



Attachment 13 – 16 : Extracts from Wollondilly Delivery Program 2013/14 – 2016/17 & Operational Plan 2014/15 & Revised Delivery Program 2013/14 – 2016/17 & Operational Plan 2014/15



Attachment 13: Extract from Wollondilly Delivery Program 2013/14 – 2016/17 & Operational Plan 2014/15 referencing the commencement of a discussion on funding options for the future from Mayor and General Manager's.



**MAYOR
BENN
BANASIK**



**GENERAL
MANAGER
LES
MCMAHON**

We are pleased to share with you Wollondilly's Operational Plan 2014/15. The Operational Plan outlines the key actions we are committed to deliver in 2014/15 with targets, timeliness and responsibilities.

This is Council's second of four (4) annual plans in this series; they work together in achieving the outcomes in our Corporate Business Planning documents.

Council's Corporate Business Planning documents consist of:

- Wollondilly Community Strategic Plan 2033
- Wollondilly Resourcing Strategy 2013/14 – 2022/23
- Wollondilly Delivery Program 2013/14 – 2016/17
- Wollondilly Operational Plans 2013/14, 2014/15, 2015/16, 2016/17

The details of our achievements and challenges for the first annual plan have been published as part of Council's Quarterly Reviews and Annual Report and can be sourced from our Website www.wollondilly.nsw.gov.au

We all want Wollondilly to continue to be a great place to live, work and visit. The Corporate Business Planning documents will assist us in achieving this goal and "Growing **Your** Future Together".

Wollondilly is at the starting point of an exciting future, with significant growth projections anticipated in the next thirty years. Wollondilly Shire Council has provided its "in principle" support to the Wilton Junction master plan which is expected to produce about 12,000 lots and up to 11,000 jobs.

While we will continue to undertake the business and services of our villages, we will also have to have a frank and open discussion with you about the role of Council into the future, and the cost of providing services to our growing and changing Shire.

It is through this process that we aim to reach a consensus on the best approach for delivering the services we want, and how much we are prepared to pay. We cannot ignore the challenge of balancing community expectations with our future financial sustainability, and we are certain that our community expects true leadership from Council and Councillors on this issue.





Attachment 14: Extract from Wollondilly Delivery Program 2013/14 – 2016/17 & Operational Plan 2014/15 on commencing engagement with the Community of Funding for the Future Options- Addressing Your Future Needs – ‘We need to talk with you’

ADDRESSING YOUR FUTURE NEEDS

WE NEED TO TALK WITH YOU

While Wollondilly is at the starting point of an exciting future, with significant growth projections anticipated over the next 30 years, the growth will not generate the revenue needed now by Council to sustain and enhance services and service levels to our communities or address works needed to bring the Shire’s asset base to a ‘fit for purpose’ standard. The revenue shortfall doesn’t allow Council to pursue projects that will enhance services we deliver, and increase our levels of service in villages that we know our communities will like to see.

We are seeking your assistance in our efforts to reach a position of financial sustainability into the long term.

Like other Councils across NSW we face increasing funding shortfalls over the period of the next ten years and beyond. While Council will explore all possible alternatives, there are three primary options available to Council and the Community to address the projected financial shortfall over the next ten years.

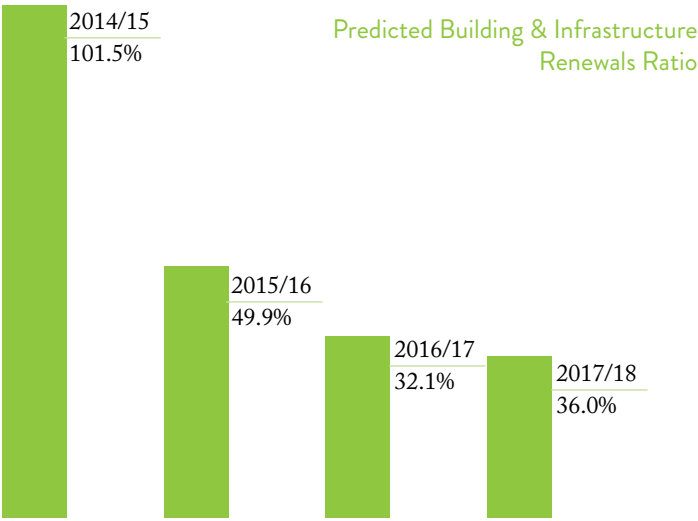
- Option 1- is changes or cuts to services and service levels, identifying savings through this reduction. This may mean closures of some facilities, reducing maintenance levels or reducing expenditure on capital works
- Option 2 - Investigate ways to increase revenue just to maintain current services and service levels as at today’s standard.
- Option 3 - Is not only to maintain current services and service levels but also enhance and improve services and service levels, by further increasing revenue.

With rates revenue being one of the only direct sources of funding available to Council, it is one area that needs to be closely assessed. We know this will be a difficult conversation with ratepayers, but it is one that many Councils across NSW are having with their communities. It’s a conversation that is needed as we all want Wollondilly to continue to be a great place to live, work and visit now and for future generations.

Over the coming months Council will consult with our communities to develop details under each of the primary options and gain a further understanding of the preferences of our communities in considering the services provided by Council now and into our future. We will then aim to reach agreement on the preferred options for Council and the Community moving forward over the next 10 years.

One of the major issues being faced by Wollondilly Shire Council is our ability to maintain our infrastructure assets to a satisfactory standard for future generations. A key indicator of our ability to keep our infrastructure assets at the desired service levels is the Building & Infrastructure Renewals Ratio. This ratio measures the amount spent on renewing existing infrastructure assets (as opposed to maintaining them) divided by their annual depreciation (loss of value). A ratio of 1.0 or greater is preferred.

As can be seen from the graph below, we expect to meet the benchmark in 2014/15, but without additional funding sources, we will not be able to afford to keep this ratio at preferred levels in future years.



To read more, please refer to the Financial Information Section, page 30.

You can have your say now at www.wollondilly2033.com.au



Attachment 15: Extract from Wollondilly Revised Delivery Program 2013/14 – 2016/17 & Operational Plan 2014/15

Mayor and General Manager's Message

“While we will continue to undertake the business and services of our villages, we will also have to have a frank and open discussion with you about the role of Council into the future, and the cost of providing services to our growing and changing shire.”

“It is through this process that we aim to reach a consensus on the best approach for delivering the service we want, and how much we are prepared to pay. We cannot ignore the challenge of balancing community expectations with our future financial sustainability, and we are certain that our community expects true leadership from Council and Councillors on this issue.”



**MAYOR
COL
MITCHELL**



**GENERAL
MANAGER
LUKE
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Wollondilly is at the starting point of an exciting future, with significant growth projections anticipated in the next thirty years. Wollondilly Shire Council has provided its "in principle" support to the Wilton Junction master plan which is expected to produce about 12,000 lots and up to 11,000 jobs.

While we will continue to undertake the business and services of our villages, we will also have to have a frank and open discussion with you about the role of Council into the future, and the cost of providing services to our growing and changing Shire.

It is through this process that we aim to reach a consensus on the best approach for delivering the services we want, and how much we are prepared to pay. We cannot ignore the challenge of balancing community expectations with our future financial sustainability, and we are certain that our community expects true leadership from Council and Councillors on this issue.



Attachment 16: Wollondilly Delivery Revised Program 2013/14 – 2016/17 & Operational Plan 2014/15

Addressing Your Future Needs

When Council adopted our current Wollondilly Delivery Program 2013/14 – 2016/17 & Operational Plan 2014/15 in June this year, we identified that we need to talk with you. We are seeking your assistance in our efforts to reach a position of financial sustainability into the long term.

ADDRESSING YOUR FUTURE NEEDS

When Council adopted our current Wollondilly Delivery Program 2013/14 – 2016/17 & Operational Plan 2014/15 in June this year, we identified that we need to talk with you. We are seeking your assistance in our efforts to reach a position of financial sustainability into the long term.

Like most NSW councils we're faced with the challenge of making sure we have enough money to look after the Shire's infrastructure into the future. These are the essential things that we use every day – roads, footpaths, bridges, stormwater drains, parks libraries and community buildings.

From our many engagement initiatives and community conversations over the years we know that you place a high priority on the maintenance of the Shire's infrastructure, particularly its road network. So it is clear we need to reverse the current trend of deteriorating infrastructure.

Additionally, we are expecting to experience unprecedented growth in the coming years. While it is impossible to speculate with any certainty on what the ultimate growth outcomes will be for Wollondilly, the importance of regularly reviewing our Long Term Financial Strategy has never been greater. In this regard, we need a sharp focus on developer contributions and strategies for providing and maintaining infrastructure. We also need to seek a Special Rate Variation (SRV) to secure sufficient funds to maintain our current and future infrastructure.

While we understand that rate rises of any kind are never welcome we believe a Special Rate Variation, with a sustainable increase to rates, is a necessary course of action in order to meet the needs of our fast growing community. Without an SRV we won't be able to maintain essential infrastructure and Council services.

Council is considering three options. Each has varying consequences regarding infrastructure and service quality over time, refer to the following page for the three options.

Option 1 Deteriorate

No Special Rate Variation

(Rates would increase by the annual rate peg amount - estimated to be around 3% per annum)

Option 2 Stabilise

Special Rate Variation 8.5% per annum over 4 years

(Rates would increase by a total of 8.5% per annum - including the annual rate peg amount - over a fixed four year period 2015/16 to 2018/19)

At the end of the four year period the Special Rate Variation increase will be built into the rate base

Option 3 Improve

Special Rate Variation 10.8% per annum over 4 years

(Rates would increase by a total of 10.8% per annum - including the annual rate peg amount - over a fixed four year period 2015/16 to 2018/19)

At the end of the four year period the Special Rate Variation increase will be built into the rate base

Income

\$80 million shortfall over 10 years

Reduce the shortfall by generating an additional \$54.5 million over 10 years
\$40.5 million will be spent on major roads and bridge works;
\$5 million on bridges, footpaths, kerb, and line marking maintenance;
\$2 million on new footpaths and kerb and gutter;
\$3.5 million on building maintenance;
\$3.5 million on parks, playgrounds and sportsfield maintenance

Eliminate the shortfall by generating an additional \$80 million over 10 years
\$60 million will be spent on major roads and bridge works;
\$6.5 million on bridges, footpaths, kerb, and line marking maintenance;
\$5.5 million on new footpaths and kerb and gutter;
\$4 million on building maintenance;
\$4 million on parks, playgrounds and sportsfield maintenance

Infrastructure Maintenance

Our infrastructure would deteriorate further. This means we will see worsening roads and continuing deterioration of facilities such as playgrounds and community buildings.

Council would be able to stabilise the current deteriorating condition of our infrastructure as we would be able to fund our maintenance expenditure. This means the current condition of our roads, facilities and other infrastructure will be gradually improved through essential maintenance.

Council would be able to deliver better roads, facilities and other infrastructure sooner as we would increase and bring forward much needed maintenance expenditure. We would also fully implement a preventative maintenance regime to reduce future costs to the community.

New Infrastructure

Council would have virtually no capacity for new capital works (apart from developer contributions and grants). This means Council will have difficulty funding new infrastructure such as kerb and gutter, footpaths, shared pathways, open space improvements and new community facilities.

Council will have some additional funds (in addition to developer contributions and grants) available to provide new infrastructure.

Council will have more funds available to provide new infrastructure.

Services

Council would need to consider a significant reduction in a wide range of Council services in order to address the funding shortfall issues.

Council could maintain its current range of services.

Council would be able to deliver a wide range of services.



WHAT IS “RATE PEGGING”?

Since 1977, certain council revenues have been regulated in NSW under an arrangement known as “rate pegging”. The Independent Pricing and Regulatory Tribunal (IPART) sets a rate peg which limits the amount by which councils can increase their rate revenue from one year to the next.

If a Council has not obtained approval for a special rate variation, the rate peg determines the maximum allowable rate increase in local government general rate income for the Council. The rate peg percentage for 2013/14 was 3.4% and for 2014/15 it is 2.3%. The rate peg percentage for 2015/16 is expected to be announced in late 2014 or early 2015.

WHAT IS A SPECIAL RATE VARIATION (SRV)?

For many years the rate peg limit has not kept pace with the financial needs of councils in NSW. Also it does not take into consideration rising costs and residents’ demands for increased services. However, Councils are able to apply to the Independent Pricing and Regulatory Tribunal for a “special rate variation”. A special rate variation allows Councils to increase its general rate income by more than the rate pegging amount. There may be a number of reasons why a Council may apply for a special rate variation, such as:

- To improve the financial position of the Council, particularly where there may be financial sustainability issues;
- To fund the development or maintenance of essential community infrastructure or to reduce backlogs in asset maintenance and renewal;
- To fund new or enhanced community services to meet growing demand in the community;
- To fund projects of regional significance; or
- To cover special or unique cost pressures that the Council faces.

SRV

TO FIND OUT WHAT STRATEGIES HAVE BEEN EFFECTED BY THE SRV, LOOK FOR THIS TAG.