

ITEM NO: 8**SUBJECT: PROPOSED APPLICATION TO IPART TO CONTINUE SPECIAL VARIATION TO RATES EXPIRING JUNE 2013****FILE NO: F07445 - 12/157814****Delivery Program Link***Principal Activity:* Civic Leadership - Providing Good Government*Service:* Financial Management*Project:* Develop long term financial model and strategy development**Recommendations:**

1. *That the Council consults with the community on the possible continuation of the current special variation to rates for infrastructure, in accordance with the community engagement strategy outlined in Attachment 1;*
2. *That a one-off budget variation of \$30,000 be approved to fund the proposed community engagement strategy;*
3. *That staff address key assessment criteria that will be used by the Independent Pricing and Regulatory Tribunal to assess a s508(2) application from the Council to continue the existing special variation to rates for infrastructure; and*
4. *That a report comes back to the Council in February 2013 summarising the outcomes of the community engagement process with recommendations on any special variation to rates.*

Report by Group Manager Integrated Planning & Finance:**Reason for report**

The purpose of this report is to seek approval for the Council to engage with the community in November and December 2012 (as detailed in *Attachment 1*), on the proposed continuation of the existing s508(2) special variation to rates for infrastructure. This variation is due to expire on 30 June 2013. Its continuation forms an important element in the Council's long term plan for achieving financial sustainability by addressing asset maintenance and renewal.

Following the outcomes of community consultation, if the Council resolves to continue the existing variation then an application will need to be made to the Independent Pricing and Regulatory Tribunal (IPART) by February 2013 that meets specific assessment criteria. This report also seeks approval for staff to progress work on addressing these assessment criteria which include providing evidence of:

- Demonstrated need for the rate increase implied by the special variation;
- Adequate community consultation regarding the special variation;
- Reasonableness of the impact on ratepayers;
- A sustainable financing strategy consistent with the principles of intergenerational equity; and
- An explanation of the productivity improvements and cost containment strategies the council has realised in past years, and plans to realise over the proposed special variation.

Background*The Existing Special Variation to Rates for Infrastructure*

As a means of addressing its asset funding shortfall, in 2010 the Council applied to the Minister for Local Government for a special variation to rates to fund required infrastructure renewal and maintenance. The application sought annual increases in rates above rate peg over a five year period which would remain permanently in the rates base as follows: 7% in 2010-11 and 5.99% in 2011-12, 2012-13, 2013-14 and 2014-15.

On 2 July 2010 the Minister announced that the Council was partially successful in its application, approving a variation of 7% (including rate peg) for a period of three years only. Projected additional revenue from the approved variation (excluding rate peg) totalled \$5.4M over three financial years (being \$1.7M in 2010-11, \$1.8M 2011-12 and \$1.9M in 2012-13.) Of this, an amount of \$350,000 was to be provided each year for asset maintenance with the remainder allocated to asset renewal works.

Attachment 2 provides an overview of renewal and maintenance works implemented in 2010-11 and 2011-12 and to be implemented in 2012-2013 with this additional special variation funding. Key highlights include \$1.6M expenditure on the renewal of footpaths, kerb and guttering and bridges across the City, which would otherwise have not occurred, and \$1M expenditure on the Glenbrook Aquatic Centre for a new filtration plant and essential pipe upgrades to meet legislated health standards.

The Council's Financial and Asset Funding Challenge

The current special variation for infrastructure expires on 30 June 2013. If it is not renewed then the Council is required to reduce its general income by \$1.9M from 2013-2014. This is not a recommended course of action given the Council's financial and asset funding challenges.

The Council is responsible for managing assets on behalf of the community with an estimated value of \$1.2 billion. The Council's Asset Management Strategy estimates that currently 14% of the Council's assets are in poor condition but by 2023, given projected available funding for renewal and maintenance, this will increase to 31%. The Council's asset funding shortfall (excluding new and upgrade works) is estimated to be in the order of \$131M over the next ten years. In addition, the Council needs to find between \$1M - \$2M in efficiencies and cost savings to balance its annual budget.

Many other councils in NSW are in a similar financial and asset funding position, particularly given:

- Constrained rate revenue as a result of 35 years of State Government imposed rate pegging, limiting the amount by which councils can increase their rate income in any given year;
- Limited opportunity for additional rate revenue from population growth. In the case of the Blue Mountains there is limited land available for future population growth and the City's location within a World Heritage National Park places significant restrictions on development;
- Significant additional cost burdens from the continual shifting of responsibilities for service provision from the Federal and NSW State Governments to local government, without additional funding. In 2010-2011 the impact of cost shifting on Blue Mountains City Council is estimated to have been \$7.5M in additional expenditure requirements; and
- Responsibilities for service provision to a large number of dispersed settlements located over extensive geographic areas with associated higher service provision costs and greater need for service duplication. Blue Mountains City Council delivers a wide range of services, with a significant degree of duplication (pools, libraries, community centres, halls, Rural Fire Service buildings, public toilets, parks and sports fields), to 27 towns

and villages spread over 100kms of mountainous ridgeline in a local government area of 1,431km².

In addition, the City of the Blue Mountains is located adjacent to the Sydney metropolitan area which creates resident expectations for high levels of service. The area is prone to costly natural disasters including bushfires and storms and being a World Heritage area requires costly measures to reduce impacts of settlement on the natural environment. Being a major tourism destination also results in additional cost requirements for the Council.

Proposed Continuation of Current Special Variation to Rates

Part of a Multi-pronged Approach to Addressing the Financial Challenge

As outlined to Councillors at the Strategic Task Force session held on 9 October 2012, long term financial planning has identified the need for a multi-pronged approach to address the financial challenge over the next 10 years. Key strategies are:

- Avoiding shocks through sound financial and asset management planning;
- Balancing the annual budget through the achievement of service efficiency and productivity cost savings and continuous improvement initiatives;
- Reducing debt given that Council has reached its prudent borrowing limit;
- Implementing ongoing and targeted service reviews and engaging community on affordable and acceptable levels of service, given that the Council must live within its means and manage risks responsibly;
- Increasing advocacy and partnerships with other levels of government to ensure a fair share of funding for the City of Blue Mountains, particularly given our unique characteristics and challenges; and
- Of direct relevance to this report, increasing income through a range of approaches including special variations to rates.

Proposed renewal of existing s508(2) special variation

As a means of increasing income, this report proposes that the Council engage with the community in November and December 2012 on the possible renewal of the existing special variation to rates for infrastructure on an ongoing basis. This would involve making an application under Section 508(2) of the Local Government Act 1993 to continue the current 4.4% special variation in addition to the annual rate peg increase which is estimated at 2.7% on a permanent basis. The purpose for the continuation is to raise additional rate revenue to enable the Council to undertake required maintenance and renewal of built assets that it would otherwise not be able to afford.

Continuing this variation over a 10 year period would provide an additional \$23M for built asset funding. This would reduce the projected 10 year asset renewal and maintenance funding gap from \$131M to \$108M.

Use of special variation funding to replace asset loan borrowings

In addition, the asset funding gap could be further reduced if the Council ceases its current practice of borrowing \$2.31M each year to fund its capital works program and instead used the ongoing revenue obtained from the continuation of the existing infrastructure special variation, to fund its asset renewal and maintenance works program. This is a critical financial strategy given that long term financial planning has identified that the Council has reached its prudent borrowing limit and any additional debt would pose a financial risk.

While this debt reduction strategy would initially reduce available funding for asset renewal and maintenance, over a 10 year period it would result in loan repayment savings of \$12.7M, which could in turn be applied to asset renewal and maintenance. This could further reduce the estimated 10 year asset funding gap from \$108M to \$95.3M.

The net additional funding from reducing debt and continuing the expiring variation would therefore be in the order of \$35.7M (\$23M special variation income plus \$12.7M loan repayments savings) over 10 years.

Over 20 years, the compounded savings from not continuing these borrowings is a further \$35.8M. By using these funds to reduce the asset funding gap, combined with other strategies, the Council estimates that the asset funding gap will be substantially addressed within 20 years.

Implementation of Rating Structure Reform

The Council is in the process of implementing a three year program of reform to its rating structure to ensure the structure is simple, fair, broadly uniform and compliant with the Local Government Act 1993 from 1 July 2012. No extra revenue will be raised by this reform as the changes only affect how rates are calculated and distributed amongst the City's ratepayers.

Because of the changes that some ratepayers will experience in their rates due to this important process, the proposed special variation to rates application only continues the current variation. This is to ensure that ratepayers do not experience any additional impact on rates due to the proposed application at such a time.

Reasonable Impact on Ratepayers

In making its determination on any proposed variation application, IPART will assess the Council's proposed application with reference to the magnitude of the variation's impact on ratepayers and ratepayer's capacity to pay the variation.

Given that ratepayers are already paying the existing infrastructure levy, there will not be any additional cost impact if an application to continue the existing variation is approved. However, ratepayers would still be subjected to the normal annual rate peg increase.

The Special Variation Guidelines require that the Council provide the community with the average rates for each rating category and sub-category on an annual and weekly basis, both with and without the proposed continued variation. All rates provided to the community must include rate peg. *Attachment 3* details average rates payable by category and sub-category (Residential, Farmland and Business) with and without the continuation of the current special variation to rates, on both an annual and weekly basis, and including an estimated rate peg increase of 2.7%.

If the variation involves the continuation of an expiring variation, the information must show that if it was not approved (i.e. only rate peg was applied), rates for 2012-2013 would decrease. In this regard, if the current variation did not continue, annual revenue for Blue Mountains City Council would decrease on average by \$55 per ratepayer. By rating category this would be a decrease on average of \$53 for Residential ratepayers, \$82 for Farmland and \$116 for Business ratepayers.

Proposed Expenditure Focus for Continuing Special Variation Income

The Division of Local Government's *Guidelines for the Preparation of an Application for a Special Variation to General Income* (Special Variation Guidelines) require that the Council provide a detailed program of works to be funded from any approved continuation of the variation. This draft program is set out in *Attachment 4* and summarised in *Table 1* below.

As shown in *Table 1*, it is proposed that \$18.45M of the income obtained over the next 10 years would be used for high priority asset renewal works and \$4.59M for maintenance works, primarily in the Transport and Public Access, Water Resource Management and Sport and Recreation service areas.

Table 1: Summary of Proposed Continuing Special Variation Expenditure Focus

EXPENDITURE AREA	10 YEAR TOTAL (\$)
Asset Renewal	
- Road reseal program	\$15,112,491
- Stormwater renewal works	\$2,413,000
- Parks and sports facility renewals	\$931,000
Sub Total	\$18,456,491
Asset Maintenance	
- Roads Maintenance, pipes and pits cleaning, verge vegetation management, street furniture repair and footpath maintenance	\$4,594,509
- Town centre presentation including garden / landscaping maintenance and maintenance of recreational facilities including parks and playing fields	
Sub Total	\$4,594,509
Grand Total over 10 Years	\$23,051,000

Attachment 4 provides additional information on the rationale for these expenditure focus areas. In summary, these areas have been identified as required high priority asset renewal and maintenance works in the Council's adopted Asset Management Strategy and in relevant draft Asset Plans (currently being updated). This strategy and the draft Asset Plans identify priority works required to optimally manage the condition, function, capacity and utilisation of Council assets, meet assessed community needs and most importantly address identified risks and consequences associated with levels of funding projected to be available for renewing and maintaining assets.

As detailed below, the proposed expenditure areas also match some of the key community priorities for Council funding identified in the annual community survey and community workshops on affordable levels of service.

Alignment of Expenditure Focus with Identified Community Priorities

Results of the May 2012 Council Survey of resident satisfaction with Council service delivery, identified transport related issues – roads, footpaths and traffic management - as the most important issue identified by survey respondents requiring attention at both the City wide and neighbourhood levels.

In June 2012 the Council implemented a series of five community workshops with a total of 122 randomly selected residents to address the question: *How can BMCC continue to afford to provide the wide range of services and facilities required by the community into the future?* Attachment 5 provides a summary overview of some of the key results from these workshops. Workshop participants were briefed on existing levels of service provided by the Council and on likely levels of service in 10 years time given projected levels of funding likely to be available. Risks and consequences of available funding on different service and asset areas were considered. Participants were asked to indicate for each Council service area, whether they wanted the service level to be higher, the same or lower taking into consideration projected funding challenges.

Significantly, the top four service areas where participants wanted a "higher level" of service were Transport and Public Access (74%), Emergency Management (56%), Water Resource Management including stormwater management (49%) and Tourism and Economic Development (49%). Higher levels of Sport and Recreation were also significant with 42% wanting improved walking tracks in natural areas and 28% higher levels of service for parks.

One third of the workshop participants (33%) wanted a higher level of Council service in Town Centres.

A critical outcome of the workshops was to assess the community's willingness to pay more for maintaining or improving existing levels of service – with participants being briefed on the fact that existing levels of service were projected to decline in many areas given likely available funding for asset renewal and maintenance. In particular, participants who were willing to pay more, were asked what areas they would like the additional funds collected to be spent on.

Just over half of the workshop participants (55%) indicated they were willing to pay more to maintain existing levels of service or receive improved levels of service. Of the remainder, 22.6% needed more information before deciding and 22.4% were not prepared to pay more.

Significantly support for paying more was highest in the Blackheath Area (where residents have the lowest per capita incomes) and lowest in the Warrimoo Area (where residents have the highest per capita incomes). This pattern echoed results of the five 2010 Special Variation focus group workshops.

Of those workshop participants who indicated they were willing to pay more, the highest priority expenditure area was on roads (14%) followed by footpaths (9%) and environment (4%).

Proposed Approach to Community Engagement

Special Variation Guidelines community engagement requirements

The Special Variation Guidelines require the Council to show that it has undertaken adequate community consultation on any proposal to renew existing or put forward new special variations to rates. Relative to s508(2) variations councils must include:

- Details of the range of methods used by the Council to inform the community on the special variation proposal and to obtain community feedback on this option; and
- A summary of outcomes from community consultations and engagement, including details of the level of community support for the proposal and any action proposed to address issues of concern to the community.

As a minimum the Council must show it has “informed” (provided the broad community and relevant stakeholders with balanced and objective information to help them understand the proposed variation) and “consulted” (obtained public feedback on the proposal and ideally alternatives to it). Suggested methods of consultation include mail outs to all ratepayers, statistically significant surveys of randomly selected residents, fact sheets, media releases, public meetings, and online discussion forums. Any information provided to the community must be presented in a way that clearly explains why the variation is being sought and how funds raised will be spent. The Special Variation Guidelines stress that the Council must not minimise the perceived impact of the continued variation on ratepayers in dollar terms. In addition, it must also be clear to the community that the application is to continue an expiring variation.

The Council must also clearly communicate the impact on the community if it did not continue the existing variation, including the details of the projects that will not proceed without the continued variation.

Proposed Engagement Strategy and Program

The proposed strategy and program for engaging the community on the continuation of the current variation is outlined in *Attachment 1*. This strategy sets out the key messages that will be used to inform and engage the community on the proposal.

In addition to the June 2012 Community Workshops already conducted which “involved” a cross section of residents in how best to achieve required service levels into the future, proposed methods to specifically engage the community on the continuation of the variation are outlined in Table 2 below.

The community will be able to provide feedback on the proposal to the Council from 12 November 2012 to 9 December 2012.

Table 2: Proposed Methods of Community Engagement

Type of Engagement	Target Group	Level of Engagement
<i>Mailout to ratepayers</i> - outlining proposal, ways they can obtain additional information, requesting feedback which includes a reply paid submission form with options	All ratepayers	Inform, consult and involve
<i>Telephone survey</i> of ratepayers who have been informed of the proposal via the above mailout	Representative and statistically significant sample of rate payers	Consult and involve
<i>Gazette ads and media releases</i> – seeking submissions on proposal over a period of at least 28 days	Blue Mountains community	Inform and consult
<i>Comprehensive information</i> on the proposal on Council’s website and including use of <i>Blue Mountains Have Your Say</i> website	Blue Mountains community / rate payers viewing Council’s webpage	Inform and consult
<i>Fact sheets and brochure</i> for placement in libraries and at front counter and on web	Blue Mountains community	Inform

Achieved and Proposed Productivity and Cost Containment Strategies

The assessment criteria of the Special Variation Guidelines include the requirement that councils provide “*an explanation of the productivity improvements and cost containment strategies the council has realised in past years, and plans to realise over the proposed special variation*”.

Over the past ten years, Blue Mountains City Council has worked very hard to improve its efficiency and productivity and contain costs. Council has been able to balance its annual budget each year through the achievement of a range of expenditure reduction efficiency and productivity initiatives of between \$1M to \$2M. This is despite the fact that the rate peg for the past 35 years only allows the Council to increase rates at an amount which is lower than actual cost increases for major expenditure areas. For example, it is estimated that for 2013-2014, rates will be allowed to increase by 2.7%. However, materials costs for the City of Blue Mountains are estimated to increase by 5%, fuel by 6%, employment costs by 4.5%, superannuation costs by 7.3%, electricity by 11% and required statutory payments such as the emergency services contributions to the NSW State Government by 10%. In addition,

cost shifting to the Council rose by an average of 24% over the last four years (to \$7.5M in 2010-2011).

The Council has absorbed the additional work, service delivery requirements and increased costs, primarily through a range of efficiencies, innovation and continuous business improvements.

Attachment 6 provides a list of efficiency and productivity savings achieved between 2005 and 2010. Over this period the Council implemented initiatives that saved \$3,817,750 on a recurrent basis and \$3,638,000 on a one off basis, making a total of \$7,455,750 in savings. Without these savings, the Council would not have been able to balance its annual budget for those years.

A review of the Council's efficiency and productivity savings from 2010 to date and those proposed for the future is currently being undertaken. It is anticipated that for this period, savings will be in the order of \$1.5M to \$2M per year, a total of between \$4.5M and \$6M over the period. The list of efficiency and productivity savings implemented by the Council since 2010 will be made available to the community as part of the consultation process for the proposal variation application.

Sustainability Assessment

Effects	Positive	Negative
Environmental	Maintaining and renewing the built environment of the City of Blue Mountains will contribute positive sustainability outcomes.	Nil
Social	The proposed program of works will enable the Council to respond to identified community needs and priorities for asset renewal and maintenance.	Nil
Economic	Additional funding directed to asset renewal and maintenance will contribute to positive economic outcomes for the City.	Nil
Governance	The recommendations of this report support the achievement of transparent and inclusive governance that addresses the financial sustainability imperatives of the organisation and the City.	Nil

Financial implications for the Council

Long Term Financial Plan Income Strategy

The continuation of the existing infrastructure variation is a very important component of the overall strategy and plan for improving the Council's and the City of Blue Mountains long term financial sustainability.

However, as detailed in the report other key strategies will also need to be implemented over the next 10 years to address the identified asset funding shortfall if existing levels of service are to be retained. If existing levels of service and assets are adjusted and in particular reduced, then the financial challenge will also be reduced proportionately.

A key strategy detailed in this report with significant positive financial implications, is the proposal to stop borrowing \$2.31M each year for asset renewal and maintenance and to instead utilise income obtained from continuing the variation for this purpose. This will achieve additional savings of \$12.7M over ten years.

The net additional funding from reducing debt and continuing the expiring variation is \$35.7M over 10 years. This compares to total funding of only \$23.1M if borrowings continued.

The Long Term Financial Plan recommends that the savings from the debt reduction strategy, and the further revenue from the continued variation, be directed to asset maintenance and renewal.

Additional expenditure on required asset renewal and maintenance will prevent further deterioration of the Council's built assets and ensure that the Council is not at risk of more expensive rehabilitation works at a later stage once an asset has critically failed.

There are significant financial implications for the Council if the proposed application to continue the existing special variation for infrastructure is not approved including reduced levels of service in the proposed variation funding areas.

The cost of the proposed community engagement program detailed in *Attachment 1* is in the order of \$75,000. The report seeks approval for a one-off variation to funding to cover \$30,000 of this cost, the balance will be sourced from existing budgets. This request is considered reasonable given the potential for the Council to gain an additional \$23M over the next 10 years if the application for renewing and continuing the existing variation proves to be successful.

Legal and risk management issues for the Council

There are significant legal and risk management issues for the Council if it continues to underfund the renewal and maintenance of its built assets. Without additional funding some assets will deteriorate to the level that they may be unsafe or not meet the necessary standards. As a result, these assets may need to be closed to ensure community well-being is not at risk. If the risks associated with particular assets are not responsibly managed, then the Council risks legal challenge for any injuries sustained by the community through using unsafe assets.

External consultation

This report has been informed by the results of the 2012 Community Survey and by the implementation of five Community Workshops in June 2012 involving a cross section of 122 randomly selected residents. These workshops addressed the issue of how best the Council could achieve an affordable and acceptable level of service into the future – including whether participants were willing to pay more rates to achieve desired levels of service.

Conclusion

The Council is facing significant challenges in ensuring its ongoing financial sustainability. This is because its costs are rising at a faster rate than its ability to raise revenue due to a number of factors including 35 years of rate pegging, cost shifting from both the Federal and State Governments, limited growth and additional responsibilities associated with managing a City located in a World Heritage area prone to bushfires and other natural disasters.

While the Council has always balanced its annual budget and provided a wide range of services and facilities to its community at relatively high levels of community satisfaction, this is becoming increasingly difficult and has been made possible by the underfunding of renewal and maintenance of the City's assets.

The Council's draft Asset Management Plans show this significant underfunding equals an asset funding gap of approximately \$131m over the next ten years excluding any new or upgrade asset works. The Plans also show that if the Council does not increase its funding for assets, by 2023 approximately 31% of the City's assets will be in poor condition.

The Council's ability to increase funding for assets is significantly impacted by the expiry of the current infrastructure special variation on 30 June 2013. This is due to the fact that on the

variation's expiry the Council's total rates income will need to be reduced by \$1.9M unless the Council applies to IPART to continue this variation.

Further, the report proposes that revenue from continued variation would replace funds currently being borrowed for asset maintenance and renewal because the Council has reached its viable borrowing limits. Over ten years, the savings from loan repayments and the revenue raised from the variation would total \$35.7M. This additional revenue would be directed to a program of renewal and maintenance works based on risk assessment and community priority.

For these reasons, it is recommended that the Council investigates with the community the continuation of the expiring special variation to rates for infrastructure in anticipation of a possible application to IPART. The additional revenue raised by this proposed continued variation will enable the Council to direct significant funds towards addressing its asset funding gap which is essential if the Council wishes to be financially sustainable into the future.

AUTHOR: Keri Balding, Project Co-Ordinator - Integrated Planning & Finance

AUTHORISERS: Rosemary Dillon, Group Manager, Integrated Planning & Finance

Does this paper need to go to a briefing session OR have Ward Councillors been briefed?: No

ATTACHMENTS/ENCLOSURES

1	Attachment 1 Community Engagement Strategy for possible Continuation of Existing Special Variation to Rates for Infrastructure	12/163900	Attachment
2	Attachment 2 Expenditure of Infrastructure Special Variation Funds 2010 - 2013	12/163897	Attachment
3	Attachment 3 Schedule of Rates with and Without Proposed Continued Variation	12/163901	Attachment
4	Attachment 4 Proposed Program of Works that would be Funded by Continued Special Variation	12/163899	Attachment
5	Attachment 5 Summary of Key Outcomes from Affordable Levels of Service Community Workshops June 2012	12/164404	Attachment
6	Attachment 6 Schedule of Efficiency and Productivity Savings Achieved by Blue Mountains City Council Over 2005 to 2010	12/163902	Attachment

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SUSTAINABLE BLUE MOUNTAINS
Our City. Our Future

COMMUNITY ENGAGEMENT STRATEGY FOR PROPOSED CONTINUATION OF CURRENT SPECIAL VARIATION TO RATES FOR INFRASTRUCTURE

October 2012

Blue Mountains City Council



CONTENTS

- 1. Communications Strategy**
- 2. Community Engagement Plan**
- 3. Estimated Costs**

1.

COMMUNICATIONS STRATEGY

Levels of engagement

- **Inform** – to provide the public with balanced and objective information to help them understand a problem, alternatives, opportunities and solutions
- **Consult** – to obtain public feedback on alternatives and / or decisions
- **Involve** – to work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered
- **Collaborate** – to partner with the public in each aspect of the decision including the development of alternatives and identification of the preferred solution

Purpose of Special Variation to Rates Applications 2013-2014 and 2015-2016: Stage 1 - Section 508(2) Application Communications/Engagement Strategy

To inform, consult and involve the community on the proposed special variation to rates application.

Relevant Legislative Requirements

The 2012-2013 Special Variation Guidelines requires that, as a minimum the Council “**inform**” and “**consult**” with the community on the proposed variation. That is, the level of community participation required for the annual operational plan process under the Local Government Act 1993. If possible the Council should demonstrate that it has “involved” the community in the decision to apply for the special variation through participatory processes.

The guidelines also state that effective community consultation means that the broad community is informed about the proposed special variation application, not just a small section of the community that undertakes a survey. Suggested methods include mailouts to ratepayers, fact sheets, media releases, public meetings, listening posts and online discussion forums.

Information must be presented in a way that clearly explains what the variation is being sought for and the Council must not try to minimise the perceived impact of the increase on ratepayers. The information must show:

- That the requested variation includes rate peg;
- The requested variation includes an expiring variation;
- Rates on an annual and weekly increase basis across all the Council’s rating sub-categories;

The Council must also clearly communicate the impact on the community without the special variation, including the specific details of reductions in particular services or the particular projects that will not go ahead without a special variation.

Guidelines for Special Variations state that IPART may require a survey to be conducted. Any survey undertaken should measure the level of community support for different programs of expenditure by allowing respondents to rank these services/proposed works in order of priority. The community should be provided with more than a choice between ‘all or nothing’. There should be different levels of services/proposed works which may be able to be funded with a lower rate increase. Those who do not support the proposed variation could also be asked the main reasons why not, and whether they could identify any circumstances where they would support a variation. Those who do not support the proposed rate increase could be asked whether they would support a reduction in services instead, and how this reduction should be achieved.

Note: the above information comes from the 2012-2013 guidelines. The new guidelines will be issued in October 2012 and if the requirements for consultation change in the new guidelines, this information will be updated.

Key Messages to be used in Community Engagement

- The Council is proposing to apply to IPART to continue the current special variation to rates for asset renewal and maintenance which expires on 30 June 2013.
- A continued special variation will provide much needed ongoing revenue to address the Council's asset funding shortfall currently estimated to be in the order of between \$4 million and \$10 million annually.
- The proposed special variation application is one of the ways the Council will address its financial and asset funding challenge. In addition, the Council will continue to work hard, as it has over the past decade, to increase its income through other means such as grants and income generating initiatives and to reduce its costs through efficiencies, continuous improvement and productivity savings.
- Despite costs rising faster than CPI and the State Government rate peg which limits the amount by which rates can be increased, the Council has been able to balance its annual operating budget. It has done this by identifying cost saving efficiencies in the order of \$1.5M - \$2M each year.
- The Council is seeking community feedback on the proposal to continue the expiring special variation for infrastructure maintenance and renewal as one means of addressing the Council's significant financial and asset funding challenges.
- A Special variation is a legitimate and reasonable option for the Council to undertake to raise additional revenue to meet community needs and expectations. Around 20 to 25 councils in NSW apply for special variations each year – the majority are approved. This is particularly so for asset funding backlogs – the majority of applications are to address this.
- A Special Variation dedicated to asset renewal & maintenance will save the Council and the community money in the long term by preventing further deterioration which may result in greater costs for rectification at a later stage
- The Council is currently providing a wide range of services and facilities to the community in response to community needs.
- Ratepayers currently receive good value for their rating dollar – for every rating dollar they pay they receive \$2.5 in services and facilities. This is because rating revenue accounts for less than 50% of total revenue with the balance being comprised of income from grants, investments, fees and charges.
- The Council wishes to continue providing the community with a wide range of services and facilities to ensure community needs are met, our World Heritage environment is protected and our local economy is strong.
- In order to provide services to the community, the Council is custodian of a significant portfolio of community infrastructure and built assets estimated to be worth \$1.2 billion. These assets are ageing and like many local councils across NSW, the Council has limited funds to maintain these assets in a serviceable condition into the future
- The unique characteristics of the Blue Mountains adds to this challenge, and the cost of providing services and facilities. These characteristics include:
 - 27 towns and villages over 100kms of mountainous ridgelines which necessitates duplication of services and facilities to ensure the vast majority of the community has reasonable access to these services;

- The area is a major international and national World Heritage tourist destination and requires facilities and infrastructure to meet the needs of millions of visitors each year – this is essential as tourism is one of the major employers in the area;
- The area is prone to bushfires and natural disasters such as storms.

Branding

The special variation proposal will be “branded” with the following tag line that will be included on all documents provided to the community on the proposed special variation application:

SUSTAINABLE BLUE MOUNTAINS *Our City. Our Future*

This tag line works with the hierarchy of the existing Council Vision & Mission statements:

Vision: A Sustainable Council leading a Sustainable City

Mission: Working towards Sustainability

Key Target Groups

- Ratepayers (key target group)
- General community
- Councillors / EMT (policy determination and policy response to community views)

2. COMMUNITY ENGAGEMENT PLAN

Type of Consultation/ Communication	Description	Target Group/s	Timeframe	Level of engagement
Community Workshops in each Area	Affordable Levels of Services	Ratepayers/community	June 2012	Inform, consult and involve
Mailout / brochure	Brochure including statement from the Mayor to all ratepayers summarizing key financial and asset challenges faced by the Council and the proposal to continue the current variation to continue to address these issues	Ratepayers	12 Nov 2012	Inform and consult
Information sheet	Detailed information on the challenges and the proposed application including proposed works program, its impact on ratepayers, past efficiency and productivity achievements and those planned for the future	Ratepayers/community	12 Nov – 7 Dec 2012	Inform
Website	Tile on front page leading to information	Ratepayers/community	12 Nov – 7 Dec 2012	Inform
Media releases	Outlining proposal, proposed program of works planned etc	Ratepayers/community	12 Nov – 7 Dec 2012	Inform
Survey	Of statistically significant representative sample of rate payers conducted via phone	Ratepayers	12 Nov – 7 Dec 2012	Inform, consult and involve
Display advert	4 x half page	Ratepayers/community	12 Nov – 7 Dec 2012	Inform
Gazette communicator	4 x 60 lines @ \$6.75 per line	Ratepayers	12 Nov – 7 Dec 2012	Inform
Public Exhibition	Feedback from the community to be provided during this period	Ratepayers/community	12 Nov – 7 Dec 2012	Inform, consult and involve
Council website	For access of brochure, information sheet, submission form	Ratepayers/community	12 Nov – 7 Dec 2012	Inform and consult
Blue Mountains Have Your Say	On line tool for access of brochure, information sheet, submission form	Ratepayers/community	12 Nov – 7 Dec 2012	Inform and consult

3. SCHEDULE OF ESTIMATED COSTS

ITEM	DESCRIPTION	COST
Mail out to all ratepayers	35,000 - printing, folding, letterhead & envelope costs	\$14,000
Postage costs of mailout	35,000 – primarily DL size with some bulk items	\$18,000
Reply paid	Estimated 500 submissions using reply paid – includes annual fee	\$300
Telephone Survey	Statistically significant representative sample conducted via phone	\$17,000
Display ads in Gazette	4 x half page	\$4,000
Gazette communicator	4 x 60 lines @ \$6.75 per line	\$1,500
Information sheets	Printing – for libraries, front counters	\$500
TOTAL		\$55,300.00

EXPENDITURE OF INFRASTRUCTURE SPECIAL VARIATION FUNDS 2010 TO 2013

The special variation raised an additional \$5.4m additional income over the three year period of the variation since its implementation on 1 July 2010. This has been used to fund a mix of asset renewal and maintenance projects across the City.

The special variation, if not extended, will expire on 30 June 2013.

1. ASSET RENEWAL PROJECTS

The photos below show some of the works undertaken using funds from the additional revenue raised by current special variation. A total of \$4.4M has been spent / will be spent on the following **renewal** projects as set out in Table 1 below for the period 2010-2011 to 2012-2013.

OUTRIM PARK, BLAXLAND



WENTWORTH FALLS LAKE



KATOOMBA STREET, KATOOMBA**BATHURST ROAD, KATOOMBA****Table 1: Asset Renewal Projects Funded by Special Variation**

EXPENDITURE TYPE	AMOUNT SPENT (2010/11- 2012/13)
Transport	1,659,000
Bridge Renewal Program	350,000
Footpath - Renewal Program	486,200
Katoomba Street Partial Footpath Upgrade	300,000
Kerb & Gutter Program	396,200
Town Entry Signs	40,000
Trees - Corridor of Oaks	10,000
Footpath Gardiners Cres Bheath	13,000
Footpath GWH Bheath	49,400
Footpath GoldSmith Place Katoomba	14,200
Stormwater	515,400
Drainage CCTV	50,000
Drainage Falcon Street	110,000
Drainage Intersection of Hazelbrook Pde & Falcon Street	80,000
Drainage Myall Avenue	252,000
Drainage ST George's Cres, Faulconbridge	23,400
Leisure and Aquatic Centres	1,000,000
Leisure & Aquatic Centres - Glenbrook	1,000,000
Operational Buildings	80,000
HQ Lift	80,000
Recreation	556,500
Bubbler Replacement	17,000
Fencing & Gates	32,000
Floodlights Lomatia Park Springwood	150,000
Floodlights Pitt Park	5,000
Lapstone Oval Carpark	62,500
Park Revitalisation	100,000

EXPENDITURE TYPE	AMOUNT SPENT (2010/11- 2012/13)
Park Revitalisation Leura Cascade Design & Construction	50,000
Pits - Tom Hunter	3,000
Play Equipment Renewal Blackheath Memorial	4,000
Renewal of unsafe Play Equipment	90,000
Softfall	26,000
Trees Lilanfels Park	6,000
Wickets Glenbrook Oval	11,000
Community Buildings	335,000
Library Building Refurbishment Blaxland Library	20,000
Library Refurbishment	20,000
Lock Replacement & Master Key System	80,000
Pit Toilet Replacement program	70,000
Public Toilet Refurbishment & Refit	50,000
Public Toilet Refurbishment Megalong Old Ford	75,000
Springwood School of Arts	20,000
Cultural Physical Assets	5,000
Replacement Memorial Park	-
War Memorial Restoration Blackheath	5,000
Still to be allocated	
Due to the cancellation of the renewal of toilets at Memorial Park, Blackheath, new projects now to be determined	300,000
Grand Total	4,350,900

2. ASSET MAINTENANCE

Additional revenue totalling \$1,050,000 raised by the current special variation since its implementation in 1 July 2010 have also been spent on the following maintenance projects as set out in Table 2 below.

Table 2: Asset Maintenance Projects Funded by Special Variation

TEAM	WORKS	TOTAL JOBS completed / to be completed (2010/11 – 2012/13)
Two person Parks maintenance team	Regular garden maintenance program in parks and town centres including maintenance of play equipment and softfall in town centre parks	1,278
Two person Roads maintenance team	Cleaning of pipes and pits, fence repairs, vegetation management, litter removal, street furniture repair and footpath sweeping	1,110
TOTAL JOBS TO BE UNDERTAKEN BY 30 JUNE 2013		2,388

SCHEDULE OF AVERAGE RATES WITH AND WITHOUT PROPOSED CONTINUED SPECIAL VARIATION

The table below sets out the average rates for each rating category and sub-category on an annual and weekly, both with and without the proposed continued variation. Rate peg is included in all rates as required by the SV Guidelines.

Table: Average Rates With and Without Continued Variation

Category / Sub Category	ANNUALLY			WEEKLY		
	Average Rates (with Continued Variation, incl rate peg) \$	Average Rates (without Continued Variation, incl rate peg) \$	Average Total Impact of Continued Variation \$	Average Rates (with Continued Variation, incl rate peg) \$	Average Rates (without Continued Variation, incl rate peg) \$	Average Total Impact of Continued Variation \$
RESIDENTIAL	\$1,238	\$1,185	\$53	\$23.81	\$22.80	\$1.01
Residential North/West Villages	\$901	\$863	\$38	\$17.33	\$16.59	\$0.74
Residential E-Blackheath	\$1,156	\$1,107	\$49	\$22.23	\$21.28	\$0.94
Residential F-Medlow Bath	\$1,111	\$1,064	\$47	\$21.36	\$20.46	\$0.91
Residential G - Katoomba & Leura	\$1,149	\$1,101	\$49	\$22.11	\$21.17	\$0.94
Residential H - Wentworth Falls	\$1,222	\$1,170	\$53	\$23.51	\$22.50	\$1.01
Residential I - Bullaburra to Woodford	\$1,094	\$1,048	\$46	\$21.04	\$20.15	\$0.89
Residential J - Linden	\$1,164	\$1,114	\$49	\$22.38	\$21.43	\$0.95
Residential K - Falconbridge to Valley Heights	\$1,274	\$1,220	\$55	\$24.51	\$23.46	\$1.05
Residential L - Warrimoo to Lapstone	\$1,440	\$1,379	\$61	\$27.69	\$26.52	\$1.17
Residential M - Megalong	\$1,366	\$1,307	\$58	\$26.26	\$25.14	\$1.12
Rural Residential	\$2,067	\$1,978	\$89	\$39.75	\$38.04	\$1.70
FARMLAND	\$1,946	\$1,864	\$82	\$37.43	\$35.84	\$1.59
BUSINESS	\$2,865	\$2,749	\$116	\$55.10	\$52.87	\$2.23
Business General	\$2,570	\$2,466	\$104	\$49.43	\$47.43	\$2.00
Business Industrial Katoomba	\$1,826	\$1,752	\$74	\$35.11	\$33.69	\$1.42
Business Industrial Springwood	\$1,805	\$1,732	\$73	\$34.71	\$33.30	\$1.40
Business Katoomba	\$4,131	\$3,965	\$167	\$79.45	\$76.24	\$3.21

	ANNUALLY			WEEKLY		
Category / Sub Category	Average Rates (with Continued Variation, incl rate peg) \$	Average Rates (without Continued Variation, incl rate peg) \$	Average Total Impact of Continued Variation \$	Average Rates (with Continued Variation, incl rate peg) \$	Average Rates (without Continued Variation, incl rate peg) \$	Average Total Impact of Continued Variation \$
Business Leura	\$3,704	\$3,554	\$150	\$71.23	\$68.36	\$2.88
Business Wentworth Falls	\$2,817	\$2,704	\$114	\$54.18	\$51.99	\$2.19
Business Springwood	\$4,508	\$4,326	\$182	\$86.70	\$83.20	\$3.50
Business Industrial Valley Heights	\$3,023	\$2,901	\$122	\$58.14	\$55.79	\$2.35
Business Industrial Lawson	\$2,204	\$2,114	\$89	\$42.38	\$40.66	\$1.71
Business Blackheath	\$2,203	\$2,114	\$89	\$42.36	\$40.65	\$1.71
Business Lawson	\$2,447	\$2,348	\$99	\$47.06	\$45.16	\$1.90
Business Hazelbrook	\$3,595	\$3,450	\$145	\$69.13	\$66.34	\$2.79
Business Blaxland	\$2,486	\$2,386	\$100	\$47.81	\$45.88	\$1.93
Business Glenbrook	\$2,912	\$2,795	\$118	\$56.00	\$53.74	\$2.26
TOTALS	\$1,299	\$1,244	\$55	\$24.99	\$23.93	\$1.06

PROPOSED 10 YEAR PROGRAM OF WORKS WITH CONTINUED SPECIAL VARIATION FUNDS

RENEWAL

SERVICE / PROJECTS	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
TRANSPORT & PUBLIC ACCESS SERVICE											
Road Reseal Program	1,379,446	1,384,463	1,434,510	1,456,542	1,504,807	1,637,255	1,548,195	1,442,380	1,691,209	1,633,684	15,112,491
WATER RESOURCE MANAGEMENT SERVICE											
Storm water Renewal	125,000	185,000	142,000	214,000	168,000	334,000	344,000	418,000	39,000	444,000	2,413,000
SPORT & RECREATION SERVICE											
Sports Facilities Renewal	77,000	53,000	55,000	-	-	-			392,000		0
Parks Renewal	30,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	39,000	40,000	354,000
GRAND TOTAL	107,000	85,000	88,000	34,000	35,000	36,000	37,000	38,000	431,000	40,000	18,456,491

MAINTENANCE – an average of \$459,450 annually for the following maintenance/beautification projects as set out in the table below.

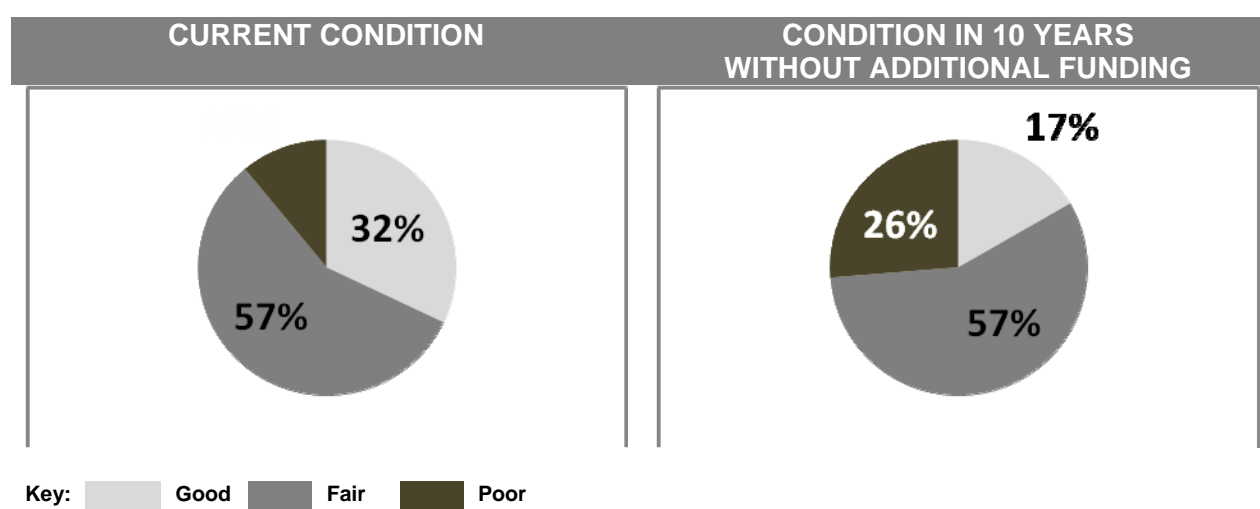
Team	Works	
Two person Parks maintenance team	Regular garden maintenance program in parks and town centres	\$4,594,509
Two person Roads maintenance team	Cleaning of pipes and pits, fence repairs, vegetation management, litter removal, street furniture repair and footpath sweeping	

REASONING SUPPORTING WORKS ON PROPOSED 10 YEAR PROGRAM OF WORKS WITH CONTINUED SPECIAL VARIATION FUNDS

TRANSPORT AND PUBLIC ACCESS SERVICE

The Council has over 4.3 million square metres of sealed roads valued at almost \$430M.

As shown in the pie charts below, currently 11% of the Blue Mountains' sealed roads are in poor condition. Within ten years, without additional funding, this increases to 26%.



Roads need resealing approximately every 15-25 years depending on the type of road surface. The allocation of funds from the proposed continued special variation funds to the road reseal program allows the Council to continue to access the Federal Government's *Roads to Recovery* grant scheme. This is worth approximately \$657K per year to the Council and it is estimated to be worth a further \$7M of extra funding over the next ten years.

Road surfaces require resealing every 15 to 25 years, depending on the type of surface. A key challenge for the Council is the availability of funding to enable a routine program of works to ensure road surfaces are resealed prior to significant failure.

Delays in road reseal can result in accelerated surface deterioration which increases the need for pot hole patching, heavy patching and road rehabilitation. Costs for these activities are approximately four times more expensive than reseal.

If the variation is not continued as proposed, the Council's ability to access the *Roads to Recovery* grant funds will be at risk, that is \$7M over the next 10 years. This in turn will require the Council to delay its reseal program which will result in substantially greater rehabilitation costs in the future.

If the variation is continued as proposed, over ten years, the Council will successfully prevent the increase in deterioration to sealed roads as shown in the pie charts above.

What does the community think?

Community survey results have consistently shown that **sealed roads** are a high community priority.

2012 survey results show that at both a City and neighbourhood level, roads are the most important issue for the community.

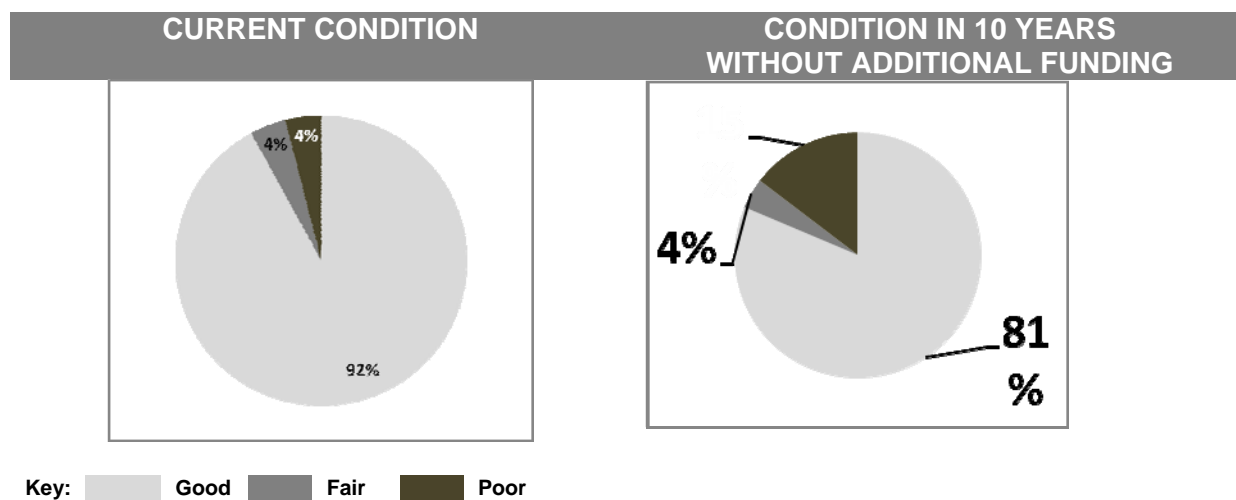
At the Affordable Levels of Services workshops in June 2012, 76% of those participants who wanted a higher level of service prioritised roads. Of the 55% of participants who were willing to pay more, their top priority area was roads (25% wanted more information before making their decision).

WATER RESOURCE MANAGEMENT SERVICE

Stormwater infrastructure functions to manage stormwater within the standard stormwater design capacity to minimise impact to properties and the environment as well as diverting water safely from roads.

Currently the Council has 153km of pipe, 7,665 pits, 52km of open channels, 2,680 headwalls and 199 SQIDs (stormwater quality improvement devices) valued at over \$110M which all contribute to our ability to manage stormwater runoff.

As shown in the pie charts below, currently 11% of the Blue Mountains' stormwater assets are in poor condition. Within ten years, without additional funding, this increases to 15%.



Funds from the proposed continued variation will enable the Council to replace these stormwater assets as they fail and will allow the Council to implement actions that target high risk areas identified in Floodplain Risk Management Plans and other studies or inspections.

If the variation is not continued as proposed, the Council's ability to prevent stormwater asset failure and therefore its ability to manage stormwater runoff will be severely impacted. This in turn will increase runoff onto properties, roads and into the environment.

If the variation is continued as proposed, over ten years, the Council will successfully prevent the increase in deterioration to stormwater assets as shown in the pie charts above.

What does the community think?

Community survey results have consistently shown that **stormwater assets** are a high community priority.

At the Affordable Levels of Services workshops in June 2012, 49% of those participants who wanted a higher level of service prioritised stormwater.

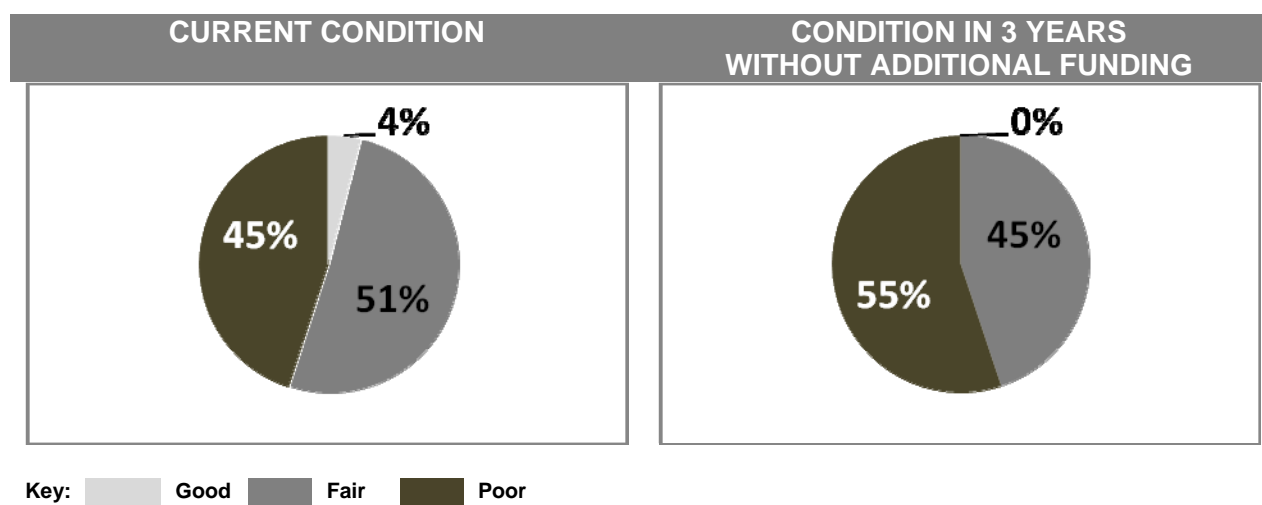
SPORTS AND RECREATION SERVICE

Recreation facilities in the Blue Mountains provide areas for participation in recreation, encouraging healthier lifestyles and increased health and wellbeing.

General park infrastructure

The Council is custodian of 105 parks within the area, ranging from large regional parks to small local parks. The general infrastructure within these parks which includes things like seats, bins, steps, handrails, trees, paths, bbqs etc is valued at approximately \$11M.

As shown in the pie charts below, currently 45% of the Blue Mountains' general park infrastructure is in poor condition. Within three years, without additional funding, this increases to 55%.



The funding for parks renewal from the proposed continued special variation will replace failing infrastructure such as seats, paths, bubblers, bins etc across the entire Blue Mountains area.

If the variation is not continued as proposed, the Council will not have the funds to replace these items as they fail and therefore they will be removed. This will result in an ongoing decline in the general appearance and usability of the park. This may lead to reduced use of the parks by locals, with the consequential decrease in health and social benefits. It may also lead to a decrease in tourism and associated economic benefits.

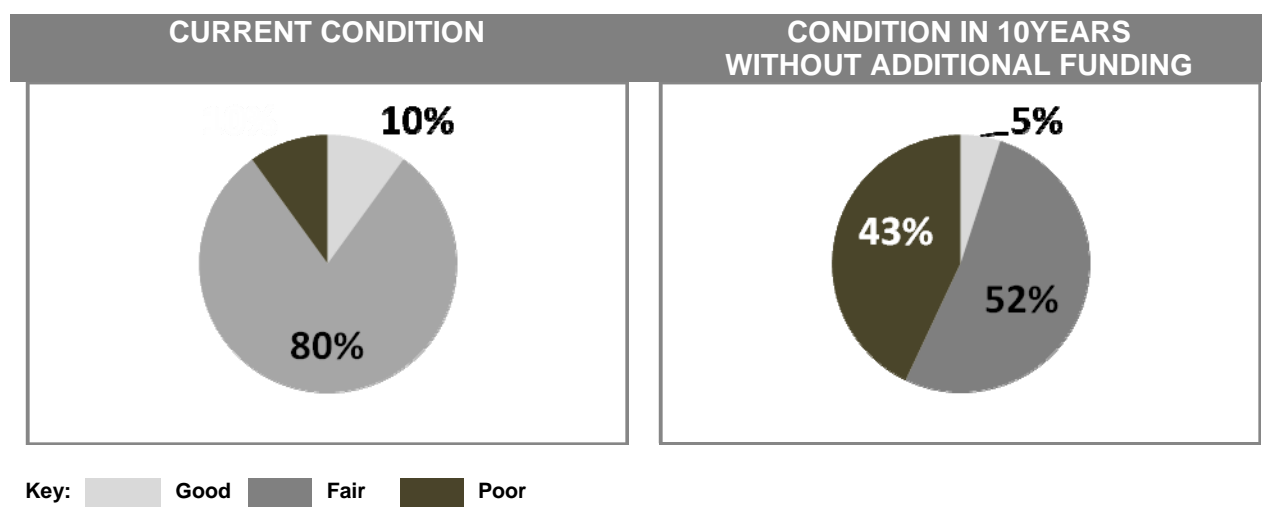
Renewal of park equipment will be prioritised to ensure adequate facilities are available at the correct locations.

If the variation is continued as proposed, the Council will successfully prevent the increase in deterioration to general park infrastructure as shown in the pie charts above.

Sportsgrounds

The Council also looks after 22 sportsgrounds as well as 66 sports courts across 24 sites. These are valued at over \$21M for the grounds and courts alone, that is excluding land and buildings.

As shown in the pie charts below, currently 10% of the Blue Mountains' sportsgrounds are in poor condition. Within ten years, without additional funding, this increases to 43%.



The funding for sports facilities renewal from the proposed continuation of the special variation will ensure that key upgrades in high use areas can be completed. This would include the lighting for Blaxland Oval and Glenbrook Park and the renovation of high use oval surfaces as required. This funding will also be used to target State and Federal Government grants wherever possible, with the aim of doubling the works that can be completed with proposed variation funds.

If the variation is not continued as proposed, the Council will not have the funds to prevent deterioration of high use oval surfaces and therefore those fields that are not fit for play will be closed temporarily. This may lead to a decrease in health and social benefits for the local community. The Council will also not be able to seek grants to provide even more funds for recreation facilities maintenance.

If the variation is continued as proposed, the Council will successfully prevent the increase in deterioration to sportsgrounds as shown in the pie charts above.

What does the community think?

At the Affordable Levels of Services workshops in June 2012, 28% of those participants who wanted a higher level of service prioritised parks and sportsgrounds.

Customer Service Requests (CSRs) from the community requesting increased maintenance, particularly for vegetation management, is increasing. This indicates a growing level of dissatisfaction amongst the community with the general standard of park facilities and sportsgrounds.

Without the continued funds from the continued variation the Council will not be able to address these concerns. As a result, it is expected that such CSRs will increase if the variation was not continued.

KEY OUTCOMES OF AFFORDABLE LEVELS OF SERVICES WORKSHOPS

JUNE 2012

Table 1: Willingness to Pay

	Yes	No	Don't Know – Need Further Information
Area 1-Blackheath	70.0%	-	30.0%
Area-2- Katoomba	52.0%	20.0%	28.0%
Area 3-Lawson	59.1%	27.3%	13.6%
Area 4-Springwood	53.8%	26.9%	19.2%
Area 5 Warimoo	40.9%	36.4%	22.7%
Overall	54.8%	22.6%	22.6%

Table 2: Focus Areas where Higher Level of Service Requested

Service	No.	%
1. Transport & Public Access	85	74%
2. Emergency Management	61	56%
3. Water Resource Management	58	49%
4. Economic Development & Tourism	53	49%
5. Sport & Rec – Walking Tracks	46	42%
6. Environmental Sustainability	46	39%
7. Waste Resource Management	40	35%
8. Town Centres	38	33%

Service	No.	%
9. Community Development	37	37%
10. Parks & Sportsgrounds	30	28%
11. Land use Management	30	28%

Table 3: Focus Areas where Maintain Current Level of Service Requested

Service	No.	%
1. Community Buildings	86	82%
2. Environmental Health & Regulation	82	75%
2. Good Government services	78	74%
3. Burial & Ashes Placement	74	65%
4. Libraries & Information	72	65%
5. Cultural Development	71	64%
6. Town Centres	68	59%
7. Parks & Sportsgrounds	66	61%
8. Child Care	64	63%
9. Environmental Sustainability	64	54%
10. Leisure & Aquatic Centres	63	58%

SCHEDULE OF EFFICIENCY AND PRODUCTIVITY SAVINGS 2005 to 2010

Service	Ongoing per year \$	One off \$	Savings Description
Community Safety	70,000		Working with the Rural Fire Service to maximise external contributions into the Bush Fire Fighting Fund reducing the subsidisation by the Council from 100% to 13.3%.
Environmental Health and Regulatory Compliance	330,000		A number of State Government imposed changes/ legislative requirements in the regulatory environment have been implemented within existing staff resources and budgets
Environmental Management	300,000		Community Volunteer Labour Programs
Sport and Recreation	76,000		Reduced energy costs- Solar pool heating Pool blankets Water saving devices
	42,000		Use of multi-skilled staff to provide front reception service
Town Centres		2,230,000	Lawson Town Centre Contract costs – savings through work redesign and re-phasing
Transport and Public Access	160,000		The Council has largely ceased purchasing quarry materials for use in unsealed road maintenance and now relies on its own recycling and "donations" from RTA highway works.
Waste Resource Management	400,000		Reduced cost for Annual Service
	565,500		Lower costs associated with reduced volume of waste to landfill as a result of increased recycling
	110,000		Additional revenue - Audit of bins – properties not properly recorded being recorded resulted in retrieval of lost income
Asset Management	20,000		Reduced energy costs - Green precincts – installing solar panels on public buildings
	20,000		Systems maintenance / replacement savings and productivity gains - New Asset Management System
Central Warehousing and Purchasing	40,000	18,000	Reduced supplier contract and inventory holding costs Reduced purchase price for computer hardware negotiated
City Planning		100,000	Reduced consultancy costs – internal resources used for LEP development over longer period
	45,000		Heritage advice outsourced instead of fulltime position
Fleet	108,000	270,000	Removal of 9 vehicles from fleet
	280,000	320,000	Lower costs of fleet Council ownership and management versus external contract Fleet capital servicing - change from six to four cylinder in light fleet vehicles

Service	Ongoing per year \$	One off \$	Savings Description
		500,000	Reduced purchasing costs – refurbishing instead of replacing two obsolete graders
		200,000	Reductions in BM City Services Equipment Bagela Asphalt Recycler, Beaver Float Trailerm, Crew Caravan Backhoes x 2, Bogie Tipper and Trailer, Watercart
Human Resources	70,000		Reduced staff recruitment advertising costs
	30,000		Savings - Reduced employment costs - downgrading HR vacant position
Information Management	120,000		Productivity gains - Introduction of electronic records and reporting tools
Operational Buildings Facilities and Property	31,250		Savings - Reduced energy costs as a result of Energy Performance Contracts
Maintenance	1,000,000		Estimated savings / productivity gains – including reduction and reallocation of staff; equipment efficiencies; Non performing Gross Pollutant Traps removed and cleaning program costs reviewed
Total	\$3,817,750	\$3,638,000	

In addition, over that time, approximately \$800,000 has been saved due to organisation restructures and the reduction of directors and managers.