

3.6. P&P - 28/04/2025 - Integrated Planning Framework

Strategic Context for this matter:

Caring for Our Community: To retain, respect and strengthen both our overall sense of community, and the unique linked communities of groups, rural areas, villages and towns that make up the Lithgow LGA.

Developing Our Built Environment: To provide a choice of effective public and private transport options, suitable entertainment and recreational facilities, and lifestyle choices while enhancing the existing rural areas, villages and towns that make up the Lithgow LGA.

Enhancing Our Natural Environment: To balance, protect and enhance our diverse environmental elements, both natural and built, for the enjoyment and support of both current and future generations.

Responsible Governance & Civic Leadership: To develop community confidence in the organisation by the way it is directed, controlled and managed.

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Executive Summary

The Council's Integrated Planning Framework documentation has been prepared and is provided for the consideration of Council to place on public exhibition. The framework consists of the following suite of documents:

- Draft Community Strategic Plan 2040 (to be revised in 2025/26)
- Draft Delivery Program 2026-2030
- Draft Operational Plan 2025/2026 which includes the Draft Revenue Policy and Draft Fees and Charges.

Administration's Recommendation

THAT Council:

1. Endorse the Integrated Planning Framework document suite to be placed on public exhibition for no less than 28 days. This will include the following documents:
 - a. The Draft Community Strategic Plan 2040,
 - b. The Draft Delivery Program 2026-2030, and
 - c. The Draft Operational Plan 2025/26 including the Draft Revenue Policy and Draft Fees and Charges.
2. Note the proposed changes to the rating structure from 1 July 2025 to introduce the following Business sub-categories:
 - a. Wind Power Generation, and
 - b. Rail Related Manufacture, Maintenance or Storage.
3. Note that the closing date for submissions is intended to be Sunday 2 June 2025.

Attachments

1. Draft Community Strategic Plan 2040 [3.6.1 - 49 pages]
2. Community Strategic Plan 2040 Plan on a page [3.6.2 - 1 page]
3. Draft Delivery Program 2026-2030 [3.6.3 - 36 pages]
4. Fees And Charges Report 2025 26 Draft [3.6.4 - 103 pages]
5. Discontinued Fees and Charges 2025-2026 [3.6.5 - 1 page]
6. New Fees and Charges 2025-2026 [3.6.6 - 1 page]
7. Draft Revenue Policy 2025-2026 [3.6.7 - 17 pages]
8. 2025 Councillor Visioning Workshop Report [3.6.8 - 25 pages]
9. 2024 Community Visioning Telephone Survey Report [3.6.9 - 67 pages]
10. 2024 Community Visioning Survey Online Report [3.6.10 - 54 pages]
11. Draft Operational Plan 2025-26 [3.6.11]

Reference to any relevant previous minute

N/A

Background and discussion**Community Strategic Plan**

The Community Strategic Plan (CSP) is the highest-level plan within a Council's Integrated Planning and Reporting Framework. It provides an overarching vision and sets the strategic direction for the future of the local government area. The CSP has been developed taking into consideration the values and aspirations of our community for the future of the Lithgow LGA and identifies strategies for achieving these goals and is a shared blueprint for the future direction of the Lithgow Local Government Area.

It is intended that this CSP will be thoroughly reviewed and updated during 2025/26 including the undertaking of focussed community engagement across the LGA.

This Plan builds upon previous Community Strategic Plans and considers the changing needs of our community. The Plan has taken into consideration conversations had with the community over the past four years. Throughout these conversations there have been recurring concerns and themes. The Council has listened to the community and worked to find a balance that will provide growth whilst ensuring harmony with the environment and the wellbeing of the community.

The CSP guides the long-term strategic direction for the local government area, in some areas we will have quick wins, but other plans take many years to come to fruition. By working in partnership with local communities, state and federal governments together we will:

- drive economic transition in Lithgow,
- implement our exciting vision for tourism in Lithgow,
- celebrate the unique qualities of the Lithgow LGA,
- celebrate and support creative industries,
- create a vibrant civic precinct,
- enhancing transport connectivity,
- secure the water supply,
- reimagine public spaces,
- reduce waste and promote sustainability,
- protect and manage the natural environment, and
- ensure that Lithgow City Council is sustainable and prepared for the future.

Delivery Program

The Delivery Program (DP) 2026-2030 has been developed following engagement with the community and in consultation with Councillors at their Visioning Workshop held on 20 January. The Delivery Program 2026-2030 is a 4-year plan developed to translate the community's long-term goals from the Community Strategic Plan (CSP) 2040 into deliverable outcomes.

The Delivery Program (DP) is a statement of commitment to the community from each newly elected Council and translates the community's strategic goals into clear actions. It allows Council to determine what is achievable over the next four years, what the priorities are, and how programs will be scheduled.

There is a clear link between the CSP, the DP and the Operational Plan (OP). Activities in the DP link to the strategic objectives identified in the CSP and appear as more detailed actions in the OP.

The DP must demonstrate Council's commitment to the community to perform all of its functions by outlining the activities for which it is responsible over the term of the Council, including how those activities will be prioritised, measured and implemented.

Operational Plan

The Operational Plan (OP) is council's action plan for achieving the community priorities outlined in the Community Strategic Plan (CSP) and Delivery Program (DP).

An OP is prepared each year and adopted. Each OP identifies the projects, programs, and activities that council will conduct to achieve the commitments of the DP.

This OP reaffirms Council's commitment to delivering high-quality, cost-effective services and timely programs to the community. It also ensures there is transparency with Council budgets and capital works.

The Operational Plan 2025/26:

- identifies of all council's activities, demonstrating how each will deliver CSP strategic objectives
- reflects activities identified in other strategic planning documents
- Identifies key performance indicators
- details delivery of planned projects and services for each year, aligning each action to a budget and outlining all resourcing issues
- outlines timeframes for each action
- considers any proposed land acquisition related expenditures.

Fees and Charges

Pricing considerations include the need to fund the cost of services impacted by higher inflation, equity, capacity to pay and benchmarking with neighbouring Councils.

- For 2025/26, management has undertaken a comprehensive review of fees and charges, utilising a methodology which includes:
- 3.5% CPI was applied to all non-regulatory / non legislated fees and charges with a critical review of fees and charges for key areas;
- Simplifying fee structures where possible;
- Fees and Charges being reviewed to identify:

- conscious pricing principles,
- new market opportunities and marketing of facilities,
- cost to provide the service vs income generated; and

- Regulatory / legislated fees and charges are applied on advice from relevant authorities.

The CPI increase on fees & charges was set at the weighted average of the December 2024 Producer Price Index and the NSW Local Government (State) Award increase, both key inputs to service and good provision when preparation of 2025/26 fees and charges commenced.

Domestic waste management services increased by 3.2% to cover increased waste collection costs.

The following documents are included as an attachment to this report:

1. Draft fees and charges report 2025/26
2. Discontinued 2025/26 fees and charges - these fees and charges are redundant.
3. New fees and charges report 2025/26.

Draft 2025/26 Budget Standards

Council's budgeting aims to achieve the following standards:

- Meet the Office of Local Government's (OLG) financial and asset management performance benchmarks;
- Cashflow positive – no use of internal restrictions to fund operational activities;
- Meet audit requirements - compliance with all accounting standards; and
- Match service delivery to the community's identified priorities and standards – within available capacity.

Operating Result (Before Capital)

The OLG considers the operating result (before capital) to be an important indicator of financial performance. The result is calculated by deducting capital grants and contributions from the net operating result for the year (i.e. income less expenses).

In a time of significant financial challenges, the draft 2025/26 budget is presented to Council with a balanced General Fund operating result. The consolidated operating result (before capital) is a surplus of \$1.1M.

A key OLG performance measure is the Operating Performance Ratio. The ratio measures Council's achievement of containing operating expenditure within operating revenue. The OLG benchmark for the Operating Performance Ratio is 0% which equates to a balanced operating result (before capital). The draft 2025/26 budget consolidated operating performance ratio is 0%.

The table below shows the draft 2025/26 budget operating result budget (before capital) by fund.

	General Fund	Water Fund	Sewer Fund	Consolidated
Income excluding capital grants	\$47.5M	\$10.1M	\$9.2M	\$66.9M
Expenditure	\$47.3M	\$9.8M	\$8.6M	\$65.7M

Operating Result	\$0.2M	\$0.3M	\$0.6M	\$1.2M
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Strategies / Factors to Help Deliver a Balanced Budget

A number of actions have been necessary to achieve a draft balanced budget for the 2025/26 year. Some actions are short-term responses, and these circumstances are not likely to be sustainable beyond this year. A summary of actions taken are:

- Employment costs - estimated savings due to time taken to fill vacancies and a pause on vacancies with limited service impacts - \$1.6M, qualified as the difference between draft 2025/2026 budget and 2024/2025 current revised budget plus 3% award increase.
- No additional positions granted, despite being identified as high priorities – saving \$232K.
- A range of Operational Business Cases were not included, despite being identified as high priorities – saving \$465K.
- Materials and contracts – \$1.8M saving, quantified as the difference between draft 2025/26 budget and 2024/25 original budget plus 3.5% CPI.
- Depreciation – change in accounting policy to derecognise RFS Red Fleet Assets to commence 1 July 2025, reduction in deprecation of \$690K.

Increase in Employment Costs

The draft 2025/26 budget includes a \$1.8M (7.6%) increase in employment costs. The key drivers of the increase in employment costs are:

- Market conditions – a range of positions required appointment with market premiums to fill vacancies in key roles.
- Award increase – 3% award increase in salaries and wages.
- Superannuation - the superannuation guarantee rises from 11.5% to 12%.
- Workers compensation - \$750K - Council's premium continues to trend upwards. An increase in salaries and wages also adds to workers compensation costs.
- \$403K training budget to ensure adequate learning and development for staff.

Grant Funding

A strategic approach is taken to seeking grant funding. Capital grant funding applications have generally been focussed on asset renewal projects, rather than adding to new assets (which require ongoing maintenance and future renewal). Business cases are prepared prior to applying for funding. Business cases consider the whole-of-life cycle costs relating to funding applications for new assets. Business cases are only approved if recurrent and renewal costs can be covered.

At 30 March 2025, Council had \$34.5M of prepaid grant funding in the unexpended grants reserve. It will be a focus of the 2025/26 Capital Works Program to complete the projects which are funded from these grants, in particular flood recovery projects.

Events Strategy

The 2024-2026 Events Plan was endorsed by Council at the Ordinary Meeting 24 March 2025. In line with this resolution, \$250K has been allocated to an events program.

S7.12 2025/26 Contributions Plan

The draft Section 7.12 2025/26 Contributions Plan totals \$490K, including the following projects, some which will be continued from 2024/25:

- Kerbside Pram and Accessibility Ramp Enhancement Program
- Great Western Highway Shared Pathway from Mudgee to Main Street
- Bowenfels Gun Enhancements Improvement Program
- Endeavour Park Masterplan
- Town Tree Planting Project Stage 1 Strategy and Stage 2 Implementation
- Plan Administration

Operational Projects

Operational business case inclusions total \$30K for the development of the Stormwater Management Plan. Continuation of current programs and business-as-usual has not been included in this list.

Capital Works Program

Capital business base inclusions - \$34.4M.

The draft 2025/26 Capital Works Program requires further refinement to ensure that the program can be delivered in the year, given Council's resource constraints.

Grant Funded

- War Memorial Upgrade - \$20K.
- Browns Gap Road - \$1.9M.
- Hartley Vale Road - \$178K.
- Mid-Hartley Road - \$43K.
- Blackheath Creek Road - \$316K.
- Magpie Hollow Road - \$336K.
- Sodwalls Road - \$1.4M.
- Lowther Siding Road - \$198K.
- Dark Corner Road - \$102K.
- Range Road - \$ 67K.
- Portland Sunny Corner Road - \$185K.
- Fields Road - \$195K.
- Glen Davis Road - \$465K.
- Wolgan Road (Valley Floor) - \$415K.
- Hampton Road - \$521K.
- Marsden Swamp Road Landslip - \$1.4M.
- Wolgan Road (North) Landslip - \$726K.
- Lowther Siding Road Landslip - \$881K.
- Old Bathurst Road Landslip - \$721K.
- Magpie Hollow Road Landslip - \$711K.
- Sir Thomas Mitchell Drive Landslip - \$1.7M.
- Lithgow Evolving Economy Plan - \$373K.
- Library - \$23K.

General Fund Revenue / Reserves

- Road Renewals - \$6.7M.
- Information Technology - \$230K.
- War Memorial Upgrade - \$30K.
- Master Key System - \$92K.

- Aquatic Centre - \$274K.
- Queen Elizabeth Park Nursery - \$132K.
- Visitor Information Centre - \$80K.
- Union Theatre - \$30K.
- Parks Lighting Upgrades - \$300K.
- Crystal Theatre - \$40K.
- Civic Ballroom Stormwater Protection - \$96K.
- Playground Renewals - \$180K.
- Cemeteries - \$320K.
- Lithgow Animal Shelter - \$53K.
- Main Street Bridge, Wallerawang Replacement - \$550K.
- Safer Local Roads and Infrastructure Program - \$200K.
- Seven Valleys Website - \$80K.
- Safety Fencing at Blast Furnace - \$84K.
- Hartley Building Electrical Upgrade - \$240K.
- Upgrade Airconditioning Building Management System - \$66K.
- Minor Capital Works - \$84K.
- Plant Replacement Program - \$2.4M.

Waste

- Capertee Transfer Station - \$50K
- Implementation of capital works related to Lithgow City Council Waste Strategy - \$340K
- Lithgow Solid Waste Facility Gatehouse & Weighbridge Upgrade - \$1M.

Water & Wastewater

- Dams Works Program - \$220K.
- Waste & Wastewater Infrastructure - \$300K.
- Clarence to Wallerawang Pipeline - \$100K.
- Construction Truck & Excavator - \$170K.
- Watermains Renewal - \$500K.
- Reservoirs Renewal - \$300K.
- Sewerage Treatment Plant Works - \$1.8M.
- Sewerage Pumping Stations - \$350K.
- Sewer Mains Renewal - \$610K.
- Water Treatment Plant Renewal - \$150K.

The draft Capital Works Program summary is provided below:

Capital Works Program	2025/26 Budget
General Fund Projects	\$13.2M
Waste Projects	\$1.4M
Water Fund Projects	\$1.5M
Sewer Fund Projects	\$2.9M
IT Projects	\$0.4M
Plant	\$2.4M
Grant Funded Projects	\$12.6M
Total	\$36.0M

Draft 2024/25 Special Rates Variation (SRV) Program

The total draft SRV Program value, including use of funds in reserve is \$7.6M.

The draft 2025/26 SRV Program is summarised below.

- General Asset Transport Maintenance - \$1.6M
 - Asset Systems Officer - \$141K.
 - Traffic Officer - \$141K.
 - Road Asset Renewal Backlog Reduction Program - \$1.3M*
- General Asset Stormwater Maintenance - \$304K
 - Urban kerb and gutter replacement - \$163K.
 - Rural roadside drain reformation - \$141K.
- General Other Asset Classes Maintenance - \$520K
 - Natural Area Management Officer - \$145K.
 - Natural Area Management Projects - \$115K.
 - Community Buildings Maintenance & Repairs - \$156K.
 - Playground Maintenance & Repairs - \$104K.
- Other Operational - \$767K
 - Governance, risk and internal audit capacity improvement - \$365K.
 - Business improvement - including service reviews and other initiatives focused on improving productivity - \$402K.
- Transition Management - \$1.2M
 - Staff Salaries and Oncosts - \$490K.
 - Lease fees - \$36K.
 - Travel and accommodation - \$5K.
 - Employment Land Development - \$440K.

- Residential Land Development - \$25K.
- LEEP Engagement and Communications - \$65K.
- Cadetship, Internship & Graduate Program - \$90K.
- Council Capacity Building and Transition Management Training - \$45K.
- Roads Renewal - \$2.6M
 - Browns Gap Road - \$477K.
 - Hartley Vale Road - \$642K.
 - Mid-Hartley Road - \$972K.
 - Blackheath Creek Road - \$466K.
- Stormwater Drainage Renewal - \$195K
 - Urban Drainage Improvements - \$195K.
- Other Asset Classes Renewal - \$393K
 - Playground Renewal and Safety - \$268K.
 - Footpath Continuous Improvement Program - \$125K.

*It is to be noted that because of detailed analysis undertaken on the condition of the sealed road network, it is recommended that Council is focused on the renewal of roads, rather than enhanced maintenance. This is in line with the intent of the SRV application, being General Asset Transport Maintenance, with an optimised transition from operational maintenance to capital maintenance (i.e. renewal). Modelling undertaken by a specialised consultation projects that this will reduce the current asset backlog and result in operational savings over the long-term.

In line with the requirements of the approval of the SRV, this change will be reported in future Annual Reports.

Financial Performance Indicators

Below is a summary of the draft 2025/26 budget results for the OLG's key financial performance indicators.

Ratio	Benchmark	25/26 Budget	Result
Operating Performance Ratio	>0	0	PASS
Own Sourcing Operating Revenue Ratio	>60%	64%	PASS
Debt Service Result	0-20%	0.59%	PASS
Building & Infrastructure Renewal Ratio	> 100%	201%	PASS

The budget forecasts that Council will meet all key financial performance benchmarks.

Loan Borrowings

Nil loan borrowings are planned for the 2025/26 year.

Revenue Policy

Council's Revenue Policy has been comprehensively reviewed and is attached.

Proposed Changes to Rating Structure

Each year, the rating structure is reviewed to determine if adjustments are required, with the proposed changes outlined below.

1. Addition of Business – Wind Power Generation Sub-Category

Three Wind Power Generation Major Projects are presently proposed within, or partly within, the Lithgow Local Government Area. Capturing local value and benefit from the projects from the key income components of wages, rent, interest and profit will be difficult without capturing value by way of taxing.

The infrastructure is highly capital intensive, and, in almost all instances, the other components of income will substantially leave the LGA. More importantly, although the business valuations are likely to be relatively low, the developments will have a substantial impact on the consumption of Council (and therefore the community's) finite road resources many times the proportion attributable to business category assessments more generally.

For these reasons, it is recommended that an *ad valorem* rate approximately ten times that of the Business – Other rating is implemented.

At this stage, the proposed projects are not sufficiently progressed to enable the sub-category to be levied for the 2025/2026 financial year.

2. Addition of Business – Rail Related Manufacture, Maintenance or Storage Sub-Category

The former State Railyard workshop is assessed to be a strategically important asset in the context of Lithgow's emerging economy. With key access to the State roads network, the Western Rail Line and the Western Sydney Airport, the site is considered very valuable – even if largely idled. The site is assessed to be activated for rail and logistic related manufacture in alignment with the NSW Freight Policy Reform together with the Net Zero policy framings of the Commonwealth and NSW governments.

For these reasons, it is recommended an *ad valorem* rate approximately three times that of the Business – Lithgow rating.

Consultation and Communication

In preparation for the Community Strategic Plan in September 2024, the Council engaged Micromex Research and Consulting to undertake

- A statistically valid surveying methodology to canvas community attitudes and perceptions, aspirations, and priorities for the LGA in the future. This included a random telephone survey of residents (n= 401 respondents) from across the Lithgow LGA (Local Government Area). They also developed an online version of the survey for interested residents to complete (n=167 respondents).
- Conduct a Visioning Workshop with the Councillors on 20 January to identify the key values, strengths, and challenges of the Lithgow Council area, establish how these fit within the Community Strategic Plan (CSP), identify Councillor focus areas and propose projects and ideas to support and address these issues.

The community survey confirmed that the most loved aspects of living in the Lithgow region continue to be the sense of community and friendly people, natural environment, beautiful clean area and scenery, convenient central location and relaxed/peaceful lifestyle. When asked what could be changed about living in Lithgow the top responses were:

- Economic growth / development e.g. attract business/jobs/shops.
- Upgrading and maintaining our roads
- Council management /planning / action
- Recreational opportunities.

In response, the Councillor Visioning Workshop identified 7 areas of focus which Council will progress through the Combined 2026-2030 Delivery Program and annual Operational Plan:

1. Improved Expressway and Freight Connectivity to Sydney.
2. Health Forum and advocate more funding for specific services e.g. mental health, drug/alcohol rehabilitation.
3. Attracting tourism via Entertainment precincts, eco-tourism, recreational activities.
4. Beautification, streetscape planting/lighting and re-igniting the 'night economy'.
5. Greater communication & transparency from Council to Community.
6. Creating job opportunities and career pathways for youth and retaining families.
7. Improve signage and upgrade infrastructure.

Policy

Nil arising from this report.

Legal

The Local Government Act 1993, Local Government Amendment (Planning and Reporting) Bill 2009 and Local Government (General) Regulation 2021 outlines requirements for the preparation, exhibition and adoption of the Integrated Planning and Reporting Framework. The Draft documents must be exhibited for a minimum period of 28 days.

Risk Management

The draft plans presented for public exhibition address and respond to a range of medium to longer term financial, asset and service provision risks, while the Draft Capital Works Program addresses some of Council's assets at greatest risk of failure.

Financial

The Delivery Program 2026-2030 and Draft Operational Plan 2025/26 presents a financially prudent and cashflow positive budget. Council needs to continue to implement the Financial Sustainability Plan actions to maintain a balanced operating result (before capital) budget for the General Fund.