

CITY OF COFFS HARBOUR

INTEGRATED PLANNING AND REPORTING



DELIVERY PROGRAM FINANCIAL INFORMATION 2023-2026

(July 2023)



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2023/24 to 2025/26 Consolidated Income Statements

2022/23 \$'000	Description	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
	Operating Income			
108,698	Rates & Annual Charges	113,800	117,674	122,024
44,779	User Charges & Fees	48,761	49,567	50,770
4,556	Interest & Investment Revenue	6,985	7,056	7,042
16,788	Other Revenues	17,635	13,120	13,383
15,287	Grants & Contributions - Operating Purposes	16,949	13,873	12,861
35,982	Internal Revenue	35,417	35,959	36,744
226,092	Total Income from Continuing Operations	239,547	237,248	242,824
	Operating Expenditure			
62,153	Employee Benefits & Oncosts	63,064	65,332	67,918
7,236	Borrowing Costs	6,273	5,284	4,226
62,047	Materials & Services	63,876	56,027	56,315
43,059	Depreciation & Amortisation	45,875	46,840	47,755
9,971	Other Expenses	11,613	11,732	11,735
33,606	Internal Expenses	35,417	35,959	36,744
218,072	Total Expenditure from Continuing Operations	226,118	221,175	224,694
8,020	OPERATING SURPLUS	13,429	16,074	18,130
39,111	Capital Grants, Contributions and Donations	38,374	19,446	27,100
39,111	CAPITAL REVENUE	38,374	19,446	27,100
47,131	NET OPERATING RESULT (Incl. Capital Grants & Contributions)	51,802	35,520	45,230
138,447	Capital Expenditure	69,032	58,992	57,644



2023/2024 Income Statement by Fund

<i>Description</i>	General Budget \$'000	Water Budget \$'000	Sewer Budget \$'000	Total Budget \$'000
Operating Income				
Rates & Annual Charges	75,892	5,252	32,657	113,800
User Charges & Fees	26,609	19,161	2,991	48,761
Interest & Investment Revenue	5,639	480	865	6,985
Other Revenues	17,479	92	64	17,635
Grants & Contributions provided for Operating Purposes	16,889	60	0	16,949
Internal Revenue	34,290	767	360	35,417
Total Income from Continuing Operations	\$176,798	\$25,812	\$36,937	\$239,547
Operating Expenditure				
Employee Benefits & Oncosts	53,488	3,621	5,955	63,064
Borrowing Costs	1,884	2,041	2,348	6,273
Materials & Services	59,950	2,061	1,864	63,876
Depreciation & Amortisation	28,444	5,933	11,498	45,875
Other Expenses	8,691	967	1,955	11,613
Internal Expenses	24,339	4,249	6,829	35,417
Total Expenses from Continuing Operations	176,795	18,873	30,450	226,118
OPERATING SURPLUS	2	6,939	6,487	13,429
Capital Grants, Subsidies, Contributions and Donations	32,449	3,038	2,887	38,374
CAPITAL REVENUE	32,449	3,038	2,887	38,374
NET OPERATING RESULT (Incl. Capital Grants & Contributions)	32,451	9,977	9,374	51,802
Capital Expenditure	50,808	11,773	6,451	69,032



2024/2025 Income Statement by Fund

<i>Description</i>	General Budget \$'000	Water Budget \$'000	Sewer Budget \$'000	Total Budget \$'000
Operating Income				
Rates & Annual Charges	78,201	5,333	34,141	117,674
User Charges & Fees	26,921	19,581	3,065	49,567
Interest & Investment Revenue	5,697	485	874	7,056
Other Revenues	12,960	94	66	13,120
Grants & Contributions provided for Operating Purposes	13,813	60	0	13,873
Internal Revenue	34,823	775	360	35,959
Total Income from Continuing Operations	\$172,415	\$26,328	\$38,505	\$237,248
Operating Expenditure				
Employee Benefits & Oncosts	55,369	3,768	6,195	65,332
Borrowing Costs	1,771	1,649	1,865	5,284
Materials & Services	52,641	1,756	1,631	56,027
Depreciation & Amortisation	28,991	6,121	11,728	46,840
Other Expenses	8,728	994	2,010	11,732
Internal Expenses	24,901	4,366	6,691	35,959
Total Expenses from Continuing Operations	172,402	18,654	30,119	221,175
OPERATING SURPLUS	13	7,674	8,386	16,074
Capital Grants, Subsidies, Contributions and Donations	13,344	3,129	2,973	19,446
CAPITAL REVENUE	13,344	3,129	2,973	19,446
NET OPERATING RESULT (Incl. Capital Grants & Contributions)	13,357	10,803	11,360	35,520
Capital Expenditure	39,402	8,770	10,820	58,992



2025/2026 Income Statement by Fund

<i>Description</i>	General Budget \$'000	Water Budget \$'000	Sewer Budget \$'000	Total Budget \$'000
Operating Income				
Rates & Annual Charges	80,853	5,491	35,681	122,024
User Charges & Fees	27,422	20,175	3,174	50,770
Interest & Investment Revenue	5,669	490	883	7,042
Other Revenues	13,220	96	68	13,383
Grants & Contributions provided for Operating Purposes	12,800	61	0	12,861
Internal Revenue	35,599	784	360	36,744
Total Income from Continuing Operations	\$175,562	\$27,096	\$40,165	\$242,824
Operating Expenditure				
Employee Benefits & Oncosts	57,558	3,919	6,441	67,918
Borrowing Costs	1,685	1,194	1,347	4,226
Materials & Services	52,596	1,777	1,943	56,315
Depreciation & Amortisation	29,549	6,243	11,963	47,755
Other Expenses	8,698	1,012	2,025	11,735
Internal Expenses	25,413	4,479	6,851	36,744
Total Expenses from Continuing Operations	175,499	18,626	30,569	224,694
OPERATING SURPLUS	63	8,471	9,596	18,130
Capital Grants, Subsidies, Contributions and Donations	20,814	3,223	3,063	27,100
CAPITAL REVENUE	20,814	3,223	3,063	27,100
NET OPERATING RESULT (Incl. Capital Grants & Contributions)	20,877	11,694	12,659	45,230
Capital Expenditure	38,144	8,150	11,350	57,644



Reserve Movements 2023/24 TO 2025/26

	2023/24	2023/24			2024/25			2025/26		
	Projected Opening Balance	Budget Transfers Into Reserve	Budget Transfers Out Of Reserve	Closing Balance	Budget Transfers Into Reserve	Budget Transfers Out Of Reserve	Closing Balance	Budget Transfers Into Reserve	Budget Transfers Out Of Reserve	Closing Balance
External Restrictions										
General:										
Developer Contributions	19,450,496	3,033,300	(1,430,816)	21,052,980	3,114,110	(5,152,907)	19,014,183	3,176,380	(3,451,033)	18,739,530
Unexpended Grants	13,332,102			13,332,102			13,332,102			13,332,102
Domestic Waste	39,309,976	4,798,450	(400,000)	43,708,426	4,888,078	(50,000)	48,546,504	4,979,802	-	53,526,306
Water:										
Unexpended Loans	8,656,067		(8,656,067)	-			-			-
Unexpended Grants	-			-			-			-
Developer Contributions	3,669,025	3,046,500	(3,037,800)	3,677,725	3,137,730	(3,128,930)	3,686,525	3,231,700	(3,222,800)	3,695,425
T2S Savings - Water	138,623			138,623			138,623			138,623
Water Infrastructure Assets	13,549,373	6,924,442	(79,133)	20,394,682	7,428,203	(5,641,070)	22,181,815	7,895,941	(4,927,200)	25,150,556
Sewer:										
Unexpended Loans	4,443,883		(3,564,124)	879,759		(879,759)	-			-
Unexpended Grants	-			-			-			-
Developer Contributions	3,441,314	2,899,040	(2,886,800)	3,453,554	2,985,885	(2,973,400)	3,466,039	3,075,335	(3,062,600)	3,478,774
T2S Savings - Sewer	612,882			612,882			612,882			612,882
Sewer Infrastructure Assets	33,186,438	11,257,243	(500,000)	43,943,681	12,906,576	(6,966,841)	49,883,416	13,836,969	(8,287,400)	55,432,985
Total External Restrictions	139,790,179	31,958,975	(20,554,740)	151,194,414	34,460,582	(24,792,907)	160,862,089	36,196,127	(22,951,033)	174,107,183
Internal Restrictions										
Asset Infrastructure Renewal	12,192,134	182,774		12,374,908	167,014	-	12,541,922	170,596	(90,000)	12,622,518
CBD Masterplan	799,495		(525,000)	274,495		(250,000)	24,495	-	(139,495)	(115,000)
CitySmart Solutions	327,545	50,831		378,376	53,087		431,463	52,642		484,105
Coastal Works Business Unit	1,000,000	508,081	-	1,508,081	83,439		1,591,520	85,328		1,676,848
Coffs Harbour Airport Lease	22,441,942	51,547	(621,688)	21,871,801	48,661	(360,150)	21,560,312	62,085	(360,150)	21,262,247
Community Facilities	3,027,618	2,840,440	(2,691,062)	3,176,996	2,256,115	(1,384,100)	4,049,011	2,649,396	(1,397,600)	5,300,807
Deposits, Retentions and Bonds	2,709,048			2,709,048			2,709,048			2,709,048
Employees Leave Entitlement	6,557,954			6,557,954			6,557,954			6,557,954
Environmental Levy	597,288	1,652,581	(1,661,372)	588,497	1,710,125	(1,728,386)	570,236	1,778,878	(1,780,527)	568,587
Environmental Lab	2,579,165		(49,826)	2,529,339	53,459	(50,000)	2,532,798	63,089	(60,000)	2,535,887
Flood Mitigation Works	5,053,715	1,580,578	(1,000,000)	5,634,293	1,876,356	(2,420,309)	5,090,340	191,851		5,282,191
Holiday Parks	5,687,571	3,527,481	(2,039,495)	7,175,557	3,528,602	(2,380,000)	8,324,159	3,496,447	(1,360,000)	10,460,606
Non Domestic Waste	14,038,612		(738,012)	13,300,600		(612,751)	12,687,849		(616,311)	12,071,538
Plant Replacement	15,875,347	2,289,131	(3,108,994)	15,055,484	2,382,199	(3,763,700)	13,673,983	2,350,532	(3,087,112)	12,937,403
Renewable Energy	735,564		(125,229)	610,335		(165,429)	444,906		(165,729)	279,177
Revotes - SRV	8,726,761	3,477,077	(2,032,801)	10,171,037	384,615	(541,936)	10,013,716	3,231,248	(116,000)	13,128,964
RMS Pine Creek Handover	1,716,250		(51,100)	1,665,150		(52,100)	1,613,050		(53,200)	1,559,850
RMS - Sapphire to Woolgoolga	1,511,090			1,511,090			1,511,090			1,511,090
Strategic Initiatives	937,811	120,000		1,057,811	120,000		1,177,811	120,000		1,297,811
T2S Savings	305,658		(305,658)	-			-			-
Unexpended Contributions	583,711			583,711			583,711			583,711
Unexpended Loan Funds	2,146,735		(1,771,666)	375,069			375,069			375,069
Other	569,000	507,960		1,076,960	518,140		1,595,100	528,490		2,123,590
Total Internal Restrictions	110,120,014	16,788,481	(16,721,903)	110,186,592	13,181,812	(13,708,861)	109,659,543	14,780,582	(9,226,124)	115,214,001
TOTAL RESTRICTIONS	249,910,193	48,747,456	(37,276,643)	261,381,006	47,642,394	(38,501,768)	270,521,632	50,976,709	(32,177,157)	289,321,184
Unrestricted Cash	4,425,807			4,493,994			8,203,368			7,964,816
Total Cash & Investments	254,336,000			265,875,000			278,725,000			297,286,000

Appendix A – Financial Estimates

2023/24 Financial Estimates

General Fund

The following result is projected for the City of Coffs Harbour's General Fund for 2023/24:

Year	Net Operating Before Capital (\$'000)		Net Operating After Capital (\$'000)	
2023/24	2	Surplus	32,451	Surplus
2024/25	13	Surplus	13,357	Surplus
2025/26	63	Surplus	20,877	Surplus

Operational incomes and expenditures are tightly budgeted and have been subject to constant scrutiny in recent years.

There are significant capital works planned which are funded from rate variations, trading operations, grants, loans, S7.11 contributions, reserves, etc.

- **2023/24 Funding from Levies and Special Variations to General Income** is detailed in **Appendix B** (page 9) of this document.
- **Annual Charges for 2023/24** are detailed in the City's **Statement of Revenue Policy**.

Appendix A – Financial Estimates

2023/24 Financial Estimates (continued)

Water and Sewer Funds

Both the Water and Sewer Funds have undertaken substantial programs of capital works in recent years. These works have been essential to maintain the integrity of the infrastructure and liveability of our city. These programs have been funded by a combination of loan funds, developer contributions, reserve funds and grants. Loan funds have been the major source, with \$221m borrowed.

Water and Sewer charges have been held to reasonable increases in recent years, despite the significant loan repayments that require to be serviced. The Delivery Program provides for operating surpluses in the Sewer and Water Funds. Details are set out below:

WATER

Year	Net Operating Before Capital (\$'000)		Net Operating After Capital (\$'000)	
2023/24	6,939	Surplus	9,977	Surplus
2024/25	7,674	Surplus	10,803	Surplus
2025/26	8,471	Surplus	11,694	Surplus

SEWER

Year	Net Operating Before Capital (\$'000)		Net Operating After Capital (\$'000)	
2023/24	6,487	Surplus	9,374	Surplus
2024/25	8,386	Surplus	11,360	Surplus
2025/26	9,596	Surplus	12,659	Surplus

These surpluses are primarily due to reducing loan repayments along with growth in assessments and increased developer contributions. A number of water and sewer strategies including developer servicing plans will be finalised over the coming 12 months to update the pricing pathway, asset management plans and long term financial plan for Water and Sewer.

Appendix B – Statement of Borrowings

Proposed Loan Borrowings for 2023/24

- No internal or external loans have been proposed for 2023/24.

The City recognises that loan borrowings for capital works are an important funding source for Local Government and that the full cost of infrastructure should not be borne entirely by present-day ratepayers, but be contributed to by future ratepayers who will also benefit.

The City will restrict all borrowings to expenditure on identified capital projects that are considered by the City to be of the highest priority, and which are unable to be funded from revenue, reserves or unrestricted cash.

Appendix C – Allocation of Special Rate Variation and Levy Funds

2023/24 Funding from Levies and Special Variations to General Income

Over recent years, the City has secured NSW Government approval on a number of occasions for Special Rate Variations (SRVs) to generate funding for specified priority projects.

It is City practice to identify SRV allocations each year in the Operational Plan and then account for SRV expenditure in the subsequent Annual Report.

2014/15 to 2016/17 “Financial Sustainability” Program

The City applied for a Special Rate Variation – to be phased in over three years - to help meet a \$6.2m shortfall in annual funding for asset maintenance and renewal to support the delivery of services desired by the community.

The Independent Pricing and Regulatory Tribunal (IPART) approved the SRV in two stages, the first year being 2014/15. The approval was subject to the following conditions:

1. *That Council uses the additional income for the purposes of funding the program of maintenance, rehabilitation and renewal of infrastructure.*
2. *Council reports in its Annual Report for the period 2014/15 to 2023/24 on:*
 - a) *The program of expenditure that was actually funded by the special variation and the reasons for any significant differences from the program listed in Appendix A of IPART’s Determination; and*
 - b) *The outcomes achieved as a result of the special variation.*

In May 2015, IPART announced its approval of the remainder of the SRV package to be implemented in 2015/16 and 2016/17, with the following consent conditions:

1. *The Council uses the additional income for the purposes of funding the proposed program of expenditure (Proposed Program) set out in Appendix A of “Coffs Harbour City Council’s application for a special variation for 2015-16”.*
2. *The Council reports in its Annual Report for each Year, from Year 2015-2016 to Year 2024-2025 (inclusive) on the following for that Year:*
 - a. *The program of expenditure that was actually funded;*
 - b. *Any significant differences between the Proposed Program and the program of expenditure that was actually funded and the reasons for those differences;*
 - c. *The outcomes achieved;*
 - d. *The Council’s actual revenue, expenses and operating balance;*
 - e. *Any significant differences between the Council’s actual revenue, expenses and operating balances and the revenues, expenses and operating balance forecasted in the Long Term Financial Plan and the reasons for those differences; and*
 - f. *Any corrective action taken, or to be taken, to address any differences reported.*

Continued next page.

Appendix C – Allocation of Special Rate Variation and Levy Funds

Year	Approved SRV*
2014/15	7.90%
2015/16	8.14%
2016/17	7.75%

*Includes approved 'rate pegging' allowance

The SRV package generates additional ordinary rate funds to address the City's annual General Fund infrastructure maintenance and renewal gap. The table on the following page shows the proposed allocation of works for these additional funds in 2022/23 across particular asset categories and expenditure.

“Financial Sustainability” Program

	2023/24 (\$)
Road Pavement Renewals	
Christmas Bells Road / Hogbin Drive Roundabout	2,868,746
Pollack Esplanade curve widening upgrade	325,000
Greys Rd	50,000
Road Pavement Renewals	532,000
Eastern Dorrigo Way Culvert Extension	75,000
Transport Investigation and Planning	260,000
Sub Total	4,110,746
Open Space Assets	
Englands Park Seawall Replacement Stage 1	1,941,000
Parks and Recreational Asset New / Upgrade	127,908
Island Road Sapphire Footbridge Renewal	60,000
Minorie Drive Velodrome Resurfacing	30,000
Diggers Beach Sculptures Replacement	10,000
Jetty Structure Refurbishment Detailed Design	78,518
Lowanna Multi Use / Tennis Court Renewal	186,045
Sub Total	2,433,471
Building Renewals	
Building Minor Renewal	600,000
Building Renewals	242,481
Woolgoolga Sports Field Sewer Pump Station Renewal	100,000
Lifeguard Towers Renewal – Red Rock / Coffs / Sawtell	213,264
York St Amenities	270,112
Sub Total	1,425,857
Other Transport Assets	
DDA Bus Stop Compliance Works	41,667
Footpaths and Cycleways New / Upgrade Works	185,000
Sub Total	226,667
Total “Financial Sustainability” Allocations	8,196,741

Please Note: This is a preliminary program based on preliminary investigations. Changes may be required subject to geotechnical investigation and further asset deterioration. These figures include \$3,406,985 of grant funds.

Appendix C – Allocation of Special Rate Variation and Levy Funds cont.

Environmental Levy for 2023/24

The Environmental Levy (a Special Rate) is calculated with a 'base amount' to raise approximately 47% of the levy with the balance raised as an ad valorem rate applied to land values. The purpose of the Environmental Levy is to fund environmental works, and it is levied on all rateable land.

	2023/24 (\$)
Total Revenue	1,522,281

The 2023/24 Environmental Levy Projects schedule is expected to be finalised by the City in June/July 2024.

Flood Mitigation and Drainage Works (2010)

The NSW Government approved a special variation of 7.0% for the City of Coffs Harbour, for a period of ten years commencing in 2010/11, to fund flood mitigation and drainage works. This SRV has now expired, however the Stormwater Management Service charge continues and will raise \$746,046 in 2023/24



COFFS HARBOUR CITY COUNCIL
Locked Bag 155 COFFS HARBOUR NSW 2450
www.coffsharbour.nsw.gov.au

