

MESSAGE FROM THE GENERAL MANAGER



Dear Resident,

As you know, Shellharbour City Council has been consulting extensively with you over the past 12 months to find out about the assets and services you value most.

From our many engagement initiatives and community conversations, we know that you place a high priority on the maintenance of infrastructure like roads, footpaths, sporting facilities and stormwater drainage. You've told us that the preservation of assets such as community buildings, amenities, parks, playgrounds and libraries is also extremely important. Many of you have also rated as crucial things like environmental and climate change initiatives as well as tourism and local economic development.

However, increasing costs and prevailing budget realities mean that we now face a significant challenge in meeting your expectations. This is because our existing rate revenue is no longer sufficient for adequately maintaining the assets that you have deemed so important. At present, we are faced with a six million dollar deficit between our current expenditure and the amount required to maintain those assets. Significantly, that deficit is increasing each year.

That's why we are proposing to apply for a Special Rate Variation (SRV). This is a process by which we seek permission from the New South Wales State Government to increase your rates beyond the pre-prescribed rate peg. If granted, this SRV would be implemented on July 1, 2013.

While we understand that rate increases of any kind are never welcome, we believe a SRV, with a sustainable increase to residential rates, is the only means by which we can continue to meet your needs and initiate important asset renewal programs.

Our three-scenario model (over page) details the consequences of failing to achieve increased rate revenue. Maintaining current rate levels will result in a reduction of infrastructure and service quality, a gradual decline and deterioration of core facilities and assets, as well as a reduction of asset maintenance frequency. In contrast, increasing rates by a sustainable amount will enable us to improve infrastructure and preserve or improve existing maintenance programs and asset quality.

As a council dedicated to meeting the needs and aspirations of all who live in our community, pursuing a sustainable increase is the best course of action.

Michael Willis
General Manager, Shellharbour City Council

WHAT HAPPENS NEXT

Community consultation will continue and a decision about the proposed Special Rates Variation will be considered by Council in early 2013.

For more information about the proposed SRV visit the Rates page on our website
www.shellharbour.nsw.gov.au

All communication should be addressed to the General Manager,
Locked Bag 155,
Shellharbour City Centre, NSW 2529.
Fax: 4221 6016
Email: records@shellharbour.nsw.gov.au



MOVING TOWARDS A MORE FINANCIALLY SUSTAINABLE FUTURE

Important information about a proposed Special Rates Variation to significantly increase asset renewal expenditure



THE THREE RATE SCENARIOS AT A GLANCE...

Note: Figures included in this document are estimates only and subject to change

No rate increase above rate peg

Key Features	<ul style="list-style-type: none"> Maintenance program reduced Services reduced to fund infrastructure renewal Condition of our assets would decline with the average moving from fair to poor Average residential rates increase by 3.4% rate peg, set annually by IPART
Rates	Maintain
Infrastructure & Services	Reduce

Estimated Asset Renewal Ratio of approximately 0.15

Roads & Footpaths	<ul style="list-style-type: none"> Reduction in funding over 4 years - gradual deterioration from fair to poor condition Alternative treatments such as spray sealing for roads would be considered
Stormwater & Drainage	<ul style="list-style-type: none"> Reduction in funding over 4 years for failed drainage infrastructure and general maintenance
Community Buildings & Amenities	<ul style="list-style-type: none"> The condition of Council buildings and facilities would continue to deteriorate from fair to poor. No refurbishments or upgrades of facilities. Urgent maintenance only
Sportsfields	<ul style="list-style-type: none"> The frequency of sportsfield mowing would need to be reduced
Parks & Playgrounds	<ul style="list-style-type: none"> Less frequent mowing and the condition of playground equipment would deteriorate from fair to poor
Swimming Pools	<ul style="list-style-type: none"> The condition of the four existing pools would deteriorate from fair to poor Future consideration of a pool closure due to safety reasons and/or a further increase in pool fees and charges
Libraries	<ul style="list-style-type: none"> No refurbishments
Community Events & Programs	<ul style="list-style-type: none"> Review community events and programs such as crime and safety, family support, youth, Aboriginal and children's
Environment & Climate Change	<ul style="list-style-type: none"> Review biodiversity, foreshore, conservation and greener living programs
Tourism & Economic Development	<ul style="list-style-type: none"> Review economic development programs and tourism marketing and promotional activities

Sustainable increase for asset renewal

Key Features	<ul style="list-style-type: none"> Condition of our assets would be improved via a program of infrastructure renewal Services maintained Average standard of assets moves from fair to satisfactory Residential rates increase by an average of 9.3% (including rate peg) each year for 4 years
Rates	Sustainable Increase
Infrastructure & Services	Improve

To achieve an Asset Renewal Ratio of approximately 0.80

Roads & Footpaths	<ul style="list-style-type: none"> Moderate increase to renewal program to increase average standard to satisfactory level 2km additional resealing works would be conducted each year
Stormwater & Drainage	<ul style="list-style-type: none"> Funding available for increased stormwater replacement
Community Buildings & Amenities	<ul style="list-style-type: none"> The condition of facilities and buildings would improve to satisfactory over time. Increased program of refurbishment and upgrades would be undertaken
Sportsfields	<ul style="list-style-type: none"> Maintain the current level of mowing services for sportsfields
Parks & Playgrounds	<ul style="list-style-type: none"> Maintain current level of mowing services. Playground equipment replacement could be increased
Swimming Pools	<ul style="list-style-type: none"> The life cycle of the four existing pools could be extended, with maintenance to a higher standard, or further renewal work. Future consideration of a pool closure
Libraries	
Community Events & Programs	
Environment & Climate Change	
Tourism & Economic Development	

Total Estimated Expenditure (over 4 years) \$18.8m

AVERAGE INCREASE	\$2.02 PER WEEK (4 yr average)	\$104 PER ANNUM (4 yr average)
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Small increase for asset renewal

Key Features	<ul style="list-style-type: none"> An increased program of infrastructure renewal Services largely maintained Condition of our assets maintained at current rates of decline (fair condition) Residential rates increase by an average of 6.7% (including rate peg) each year for 4 years
Rates	Small Increase
Infrastructure & Services	Maintain

To achieve an Asset Renewal Ratio of approximately 0.50

Roads & Footpaths	<ul style="list-style-type: none"> Small increase to renewal program to maintain average fair standard Alternative spray sealing for roads would be considered
Stormwater & Drainage	<ul style="list-style-type: none"> Although current funding levels maintained the condition of stormwater assets would continue to gradually decline
Community Buildings & Amenities	<ul style="list-style-type: none"> The condition of facilities and buildings would continue to deteriorate but at a reduced rate. Limited upgrades would be undertaken
Sportsfields	<ul style="list-style-type: none"> Maintain the current level of mowing services for sportsfields
Parks & Playgrounds	<ul style="list-style-type: none"> Maintain current level of mowing services and playground equipment replacement
Swimming Pools	<ul style="list-style-type: none"> Future consideration of a pool closure due to safety reasons and/or a further increase in pool fees and charges
Libraries	
Community Events & Programs	
Environment & Climate Change	
Tourism & Economic Development	

Total Estimated Expenditure (over 4 years) \$10.4m

AVERAGE INCREASE	\$1.40 PER WEEK (4 yr average)	\$72 PER ANNUM (4 yr average)
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AVERAGE INCREASES TO RESIDENTIAL RATES...

AVERAGE INCREASE

\$0.61
PER WEEK

\$31
PER ANNUM

AVERAGE INCREASE

\$2.02
PER WEEK
(4 yr average)

\$104
PER ANNUM
(4 yr average)

AVERAGE INCREASE

\$1.40
PER WEEK
(4 yr average)

\$72
PER ANNUM
(4 yr average)