

Your City | Your Assets | Your Rates

**YOUR
CITY**
**YOUR
PLAN**



- ▶ Your City - Your Assets - Your Rates.
- ▶ Have your say on choices Council needs to make to avoid a financial crisis.

Please complete the questionnaire and send it to Council reply paid, or hand deliver to the Customer Service Centre or go online to complete it.

Have your say and WIN! Submissions Close on Friday 22 February 2013

- ▶ 3 x Dinner at a restaurant of Your Choice in the City of Rockdale – value of \$150 each
- ▶ 2 x Kindle/eBook

For more info visit <http://haveyoursayrockdale.com.au/YourCityYourAssetsYourRates2013>



Mayor's Message What is Council doing and why?

When I was elected to Council in 2008, the policy on asset renewal was to only renew assets to their existing levels. If something was broken it would stay broken. The policy was designed to create a balanced budget. It has achieved this goal but at a cost to the provision of services and amenities across our City.

Since being elected Mayor, I have set as my number one priority securing the financial sustainability of our city while delivering quality services and amenities to our community.

For the past three months I have been looking at how we can achieve these dual goals. Council is proposing a three pronged approach to meet the financial challenges that Rockdale City faces:

- 1) Productivity improvements and savings in service delivery.
- 2) Reviewing Council's property portfolio to optimise returns and value for money.
- 3) A special rate variation specifically for expenditure on the renewal of our community assets.

Rockdale City is not alone in facing these challenges. The practice of rate pegging in NSW over the past 30 years has resulted in councils across NSW foregoing \$850 million per year compared to councils in other States. Rockdale's share of this equates to a shortfall of \$12 million per year.

This newsletter outlines how a special rate variation will allow Council to address our asset backlog before the problem becomes unsustainable, and remedies become unaffordable.

Without a Special Rate Variation (SRV) we simply cannot renew our assets and maintain current service levels.

The scenarios presented outline what can be achieved with small additional rate increases and alternatively what services will need to be cut should we not pursue this action.

As a modern city we need to plan for, replace or create public buildings and facilities, whether they are sports ground amenities and public toilets or major works.

If we are successful in getting this SRV we will be in a much stronger position to refurbish our existing smaller community buildings and infrastructure.

I hope that this newsletter clearly sets out the options Council has into the future. Please take the time to read this, complete the questionnaire and return it to Council.

Councillor Shane O'Brien, Mayor



Shape Your City's Future – Rockdale City Plan

THE CURRENT SITUATION



What is the problem?

Most councils in NSW have financial difficulties largely as a result of rate pegging for over 30 years restricting the amount of income that councils can raise.

There is an income gap because increases in income are not keeping up with cost increases, ageing infrastructure, cost shifting from other levels of government, a growing population, and increasing public expectation for service delivery.

Council's current policy is to set a balanced cash budget each year to maintain operational levels and any shortfall is funded by a reduction in asset renewals.

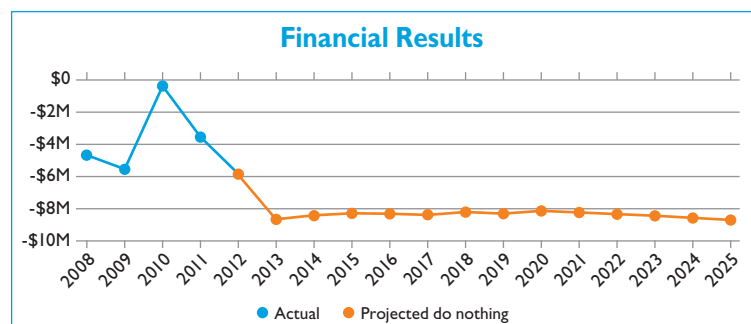
The NSW Government-imposed efficiency saving adds to this problem each year. In 2011/12 this resulted in Council under funding renewals by around \$15 million.

The total value of the infrastructure backlog is \$35 million. Council manages over \$995 million in ageing assets, as well as continuing to provide services the community expects. We are currently not spending enough money to renew our existing assets. Last year we only reached 21% of renewal expenditure needed.

The population of Rockdale City has grown steadily, and in the five years to 2011 grew by 5.7%. In addition, the population growth in Rockdale City is largely a result of increased density (high rise) which tends to attract minimum rate assessments. However, the demand on services is higher than for lower density growth eg increasing demand for open space and public facilities. Changes in services demanded, and the expectations of acceptable service levels, has increased - for example increasing safety standards for playgrounds.

The following graph shows Council's operating results from 2008 and into the future if we do nothing. We will have a deficit of almost \$9 million each year.

We are therefore asking your views about a small proposed additional rate of 3% to replace an existing special rate which finishes in June 2013, and which will grow by 3% a year over the following four years.



The good result in 2010 was as a result of Economic Stimulus Package funding from the Federal Government.

What assets do we have?

City of Rockdale assets include:

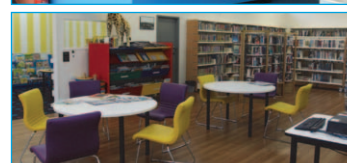
- ▶ 177 Buildings including:
 - ▶ 46 Community Facility Buildings
 - ▶ 67 Parks Buildings
 - ▶ 3 Rockdale Administration and Town Hall Buildings
 - ▶ 11 Depot Buildings
 - ▶ 6 Library Buildings
 - ▶ 3 Swimming Pools and Similar Structures
 - ▶ 8 Swimming Pool Buildings
 - ▶ 16 Commercial and 17 Residential Buildings
- ▶ 254km of Sealed Roads
- ▶ 522km of Kerb and Gutter
- ▶ 485km of Footpaths
- ▶ 44 Bridges and Culverts
- ▶ 143km of pipe, 5973 pits, 4km of box culverts, 7km of earth-lined creek, 3km of open channel and 0.28km of brick arches for Stormwater Drainage
- ▶ Two 18 hole golf courses
- ▶ 215 Parks, Recreation and Natural Environment (including natural areas, sporting grounds, parks, area of cultural significance and general community use)
 - ▶ 23 Reserves have a sports component, including two turf cricket pitches and a synthetic hockey pitch
 - ▶ 70 Playgrounds
 - ▶ 69 Sports amenities buildings and public toilets
- ▶ 8km of Lady Robinsons Beach on historic Botany Bay

What have we done so far?

- ▶ Council has worked hard to save money, improve its business and increase other sources of income (such as grants).
- ▶ We have already had to reduce some levels of service eg some amenity blocks have been closed.
- ▶ In 2010 Council consulted the community and applied for a 3% Special Rate Variation (SRV) over a period of seven years to assist in renewing community buildings and amenities. The NSW Government granted a three-year increase which ends on 30 June 2013.

The 3% Community Buildings SRV has been in place since 2010/11 and projects that have already been completed include the refurbishment of:

- ▶ Arncliffe Branch Library
- ▶ Kingsgrove / Bexley North Community Centre
- ▶ Bexley Community Centre
- ▶ Arncliffe Public Toilets
- ▶ 4 Cook Park Public Amenities



Arncliffe Branch Library before (top) and present.



Toilets in Cook Park opposite Bruce Street, Brighton Le Sands before (top) and now.

WHAT WE PROPOSE TO DO

The current 3% SRV finishes on 30 June 2013. We are consulting you on a proposal for the current SRV of 3% to continue in 2013/14, followed by a 3% rate increase in each of the next four years. The SRVs will remain in the rates base.

Council Rates: How are Residential and Business rates set?

Rate pegging

Rate pegging is the limit by which all councils in NSW may increase the total income they will receive from rates. The rate peg is set annually by the Independent Pricing and Regulatory Tribunal of NSW (IPART).

The rate peg amount for 2013/14 is 3.4%, and applies to all councils in NSW. This includes an imposed efficiency saving of 0.2%.

The annual rate peg accounts for inflation, but does not fully account for the increase in population.

Can Council increase rates?

If NSW councils want to increase rates beyond the rate peg amount they have to apply to IPART for an SRV, and must demonstrate that the community is aware of the need for, and the extent of, a rate rise.

Rockdale City Council is proposing renewal of the current SRV and an additional SRV of 3% per annum for the following four years for the renewal of assets across the City. We need your help to choose the best option for your City.

Please complete and return the questionnaire by Friday 22 February 2013.



What are we asking you?

We need you to help us to make difficult choices about the future of our City and your willingness to pay a small additional amount as part of Council's proposals to overcome our current financial difficulties.

Please read the different **financial scenarios** and then complete the questionnaire on the future options.

Rate Peg Increases only

No Special Rate Variation – Asset Deterioration and Spending Cuts

If Council is unable to increase income above the rate peg amount it needs to make choices involving allowing asset conditions to deteriorate, reducing services, closing amenities, closing playgrounds, not renewing sports fields so they will be available for less time, and charging extra for community facilities.

These options are shown in more detail in the questionnaire.

Increase Rates – Renew Assets

The proposed SRV of 3% is a partial solution and requires Council to take other actions including:

- ▶ Continuing to make savings and productivity improvements in the delivery of services
- ▶ Reviewing Council's property portfolio to optimise returns and value for money

The amount of extra revenue that will be raised by an SRV will be \$6.9 million per annum by 2017/18.

The proposed 3% SRV will result in 72% of funding the asset renewal shortfall by 2024/25.

How the additional income will be spent:

1. Playground Upgrades

For example:

Arncliffe Park playground, Silver Jubilee Reserve playground, Leo Smith Reserve playground.

2. Sporting Fields Refurbishments

For example:

Cahill Park, Bexley Oval, Scarborough Park.

3. Community Building Upgrades

Continuing the work funded by the current SRV.

For example:

Coronation Hall, Syd Frost Hall.

4. Amenities Blocks Upgrades (sports amenities buildings and toilets)

Continuing the work funded by the current SRV.

For example:

A.S. Tanner Reserve, Arncliffe Park, Tonbridge Reserve, Cahill Park.

5. Foreshore Infrastructure Upgrades

For example:

Sand Management, Sandringham Baths.

Residential and Business Rates Calculator

The amount of residential and business rates that will be paid over the next 7 years are shown in the Residential and Business Rate Calculator tables below. The numbers on the blue background include the rate peg of 3.4% in 2013/14 and then 3% in future years (source: IPART).

The numbers on the yellow background include continuing the existing 3% SRV and then four annual steps of 3% SRV that will then remain in the rates base.

Residential Rates – Impact of SRV

FACT: The minimum residential rate is paid by half of the households in Rockdale City (18,605).

FACT: In 2013/14 minimum ratepayers will pay an extra \$22 attributable to the existing 3% SRV.

FACT: In 2014/15 minimum ratepayers will pay an extra \$46 attributable to the SRV.

FACT: By 2020 the additional payment attributable to the SRV is \$139 a year – \$2.67 per week.

FACT: In the 7 years to 2020 half of the City's households will pay an average annual increase of \$92.14 attributable to the SRV – which is an average of \$1.77 per week over 7 years.

FACT: In the 7 years to 2020 another 31% of the City's households will pay an average annual increase of \$119 attributable to the SRV – which is an average of \$2.29 per week over 7 years.

Business Rates – Impact of SRV

FACT: 507 (31%) of the business ratepayers are small businesses paying the minimum business rate.

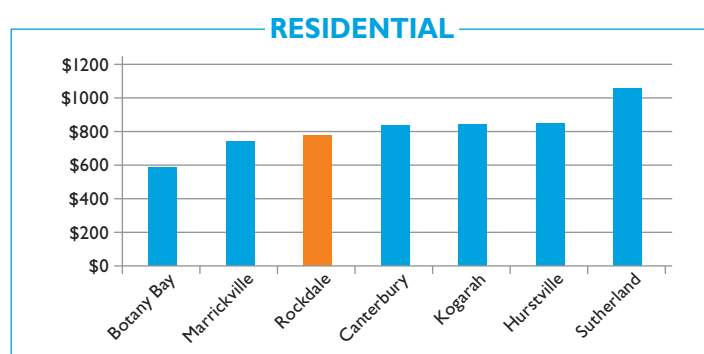
FACT: In 2013/14 minimum business ratepayers will pay an extra \$22 because of keeping the existing 3% SRV.

FACT: In 2014/15 minimum ratepayers will pay an extra \$46 attributable to the SRV.

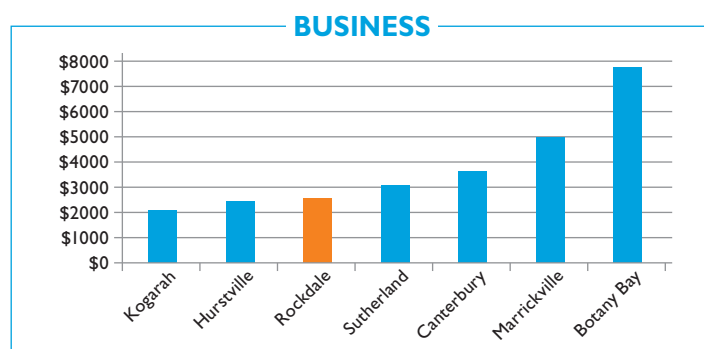
FACT: By 2020 the additional payment attributable to the SRV is \$140 a year – \$2.69 per week.

FACT: In the 7 years to 2020 31% of the City's business ratepayers will pay an average annual increase of \$92.85 attributable to the SRV – which is an average of \$1.79 per week over 7 years.

How your rates compare with neighbouring council average rates in 2010/11



Rockdale has the 3rd lowest average residential rates. The two Councils with lower average rates are Marrickville and Botany.



Rockdale has the 3rd lowest average business rates. The two Councils with the highest average rates are Marrickville and Botany.

Source: the Division of Local Government (Department of Premier and Cabinet) published 'Comparative Information on NSW Local Government 2010/11'.

RESIDENTIAL PROPERTIES RATES CALCULATOR									
Rateable Value	Properties	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$300,000	18,605	746	749	771	794	818	843	868	894
		746	771	817	866	918	974	1,003	1,033
\$300,001 to \$450,000	11,593	963	966	995	1,025	1,056	1,088	1,120	1,154
		963	995	1,055	1,118	1,185	1,257	1,294	1,333
\$450,001 to \$600,000	5,013	1,324	1,329	1,369	1,410	1,452	1,496	1,541	1,587
		1,324	1,369	1,451	1,538	1,630	1,728	1,780	1,833
\$600,001 to \$750,000	1,774	1,685	1,692	1,742	1,795	1,849	1,904	1,961	2,020
		1,685	1,742	1,847	1,958	2,075	2,200	2,266	2,334
\$750,001 to \$900,000	134	2,046	2,054	2,116	2,180	2,245	2,312	2,382	2,453
		2,046	2,116	2,243	2,377	2,520	2,671	2,751	2,834
\$900,001 to \$2,000,000	195	2,407	2,417	2,490	2,564	2,641	2,720	2,802	2,886
		2,407	2,489	2,639	2,797	2,965	3,143	3,237	3,334
\$2,000,001 and greater	43	4,876	4,895	5,042	5,193	5,349	5,509	5,675	5,845
		4,876	5,041	5,343	5,664	6,004	6,365	6,555	6,752

BUSINESS PROPERTIES RATES CALCULATOR									
Rateable Value	Properties	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$200,000	507	752	755	778	801	825	850	875	901
		752	777	824	874	926	982	1,011	1,041
\$200,001 to \$400,000	413	1,374	1,380	1,421	1,464	1,508	1,553	1,600	1,648
		1,374	1,421	1,507	1,597	1,693	1,794	1,848	1,904
\$400,001 to \$600,000	295	2,251	2,260	2,328	2,398	2,470	2,544	2,620	2,699
		2,251	2,328	2,467	2,615	2,772	2,939	3,027	3,118
\$600,001 to \$800,000	145	3,128	3,140	3,235	3,332	3,432	3,534	3,641	3,750
		3,128	3,234	3,428	3,634	3,852	4,083	4,206	4,332
\$800,001 to \$1,000,000	62	4,004	4,020	4,141	4,265	4,393	4,525	4,661	4,801
		4,004	4,141	4,389	4,652	4,932	5,227	5,384	5,546
\$1,000,001 to \$2,000,000	171	6,634	6,661	6,861	7,067	7,279	7,497	7,722	7,954
		6,634	6,860	7,272	7,708	8,170	8,661	8,920	9,188
\$2,000,001 and greater	67	8,826	8,861	9,127	9,401	9,683	9,973	10,273	10,581
		8,826	9,126	9,674	10,254	10,869	11,521	11,867	12,223

Blue background: \$ rates payable with rate peg only from 2013/14 onwards (rate peg 3.4% in 2013/14 and 3% per annum thereafter. Source: IPART)

Yellow background: \$ rates payable including 3% SRV continuation in 2013/14 and new 3% SRV steps for the next 4 years.

Rates shown exclude waste and stormwater levies.