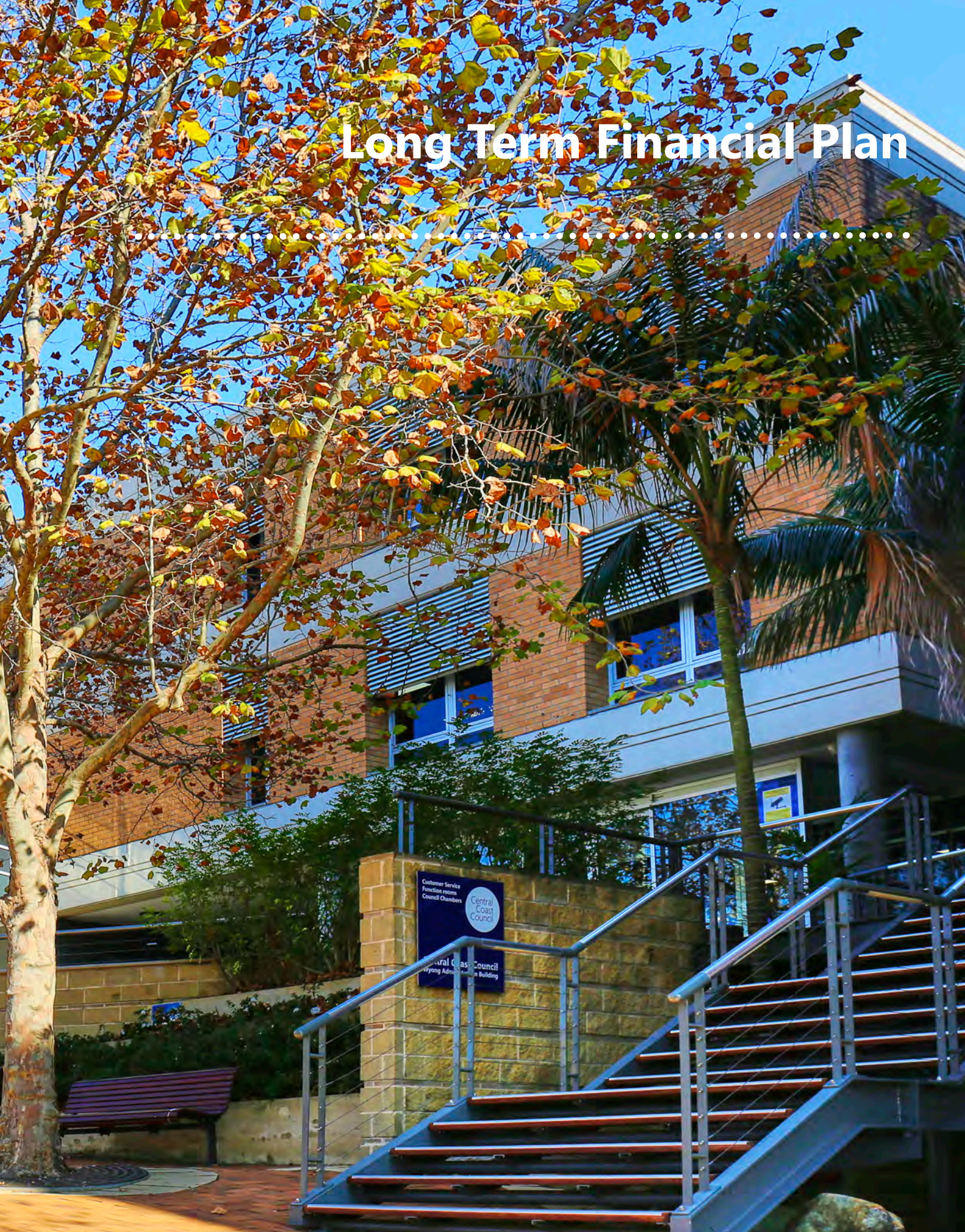


Long Term Financial Plan



Long Term Financial Plan

Summary

Purpose

The purpose of the Long Term Financial Plan (LTFP) is to provide the financial resources needed to achieve the objectives of the Community Strategic Plan. The LTFP 2020-21 to 2029-30 reflects our capacity to deliver the strategies, initiatives, works and programs identified in delivery program and annual operational plan.

The LTFP ensures Council's financial sustainability and informs decision making, in collaboration with other resourcing strategies.

The LTFP seeks to answer the following key questions:

- Can Council survive the financial pressures of the future?
- What are the opportunities for future income and economic growth?
- Can Council afford what the community wants?
- How can Council go about achieving these outcomes?

Introduction

Central Coast Council is unique as it is both a Local Government Authority regulated by the *Local Government Act 1993* and a Water Supply Authority regulated by the *Water Management Act 2000*.

This means that Council not only delivers the diverse range of services associated with local government such as roads, open space, community facilities and waste management, but also provides water, sewerage and stormwater drainage services as a Water Supply Authority.

Council has funds to ensure appropriate reporting of services based on restrictions. The Consolidated Fund refers to the total of all services provided by Council and includes all of the funds. The Water Supply Authority reporting includes the water, sewer and drainage funds.

Fund	Consolidated	Water Supply Authority
General	✓	
Water	✓	✓
Sewer	✓	✓
Drainage	✓	✓
Domestic Waste	✓	

Strategic Financial Objectives

Council's Strategic Financial Objectives and the resulting Long Term Financial Plan are all driven by the overriding principle of financial sustainability. Balancing and meeting these Strategic Financial Objectives will ensure we achieve financial sustainability now and into the future.

Council's Strategic Financial Objectives, the sub-objectives and Key Performance Indicators (KPIs) are as follows:



Financial Sustainability

Tracking of the Key Performance Indicators (KPIs) aligned to each of the Strategic Objectives is how Council will monitor its financial performance and sustainability. A detailed explanation on the purpose, and the mathematical formula for each of these ratios appears as Appendix 1 to the LTFP. Under the Financial Ratios prescribed by the NSW Government to assess Financial Sustainability, Central Coast Council is working towards achieving each of the benchmarks. The following table shows Council's current and planned performance resulting from the Long Term Financial Plan, compared to the prescribed NSW Government benchmarks:

NSW Government	NSW Government		2018-19									
	Benchmark	(Actual)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29

Positive Operating Performance													
Operating Performance Ratio	> 0	(0.37%)	(3.74%)	(5.87%)	(3.84%)	(2.22%)	(1.16%)	(1.00%)	0.00%	0.36%	0.75%	0.65%	1.18%
		✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	✓
Own Source Operating Revenue	>60%	82.11%	83.51%	85.62%	84.55%	86.50%	86.95%	87.02%	87.08%	87.14%	87.21%	87.23%	87.23%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Strong Liquidity													
Unrestricted Current Ratio	> 1.5	1.68	0.78	0.07	(0.25)	(0.41)	(0.77)	(1.11)	(1.45)	(1.71)	(1.89)	(2.04)	(2.17)
		✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Cash Expense Coverage Ratio	3	9.80	8.97	4.84	4.97	5.02	4.88	4.73	5.31	5.83	6.83	7.66	3.11
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rates and Annual Charges Outstanding Percentage	5.00%	6.53%	5.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
		✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Operating Performance Ratio is under the Office of Local Government (OLG) benchmark of > 0.0% until the 2024-25 financial year as Council is forecasted to make an operating deficit before Capital Grants and Contributions. Independent Pricing and Regulatory Tribunal's (IPART) final determination for water, sewerage and stormwater drainage services has Council recovering 10.2% less revenue over the 3 year determination period from 1 July 2019 to 30 June 2022. This impacts the forecasted revenue for subsequent years in the LTFP. The next determination for water, sewerage and stormwater drainage services will commence in 2022-23. In the 2020-21, 2024-25 and 2028-29 financial years we have included \$2.2 million (escalated by assumed CPI of 2.5%) for the local government elections which are one off costs. Council will continue to review its operations to look for innovative ways to deliver services and take advantage of efficiencies to achieve the OLG benchmark.

Unrestricted Current Ratio is below the OLG benchmark of >1.5 – largely due to the significant restricted developer contributions balances. Council has received over \$59 million in developer contributions for the last 2 financial years (2017-18 and 2018-19) and during that time period has not delivered capital works funded by developer contributions to the same level which leads to the increase in the restricted developer contributions balances. Council is developing a strategy to deliver the capital works projects that developer contributions are being collected for. Council will continue to monitor cash and investment balances and restrictions to ensure that Council has sufficient funds available to meet short term obligations.

Rates and Annual Charges Outstanding Ratio is within the OLG benchmark of 5% within the 10 year LTFP. Changes have been made to the water meter reading cycle to ensure that all invoices are raised by May to ensure amounts due are received in June. This will ensure that the amounts outstanding at June are truly outstanding. In prior financial years invoices have been raised in June with due dates in the next financial year and these amounts have been included in the calculation of the Rates and Annual Charges Outstanding Ratio which overstates the amount outstanding as the June invoices are not past the due date.

NSW Government		NSW Government Benchmark	2018-19 (Actual)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Infrastructure and Service Management														
Infrastructure Backlog Ratio		<2% (.02)	2.41% ✗	2.91% ✗	2.92% ✗	2.92% ✗	2.90% ✗	2.90% ✗	2.90% ✗	2.90% ✗	2.90% ✗	2.90% ✗	2.90% ✗	2.90% ✗
Asset Maintenance Ratio		100% (1)	94.81% ✗	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓
Building and Infrastructure Renewals Ratio		1	132.56% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓	100% ✓
Debt Management														
Debt Service Cover Ratio		>2.0	3.21 ✓	2.14 ✓	2.03 ✓	2.68 ✓	3.38 ✓	3.22 ✓	3.24 ✓	3.20 ✓	3.19 ✓	3.32 ✓	3.21 ✓	3.06 ✓

Infrastructure Backlog Ratio – strategies are in place to reduce the backlog which includes increased renewal funding and alternative intervention methods. The capital works program for water, sewer and stormwater drainage assets has been updated to reflect IPART's final determination. The capital works program is focused on renewal and upgrade projects to reduce the asset backlog. For further details in relation to the Infrastructure and Service Management Ratios please refer to the Asset Management Strategy.



Strengths, Weaknesses, Opportunities and Threats

Strengths

Financial Sustainability

As noted under the Financial Sustainability section, Council is working towards the State Government Benchmarks for Financial Sustainability during the ten year time horizon of this Long Term Financial Plan (LTFP). In alignment with these ratios, Council has forecasted operating surpluses (before capital grants and contributions) from the 2025-26 financial year and subsequent years of this LTFP.

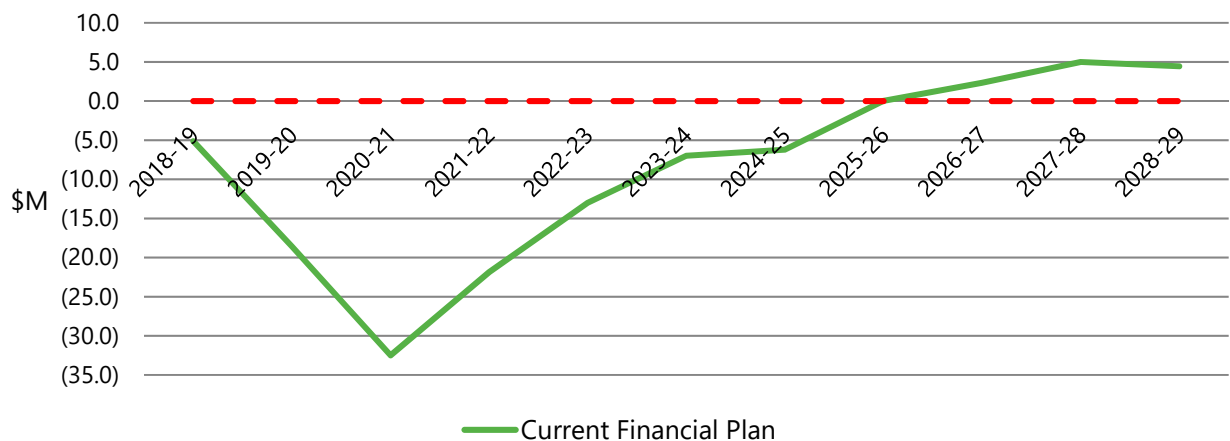
The forecasted operating deficit before capital grants and contributions has increased in the 2020-21 financial year to \$32.5 million from \$16.0 million (based on the 2019-20 financial year LTFP) due to changes in Council's operating environment, focus on continuing to improve service delivery and customer service whilst delivering projects in line with the Community Strategic Plan. Some of the significant changes to our operating income and expenditure for 2020-21 including:

- Decrease in development application fees - a significant proportion of this is a result of changes to State Significant Development (SSD) provisions, including specific provisions of the Gosford City Centre. Under these circumstances applications are lodged (and fees paid) directly to the Department of Planning Industry & Environment. These SSD provisions are generally for larger applications and therefore the fees are significant on a per application basis. Note that Council officers are still required to undertake assessment work for these applications, through formal referral processes, so whilst the fees are reduced, the level of work remains approximately the same;
- Reduction in interest income due to lower interest rates;
- Increase in emergency services levy – Council was notified of a significant increase in the emergency services levy (due to changes to fund reforms to workers compensation for firefighters diagnosed with work-related cancers) after the 2019-20 operational plan was adopted. For the 2019-20 financial year the State Government agreed to cover the increase for the workers compensation reforms. This was not agreed for future financial years;
- Increase in contract costs for Holiday Parks management under the new contract;
- Increase in costs for the development of Coastal Management Plans;
- Increase in costs for water and sewer for the development of the integrated water cycle management strategy;
- Costs to implement LED streetlighting which will result in future savings in energy costs.

Since Central Coast Council was formed on 12 May 2016 the cumulative operating surplus (before capital income) from 13 May 2016 to 30 June 2019 is \$71.9 million. The forecasted operating deficit (before capital income) for the year ended 30 June 2020 is \$24.5 million, based on the 2019-20 Q2 budget review. These operating surpluses estimated to total \$47.4 million will offset the operating deficit before capital grants and contributions of \$32.5 million in 2020-21.

The operating deficit in 2020-21 financial year is the baseline for the LTFP which is escalated for each subsequent year (as per the escalation table in the Assumptions section) with adjustments for in the 2024-25 and 2028-29 financial years for local government elections which are one off costs. In the 2020-21 financial year we have included \$2.2 million local government elections and in 2024-25 and 2028-29 these costs have been escalated by assumed CPI of 2.5%.

Consolidated Net Operating Result Excluding Capital Grants and Contributions



Council is in a strong financial position to manage and correct existing weaknesses and to manage and absorb future threats. In addition, Council is in a unique position to seize and maximise opportunities and leverage off existing strengths.

Financial Management

Careful planning, management and focus on Council's Strategic Financial Objectives will ensure the current strong position continues and improves into the future. Management will continue to focus on best value service delivery within financial realities. This will involve business improvement initiatives, benchmarking, automation, improved processes and examining alternative operating models.

Strength of Balance Sheet

Council has a very strong balance sheet with significant Total Assets and Net Assets (assets less liabilities), conservative and serviceable debt levels, fully recognised and funded liabilities, fully funded restricted cash, and minimal risk of loss existing in the asset portfolio.

At 30 June 2019, the gross replacement cost of Council's infrastructure, property, plant and equipment was \$10.4 billion and net assets was \$7.2 billion.

Debt levels are low compared to Total Assets. Borrowings as at 30 June 2019 totalled \$233.2 million and \$7.2 billion in Total Net Assets. Council's Consolidated Debt Ratio (Total Debt/Total Assets) is very conservative at 3.2% considering the infrastructure Council manages on behalf of the community.

The majority of debt resides in the Water Supply Authority funds and was originally undertaken to support the principle of "intergenerational equity"¹.

These debts are serviceable, as indicated by the Debt Service Cover Ratio (this ratio measures the availability of operating cash to service debt including interest and principle) which exceeds the Office of Local Government benchmark of great than 2.00 for all years of the LTFP.

Council's Current Cash and Investment Portfolio, totalling \$419.3 million (as at 29 February 2020), is in compliance with the Local Government Act 1993, Local Government (General) Regulation 2005, the investment policy adopted at the Ordinary Council Meeting on 28 October 2019, Ministerial Investment Order issued February 2011 and Division of Local Government (as it was then known) Investment Policy Guidelines published in May 2010.

¹ Spreading the cost of major infrastructure works over the many generations that will benefit from the works

Diversity of Income Streams

Council has a very strong own source operating ratio of 82.1% as at 30 June 2019. This ratio is forecasted to exceed the Office of Local Government benchmark of greater than 60% in each year of the LTFP. This indicates a very high level of fiscal flexibility and very low reliance on external funding sources such as operating grants and contributions.

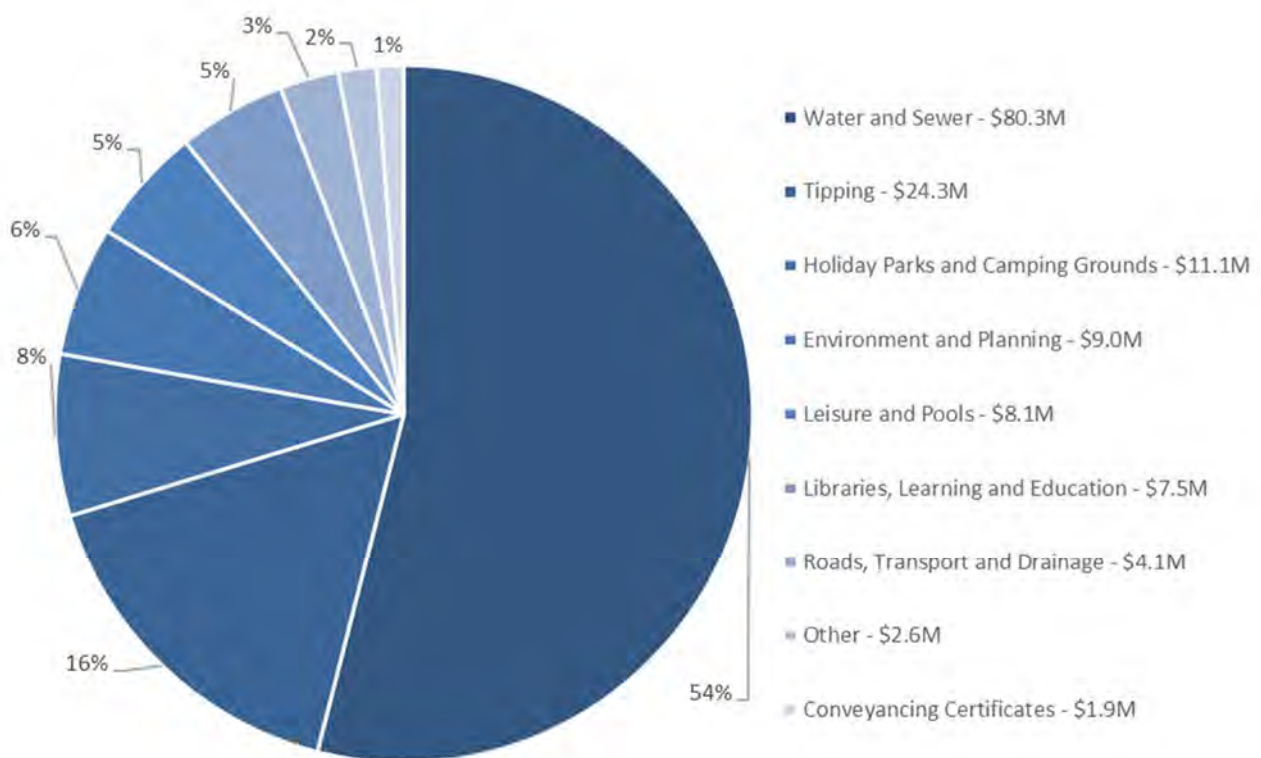
\$335.5 million (60.8%) of the 2020-21 planned Total Operating Revenue of \$551.6 million is derived from Rates and Annual Charges (ordinary and special rates, domestic waste management charge, water, sewerage and stormwater drainage service charges).

In addition, a further \$148.8 million (27.0%) of operating revenue is derived from User Charges and Fees from delivery of a broad number of services including water and sewerage usage charges, childcare, holiday parks, leisure centres and pools, waste tipping fees and building and development fees.

User Charges and Fees

While some of these fees are regulated, others are contestable businesses in their own right and are subject to supply and demand pressures.

Acumen in benchmarking against external competitors and an increased understanding of unit costs has been an area of focus, with Council focussing on cost recovery, self-funding and positive return models.



Weaknesses

IPART Water and Sewerage and Stormwater Drainage Pricing

Water, sewerage and stormwater drainage prices are regulated by IPART. As the pricing regulator, IPART undertakes periodic reviews and determines maximum price levels for the services provided for a predetermined number of years, also known as the price path.

Council's revenue, operating and capital expenditure for water, sewerage and stormwater drainage and other services reflect IPART's determination issued on 24 May 2019 for the 3 year determination period from 1 July 2019 to 30 June 2022.

Council's forecasted revenue for 2022-23 financial year and subsequent financial years have been escalated for CPI assumed to be 2.5% plus some growth in Council's customer based offset by lower water usage from potential water restrictions.

Investment Interest Rates

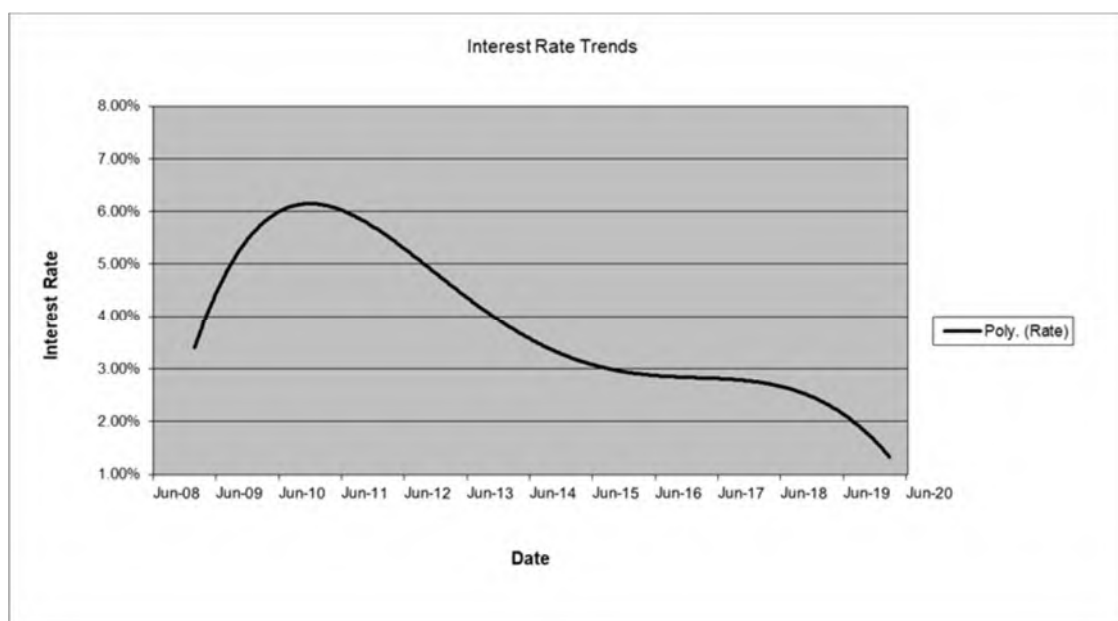
Council's current policy for Investment Management provides the framework for balancing the most favourable rate of interest with due consideration of risk (including Ministerial Directives) and liquidity. The policy limits investment to secure interest bearing instruments with Authorised Deposit-Taking Institutions (ADIs).

In addition, the need to maintain liquidity means that most investment term deposits have maturities of less than 12 months, negating the opportunity to "fix" higher rates when they were historically available.

As such, nearly all investments are fixed rate term deposits and the interest rates received reflect current market conditions in Australia.

Fixed interest rates on investment term deposits (and resulting income from invested cash) have been declining since 2010-11. Trends since 2008 demonstrate recovery from the Global Financial Crisis however changes to monetary policy and market influences in recent years has seen interest rates declining.

The trend towards low interest rates has continued throughout 2019-20 and it has been anticipated that this low return environment will for the foreseeable future.



Fixed Rate Debt

A significant majority of Council's debt (concentrated in the Water Supply Authority funds) originated when interest rates were substantially higher and were fixed at those rates for periods between 10 and 20 years (on the principle of intergenerational equity).

This means that Council's weighted average cost of funding at 6.62% is significantly higher than current market borrowing rates.

Refinancing opportunities are under continual review, but break costs have been judged to be prohibitively high so debt is being paid down steadily at current rates. Consequentially Council is negatively impacted by a negative interest margin between the cost of its debt against prevailing market borrowing rates.

Significant "balloon payments" are due in the next few years between 2020 and 2022. Council will investigate the need to refinance, which gives Council an opportunity to secure lower rates through both market forces and the structure of borrowing.

State and Federal Government Impacts

Cost Shifting

Cost shifting is where the responsibility and/or costs of providing a certain service, asset or regulatory function, are shifted from a higher level of government to a lower level of government. The cost is shifted without providing corresponding funding or adequate revenue raising capacity.

Cost shifting continues to place a significant burden on Council's financial situation, approximately \$44.7 million in the 2017-18 financial year which is estimated to be around 8% of Council's total income before capital grants and contributions. Local Government NSW conducts the survey of NSW Councils and further information can be found on their website <https://www.lgnsw.org.au/policy/cost-shifting-survey>. Despite the recognition of cost shifting and its adverse impacts on NSW Local Government there has been no change in funding for these costs.

Examples of cost shifting include contributions to the NSW Fire and Rescue, NSW Rural Fire Services and NSW State Emergency Service, lack of adequate funding for public libraries and the failure to fully reimburse councils for mandatory pensioner rebates.

The local contributions levy for the Gosford City Centre has been reduced to 1% (was previously 4%) of the cost of development due to the Gosford City Centre Special Infrastructure Contribution (SIC) under the *Environmental Planning and Assessment (Special Infrastructure Contribution – Gosford City Centre Determination 2018)*.

The SIC is collected by the NSW Government. Council is still required to deliver the infrastructure under the local contributions plan for the Gosford City Centre and is required to apply to the NSW Government for funding to contribute to these projects.

Section 88 Waste Levy

Included in the cost shifting analysis, but worthy of specific mention, is the NSW Government's Waste Levy in s. 88 of the *Protection of the Environment Operations Act 1997*. This levy requires Council to pay a contribution to the NSW Government for each tonne of waste received for disposal at Council's waste management facilities. It presents a particularly material impost on Councils. In 2020-21 the budgeted expenditure on the Waste Levy is \$32.5 million.

Traditionally this State Government tax has been passed on to consumers and businesses through the Domestic Waste Management Charge (for kerbside collections), and tipping fees (for waste received over the weighbridge at Council's Waste Management Facilities).

Tipping revenues will be impacted by the increasing Waste Levy, as both domestic and commercial tippers find less expensive disposal methods and/or resort to illegal dumping.

We will continue to analyse the feasibility of alternate waste management techniques in an attempt to reduce the volume of waste going to landfill and increase the amount of waste diverted. This will reduce the total Waste Levy charged as the levy only applies to waste going to landfill.

Council receives approximately \$300,000 per year from the Better Waste Recycling Fund which is funded from the waste levy.

Financial Assistance Grants

Council receives grant funding under the Federal Government's Financial Assistance Grant (FAG) program to assist with general operations in accordance with local priorities. The Financial Assistance Grant (FAG) program consists of two components:

- A general purpose component which is distributed between the states and territories according to population (i.e. on a per capita basis), and
- An identified local road component which is distributed between the states and territories according to fixed historical shares.

Council has no control over the formula used to determine the amount of the FAG allocation and has no control over the timing of the receipt, but all of these factors have a material impact on Council's financial performance.

For merged Councils, such as Central Coast Council, it has been confirmed that for four years following amalgamation the FAG allocations will be the total of the amounts that would have been provided to the former Councils as if they had remained as separate entities.

The federal budget for 2020-21 will be announced on the 12 May 2020. As the 2020-21 federal budget has not been released at the time of the development of Council's budget, we have budgeted for the full 2020-21 estimated FAG. Historically there has been a prepayment of the FAG to Councils in June when the Government has additional funds to expend. Any changes to the timing of the FAG will be reflected in the quarterly budget review process.

It should be noted that where the Federal Government decides to prepay the FAG Council will still receive its full FAG entitlement to assist in the provision of services, however the timing of the payment will determine which financial year the grant funding is recognised as income.

The FAG is essential as it allows Councils to provide a reasonable level of service and infrastructure to local residents. Pausing indexation or reducing the overall amount of FAGs is not within the control of Council, however decisions made by other levels of government impact on the budget and service delivery can be profoundly negative.

Opportunities

Optimising Property Portfolio Performance

Observation of the Local Government sector indicates that the majority of those Councils, who are performing well financially and have built a sustainable future, have commonly done so by maximising the potential of their property portfolio.

As at 30 June 2019 the value of Council's operational and community land portfolio totalled \$688.9 million.

Projected Population Growth

The population of the Central Coast is more than 330,000, with projections for 415,000 people by 2036. To meet the projected population growth it is estimated that an additional 41,500 dwellings and 24,600 new jobs will be needed to support the increase in the population. This creates significant challenges but we view this growth, coupled with coherent strategy and available resources for growth, as an opportunity to deliver for our community.

Our region has both the location and resources to leverage from this growth. Located one hour north of Sydney and one hour south of Newcastle, along major transport links, the Central Coast is ideal for encouraging increased commercial and industrial development.

Development Applications

Development activity is closely aligned to the broader economic climate with high levels of development activity which is evidenced through the number of development applications received and construction commencement around the Central Coast. While the current trend has not been positive it remains difficult to project future trends.

Income related to development applications has fallen in the 2019-20 financial year and a significant proportion of this is a result of changes to State Significant Development (SSD) provisions, including specific provisions of the Gosford City Centre. Under these circumstances applications are lodged (and fees paid) directly to the Department of Planning Industry & Environment. These SSD provisions are generally for larger applications and therefore the fees are significant on a per application basis. Note that Council officers are still required to undertake assessment work for these applications, through formal referral processes, so whilst the fees are reduced, the level of work remains approximately the same.

Debt Restructure

Council's debt portfolio totalled \$233.2 million of external borrowings at 30 June 2019. The majority of these loans were established when interest rates were far higher than they are now, pre-dating the Global Financial Crisis, and the average rate on these loans is higher than present market rates.

The majority of current debt was established to finance long term water and sewerage network assets and is held as a liability within the Water Supply Authority functions. The average duration of the loan portfolio is reducing at a faster rate than the depreciation of the corresponding infrastructure assets and will require refinancing in the short to medium term.

We undertake regular debt reviews to determine the costs and benefits associated with extinguishing existing debt and investigating favourable refinancing options. To date break costs have been judged to be prohibitively high so debt is being paid down steadily at current rates.

New borrowing requirements in recent years have been satisfied by borrowing internally from the other funds (General and Sewer funds) that have sufficient unrestricted cash.

In 2020-21 Council does expect to require borrowings from external financial institutions to refinance the maturity of current existing borrowings with material balloon repayments and to fund Council's increasing capital works budget.

It is expected that Council will seek expressions from NSW TCorp and external major banks to procure the lowest cost of funding for terms of up to 10 – 20 years. Whilst Council will continue to review funding requirements annually, it is currently planning to borrow \$50 million per annum for 2020-21 – 2022-23.

Threats

General Economic Conditions

The Australian economy has been relatively stable since the last recession in the early 1990s. Current market conditions, at the time of writing, have been heavily influenced by the pandemic COVID-19 (Coronavirus). If the economy moves into recession, there will be impacts on the Central Coast economy which may impact Council's revenue base and also place cost pressures on Council's operations.

Natural Disasters

Natural disasters such as droughts, bush fires, storm events and pandemics will impact the services which Council provides and may cause damage to Council assets. Natural disaster events will have an impact on the delivery of services

and the progress of capital works program all of which will have a financial impact, such as additional costs for clean-up and repairs, additional costs for materials due to scarcity, cost to replace damaged assets and loss of income where services are reduced or ceased temporarily.

Natural disasters have not been factored into the LTFP as the financial impact will be different for each event. However the financial impact will be factored into the forecasted results for the reporting periods which the natural disaster impacts.

The draft operational plan was developed prior to the COVID-19 (Coronavirus) pandemic. We are currently assessing the potential impact to Council's delivery program. Once the assessment is complete the financial impact will be reflected in the Operational Plan before adoption in June 2020.

State or Federal Legislation

All aspects of Council operations are heavily regulated and are therefore highly sensitive to State or Federal Government legislative changes. As already evidenced in respect of the Waste Levy, and Cost Shifting in general, legislative decisions have a material impact on Council's financial position.

More specifically, every service Council offers can potentially be materially impacted by legislative change. For example changes to child care staff ratios impact the costs associated with delivering the service.

Ageing Population

There has been noticeable legislative change in response to the ageing population such as phased increases to the age pension retirement age and the level of the superannuation guarantee charge.

As detailed in the Workforce Management Strategy, the current compulsory superannuation levy of 9.5% is expected to increase to 12% by 2025-26 financial year. The financial implications of these changes include compounding increases in employee costs. Key considerations need to be given to how we will manage this generational diversity and provide financially sustainable solutions in the area of workforce management.

An overall increase in the ageing population will increase revenue pressures generated by additional pensioner rebates which are partially subsidised by the State Government. Councils which have a higher percentage of pensioners than the State average will need to fund more in pensioner rebates.

Our region has a higher proportion of aged pensioners compared to other local government authorities. As the number of eligible pensioners increases in our local government area Council must fund a larger amount of pensioner rebate.

Asset Management

Council's infrastructure, property, plant and equipment portfolio has a gross replacement cost of \$10.4 billion as at 30 June 2019.

The infrastructure backlog ratio which is part of the infrastructure and service management ratios exceeds the OLG benchmark of < 2%. Strategies are in place to reduce the backlog which includes increased renewal funding and alternative intervention methods.

Council's capital works program for the 2020-21 financial year is \$248.3 million (excluding pending grant funding and gated projects). 71.3% or \$177.1 million is allocated to renewal and upgrades to existing assets to address the asset backlog.

Council is also investing 28.7% or \$71.1 million in new and regionally significant assets for the Community.

The capital expenditure planning for future years is based on a minimum of \$180 million per year for renewal and upgrades to existing assets. New and regionally significant assets will be influenced by external grant funding.

For further details in relation to the Infrastructure and Service Management Ratios please refer to the Asset Management Strategy.

Council's forecasted unrestricted current ratio is below the OLG benchmark of > 1.5. This is largely due to the significant restricted developer contributions balances. Council has received over \$59 million in developer contributions for the last 2 financial years (2017-18 and 2018-19) and during that time period has not delivered capital works funded by developer contributions to the same level which leads to the increase in the restricted developer contributions balances.

In Council's proposed 2020-21 capital works program \$27.0 million will be funded by developer contributions which is largely due to the Mardi to Warnervale water trunk main project.

Council is developing a strategy and plans to deliver the capital works projects that developer contributions are being collected for.

It should be noted that developer contributions generally fund up to 20% to 30% of the project cost and additional sources of funds need to be found to fund the balance of the project costs.

Council will continue to monitor cash and investment balances and restrictions to ensure that Council has sufficient funds available to meet short term obligations.

Council will continue to apply for external grant funding to assist with the cost of asset renewals and upgrades to address the asset backlog and the fund projects which are partially funded by developer contributions.



FOCUS AREA: By 2025, Bringing Jobs Home – Reducing The Number of Sydney Commuters by 20,000

Assumptions

Assumptions – General

The LTFP is a ten year plan that includes the one year Operational Plan and the three year Delivery Program (based on a shortened term for the current Council due to the amalgamation). It is revised annually to reflect changing financial aspects impacting Council and is aligned to optimal delivery of services contained within the CSP.

The projected components contained within the key financial statements relating to income, expenses, assets, and liabilities are based on assumptions that are modelled within the LTFP.

Population Growth

Although projected population growth within the region is set to rise over the next 20 years (415,000 by 2036); population growth does not always lead to growth in Council's rateable base.

In recent years, our rateable property base has grown by approximately 0.5% per year and this escalation has been factored into the assumptions within the LTFP for income and expenditure projections.

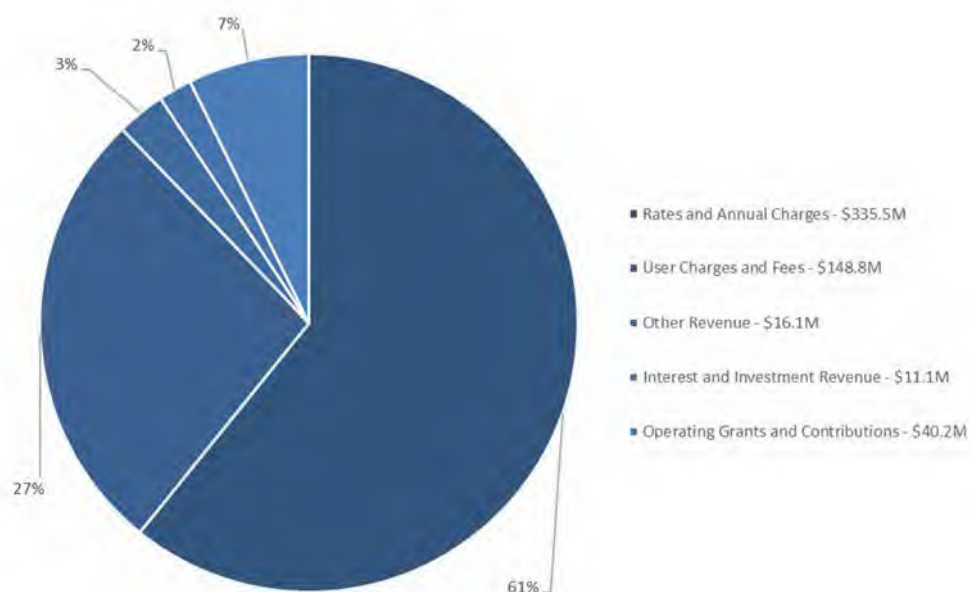
Inflation

A number of indices used in the LTFP have been based on the Reserve Bank of Australia's Consumer Price Index (CPI) inflation forecast of 2% - 3% from the February 2020 Statement on Monetary Policy.

We have considered this forecast and used a 2.5% escalation in most LTFP income and expense categories, with the exception of regulated income and expense items that are set by IPART.

Assumptions – Income

Operating Income 2020-21



Rates and Annual Charges

Rates and annual charges include the following revenue types:

- Ordinary rates (including pensioner rebates)
- Special rates
- Domestic waste management charge
- Water service charge
- Sewerage service charge
- Drainage service charge

Ordinary and Special Rates

Council's Special Rates fund activities that directly support business activities in certain areas. This will continue to be levied on the same basis as Ordinary Rates for those applicable properties as follows:

- Gosford Parking
- Gosford Central Business District Improvement Special Rate
- Business/Tourism Development Special Rate
- The Entrance Area
- Toukley Area
- Wyong Area

Ordinary and special rates account for 51.7% of the rates and annual charges income (after pensioner rebates have been applied).

Domestic Waste Management Charge

All residential properties attract an annual domestic waste management charge recouped for the provision of waste collection, recycling services and remediation of closed landfill sites.

Domestic waste management charges account for approximately 21.9% of the overall rates and annual charges income.

Water, Sewerage and Stormwater Drainage Service Charges

The water supply service charge is levied on the owners of all properties for which there is a connected water supply service. This covers the costs of making water available. Council does not levy water supply service charges to unconnected properties.

The sewerage service charge covers the cost of supplying sewerage services on all properties for which there is a sewerage service either connected or available. Council does not levy sewerage supply service charges to unconnected properties.

The drainage service charge is levied by Council for the provision of stormwater drainage services and covers the cost of maintaining the drainage network.

The water, sewerage and stormwater drainage service charges account for 25.2% of the rates and annual charges income.

User Fees and Charges

This category of income represents a user pay system and relies wholly on demand. It includes both statutory charges, where the price is set by regulation, and Council determined charges, where the fee is set to reflect market rates and/or contribute towards the cost recovery of providing the service.

Examples of both types of fees and charges include the following:

- Water usage charges
- Sewer user charges
- Tipping fees
- Holiday park user charges

- Child care fees
- Roads and Maritime Services (RMS) user charges
- Development application fees
- Community facility hire fees
- Building and shop inspections
- Construction certificates
- Companion animal registrations

Income forecasts have been based on projected volumes multiplied by the unit rate as contained in the Statement of Revenue.

Water Supply User Charges

The largest component of revenue within user fees and charges relates specifically to residential water usage (30.3%).

Total water usage charge (residential and non-residential) represents 39.7% of user fees and charges.

Water usage is a highly responsive charge that can be significantly impacted by weather conditions and consumer tendencies.

Following the drought between 2001 and 2007, there has been a conservative water usage trend that is aligned with entrenched water wise practice among users. Even though water restrictions have been easing since 2008, the usage trend remains conservative.

As our dam storage levels fall during drought, water restrictions will apply to help us make sure there's enough water for everyone. Given the current dam levels we are currently on level 1 water restrictions and Council has undertaken a comprehensive education program for residents to live to 150L. Applying water restrictions will impact water usage charge income. For more details on water restrictions please refer to Council's website

<https://lovewater.centralcoast.nsw.gov.au/water-restrictions>

Sewerage Usage Charge

Accounts for 11.4% of user fees and charges in 2020-21 and reflects the deemed residential sewerage charge and non-residential sewerage service charges.

Tipping Fees

Tipping fees account for 16.3% of projected income in this category and include impacts of changes to costs of operating the landfill site. The fees include a levy which is collected by Council on behalf of the NSW Government, Environment and Protection Authority (EPA), and subsequently remitted back to them on a monthly basis.

Any increase in fees will directly influence the amount of waste being disposed of at the facility, thereby impacting income projections (as well as operating costs) in the LTFP. Income projections contained within the LTFP have been based on current user trends.

Holiday Park and Camping Ground User Charges

Council has four holiday parks in the region located in Budgewoi, Canton Beach, Toowoona Bay and Norah Head and a camping ground in Patonga. Income from the holiday parks and camping ground is estimated to account for 7.5% of our user fees and charges income for 2020-21. Fees for the holiday parks are set on a benchmarked market price.

Child Care Fees

Council operates eight child care centres in Kanwal, Kariong, Niagara Park, Terrigal, Toukley, San Remo, Umina and Wyong, ensuring the provision of quality child care and education in the region. The LTFP contains operating income and expenditures associated with Council's child care centres.

Income from child care accounts for approximately 4.9% of Council's user fees and charges income for 2020-21.

Leisure and Pools Fees

Council operates six leisure and pool facilities in Gosford, Lakehaven, Niagara Park, Toukley, Woy Woy and Wyong, ensuring the provision of quality leisure and pool facilities in the region. The LTFP contains operating income and expenditures associated with Council's leisure and pool facilities.

Income from leisure and pools accounts for approximately 4.7% of Council's user fees and charges income for 2020-21.

Interest and Investment Revenue

Council's investments are made in accordance with the *Local Government Act 1993*, the *Local Government (General) Regulation 2005*, Council's Investment Policy, the Ministerial Investment Order issued in 2011 and the Office of Local Government Investment Policy Guidelines published in 2010.

Council invests cash in fixed rate term deposits with Approved Deposit Institutions, keeping risk low while at the same time securing ongoing returns.

Interest rates have been low in historical terms since 2010-11 and therefore the LTFP has adopted a conservative stance and assumes a stable interest rate over the next few years consistent with recent yields. The amount of interest revenue calculated in the LTFP is directly linked to the available cash balances from the cash flow statement

Other income in this category relates to interest imposed on overdue rates and charges, calculated at the rate set by the Minister for Local Government calculated on the Reserve Bank of Australia (RBA) cash rate plus 6%.

Other Revenue

Other sources of revenue include:

- Commercial and residential rent
- Fines and infringements
- Cemetery plots and memorials
- Water and sewerage service connections
- Royalty payments for landfill gas
- Miscellaneous

The majority of income projections related to other revenues contained within the LTFP are based on historical trend, escalated with CPI.

Grants and Contributions

Grants and contributions provide Council with an income stream consisting of both cash payments as well as non-cash receipts, such as in-kind contributed assets. For example, roads and drainage assets in new sub-divisions built by a developer and then transferred to Council.

The amount of both operating and capital grants and contributions available to Council is subject to external influences and will vary each year.

Council has been focusing on applying for grant funding to offset service delivery costs and to fund the capital works program.

Operating grants or contributions are funds received that relate to day-to-day service delivery, whereas capital grants or contributions are funds received that relate directly to creation or enhancement of an asset.

General Purpose

Grants and contributions received for a general purpose allows Council to determine the allocation of funds to any of the services which Council delivers. For example the Financial Assistance Grant (FAG) received from the Federal Government and Pensioner Rebate subsidies received from the NSW Government have been factored into the LTFP.

The LTFP assumes that these general purpose grants are recurrent in nature with escalations of CPI.

Specific Purpose

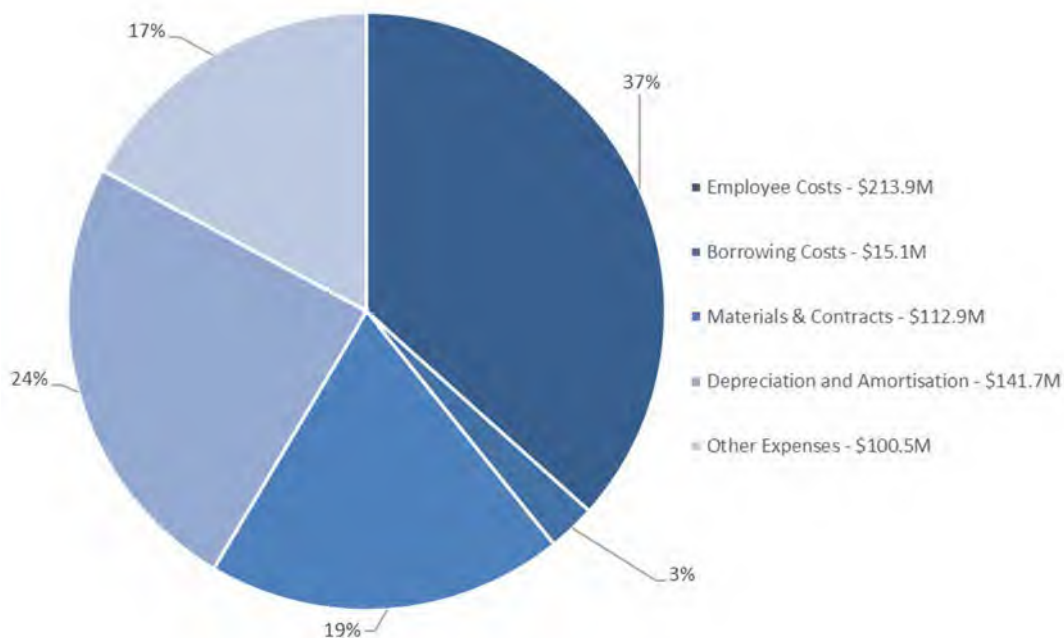
Income received for specific purpose means that it is restricted in use and cannot be used for any purpose other than that identified in the funding agreement. This income is kept as a separate cash reserve until such time as the expenditure occurs. Common examples of specific purpose grants received by Council relate to the following:

- Roads
- Street lighting
- Bushfire prevention
- Waste and recycling
- Child care
- Library services
- Recreational facilities

Each specific purpose grant has been considered individually for the LTFP and only those that have been ongoing in recent years have been included as recurrent future income e.g. street lighting. Many of the specific purpose grants received by Council are capital in nature and have been included as a consideration in the capital works program and therefore non-recurrent in nature.

Assumptions – Expenses

Operating Expenditure 2020-21



Employee Benefits and On-Costs

Employee costs account for over one third of total operating expenditure and include:

- Salaries and wages
- Superannuation
- Payroll tax
- Training

- Workers compensation
- Personal and protective equipment

The LTFP has also factored in predicted Award increases and stepped increases to superannuation based on legislative change (from 9.5% current rate to 12% effective 1 July 2025).

Borrowing Costs

We traditionally have used long term loans to finance large capital expenditures, particularly related to major water and sewerage network projects. More than 90% of debt is held in our Water Supply Authority functions. The practice of borrowing funds to generate cash flow to deliver large infrastructure allows the cost of the project to be spread across the useful life of the asset in order to facilitate intergenerational equity for these assets.

A key objective in improving our financial sustainability is to reduce overall debt in the medium to long term and the LTFP assumes inter-fund borrowings will occur where sufficient unrestricted cash is available. These arm's length transactions allow Council to retain interest income internally for reinvestment into delivery of valuable services.

We will also apply for subsidised borrowing schemes from the State or Federal Government to promote accelerated infrastructure investment and reduce borrowing costs as they become available.

External loan balances (on existing loans) forecasted as at 30 June 2020 are \$185.4 million and all existing loans are due to mature by May 2037. With material loan balloon payments due in the financial years 2020 - 2022 and the possibility of a recession due to the impact of Coronavirus impacting cash inflows to some degree, Council will be seeking additional external funding to maintain its current ratio through the short to medium term. Interest expense has been projected on this basis based on the rates applicable for each loan.

Our cash flows are managed to ensure sufficient funds are always held to cover restricted balances i.e. funds received for a specific purpose which are restricted by regulation or other imposed requirements.

Materials and Contracts

Almost half of the costs within this category relate to essential delivery of services such as waste management, water and sewerage services and roads maintenance. Specific contracts include:

- Garbage collection
- Equipment hire and fuel
- Information management hardware
- Chemicals (for water and sewage treatment)

This expense class includes costs associated with consultants and labour hire contracts where we do not have the expertise or capacity to resource activities internally.

Projections have been based on existing contracted rates escalated for CPI where applicable.

Depreciation and Amortisation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation expense contributes to 24.3% of our operational expenditure.

Even though this expense item has no cash consequence, we must invest in equivalent renewal or upgrade works to ensure that the assets are held to their optimal levels of serviceability.

Depreciation expense assumptions are based on the effective lives of existing assets and the expected useful lives of new assets. This information is reviewed annually.

Other Expenses

This expense group includes the following costs:

- Waste levy

- Electricity and street lighting
- Tourist park management
- Software
- Insurance
- Contributions to the following services:
 - Fire and Rescue Services
 - State Emergency Services
- Telecommunications
- Bank charges
- Local Government election costs for 2020-21, 2024-25 and 2028-29 financial years - \$2.2 million in 2020-21 and escalated by assumed CPI of 2.5% for future financial years

Waste Levy

The *Protection of the Environment Operations Act 1997* requires licensed waste facilities in NSW to pay a contribution for each tonne of waste received for disposal at the facility. This cost accounts for approximately one third of other expenses.

As the operator of Waste Management Facilities, we incorporate this levy into the fees charged to customers and then remit this to the EPA. This levy has historically increased well above the CPI rate as shown on the table below. More recently the levy has increased in line with the CPI rate. Within the LTFP we have escalated the waste levy at 2.5%. The levy for 2020-21 has not yet been set by NSW Environment Protection Authority.

Period	SMA	ERA	RRA
2009-10	\$58.80	\$52.40	\$10.00
2010-11	\$70.30	\$65.30	\$20.40
2011-12	\$82.20	\$78.60	\$31.10
2012-13	\$95.20	\$93.00	\$42.20
2013-14	\$107.80	\$107.80	\$53.70
2014-15	\$120.90	\$120.90	\$65.40
2015-16	\$133.10	\$133.10	\$76.70
2016-17	\$135.70	\$135.70	\$78.20
2017-18	\$138.20	\$138.20	\$79.60
2018-19	\$141.20	\$141.20	\$81.30
2019-20	\$143.60	\$143.60	\$82.70

Notes: The SMA and ERA are now collectively known as the Metropolitan Levy Area. The RRA is now known as the Regional Levy Area.

Electricity

Based on current wholesale prices it is estimated that Council's electricity costs will increase in line with CPI in 2020-21 and continue to increase by CPI in future years.

Electricity costs (including street lighting) make up 14.1% of other expenses and the LTFP includes the following further underlying assumptions:

- The level of consumption remains constant
- Usage times between peak, shoulder and off-peak remain consistent with existing patterns
- No new environmental charges are introduced

Escalations

Category	2020-21	2021-22	2022-23	2023-24	Thereafter
Income	Rates – ordinary	2.6%	2.5%	2.5%	2.5%
	Rates – special	2.6%	2.5%	2.5%	2.5%
	Domestic waste management ∞	2.5%	2.5%	2.5%	2.5%
	Water service and usage charges, Sewerage service and usage charges and Stormwater drainage service charges ^	^	^	3.9% (includes fee escalation and growth)	2.5% plus 0.1% average growth
	Fees and charges	2.5%	2.5%	2.5%	2.5%
	Interest - investments	1.5%	1.5%	1.5%	1.5 – 2.0%
	Other revenues	2.5%	2.5%	2.5%	2.5%
	Operating grants	2.5%	2.5%	2.5%	2.5%
	Net gains from disposal	0.0%	0.0%	0.0%	0.0%
Expenditure	Salaries and wages *	3.0%	1.5%	1.75%	2.0%
	Materials and contracts	2.5%	1.5%	1.5%	2.5%
	Insurance	5.0%	5.0%	5.0%	7.0%
	Utilities	2.5%	2.5%	2.5%	3.0%
	Other expenses	2.5%	1.0%	1.5%	2.0%
	Other expenses – Waste Levy	2.5%	2.5%	2.5%	2.5%

^ Water, Sewerage and Drainage charges are determined by IPART. All prices for water, sewerage, drainage and ancillary services for 2019-20 to 2021-22 are in accordance with IPART's final determinations issued on 24 May 2019. In 2022-23 and subsequent years the escalation is applied to service and usage charges.

∞ Domestic waste management charge includes waste levy remitted to NSW Government.

* Includes Award and performance increases and legislative changes to Superannuation to increase to 12% by 2025-26.

Sensitivity Analysis

Long term financial plans are inherently uncertain. They contain a wide range of assumptions that can impact future outcomes, and future patterns of income and expenditure will rarely behave as they have in the past. However, understanding the events of the past and factors that may create impacts in the future assist with testing LTFP parameters to determine whether it is flexible enough to endure such pressures.

The sensitivity analysis models impacts to variability of key assumptions that will most likely affect the LTFP.

The table below shows financial impacts to our operating result by individual key drivers. These are based on high level assumptions and 2020-21 budgeted estimates and may have other consequential outcomes if they are realised.

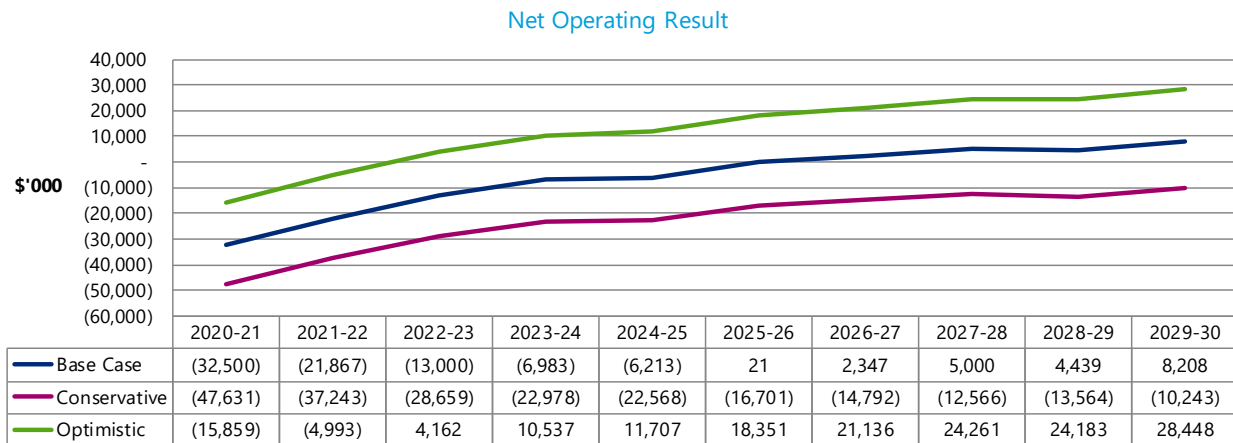
Item	Variation (+ or -)	Approximate Operational Impact 2020-21
Rate Peg	1.0% rates	\$1.7 million change in revenue
Interest Rate	1.0% rate	\$4.0 million change in revenue
Water Usage	1.0% consumption	\$590k change in revenue
Tip Volumes	1.0% tonnages	\$256k change in revenue
Inflation Other Expenses	0.5% cost base	\$502k change in expenses
Inflation Materials	0.5% cost base	\$565k change in expenses
Staff Establishment	1.0% increased turnover rate	\$2.5 million change in expenses

Scenarios

The LTFP includes the following three scenarios designed to model the impact of changes in assumptions:

- A. Base case
- B. Conservative
- C. Optimistic

All scenarios maintain a consistent capital works program, assume existing levels of service are maintained and ensure that a positive cash position is achieved. The net operating results (before capital income) for all scenarios are shown on the below graph.



A. Base case

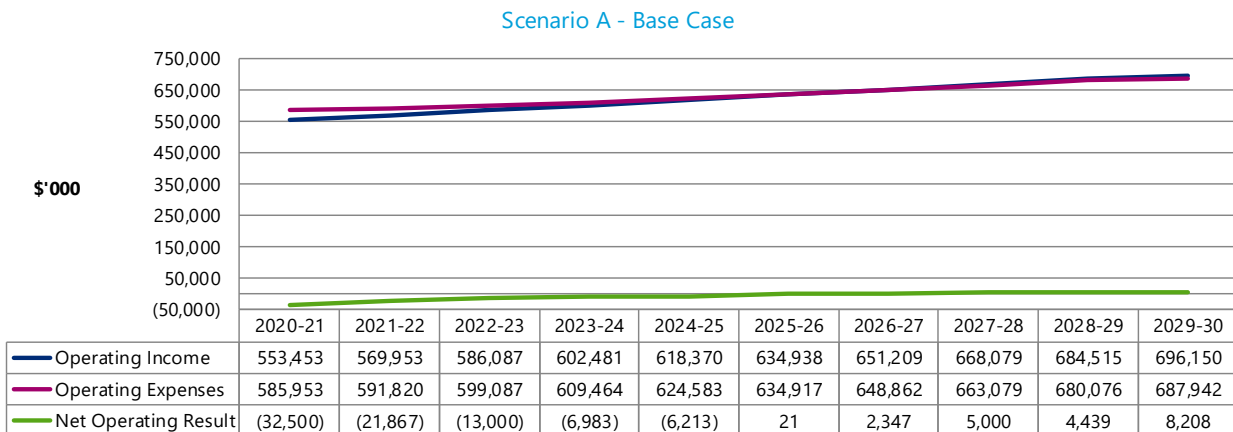
This scenario includes the following assumptions:

Ordinary Rates escalated by the estimated rate peg thereafter (2.5%)

Water and Sewer income in line with Council's submission to IPART for 2019-20 to 2021-22, 2022-23 escalation of 3.9% at the commencement of the next determination period and thereafter 2.5% including growth

Operating expenditures that support delivery of the Community Strategic Plan

Financially sustainable capital expenditure program consistent with the Asset Management Strategy





FOCUS AREA: By 2025 we will be more climate resilient with the ability to anticipate, prepare for, and respond to hazardous events or disturbances related to climate. This will ensure we are able to minimise the economic, environmental and social impact of climate change events

The below financial tables represent the base case planned outcomes over the ten year horizon.

Income Statement														
Delivery Program														
		Actuals	Current Year	Operational Plan										
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	
Scenario: Baseline		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Income from Continuing Operations														
Revenue:														
Rates & Annual Charges		362,706	324,099	335,480	345,428	355,918	365,952	375,092	384,460	394,062	403,905	413,993	421,624	
User Charges & Fees		133,925	144,701	148,754	153,284	157,555	161,301	165,188	169,169	173,248	177,426	181,706	183,759	
Interest & Investment Revenue		15,106	14,416	12,933	11,550	10,509	10,670	11,919	13,232	14,120	15,226	15,505	15,644	
Other Revenues		17,373	13,738	16,068	17,468	18,877	20,297	20,804	21,424	21,960	22,509	23,072	23,645	
Grants & Contributions provided for Operating Purposes		40,618	39,344	40,218	42,223	43,228	44,261	45,368	46,652	47,819	49,014	50,239	51,478	
Grants & Contributions provided for Capital Purposes		67,523	52,419	45,946	54,180	41,500	39,523	40,073	40,637	41,215	41,742	42,582	42,917	
Other Income:														
Net gains from the disposal of assets		-	1,493	-	-	-	-	-	-	-	-	-	-	
Total Income from Continuing Operations		637,251	590,210	599,399	624,133	627,587	642,004	658,443	675,575	692,423	709,821	727,097	739,067	
Expenses from Continuing Operations														
Employee Benefits & On-Costs		198,785	207,631	213,937	217,476	221,506	226,059	230,723	235,484	241,296	247,251	253,355	258,594	
Borrowing Costs		18,909	16,833	16,850	16,187	16,715	17,870	17,749	17,522	17,127	16,623	16,209	15,613	
Materials & Contracts		118,648	97,693	112,954	115,085	114,983	116,905	119,876	122,921	126,043	129,243	132,523	134,111	
Depreciation & Amortisation		145,649	138,953	141,732	142,845	143,638	144,062	146,140	148,266	150,440	152,665	154,486	155,352	
Other Expenses		89,836	95,272	100,480	100,227	102,245	104,568	110,095	110,723	113,956	117,298	123,504	124,272	
Net Losses from the Disposal of Assets		3,027	-	-	-	-	-	-	-	-	-	-	-	
Total Expenses from Continuing Operations		574,854	556,381	585,953	591,820	599,087	609,464	624,583	634,917	648,862	663,079	680,076	687,942	
Operating Result from Continuing Operations														
		62,397	33,829	13,446	32,313	28,500	32,540	33,860	40,658	43,561	46,742	47,021	51,125	
Net Operating Result for the Year														
		62,397	33,829	13,446	32,313	28,500	32,540	33,860	40,658	43,561	46,742	47,021	51,125	
Net Operating Result before Grants and Contributions provided for Capital Purposes														
		(5,126)	(18,590)	(32,500)	(21,867)	(13,000)	(6,983)	(6,213)	21	2,347	5,000	4,439	8,208	

Balance Sheet

Central Coast Council
10 Year Financial Plan for the Years ending 30 June 2030
BALANCE SHEET - CONSOLIDATED
Scenario: Baseline

ASSETS													
Current Assets													
Cash & Cash Equivalents	44,059	29,520	26,904		46,554	58,576	49,744	51,091	78,454	102,879	127,855	148,842	202,655
Investments	340,739	224,569	175,290		157,137	156,259	155,380	146,502	117,993	95,803	80,961	70,533	36,259
Receivables	68,807	68,043	65,765		69,611	70,091	72,051	74,191	76,336	78,542	80,777	83,058	84,376
Inventories		1,403	1,691		1,730	1,719	1,762	1,806	1,852	1,898	1,945	1,994	2,044
Other	5,481	6,037	7,029		7,095	7,140	7,320	7,616	7,724	7,935	8,153	8,485	8,606
Total Current Assets	460,477	329,572	276,680		282,128	293,784	286,257	281,206	282,359	287,058	299,692	312,911	333,939
Non-Current Assets													
Investments	93,717	138,436	96,828		88,986	89,864	90,743	89,621	85,801	85,325	86,762	89,099	81,843
Receivables	3,409	3,774	3,897		3,989	4,085	4,179	4,276	4,375	4,477	4,581	4,687	7,559
Infrastructure, Property, Plant & Equipment	7,077,104	7,177,342	7,285,990		7,332,553	7,372,143	7,410,972	7,445,822	7,478,547	7,509,097	7,537,422	7,563,926	7,589,564
Intangible Assets	11,727	9,650	7,531		5,411	3,291	1,703	1,703	1,703	1,703	1,703	1,703	1,703
Other	336	391	445		449	451	463	482	488	502	516	537	544
Total Non-Current Assets	7,186,293	7,329,593	7,394,690		7,431,387	7,469,834	7,508,060	7,541,904	7,570,915	7,601,103	7,630,983	7,659,952	7,681,213
TOTAL ASSETS	7,646,770	7,659,166	7,671,370		7,713,515	7,763,618	7,794,317	7,823,111	7,853,273	7,888,161	7,930,676	7,972,863	8,015,152
LIABILITIES													
Current Liabilities													
Bank Overdraft	-	-	-		-	-	-	-	-	-	-	-	-
Payables	76,906	79,726	78,294		78,882	80,160	81,483	83,675	84,729	86,490	88,307	90,834	91,195
Income received in advance	16,144	16,166	16,579		17,090	17,597	18,087	18,530	18,990	19,455	19,931	20,420	20,820
Borrowings	47,753	45,247	34,906		26,822	30,235	30,917	34,235	36,059	35,883	38,379	42,860	46,360
Provisions	66,418	63,823	62,052		60,199	58,843	57,499	55,900	54,434	53,259	52,463	51,771	51,079
Total Current Liabilities	207,221	204,962	191,831		182,993	186,836	187,986	192,339	194,212	195,088	199,080	205,884	209,454
Non-Current Liabilities													
Income received in advance	7,465	6,483	6,687		6,915	7,113	7,316	7,494	7,680	7,868	8,060	8,256	8,421
Borrowings	185,404	171,336	186,430		209,609	229,374	228,457	224,222	218,163	212,280	203,901	191,041	177,445
Provisions	65,752	61,627	58,219		53,483	51,281	49,003	43,640	37,145	33,292	33,259	34,285	35,311
Total Non-Current Liabilities	258,621	239,446	251,336		270,007	287,768	284,776	275,356	262,989	253,439	245,219	233,583	221,177
TOTAL LIABILITIES	465,842	444,409	443,168		453,000	474,604	472,762	467,696	457,200	448,527	444,300	439,466	430,630
Net Assets	7,180,928	7,214,757	7,228,202		7,260,515	7,289,015	7,321,555	7,355,415	7,396,073	7,439,634	7,486,376	7,533,397	7,584,522
EQUITY													
Retained Earnings	6,989,141	7,022,970	7,036,415		7,068,728	7,097,228	7,129,768	7,163,628	7,204,286	7,247,847	7,294,589	7,341,610	7,392,735
Revaluation Reserves	191,787	191,787	191,787		191,787	191,787	191,787	191,787	191,787	191,787	191,787	191,787	191,787
Council Equity Interest	-	-	-		-	-	-	-	-	-	-	-	-
Minority Equity Interest	-	-	-		-	-	-	-	-	-	-	-	-
Total Equity	7,180,928	7,214,757	7,228,202		7,260,515	7,289,015	7,321,555	7,355,415	7,396,073	7,439,634	7,486,376	7,533,397	7,584,522

Cash Flow Statement
Central Coast Council
10 Year Financial Plan for the Years ending 30 June 2030
CASH FLOW STATEMENT - CONSOLIDATED
Scenario: Baseline

Cash Flow Statement													
Delivery Program													
	Actuals		Current Year		Operational Plan		Projected Years						
	2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities													
Receipts:													
Rates & Annual Charges	361,262	329,788	337,086		345,082	355,439	365,507	374,660	384,037	393,588	403,460	413,537	421,275
User Charges & Fees	159,019	146,325	148,152		152,425	156,644	160,565	164,418	168,380	172,440	176,598	180,857	183,473
Interest & Investment Revenue Received	20,195	9,707	11,651		9,090	7,566	8,230	9,934	11,394	12,406	13,008	14,040	14,432
Grants & Contributions	94,933	90,083	86,694		95,106	86,708	84,069	85,338	87,176	88,924	90,647	92,697	94,325
Other	41,452	10,355	16,776		17,512	19,736	20,749	21,065	21,691	22,234	22,791	23,363	23,933
Payments:													
Employee Benefits & On-Costs	(201,639)	(208,753)	(215,218)		(218,796)	(222,559)	(227,077)	(231,688)	(236,197)	(241,945)	(247,896)	(253,996)	(259,231)
Materials & Contracts	(114,972)	(95,963)	(115,499)		(114,291)	(113,435)	(115,520)	(117,745)	(121,724)	(124,277)	(127,427)	(130,116)	(133,645)
Borrowing Costs	(15,200)	(13,202)	(13,899)		(13,327)	(13,952)	(15,209)	(15,197)	(15,085)	(14,811)	(14,436)	(14,159)	(13,706)
Bonds & Deposits Refunded	(5,246)	(390)	(395)		(401)	(407)	(413)	(419)	(426)	(432)	(438)	(445)	(452)
Other	(135,554)	(101,744)	(105,342)		(106,550)	(105,787)	(108,194)	(117,112)	(118,988)	(119,318)	(118,462)	(123,504)	(124,272)
Net Cash provided (or used in) Operating Activities	204,250	166,206	150,005		165,849	169,952	172,706	173,254	180,259	188,809	198,445	202,265	206,132
Cash Flows from Investing Activities													
Receipts:													
Sale of Investment Securities	281,453	84,184	90,887		50,000	-	-	10,000	50,000	35,000	46,628	40,000	50,000
Sale of Infrastructure, Property, Plant & Equipment	2,092	-	-		-	-	-	-	-	-	-	-	-
Payments:													
Purchase of Investment Securities	(298,706)	(12,733)	-		(24,005)	-	-	-	(17,671)	(12,334)	(33,223)	(31,909)	(8,469)
Purchase of Infrastructure, Property, Plant & Equipment	(169,619)	(235,621)	(248,261)		(187,288)	(181,108)	(181,303)	(180,990)	(180,990)	(180,990)	(180,990)	(180,990)	(180,990)
Purchase of Intangible Assets	(3,233)	-	-		-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	24	-	-		-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(187,989)	(164,171)	(157,374)		(161,293)	(181,108)	(181,303)	(170,990)	(148,662)	(158,324)	(167,585)	(172,899)	(139,459)
Cash Flows from Financing Activities													
Receipts:													
Proceeds from Borrowings & Advances	-	30,000	50,000		50,000	50,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Payments:													
Repayment of Borrowings & Advances	(31,704)	(46,574)	(45,247)		(34,906)	(26,822)	(30,235)	(30,917)	(34,235)	(36,059)	(35,883)	(38,379)	(42,860)
Net Cash Flow provided (used in) Financing Activities	(31,704)	(16,574)	4,753		15,094	23,178	(235)	(917)	(4,235)	(6,059)	(5,883)	(8,379)	(12,860)
Net Increase/(Decrease) in Cash & Cash Equivalents	(15,443)	(14,539)	(2,616)		19,650	12,022	(8,832)	1,347	27,363	24,426	24,976	20,987	53,813
plus: Cash, Cash Equivalents & Investments - beginning of year	59,502	44,059	29,520		26,904	46,554	58,576	49,744	51,091	78,454	102,879	127,855	148,842
Cash & Cash Equivalents - end of the year	44,059	29,520	26,904		46,554	58,576	49,744	51,091	78,454	102,879	127,855	148,842	202,655
	44,059	363,006	272,118		246,123	246,123	246,123	236,123	203,794	181,128	167,723	159,632	118,101
Cash, Cash Equivalents & Investments - end of the year	478,515	392,525	299,022		292,677	304,699	295,867	287,214	282,248	284,008	295,579	308,474	320,757
Cash & Cash Equivalents - end of the year													
Cash & Cash Equivalents - end of the year	44,059	29,520	26,904		46,554	58,576	49,744	51,091	78,454	102,879	127,855	148,842	202,655
Investments - end of the year	434,456	363,006	272,118		246,123	246,123	246,123	236,123	203,794	181,128	167,723	159,632	118,101
Cash, Cash Equivalents & Investments - end of the year	478,515	392,525	299,022		292,677	304,699	295,867	287,214	282,248	284,008	295,579	308,474	320,757

B. Conservative

This scenario includes the following assumptions that vary when compared to the base case LTFP:

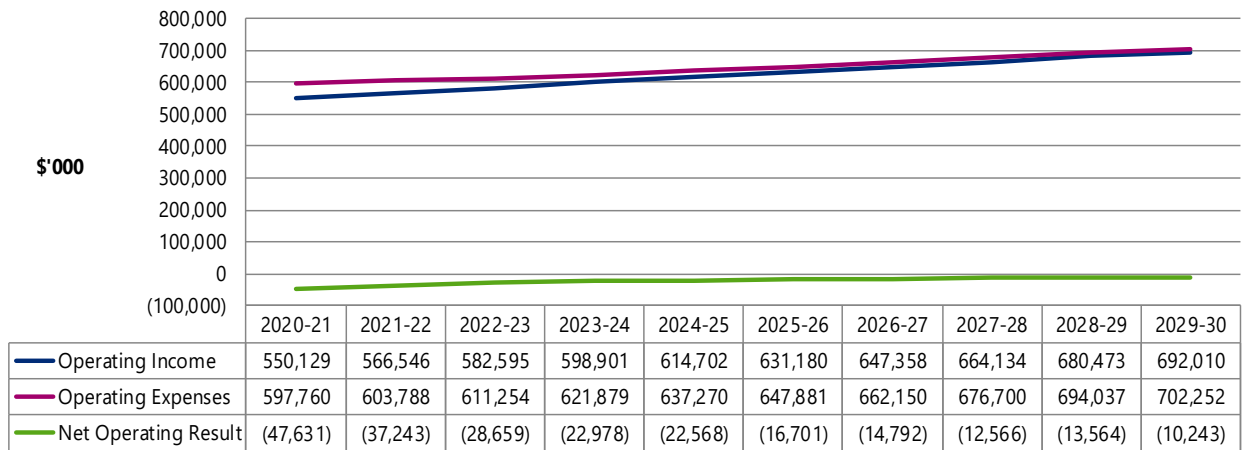
Waste levy costs are 10% higher as a result of State Government escalations

Water usage income is 5% lower as a result of entrenched water wise practice

Inflation rates are 1% higher than expected

Staff turnover rate is 3% lower than planned

Scenario B - Conservative



C. Optimistic

This scenario includes the following assumptions that vary when compared to the base case LTFP

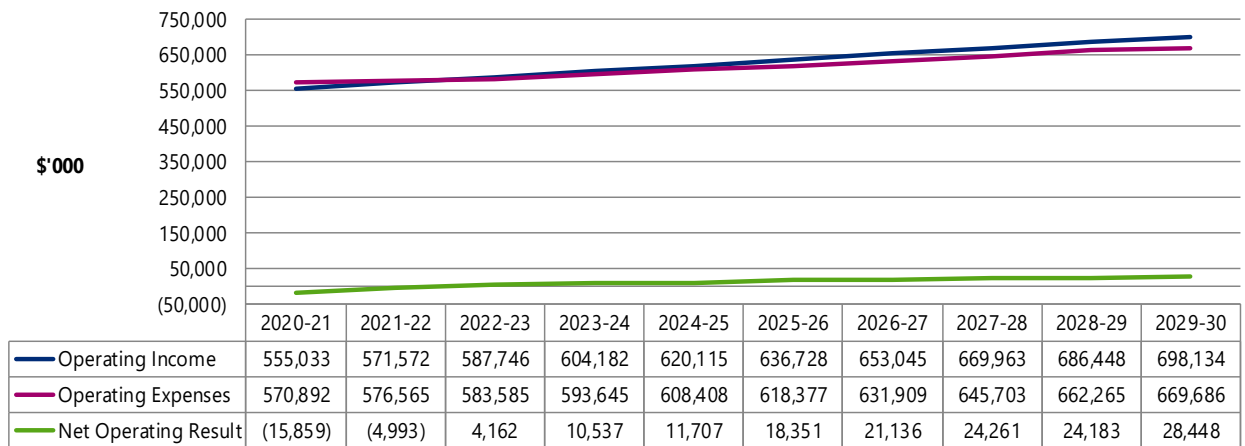
Waste levy costs are reduced as a result of implementation of alternative waste technology (estimated 20% diversion of landfill waste)

Water usage income is 5% higher as a result of additional consumption

Inflation rates are 1% lower than expected

Staff turnover rate is 3% higher than planned

Scenario C - Optimistic



Appendix 1: Financial Performance Ratios

Methods of Monitoring Financial Performance

A primary goal of the LTFP is to enable transparent measurement and accountability. We use the following indicators to achieve this goal:

Operating Performance Ratio

$$= \frac{\text{Total continuing operating revenue (excluding capital grants and contributions) less operating expenses}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

This ratio measures Council's achievement of containing operating expenditure within operating revenue. This ratio focuses on operating performance and excludes capital income from grants and contributions.

Own Source Operating Revenue Ratio

$$= \frac{\text{Total continuing operating revenue excluding all grants and contributions}}{\text{Total continuing operating revenue inclusive of capital grants and contributions}}$$

This ratio measures fiscal flexibility and the degree of reliance on external funding sources. A Council's fiscal flexibility improves the higher the level of its own source of revenue.

Unrestricted Current Ratio

$$= \frac{\text{Current assets less all external restrictions}}{\text{Current liabilities less specific purpose liabilities}}$$

The purpose of this ratio is to demonstrate whether there are sufficient funds available to meet short term obligations.

Cash Expense Cover Ratio.

$$= \frac{\text{Cash and cash equivalents plus term deposits}}{\text{Cash flows from operating and financing activities}}$$

This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow.

Rates and Annual Charges Outstanding Percentage

$$= \frac{\text{Rates and annual charges outstanding}}{\text{Rates and annual charges collectible}}$$

The purpose of this measure is to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.

Infrastructure Backlog Ratio

$$= \frac{\text{Estimated costs to bring assets to a satisfactory condition}}{\text{Net carrying amount of infrastructure assets}}$$

This ratio shows what proportion the backlog is against the total value of Council's infrastructure.

Asset maintenance ratio

$$= \frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$$

This ratio compares actual maintenance against required maintenance to determine whether Council is investing enough funds to stop the infrastructure backlog from growing.

Building and Infrastructure Renewals Ratio

$$= \frac{\text{Asset renewals excluding WIP for Special Schedule 7 infrastructure assets only}}{\text{Depreciation, amortisation and impairment}}$$

The purpose of this ratio is to assess the rate at which these assets are being renewed against the rate at which they are depreciating for building and infrastructure assets.

Debt Service Cover Ratio

$$= \frac{\text{Operating result before capital (excluding interest and depreciation, amortisation, impairment)}}{\text{Principal repayments and borrowing costs}}$$

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.



Statement of Revenue

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Statement of Revenue

Overview

The Statement of Revenue details how rates and annual charges are set, as well as fees and charges for use of Council facilities and services.



Ordinary Rates and Special Rates

Ordinary Rates and Special Rates

The total amount of ordinary and special rates Council can charge is capped by legislation. The Independent Pricing and Regulatory Tribunal (IPART) has approved a 2.6% rate peg for 2020-21 as the allowable increase on this capped amount.

This capped amount is effectively shared between ratepayers according to the individual value of each property within each of the former Gosford and Wyong Local Government Areas.

Under the *Valuation of Land Act 1916* Council is required to use the most current land values when calculating ordinary and special rates.

These values are provided by the NSW Valuer General (VG), the independent statutory authority responsible for determining land values in NSW. The latest values provided by the VG are being used for levying rates in and have a base date of 1 July 2019. These new valuations replace those with a base date of 1 July 2016.

As a direct result of the NSW Valuer General's revaluation, properties with large increases in land value will experience rate increases well above the IPART approved rate pegging increase of 2.6%. As Council's total rates income can only increase by the IPART approved 2.6%, other ratepayers will see increases of less than 2.6% and many will see rate decreases.

Council usually has a limited number of inflexible rating structures at its discretion for levying ordinary rates, which is mandated under the *Local Government Act 1993*. All possible rating structures utilise the unimproved land value of property. However, in accordance with the NSW Government's rate path freeze policy provisions as determined under s. 218CB of the *Local Government Act 1993*, these limited options are not available to Central Coast Council currently. The NSW Government's rate path freeze policy means that Council is required to maintain the rate path that was last applied by the former Gosford City Council and the former Wyong Shire council for 2020-21. This rate path freeze policy has been formalised through successive legislation and will apply until 30 June 2021.

Categories

In accordance with s. 514 of the Local Government Act 1993, all parcels of rateable land in Council's area have been classified into one of the following categories of Ordinary rates:

Land Categories		
Farmland	s. 515 of the <i>Local Government Act 1993</i>	Land is categorised as farmland if it is a parcel of rateable land valued as one assessment and its dominant use is for farming or agricultural production. Rural residential land is not categorised farmland.
Residential	s. 516 of the <i>Local Government Act 1993</i>	Land is categorised as residential if it is a parcel of rateable land valued as one assessment and its dominant use is for residential accommodation or rural residential land or if it is vacant land it is zoned or otherwise designated for use under an environmental planning instrument for residential purposes.
Residential – Flood Prone	s. 516 of the <i>Local Government Act 1993</i>	Land is categorised as residential – flood prone if it is a parcel of rateable land valued as one assessment and it is vacant flood liable land which is unsuitable for building upon.
Mining	s. 517 of the <i>Local Government Act 1993</i>	Land is to be categorised mining if it is a parcel of rateable land valued as one assessment and its dominant use is for a coal mine or metalliferous mine.
Business	s. 518 of the <i>Local Government Act 1993</i>	Land is to be categorised as business if it cannot be categorised as farmland, residential or mining. Caravan parks and manufactured home communities are to be categorised business.
Business – Major Retail	s. 529(2)(d) of the <i>Local Government Act 1993</i> - a sub-category may be determined for the category "business" according to a centre of activity	The Business Sub Category of Major Retail applies to properties within the major retail precincts in the former Wyong Shire local government area of: • Bay Village Bateau Bay (refer to Map 1) • Lake Haven Shopping Centre and Home Mega Centre (refer to Map 2) • Westfield Tuggerah (refer to Map 3) • Tuggerah SuperCentre (refer to Map 4)
Business – Local Retail	s. 529(2)(d) of the <i>Local Government Act 1993</i> - a sub-category may be determined for the category "business" according to a centre of activity	The Business Sub Category of Local Retail applies to properties within the local retail precincts in the former Wyong Shire local government area at: • Chittaway Bay (refer to Map 5) • Lake Munmorah (refer to Map 6) • San Remo (refer to Map 7) • Wadalba (refer to Map 8)

The categorisation of all rateable land was determined as at 1 January 1994 and took place with the issue of the rate notice in January 1994.

New parcels of land created since that date have been categorised with the issue of subsequent rate notices. Where subsequent changes in categorisation have occurred, written notices to this effect have been issued in accordance with s. 520 of the *Local Government Act 1993*.

Structure

In accordance with the *Local Government Act 1993* applicable to merged councils, Central Coast Council is required to maintain the rate path that was last applied by the former Gosford City Council and the former Wyong Shire Council.

The rating structures that apply within each of the former Gosford and Wyong Local Government Areas therefore reflects the structure and path of rate increases in place within each of those areas prior to the formation of Central Coast Council on 12 May 2016.

Ordinary Rates

Ordinary rates are used to provide essential services such as the road network, street lighting, street cleaning, footpaths, parks, sport and recreation facilities, environmental planning and conservation, city rangers, pest control, libraries, town planning and building control, community services, and much more.

Ordinary Rates 2020-21					
Category and Sub category	Former Gosford Local Government Area		Former Wyong Local Government Area		Forecast Income per category (\$)
	Ad Valorem Cents per \$ land value	Minimum (\$)	Ad Valorem Cents per \$ land value	Minimum (\$)	
Farmland	0.119365	554.00	0.245324	300.00	805,000
Residential	0.237541	554.00	0.386675	300.00	148,112,000
Residential – Flood Prone	0.280780	283.00	-	-	13,000
Business	0.418620	554.00	0.842869	300.00	19,946,000
Business – Major Retail	-	-	1.268047	300.00	1,328,000
Business – Local Retail	-	-	1.056697	300.00	137,000
Mining	-	-	14.889060	300.00	2,345,000

Estimated Ordinary Residential Rate - former Gosford Local Government Area

Unimproved Land Value at 1 July 2019	Ordinary Residential Rates	Unimproved Land Value at 1 July 2019	Ordinary Residential Rates	Unimproved Land Value at 1 July 2019	Ordinary Residential Rates
\$30,000	\$554	\$160,000	\$554	\$300,000	\$713
\$40,000	\$554	\$170,000	\$554	\$320,000	\$760
\$50,000	\$554	\$180,000	\$554	\$340,000	\$808
\$60,000	\$554	\$190,000	\$554	\$360,000	\$855
\$70,000	\$554	\$200,000	\$554	\$380,000	\$903
\$80,000	\$554	\$210,000	\$554	\$400,000	\$950
\$90,000	\$554	\$220,000	\$554	\$450,000	\$1,069
\$100,000	\$554	\$230,000	\$554	\$500,000	\$1,188
\$110,000	\$554	\$240,000	\$570	\$550,000	\$1,306
\$120,000	\$554	\$250,000	\$594	\$600,000	\$1,425
\$130,000	\$554	\$260,000	\$618	\$650,000	\$1,544
\$140,000	\$554	\$270,000	\$641	\$700,000	\$1,663
\$150,000	\$554	\$280,000	\$665	\$750,000	\$1,782

Estimated Ordinary Residential Rate - former Wyong Government Area

Unimproved Land Value at 1 July 2019	Ordinary Residential Rates	Unimproved Land Value at 1 July 2019	Ordinary Residential Rates	Unimproved Land Value at 1 July 2019	Ordinary Residential Rates
\$30,000	\$300	\$160,000	\$619	\$300,000	\$1,160
\$40,000	\$300	\$170,000	\$657	\$320,000	\$1,237
\$50,000	\$300	\$180,000	\$696	\$340,000	\$1,315
\$60,000	\$300	\$190,000	\$735	\$360,000	\$1,392
\$70,000	\$300	\$200,000	\$773	\$380,000	\$1,469
\$80,000	\$309	\$210,000	\$812	\$400,000	\$1,547
\$90,000	\$348	\$220,000	\$851	\$450,000	\$1,740
\$100,000	\$387	\$230,000	\$889	\$500,000	\$1,933
\$110,000	\$425	\$240,000	\$928	\$550,000	\$2,127
\$120,000	\$464	\$250,000	\$967	\$600,000	\$2,320
\$130,000	\$503	\$260,000	\$1,005	\$650,000	\$2,513
\$140,000	\$541	\$270,000	\$1,044	\$700,000	\$2,707
\$150,000	\$580	\$280,000	\$1,083	\$750,000	\$2,900

Typical Residential Ratepayer- former Gosford Local Government Area (excluding water usage charges)

Based on 2019 Land Value of \$413,000	Annual Amount	Quarterly Instalment
Ordinary Residential Rates	\$1,029	
Domestic Waste Management Charge*	\$512	
Three bin waste and recycling collection services with 6 bulk kerbside collections. *\$512 Eastern area waste service or \$454 Western area waste service which excludes the garden vegetation bin service		
Water Authority Charges#	\$697	
Water, sewerage and stormwater drainage services as detailed in the table below		
Total Annual Rates and Charges	\$2,238	\$551

Typical Residential Ratepayer- former Wyong Local Government Area (excluding water usage charges)

Based on 2019 Land Value of \$309,000	Annual Amount	Quarterly Instalment
Ordinary Residential Rates	\$1,202	
Domestic Waste Management Charge*	\$512	
Three bin waste and recycling collection services with 6 bulk kerbside collections. *\$512 Eastern area waste service or \$454 Western area waste service which excludes the garden vegetation bin service		
Water Authority Charges#	\$665	
(water, sewerage and stormwater drainage services as detailed in the table below)		
Total Annual Rates and Charges	\$2,378	\$595

Water Authority Charges - former Gosford Local Government Area (excluding water usage charges)

Single Residential Dwelling - House	Annual Amount	Quarterly Instalment
Water Service Charge For the supply of water services - (separate user pays charges apply for water usage)	\$86.10	
Sewer Service Charge For the supply of sewer service	\$397.48	
Stormwater Drainage Service Charge Provides funds to maintain and improve Council's drainage network	\$106.54	
Sewer Usage Charge Fixed usage charge	\$107.00	
Total Service and Sewer Usage Charges (excluding water usage @ \$2.06 per kL)	\$697.12	\$174.28

Water Authority Charges – former Wyong Local Government Area (excluding water usage charges)

Single Residential Dwelling - House	Annual Amount	Quarterly Instalment
Water Service Charge For the supply of water services - (separate, user pays, charges apply for water usage)	\$86.10	
Sewer Service Charge For the supply of sewer services - (separate, user pays, charges apply for sewer usage)	\$365.11	
Stormwater Drainage Service Charge Provides funds to maintain and improve Council's drainage network	\$106.54	
Sewer Usage Charge Fixed usage charge	\$107.00	
Total Service and Sewer Usage Charges (excluding water usage @ \$2.06 per kL)	\$664.75	\$166.19

Billing Methodology

Council operates as both the local government authority under the *Local Government Act 1993 (LGA)* and as the local water authority under the *Water Management Act 2000 (WMA)*.

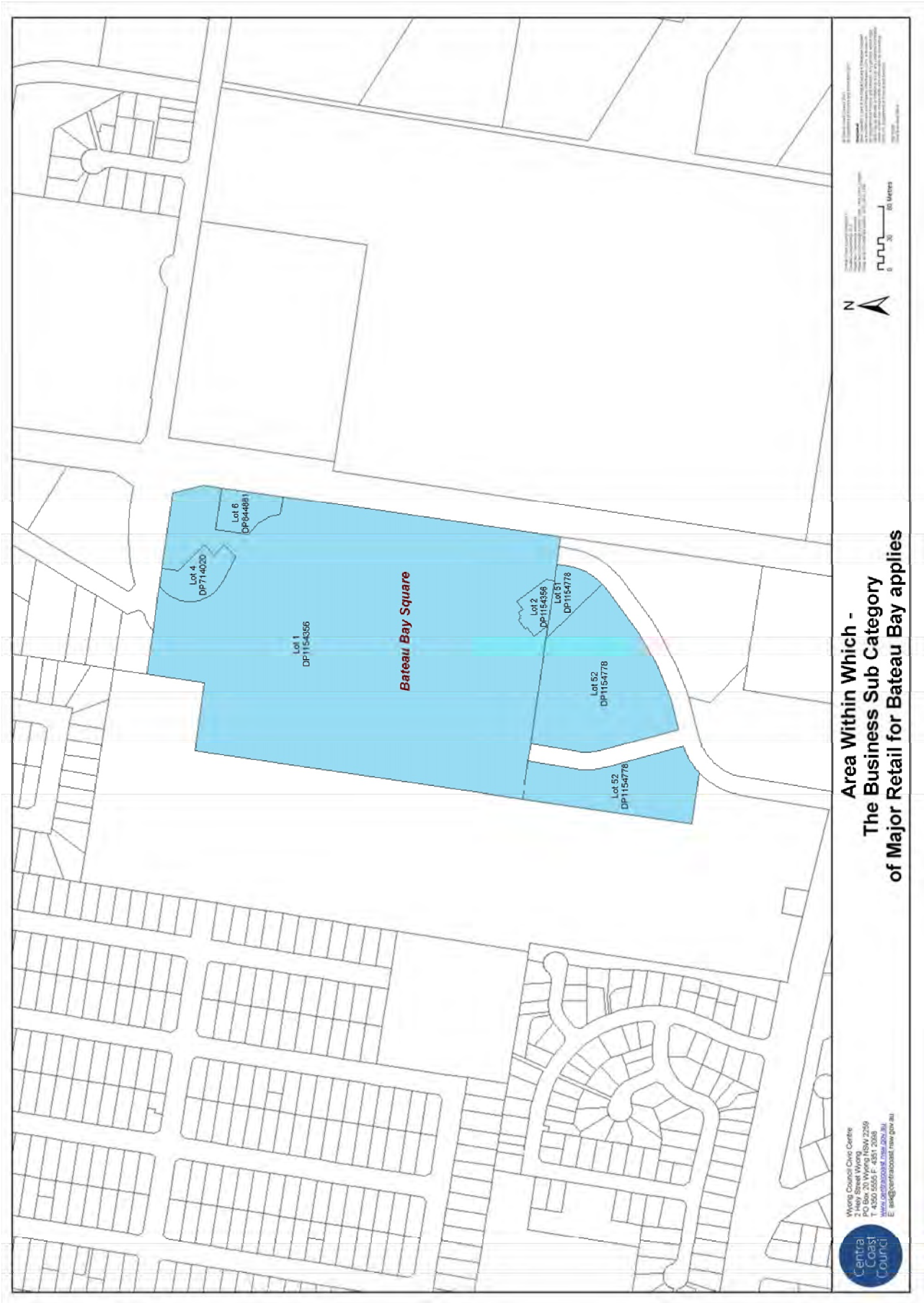
Current Billing Methodology former Gosford Local Government Area				
Rate or Service Charge	Legislation	Notice/Account	Billing Frequency	Payment Dates
Ordinary Rates	LGA	Annual Rates	July annually	In full by 31 August or four instalments due: 31 August 30 November 28 (or 29) February 31 May
Special Rates				
Domestic Waste				
Other (non-Domestic) Waste				
Water Service	WMA	Water Account	Quarterly*	30 days after issue date
Sewerage Service				
Stormwater Drainage Service				
Water Usage				
Sewer Usage				
Trade Waste Usage		Trade Waste Notice	Annually	

* Various issue dates depending on suburb / area according to water meter reading program

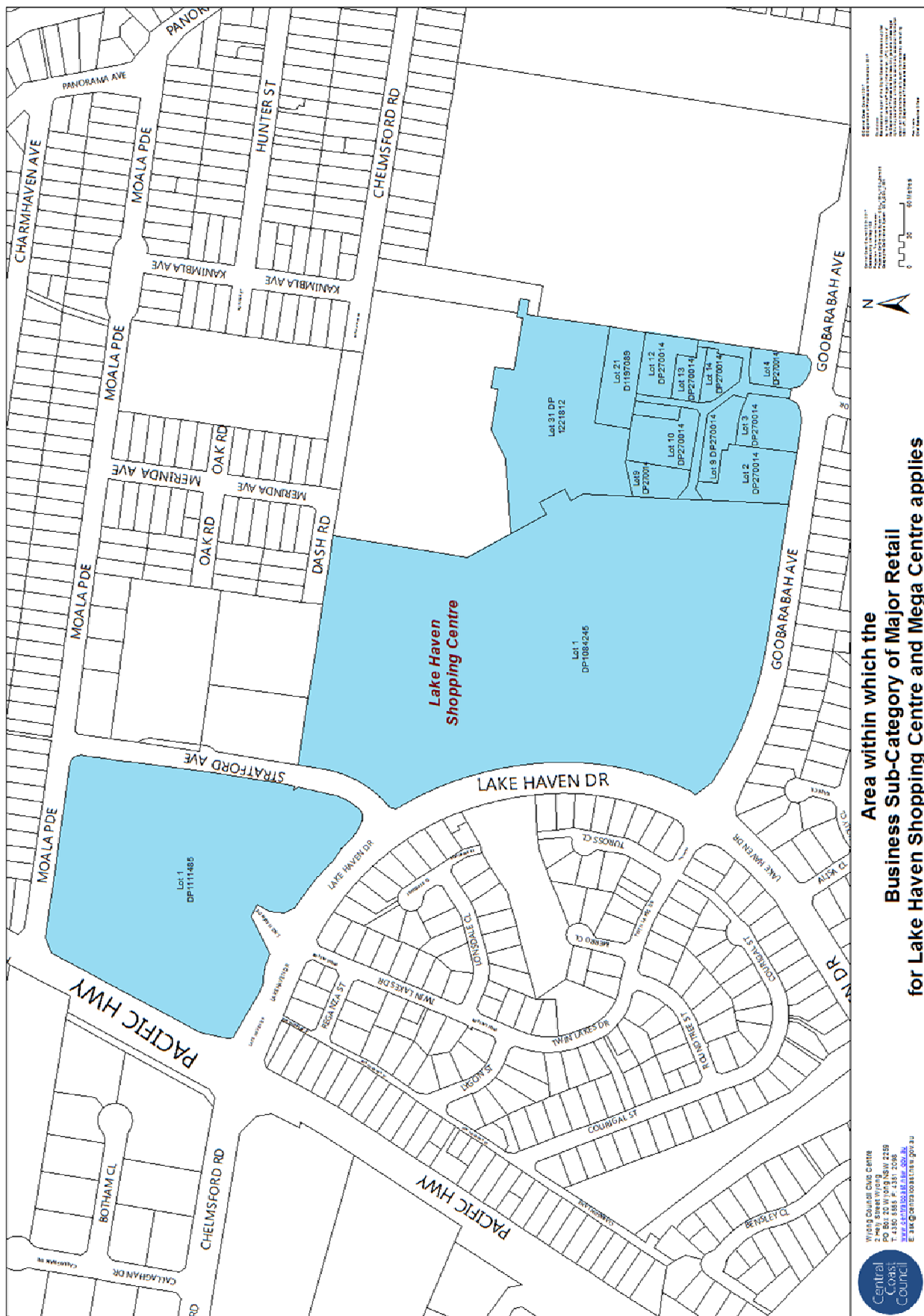
Current Billing Methodology former Wyong Local Government Area				
Rate or Service Charge	Legislation	Notice/Account	Billing Frequency	Payment Dates
Ordinary Rates	LGA	Annual Rates	July annually	In full by 31 August or four instalments due; • 31 August • 30 November • 28 (or 29) February • 31 May
Special Rates				
Domestic Waste				
Other (non-Domestic) Waste				
Water Service	WMA	Water Account	Quarterly*	30 days after issue date
Sewerage Service				
Stormwater Drainage Service				
Water Usage				
Sewer Usage				
Trade Waste Usage		Trade Waste Notice	Annually	

* Various issue dates depending on suburb / area according to water meter reading program

Map 1 - Business Major Retail - Bateau Bay



Map 2 - Business Major Retail – Lake Haven



Map 3 - Business Major Retail – Westfield Tuggerah



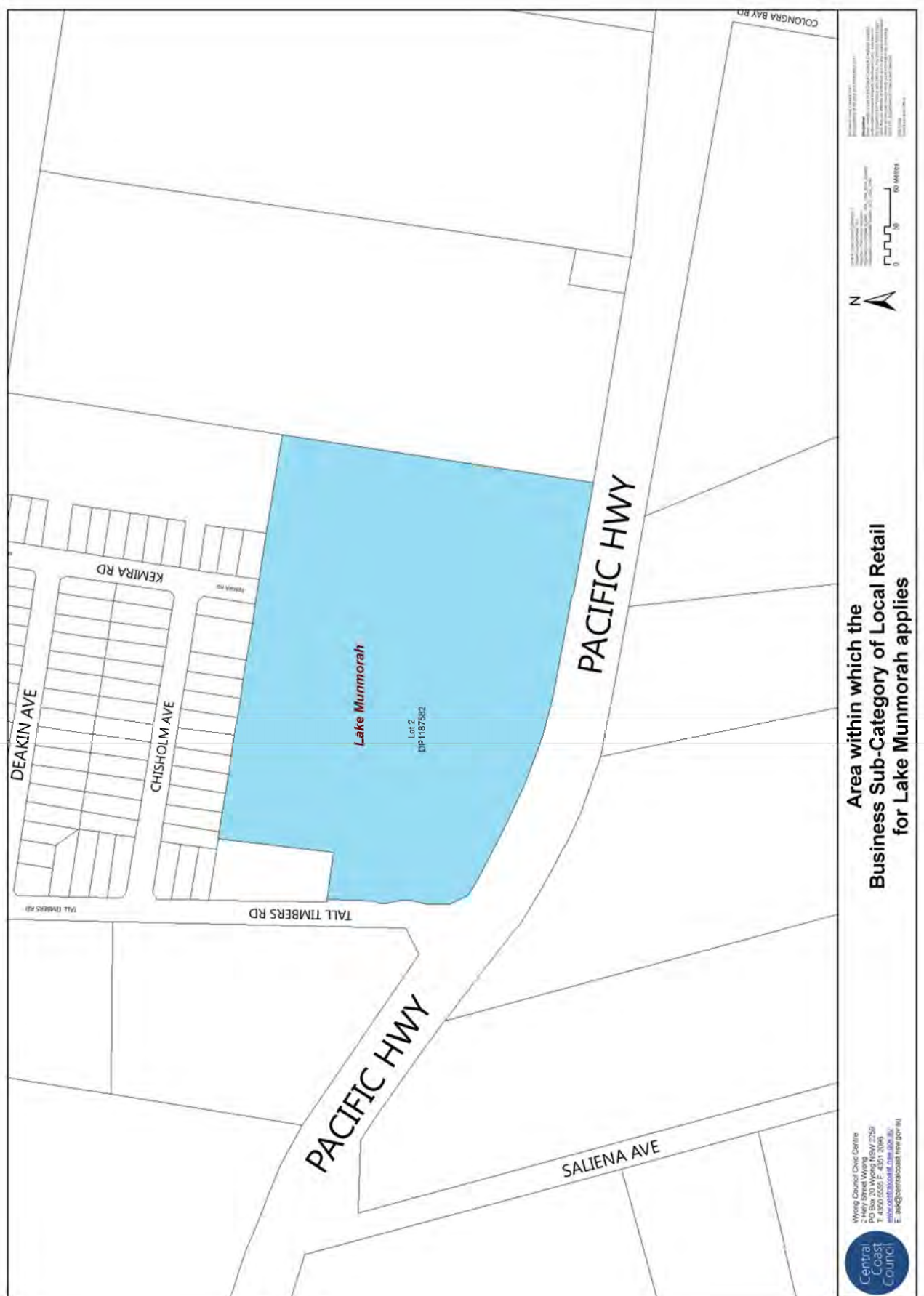
Map 4 - Business Major Retail – Tuggerah Super Centre



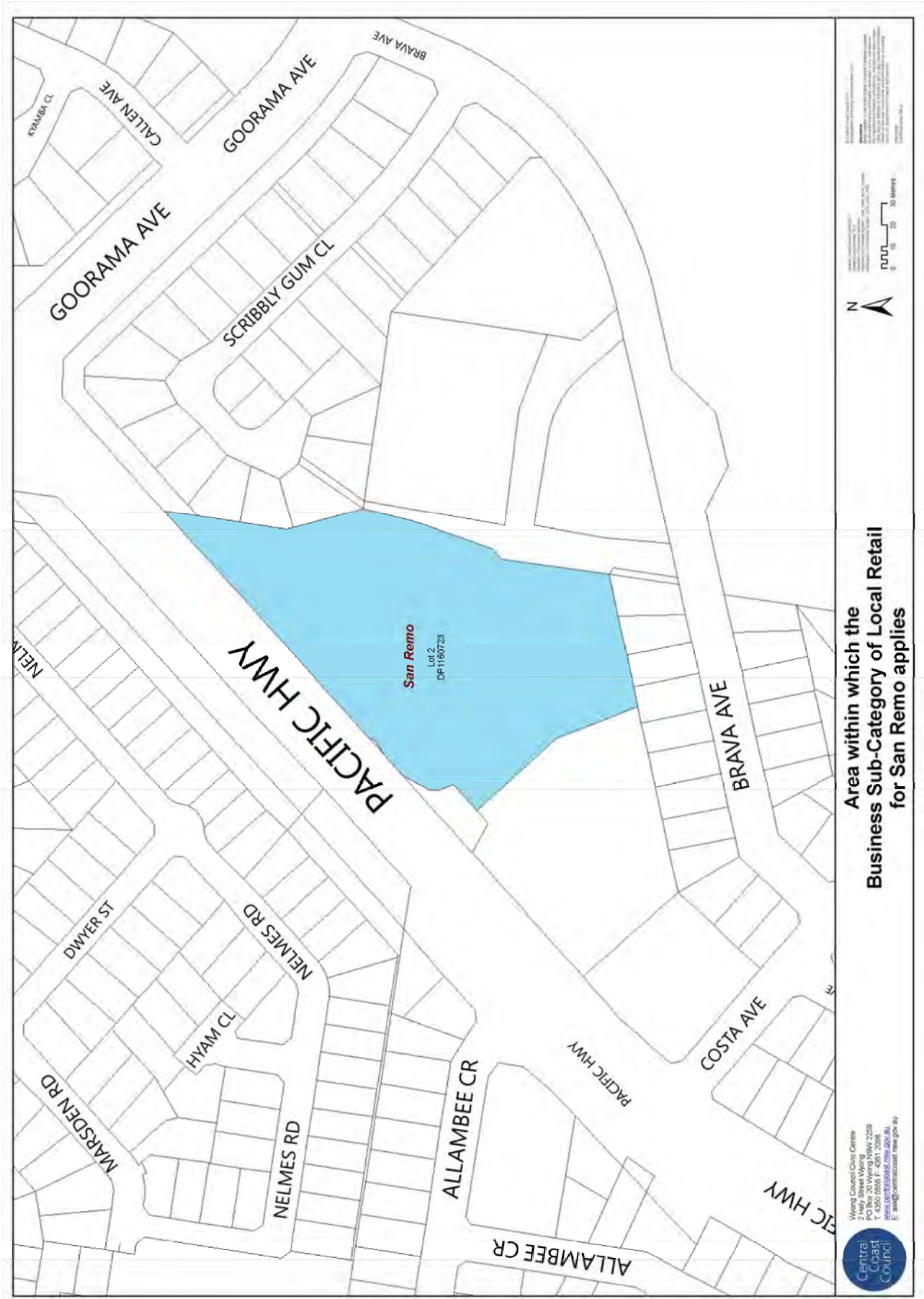
Map 5 - Business Local Retail – Chittaway Bay



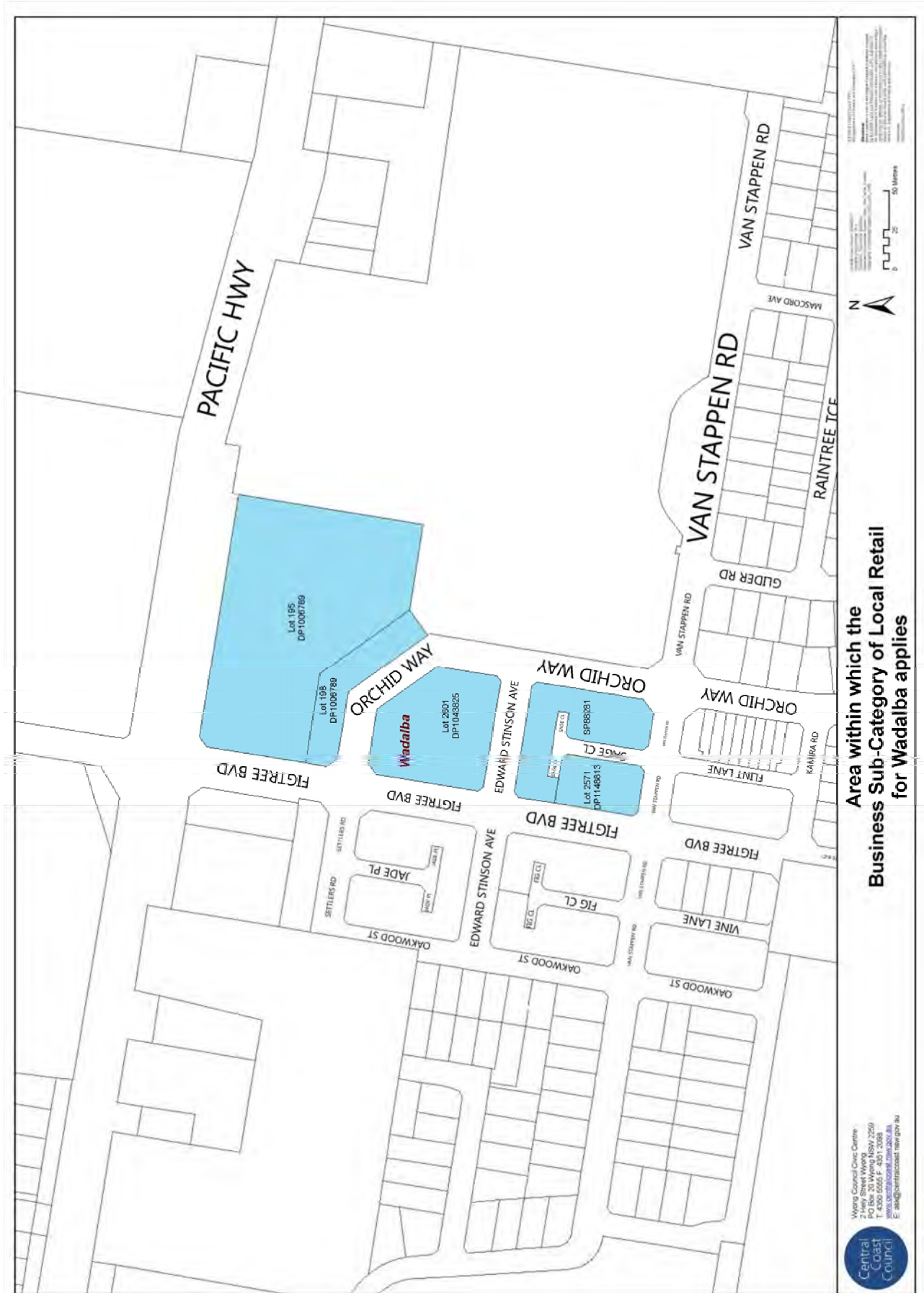
Map 6 - Business Local Retail – Lake Munmorah



Map 7 - Business Local Retail – San Remo



Map 8 – Business Local Retail – Wadalba



Special Rates

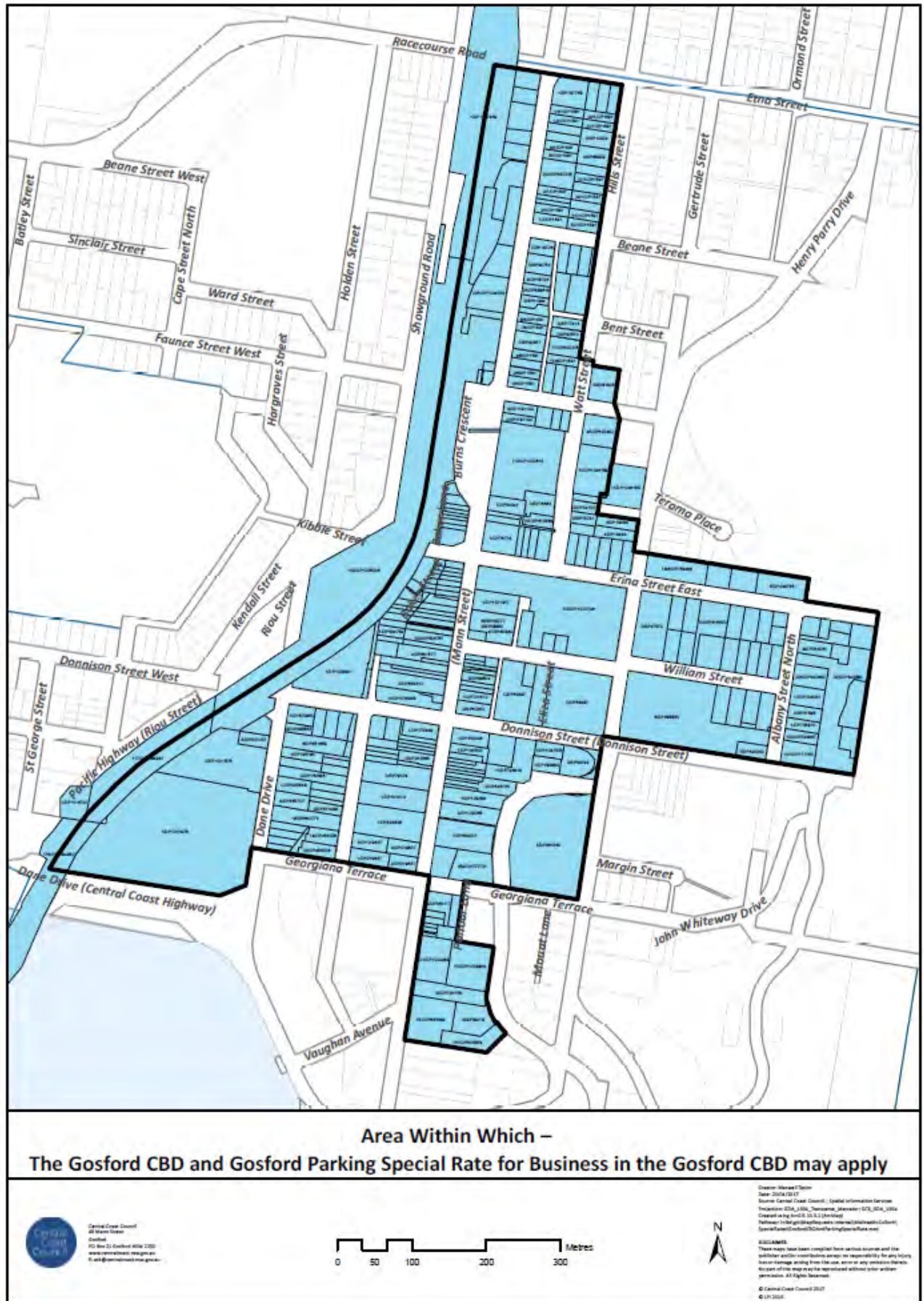
Special Rates are also levied based on land values provided by the NSW Valuer General. The following Special Rates will be levied under s. 495 of the *Local Government Act 1993*.

Special Rate	Properties Assessed	Base Amount	Ad Valorem Cents per \$ land value	Forecast income
Gosford Parking Special Rate				
<u>Purpose</u> Provide funding for the operation of the Baker Street Parking Station.	All properties categorised as Business, in accordance with s. 518 of the <i>Local Government Act 1993</i> , located within the Gosford Central Business District.	-	0.119339	\$199,000
<u>Background</u> Introduced in 1978 as an ongoing rate.				
Refer to Map 9				
Gosford Central Business District Improvement Special Rate				
<u>Purpose</u> Provide funding for works which will enhance the Central Business District and benefit business properties located in that area.	All properties categorised as Business, in accordance with s. 518 of the <i>Local Government Act 1993</i> , located within the Gosford Central Business District.	-	0.311335	\$520,000
<u>Background</u> Introduced in 1994-95 as an ongoing rate				
Refer to Map 9				
Business/Tourism Development Special Rate				
<u>Purpose</u> Provide funding for Business / tourism works across the former Gosford Local Government Area.	All properties categorised as Business, in accordance with s. 518 of the <i>Local Government Act 1993</i> , within the former Gosford Local Government Area.	-	0.044300	\$958,000
<u>Background</u> Introduced in 1994-95 as an ongoing rate				
Refer to Map 10				

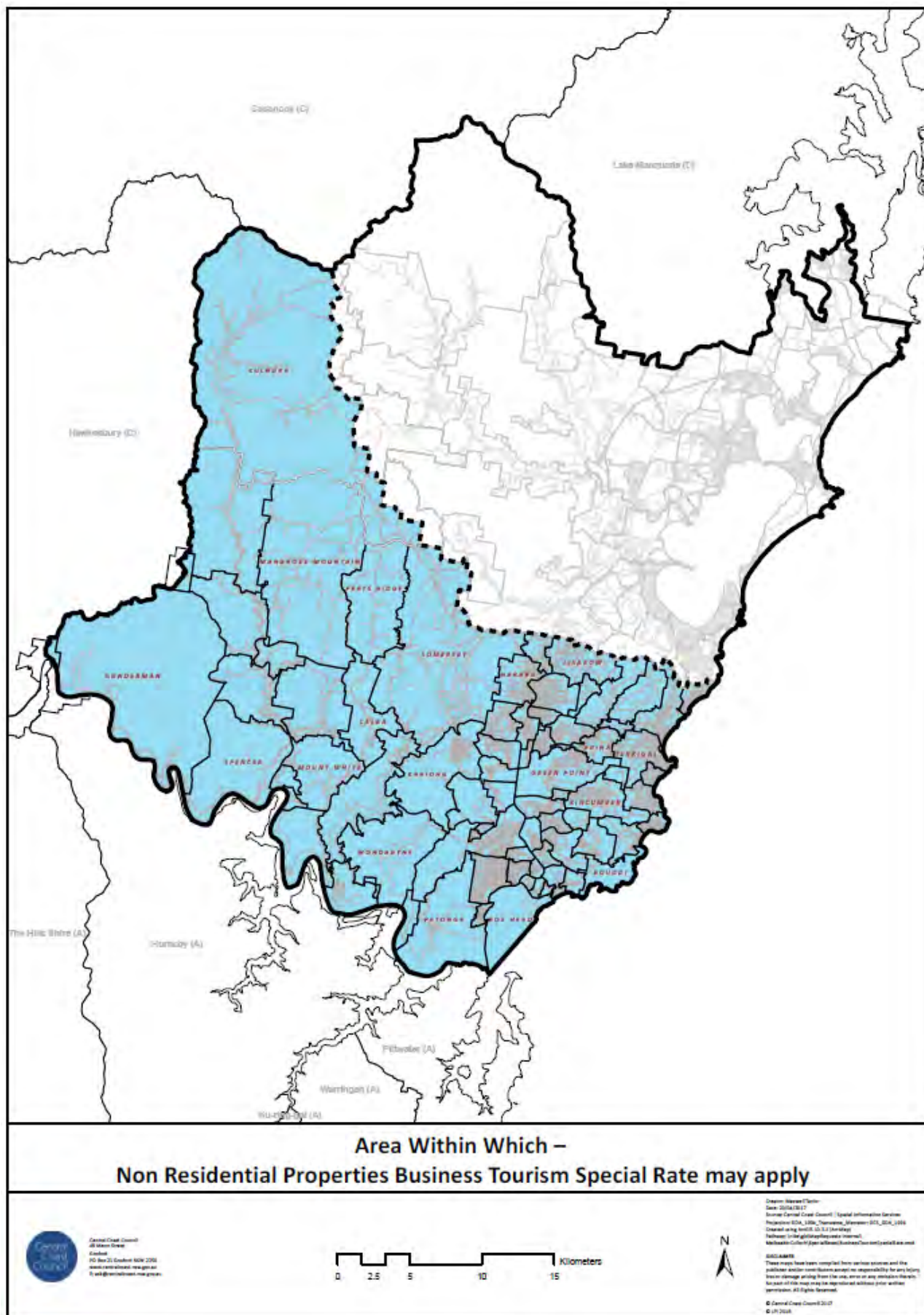
Special Rate	Properties Assessed	Base Amount	Ad Valorem Cents per \$ land value	Forecast income
The Entrance Area				
<u>Purpose</u> Provide funding to The Entrance area to: - Promote the economic development of The Entrance area - Market and promote The Entrance area - Organise and manage promotional events within and around The Entrance area for the purpose of improving the market penetration of The Entrance area and its traders. <u>Background</u> Introduced from 1 July 1997, to fund activities in The Entrance area and to enhance the local business area. Refer to Maps 11 and 12	The Entrance Area Special Rate applies to the following properties: - All land used for business purposes and categorised, in accordance with s. 518 of the <i>Local Government Act 1993</i>, in the suburb known as The Entrance - Major Facilities servicing Tourists identified as all properties in the suburbs of Magenta, The Entrance North, The Entrance, Blue Bay, Long Jetty, Toowoona Bay, Shelly Beach and Bateau Bay being land predominantly used for purposes as defined in Council's current Local Environmental Plan (LEP) of; - Amusement centres - Camping grounds - Caravan parks - Eco-tourist facilities - Pubs - Registered clubs - Service stations - Tourist and visitor accommodation - Identified as Town Centres in Council's current Retail Centres Strategy. These are properties that have been identified by Council as receiving a benefit through this special rate.	\$95.00	0.321766	\$593,000
Toukley Area				
<u>Purpose</u> Provide funding to the Toukley area to market and promote the economic development of the Toukley area within which this special rate applies. <u>Background</u> Introduced from 1 July 1997, following a request by the Toukley Chamber of Commerce to fund activities in the Toukley area to enhance the local business area. Refer to Map 13	The Special Rate applies to the following properties: All properties categorised as Business in the Toukley, Canton Beach, Norville and Norah Head areas. These are properties that have been identified by Council as receiving a benefit from the activities funded through this special rate.	\$95.00	0.236237	\$181,000

Special Rate	Properties Assessed	Base Amount	Ad Valorem Cents per \$ land value	Forecast income
Wyang Area				
<u>Purpose</u> Provide funding to the Wyong area to promote the economic development of the Wyong area within which this special rate applies. <u>Background</u> Introduced from 1 July 2005, following a request from the Wyong-Tuggerah Chamber of Commerce to fund activities in the Wyong area to enhance the local business area. Refer to Map 14	The Special Rate applies to the following properties: • All properties categorised as Business in the suburb known as Watanobbi. • All properties categorised as Business in the suburb known as Wyong bounded by the following; - North of the Wyong River from Tacoma in the east to the M1 Pacific Motorway in the west - East of the M1 Pacific Motorway from the Wyong River to the suburb boundary between Wyong and Warnervale but to exclude Lot 32 DP 814964 - South of the northern Wyong boundary to its intersection with the Pacific Highway and then south of the Pacific Highway to the intersection of Pollock Avenue, but to include Lot 400 DP 1114793 (this lot being to the north of the Pacific Highway) - Eastern boundary of the suburb of Wyong from Johns Road to Wyong River. These are properties that have been identified by Council as receiving a benefit from the activities funded through this special rate.	\$95.00	0.086428	\$82,000

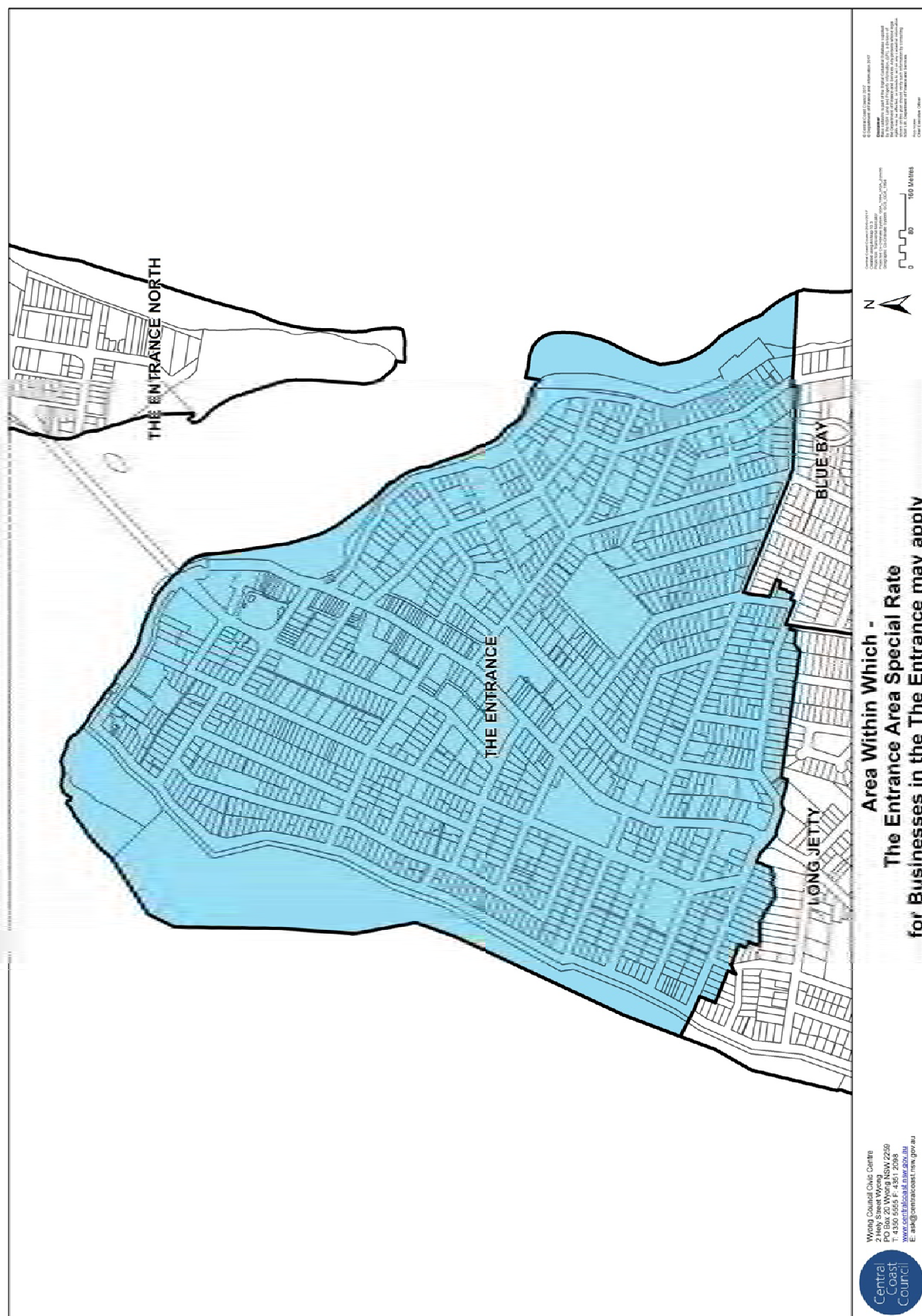
Map 9 – Gosford CBD Special Rate and Gosford Parking Special Rate



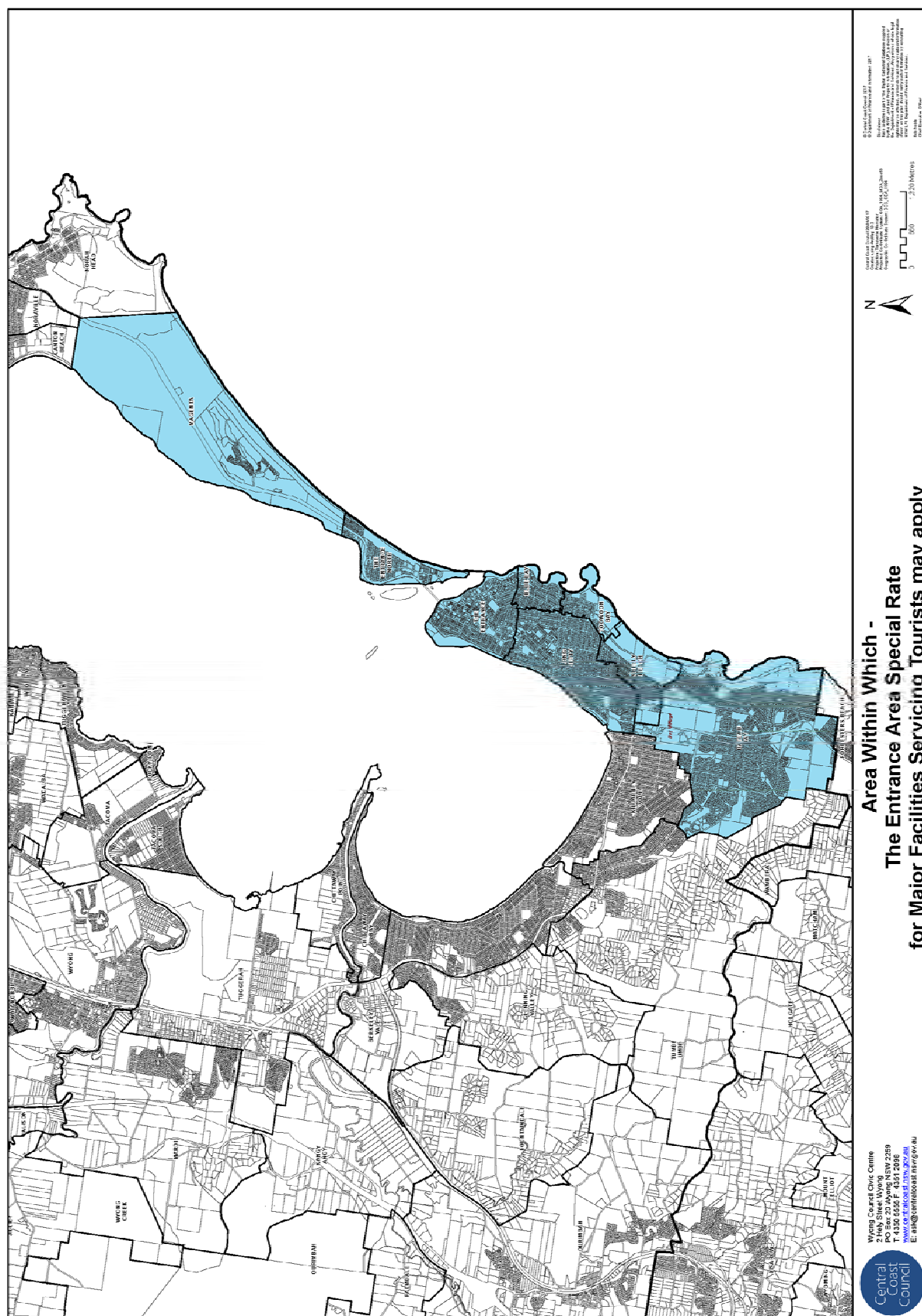
Map 10 – Business Tourism Special Rate



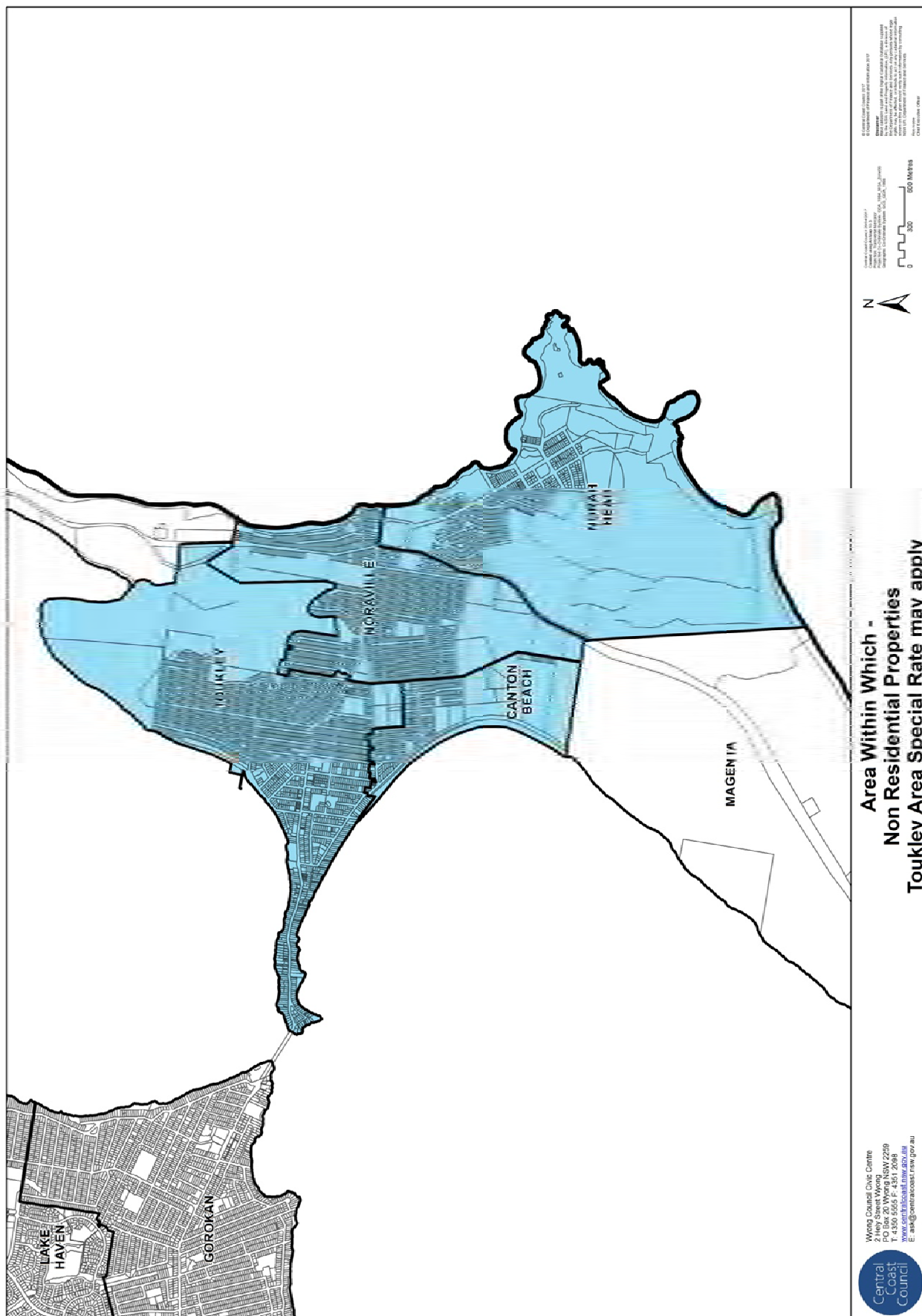
Map 11 – The Entrance Special Rate – Businesses in The Entrance



Map 12 – The Entrance Special Rate – Major Facilities Servicing Tourists



Map 13- Toukley Area Special Rate



Map 14 – Wyong Area Special Rate





Annual Charges

Annual Charges for Services

In addition to ordinary rates and special rates, Council will levy annual charges for the following services in 2020-21:

- Domestic waste management services
- Waste management services (non-domestic)
- Water supply services
- Sewerage services
- Stormwater drainage services

The annual charges for water supply, sewerage and stormwater drainage services have been updated to reflect IPART's final determinations issued on 24 May 2019.

Domestic Waste Management Service Charges

Council levies a domestic waste management service charge on all parcels of rateable land to which a service is available. This covers the cost of providing waste collection and recycling services and the whole of life cost for managing waste including the remediation of landfills.

Domestic Waste Management Service Charges	Annual Charge	Rate Per Week	No of Assessments	Forecast Income
Domestic Waste Management Availability Charge	\$71.00	\$1.37	2,623	\$186,000

Purpose: Fund waste management facilities to meet potential future demands from vacant land.

Applies to: All vacant parcels of rateable land within Council's waste collection area.

Refer Map 15

Domestic Waste Management Service – Eastern Area	\$512.00	\$9.85	134,832	\$69,034,000
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Purpose: Cover cost of Council's three bin waste and recycling collection services plus the whole of life cost for managing waste including the remediation of landfills.

Applies to: all domestic properties within Council's waste collection area located east of the M1 Motorway with an approval for a residential building. Multiple charges will apply where multiple dwellings have been approved.

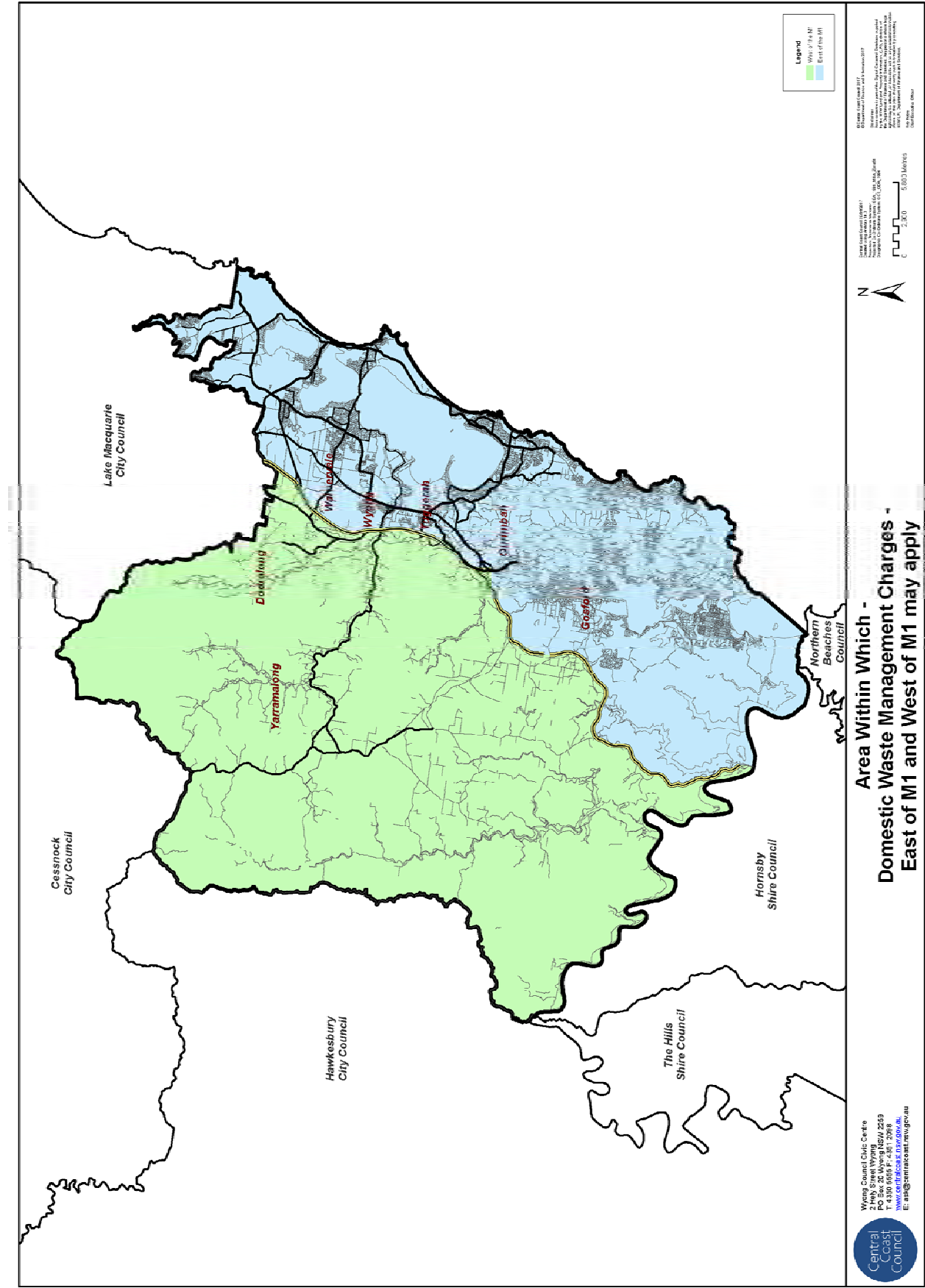
Provides: Access to Council's three bin collection service consisting of:

- Weekly collection of a 140 litre waste bin
- Fortnightly collection of a 240 litre recycling bin
- Fortnightly collection of a 240 litre garden vegetation bin
- Six kerbside clean up services per year.

Upgrades and additional services: Available upon request of the owner at the additional cost(s) indicated

Domestic Waste Management Service Charges	Annual Charge	Rate Per Week	No of Assessments	Forecast Income
below under <i>Domestic waste management service – upgrades and additional services</i> .				
Options for large residential complexes: Where more than 6 strata titled or community title residential units exist on one allotment, bulk bin options for waste and or recyclables may be provided up to the equivalent volume of one 140 litre waste bin per tenement.				
Refer Map 15				
Domestic Waste Management Service – Western Area	\$454.00	\$8.73	3,619	\$1,643,000
Purpose: Cover cost of Council's two bin waste and recycling collection services plus the whole of life cost for managing waste including the remediation of landfills.				
Applies to: all domestic properties within Council's waste collection area located west of the M1 Motorway with an approval for a residential building. Multiple charges will apply where multiple dwellings have been approved				
Provides: Access to Council's two bin collection service consisting of				
• Weekly collection of a 140 litre waste bin • Fortnightly collection of a 240 litre recycling bin • Six kerbside clean up services per year.				
Upgrades and additional services: Available upon request of the owner at the additional cost(s) indicated below under <i>Domestic waste management service – upgrades and additional services</i> .				
Refer to Map 15.				

Map 15 – Domestic Waste Management Charges Eastern Area and Western Area



Domestic Waste Upgrades and Additional Services

Domestic properties may upgrade their 140 litre domestic waste bin to a 240 litre or 360 litre domestic waste bin and/or upgrade their 240 litre recycling bin to a 360 litre recycling bin and/or request additional 140, 240 or 360 domestic waste bins, 240 or 360 litre recycling bins or 240 litre garden vegetation bins.

The costs to upgrade and for additional bins are shown in the table below:

Service Upgrades and Additions	Annual Charge	Rate Per Week
140 litre domestic waste bin to 240 litre domestic waste bin upgrade	\$136.00	\$2.62
140 litre domestic waste bin to 360 litre domestic waste bin upgrade	\$272.00	\$5.23
140 litre domestic waste bin additional service	\$269.00	\$5.17
240 litre domestic waste bin additional service	\$407.00	\$7.83
360 litre domestic waste bin additional service	\$544.00	\$10.46
240 litre recycling bin to 360 litre recycling bin upgrade	\$34.00	\$0.65
240 litre recycling bin additional service	\$102.00	\$1.96
360 litre recycling bin additional service	\$136.00	\$2.62
240 litre vegetation bin additional service	\$110.00	\$2.12

The anticipated yield for 2020-21 from the upgraded domestic waste services is \$3,584,000.

Additional Short Term Extra Service

Residents may receive an additional service to any bin type on any working day by providing 1 full business day notice.

Additional Service	Rate Per Additional Service
140 litre Domestic Waste Bin	\$18.65
240 litre Domestic Waste Bin	\$19.85
360 litre Domestic Waste Bin	\$21.05
660 litre Domestic Waste Bin	\$38.60
1.1 m ³ Domestic Waste Bin	\$64.30
1.5 m ³ Domestic Waste Bin	\$87.70
240 litre Recycling Bin	\$19.85
360 litre Recycling Bin	\$21.05
660 litre Recycling Bin	\$38.60
1.1 m ³ Recycling Bin	\$64.30
1.5 m ³ Recycling Bin	\$87.70
240 litre Vegetation Bin	\$19.85

Additional Kerbside Collection Service

Residents may receive an additional Kerbside collection service on any working day by providing 2 full business days notice.

Additional Service	Rate Per Additional Service
Extra kerbside collection (Per 1m ³)	\$83.00

Other Waste Management Service Charge – Non Domestic

Council levies the waste management charge on all parcels of applicable land for which a Council waste, recycling or vegetation bin service is provided.

Commercial customers and non-rateable properties may be provided with waste bins of various capacities and/or with recycling bins of various capacities and/or a 240 litre garden vegetation bin.

The standard service frequency for the waste bins is once per week and the recycling bins and 240 litre garden vegetation bin is once per fortnight.

Multiple services per week of any bin can be arranged in accordance with the waste collection contract. The cost will be the multiple of the standard annual charge.

Service	Annual Charge	Rate Per Week
140 litre Waste Bin	\$381.00	\$7.33
240 litre Waste Bin	\$509.00	\$9.79
360 litre Waste Bin	\$627.00	\$12.06
660 litre Waste Bin	\$2,173.00	\$41.79
1.1 m ³ Waste Bin	\$3,033.00	\$58.33
1.5 m ³ Waste Bin	\$4,085.00	\$78.56
240 litre Recycling Bin	\$102.00	\$1.96
360 litre Recycling Bin	\$136.00	\$2.62
660 litre Recycling Bin	\$281.00	\$5.40
1.1 m ³ Recycling Bin	\$467.00	\$8.98
1.5 m ³ Recycling Bin	\$638.00	\$12.27
240 litre Vegetation Bin	\$110.00	\$2.12

The yield to Council from these charges in 2020-21 is estimated to be \$4,028,000.

Pension Rebates - Ordinary Rates and Domestic Waste Management Charges

Council provides a rate reduction on the combined ordinary rate levy amount and the domestic waste management charge of 50%, with a maximum combined reduction of \$250 to eligible pensioners.

Of this reduction 55% is reimbursed to Council by the NSW Government.

The estimated total amount of pension rebates for ordinary rates and domestic waste management charges in 2020-21 is \$6,340,000, of which 55% is funded by the NSW Government with the balance funded by Council.

Water, Sewerage and Stormwater Drainage Charges

Central Coast Council's water, sewerage and stormwater drainage services and a number of its associated ancillary services are levied under the *Water Management Act 2000*. Those services are declared monopoly services under s. 4 of the *Independent Pricing and Regulatory Tribunal Act 1992*.

Council's prices must therefore be set in accordance with any IPART determined methodologies and/or maximum prices, and are subject to approval by the relevant Minister.

IPART issued two determinations on the maximum prices that Council can charge for water, sewerage and stormwater services on 24 May 2019. The determinations apply for three years from 1 July 2019 to 30 June 2022 (the 2019 determination period):

1. Central Coast Council - Maximum prices for water, sewerage, stormwater drainage and other services from 1 July 2019
2. Bulk water transfers between Hunter Water Corporation and Central Coast Council – Maximum prices from 1 July 2019

All prices for water, sewerage, drainage and ancillary services for 2020-21 are in accordance with IPART's final determinations issued on 24 May 2019 adjusted for the estimated CPI multiplier at 1.9% as the final determinations were made in 2019-20 dollars (\$2019-20). Council has assumed that the CPI multiplier as 1.9% as the CPI for the March quarter 2020 has not been released at the time of developing the 2020-21 budget. Once the CPI for the March quarter 2020 is released Council will calculate the CPI multiplier to apply to the 2020-21 annual charges and other charges in accordance with the final determinations and the operational plan will be updated before the adoption in June 2020.

Retirement villages are classified as non-residential properties. IPART's decision reduces the difference between bills for retirement villages that are exempt from water, sewerage and stormwater service charges and those that are not. Classification as non-residential properties will also result in lower bills for retirement villages than charging each unit within a village as a residential customer, even if the individual unit was eligible for a pensioner discount (Final Report Water May 2019, page 9).

Water Supply Service Charges

Council levies the water supply service charge on the owners of all properties for which there is a connected water supply service. This covers the costs of making water available. Council does not levy water supply service charges to unconnected properties.

For those properties that become chargeable or non-chargeable during the year the charge will be applied in their next billing period (e.g. next quarter).

The water supply service charges for 2020-21 are as follows:

Basis of Charge Meter Size or Property Type	Annual Charge
Unconnected Property	NIL
Unmetered Property (Connected to the water supply system but not serviced by a meter)	\$86.10
20mm meter	\$86.10
25mm meter	\$134.54
32mm meter	\$220.42
40mm meter	\$344.42
50mm meter	\$538.15
80mm meter	\$1,377.68
100mm meter	\$2,152.62
Other Meter sizes	$\frac{(\text{Meter size in mm})^2 \times \text{Water supply access charge for a 20mm Meter for the applicable period}}{400}$

The expected total yield in 2020-21 from water service charges is \$16,385,000.

Water Usage Charges

In addition to the water supply service charge, all potable water consumed will be charged at \$2.06 per kilolitre.

Where water usage relates to multiple financial year periods the usage will be apportioned to each period on a daily average basis and the applicable period's water usage charge will be applied.

Where a property is unmetered the water usage for that property will be a deemed volume based on the previous metered period (approx. 365 days). If there is not a previous metered period zero kilolitres will be charged.

Where a property is unconnected zero kilolitres will be charged. The expected total yield in 2020-21 from this charge is \$58,785,000.

Sewerage Supply Service Charges

Council levies this charge to cover the cost of supplying sewerage services on all properties for which there is a sewerage service either connected or available. Council does not levy sewerage supply service charges to unconnected properties. For those properties that become chargeable or non-chargeable during the year the charge will be applied in the next billing period.

Non Residential properties will be levied a sewerage service charge based on meter size and sewerage usage charges. However, Non Residential properties within a Mixed Multi-Premises that is serviced by a common meter will be levied a sewerage service charge based on a 20mm meter. A discharge factor in accordance with Council's Trade Waste Policy is applied to the charges

Residential properties will be levied a sewerage service charge based on a 20mm meter with a fixed sewerage discharge factor of 75% and a deemed sewerage usage charge based on the property type.

Sewerage service charge in the Former Gosford Local Government Area

Basis of Charge	Annual Charge
Meter Size or Property Type	
Unconnected Property	NIL
Unmetered Property	\$529.97
20mm meter	\$529.97
25mm meter	\$828.07
32mm meter	\$1,356.70
40mm meter	\$2,119.86
50mm meter	\$3,312.28
80mm meter	\$8,479.45
100mm meter	\$13,249.15
Other Meter sizes	$(\text{Meter size in mm})^2 \times \text{sewerage access charge for a 20mm Meter for the applicable period}$ 400

Applying the fixed sewerage discharge factor of 75% for Residential Properties, the sewerage service charge for a Residential Property in the former Gosford local government area is \$397.48.

Sewerage service charge in the Former Wyong Local Government Area

Basis of Charge	Annual Charge
Meter Size or Property Type	
Unconnected properties	NIL
Unmetered Property	\$486.81
20mm meter	\$486.81
25mm meter	\$545.82
32mm meter	\$894.28
40mm meter	\$1,397.29
50mm meter	\$2,183.26
80mm meter	\$5,589.17
100mm meter	\$8,733.08
Other Meter sizes	$(\text{Meter size in mm})^2 \times \text{sewerage access charge for a 25mm Meter for the applicable period}$ 625

Applying the fixed sewerage discharge factor of 75% for Residential Properties, the adjusted sewerage service charge for a Residential Property in the former Wyong local government area is \$365.11.

The expected total yield in 2020-21 from sewerage supply service charge is \$56,179,000.

Sewerage Usage Charges

For the purpose of the sewerage usage charge, the volume deemed to have been discharged from a Property into the sewerage system is

- (1) in the case of a Residential Property:
 - (A) within a Mixed Multi or Multi-Premises: 80/365 kilolitres per day of that period;
 - (B) not within a Mixed Multi or Multi-Premises: 125/365 kilolitres per day of that period;
- (2) in the case of a Non-Residential Property:
 - (A) within a Mixed Multi-Premises: 125/365 kilolitres per day of that period;
 - (B) not within a Mixed Multi-Premises: – the volume of water supplied to that Property multiplied by the Sewerage Discharge Factor; and
- (3) In the case of an Unconnected Property – zero kilolitres.

Exempt Land will be charged for sewerage usage charges. Sewage discharged into the sewerage network will be charged at \$0.86 per kilolitre.

The expected total yield in 2020-21 from this charge is \$16,954,000.

Recycled Water

Supply of reticulated tertiary treated sewerage effluent, except when covered by an individual agreement, will be charged at 50% of the potable water supply charge. This charge is \$1.03 per kilolitre for the 2020-21 financial year.

Stormwater Drainage Service Charges

This charge is levied by Council for the provision of stormwater drainage services, and covers the cost of maintaining the drainage network.

Currently there are two designated Drainage Areas in place under the *Water Management Act 2000*. The former Gosford drainage area covered the entire former Gosford LGA (refer to Map 16), while the drainage area for the former Wyong LGA included all properties within 1.5km and/or east of the M1 (refer to Map 17).

For the stormwater drainage service charge to apply throughout the Central Coast LGA, Council needs to apply to the NSW Minister for Water to have the entire Central Coast LGA declared a Drainage Area under the Water Management Act 2000 (refer to Map 18). Until this time, the stormwater drainage service charge will apply to the designated drainage areas for both former LGAs.

For information on assessing properties as low impact for stormwater drainage service charges and the appropriate application form please refer to Council's website www.centralcoast.nsw.gov.au.

Fixed stormwater drainage service charges

Basis of Charge	Annual Charge
Low Impact Property	\$106.54
Residential Property that is not part of a Multi-Premises	\$106.54
Each Property within a Residential Multi-Premises or Mixed Multi-Premises	\$79.91
Vacant Land	\$79.91

Area-based stormwater drainage service charges

The area-based stormwater drainage service charge is applicable to Non-Residential Properties that do not fall within one of the categories of Property that may be charged a fixed stormwater drainage service charge.

Property Area	Annual Charge
Small ($\leq 1,000\text{m}^2$)	\$106.54
Medium ($> 1,000\text{m}^2$ and $\leq 10,000\text{m}^2$)	\$159.81
Large ($> 10,000\text{m}^2$ and $\leq 45,000\text{m}^2$)	\$621.48
Very Large ($> 45,000\text{m}^2$)	\$1,811.17

The expected total yield in 2020-21 from the stormwater drainage charge is \$15,557,000.

Pension Rebates - Water and Sewerage Service Charges

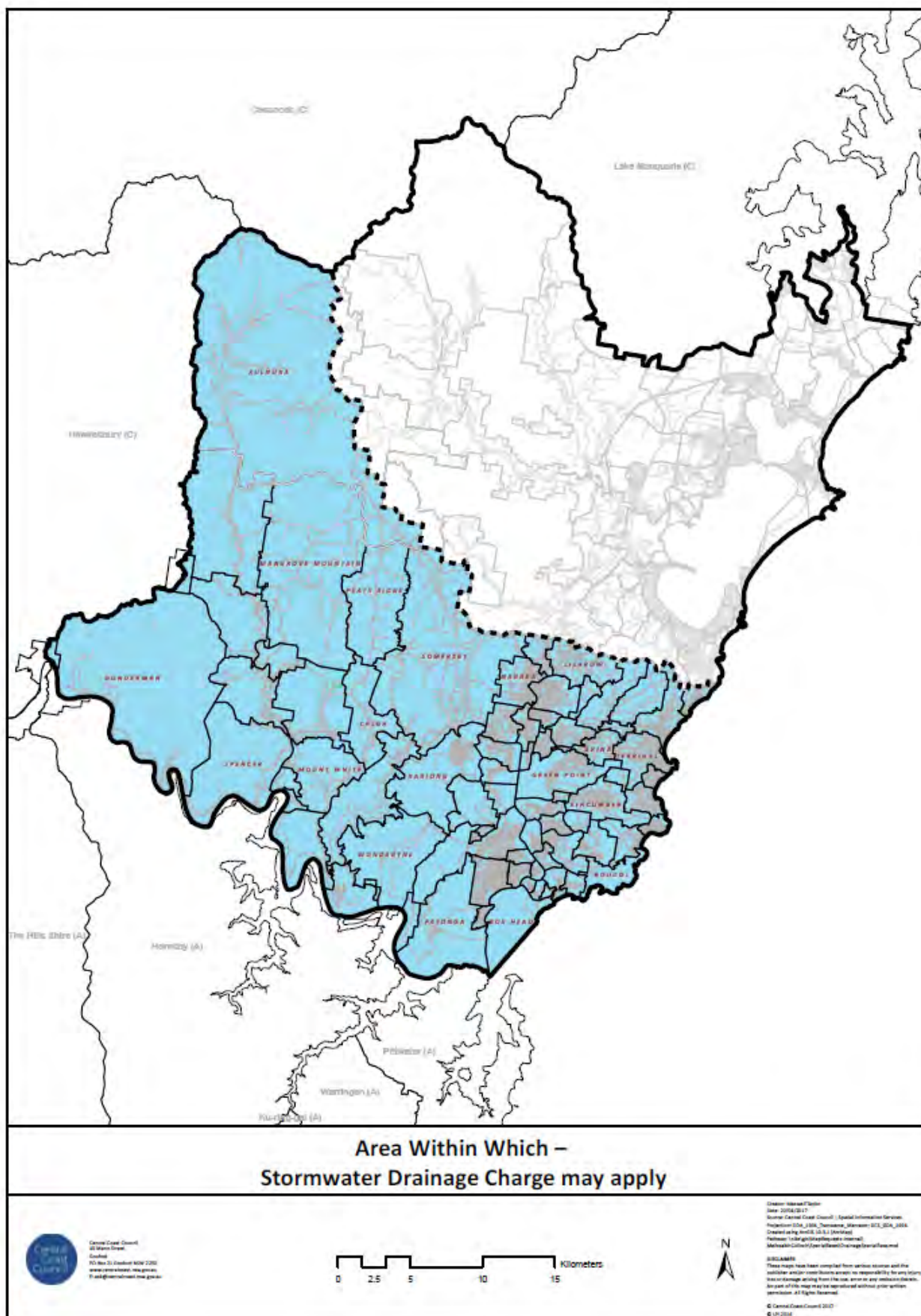
Council provides a reduction of 50% of the water supply service and water usage charges levied up to a maximum of \$87.50 and a further reduction of 50% of sewerage service and sewerage usage charges levied up to a maximum of \$87.50.

Of these reductions 55% is reimbursed by the NSW Government. The estimated total amount of the pension rebate in 2020-21 is \$3,451,000.

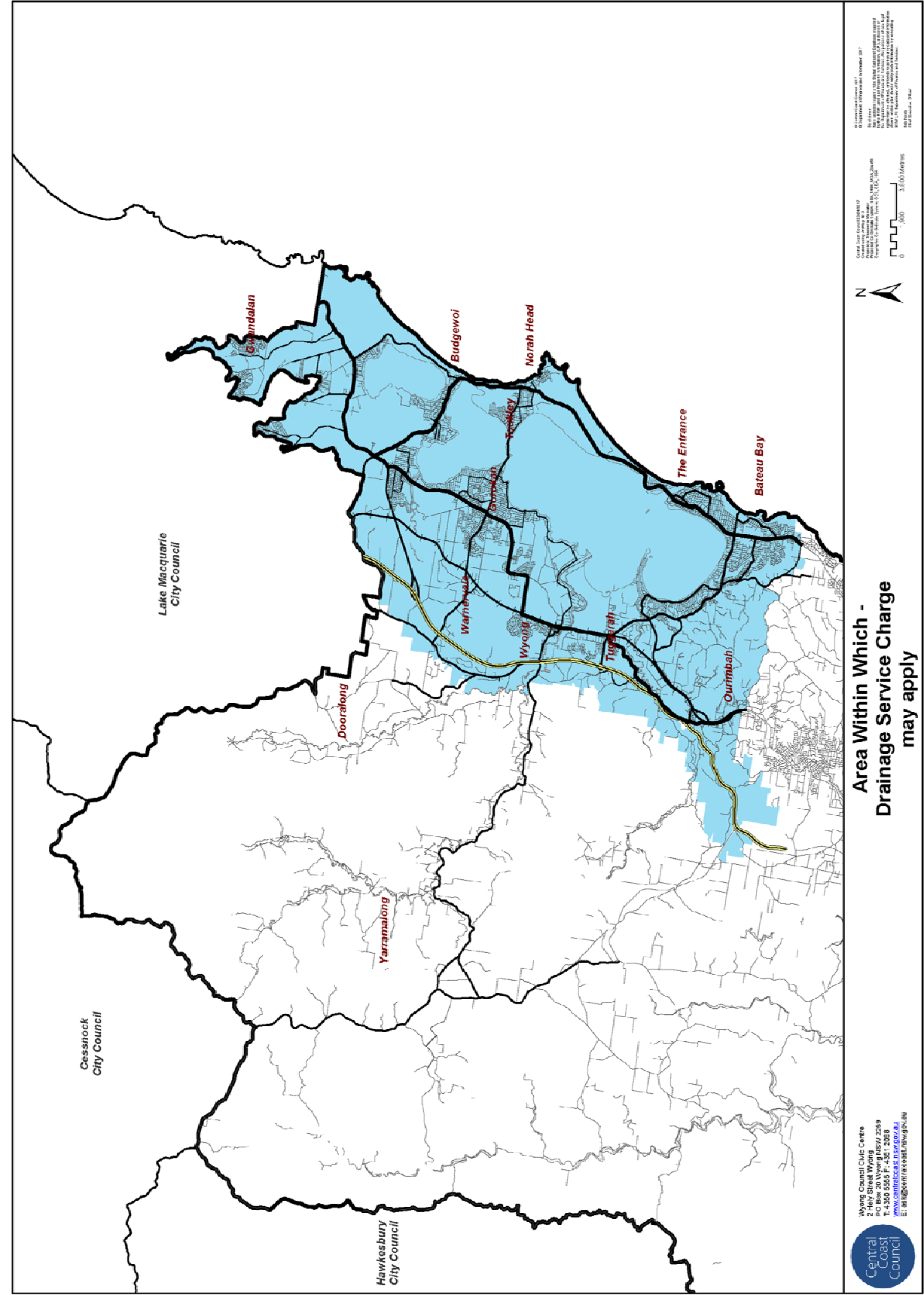
Goods and Services Tax

Goods and Service Tax (GST) does not apply to Council's annual rates and charges. GST does however apply to certain fees as indicated in the schedule of fees and charges pursuant to a new *A New Tax System (Goods and Services Tax) Act 1999*.

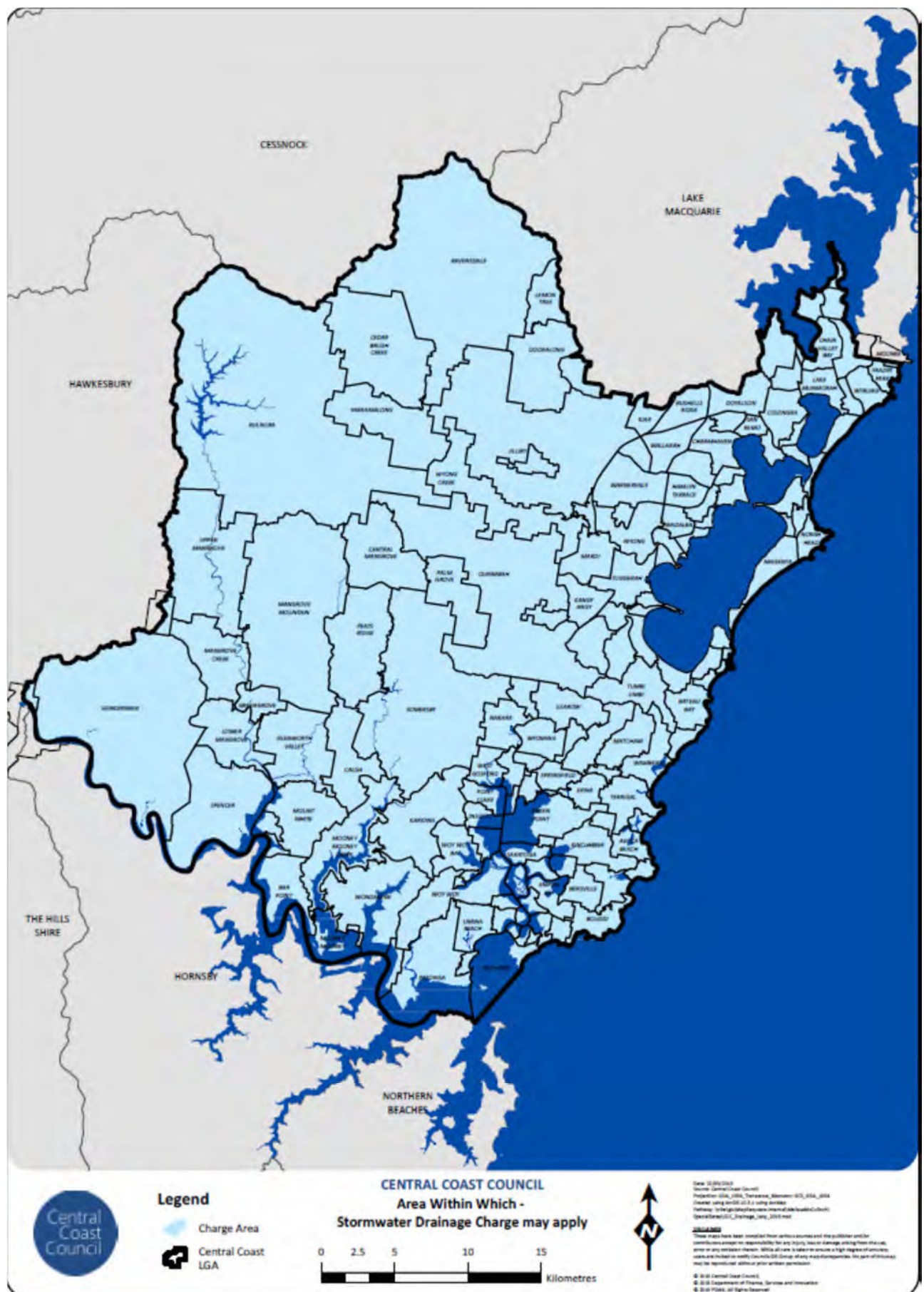
Map 16 – Stormwater Drainage Service Charge Area (former Gosford Local Government Area)



Map 17 – Stormwater Drainage Service Charge Area (former Wyong Local Government Area)



Map 18 – Proposed Stormwater Drainage Service Charge Area



Water, Sewerage and Stormwater Drainage Service and Usage Charges*

The pricing for water, sewerage and stormwater drainage service and usage charges for each property type is as follows:

Property Type	Water Service Charges	Water Usage Charges	Sewer Service Charges	Sewer Usage Charges	Stormwater Drainage Service Charges
Metered residential properties with individual meter(s)	Each property is levied the 20mm meter water service charge.	Each property will be levied for water passing through its meter.	Each property is levied the 20mm meter sewerage service charge (based on former Council local government area) multiplied by the deemed fixed sewerage discharge factor of 75%.	Each property will be levied a deemed usage charge.	Each property is levied the stormwater drainage service charge based on their property category.
Metered residential properties with a common meter(s)	Each property will be levied the 20mm meter water service charge.	Usage through a common meter will be apportioned by unit entitlement or apportioned equally across all premises.	Each property is levied the sewerage service charge (based on former Council local government area) for a 20mm meter multiplied by the deemed fixed sewerage discharge factor of 75%.	Each property will be levied a deemed usage charge	Each property will be levied the stormwater drainage service charge based on their property category.
Metered Residential properties within a mixed multi-premises that is serviced by a common meter	Each property is levied the 20mm meter water service charge	Usage through a common meter will be apportioned by unit entitlement or apportioned equally across all premises.	Each property is levied the sewerage service charge (based on former Council local government area) for a 20mm meter, multiplied by the deemed fixed sewerage discharge factor of 75%.	Each property will be levied a deemed usage charge – note no discharge factor is applied.	Each property is levied the stormwater drainage service charge based on their property category.
Metered Non-residential properties with individual meter(s).	Each property is levied the water service charge based on the meter size(s) of the property.	Each property will be levied for water passing through its meter.	Each property is levied the sewerage service charge (based on former Council local government area) based on the meter size of the property, multiplied by the applicable discharge factor.	Sewer usage is based on the water usage multiplied by the applicable discharge factor.	The storm water drainage service charge will apply based on either low impact or on the rateable properties land size.

Property Type	Water Service Charges	Water Usage Charges	Sewer Service Charges	Sewer Usage Charges	Stormwater Drainage Service Charges
Metered non-residential properties with a common meter(s)	Each property is levied the water service charge based on the size of the meter(s), divided by the number of properties within the premises that is served by the meter(s).	Usage through a common meter will be apportioned by unit entitlement or apportioned equally across all premises.	Each property is levied the sewerage service charge (based on former Council local government area) based on the size of the meter(s), divided by the number of properties within the premises that is served by the meter(s) multiplied by the applicable discharge factor.	Usage through a common meter will be apportioned by unit entitlement or apportioned equally across all premises.	Each property is levied the stormwater drainage service charge based on either low impact or rateable properties land size.
Metered Non-Residential properties within a mixed multi-premises that is serviced by a common meter	Each property is levied the 20mm meter water service charge	Usage through a common meter will be apportioned by unit entitlement or apportioned equally across all premises.	Each property is levied the sewerage service charge (based on former Council local government area) for a 20mm meter, multiplied by the applicable sewerage discharge factor.	Each property will be levied a deemed usage charge.	Each property is levied the stormwater drainage service charge based on the property category.
Water fire service.	There is no charge for a separate fire service. Where a property has a combined fire and commercial service the property will be charged in accordance with meter size.	Usage is not charged for a dedicated fire service Where there is a combined service the property will be levied for water greater than 10 kilolitres passing through its meter.	No charge.	No charge.	No charge.
Unmetered Residential properties connected to the water and sewerage supply system but not serviced by a meter.	Each property is levied the water service charge for unmetered properties.	Water usage will be a deemed volume based on the previous metered period (approx. 365 days). If there is not a previous metered period zero kilolitres will be charged.	Each property is levied the sewerage service charge for unmetered properties.	Each property will be levied a deemed usage charge.	Each property is levied the stormwater drainage service charge based on the property category
Unmetered Non-Residential properties connected to the water and sewerage supply system but not	Each property is levied the water service charge for unmetered properties.	Water usage will be a deemed volume based on the previous metered period (approx. 365 days). If there is	Each property is levied the sewerage service charge for unmetered properties.	Sewer usage will be a deemed volume based on the water usage from the previous metered period (approx. 365	Each property is levied the stormwater drainage service charge based on the property category

Property Type	Water Service Charges	Water Usage Charges	Sewer Service Charges	Sewer Usage Charges	Stormwater Drainage Service Charges
served by a meter.		not a previous metered period zero kilolitres will be charged.		days). If there is not a previous metered period zero kilolitres will be charged.	
Metered Non-Ratable Residential property	No Charge	Each property will be levied for water passing through its meter.	No Charge	No Charge	No Charge
Metered Non-Ratable Non-Residential property	No Charge	Each property will be levied for water passing through its meter.	No Charge	Sewer usage is based on the water usage multiplied by the applicable discharge factor.	No Charge

* Harmonisation of Council's billing practices continues and may result in removing the current varying approaches. This will not impact the pricing outlined in this document.

Liquid Trade Waste Charges

Liquid trade waste is defined as all liquid waste other than sewage of a domestic nature. Liquid trade waste can be produced by business, commercial, and industrial activities, by community/public facilities, and by institutions such as hospitals, schools and correctional facilities.

Council provides liquid trade waste services on a commercial basis, with full cost recovery through fees and charges. Four categories of liquid trade waste have been established for liquid trade waste charging purposes (Category 1, Category 2, Category 3 and Category S). These charging categories and the charging components are as follows:

Liquid Trade Waste Discharge Category	Application Fee	Annual Trade Waste Fee	Reinspection Fee	Liquid Trade Waste Usage charge per kiloliter (kL)	Excess Mass charges per kilogram (kg)	Non-compliant Excess Mass charges per kilogram (kg)
Category 1						
Category 1 liquid trade waste dischargers are those conducting an activity deemed by Council as requiring nil or minimal pre-treatment equipment and whose effluent is well defined and of a relatively low risk to the sewerage system. In addition, Category 1 includes dischargers requiring prescribed pre-treatment but with low impact on the sewerage system.	\$98.40	\$98.41	\$113.98	No charge	No charge	No charge
Category 2						
Category 2 liquid trade waste dischargers are those conducting an activity deemed by Council as requiring a prescribed type of liquid trade waste pre-treatment equipment and whose effluent is well characterised.	\$124.57	\$357.20	\$113.98	Compliant \$1.81 per kL Non-compliant \$15.42 per kL	No charge	No charge
Category 3						
Category 3 liquid trade waste dischargers are those conducting an activity which is of an industrial nature and/or which results in the discharge of large volumes (over 20 kL/d) of liquid trade waste to the sewerage system. Any Category 1 or Category 2 discharger whose volume exceeds 20 kL/d may be categorised as a Category 3 discharger.	\$2,243.69	Former Gosford LGA - \$1,597.94 Former Wyong LGA - \$1,131.54	\$113.98	No charge	Refer attached Schedule of Fees	Refer attached Schedule of Fees

Liquid Trade Waste Discharge Category	Application Fee	Annual Trade Waste Fee	Reinspection Fee	Liquid Trade Waste Usage charge per kiloliter (kL)	Excess Mass charges per kilogram (kg)	Non-compliant Excess Mass charges per kilogram (kg)
Category S						
Category S dischargers are those conducting an activity of transporting and/or discharging septic tank, chemical toilet waste, ship-to-shore pump out or pan content waste into the sewerage system. Council does not deal directly with residential customers under Category S.						
	Non-residential \$171.28 Includes one inspection	Non-residential \$155.72	\$113.98	Category S \$18.11 per kL Category S (Septic effluent unable to discharge onsite) \$1.81 per kL	No charge	Charged to private pumping stations only – in accordance with attached Schedule of Fees

The charges nominated by IPART determination are applied in accordance with the New South Wales Liquid Trade Waste Regulation Guidelines and Central Coast Council Liquid Trade Waste Policy. The trade waste charges apply in addition to sewer services charges.

The application fee recovers the cost of administration and technical services provided by Council in processing applications for approval to discharge liquid trade waste to the sewerage system. The purpose of the annual trade waste fee is to recover the cost incurred by Council for administration and the scheduled inspections each year to ensure a liquid trade waste discharger's ongoing compliance with the conditions of their approval. Where non-compliance with the conditions of an approval has been detected and the discharger is required to address these issues, Council will undertake re-inspections for a fee to confirm that remedial action has been satisfactorily implemented.

Volume-based trade waste usage charge is imposed to recover the cost of transporting and treating liquid trade waste in Council's sewage treatment plant and disposing the solid and liquid components appropriately. Excess mass charges will apply per kilogram of substances discharged in excess of the deemed concentration (listed in the Liquid Trade Waste Policy) in domestic sewage. Where a discharge quality fails to comply with the approved concentration limits of substances specified in Council's approval conditions or the acceptance criterion listed in the Liquid Trade Waste Policy, non-compliant excess mass charges may also apply in accordance with the formulas contained in Central Coast Council Liquid Trade Waste Policy.

The estimated total yield in 2020-21 from trade waste charges is \$1,992,000.

Interest on Overdue Rates and Charges

In accordance with s. 566 of the Local Government Act 1993 and s. 356 of the Water Management Act 2000 Council charges interest on all rates and charges which remain unpaid after they become due and payable. Interest will be calculated on a daily basis using the simple interest method.

Council will apply the lower of the maximum interest rates applicable to either overdue rates and charges levied under the Local Government Act 1993 or overdue charges levied under the Water Management Act 2000.

The due dates for payment of rates and charges levied under the Local Government Act 1993 are as follows:

- If payment is made in a single instalment, the instalment is payable by 31 August 2020
- If payment is made by quarterly instalments, the instalments are payable by 31 August 2020, 30 November 2020, 28 February 2021 and 31 May 2021

The due date for payment of water, sewerage and drainage services charges and usage charges, is a minimum of 30 days after issue date.

In accordance with s. 566(3) of the Local Government Act 1993, the Minister for Local Government has determined that the maximum rate of interest payable on overdue rates and charges levied under the Local Government Act 1993 for the 2020-21 rating year will be 6.75%.

The methodology used to calculate the interest rate is the Supreme Court methodology (the Reserve Bank cash rate plus 6%), rounded to the nearest half per cent. The current Reserve Bank cash rate of 0.50% has been effective since 4 March 2020.

In accordance with s. 356 of the Water Management Act 2000, the maximum rate of interest payable on overdue rates and charges levied under the Water Management Act 2000 is the rate payable for the time being on an unpaid judgment of the Supreme Court.

- In respect of the period from 1 January to 30 June in any year – the rate that is 6% above the cash rate last published by the Reserve Bank of Australia before that period commenced
- In respect of the period from 1 July to 31 December in any year – the rate that is 6% above the cash rate last published by the Reserve Bank of Australia before that period commenced.

The current Reserve Bank cash rate of 0.50% has been effective since 4 March 2020 means that the maximum rate of interest payable on overdue rates and charges levied under the Water Management Act 2000, from 1 July 2020 will be 6.75%.



Developer Contributions

How Developer Contributions are Levied

Developer contributions for water and sewerage services are levied under the Water Management Act 2000 and in accordance with the methodology developed by the Independent Pricing and Regulatory Tribunal (IPART).

The various contributions are contained in Council's Development Servicing Plans which are available for inspection at Council's offices or via Council's website.

Other Developer Contributions are levied in accordance with s. 7.11 of the Environmental Planning and Assessment Act 1979. The various contribution rates are listed in the s. 7.11 plans available for inspection at Council's offices or via Council's website - <https://www.centralcoast.nsw.gov.au/plan-and-build/planning-controls-and-guidelines/development-contributions>.



Works on Private Land

Charges for Works on Private Land

In accordance with s. 67(1) of the Local Government Act 1993 Council may lawfully, by agreement with the owner or occupier of any private land, carry out any kind of work on that land.

The rates to be adopted by Council are set to recover the estimated cost to Council in providing the works on private land. The amounts to be charged for private works are set out in the attached Schedule of Fees in accordance with the type of works conducted by Council as indicated below:

- Septic and sewer connection inspections and applications
- Water service connections and applications
- Footpath reinstatement
- Construction – kerb, guttering and foot paving
- Vehicle crossings
- Concrete work – supervision, design, etc.
- Kerb and gutter – supervision, design, etc.
- Road reinstatement
- Road testing

For all other works a minimum charge for the use of Council labour, plant or materials on private land is charged equal to the actual cost (including overheads) plus 10%.

The Chief Executive Officer has the authority to set the fee for works to be undertaken by Council on private land, using Council labour, plant or materials, having regard to market forces in each instance, on condition that no such charge shall be less than the actual cost to Council (including overheads) plus 10%.



Statement of Borrowing

Proposed Borrowing for 2020-21

It is Council policy to borrow to fund capital projects that have a life expectancy beyond the term for repayment of the loan in order to establish intergenerational equity if there is not sufficient working capital available. All loans are secured over the income of the Council.

In 2020-21 Council does expect to require borrowings from external financial institutions to refinance the maturity of current existing borrowings with material balloon repayments and to fund Council's increasing capital works budget.

It is expected that Council will seek expressions from NSW TCorp and external major banks to procure the lowest cost of funding for terms of up to 10 – 20 years. Whilst Council will continue to review funding requirements annually, it is currently planning to borrow \$50m per annum for 2020-21 – 2022-23.



Operational Plan 2020-21

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