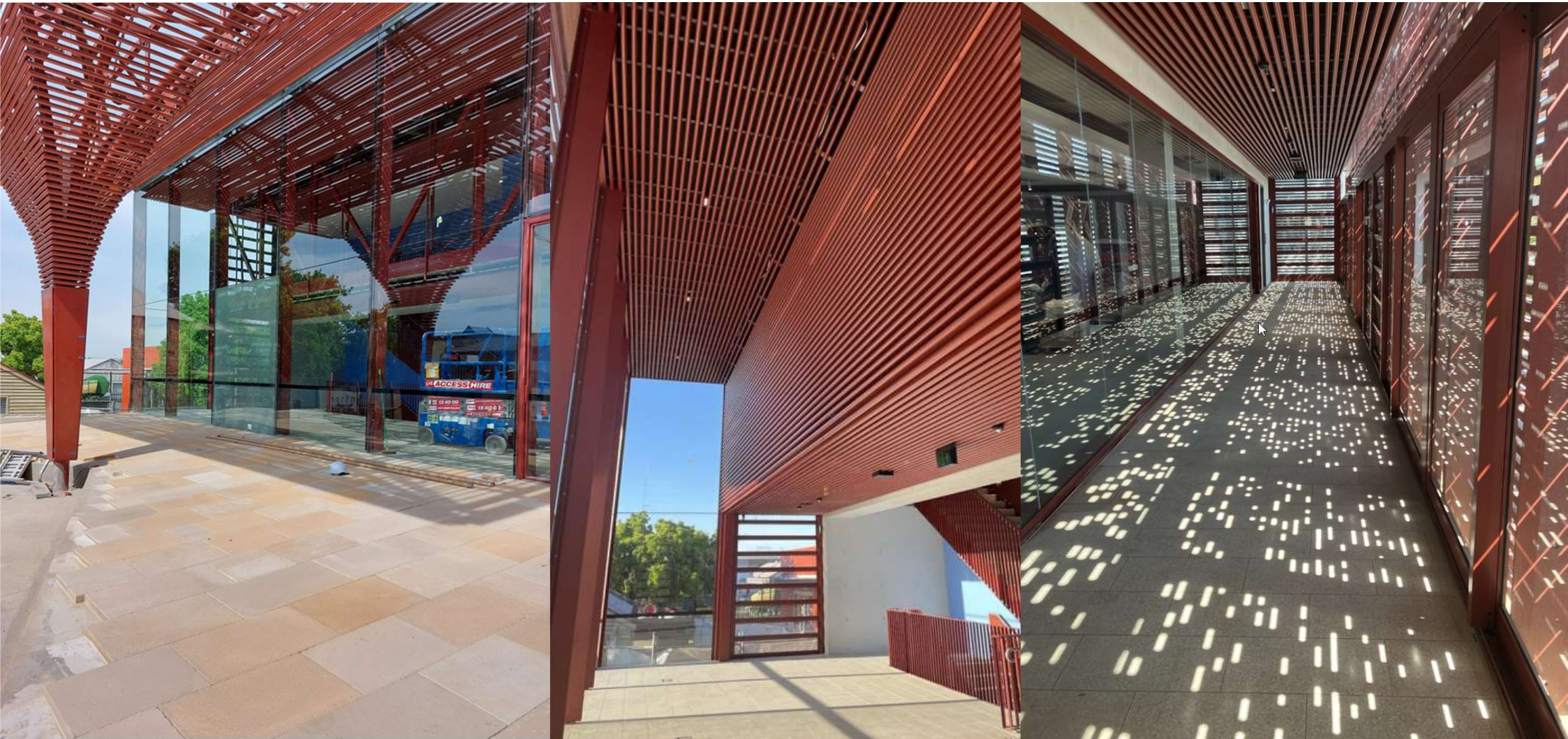


# Animal Shelter





# Donald Horne Building



# Current Priorities

- Sandy Hollow Pipeline
- Olympic Park Precinct
- Regional Entertainment Centre
- Muswellbrook Youth Centre
- CBD Stage 7
- Denman Heritage Museum



# Muswellbrook Youth Centre



VIEW FROM CARPARK LOOKING SOUTH-WEST

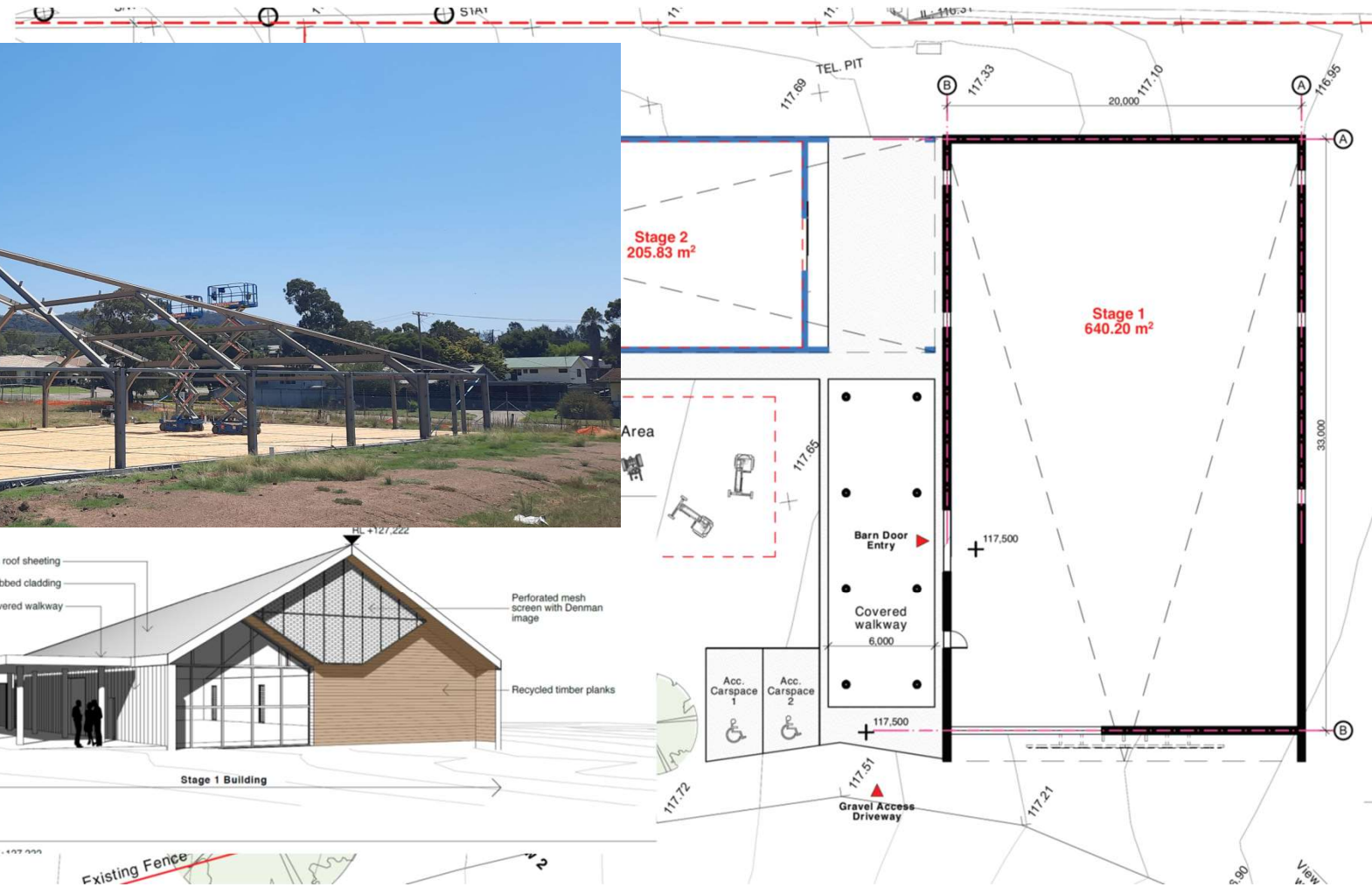
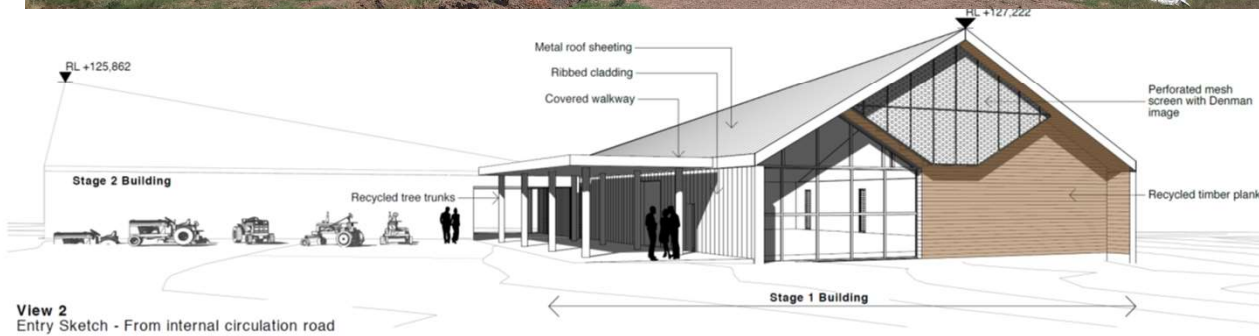




# CBD Stage 7



# Denman Heritage Village





# Roads Update

Kellie Scholes – Manager Roads and Drainage

Peter Ball – Manager Works



# Shire Road Network

- Pothole Repair Funding \$ 219,432.98
- Regional and Local Roads Repair Program - \$1,132,247
  - Regional Road (Bylong Valley Way) - 39km
  - Rural Sealed roads – 383km
  - Rural Unsealed roads – 92 km
  - Urban roads – 107km
- TfNSW maintenance contract for two (2) State Roads – Denman Road and Golden Highway
- Small % Grant funding for operational
- Reliance on Grant Funding for renewals and improvements to the road network





# Timber Bridge Replacement

## Rosebrook Bridge

### Fixing Country Bridges Round 1 - \$1.63M

- Council responsible for 20 bridges
- No timber bridges on the Shires road network
- The work will improve carrying capacity for all vehicle types.
- Construction commenced 20 March 2023
- Close Wybong Road at the bridge location for construction
- Construction works expected to take approximately 5 months



# Timber Bridge Replacement

## Oakleigh Bridge – Widden Valley Road

**Black Summer Grant – Australian Government \$546,980.00**

- Located on Widden Valley Road, 24.3km from Bylong Valley Way
- Replacement of the last timber bridge in the Shire with pre -cast concrete box culvert
- Benefit – no more maintenance of the side track reduced future maintenance cost





# Victoria Street Muswellbrook

## Fixing Local roads Round 4 \$721,433

- Local Road not funded by TfNSW
- High and Wide vehicle bypass of town is an alternate route for transportation of freight on the New England Hwy
- Important OSOM route
- 400 metres of heavy patching, including pavement recycling
- A binder is added for strength, the pavement is watered and re-compacted before a surface seal of asphalt is applied



# Bell Street Muswellbrook

## Betterment Fund – \$680,000

- Muscle Creek Bridge Abutments
- Critical Asset - Services important OSOM freight route
- Bridge 5 year remaining life (without treatment)

The Infrastructure Betterment Fund is a \$200 million program to support the repair and rebuilding of public assets directly damaged by the 2019/20 NSW Bushfires (AGRN 871), February and March 2021 Storm and Floods (AGRN 954/AGRN 960) and February and March 2022 NSW Severe Weather and Flooding (AGRN 1012).

The program is the first of its kind in NSW with a focus on repairing and rebuilding public infrastructure to a more resilient standard.





# Wybong Road

**Betterment Fund - \$6.4M**

Rehabilitation of 3 sections of  
Wybong Road at the western end





# Merton Street Denman

**Resources for Regions Round 9 \$1.41M Estimated Cost \$2.5M**

The Denman Drainage Strategy identifies shortcomings in the drainage of the town and recommends measures to progressively upgrade the drainage system and establish a drainage concept that addresses likely future development, intensification of existing residential areas of Denman and to overcome existing drainage issues.



**muswellbrook  
shire council**



# Questions

Thank you for attending