

General Manager's Report

AGENDA NO. 05/09

Meeting Date: Tuesday 21 April 2009
Location: Committee Room 2, Level 5
Time: 7.30pm

NOTICE OF BUSINESS

Item		Page
1	DRAFT MANAGEMENT PLAN 2009-2013	1

1 DRAFT MANAGEMENT PLAN 2009-2013

Report prepared by: Chief Financial Officer; Corporate Planning Co-ordinator

Report dated: 7/04/2009

File No.: GRP/09/5/7 - BP09/262

Report Summary

The report on the Draft Management Plan 2009-2013 is provided for Council's endorsement for the Draft Plan to be placed on public exhibition to allow community consultation to be undertaken and submissions to be invited from the general community. All submissions received by Wednesday 27 May 2009 will be referred back to Council for its consideration at its meeting of 2 June 2009.

Background

Council under Section 402 of the Local Government Act is required to prepare a Draft Management Plan with respect to the Council's activities for at least the next three (3) year period that includes Council's revenue policy for next year. Council has prepared its Draft Management Plan for four (4) years.

The Local Government Act requires that the Draft Management Plan be exhibited for a period of 28 days, during which time the public can make submissions on any aspect of the Plan. These submissions must be considered by Council before the Plan is adopted.

As indicated, it is proposed for the Plan to be on exhibition from 29 April 2009 to 27 May 2009. All submissions received will be referred to Council for its consideration in adopting the Management Plan 2009-2013, at the Special Council meeting on 2 June 2009.

In the preparation of the Draft Management Plan 2009 - 2013, consideration of the Community Survey results undertaken in 2008 have been considered in the formulation of the Draft Plan with the key issues being:

- Garbage Collection
- Roads Maintenance & Repairs
- Drainage Maintenance and Repairs
- Parks & Sports Ovals
- Footpaths and Bike paths
- Library Services

Report

The Draft Management Plan 2009-2013 has been developed against a backdrop of the global financial crisis which is causing significant economic downturn throughout the world and domestic economies.

General Manager's Report No. 05/09, dated 17 April 2009, submitted to Council on 21 April 2009.

Item 1 (continued)

Like all levels of government and businesses, City of Ryde is being impacted by this economic downturn and has projected significant reductions in revenue streams such as development related income, developer contributions and interest from investments.

Due to the impacts from the global financial crisis in the local economy and the City of Ryde community in particular, Council has maintained approximately 55% of its fees and charges at the same levels as set in 2008/2009. The main focus of the fees maintained are in respect of sporting ground hire fees and children/youth activities at the Ryde Aquatic Leisure Centre.

In respect of expenditure, operational expenditure has been maintained to an increase of less than 2% over the 2008/2009 budget. The proposed Capital Works program of \$29 million is significant and demonstrates Council's commitment to managing its \$2.6 billion of assets noting that there are no borrowings required to fund this outcome.

Long Term Financial Strategy (LTFS)

As a key component in the development of the Draft Management Plan 2009 - 2013, Council has updated its twenty (20) year Long Term Financial Strategy.

The strategy has been developed on conservative assumptions and forecasts the City's long term financial position on a number of scenarios.

The strategy is projecting a significant cash shortfall when the current condition of its existing \$2.6 billion of infrastructure is fully assessed with revised estimated costs in bringing the infrastructure up to a satisfactory standard.

The LTFS was updated to incorporate the draft four year capital works program.

To maintain our assets to a satisfactory standard the LTFS projects the need to spend \$20 million per annum on asset renewal.

The proposed 4 year infrastructure capital works program of \$114 million provides for \$67 million for renewal of existing assets which equates to an average of approximately \$17 million per annum. This represents a shortfall in expenditure of \$13 million over the 4 years. However, the capital works program is still a significant program for the City of Ryde.

Whilst this program maintains Council's financial position in the short term, this level of capital expenditure will result in the condition of Council's infrastructure declining and will result in increased expenditure in future years if the assets are to be maintained in a satisfactory condition.

General Manager's Report No. 05/09, dated 17 April 2009, submitted to Council on 21 April 2009.

Item 1 (continued)**Rating Strategy**

Council's rating strategy has been to move to a 70% / 30% split between the total rate income received from residential and business properties respectively. This was achieved in 2008/2009 and it is proposed for Council to maintain this structure in 2009/2010.

The Minister for Local Government has set the rate pegging limit at 3.5% for 2009/2010. Council's rates include the 3.5% increase determined by the Minister for Local Government.

Loan Borrowings

Council does not propose to undertake any new loan borrowings during 2009/2010.

Draft Management Plan 2009-2013/Budget Overviews

A copy of the Draft Management Plan 2009 - 2013 has been **CIRCULATED UNDER SEPARATE COVER**. This report is in draft format and following Councillors' comments, and adoption at the Council meeting, it will be proof read and then finalised for exhibition on 29 April 2009.

The Draft Management Plan provides a comprehensive overview of the City of Ryde and its direction, detailing key projects and initiatives to be undertaken over the next four (4) years with specific focus for the 2009/2010 year. Also included in the document is Council's 2009/2010 Draft Budget and Fees & Charges.

In summary the Plan provides the following information:

- **Section 1** – Introduction and snapshot of the City including Council's plan in working towards Sustainability – Ryde 2030.
- **Section 2** – Governing the City including details on Council, corporate directions / strategies and how Council engages and reports to the community.
- **Section 3** – Major initiatives and Capital works program highlights.
- **Section 4** – Key Outcome Areas and Operational Plan which details the key outcomes for the City and strategic actions and projects for 2009-2010.
- **Section 5** – Strategic resource plan and Annual budget detailing Council's budget, resources, revenue and financial policies and strategies.
- **Appendix A** – 4 year Capital Works Program.
- **Appendix B** – Schedule of Fees & Charges.

Summary - Key Initiatives and Key Performance Indicators in the 2009/2010 Draft Management Plan.

A summary of key aspects and financial indicators included in the Draft Management Plan for the 2009/2010 budget are:

General Manager's Report No. 05/09, dated 17 April 2009, submitted to Council on 21 April 2009.

Item 1 (continued)

- Total budget (Operating & Capital Expenditure excluding depreciation) is \$93.7M
- The Operating Result before Depreciation provides for a surplus of \$20.6M
- The total operating result is projected to be a surplus of \$4.3M.
- Forecasted Working Capital as at 30 June 2009 is \$2.4M
- The budget provides for 486 full time equivalent employees with over 715 staff
- Debt Service Ratio is estimated to be 1%.
- Capital Expenditure in 2009/2010 is budgeted at \$29M
- City of Ryde will provide a total of \$5.1M in subsidies to various community groups, sporting clubs and government organisations. Subsidies are provided by either reduced rentals on Council facilities, pensioner rate subsidies, reduced hire fees for Council facilities, grants to various organisations or sponsorship of events.
- City of Ryde will make payments/contributions to NSW Government entities totalling \$8.1 million in 2009/2010.
- The principal areas of capital expenditure in 2009/2010 are:

Area:	Capital Expenditure
Roads, Bridges and Footpaths	\$9.7M
Libraries	\$0.4M
Parks	\$5.6M
Stormwater Drainage	\$5.1M
Waste Management	\$0.7M
Plant & Equipment	\$2.3M
Buildings	\$4.5M
Information Technology	\$0.4M
Ryde Aquatic Leisure Centre	\$0.3M
Total	\$29M

Details of both the Macquarie Park Special Rate (which was approved by the Minister for Local Government for 2006/2007 on an ongoing basis) and the Stormwater Management Service Charge are contained in the Revenue Policy in the Draft Management Plan 2009-2013. All of the funds raised from these sources will be dedicated to the purposes raised and will address priority works relating to the current condition of Council's infrastructure valued at \$2.4 billion. These works are detailed in the Capital Works Program.

In summary, the Draft Management Plan 2009 - 2013 and Budget maintains the current level of service to the community whilst continuing with a substantial capital works program.

General Manager's Report No. 05/09, dated 17 April 2009, submitted to Council on 21 April 2009.

Item 1 (continued)

Whilst a proportion of this program is on new works, 58% of the program relates to the renewal of Council's existing infrastructure and continues the process of addressing the condition of the City's infrastructure and the long term projection of Council's financial position. As shown in the above table, a high priority of the program is towards:-

- roads, bridges and footpaths
- parks
- stormwater management projects
- buildings

Draft Fees and Charges

As detailed earlier in this report, Council is proposing to maintain over half of its draft fees and charges for 2009/2010 at the same levels as set in 2008/2009, targeting sporting users, schools, youth development and building activities.

It should be noted that a separate report has been submitted on the Committee of the Whole agenda, that follows the consideration of the Draft Management Plan in respect of new legislation and filming protocols for commercial filming activities carried out within local government areas. This legislation also sets the parameters on the level of fees and charges that can be applied.

Therefore, the resolution relating to Fees and Charges from the Committee of the Whole report will be incorporated into the Draft Management Plan 2009-2013.

Timetable and Public Consultation

The following timetable is proposed in respect of Council's consideration of the Draft Management Plan:

<u>Date</u>	<u>Action</u>
21 April 2009	Consideration of Draft Management Plan 2009 - 2013 by Council for public exhibition
29 April 2009	Commencement of public exhibition of Draft Management Plan 2009 - 2013.
29 April 2009 – 27 May 2009	Presentation to key community organisations and community advisory groups advised of exhibition period of Draft Management Plan 2009 - 2013
16 May 2009	Council Open Day / Expo

General Manager's Report No. 05/09, dated 17 April 2009, submitted to Council on 21 April 2009.

Item 1 (continued)

- 28 May 2009 Completion of public exhibition of the Draft Management Plan 2009 - 2013 and receipt of all public submissions
- 2 June 2009 Consideration by Council of public submissions on Draft Management Plan 2009 - 2013 and amendments. Draft Management Plan 2009 - 2013 adopted and rates established for 2009/2010.

As noted above, during the public exhibition of the Draft Management Plan 2009/2013, additional consultation will be undertaken, with staff providing presentations of the Plan at various community forums as follows:

- Eastwood Chamber of Commerce
- Meadowbank West Ryde Progress Association
- Gladesville Chamber of Commerce
- West Ryde Chamber of Commerce
- Ryde Chamber of Commerce

A Council Expo as held last year, will again be held on 16 May 2009 in showcasing Council's operation and receiving feedback on the Draft Management Plan from the community. This is the subject of a separate report of the Committee of the Whole Agenda at tonight's meeting.

A presentation will also be made to the Ryde Business Forum which will occur in July 2009.

Consultation

Internal Council business units consulted included:-

- Executive Team
- Corporate Strategy Unit
- Finance Unit
- All Council Business Units

Internal Workshops held:-

- Councillor workshops - In the preparation of the Draft 2009-2013 Management Plan, workshops have been held with Councillors as follows:-

- Workshop 1 16 October 2008
- Workshop 2 11 November 2008
- Workshop 3 25 November 2008
- Workshop 4 10 February 2009
- Workshop 5 24 February 2009

General Manager's Report No. 05/09, dated 17 April 2009, submitted to Council on 21 April 2009.

Item 1 (continued)

- Workshop 6 3 March 2009
- Workshop 7 10 March 2009
- Workshop 8 17 March 2009
- Workshop 9 31 March 2009
- Workshop 10 21 April 2009

External public consultation included:-

- Proposed public exhibition of Draft Management Plan 2009-2013 between 29 April 2009 and 27 May 2009.
- Council Open day / Expo 16 May 2009
- There will also be presentations provided to various community organisations as detailed in the report.

In holding the Council open day / Expo, Council is seeking to consolidate a variety of consultations planned for May 2009 including the Draft Management Plan 2009-2013 and the Ryde 2030 Community Strategic Plan. The Expo will provide a different approach to encourage a broader representation of community members, businesses and other stakeholders.

The objectives of the Expo are to:

1. To provide information on established programs and projects already underway
2. To raise awareness of new programs and projects soon to be launched or recently launched
3. To elicit feedback on planned projects and programs

Council's first Expo was held on 17 May 2008 and proved to be a very successful and was well received by the community.

Critical Dates

Council is due to consider its Draft Management Plan 2009-2013 at its meeting on Tuesday 21 April 2009. Following the exhibition period for public comment, Council will consider the Management Plan for formal adoption at its Special Council meeting on 2 June 2009.

Management Plan Budget / Linkages

The Draft Management Plan 2009-2013 details the key projects, initiatives and actions that Council proposes will be undertaken over the next year. It provides the strategic direction for Council and the allocation of resources.

General Manager's Report No. 05/09, dated 17 April 2009, submitted to Council on 21 April 2009.

Item 1 (continued)**Relationship to Key Outcome Areas**People

The City of Ryde is committed to providing services and facilities to its community at an acceptable standard. The Draft Management Plan 2009-2013 outlines the extensive services and support it provides to various sections of the community.

Assets

The Draft Management Plan 2009-2013 will be clearly focused on the City's infrastructure and the need to develop an ongoing strategy to increase funding in the renewal of the City's assets.

Environment

The Draft Management Plan 2009-2013 will provide various projects and initiatives related to the City's parks, open spaces and other aspects of the environment that will contribute to the enhancing the City of Ryde.

Governance

This project meets the following **key outcomes** for Governance (set out on page 75 of the Management Plan 2008-2012):

- G1 Improved awareness and understanding of Council's decisions by the community.
- G2 Members of the community are engaged in democratic decision making.
- G5 Compliance with all legislative requirements and statutory obligations.

Council is required under the Local Government Act 1993 to prepare and exhibit for public comment its Draft Management Plan with respect to the Council activities for at least the next three (3) years including the Council's revenue policy.

The Draft Management Plan 2009-2013 includes a forecast on its financial position for the term of the plan in addition to reviewing its LTFS.

Council's LTFS forecasts that Council should spend \$20 million per annum on asset renewal to bring its \$2.4 billion asset infrastructure to a satisfactory standard.

The proposed 4 year capital works program of \$114 million provides for \$67 million for renewal of existing assets. Based on the LTFS requiring spending of \$20 million per year on asset renewal, over the ensuing 4 years there is still a shortfall of \$13 million (\$3.25 million per annum), in bringing Council's infrastructure assets up to a satisfactory condition.

General Manager's Report No. 05/09, dated 17 April 2009, submitted to Council on 21 April 2009.

Item 1 (continued)**Financial Impact**

The Draft Management Plan 2009-2013 maintains Council's sound financial position whilst delivering a substantial Capital Works Program of \$29 million.

However, Council's Long Term Financial Strategy projects a continuation of decline in its \$2.6 billion infrastructure.

As detailed in the report, over the next four (4) years, there is still a shortfall of expenditure to bring Council's infrastructure assets up to a satisfactory condition of approximately \$13 million (\$3.25 million per annum).

City of Ryde has maintained its significant four (4) year Capital Works program of \$114 million in response to the global financial crisis and to ensure Council's long term financial sustainability.

On this level of expenditure, Council's infrastructure will continue to decline and will result in increased expenditure in future years.

Policy Implications

There will be compliance with the statutory framework for the Management Plan through the adoption of this recommendation.

Other Options

Not Applicable

Conclusion

The Draft Management Plan 2009-2013 has been developed by Councillors through 10 Councillor Workshops.

The Draft Management Plan 2009-2013 maintains its sound financial position whilst delivering a substantial Capital Works Program of \$29 million.

The Draft Management Plan 2009-2013 provides the strategic direction for Council and the allocation of resources. It details the key projects, initiatives and actions that Council proposes will be undertaken over the next year as part of its 4 year strategies that were developed to assist Council in achieving the City Vision outcomes.

RECOMMENDATION:

- (a) That the report of the Corporate Planning Co-Ordinator and Chief Financial Officer on the Draft Management Plan 2009-2013 be received and noted

General Manager's Report No. 05/09, dated 17 April 2009, submitted to Council on 21 April 2009.

Item 1 (continued)

- (b) That, pursuant to Section 402 of the Local Government Act 1993, the document titled "Draft Management Plan 2009-2013", inclusive of 2009/2010 Draft Budget, Fees and Charges and the 2009-2013 Capital Works Program be adopted as the Draft Management Plan 2009-2013 of the City of Ryde, subject to part (c) of the recommendation.
- (c) That the Draft Fees and Charges 2009/2010 be amended in accordance with Council's resolution in respect of item 15 - Local Government Film Protocol on the Committee of the Whole agenda meeting of 21 April 2009.
- (d) That the Draft Management Plan 2009-2013 be publicly exhibited for a period of not less than 28 days from 29 April 2009 to 27 May 2009.

ATTACHMENTS

Draft Management Plan – UNDER SEPARATE COVER

Report Prepared By:

Richard Nankivell
Chief Financial Officer

Sue Ledingham
Corporate Planning Co-ordinator

Report Approved By:

Roy Newsome
Group Manager - Corporate Services

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