



2014–2015

Operational Plan

PLANNING FOR OUR PEOPLE
OUR PLACE OUR FUTURE



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Introduction

The Operational Plan is developed to implement the operational activities that will achieve the longer term plans set out in the Delivery Program and Community Strategic Plan.

The Delivery Program is a statement of how Council aims to achieve the outcomes developed by the community in the Community Strategic Plan 2023. This is achieved by implementing relevant actions, ensuring adequate resources, monitoring progress, advocating on behalf of the community, building partnerships and ensuring accountability in everything Council does.

The Delivery Program is adopted for a four year period to coincide with the local government elections. At the end of the Council term progress is reviewed and reported to Council and the community in the End-of-Term Report.

The 2013-17 Delivery Program has five Desired Outcomes as identified in the Community Strategic Plan, Cessnock 2023.

They are:

- A connected, safe and creative community
- A sustainable and prosperous economy
- A sustainable and healthy environment
- Accessible infrastructure, services and facilities
- Civic leadership and effective governance

It is with pleasure that I present the 2014-15 Operational Plan to our community.

Council continues to work towards the desired outcomes in the community strategic plan, Cessnock 2023, our City's blueprint to take us into the future.

This Operational Plan continues our emphasis on renewing the city's infrastructure and includes the completion of the \$20 million grant funded program to reconstruct roads in the vineyards area.

In addition, Council is taking steps on a number of fronts (productivity improvements, cost savings and revenue opportunities) to ensure the organisation is financially sustainable into the future.

Council's governance framework continues to be strengthened by the Audit Committee comprising highly-qualified, independent members to provide oversight of Council's systems and processes.

I invite you to join me in working towards our community's vision of an attractive, thriving and welcoming City.

Councillor Bob Pynsent
The Mayor

Message from the Mayor



The City of Cessnock Local Government Area

LOCATION

Cessnock City is located in the Hunter Valley, New South Wales, about 120 kilometres north of Sydney and 40 kilometres west of Newcastle.

Cessnock City is bounded by Maitland City in the north; the Cities of Newcastle and Lake Macquarie in the east, Wyong Shire and the Cities of Gosford and Hawkesbury in the south; and the Singleton Council area in the west.



HISTORY

The Cessnock local government area is largely made up of the traditional lands of the Wonnarua people. European settlement dates from the 1820s when pastoralists arrived using land mainly for farming, market gardening and timber getting. The Great North Road was constructed in the 1830s, linking the Hawkesbury and Hunter Valleys. Wollombi was the centre of the area till the late 1800s. The township of Branxton emerged from 1848, spurred by its accessibility to water, rich agricultural land and its location as a road junction.

The township of Cessnock developed from 1850 as a service centre at the junction of the Great North Road. There was some growth in the 1850s and 1860s with wheat, tobacco and grapes being grown, especially around Cessnock, Nulkaba and Pokolbin.

Significant development in Cessnock occurred when coal was struck in 1892 and several coal mines were established.

By 1926 the Cessnock local Government area had a population of 12,000 increasing to 18,000 by the 1940s. Until the 1960s mining was the principal industrial base and source of employment in the Cessnock area.

Changes to the mining industry led to the closure of the vast majority of mines, resulting in a decline in population in many villages and townships, especially since the 1980s. Many areas have undergone a change in character, with rural residential housing developments becoming popular. There has been a rise in the wine and tourism industry, with many vineyards at Allandale, Mount View, Pokolbin, and Rothbury as well as small cottages and farms used mainly as weekend retreats.

USUAL RESIDENCE	ABS CENSUS	2011
POPULATION	NUMBER	%
Total population	50,840	100.0
Australian citizens	46,302	91.1
Eligible voters (citizens aged 18+)	34,271	67.4
DWELLINGS		
Total dwellings	20,985	100.0
Occupied private dwellings	18,999	90.5
Population in non-private dwellings	1,777	--
Average household size (persons per dwelling)	2.58	--
CULTURE AND ETHNICITY		
Aboriginal and Torres Strait Islander population	2,457	4.8
Australian born	44,657	87.8
Speaks a language other than English at home	969	1.9

I am looking forward to 2014-15 and the challenges that it presents our organisation.

Since commencing with Cessnock City Council last year, I have endeavoured to ensure, through open communication, that we continue to provide an exceptional service for our community and are innovative in the way we move ahead.

One of the key initiatives that I have instigated is a Financial Sustainability Initiative to ensure that, over the long term, the organisation generates sufficient funds to provide the levels of

service and infrastructure agreed with our community.

In the year ahead I hope to build on the organisation's past successes and ensure that it will be able to embrace the opportunities that lie ahead.

Stephen Glen
General Manager

General Manager's Message



The integrated planning & reporting framework

COMMUNITY STRATEGIC PLAN

The Community Strategic Plan is the highest level plan that a council will prepare. The purpose of the plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals.

In doing this, the planning process will consider the issues and pressures that may affect the community and the level of resources that will realistically be available to achieve its aims and aspirations.

While a council has a custodial role in initiating, preparing and maintaining the Community Strategic Plan on behalf of the Local Government Area, it is not wholly responsible for its implementation. Other partners, such as State agencies and community groups may also be engaged in delivering the long-term outcomes.

DELIVERY PROGRAM AND OPERATIONAL PLAN

This is the point where the community's strategic directions are systematically translated into actions. These are the principal

activities to be undertaken by the council to implement the strategic directions established by the Community Strategic Plan within the resources available under the Resourcing Strategy.

The Delivery Program is a statement of commitment to the community from each newly-elected council. In preparing the program, the council is exercising its stewardship on behalf of the community, outlining what it intends to do towards achieving the community's long term goals during its term of office.



Integrated Planning & Reporting Framework

The Delivery Program is the single point of reference for all principal activities undertaken by the elected council during its term of office. All plans, projects, activities and funding allocations must be directly linked to this Program.

Supporting the Delivery Program is an annual Operational Plan. It spells out the details of the Program – the individual projects and activities that will be undertaken each year to achieve the commitments made in the Delivery Program.

RESOURCING STRATEGY

The Community Strategic Plan provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out.

The Resourcing Strategy consists of three components:

- Workforce Planning
- Asset Management Planning
- Long Term Financial Planning

The Resourcing Strategy is the point where the council assists the community by sorting out who is responsible for what, in terms of the issues identified in the Community Strategic Plan. Some issues will clearly be the responsibility of the council, some will be the responsibility of other levels of government and some will rely on input from community groups

or individuals. The Resourcing Strategy focuses in detail on matters that are the responsibility of the council.

ANNUAL REPORT

The annual report is one of the key points of accountability between a council and its community.

The annual report focuses on the council's implementation of the Delivery Program and Operational Plan because these are the plans that are wholly the council's responsibility.

The report also includes some information that is prescribed by the Local Government (General) Regulation 2005. This information is required by the Regulation because the Government believes that it is important for community members to know about it – to help their understanding of how the council has been performing, both as a business entity and a community leader.

SPECIAL RATE VARIATION STRATEGY

One part of Council's response to ensure the organisation's financial sustainability, is a special rate variation strategy.

The first phase made permanent the existing special rate variation that expired on 30 June 2014 (and that had been in place for the past eight years). This happened following a period of consultation

with the community on the special rate variation of 9.55% based on Council's long-term financial modelling and asset management plans.

In line with community feedback, the money generated from this special rate variation (approximately \$1.725m in 2013-14) has been (and will continue to be) allocated to the renewal of roads throughout the local government area.

The second phase of the special rate variation strategy is to review service levels and investigate a potential further special rate variation (to be phased in over a number of years) to improve the outlook for Council's financial sustainability.

In December 2013 the Independent Pricing & Regulatory Tribunal announced a rate peg of 2.3% for 2014-15. In June 2014 the Independent Pricing & Regulatory Tribunal approved a special rate variation of 9.55%.

Further information on the special rate variation for 2014-15 is included in the Revenue Policy on page 48.

A connected, safe and creative community



COMMUNITY'S DESIRED OUTCOME:

A connected, safe & creative community

This Desired Outcome relates to community wellbeing, connectedness and safety. During the initial community engagement program in 2010 participants expressed the desire for a healthy, active, engaged and cohesive community that maintained its unique local identity and friendliness into the future.

Council will undertake the following principal activities to achieve the objectives established in the community strategic plan, Cessnock 2023.



Community & Cultural Activities

- Community planning
- Events
- Libraries
- Youth services
- Cessnock Performing Arts Centre



Community Health & Safety

- Animal management
- Building compliance and safety
- Parking enforcement
- Public health inspections
- Regulation enforcement programs
- Road Safety programs and facilities
- Emergency Management



Community Assets

- Community halls and centres
- Early childhood facilities
- Cycleways

OBJECTIVE 1.1:

Promoting Social Connections

STRATEGIC DIRECTIONS

- Our community is aware of and has access to community services.
- We are connected to others in our neighbourhood and across the Local Government Area.
- Our community has opportunities to celebrate together.
- Our communities are linked by walking and bike tracks.

DELIVERY PROGRAM 2013-17

1.1.1	Promote the range of community services across the Local Government Area.
1.1.2	Engage with the indigenous community.
1.1.3	Develop a program and commence implementation to increase social connections across the Local Government Area.
1.1.4	Commence implementation of the Cessnock City Bicycle Plan.

OPERATIONAL PLAN 2014-15		RESPONSIBILITY
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1.1.2.a	Organise and deliver a range of NAIDOC Week events.	Community & Cultural Engagement
1.1.3.a	Maintain and enhance programs that promote social connections across the LGA.	Community & Cultural Engagement
1.1.3.b	Organise and deliver a range of Seniors' Week events.	Community & Cultural Engagement
1.1.3.c	Organise and deliver a range of Youth Week events.	Community & Cultural Engagement
1.1.3.d	Organise other civic events Australia Day, Carols in the Park, Citizenship Ceremonies, etc.	Mayor's Office
1.1.3.e	Support the Cessnock Chamber of Commerce to deliver their major festival.	Economic Development
1.1.3.f	Support the Kurri Kurri Nostalgia Festival.	Economic Development
1.1.4.a	Finalise the Cessnock City Cycle Strategy and Action Plan.	Strategy Asset Planning

OBJECTIVE 1.2:

Strengthening Community Culture

STRATEGIC DIRECTIONS

- Our residents show pride in our Local Government Area.
- Our community organisations have opportunities to work together to develop and deliver services.
- Our facilities are utilised by community groups.

DELIVERY PROGRAM 2013-17

1.2.1	Collaborate with the community to develop and deliver services.
1.2.2	Develop a strategic plan for social welfare and community facilities needs across the Local Government Area.
1.2.3	Support groups to manage and improve community and sporting facilities.
1.2.4	Commence implementation of the priority projects from the CYCOS Business Plan.

OPERATIONAL PLAN 2014-15

RESPONSIBILITY

1.2.1.a	Review the Places, Spaces & Faces: Social & Cultural Plan 2009-2014.	Community Planning
1.2.3.a	Continue to support community, cultural and sporting facilities and projects with \$ for \$ grants.	Community & Cultural Engagement Recreation Services Environment & Waste
1.2.3.b	Finalise the Section 355 Voluntary Committee Operations Manual.	Recreation Services
1.2.4.a	Commence implementation of priority projects from the CYCOS Business Plan.	Community & Cultural Engagement

OBJECTIVE 1.3:

Promoting Safe Communities

STRATEGIC DIRECTIONS

- Our residents and visitors feel safe in the Cessnock Local Government Area.
- Our CBD areas are safe at night.
- Our roads are safe for motorists and pedestrians.

DELIVERY PROGRAM 2013-17

1.3.1	Participate in collaborative partnerships to prevent crime.
1.3.2	Carry our regulatory and education programs to protect residential amenity and community health and safety.
1.3.3	Commence implementation of priority projects from the Road Safety Strategy.

OPERATIONAL PLAN 2014-15		RESPONSIBILITY
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1.3.2.a	Commence implementation of the priority projects from the Companion Animal Management Plan.	Health & Building
1.3.3.a	Identify priority projects from the Community Road Safety Strategy.	Design Delivery

OBJECTIVE 1.4:

Fostering an Articulate and Creative Community

STRATEGIC DIRECTIONS

- We have thriving cultural precincts throughout the Local Government Area that celebrate our heritage and culture.
- We have a diverse program of cultural and heritage activities.

DELIVERY PROGRAM 2013-17

1.4.1	Continue implementation of the priority projects from the Cessnock Performing Arts Centre business plan.
1.4.2	Commence implementation of the priority projects from the Library Strategic Plan.
1.4.3	Promote and participate in a range of cultural and heritage activities across the Local Government Area.

OPERATIONAL PLAN 2014-15		RESPONSIBILITY
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1.4.1.a	Continue to investigate and implement new ways of promoting and marketing the Cessnock Performing Arts Centre.	Performing Arts Centre
1.4.2.a	Commence implementation of priority projects from the Library Strategic Plan.	Community & Cultural Engagement



MEASURES:

MEASURES	CONTEXT/BENCHMARK	BASE	CURRENT	TARGET
Km of Cycleways in the LGA	<p>This is a measure of the bitumen and concrete off-road linkages within and between the towns and villages of the Local Government Area.</p> <p>At 30 June 2012, there was 13.6 km of sealed off-road cycleways in the Local Government Area.</p>	13.6 km 2012	13.6 km 2012	Increase
Engagement with young people	<p>This measure is the number of young people attending and participating in structured programs and drop-in services with CYCOS each year.</p> <p>This is a measure of the effectiveness of Council's provision of services to young people.</p> <p>This measure was 8,708 in 2010-11.</p>	8,708 2010-11	7,736 2012-13	>8,700 p.a.
Completion of programmed health & safety inspections	<p>This measure is the number of registered premises at 1 July: and the number of public health inspections carried out divided by the programmed public health inspections during a year.</p> <p>Public health inspections include food shop inspections, hairdressing shop inspections, and public swimming pool inspections. This is a measure of Council's contribution to the health of the community.</p> <p>In 2011-12 there were 658 premises and 100% of programmed inspections were carried out.</p>	658 100% 2011-12	643 1 July 2013 100% 2012-13	N/A 100%
Completion of water cooling system inspections	<p>This measure is the number of registered premises at 1 July: and the number of water cooling towers inspected for legionnaires' disease divided by the programmed number of water cooling tower inspections during a year.</p> <p>This is a measure of Council's contribution to the health of the community.</p> <p>In 2011-12 there were 51 premises and 100% of programmed inspections were carried out.</p>	51 100% 2011-12	35 1 July 2013 100% 2012-13	N/A 100%
Library Utilisation	<p>These measures are the number of visits to Council's libraries plus the number of hits on the library page of Council's website.</p> <p>This data is sourced from the counters at the entrances to the libraries and from Council's internal website analysis.</p> <p>This is a measure of the community's utilisation of Council's library resources for the purpose of both recreation and education.</p>	206,485 visits 2011-12 25,814 hits 2011-12	151,328 visits 18,588 hits 169,916 combined to March 2014	> 235,000 p.a. Combined
Cessnock Performing Arts Centre Audience	<p>This measure is the number audience members that have attended performances at the Cessnock Performing Arts Centre in a calendar year.</p> <p>This measure is sourced from the centre's ticketing system.</p> <p>This is a measure of the community's exposure to community events and cultural experiences at the centre.</p>	16,873 2012	11,835 2013	18,500 p.a.

INTEGRATED PLANS AND STRATEGIC STUDIES

- Cessnock City Bicycle Plan – Cessnock City Council (under development).
- Cessnock Performing Arts Centre Business Plan – Cessnock City Council 2011.
- CYCOS Business Plan – Cessnock City Council (under development).
- Library Strategic Plan – Cessnock City Council.
- Places, Spaces and Faces: Social & Cultural Plan 2009-2014 - Cessnock City Council 2009.
- Recreation & Open Space Strategic Plan 2009-2014 - Cessnock City Council 2009.

A scenic view of a vineyard with a large house in the background and a red text box overlay. The vineyard is in the foreground, with rows of green grapevines supported by wooden posts. In the middle ground, there is a large, two-story house with a blue roof and white railings. The background is filled with tall trees under a clear sky. A red text box is overlaid on the upper part of the image, containing the text "A sustainable and prosperous economy".

**A sustainable
and prosperous
economy**

COMMUNITY'S DESIRED OUTCOME:

A Sustainable & Prosperous Economy

This Desired Outcome identifies the need to attract a diverse range of businesses, industries and services together with improved access to education, training and employment opportunities to ensure we have a sustainable and prosperous economy in Cessnock in 2023.

Council will undertake the following principal activities to achieve the objectives established in the community strategic plan, Cessnock 2023.



Economic Development

- Supporting business growth and investment
- Strategic infrastructure
- Economic governance
- Securing grants



Education

- Scholarships and academic competitions
- Building workforce capability



Strategic Land Use Planning

- Industrial land

OBJECTIVE 2.1:

Diversifying Local Business Options

STRATEGIC DIRECTIONS

- Our Local Government Area is attractive to and supportive of businesses.
- We have a diversity of businesses and industries across the Local Government Area.
- Our planning controls provide for adequate industrial and commercial lands.

DELIVERY PROGRAM 2013-17

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|--------------|--|
| 2.1.1 | Continue to update marketing material for the Local Government Area. |
| 2.1.2 | Support local business support agencies. |
| 2.1.3 | Commence implementation of the Economic Development Strategy. |
| 2.1.4 | Commence implementation of the Cessnock CBD Masterplan. |
| 2.1.5 | Prepare a Kurri Kurri CBD Masterplan. |

OPERATIONAL PLAN 2014-15

RESPONSIBILITY

2.1.1.a	Develop an Investment Prospectus for the Cessnock LGA.	Economic Development
2.1.1.b	Develop a Business and Investment website and e-business newsletter.	Economic Development
2.1.2.a	Support the mainstreet programs for Cessnock and Kurri Kurri.	Economic Development
2.1.2.b	Facilitate four major business networking functions.	Economic Development
2.1.3.a	Finalise the Business Capability Study.	Economic Development
2.1.3.b	Develop a Business Investment Program.	Economic Development
2.1.4.a	Continue implementation of the Cessnock CBD Masterplan.	Economic Development Recreation Services
2.1.4.b	Continue a development strategy for Cessnock CBD (including draft development control plan and draft contributions plan).	Strategic Land Use Planning
2.1.5.a	Commence development of the Kurri Kurri CBD Masterplan.	Strategic Land Use Planning

OBJECTIVE 2.2:

Achieving more Sustainable Employment Opportunities

STRATEGIC DIRECTIONS

- We have learning opportunities for people of all ages.
- We have employment opportunities in the Local Government Area.

DELIVERY PROGRAM 2013-17

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|--------------|--|
| 2.2.1 | Support programs that promote education and training for local people. |
| 2.2.2 | Support programs that promote employment for local people. |

OPERATIONAL PLAN 2014-15

RESPONSIBILITY

2.2.1.a	Continue to award scholarships for academic, professional and trade excellence.	Mayor's Office
2.2.2.a	Implement programs from the Economic Development Strategy that support employment in the local government area (within existing resources).	Economic Development

OBJECTIVE 2.3:

Increasing Tourism Opportunities & Visitation in the Area

STRATEGIC DIRECTIONS

- We have a range of diverse visitor experiences across the entire Local Government Area.
- Our Local Government Area is attractive to visitors.

DELIVERY PROGRAM 2013-17

2.3.1 Support programs that promote visitation across the Local Government Area.

2.3.2 Support programs that promote a diversification of visitor experiences.

OPERATIONAL PLAN 2014-15

RESPONSIBILITY

2.3.1.a	Implement the Hunter Valley Visitor Information Centre Strategy and Action Plans.	Economic Development
2.3.2.a	Continue the strategic review of the Richmond Vale Railway Museum Precinct.	Community & Cultural Engagement
2.3.2.b	Commence implementation of relevant projects from the Destination Management Plan (within existing resources).	Economic Development

MEASURES:

MEASURES	CONTEXT/BENCHMARK	BASE	CURRENT	TARGET
Grants secured for the community	These three measures are: - the number of grants applied for; and - the number and value of grants and sponsorships that were secured for the community with assistance by Council.	94 Applied for 2012	90 Applied for 2013	Maintain
	This is a measure of Council's contribution to economic and community capacity building – by gaining funding for projects and services within the Local Government Area.	46 Secured 2012	64 Secured 2013	Improve
	For the period January 2012 to February 2013, 46 grants and sponsorships totalling \$2,318,041.04 were secured, with Council assistance, for the community.	\$2.3m Secured 2012	\$2.1 m Secured 2013	Improve

INTEGRATED PLANS AND STRATEGIC STUDIES

- Cessnock CBD Masterplan - Cessnock City Council 2012.
- Cessnock CBD Parking & Traffic Study 2006.
- Destination Management Plan - Tourism Hunter.
- Destination Management Plan - Cessnock & Singleton LGA's.
- Economic Development Strategy - Cessnock City Council.
- Sustainable Cessnock - CBD Business and Marketing Plan - Cessnock Chamber of Commerce and Cessnock City Council 2009.



A sustainable and healthy environment

COMMUNITY'S DESIRED OUTCOME:

A Sustainable & Healthy Environment

This Desired Outcome focuses on the conservation and preservation of the natural environment whilst balancing the impact of development to ensure a sustainable and healthy community.

Council will undertake the following principal activities to achieve the objectives established in the community strategic plan, Cessnock 2023.



Strategic Land Use Planning

- Assess planning proposals
- Development Contributions planning
- Heritage
- Planning policy
- Strategic land use planning



Development Assessment



Health

- Environmental pollution monitoring & enforcement
- On-site sewage management system inspections



Recreation

- Aquatic facilities
- Recreation facilities and management
- Weed management



Strategic Asset Planning

- Develop and review Plans of Management



Natural Environmental Planning

- Biodiversity management



Environment & Waste

- Kerbside waste and recycling service
- Waste management facility

OBJECTIVE 3.1:

Protecting & Enhancing the Natural Environment & the Rural Character of the Area

STRATEGIC DIRECTIONS

- Our planning controls provide protection to the rural character and heritage of the area.
- Our community is aware of the value of natural resources and biodiversity.
- Our environmental amenity is protected and enhanced.
- Our waterways and catchments are maintained and enhanced.

DELIVERY PROGRAM 2013-17

3.1.1	Prepare a City Wide Development Strategy.
3.1.2	Commence implementation of the Biodiversity Strategy.
3.1.3	Complete further Flood Studies and Risk Management Plans for major catchments in the Local Government Area.
3.1.4	Commence Implementation of Council's Trunk Stormwater Drainage Strategy.
3.1.5	Carry out regulatory and education programs to protect and enhance the natural environment.
3.1.6	Continue to efficiently and effectively process development applications and respond to planning-related enquiries.
3.1.7	Prepare a comprehensive Carbon Management Strategy and commence implementation.
3.1.8	Establish Council's position in relation to climate change adaptation and mitigation and implement priority actions.
3.1.9	Commence implementation of the Vineyard Vision.

OPERATIONAL PLAN 2014-15		RESPONSIBILITY
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OPERATIONAL PLAN 2014-15		RESPONSIBILITY
3.1.1.a	Continue review of the City Wide Settlement Strategy.	Strategic Land Use Planning
3.1.2.a	Continue implementation of the Biodiversity Strategy.	Natural Environment Planning
3.1.3.a	Continue the Lower Black Creek (North) Flood Study.	Strategic Asset Planning
3.1.3.b	Commence implementation of priority floodplain risk management plan projects (subject to grant funding).	Strategic Asset Planning
3.1.4.a	Complete the Trunk Stormwater Drainage Needs Analysis component of the City Wide Infrastructure Strategy.	Strategic Asset Planning
3.1.6	Progress the integration and implementation of the on-line application module for development assessment.	Business Support
3.1.8.a	Identify priority projects from the Carbon Management Strategy.	Natural Environment Planning
3.1.8.b	Draft a Climate Change Policy.	Natural Environment Planning
3.1.9.a	Commence implementation of the Cessnock Local Government Area Signage Strategy.	Economic Development





OBJECTIVE 3.2:

Better Utilisation of Existing Open Space

STRATEGIC DIRECTIONS

- Our open spaces are distributed where people live.
- We have green corridors connecting our open space areas.
- We have high quality, centralised multi-purpose sporting and recreation facilities.
- Our open spaces have suitable amenities and plenty of shade.

DELIVERY PROGRAM 2013-17

3.2.1	Complete the Recreation Needs Analysis and review the Recreation & Open Space Strategic Plan 2009-2014.
3.2.2	Develop new Plans of Management.
3.2.3	Finalise implementation of the Recreation & Open Space Strategic Plan 2009-2014.
3.2.4	Continue to implement the adopted Masterplans for Council's recreation & community facilities.

OPERATIONAL PLAN 2014-15	RESPONSIBILITY	
3.2.1.a	Commence the Open Space Needs Analysis.	Strategic Asset Planning
3.2.1.b	Commence the review of the Recreation & Open Space Strategic Plan.	Strategic Asset Planning
3.2.2.a	Commence the development of the remaining generic community land Plans of Management	Recreation Services Strategic Asset Planning

OBJECTIVE 3.3:

Better Waste Management & Recycling

STRATEGIC DIRECTIONS

- We divert more of our household waste for recycling or re-processing.

DELIVERY PROGRAM 2013-17

3.3.1	Commence implementation of the priority projects from the revised Waste Management Strategy.
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OPERATIONAL PLAN 2014-15	RESPONSIBILITY	
3.3.1.a	Continue stage 1 construction of Waste Management & Reuse Centre extension project.	Environment & Waste
3.3.1.b	Commence implementation of the priority projects from the revised Waste Management Strategy.	Environment & Waste
3.3.1.c	Implement the priority actions of the EPA – Waste Less Recycle More Program.	Environment & Waste

MEASURES:

MEASURES	CONTEXT/BENCHMARK	BASE	CURRENT	TARGET
Development Application Processing Times	<p>This measure is the mean and the median number of days to process Development Applications (for all DAs which have been determined).</p> <p>This data is sourced from the Local Development Performance Monitoring Report.</p>	<p>75 Mean 2011-12</p> <p>31 Median 2011-12</p>	<p>77 Mean 2012-13</p> <p>30 Median 2012-13</p>	<p>Maintain</p> <p>Maintain</p>
Environmental health and protection inspections	<p>This measure is the number of on-site sewage management inspections carried out in line with Council's On-Site Sewage Management System Strategy.</p> <p>This is a measure of Council's contribution to the health of the local environment.</p> <p>This measure was 1,193 in 2011-12.</p>	<p>1,193 2011-12</p>	<p>1,148 2012-13</p>	<p>>900</p>
Completion of Capital Works Program - Recreation	<p>This measure is the number of completed projects divided by the total number of projects (in the CFR, CBR, CFP, CBC, and CFC sections) of the adopted Recreation & Buildings Capital Works Program.</p>	<p>N/A</p>	<p>N/A</p>	<p>>85%</p>
Waste & Recycling	<p>This is a measure of the number of tonnes recycled via the kerbside recycling service.</p> <p>The kerbside recycling service was provided to 18,881 properties in 2011-12.</p> <p>This measure is sourced from Hunter Resource Recovery.</p>	<p>4,447t 2011-12</p>	<p>N/A</p>	<p>>4,500t p.a.</p>
Waste & Recycling	<p>This is a measure of the number of domestic waste collection services provided by Council.</p> <p>In 2011-12 there were 23,781 rateable properties and approximately 17,500t of domestic waste (out of a total of 38,892t) was disposed of at Council's landfill site.</p>	<p>18,881 2011-12</p>	<p>N/A</p>	<p>Increase</p>

INTEGRATED PLANS AND STRATEGIC STUDIES

- Black Creek Flood Study 2010.
- Carmichael Park Masterplan and Plan of Management.
- Cessnock City Council Skate & BMX Facilities Needs Assessment 2020.
- Cessnock Heritage Study 1994.
- Cessnock Local Environmental Plan 2010 - Cessnock City Council.
- Citywide Settlement Strategy 2010 - Cessnock City Council .
- Gordon Williams Memorial Lawn Cemetery Masterplan.
- Lower Hunter Regional Strategy 2006 - NSW Department of Planning.
- Miller Park Masterplan and Plan of Management.
- Mt View Basin Masterplan and Plan of Management.
- On-Site Sewage Management System Strategy 2012 – Cessnock City Council.
- Recreation & Open Space Strategic Plan 2009-2014 - Cessnock City Council.
- Waste Management Strategy – Cessnock City Council 2013.



Accessible infrastructure, services and facilities

COMMUNITY'S DESIRED OUTCOME:

Accessible infrastructure, services and facilities

This Desired Outcome identifies the local, state and federal infrastructure, services and facilities needed to serve the current and future community of Cessnock while ensuring there is adequate access to these facilities and services.

Council will undertake the following principal activities to achieve the objectives established in the community strategic plan, Cessnock 2023.



Strategic Asset Planning

- Capital Works Program development
- Community Buildings
- Flooding & Drainage
- Public transport stops
- Recreation Facilities
- Roads and Bridges



Design Delivery

- Contract management
- Project management



Works Delivery

- Construction of new infrastructure
- Infrastructure renewal
- Road, footpath & drainage maintenance



Depot & Support Services

- Building Maintenance
- Plant & Fleet
- Procurement



Council Assets

- Cessnock Airport
- Cemeteries



OBJECTIVE 4.1:

Better Transport Links

STRATEGIC DIRECTIONS

- We have access to a range of public and community transport within the Local Government Area.
- We have access to a range of public and community beyond the Local Government Area.
- We have a new passenger train service in Cessnock.

DELIVERY PROGRAM 2013-17

- 4.1.1** Contribute to the Transport for NSW's Hunter Regional Transport Masterplan.
- 4.1.2** Advocate for increased transport funding.
- 4.1.3** Complete all components of the City Wide Infrastructure Strategy.
- 4.1.4** Commence implementation of priority projects from the City Wide Infrastructure Strategy.
- 4.1.5** Commence implementation of the Cessnock Airport Strategic Plan.

OPERATIONAL PLAN 2014-15

RESPONSIBILITY

4.1.3.a	Complete the Transport & Land Use Planning Needs Analysis component of the City Wide Infrastructure Strategy.	Strategic Asset Planning
4.1.5.a	Commence implementation of the priority projects from the Cessnock Airport Strategic Plan.	Integrated Planning & Strategic Property

OBJECTIVE 4.2:

Improving the Road Network

STRATEGIC DIRECTIONS

- We have a quality road network.
- We have managed the traffic impact of the Hunter Expressway on local communities.

DELIVERY PROGRAM 2013-17

- 4.2.1** Improve the corporate asset management system.
- 4.2.2** Advocate for road funding to better manage traffic impacts on the local road network.
- 4.2.3** Deliver prioritised capital works programs in line with adopted asset management plans.
- 4.2.4** Improve support services and facilities to assist works delivery.
- 4.2.5** Adopt the City Wide Section 94 Contributions Plan.

OPERATIONAL PLAN 2014-15

RESPONSIBILITY

4.2.4.a	Continue implementation of other (next priority) initiatives from the Procurement Review.	Depot Services
4.2.4.b	Commence development of a masterplan for the Works Depot.	Depot Services
4.2.5.a	Continue preparation of the City Wide Section 94 Contributions Plan.	Strategic Land Use Planning

OBJECTIVE 4.3:

Improving Access to Health Services Locally

STRATEGIC DIRECTIONS

- We have better availability of and access to hospitals and health services in the Local Government Area.
- We have better availability of and access to general practitioners and dental services in the Local Government Area.

DELIVERY PROGRAM 2013-17

4.3.1 Advocate for health services on behalf of the community.

OPERATIONAL PLAN 2014-15	RESPONSIBILITY
4.3.1.a Finalise the development of a Health Strategic Plan for Cessnock LGA.	Community Planning

MEASURES:

MEASURES	CONTEXT/BENCHMARK	BASE	CURRENT	TARGET
Asset Management Maturity	This measure is the qualitative assessment of Council's Asset Management maturity. The measure is assessed on a scale of basic, core and advanced.	Basic	Basic June 2013	Core
Completion capital works program – roads, bridges and drainage	This measure is the number of completed projects divided by the total number of projects (in the CRL, CRR, CRV, CBS, CDR, RRL and RRR sections) of the adopted Roads, Bridges & Drainage Capital Works Program.	N/A	N/A	>85%

INTEGRATED PLANS AND STRATEGIC STUDIES

- Asset Management Policy.
- Asset Management Strategy.
- Asset Management Plans.
- Cessnock Airport Strategic Plan.





Civic leadership and effective governance

COMMUNITY'S DESIRED OUTCOME:

Civic leadership and effective governance

This Desired Outcome focuses on the need for strong civic leadership and effective governance with an engaged community actively participating in decision making processes affecting their future.

Council will undertake the following principal activities to achieve the objectives established in the community strategic plan, Cessnock 2023.



Community Engagement

- Communications
- Help & Information



Governance

- Corporate Administration
- Mayor & Councillors secretariat
- Internal Audit
- Integrated Planning
- Policies
- Property



Finance

- Rates
- Accounting
- Risk and Insurance



Information

- Information Systems
- Corporate Records
- Geographic Information Systems

OBJECTIVE 5.1:

Fostering & Supporting Community Leadership

STRATEGIC DIRECTIONS

- We have well-trained and qualified leaders in our community and in our workforce.
- Our young people have aspirations to become leaders.

DELIVERY PROGRAM 2013-17

- | | |
|-------|--|
| 5.1.1 | Establish a professional development program for Councillors. |
| 5.1.2 | Explore opportunities within the Council workforce for traineeships, apprenticeships and work experience programs. |
| 5.1.3 | Recognise the work of community leaders. |

OPERATIONAL PLAN 2014-15

RESPONSIBILITY

- | | | |
|---------|---|---------------------------------------|
| 5.1.1.a | Provide ongoing professional development for Councillors. | Administration
Services |
| 5.1.3.a | Continue to support the Youth Council. | Community
& Cultural
Engagement |

OBJECTIVE 5.2:

Encouraging More Community Participation in Decision Making

STRATEGIC DIRECTIONS

- We are informed about our community.
- We are involved in decisions affecting our community.
- We have improved relationships between different levels of government.

DELIVERY PROGRAM 2013-17

- | | |
|-------|---|
| 5.2.1 | Commence implementation of the priority projects from the Communications & Engagement Strategy. |
| 5.2.2 | Improve Council's use of technology to inform and engage the community. |

OPERATIONAL PLAN 2014-15

RESPONSIBILITY

- | | | |
|---------|---|------------------------|
| 5.2.1.a | Finalise design and implement new Council website. | Communications |
| 5.2.2.a | Commence implementation of smart phone applications to improve Council processes. | Information
Systems |

OBJECTIVE 5.3:

Making Council More Responsive to the Community

STRATEGIC DIRECTIONS

- Our Council is responsive to the community.
- Our Council's processes are efficient and transparent.

DELIVERY PROGRAM 2013-17

5.3.1	Commence implementation of the priority projects from the Customer Service Strategy.
5.3.2	Implement systems and strategies to improve productivity across the organisation.
5.3.3	Develop and implement a strategic and operational internal audit program.
5.3.4	Review and implement a revised Risk Management Strategy.
5.3.5	Carry out governance functions, provide advice and conduct education programs to comply with legislation and best practice.
5.3.6	Review the Community Strategic Plan.
5.3.7	Develop and implement a special rate variation strategy.

OPERATIONAL PLAN 2014-15		RESPONSIBILITY
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OPERATIONAL PLAN 2014-15		RESPONSIBILITY
5.3.1.a	Commence implementation of priority projects from the Customer Service Strategy .	Community & Cultural Engagement
5.3.2.a	Continue to implement the Performance Management System.	Human Resources
5.3.2.b	Continue to implement a new remuneration system.	Human Resources
5.3.3.a	Implement the annual internal audit program.	Internal Audit
5.3.4.a	Continue the update of the Enterprise Risk Management Strategy.	Administration Services
5.3.5.a	Commence the development of a statutory compliance policy.	Administration Services
5.3.7.a	Commence scoping of projects as part of the Financial Sustainability Initiative (within existing resources).	Integrated Planning & Strategic Property
5.3.7.b	Develop property investment and management policies, plans and guidelines and commence a strategic review of Council's property portfolio.	Integrated Planning & Strategic Property





MEASURES:

MEASURES	CONTEXT/BENCHMARK	BASE	CURRENT	TARGET
Satisfaction with Council's performance overall	<p>This measure is from a random survey of residents where they are asked to rate their satisfaction with Council's performance overall on a scale of 1-5, where 1 = low satisfaction and 5 = high satisfaction.</p> <p>The benchmark in 2009 from similar surveys with over 15,000 residents across 25 local government areas was 3.5.</p> <p>Current Rating = 2.4 (compared with 3.2 in August 2009)</p>	2.4 2012	N/A	>3
Response to Telephone Calls	<p>The number of telephone calls to the call centre that are not abandoned divided by the total number of telephone calls to the call centre.</p> <p>This data is sourced from Council's telephone system.</p>	87.7% 2011-12	86.8% 2012-13	90%
Response to Customer Requests	<p>The number of customer requests that are completed within agreed timeframes divided by the total number of customer requests completed.</p> <p>This data is sourced from the workflows in Council's Customer Request Management system.</p>	N/A	80% to March 2014	80%

INTEGRATED PLANS AND STRATEGIC STUDIES

- Community 2023 Community Strategic Plan.
- Communications & Engagement Strategy - Cessnock City Council.
- Customer Service Strategy (under review).
- Strategic Audit Plan.

2014-15 Budget



Financial Forecasts

ASSUMPTIONS

The 2014-15 estimates of income and expenditure in this document have been prepared using the following financial assumptions:

GENERAL RATES

- Ordinary rates are increased in line with Council's special rate variation determination of 9.55%.

DOMESTIC WASTE MANAGEMENT CHARGES

- Domestic Waste Management Charges have increased by less than 1%.

INTEREST RATES

- Interest on new loans of 6.2% (compared with a rate of 6.14% for loans raised in February 2012) and interest on investments of 4.0% (4.0% in 2013-14).

INFLATION

- Inflation of 3.25% has been applied to salaries and wages (3.25% in 2013-14) in line with the award increase; with most other expenditure allocations being held constant.

RISKS

This Operational Plan incorporates assumptions and judgments based on the information available at the time of publication. Unexpected changes in a range of factors could influence the outcomes in the current and future years.

GENERAL RISKS

A major influence on expected revenues and expenses in any year is the economy. The level of economic activity will impact demand for some of Council's services, while changes in inflation rates and interest rates will be reflected in the costs Council pays for materials and services and the return on its investments.

Many of Council's maintenance and construction activities are impacted by the weather; extreme weather conditions can impact on priorities (because of road deterioration, cleaning of debris etc.) and result in programmed works being postponed.

Significant changes in government legislation, particularly in the areas of planning, resource management

and local government provided services, could result in additional costs being borne by Council.

Council, as a multi-purpose organisation, providing a large range of buildings, parks, playgrounds and other facilities accessible to the public, could possibly face insurance claims at any time.

Council is the planning consent authority under the Environmental Planning & Assessment Act 1979. Pursuant to that Act, certain persons aggrieved by a planning decision of Council may appeal to the Land & Environment Court. It is the Court's normal practice that parties bear their own legal costs, however the amount of costs cannot be known until an appeal is determined.

On the revenue side, grants are a material component of Council's source of funds and are subject to political decisions at other levels of government.

Financial Forecasts

SPECIFIC RISKS

Climate Change

The Garnaut Report (2008) found that, as a result of past actions, the world is already committed to a level of warming that could lead to damaging climate change. The continuing growth in greenhouse gas emissions is expected to have a severe and costly impact on agriculture, infrastructure, biodiversity and ecosystems in Australia. The report concluded that every Australian would have to adapt to climate change... for the maintenance of their livelihoods and the things that they value.

Climate change will affect rainfall, temperature and sea levels and will have consequences on flooding, soil moisture, bushfire intensity and storm events. It will cause the re-evaluation of Council activities and priorities, as well as significantly impacting on future plans.

Council has taken some initial measures to mitigate the broader risk of climate change.

Council's response to date has included initiatives to improve the coordination and effectiveness of Council's response to climate change. However, the extent of climate change impacts on the

social and economic wellbeing of our community is yet to be comprehensively assessed.

Ability to Fund Asset Management

A common issue arising from recent local government reviews has been the shortfall in infrastructure maintenance and renewals expenditure (and how it is to be funded) to ensure that infrastructure is providing the level of service expected by the community. If appropriate asset management processes are not adopted, then assets can deteriorate to the point where level of service standards cannot be met.

Council has an Asset Management Strategy and draft Asset Management Plans for the key infrastructure classes of roads, bridges, stormwater drainage, buildings and open space.

Development Applications

The revenue estimates for development applications (DAs) are based on ongoing residential building activity in the Local Government Area.

Rate Pegging

Rate pegging limitations continue to constrain revenue raising capacity and place extra burden

on Council when rate pegging increases are less than increases in the costs faced by Councils.

Future Funding Obligations

Council has identified a substantial commitment to future works which will require funding in future years, with some of those projects requiring attention in the short to medium term. An indicative listing of these future commitments is provided as part of the financial forecasts.

When possible the funding of these items has been included in Councils Operational Plan and the impact of funding some of these items has been detailed in Scenarios 3 and 4 of the Long Term Financial Plan. Due to the significant amounts associated with these future commitments, the capacity of Council to provide funding within existing budgets will need to be reviewed, along with the level of funding provided to existing services.

Financial Forecasts

CURRENT FINANCIAL POSITION OF COUNCIL

The long term financial position of the Council remains a significant challenge over future years. While Council still adopts a balanced budget strategy, current operations continue to exert considerable pressure on Council's capacity to manage its financial position. Also, Council has a substantial financial commitment to future capital works as outlined in the Operational Plan.

In April 2013, Council received the results from the NSW Treasury Corporation (TCorp) assessment of the financial capacity and sustainability of all 152 Councils in NSW. TCorp has prepared a Financial Sustainability Rating (FSR) and Outlook for each Council, in order to provide an overall position of the sustainability of Councils when compared with other Councils within NSW.

Cessnock City Council has been assessed as:

Financial Sustainability Rating (FSR) - Moderate

Outlook - Negative

The report states, a Council with a FSR of Moderate and an Outlook of Negative, is assessed as being in a deteriorating position or at risk of being down graded from Moderate to Weak. As TCorp considers an FSR of lower than Moderate to be at much greater risk of being unsustainable, Councils in this position need to be considering

options for addressing the areas of poor performance that are contributing to Council's assessed FSR and Outlook.

TCorp has issued definitions for the above ratings, as follows:-

1. *Financial Sustainability Rating (FSR) – Moderate*

- A local government with an adequate capacity to meet its financial commitments in the short to medium term and an acceptable capacity in the long term.
 - While it has some record of reporting minor to moderate operating deficits the local government may also have recently reported a significant operating deficit.
 - It is likely able to address its operating deficits, manage unforeseen financial shocks and any adverse changes in its business, with moderate revenue and/or expense adjustments. The expense adjustments are likely to result in a number of changes to the range of and/or quality of services offered.
 - Its capacity to manage core business risks is moderate.
- ### 2. *Outlook – Negative*
- As a result of a foreseeable event or circumstance occurring, there is the potential for deterioration in the local government's capacity to meet

its financial commitments (short and/or long term) and resulting change in its rating. However, it does not necessarily indicate that a rating change may be forthcoming.

The TCorp assessment confirms Council's long-term financial forecasting; that the continuation of Council's current spending and income patterns is not sustainable.

One part of Council's response to improving the outlook for its financial sustainability is to progress a special rate variation strategy.

The first phase was to make permanent the existing special rate variation that expired on 30 June 2014 (and that has been in place for the past eight years) and this was achieved when the IPART approved a special rate variation of 9.55%.

In line with community feedback, the money generated from this special rate variation (approximately \$1.725m in 2013-14) has been (and will continue to be) allocated to the renewal of roads throughout the local government area.

The second phase of the special rate variation strategy is to review service levels and investigate a potential further special rate variation (to be phased in over a number of years) to improve the outlook for Council's financial sustainability.

Operational Budget

	2013-14 ORIGINAL BUDGET SHORTFALL (SURPLUS)	OPERATING EXPENSES	OPERATING REVENUES	CAPITAL EXPENSES	CAPITAL REVENUE	NET BUDGET RESULT 2014-15: SHORTFALL (SURPLUS)
COUNCIL & GENERAL MANAGER	3,239,720	3,903,760	(104,000)	22,000	-	3,821,760
General Manager's Office	581,440	687,190	-	-	-	687,190
Mayor & Council	614,580	642,360	-	-	-	642,360
Work Health & Safety	357,710	121,460	-	-	-	121,460
Economic Development	471,080	1,102,620	(30,000)	-	-	1,072,620
Human Resources	1,053,110	1,222,530	(74,000)	22,000	-	1,170,530
Media & Communication	161,800	127,600	-	-	-	127,600
CORPORATE & COMMUNITY SERVICES	(27,618,637)	11,681,920	(42,249,020)	2,237,830	-	(28,329,270)
Director Corporate & Community Services	295,480	356,240	-	750	-	356,990
Administration Services	1,229,270	1,582,270	(551,390)	1,000	-	1,031,880
Community & Cultural Engagement	2,556,509	2,542,394	(139,550)	252,400	-	2,655,244
Depot Services	1,748,931	1,710,371	43,600	20,000	-	1,773,971
Financial Services	(35,044,180)	3,749,473	(39,610,000)	1,000	-	(35,859,527)
Fleet Management	-	36,500	(1,907,680)	1,871,180	-	-
Information Systems	1,515,193	1,569,662	(41,000)	91,500	-	1,620,162
Strategic Community Planning	80,160	135,010	(43,000)	-	-	92,010
PLANNING & ENVIRONMENT	5,531,805	9,171,677	(3,422,010)	-	-	5,749,667
Director Planning & Environment	666,150	579,280	(1,400)	-	-	577,880
Health & Building	1,564,805	3,031,149	(1,600,590)	-	-	1,430,559
Business Support	369,810	687,555	(273,700)	-	-	413,855
Development Services	1,278,345	2,227,388	(778,050)	-	-	1,449,338
Integrated Planning & Strategic Property	1,012,465	1,461,315	(434,970)	-	-	1,026,345
Natural Environment Planning	162,800	163,110	-	-	-	163,110
Strategic Land Use Planning	477,430	1,021,880	(333,300)	-	-	688,580

Operational Budget

	2013-14 ORIGINAL BUDGET SHORTFALL (SURPLUS)	OPERATING EXPENSES	OPERATING REVENUES	CAPITAL EXPENSES	CAPITAL REVENUE	NET BUDGET RESULT 2014-15: SHORTFALL (SURPLUS)
WORKS & INFRASTRUCTURE	18,846,892	31,522,454	(19,627,973)	15,665,000	(8,802,000)	18,757,481
Administration Support	1,319,290	1,211,940	(143,100)	-	-	1,068,840
Design Delivery	1,453,597	1,653,650	(48,173)	-	(2,000)	1,603,477
Environment & Sustainability	305,576	347,520	(159,300)	-	-	188,220
Recreation Parks	481,710	501,210	(21,600)	-	-	479,610
Recreation Services	4,966,248	4,472,842	(454,000)	1,086,500	-	5,105,342
Sanitary Services	5,780	450	5,900	-	-	6,350
Strategic Asset Planning	4,057,701	3,888,632	(4,138,200)	13,114,900	(8,800,000)	4,065,332
Waste Services	-	12,100,500	(12,450,500)	350,000	-	-
Works Delivery	6,256,990	7,345,710	(2,219,000)	1,113,600	-	6,240,310
TOTAL	(220)	56,279,811	(65,430,003)	17,924,830	(8,802,000)	(362)

Budget by Function/Activity - Note 2(a)

FUNCTIONS/ACTIVITIES	Income and Expenses have been directly attributed to the following Functions/Activities		
	Income from Continuing Operations	Expenses from Continuing Operations	Operating Result from Continuing Operations
	2014-15 Budget	2014-15 Budget	2014-15 Budget
Governance	-	1,218,442	1,218,442
Administration	(772,040)	9,875,055	9,103,015
Public Order & Safety	(509,000)	2,025,356	1,516,356
Health	(999,250)	801,648	(197,602)
Environment	(13,207,100)	12,020,152	(1,186,948)
Community Services & Education	(44,700)	547,448	502,748
Housing & Community Amenities	(1,438,723)	5,906,265	4,467,542
Recreation & Culture	(666,030)	7,767,583	7,101,553
Mining, Manufacturing & Construction	(542,840)	1,238,236	695,396
Transport & Communication	(12,685,000)	22,884,121	10,199,121
Economic Affairs	(539,600)	1,394,265	854,665
TOTAL FUNCTIONS & ACTIVITIES	(31,404,283)	65,678,571	(34,274,288)
General Purpose Income ¹	(39,953,545)	-	(39,953,545)
OPERATING RESULT FROM CONTINUING OPERATIONS	(71,357,828)	65,678,571	(5,679,257)

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Profit & Loss Statement

	2012-13 ACTUAL PROFIT & LOSS	2013-14 ADOPTED BUDGET PROFIT & LOSS	2014-15 FORECAST PROFIT & LOSS
REVENUE			
Rates & Annual Charges	(40,078,202)	(41,131,779)	(43,058,345)
User Charges & Fees	(10,334,885)	(7,009,020)	(6,772,690)
Interest & Investment Revenue	(1,804,646)	(871,300)	(859,700)
Other Operating Revenues	(1,371,646)	(946,470)	(1,002,820)
Operating Grants & Contributions	(12,698,303)	(10,569,923)	(11,362,273)
Net gain/(loss) from disposal of assets	2,403,365	0	0
Sub-Total	(63,884,317)	(60,528,492)	(63,055,828)
EXPENSES			
Employee Benefits & On-costs	23,450,641	26,719,920	28,178,170
Borrowing Costs	671,468	792,096	792,096
Materials & Contracts	14,721,773	9,907,284	10,760,204
Depreciation & Amortisation	14,992,946	14,871,900	15,031,500
Other expenses	10,093,797	12,185,324	10,916,601
Sub-Total	63,930,625	64,476,524	65,678,571
Operating Result - (Surplus)/Loss	46,308	3,948,032	2,622,743
Capital Grants & Contributions	(3,423,207)	(5,504,000)	(8,302,000)
Overall Result - (Surplus)/Loss	(3,376,899)	(1,555,968)	(5,679,257)
Operating Performance Ratio	-1.3%	-6.5%	-3.9%
TCorp Benchmark			> -4.0%

Reserve Balances

	2013-14 ESTIMATED RESERVE BALANCE	PROPOSED TRANSFERS TO RESERVE	PROPOSED TRANSFERS FROM RESERVES	2014-15 FORECAST RESERVE BALANCE
EXTERNAL RESTRICTIONS				
Developer Contributions	3,908,000	850,000	285,000	4,473,000
Domestic Waste Management	844,479	350,000	350,000	844,479
Sub-Total External Restrictions	4,752,479	1,200,000	635,000	5,317,479
INTERNAL RESTRICTIONS				
Bridge Replacement	85,597	167,900	135,000	118,497
Computer Services	94,626	200,000	40,000	254,626
Employee Leave Entitlements	1,603,648	455,000		2,058,648
Insurance Provisions	422,460		75,000	347,460
Land & Property Acquisition & Development	252,150			252,150
Lawn Cemeteries	28,635	10,500	33,000	6,135
Miscellaneous Projects	441,994		200,000	241,994
Other Special Projects	454,193	135,000		589,193
Plant & Vehicle Replacement	1,532,436	730,500	1,200,000	1,062,936
Residential Land Development	631,335		8,495	622,840
Rezoning Fees	99,402			99,402
Single Invitation Contracts	315,952		30,000	285,952
Waste Depot & Rehabilitation	12,060,573	1,737,240	7,004,500	6,793,313
Sub-Total Internal Restrictions	18,032,001	3,436,140	8,725,995	12,733,146
TOTAL	22,775,480	4,636,140	9,360,995	18,050,625

Potential Major Works in Future Years

These works include estimates of obligations for potential major capital works projects in future years.

ESTIMATES OF POSSIBLE MAJOR WORKS (BEYOND 2014-15)		
ESTIMATE	PROJECT	COMMENT/DESCRIPTION
TBC	Implementation of CBD Masterplan	Including Civic Park
TBC	New Cessnock Library	Replacement of existing facility
\$12-14m	New Cessnock Aquatic Centre	Replacement of existing facility
TBC	Cycleway Network	To link villages to the larger CBDs, detailed costings will be determined following a review of the Cessnock City Cycle Strategy.
\$4-5m	Timber Bridge Replacement Backlog	Based on current condition data that will be confirmed through a series of further condition assessments.
\$7m+	Buildings/Facilities Refurbishment	Including programmed refurbishment of the Performing Arts Centre.
\$7-8m?	Hebburn Estate	Development of residential estate
\$10m+	Richmond Vale Railway Museum	Refurbishment of railway museum facilities
TBC	Flood Mitigation Works	As recommended in the Floodplain Management Plans. The Black Creek study is being finalised in 2014-15. Mitigation works will be identified at the completion of this study.
TBC	Road Renewal Backlog	A 'Fair Value' road asset condition assessment will be undertaken in 2014-15. The cost of Road Renewal Backlog will be determined at the completion of this exercise.
\$25m?	Section 94 Obligations	Council's share of Section 94 funded capital works.

Capital Works Program

INFRASTRUCTURE FORWARD PLANNING		2014/15
PROJECT NAME		<i>Project No.</i>
Strategic Infrastructure Planning Studies		PFI-2015-001
Strategic Asset Management		PFI-2015-002
Pre-construction Investigation, Survey and Design		PFI-2015-003
<i>Funding Source: General Fund</i>		\$650,000
LOCAL ROAD RENEWAL PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Local Road Resurfacing Program		RRL-2015-001
Local Road Special Rate Variation Resurfacing Program		RRL-2015-005
Rural Road Regravelling Program		RRL-2015-002
Greta Street Kurri Kurri Rehabilitation		RRL-2015-003
Sandy Creek Road Mount Vincent Rehabilitation		RRL-2015-004
<i>Funding Source: General Fund, Special Rate Variation, Roads to Recovery, s94</i>		\$3,722,400
LOCAL ROAD CONSTRUCTION PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Stanford Merthyr School Zone		CRL-2015-001
Vincent Street Pedestrian Crossing Retrofit		CRL-2015-002
Brandis & Rawson Street Pedestrian Refuge		CRL-2015-003
State grant funding Road Safety Initiatives (Road Toll Response)		TBA
Federal grant funded Road Safety Initiatives (Black Spot Program)		TBA
<i>Funding Source: Roads to Recovery Grant, CPTIGS Grant, s94</i>		\$185,000
REGIONAL ROAD CONSTRUCTION PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
State grant funded Road Safety Initiatives (Road Toll Response)		TBA
Federal grant funded Road Safety Initiatives (Black Spot Program)		TBA
<i>Funding Source: Road Toll Response Grant, Black Spot Grant</i>		\$0
REGIONAL ROAD RENEWAL PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Regional Road Resurfacing Program		RRR-2015-001
Regional Road Special Rate Variation Resurfacing Program		RRR-2015-003
Wollombi Road Millfield Rehabilitation Stage 1		RRR-2015-002
<i>Funding Source: Block Grant, Repair Program Grant, SRV, General Fund</i>		\$1,563,600

Capital Works Program

VINEYARD ROADS CONSTRUCTION PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Broke Road Pokolbin Reconstruction and Widening Stage 2		CRV-2015-001
Broke & McDonalds Road Pokolbin Intersection Upgrade		CRV-2015-002
Vineyard Road Project Stage 5 TBA		CRV-2015-003
<i>Funding Source: Federal Grant</i>		\$8,000,000
PATHWAYS CONSTRUCTION PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Mount View Road, Cessnock footpath replacement of asphalt		CPW-2015-001
Hall Street Cessnock footpath replacement of mixed surface		CPW-2015-002
Station Street Weston footpath replacement of cobblestones cnr First Street		CPW-2015-003
Vincent Street Cessnock 1.2m missing link footpath connection		CPW-2015-004
Weston Avenue Cessnock 1.2m missing link footpath connection		CPW-2015-005
Maitland Street (New England Highway) Greta 1.2m missing link connection		CPW-2015-006
Tarro Road Kurri Kurri 1.2m missing link connection east side		CPW-2015-007
<i>Funding Source: General Fund</i>		\$150,000
BRIDGES CONSTRUCTION PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Replace Lomas Lane Bridge Nulkaba		CBS-2014-005
<i>Funding Source: LIRS Grant, Bridge Financial Assistance Grant, General Fund</i>		\$635,000
FLOODPLAIN MANAGEMENT PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Floodplain Management Committee		PMF-2015-001
Black Creek Stage 2 (North) Flood Study		PMF-2015-002
Wollombi Flood Risk Management Plan Priority Recommendations		PMF-2015-003
Cessnock Flood Risk Management Plan Priority Recommendations		PMF-2015-004
Swamp/Fishery Creek Flood Risk Management Plan Priority Recommendations		PMF-2015-005
<i>Funding Source: OEH Grant, Federal Grant, Flood Letter Income</i>		\$155,000
DRAINAGE CONSTRUCTION PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Whitburn Estate Trunk Drainage Construction (New England Highway Culvert)		CDR-2015-001
Second Street Millfield Trunk Drainage Improvements		CDR-2015-002
<i>Funding Source: Drainage Loan, Stormwater Management Income</i>		\$580,000

Capital Works Program

RECREATION FACILITIES RENEWAL PROGRAM	2014/15
PROJECT NAME	<i>Project No.</i>
Cessnock CBD Masterplan Gardens Renovations	RFR-2015-001
Norman Brown Memorial Park Greta Fencing	RFR-2015-003
Progressive Playground Edging Renewal Program	RFR-2015-004
Slacks Park Wollombi BBQ Shelter	RFR-2016-003
War Memorial Upgrades	RFR-2015-007
Cessnock Netball Complex - Fencing	RFR-2015-008
Poppet Head Reserve Kitchener Playground & Fencing Replacement	RFR-2015-006
<i>Funding Source: General Fund, Grant Fund</i>	\$298,000

RECREATION FACILITIES CONSTRUCTION PROGRAM	2014/15
PROJECT NAME	<i>Project No.</i>
Bridges Hill Park Cessnock Playground Replacement	CFR-2015-001
Cessnock Sportsground Access Improvements	CFR-2014-001
Greta Central Oval Skate Park - Stage 2	CFR-2015-002
Howe Park Abermain Water Supply Upgrade	CFR-2015-005
Miller Park Branxton Car Park Improvements Stage 2	CFR-2015-003
Mount View Basin Drainage	CFR-2014-006
Wollombi Croquet Club Edging Improvements	CFR-2015-004
<i>Funding Source: General Fund, Grant Opportunities</i>	\$135,000

RECREATION BUILDINGS RENEWAL PROGRAM	2014/15
PROJECT NAME	<i>Project No.</i>
Branxton Croquet Clubroom Improvements	RBR-2014-001
Carmichael Park Bellbird Amenities Painting	RBR-2015-006
Cessnock Sportsground Birdproofing	RBR-2015-007
Jefferey's Park Kearsley Meter Board Upgrade	RBR-2015-008
Mount View Basin Cessnock Amenities Painting	RBR-2015-004
Mount View Basin Cessnock Ceiling Repairs	RBR-2015-003
Orange Street Oval Abermain Amenities Renewal	RBR-2015-005
Rotary Park Kurri Kurri Rotunda Renewal	RBR-2015-009
Turner Park Aberdare Granstand Renewal	RBR-2015-010
<i>Funding Source: General Fund</i>	\$120,000

RECREATION BUILDINGS CONSTRUCTION PROGRAM	2014/15
PROJECT NAME	<i>Project No.</i>
Birralee Snr Kurri Kurri Amenities Replacement	CBR-2015-001
<i>Funding Source: s94, Grant Opportunities</i>	\$250,000

Capital Works Program

POOL FACILITIES RENEWAL PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Branxton Pool		RFP-2015-001
Cessnock Pool		RFP-2015-002
Kurri Kurri Aquatic & Fitness Centre		RFP-2015-003
<i>Funding Source: General Fund</i>		\$100,000
COMMUNITY BUILDINGS RENEWAL PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Branxton Community Hall Electrical Upgrades		RBC-2015-009
Branxton Community Hall External Painting		RBC-2015-001
Kearsley Community Hall Lighting Refurbishment		RBC-2015-002
Kurri Kurri Community Centre Door Refurbishment		RBC-2014-004
Kurri Kurri Community Centre Pergola Refurbishment		RBC-2015-005
Pokolbin Community Hall External Painting		RBC-2015-006
Weston Civic Centre Roof Renewal		RBC-2015-007
Wollombi Community Hall Stage/Storage Refurbishment		RBC-2015-008
<i>Funding Source: General Fund</i>		\$133,500
COMMUNITY BUILDINGS CONSTRUCTION PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Kurri Kurri Community Centre Electrical Upgrade		CBC-2015-001
<i>Funding Source: s94</i>		\$25,000
CEMETERIES FACILITIES CONSTRUCTION PROGRAM		2014/15
PROJECT NAME		<i>Project No.</i>
Kurri Kurri Cemetery Columbarium Wall Installation		CFC-2015-002
<i>Funding Source: Cemeteries Reserve</i>		\$25,000
		2014/15
TOTAL PROGRAMS		\$16,727,500
Overhead Component		\$1,517,775
TOTAL CAPITAL WORKS BUDGET		\$18,245,275

Assumptions

1. Overhead Component is a fixed amount based on historic average.
2. The Total Council General Fund component remains fixed at the 2012-13 allocation.
3. Funding sources are only those that are historically consistent, i.e. do not include "one-off" or opportunity/merit based grants (e.g. Road Toll Response, Black Spot, RLCIP, Community Facilities Partnership, etc).
4. S94 Amounts are estimates based on historic allocations - they may not reflect the amounts available in the future.
5. These assumptions are consistent with the Long Term Financial Plan and Asset Management Plan.

A photograph of a brick building with a red tiled roof and a balcony. The building has a classical portico with four columns. The words 'COURT HOUSE' are inscribed on the balcony's fascia. A teal semi-transparent rectangle is overlaid on the upper part of the image, containing the text 'Revenue Policy' in a serif font. In the bottom left corner, there is a colorful geometric graphic consisting of overlapping triangles in red, yellow, and blue, with a white box containing the number '048'.

Revenue Policy

• COURT HOUSE •

Special Rate Variation Strategy

OVERVIEW

One part of Council's response to improving the outlook for its financial sustainability is to progress a special rate variation strategy.

The first phase was to make permanent the existing special rate variation that expired on 30 June 2014.

In line with community feedback, the money generated from this special rate variation (approximately \$1.725m in 2013-14) has been (and will continue to be) allocated to the renewal of roads throughout the local government area.

The second phase of the special rate variation strategy is to review service levels and investigate a potential further special rate variation (to be phased in over a number of years) to improve the outlook for Council's financial sustainability.

2014-15 SPECIAL RATE VARIATION

Council has permanently extended its current special rate variation by getting approval for a special rate variation of 9.55% under Section 508(2).

The purpose of the special rate variation is to continue to allocate funds to the renewal of its road assets in line with Council's asset management system. These asset renewal works will focus on the resealing, heavy patching and

rehabilitation of regional roads and collector roads within the local government area.

THE NEED FOR THE SPECIAL RATE VARIATION

Consultation during the development of Council's initial community strategic plan highlighted the condition of Cessnock's roads as a major issue for the future. As a result, Council's adopted community strategic plan, *Cessnock 2023* identified "Improving the road network" as one of the objectives for the future of the local government area.

Due to the geographic spread of the local government area, Council has more kilometres of roads per capita than other Hunter Council. Council is responsible for maintaining approximately 1,000km of road pavement. Of this, around 100km are regional roads that provide connectivity between larger villages and towns both within and outside the local government area. The remaining 900km are local roads of which approximately 330km are unsealed gravel roads while the remaining 570km are generally sprayed bitumen seal with smaller lengths of asphalt or concrete pavement. Of the local road network, approximately 170km are classified as local collector roads that provide the primary connectivity between larger villages and towns.

As part of Council's asset management system, Council undertakes comprehensive condition assessments of its sealed road network and has developed an overall Pavement Condition Index (PCI) which is based on accepted industry best practice. The PCI assumes a ranking of 10 for a road without defects and deducts points depending on the level and types of distresses in the road pavement.

The PCI is a technical measure of the constructed road pavement that is available for traffic use. It does not account for roads that have a less than desirable width, have 'edge break' or limited table drainage, have un-sealed shoulders, have no kerb and gutter, have no piped storm water drainage or have no paved footpaths.

As a road network deteriorates, routine maintenance needs increase (eg pothole patching, heavy patching, edge break repair and crack sealing). The cost of asset replacement (eg resurfacing and rehabilitation) plus routine maintenance is known as the 'whole of life' cost. If the required maintenance funds for the road network are not available, including the increases required as a result of a reduced average PCI or additional new (developer provided) roads, then the rate of deterioration of the network will increase and result in a further reduction of the average network PCI.

In accordance with the Integrated Planning and Reporting requirements and AASB116 "Fair Value" Property, Plant and Equipment accounting standards, a whole-of network assessment of Council's road network was last carried out in 2009-10. This data was used to support Council's two-year special rate variation (for 2011-12 and 2012-13). Council updates its road asset condition data on a regular basis and the next whole-of-network condition assessment is due to be undertaken in 2013-14.

In 2009-10, the average condition of Council's sealed road network was assessed at 7.76, which ranks the overall road network as very good under the Index. Of the total road network, only 3.88% was rated as failed with a further 3.98% being rated as poor or very poor. However, further analysis indicated that the regional roads within the road network were in much worse condition: 16.85% of the regional roads were rated as failed while a

further 7.99% were rated as poor or very poor. Council's local collector roads as a subset of all local roads were in a similar condition and rate of decline as the regional road network.

Considering that both regional and local collector roads are utilised most by the community, it is not unexpected that their condition provides a significant influence on the public opinion in relation to the condition of Council's overall road network.

In the absence of an updated whole-of-network road condition assessment (due to be undertaken in 2013-14), Council's database indicates that the change in asset management practice (with a focus on asset renewal) during the current two-year special rate variation has been effective, with the 2012-13 average condition of Council's sealed road network being assessed at 8.06 up from 7.76. This indicates that the overall rate of deterioration

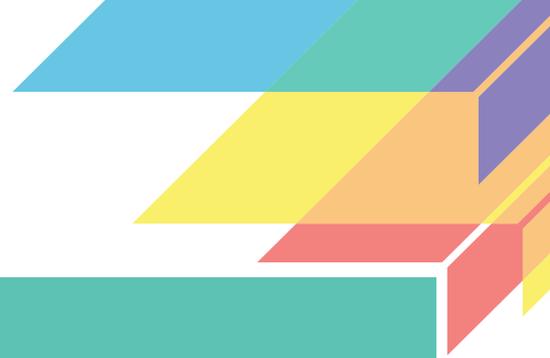
has been reduced and the overall condition of the network has slightly improved in the short-term. A closer examination of the regional road sub-network presents an even clearer picture of the impact that the changes in asset management practice and the application of the additional special rate variation funds has had in terms of reduced deterioration and sub-network improvement (refer to Table 1 below).

There is a margin of uncertainty in the interim PCI as it is not the result of a whole-of-network assessment. The condition data used has only been updated for those roads which have been treated (i.e. those roads that have been renewed or replaced) and the deterioration of those un-treated roads is based on the underlying computer model and not on observation.

Table 1 below benchmarks the 2009-10 road condition indices with the 2012-13 road condition indices:

TABLE 1 - PAVEMENT CONDITION INDICES 2009-10 AND INTERIM 2012-13

PCI	Condition	% Total Sealed Road Network 2009-10	% Total Sealed Road Network 2012-13 (interim)	% Regional Road Network 2009-10	% Regional Road Network 2012-13 (interim)
8.5 to 10	Excellent	54.03%	11.23%	39.13%	7.65%
7 to 8.5	Very Good	24.63%	20.95%	23.67%	16.82%
5.5 to 7	Good	9.45%	54.32%	9.15%	47.49%
4 to 5.5	Fair	4.03%	12.86%	3.21%	26.83%
2.5 to 4	Poor	2.10%	0.64%	1.50%	1.21%
1 to 2.5	Very Poor	1.88%	0.00%	6.49%	0.00%
< 1.0	Failed	3.88%	0.00%	16.85%	0.00%



The information in Table 1 above demonstrates that the focus of the funds from the special rate variation on the renewal of regional and local collector roads has delivered its intended outcome for the benefit of all road users.

Now that the existing special rate variation is permanent, funds will continue to be allocated to continue the focussed improvement

of the overall condition of the road network by the extension of the useful life of existing assets and a reduction in the rate of deterioration of the regional road and local collector road networks.

This will be achieved through a continued road resealing and rehabilitation program targeting regional and local collector roads in both rural and urban localities

that have failed or have low Pavement Condition Indices. The apportionment of these additional funds will continue, in the short term to be allocated in line with the existing special rate variation as presented in Table 2 below. These percentages and lengths may alter in future years dependent on the asset management system priorities for roads.

TABLE 2 - APPORTIONMENT OF SPECIAL RATE VARIATION FUNDS

	<i>Reseal</i>	<i>Reseal with Heavy Patch</i>	<i>Rehabilitation (Reconstruction)</i>
Total	20%	60%	20%
Regional Road	0%	40%	0%
Urban Local Collector	12%	12%	0%
Rural Local Collector	8%	8%	20%

This expenditure apportionment translates to the lengths of roads (in Table 3) being treated with the funds from the special rate variation.

TABLE 3 - LENGTH OF ROADS TO BE TREATED WITH SPECIAL RATE VARIATION FUNDS

	<i>Reseal</i>	<i>Heavy Patch and Reseal</i>	<i>Rehabilitation (Reconstruction)</i>
Total	Approx 5.5km	Approx 6km	Approx 0.25km
Regional Road	-	approx 4km	-
Urban Local Collector	approx 3km	approx 1km	-
Rural Local Collector	approx 2.5km	approx 1km	approx 0.25km

In summary, approximately 11.75km of roads per annum will be treated with the proceeds of the special rate variation.

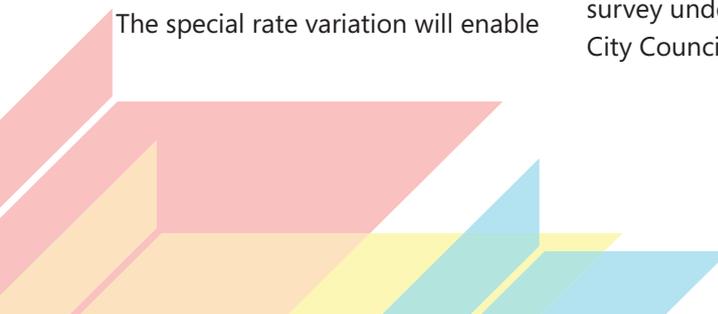
COMMUNITY'S DESIRE FOR CONTINUING THIS ADDITIONAL EXPENDITURE ON ROADS

The special rate variation will enable

Council to continue to undertake additional road renewal works to address the concerns of residents with the condition of the roads throughout the local government area.

In the most recent community survey undertaken by Cessnock City Council in July 2012, the

satisfaction rating for "developing and maintaining the road network" was by far the lowest rating at 1.62 out of 5. This contrasted with the importance factor for this service being rated the highest at 4.78 out of 5. These results indicate that maintaining the road network is the community's highest priority.



In the June 2009 community survey, road maintenance was identified by the community as being the highest priority issue for their town or village (57%) as well as for the local government area as a whole (50%). In addition, roads were identified by 35% of the community as the highest priority issue over the next 20 years.

Cessnock City Council's road network is not only important to the local population but is also a significant asset to the economic sustainability of the region. Use of Council's road network has significantly increased over the last ten years with steady population growth and increases in tourist visitation to the local vineyards.

ALTERNATIVES TO THE SPECIAL RATE VARIATION

Council's operational budget is under stress due to, among other things, increasing prices for electricity and water; and the imposition of costs for emergency services and waste levies from the State Government.

These factors have resulted in Council having to improve its productivity just to continue to provide the current range and level of service provision that the community expects.

Council's response has, in part, included recent reviews of road management and maintenance

practices that have identified a number of ways to improve Council's performance in these areas. These practices are progressively being implemented with positive results.

Council's income from rates has needed to be increasingly used for recurrent service provision, which has meant that there has been little funding available for new initiatives or service level expansions.

Funding for the specific road renewal projects currently funded by the special rate variation is not available from other general revenue. Without the special rate variation, if Council determined to fund these road renewal works from general revenue, then it would need to reduce the range and/or quality of other services that it delivers.

Council regularly applies for grants for road improvement projects. Federal Roads to Recovery, Pathways and Blackspot funding program grants and State Regional Bridge Replacement grants have been applied for and received in recent years. Council partially matched the state funding for timber bridge replacement via loans in 2010-11.

Cessnock City Council was also successful in receiving funds for bridge replacement under the Local Infrastructure Renewal Scheme and will consider making further applications in future rounds of this

program.

The purpose of the special rate variation is to fund additional rehabilitation and resealing of existing regional and local collector roads. These programs are maintenance related (capital renewal) and should not be funded through loans and have limited grant opportunities. Council's loan programs and the majority of State and Federal Government grant programs are only utilised for capital works that generate new assets.

COMMUNITY ENGAGEMENT

The community consultation on the special rate variation commenced in 2012 and comprised a number of elements in order to engage with residents from across the local government area.

In July 2012, Cessnock City Council engaged Micromex to undertake community research with a representative sample of 400 residents to, among other things, assess support for the continuation of the special rate variation to retain the current level of sealed road renewal.

In February 2013 Council undertook consultation on the extension of the special rate variation for 2013-14. Then in November 2013 Council consulted the community on the permanent extension of the existing special rate variation from 2014-15.

The options that were put to the community in November 2013 included:

Option 1 – To seek a special rate variation of 9.55%.

Option 2 – To not seek a special rate variation.

The community consultation strategy for the proposed special rate variation comprises a number of elements:

- Advertisements in local newspapers - Cessnock Advertiser and Greta-Branxton News
- Media releases
- Social media – Facebook and Twitter
- A Rates Calculator and Fact Sheets on Council's website
- Fact Sheets available at Council's Administration Centre and libraries

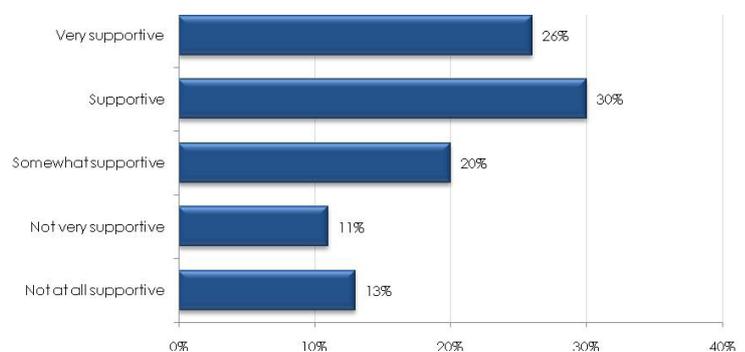
With regards to the special rate variation, the community research undertaken in July 2012 found a moderate level of community support for the continuation of the special rate levy for sealed road renewal.

76% of residents indicated that they were somewhat supportive, supportive or very supportive of this levy remaining in place.

	18-29	30-44	45-59	60+	Male	Female	Overall
Level of support	3.56	3.35	3.64	3.31	3.52	3.38	3.45

Mean ratings: 1 = not at all supportive, 5 = very supportive

	Count	Column %
Very supportive	103	26%
Supportive	121	30%
Somewhat supportive	81	20%
Not very supportive	43	11%
Not at all supportive	52	13%
Total	400	100%



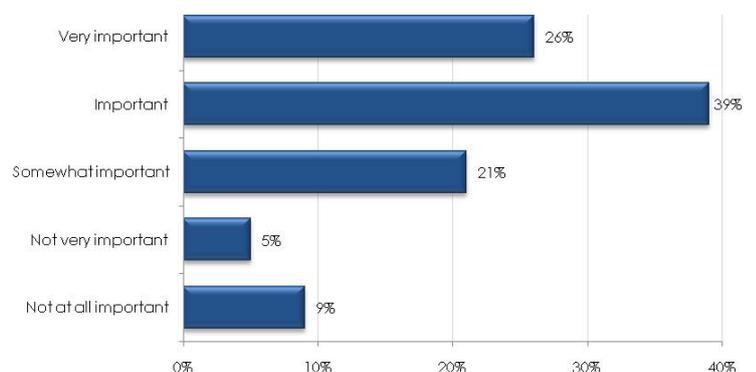
Residents who were 'supportive' to 'very supportive' of the continuation of the special rate variation felt it was necessary as 'the roads require further work' (35%).

86% of residents indicated that it was somewhat important, important or very important that Cessnock City Council be allowed to continue the special rates levy for roads.

	18-29	30-44	45-59	60+	Male	Female	Overall
Importance mean ratings	3.64	3.64	3.83	3.67	3.77	3.61	3.69

Mean ratings: 1 = not at all important, 5 = very important

	Count	Column %
Very important	105	26%
Important	156	39%
Somewhat important	84	21%
Not very important	19	5%
Not at all important	35	9%
Total	400	100%



The community research, along with the feedback provided during the development of the community strategic plan, reinforced the message that the maintenance and management of roads is a high priority for the residents of the local government area. To date, the existing special rate variation, and its application to additional road renewal works, along with a change in asset management practices, has been Council's response to this community feedback.

IMPACT OF THE SPECIAL RATE VARIATION

Council will apply the special rate variation evenly across the various rate categories, with no differential increase being applied to individual rate categories.

For the typical residential ratepayer the impact in 2014-15 is estimated to be:

	<i>2013-14</i>	<i>Estimate for 2014-15</i>
Ordinary Rates	\$1,075.00	\$1,114.81
Domestic Waste Charges	\$520.00	\$525.00
HCRMA Levy	\$15.60	\$15.60
Stormwater Levy	\$25.00	\$25.00
Total Amount	\$1,635.60	\$1,680.41
Total increase/decrease		\$44.81
% change across all rates & charges		2.74%

COMMUNITY'S CAPACITY TO PAY

The special rate variation is essentially a continuation of the existing special rate variation of 6.05%.

The impact of the special rate variation on ratepayers will, in the most part, be minimal as it is a continuation of the status quo. Council has approximately 24,000 rateable assessments and the majority of those (around 80%) are in the residential rate category. The typical residential ratepayer is expected to pay an additional \$44.81 per annum.

Council's level of outstanding rate debt at the end of the financial year has, for the past five years, remained relatively stable between 5-6% of the total rates collectable amount. It is expected that the special rate variation will not adversely impact this ratio as the current level of rates has proven affordable for the community.

Revenue Policy

A. RATING

The amount that is to be raised from rating is calculated to comply with legislative requirements and rate-pegging limitations.

Together with other sources of income, rating income is used to fund Council's expenditure to implement the programs and levels of service that will, in turn, realise the community's desired outcomes in *Cessnock 2023*.

Rate Pegging

In June 2014 the Independent Pricing & Regulatory Tribunal (IPART) determined a permanent one-off special rate variation of 9.55% in 2014-15. The additional

funds will be used for road improvement purposes.

Methodology

For 2014-15 Council continues to use a rating methodology comprising a base amount plus an ad valorem amount (land value multiplied by a rate in the \$).

The land valuations used to calculate rates for 2014-15 are supplied by the Valuer General and have a base date of 1 July 2012.

Interest on Overdue Rates

In accordance with Section 566 of the Local Government Act 1993, Council proposes to charge interest on overdue rates and charges for

2014-15 at a simple rate of 8.5% calculated daily.

Categorisation of Land

Council has determined that the rates will be applied across eight categories:

- Residential
- Rural Residential
- Business
- Farmland
- Farmland – Low Intensity
- Farmland – Mixed Use
- Farmland – Business Rural
- Mining

CATEGORY	REFERENCE	DEFINITION
RESIDENTIAL	Section 516 Local Government Act 1993	<p>Land is categorised as residential if it is a parcel of rateable land valued as one assessment and:-</p> <ul style="list-style-type: none"> • Its main use is for residential accommodation (but not as a hotel, motel, guesthouse, boarding house, lodging house, or nursing home). • It is vacant land zoned for residential purposes. • It is rural residential land. Rural residential land is defined as being <ul style="list-style-type: none"> a) land that is the site of a dwelling, and b) is not less than 2 hectares and not more than 40 hectares in area, and is either: <ul style="list-style-type: none"> i) not zoned or otherwise designated for use under an environmental planning instrument, or ii) zoned or otherwise designated for use under such an instrument for non-urban purposes, and c) does not have significant and substantial commercial purpose or character.

Revenue Policy

CATEGORY	REFERENCE	DEFINITION
RURAL RESIDENTIAL	Section 516 Local Government Act 1993	A sub-category of residential for rural residential land where there is a residential dwelling and the land area is between 2 and 40 hectares.
BUSINESS	Section 518 Local Government Act 1993	Land is categorised as business if it cannot be categorised as farmland, residential or mining. The main land uses in the business category are commercial and industrial.
FARMLAND	Section 515 Local Government Act 1993	Land is categorised as farmland if it is a parcel of rateable land valued as one assessment and its dominant use is for farming (that is the business or industry of grazing, animal feedlots, dairying, pig farming, poultry farming, viticulture, orcharding, beekeeping, horticulture, vegetable growing, forestry, oyster or fish farming, or growing crops for profit) and:- <ul style="list-style-type: none"> • has a significant and substantial commercial purpose or character, and • is engaged in for the purpose of profit on a continuous or repetitive basis. Rural residential land can not be categorised as farmland.
FARMLAND – LOW INTENSITY	Section 515 Local Government Act 1993	A sub-category of farmland for land which meets the farmland criteria under Section 515 with a lower intensity of land utilisation.
FARMLAND – MIXED USE	Section 515 Local Government Act 1993	A sub-category of farmland with both rural and business use.
FARMLAND – BUSINESS RURAL	Section 515 Local Government Act 1993	A sub-category of farmland which has a low intensity of land utilisation with predominantly business activity.
MINING	Section 517 Local Government Act 1993	Land is categorised as mining (Section 517) if it is a parcel of rateable land valued as one assessment and its dominant use is for a coal or metalliferous mine.

Revenue Policy

Statement of Rates Proposed to be Levied - Section 405(2) Local Government Act 1993

Rates are assessed by levies on the value of land. Land values are determined by the Valuer General. Increases in rates are subject to the specification of a percentage variation by the Independent Pricing Regulatory Tribunal (IPART). The rating structure for 2014/15 is shown in the table below.

Rating Structure

Council will increase rates by 9.55% in 2014-15 in line with the IPART approval of a permanent special rate variation under Section 508(2).

The additional rates income raised from the special rate increase will be approximately \$2.16m and will be utilised in 2014-15 on the rehabilitation and resurfacing of the road network.

The following table shows the ad valorem and base rate amounts for 2014-15, based on the approved increase of 9.55% (inclusive of the general increase of 2.3%).

RATE TYPE	CATEGORY	SUB-CATEGORY	AD VALOREM AMOUNT IN CENTS IN \$	BASE AMOUNT \$	BASE AMOUNT % OF TOTAL RATE	RATE YIELD \$
Ordinary	Residential		0.487383	420.00	40.08%	20,169,689
Ordinary	Residential	Rural	0.440548	420.00	23.25%	2,962,853
Ordinary	Farmland		0.346331	420.00	17.22%	2,137,093
Ordinary	Farmland	Mixed Use	0.868837	530.00	7.51%	183,579
Ordinary	Farmland	Low Intensity	0.405996	420.00	31.13%	1,068,630
Ordinary	Farmland	Business Rural	0.868837	530.00	9.49%	206,610
Ordinary	Business		1.738055	530.00	15.75%	5,047,888
Ordinary	Mining		4.334546	1,000.00	0.60%	998,583
		TOTAL				32,774,925

B. CHARGES

Waste Charges

Weekly services for kerbside collection of mixed solid waste and alternate fortnightly collections for recyclable waste are provided by Council to residential and non-residential properties in the Cessnock Local Government Area.

Where new services are commenced throughout the year; charges are calculated as a proportion of the annual charge.

Under Section 496 of the Act, Council is required to levy a charge on all rateable land that is situated within the area in which a domestic waste management service is available, whether occupied land or vacant land.

The Local Government Act, 1993 Section 504(1) provides:

- A Council must not apply income from an ordinary rate towards the cost of providing domestic waste management services.

- Income to be applied by a Council towards the cost of providing domestic waste management services must be obtained from the making and levying of a charge.
- Income obtained from charges for domestic waste management must be calculated so as to not exceed the reasonable cost to the Council of providing those services.

Revenue Policy

Sections 501 and 502 permits a Council to make and levy an annual charge for the following services provided on an annual basis:

- Waste Management Services (other than domestic waste management)
- Any services prescribed by the Regulations.

Domestic Waste Service Charge – Vacant

Under the provisions of Section 496 of the Local Government Act 1993, vacant rateable land categorised for rating purposes as Residential or Farmland and situated within an area in which a Domestic Waste Management Service is able to be provided is to be charged a Domestic Waste Management Service Charge – Vacant.

Domestic Waste Service Charge

Under the provisions of Section 496 of the Local Government Act 1993, rateable land categorised for rating purposes as Residential or Farmland and located in an area in which the service is provided is to be charged a Domestic Waste Management Service Charge.

This service entitles the property to a single weekly collection of mixed waste, using an approved mobile container as provided by Council

and a single fortnightly collection of recyclable material using an approved mobile container as provided by Council.

For 2014-15 each service includes the issue of four (4) Waste Depot Passes to be used at the Cessnock Waste & Reuse Centre. Each pass allows free disposal of up to 500 kilograms of domestic or general household waste. If the quantity of waste exceeds 500 kilograms per disposal, additional issued passes may be used, or a fee will apply. Waste is to be transported in passenger vehicles, utilities or small trailers only.

Additional Domestic Waste Service Charge

Under the provisions of Section 496 of the Local Government Act 1993, further to the Domestic Waste Management Service Charge, an Additional Domestic Waste Management Service Charge applies to each additional weekly collection of mixed waste, using an approved mobile container as provided by Council.

Additional Domestic Waste Service Charge - Recycling

Under the provisions of Section 496 of the Local Government Act 1993, further to the Domestic Waste Management Service Charge, an Additional Domestic Waste Management Service Charge – Recycling applies to each additional fortnightly collection of recyclable

waste, using an approved mobile container as provided by Council.

Waste Management Service Charge

Under the provisions of Section 501 of the Local Government Act 1993, a Waste Management Service Charge applies to each parcel of land not categorised for rating purposes as Residential or Farmland to which the service is provided.

This service entitles the property to a single weekly collection of mixed waste, using an approved mobile container as provided by Council and a single fortnightly collection of recyclable material using an approved mobile container as provided by Council.

Additional Waste Management Service Charge

Under the provisions of Section 501 of the Local Government Act 1993, further to the Waste Management Service Charge, an Additional Waste Management Service Charge applies to each additional weekly collection of mixed waste, using an approved mobile container as provided by Council.

Additional Waste Management Service Charge – Recycling

Under the provisions of Section 501 of the Local Government Act 1993, further to the Waste Management Service Charge, an Additional Waste Management Service Charge – Recycling applies to each additional weekly collection of recyclable waste, using an approved mobile container as provided by Council.

Revenue Policy

Stormwater Charges

Under the provisions of Section 496A of the Local Government Act 1993, Council may make and levy an annual charge for the provision of stormwater management services for each parcel of rateable land for which the service is available. A stormwater service is a service to manage the quantity or quality, or both, of stormwater that flows off land, and includes a service to manage the re-use of stormwater for any purpose.

In line with the Stormwater Management Guidelines, Council proposes to levy a charge

calculated at \$25.00 per 350 square metres (or part thereof) up to a maximum charge of \$500.00 on business properties located within the defined stormwater area. Residential properties within the defined stormwater area will continue to be charged at the fixed charge of \$25.00 per property in line with the Stormwater Management Guidelines. Residential strata properties will be charged a fixed charge of \$12.50 per property in line with the Stormwater Management Guidelines.

Hunter Catchment Contribution

Council includes on its rate notice a catchment contribution collected on behalf of Hunter Local Land Services.

Catchment contributions are collected under *Clause 40, Part 4, of the Local Land Services Regulation 2014*, with the Local Land Services setting the rate in the dollar each year.

Following Ministerial approval, the rate applicable to all land within the defined catchment area is 0.0109 of a cent in the dollar on the current value of land within the area.

Statement of Charges Proposed to be Levied - Section 405(2) Local Government Act 1993

The proposed charges for 2014-15 are:-

CHARGE	2014-15
Domestic Waste Management Service Charge – Vacant	\$40.00
Domestic Waste Management Service Charge	\$525.00
Additional Domestic Waste Management Service Charge	\$525.00
Additional Domestic Waste Management Service Charge – Recycling	\$35.00
Waste Management Service Charge (including GST)	\$715.00
Additional Waste Management Service Charge (including GST)	\$715.00
Additional Waste Management Service Charge – Recycling	\$35.00
Stormwater Management Service Charge – Residential	\$25.00
Stormwater Management Service Charge – Residential Strata	\$12.50
Stormwater Management Service Charge – Business	\$25.00 per 350 m2 or part thereof up to max. \$500

Revenue Policy

C. STATEMENT OF PROPOSED BORROWINGS

Council borrows funds each year to provide long-term assets and facilities that are unable to be funded out of recurrent revenues.

Council invites quotes for the provision of loan funds from lending institutions. All loans are secured by a mortgage deed taken over Council's general revenue and are normally taken over a ten-year period or for the economic life of

the asset acquired, whichever is the shorter.

In 2014-15 Council proposes to borrow \$500,000 for the continuation of the drainage improvement program.

D. FEES & CHARGES

Council provides a wide range of services to the community and has adopted a number of fees and charges. Each charge or fee is reviewed annually and determined on the basis of one or more of the following criteria:-

A	<i>Nil Cost Recovery</i> - There is no charge for these types of items. All costs associated with this item are met from either general revenues, grants, contributions or various combinations of same.
B	<i>Minimal Cost Recovery</i> - The price for these is set to meet a small contribution towards the cost of the item. The majority of the cost of this item is met from either general revenues, grants, contributions or various combinations of same.
C	<i>Majority Cost Recovery</i> - The price for these items is set to make a substantial contribution towards the cost of the service.
D	<i>Full Operating Cost Recovery</i> - The price for these items have been set to cover the operating cost of providing the item.
E	<i>Full Cost and Partial Capital Cost Recovery</i> - The price of these items is set to recover annual operating costs and make a contribution to the cost of replacement of the infrastructure assets utilised in providing the item.
F	<i>Regulatory Fees</i> - the price charged for these items is a statutory charge set by legislation.

Goods and Services Tax (GST)

Council applies various fees, charges and fines. The GST status of these will depend on whether there is consideration for a supply.

Where previously some fees and charges have been exempt from GST in accordance with the Federal Treasurer's Determination under

Section 81-5 of the New Tax System (GST) Act 1999; from 1 July 2012 these fees and charges have been assessed under the principles based regime to determine if their GST exemption status remains.

Fees and charges subject to GST are identified by a "Yes" in the GST column of the 2014-15 Schedule of

Fees and Charges.

A copy of Council's adopted Schedule of Fees and Charges is available for information at Council's Administration Centre or at Council's website www.cessnock.nsw.gov.au.

Glossary

Community Strategic Plan – The community’s vision for the future of the Local Government Area. This document has a ten-year timeframe. The original plan (Cessnock 2020) was adopted in October 2010. The current plan (Cessnock 2023) was adopted in June 2013.

Comprises:

- 1 x Community Vision – an overarching statement of what the community desires for the Local Government Area.
- 5 x Desired Outcomes – the community has articulated the results that it would like to see for the Local Government Area grouped into five major themes (of community, economy, environment, infrastructure and governance).
- 16 x Objectives – the community has identified 3-4 ambitions under each of the desired outcomes.
- 42 x Strategic Directions – the community has articulated the course in which it wishes to head in order to achieve its desired outcomes. The strategic directions start with the word “Our” or “We” to demonstrate their inclusiveness – i.e. we are all a part of this.
- Community Strategic Plan Measures – These measures relate to the Local Government Area (and not the organisation).

For example: Index of Socio-Economic Advantage, Education levels, etc.

This section will include a description of the measure, some context/background, the base line (i.e. what the measure is now) and the direction that is being targeted (i.e. where we

want the measure to be in 10 years’ time). These measures will be used to assess progress in implementing the Community Strategic Plan.

Delivery Program – The Delivery Program is Cessnock City Council’s contribution to the achievement of the Community Strategic Plan. Note that Council is one of many who will contribute towards the community’s vision (others include: individuals, community groups, businesses, industry groups, not-for-profit groups, State & Federal government and government agencies, etc.).

The Delivery Program has a four year timeframe – in line with the term of the elected Council. (A council is elected in September and must adopt a 4-year Delivery Program by the following June).

Comprises:

- Deliverables – These describe the programs, projects and services that Council will provide (during the term of the elected Council). The Deliverables start with a verb (e.g. “Commence”, “Complete”, “Provide”, etc.) and progress against Deliverables is reported on quarterly to Council.
Deliverables are linked to the 16 Community Strategic Plan objectives or other statutory requirements that may not be included in the Community Strategic Plan.
- Delivery Program Measures - These measures relate to the organisation and its outputs (as distinct with the Community Strategic Plan measures which relate to the Local Government Area). For example: Length of cycleway constructed, Responsiveness to Customer Requests, etc.

This section includes a description of the measure, some context/background, the base line (i.e. what the measure is now) and the target (i.e. where we want the measure to be in 4 years’ time).

Operational Plan – The Operational Plan is the one-year slice of the four-year Delivery Program.

Comprises:

- Initiatives – A task associated with a Delivery Program Deliverable.
- Responsibilities – The section of Council responsible for implementing the initiative.

Resourcing Strategy (4-10 year timeframe)

Comprises:

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

Details the resources required to implement the Delivery Program.

Revenue Policy – Details how Council proposes to raise revenue – including the rating structure (base amount and cents in the dollar etc.), waste management charges, proposed borrowings and how it calculates fees and charges (e.g. nominal contribution, cost recovery, profit-making, etc.)

Fees & Charges – Details of the fees and charges to be levied by Council during the financial year.

Budgets – Details of Council’s proposed income and expenditure, and forecast financial statements.

Capital Works Program – Details of the new assets to be constructed and the existing assets to be upgraded or renewed.