

The Options

A Choice for our Community

After analysing the needs of the community and Council's financial situation, we have developed three options for our next delivery plan. It is now time for the elected Council to consider the community's views and decide which delivery plan is the best option for our future.

Current Situation

Rate cap increase in rates (estimated 3%)

- Operating deficit remains
- No new capital
- Not enough funding to cover depreciation
- Existing capital spending is unsustainable
- \$33 million maintenance backlog remains
- Assets deteriorate
- Services decline
- Library and pool opening hours are likely to be decreased
- Arts, culture, youth and partnership funding may be reduced or cut.

Static Delivery Plan

7% + the estimated rate cap increase, for a total of 10% each year for four years

- Operating deficit returned to balanced budget
- Capital program just exceeds depreciation used to fund additional \$3m
- Significant maintenance backlog remains
- Some services increased e.g. roads
- Some services may still be decreased e.g. library, culture, arts

Progressive Delivery Plan

10% + the estimated rate cap increase, for a total of 13% each year for four years

- Operating deficit turned into operating surplus
- Capital programs now exceeds depreciation
- Surplus used to fund additional \$4m per annum capital program.
- Asset maintenance backlog is being addressed
- New assets are possible
- Service improvements



for our Future

Delivery Program Options			
Services	Current	Static	Progressive
Sealed Roads	\$700k budget Roads resealed every 30 yrs	\$1 million budget Additional 8km completed p.a.	\$1.5 million budget Roads resealed every 15 years
Unsealed Roads	\$635/km roads graded every 5 years Gravel resheets every 30-60 years	\$1k/km roads graded, watered & rolled every 3 years Gravel resheets every 15-20 years	As per static plus new works program
Footpaths	\$80k for maintenance No renewals No new footpaths	\$700k budget Upgrades to village footpaths, Parkes school precincts, township and improved access for 'gophers'	\$1,050k budget As per Static plus upgrades to Parkes CBD New walking tracks and exercise paths
Airport	Regular maintenance No capital improvements	Runway lighting renewal Terminal improvements Carpark development Apron reconstruction	Runway lighting renewal Terminal improvements Carpark development Apron reconstruction
Pools	\$620k operating deficit Opening hours and entry fees reviewed No upgrades or new works	\$300k extra capital over 4 years for high priority works including shade structures Upgrades to village pools	\$830k extra capital over 4 years for remaining high priority and medium priority works Options such as indoor heated pool only available under this plan
Playgrounds and shade structures	\$27k budget p.a, resulting in ageing equipment Reliant on grant funding	\$40k budget p.a. Replacement and upgrade of ageing equipment	As per Static plus option for new works
Sporting Facilities	Business as usual No extra funding	General maintenance of ageing facilities Progressive development of Master Plans reliant on grant funding	Master Plans for sports facilities completed \$120k p.a. for Master Plan projects and upgrades to facilities
Library	Reduction in library collection, exhibitions hosted and provided Decreases in programs and opening hours	Possible reduction in library collection, exhibitions hosted and provided Decreases in programs and opening hours	Increases in budget mean new & improved library collections New programs available Refurbishments to village libraries
Community	Reduction of youth events and services Withdrawal from partnerships with Northparkes, Charles Sturt University and others	Possible reduction of youth events and services Withdrawal from partnerships with Northparkes, Charles Sturt University and others	Increased funding for Town Improvement Votes Improve and increase youth services and facilities Support increased youth participation in Council planning. Secure co-funded partnership positions
Culture	Reduction of cultural grants Withdrawal of Arts Outwest support Reduced support to events	Possible reduction of cultural grants Withdrawal of Arts Outwest support Reduced support to events	Continue to support and maintain cultural activities Investigations continue for a cultural space

Funding

How will the Delivery Plans be Funded?

The Static and Progressive delivery plans are both funded by an increase in annual rates. If either of these delivery plans are adopted, Council will make an application for a Special Rate Variation (SRV) to the Independent Pricing and Regulatory Tribunal (IPART).

How Much will my Rates be Affected?

Council has suggested increasing the residential rate by 7% or 10% above the estimated rate peg limit (est. 3%) per year over 4 years to fund the Static or Progressive delivery plans in order to service community needs and wants.

The proposed increases to your rates will be applied to the Residential, Business and Farmland Rate only (circled below)

* PLEASE READ IMPORTANT INFORMATION AND METHODS OF PAYMENT ON REVERSE SIDE				
DESCRIPTION	CENTS IN \$/CHARGE	AMOUNT	NOTE	TOTAL DUE
Residential Parkes	0.012112	54700		\$662.53
Water Residential Access	1	\$225		\$225.00
Sewer Residential Access	1	\$400		\$400.00
Waste/Recycling Residential	1	\$290		\$290.00
Storm Water Charge	1	\$25		\$ 25.00

The increases will be applied for a 4 year period commencing in the 2013/14 year.

How Much Extra will I Have to Pay?

The average residential rate in the Parkes Shire is \$531. Funding the Static delivery plan or the Progressive delivery plan will increase the rates by \$3.43 or \$5.12 per week above the estimated rate cap increase each year for 4 years.

	Yr 1	Yr 2	Yr 3	Yr 4	Total
Static net increase per week (above est rate cap increase)	\$0.69	\$0.81	\$0.91	\$1.02	\$3.43
Static total weekly increase (including est rate cap increase)	\$1.02	\$1.12	\$1.24	\$1.36	\$4.74
Progressive net increase per week (above est rate cap increase)	\$0.99	\$1.18	\$1.37	\$1.58	\$5.12
Progressive total weekly increase (including est rate cap increase)	\$1.33	\$1.50	\$1.70	\$1.92	\$6.45

What Does This Mean Over 4 Years?

In the 4th year the rates for the average property will be affected as follows:

RESIDENTIAL	Static	Progressive
Net increase (above est. rate cap increase)	\$3.43 /week \$44.95 /quarter \$179.00 /year	\$5.12 /week \$67.00 /quarter \$268.00 /year
Total rate (including increase and est. rate cap increase)	\$14.95 /week \$194.25 /quarter \$777.00 /year	\$16.64 /week \$216.25 /quarter \$865.00 /year

Cost of moving from Static to Progressive = \$1.67 /week
less than half a cup of coffee



BUSINESS	Static	Progressive
Net increase (above est. rate cap increase)	\$12.98 /week \$168.75 /quarter \$675.00 /year	\$19.35 /week \$251.50 /quarter \$1006.00 /year
Total rate (including increase and est. rate cap increase)	\$56.10 /week \$729.25 /quarter \$2917.00 /year	\$62.42 /week \$812.29 /quarter \$3249.00 /year

Cost of moving from Static to Progressive = \$6.37 /week
one and a half cups of coffee



FARMLAND	Static	Progressive
Net increase (above est. rate cap increase)	\$10.97 /week \$142.50 /quarter \$570.00 /year	\$16.37 / week \$212.75 / quarter \$851.00 / year
Total rate (including increase and est. rate cap increase)	\$47.45 /week \$616.75 /quarter \$2467.00 /year	\$52.83 / week \$686.75 / quarter \$2747.00 /year

Cost of moving from Static to Progressive = \$5.40 /week
just over half a truck tyre /yr



our Future

What About Pensioners and Those Experiencing Hardship?

The pensioner rebate will be increased to reduce the impact of any rate rise.

Pensioner Rebates	Static	Progressive
Year 1	\$20	\$25
Year 2	\$30	\$40
Year 3	\$50	\$70
Year 4	\$70	\$105

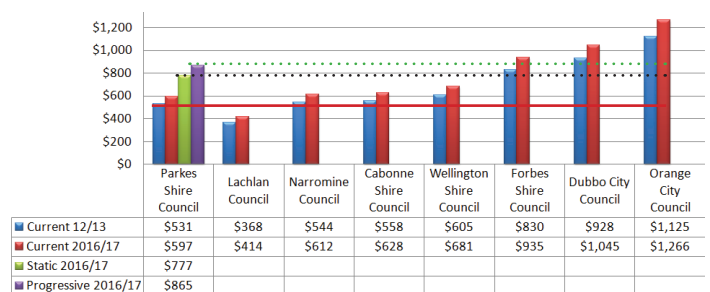
The impact of pensioner rebates takes the average rate increase from \$5.15 to \$3.13/week above rates paid under the Progressive delivery plan.



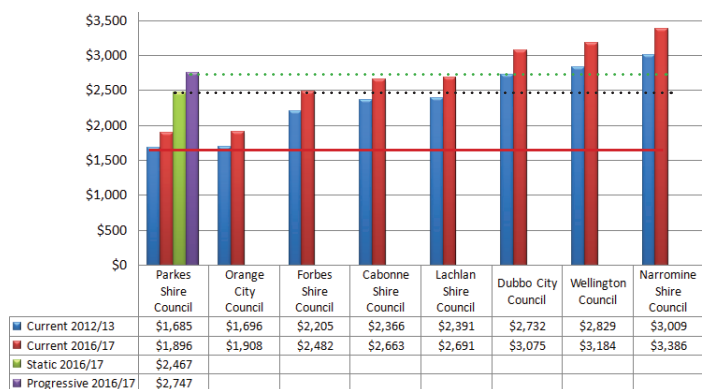
How do These Rates Compare with Other Councils?

We would argue that Parkes Shire Council is currently underrated. When compared to similar Councils, our rates are ~20% below average. The below graphs show the current average rates and the rate increases compared to other Group 11 Councils.

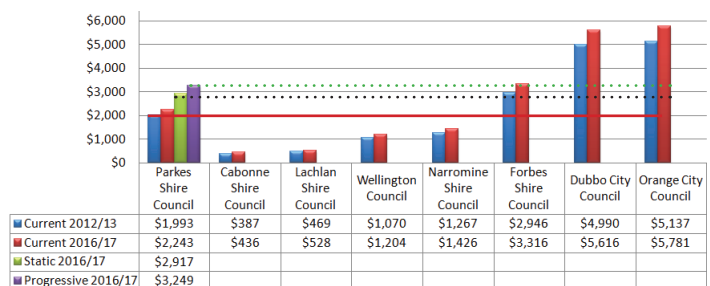
Forecast Average Residential Rate



Forecast Average Farmland Rate



Forecast Average Business Rate



Based on 2009/10 Division of Local Government comparative figures.

Deciding on our Future

Outcomes of Informed Survey Workshops

Workshops which included detailed presentations on the three options and an opportunity to nominate the preferred delivery program were recently held throughout the Communities of the Shire. 135 community members nominated their preference for the future. Here are the results.

6% voted for the Current situation delivery program
16% voted for the Static delivery program
78% voted for the Progressive delivery program

For More Information and to Provide Feedback

You can now find out more information and indicate your preferred delivery program by:

- Visiting www.parkes.nsw.gov.au and following the link to our online survey. You will have until 30 November 2012 to complete the survey.
-  Heading to the Parkes Shire Community page and leaving us a message
-  Tweeting your view with the hashtag #ProgParkes
- Dropping into the Administration Centre on Cecile Street and filling in the survey

The Next Steps

The outcomes of the informed survey workshops, online survey and other feedback, will be used to help guide the new Councils decision on which delivery plan that will best meet the needs of the community.

If a rate increase is necessary, an application must be made to the Independent Pricing And Regulatory Tribunal (IPART) in March 2013. If the application is approved the rate variation will take effect from 1st July 2013.

More information including links to videos, fact sheets and presentations are available on our website www.parkes.nsw.gov.au



Annexure 2.0.

**Parkes Champion Post
Article**

**"Future Plan Outlined to
Residents"**

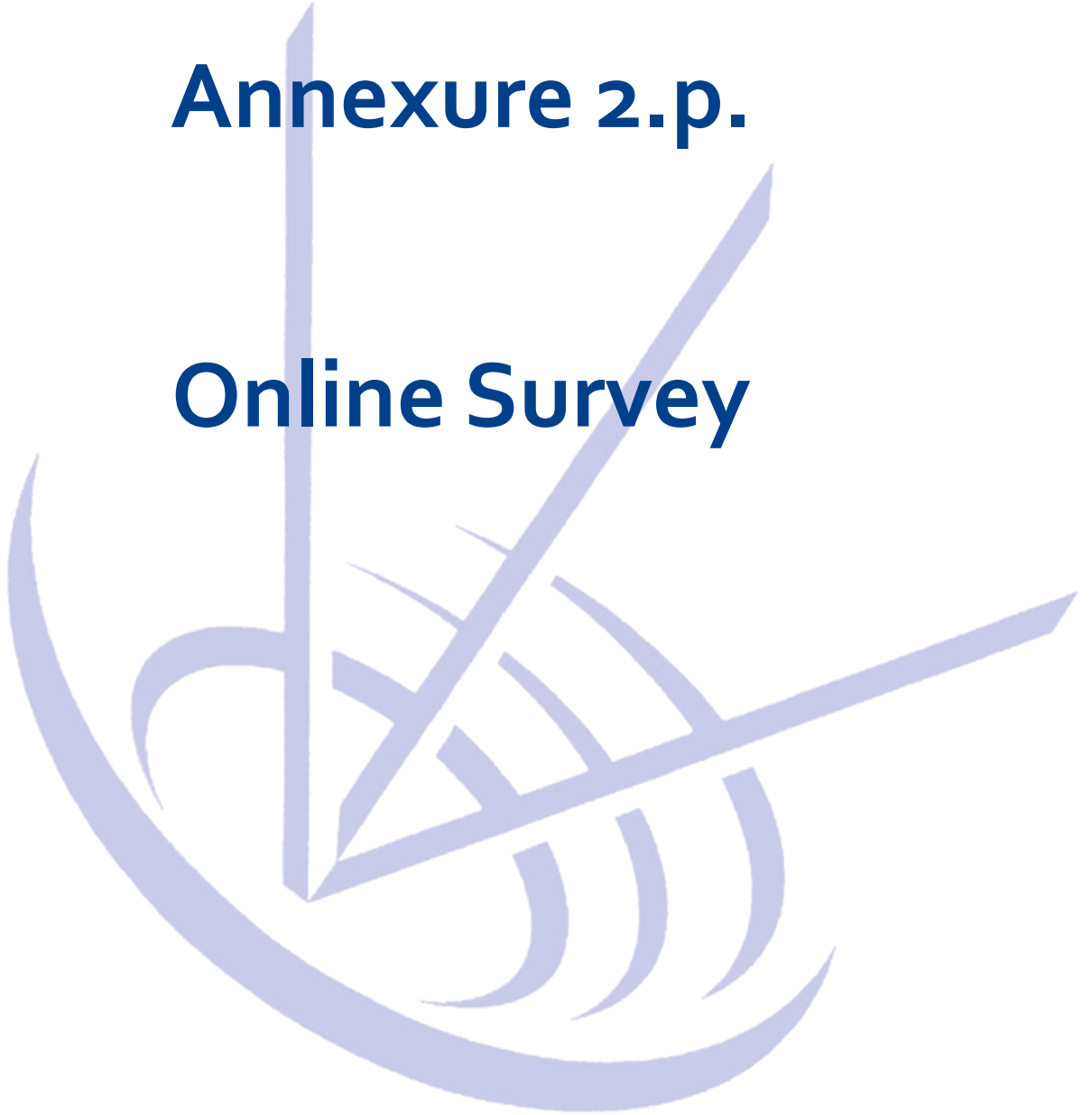
Dated 28th November

2012

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Annexure 2.p.

Online Survey



Parkes Shire Council Delivery Plan Options

Have Your Say

Residents are being asked to give their feedback on Council's funding options for it's works programs and schedule of services for the next four years (2013/14 to 2016/17).

Please complete the following survey.

Demographics

1. What is your gender?

What is your gender?

- ☐ Female
- ☐ Male

2. What is your age?

What is your age?

- ☐ Under 18
- ☐ 18 to 34
- ☐ 35 to 50
- ☐ 51 to 64
- ☐ 65 or older

3. Where do you live?

Where do you live?

- ☐ Parkes town
- ☐ Rural town
- ☐ Farms etc

4. Are you of Aboriginal or Torres Strait Islander origin?

Are you of Aboriginal or Torres Strait Islander origin?

- ☐ Yes
- ☐ No

Are you informed?

5. Have you attended a Delivery Plan Options workshop, information session, watched the YouTube video or read the information booklet regarding the Delivery Plan Options?

Have you attended a Delivery Plan Options workshop, information session, watched the YouTube video or read the information booklet regarding the Delivery Plan Options?

☐ Yes

☐ No

Vote for your preferred Delivery Plan

Please be aware that these are the Delivery Plan Options you are about to vote on. They have been prepared to deliver the projects highlighted by the community during the past months of consultation.

**** Current Situation** - No rate increase above CPI. (CPI is assumed as 3%).

There will have to be reduced levels of maintenance and services offered by Council. Operating deficit will remain. No new or additional assets. There will not be enough funding to cover depreciation. Council and Community assets will deteriorate. A review of what positions are deemed non critical, not linked to core service provisions of Council, will be undertaken. A review of pool opening hours, library services, tourism, office hours etc will be carried out.

**** Static Delivery Plan** - A rate increase of 7% above CPI. (CPI is assumed as 3%). A real increase (ie above CPI) of \$3.43 per week by 2016 on the average general rate. \$44.95 per quarter. \$179.79 per year. \$1.95 per week on the minimum general rate. \$25.30 per quarter. \$101.56 per year. Operating deficit returned to balanced a budget. Capital program just exceeds Depreciation. An additional \$3million per annum spent on asset renewal program. Some asset maintenance backlog is addressed. No new assets.

STATIC - Use of Increased Funding	4 year total
	\$('000)
Pensioner Rebate	245
Airport improvements	300
Increase to Town Improvement votes	210
Improve footpaths	800
Improve roads, streets and CBD	2,160
Renew / maintain assets (depreciation backlog)	328
Improve town drainage	911
Noxious weeds / pests & animals / toilets	300
Pools - Trundle, Tullamore & Peak Hill	300
Community / Council priority initiatives	458
Sporting grounds maintenance / improvements	356
TOTAL NEW FUNDS	6,368

**** Progressive Delivery Plan** - A rate increase of 10% above CPI.(CPI is assumed as 3%).

A real increase (ie above CPI) of \$5.12 per week by 2016 on the average general rate.

\$67 per quarter. \$268 per year

\$2.91 per week on the minimum general rate. \$37.87 per quarter. \$151.48 per year

Operating deficit turned into operating surplus. Capital programs now exceeds

depreciation. Surplus used to fund additional \$4million per annum on capital works.

Infrastructure backlog is being addressed. New assets are possible.

PROGRESSIVE - Use of Increased Funding	4 year total
	\$('000)
Pensioner Rebate	345
Airport improvements	310
Increase to Town Improvement votes	290
Improve footpaths	1,050
Improve roads, streets and CBD	2,700
Renew / maintain assets (depreciation backlog)	483
Improve town drainage	1,000
Noxious weeds / pests & animals / toilets	300
Pools - Trundle, Tullamore & Peak Hill	810
Community / Council priority initiatives	515
Sporting grounds maintenance / improvements	400
Possible NEW infrastructure / assets	1,166
TOTAL NEW FUNDS	9,369

*

6. Which Delivery Plan Option do you support?

- ☐ Which Delivery Plan Option do you support? Current Situation
- ☐ Static Delivery Plan
- ☐ Progressive Delivery Plan

Thanks

Thank you for completing this survey regarding Parkes Shire Council's Delivery Plan Options. Your feedback is appreciated.

The information gathered from this survey, other meetings, workshops and information sessions will inform Council, assisting them in their deliberations on the Shire's strategic and delivery plans.

Annexure 2.q.

**Parkes Champion Post
Article**

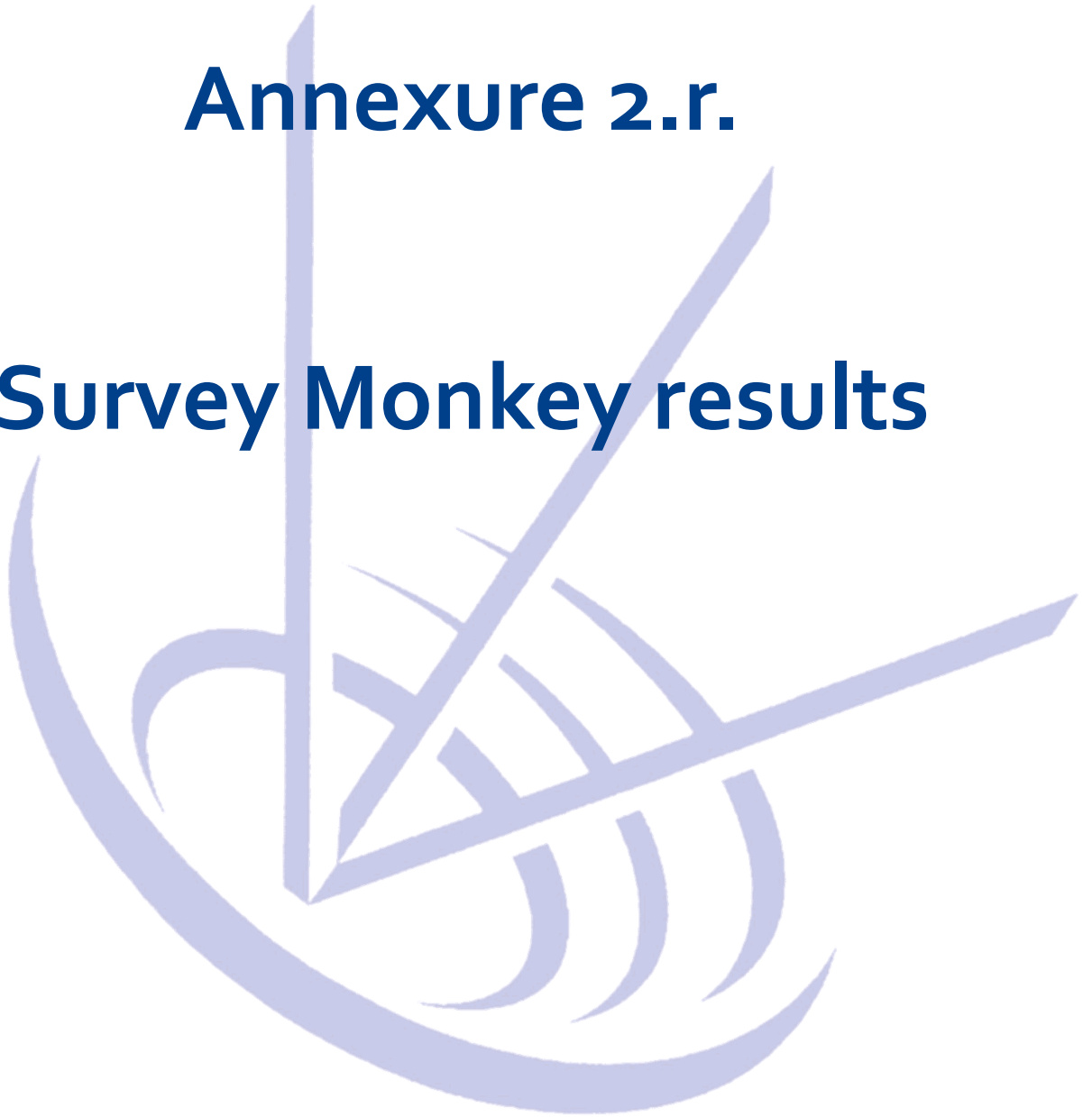
**"Information you need to
know.."**

Dated 3rd December 2012



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Annexure 2.r.






Survey Monkey results






1. What is your gender?

		ResponsePercent	ResponseCount
Female		51.8%	58
Male		48.2%	54
AnsweredQuestion			112
SkippedQuestion			2



2. What is your age?

		ResponsePercent	ResponseCount
Under 18		0.9%	1
18 to 34		28.6%	32
35 to 50		39.3%	44
51 to 64		25.0%	28
65 or older		6.3%	7
AnsweredQuestion			112
SkippedQuestion			2



3. Where do you live?

		ResponsePercent	ResponseCount
Parkes town		85.7%	96
Rural town		7.1%	8
Farms etc		7.1%	8
AnsweredQuestion			112
SkippedQuestion			2




4. Are you of Aboriginal or Torres Strait Islander origin?

		ResponsePercent	ResponseCount
Yes		4.5%	5
No		95.5%	106
AnsweredQuestion			111
SkippedQuestion			3

5. Have you attended a Delivery Plan Options workshop, information session, watched the YouTube video or read the information booklet regarding the Delivery Plan Options?

		ResponsePercent	ResponseCount
Yes		83.9%	94
No		16.1%	18
AnsweredQuestion			112
SkippedQuestion			2

6. Which Delivery Plan Option do you support?

		ResponsePercent	ResponseCount
Current Situation		14.4%	15
Static Delivery Plan		25.0%	26
Progressive Delivery Plan		60.6%	63
AnsweredQuestion			104
SkippedQuestion			10

Annexure 2.s.

Parkes Champion Post Article

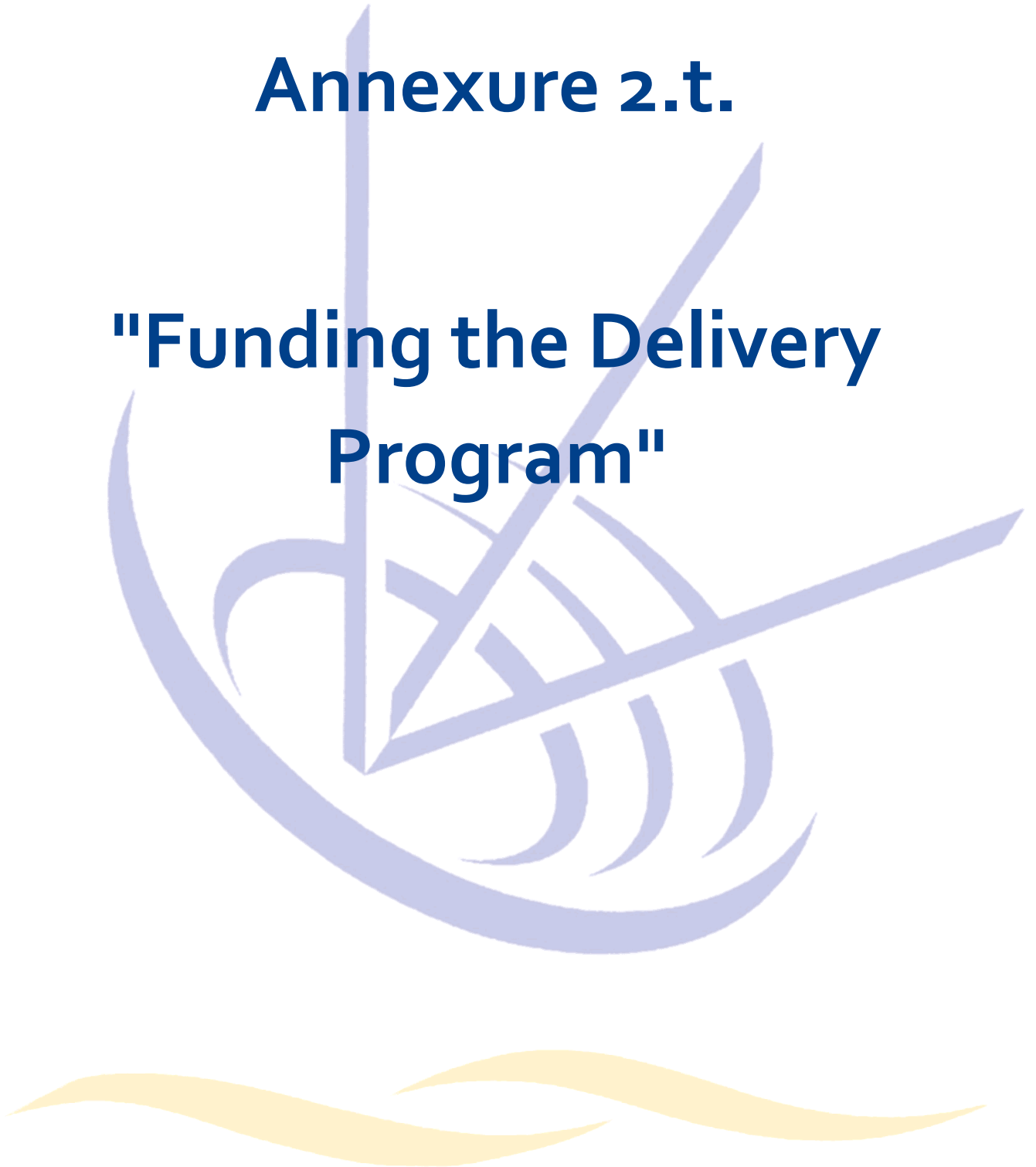
"Hardship Policy for Rate Rise"

Dated 25th of January

Removed due to copyright concerns

Annexure 2.t.

**"Funding the Delivery
Program"**



Funding the Delivery Program

IDENTIFYING THE NEEDS AND WANTS OF THE COMMUNITY

Since March this 2012 Council has been preparing for the current round of the Integrated Planning and Reporting, encompassing a review of the 10 year Community Strategic Plan and development of this Delivery Program. Council has carried out an intensive community engagement as outlined in the Community Engagement Strategy (Continuum) 2012 document, this was done to determine the service delivery and project delivery expectations across the Shire. Council has also conducted a detailed analysis of Councils Workforce Plan, Asset Management Plans and the Long Term Financial Plan. This process has resulted in Council having developed three resourcing scenarios which are outlined in the Long Term Financial Plan for consideration regarding the Delivery Program being; Current Situation, the Static Delivery Program and the Progressive Delivery Program.

The Current Situation Model: was based on no new income sources being made available to Council. With this scenario it sees that the current operating deficit remains, no new Capital for new projects is available and there is insufficient funding to cover depreciation. **T Corp (NSW Treasury) have indicated Council is not sustainable in the long term under this scenario.**

The Static Delivery Program Model: was based on a cumulative 7% increase each year for four years above the existing rate cap estimated at 3%. After the four years this would total a 46% increase, and if the estimated cap is taken out this would mean a total 31% increase over and above the cap on the general rate in four years time. The Static Delivery Program would see the operating deficit returned to a balanced budget. Council could then instigate a capital program that just exceeds depreciation by funding an approximate \$3m per annum renewal program. Some minor asset maintenance backlog would be able to be addressed however there would be no new additional assets planned.

The Progressive Delivery Program Model: This program is based on a cumulative 10% increase each year for four years above the existing rate cap estimated at 3%. This would after the four years total a 63% increase, and if the estimated cap is taken out this would mean a total 46% increase over and above the cap on the general rate in four years time. The Progressive Delivery Program would see the operating deficit turned into an operating surplus. The capital works program would then exceed depreciation. The surplus would be used to fund an approximate \$4m per annum capital program which sees the significant asset maintenance backlog faced being addressed.

Council has conducted a number of Community Programming Workshops in October 2012 across the Shire, working with the community to prioritise the three resourcing scenarios. The results of this process where that 78% in favour of the Progressive Delivery Program, 16% in favour of the Static Delivery Program and 6% in favour of the Current Situation. Council has continued to seek input from the community since these workshops via a wide spread media campaign including a web based survey. This survey had similar results with 60.6% in favour of the Progressive Delivery Program, 25% in favour of the Static and 14.4% favouring the Current Situation. (For more information refer to the Community Engagement Strategy (Continuum) 2012

CONSIDERING THE REASONABLENESS AND IMPACT OF INCREASING THE GENERAL RATES

Council commissioned the Western Research Institute (WRI) to examine the reasonableness of the proposed rate variations under the Static and Progressive Delivery Program models. WRI considered three main criteria in their methodology being; Price Comparisons (other goods usually purchased), Impact (on incomes), and Peer Comparisons (other

Councils). The report also considers the impacts on those possibly less advantaged using what is termed a SEIFA ranking which is a measure compiled by the Australian Bureau of Statistics the findings of the report are summarised below;

Price Comparisons:

Price comparisons (households) - under both the static and progressive plans rates increases do not exceed the past and anticipated price increases of the services most closely aligned to local government services. These services include utilities and child care with local government itself usually providing water and some child care services. The static rate increase does not even exceed the price increases of services in general over the relevant period.

Price comparisons (farm and non-farm business) - except for input prices to electricity and rail freight, even the static rate increase exceeds the past and anticipated input price and wage increases over the relevant period

Impact:

Impact (households) - rates represent less than 1 per cent of the household expenditure of 80 per cent of Parkes households so that even with the 64 per cent rate increase of the progressive plan implementation, rates remain below 1 per cent of household expenditure and the increase represents less than one percentage point of household expenditure.

Impact (farm and nonfarm businesses) - overall the impact is relatively small on non-farm business with rates representing less than 1 per cent of value added. Even with the progressive plan implementation, rates will increase by less than 1 percentage point of value added. Therefore the impact of even the progressive rate increase is insignificant for non-farm business. However rates are more significant for farm businesses

representing up to 4 per cent of value added in Scenario 2 (growing agriculture) and up to 6 per cent of value added in Scenario 1 (stagnating agriculture) and hence, so too is any rate increase. Nevertheless concern about this impact should be mitigated to some extent because the significance of rate increase from farm businesses is in part due to the growing number of hobby farms. In addition, the assumption of stagnating agricultural value added may be less plausible than the assumption of growing agriculture, and hence the impact of the rates increase in Scenario 1 may be indeed overstated.

Comparison with Peers:

Comparison with peers - The average household incomes of Parkes is just above the median income of Group 10 and 11 LGAs while its current rates are well below the median for Group 10 and Group 11 LGAs. Under the progressive rate increase Parkes rates would rise just above the median for these 2 groups of councils. By itself this would suggest that the progressive rate increase is consistent with Parkes' peers. However Parkes is well below the median of these councils in terms of the SEIFA index. This suggests that Parkes has a relatively large proportion of relatively disadvantaged households. This issue is addressed through Council monetary rebates and hardship policies.

Overall Conclusions:

In summary, even the rates increases under the progressive program passed most of the tests for reasonableness. Both the static and progressive programs result in rates increase exceeding the rise of input costs for businesses. For non-farm businesses the rates as a percentage of value added is less than 1 per cent, suggesting that the impact is low. However, for farm businesses, the rates/value added ratio is higher due to the growing number of 'hobby farms'. This overstates the real impact of rates on farm businesses. Additionally, Parkes Shire has low SEIFA.

ranking, suggesting significant disadvantage of certain population groups. This disadvantage is countered by monetary compensation and policy action that are included in both programs. Overall, even the progressive program broadly satisfies reasonableness test.

THE SPECIAL RATE VARIATION PROCESS AND HOW IT WILL BE MANAGED

Parkes Shire Council has made the difficult decision to seek a Special Rate Variation (SRV) from the NSW Independent Pricing and Regulatory Tribunal (IPART) in line with the funding model to support the Progressive Delivery Program. This sees a cumulative 10% increase a year for four years above the existing rate cap estimated at 3%. This would after the four years total a 63%. The adopted draft IP & R Planning documentation including this Delivery Program will be placed on display for submissions for a period of 28 days from the 30th of January 2013. Council will consider any submissions made and has until March 11th to submit a finalised Special Rate Variation application under Section 508A of the Local Government Act 1993 to IPART.

IPART will then consider this application and Council will be advised in June 2013 of the decision of IPART and the approved General Rate level set. Although Council believes it has a strong case to support its application ultimately IPART have the discretion to refuse any rise above the cap that was set on the 26th of November 2012 being 3.4%, or alternatively a percentage increase anywhere from the level of the cap up to and including the full amount sought being 13% each year for 4 years.

To assist the reader in being able to identify which of the projects, initiatives or items in the Delivery Program are directly reliant upon the Progressive

Funding component these are identified as being Actions in a green font with an additional differentiation being found in the Action number by having a "P" added to the identifying number. It is these actions that will be subject to adjustment or elimination after the decision of IPART. Similarly the items as they appear in the Capital Works Programs in both the 4 Year Financial Forecasts and the Operational Budget have been identified and appear in green font.

NOTE RE DELIVERY CHALLENGE ASSESSMENT

The potential of the Special Rate Variation to assist in delivery of the actions of the program can generally be assisted by comparing the risk rating of the original action (BLUE action) compared to the risk rating of the progressive action (AUGMENTED PROGRAM GREEN P action).

Note: New "Progressive" Programs/Projects however are not able to be compared in the same manner.

Documentation relating to Councils Special Rate Variation Application to IPART can be found on its web site www.parkes.nsw.gov.au

Annexure 2.u.

Parkes Champion Post Article
"10 percent rate rise endorsed"
&
"Higher rates prepare us for
the future"

Dated 30th of January and 1st
February 2013

Removed due to copyright concerns