

# Guyra Shire Community

Discussion with our community about retaining a special rate variation and our future financial sustainability



# Why are we here?

- Council is consulting with the community on the continuation of a special rate levy.
- If the current levy does not continue, Council will lose approximately \$180k from our rates base each year.
- Guyra is not able to maintain current service levels over the coming ten years without additional funding.
- Council will have further consultation in 2014 about what else can be done so Council lives within its means.

# What is a Special Rate Variation?

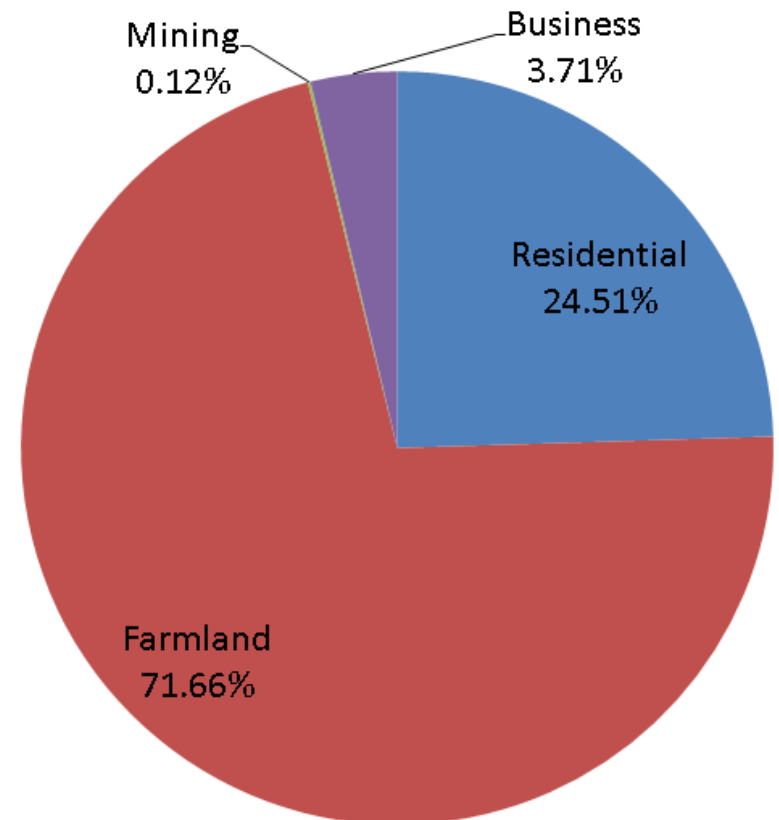
- The State Government 'caps' rates each year.
- Any rate increase above the rate cap amount is called a Special Rate Variation.
- 2009-2014 Guyra Shire SRV - \$180k each year.
- This levy runs out in 2014 and Council must apply to continue it.
- For 2014/15 the rate increase will be continuation of current or minus \$180K plus 2.3%
- From 2015/16 will be based on community consultation in 2014

# Council Rates are 21% of Total Revenue

## Revenue

- **General rates revenue total - \$2.5m (21%)**
- Water/sewerage rates - \$1.2m
- User charges - \$1.3m
- Grants and contributions - \$6m
- Investment interest / disposal of assets, etc - \$1m
- Total Council revenue - \$12m

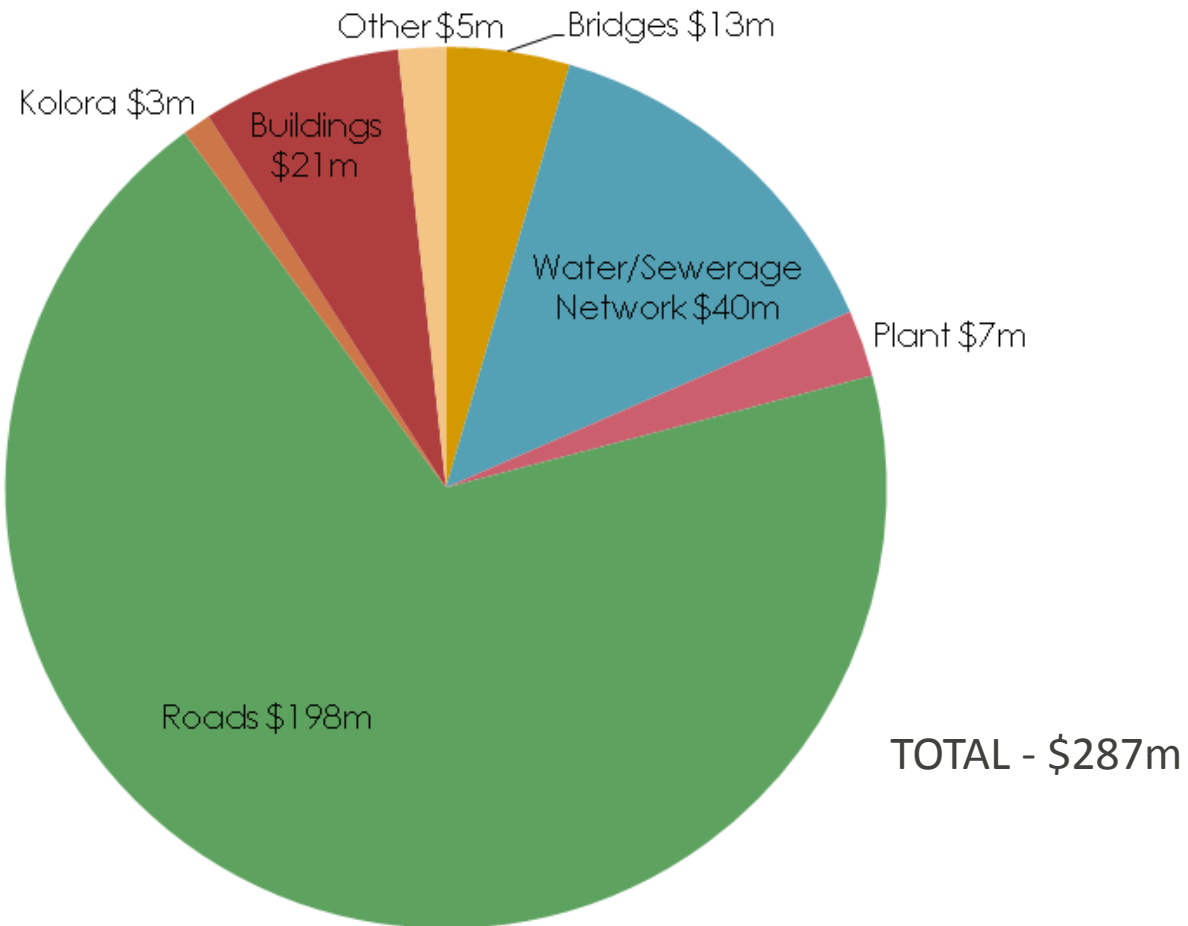
## Rates Sources



# Finance Overview

- 10 Year Forecasts – Operating Deficits - \$250k
  - Community Strategic Plan (CSP 2013-2023)
    - Community's goals and aspirations
  - Remaining financially sustainable
  - Loans / borrowings \$1.2m - Repayments \$200k/year
  - Investments - \$8m, but all either committed or restricted
- Financially can't deliver without change

# Assets / Infrastructure Overview



# Roads Guyra Shire

	km	Maintenance	Renewal
Rural Unsealed (gravel)	537km	\$500k Patrol maintenance	\$600k Resheeting, culverts, signs, trees, etc
Rural Sealed	269km	\$520k Maintenance resurfacing, patching, mowing, etc	\$460k Rehabilitation, resurfacing
Urban Roads	36km	\$250k Maintenance	Rehabilitation (further budget)

# Other Examples of Services - Guyra Shire

	Revenue	Expenditure	Cost / Resident Annually
Swimming Pool	\$45k	\$180k	\$30
Library	\$29k	\$130k	\$22
Lions Park	\$3k	\$14k	\$2.50
Emergency Services (SES and RFS)	\$0	\$65k	\$14.50



# Why Doesn't Council Live within Its Means?

- It tries by continually reviewing value for money and working with other Councils in the region to get the best possible deal on purchase of materials and equipment needed
- Requires ongoing service reviews and setting efficiency targets
- Cost savings / efficiencies
  - Waste management / kerb side collection
  - Shared services
  - IT
  - Road maintenance
  - Contracts / procurement

BUT

- Council's income is limited or "capped" to CPI and external costs are going up faster than that.



# Financial Sustainability Challenges

- Jeff Roorda – JRA

# 1. Ageing Infrastructure

- Most infrastructure is approaching the end of life.
- Council has not needed to spend much on renewal in the past
- Asset Management Plans show future expenditure will go up for assets like Buildings, Roads, Structures Water and Sewer
- And these assets cost over \$155M to replace

# Costs are going up faster than income because....

1. Infrastructure is ageing
2. Costs going up faster than CPI
3. Regulatory compliance



## 2. Increasing Costs – Council has been capped to 2.3% increase

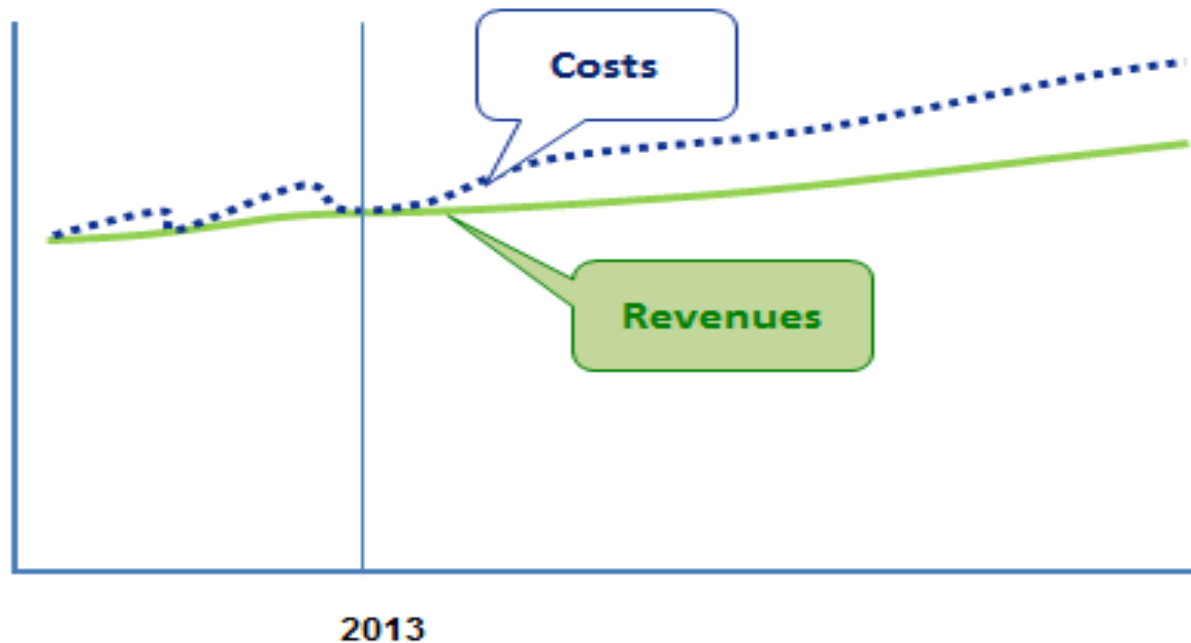
- Council has to fund 11% of the expenditure of RFS and SES. Council has no control over this expenditure and has to make provision for this.
- This is 2% of rates or \$50,000 in 2012/13

## 2. Increasing Costs – Council has been capped to 2.3% increase but costs outside councils control are increasing by more

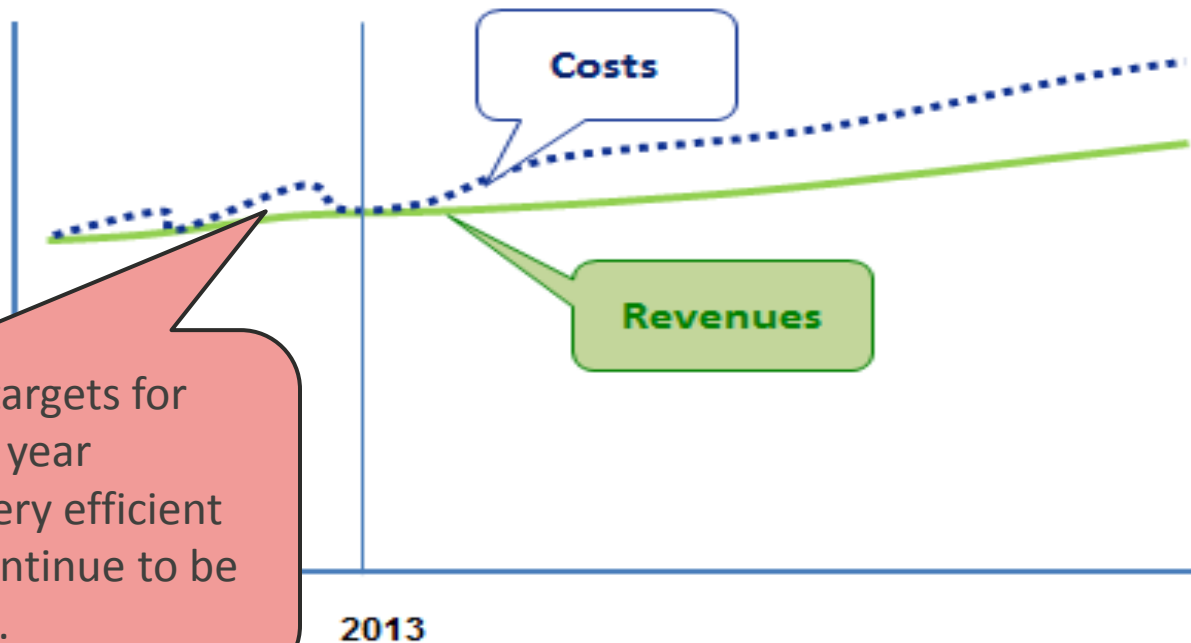
- Electricity and Street lighting. The total increase in electricity costs has been approximately 23% per year since 2008/09
- Roads construction materials have been increasing by 4% per year, (Fuel, concrete, quarry materials)
- Materials and contracts for all services have been increasing by 11% per year

continually reviewing value for money and working with other Councils in the region to get the best possible deal on purchase of materials and equipment needed.

## Value for Money Costs Consistently Higher than CPI



## Value for Money Costs Consistently Higher than CPI

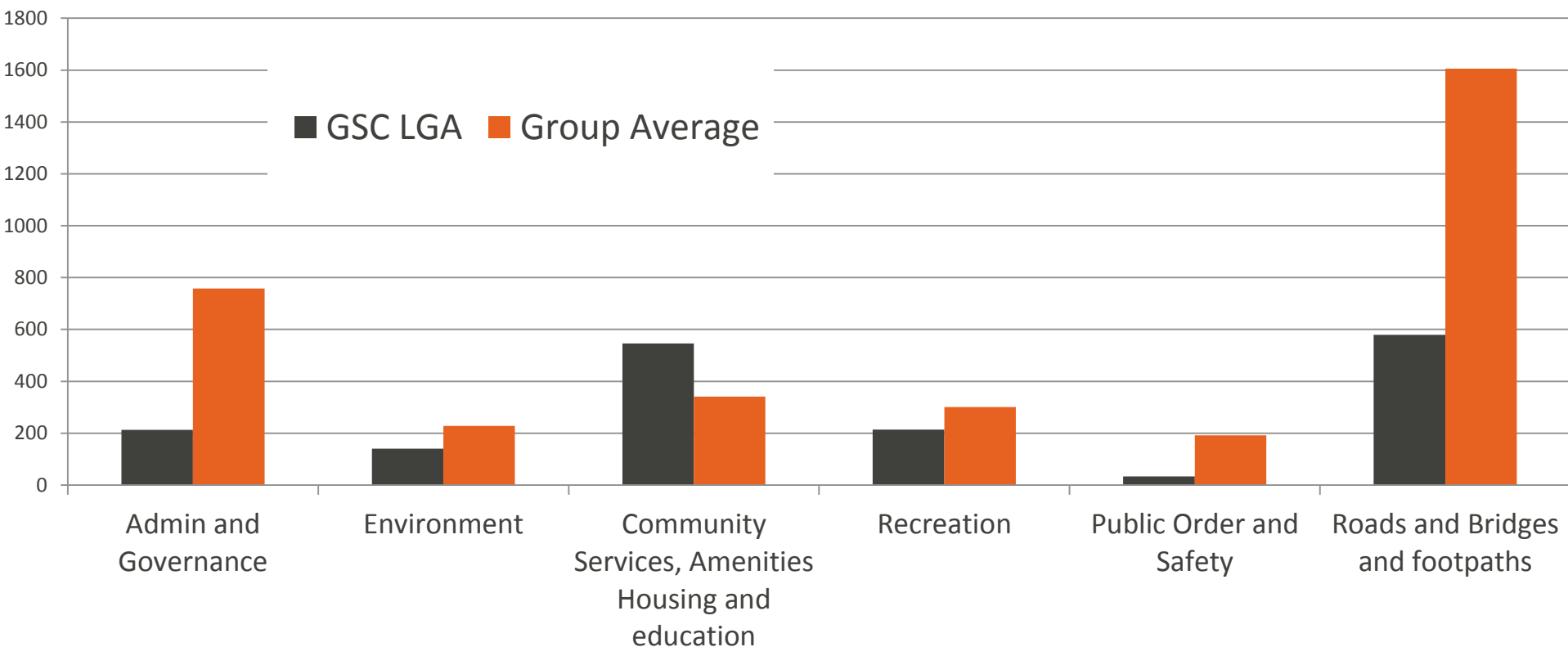


Setting efficiency targets for services each year  
Council now has a very efficient operation and will continue to be reviewed.



# How does Guyra compare with similar Councils?

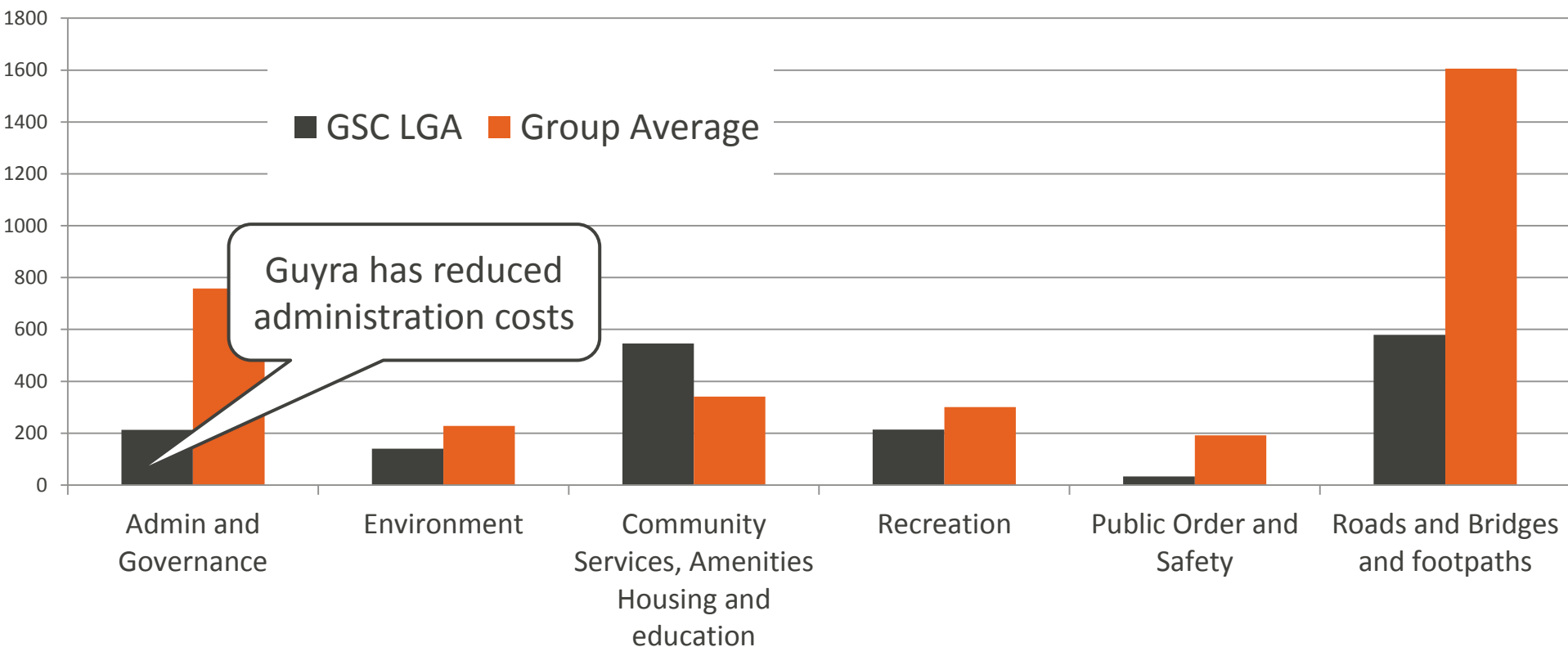
## Expenditure per Capita



Source 2012 Comparatives NSW Department of Local Government  
DLG – Group 9 Councils

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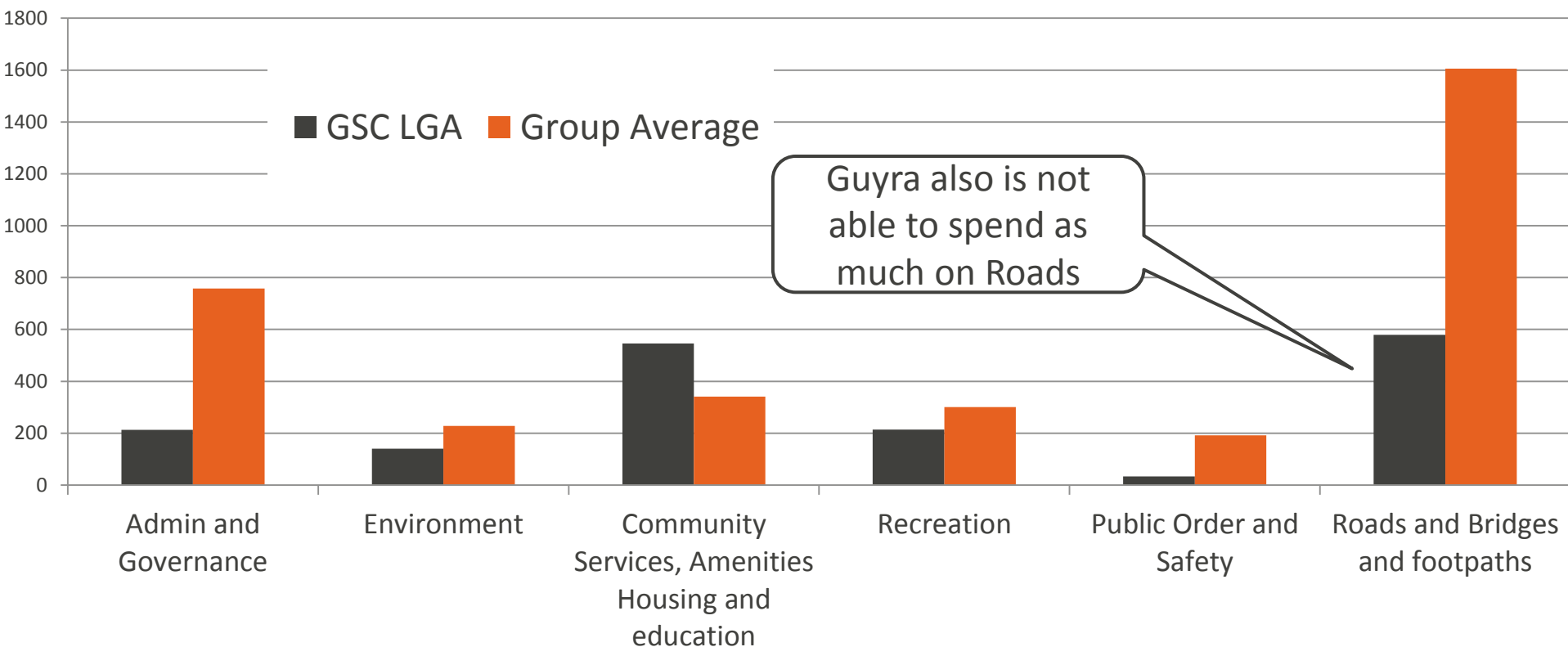
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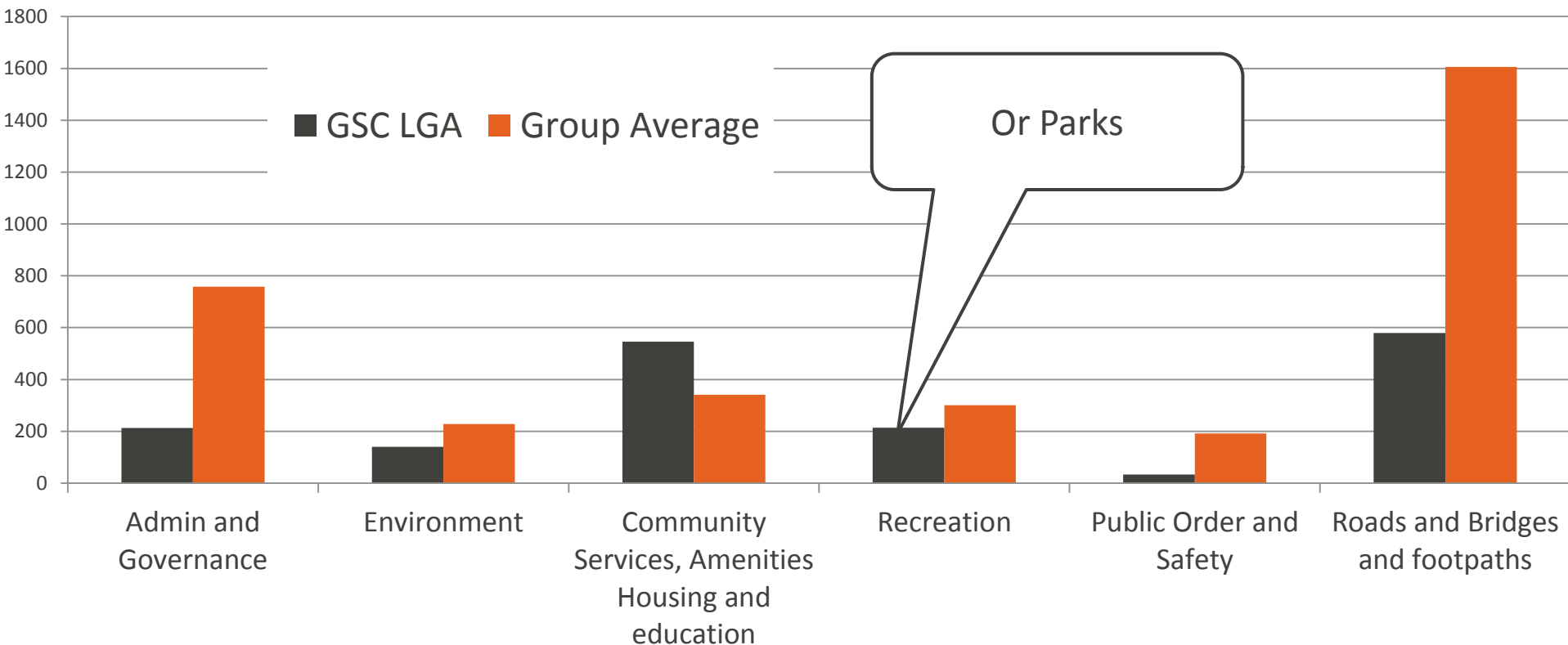
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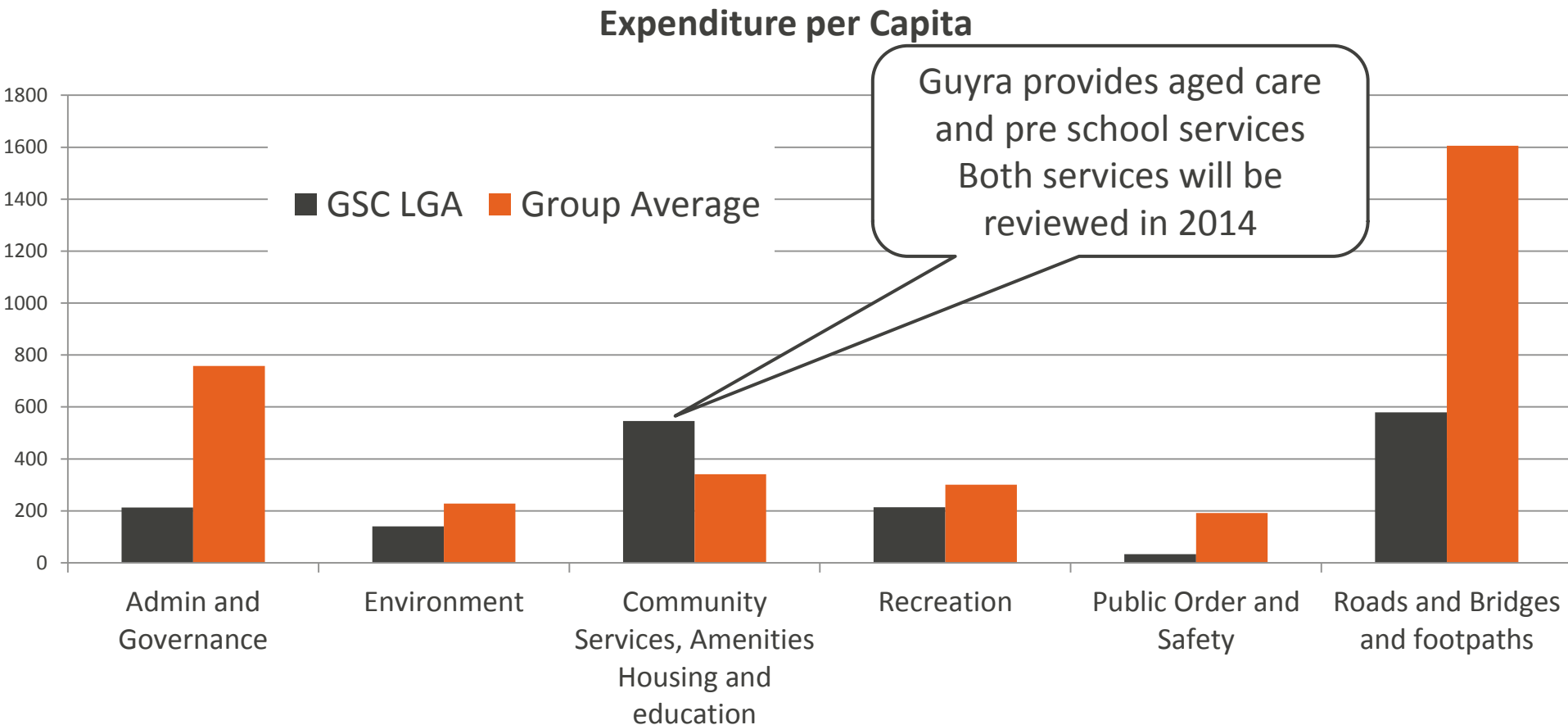
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Source 2012 Comparatives NSW Department of Local Government  
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Source 2012 Comparatives NSW Department of Local Government  
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# Asset Management Strategy

- Shows funding shortfalls in infrastructure and services in some areas.
- Key findings are:
  - Infrastructure renewal shortfall
  - Continuing restricted revenues will broaden the infrastructure gap, and won't allow for services or service levels that the community have requested

# Current State of Assets

## Service: Roads Infrastructure

CURRENT QUALITY/CONDITION

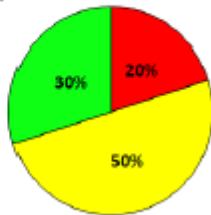
GOOD / FAIR QUALITY

POOR QUALITY

ROAD PAVEMENT

Confidence in  
Data

High  
Moderate  
Low

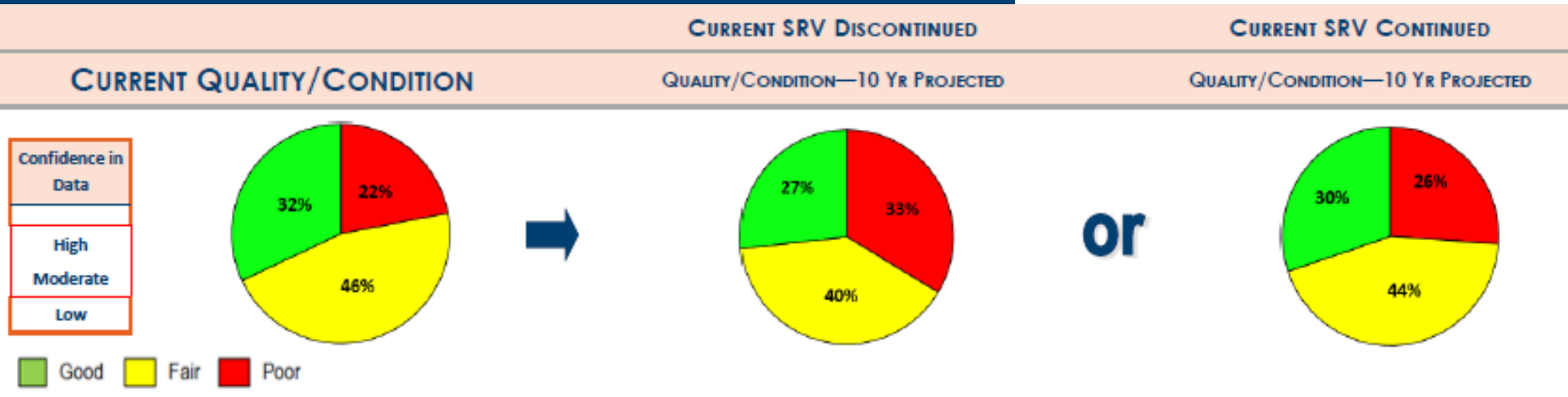


Good Fair Poor



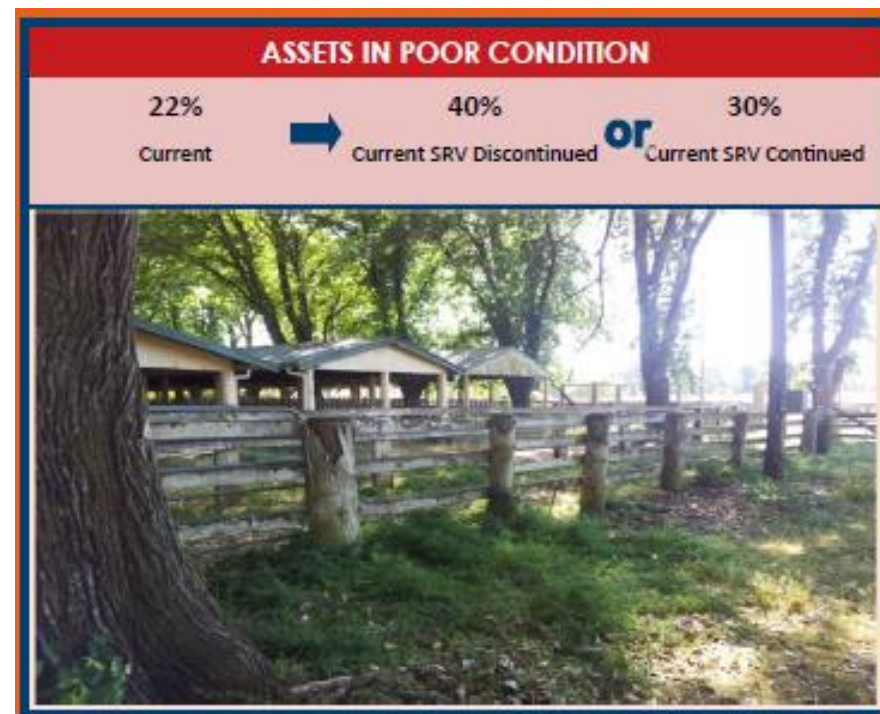
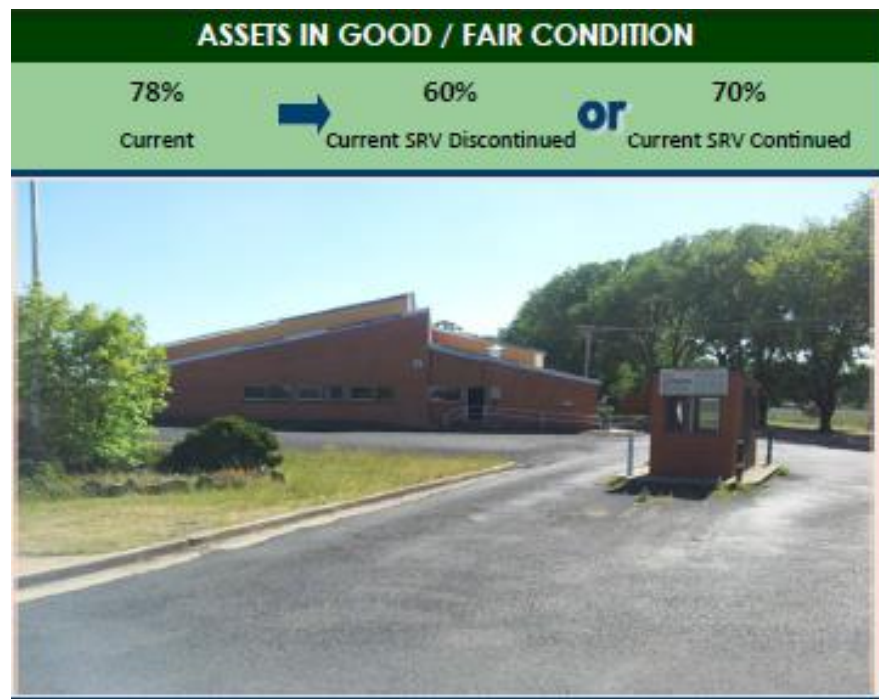
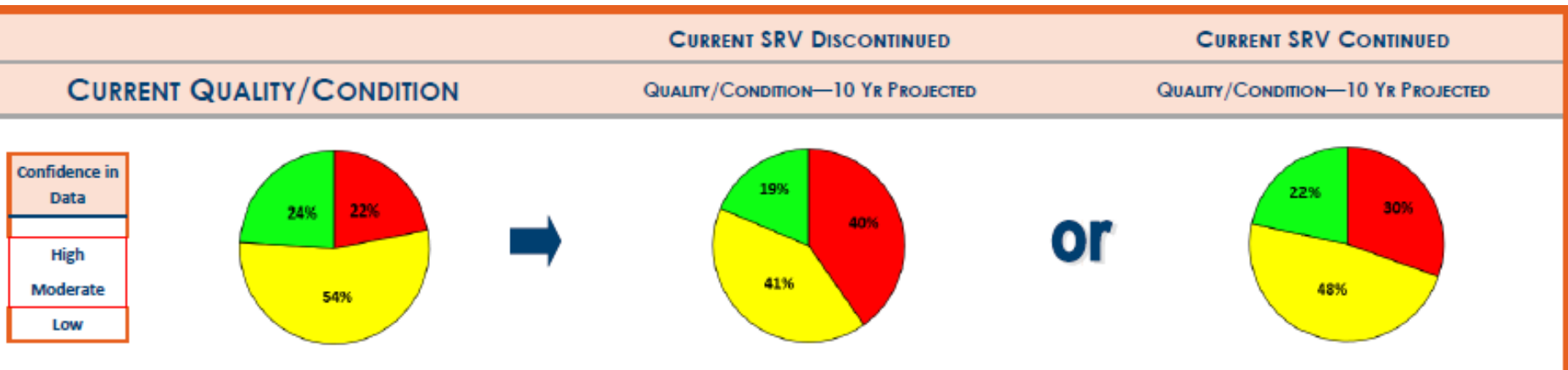
# Council has to live within its means by balancing service levels and revenues

## Service: Roads Infrastructure

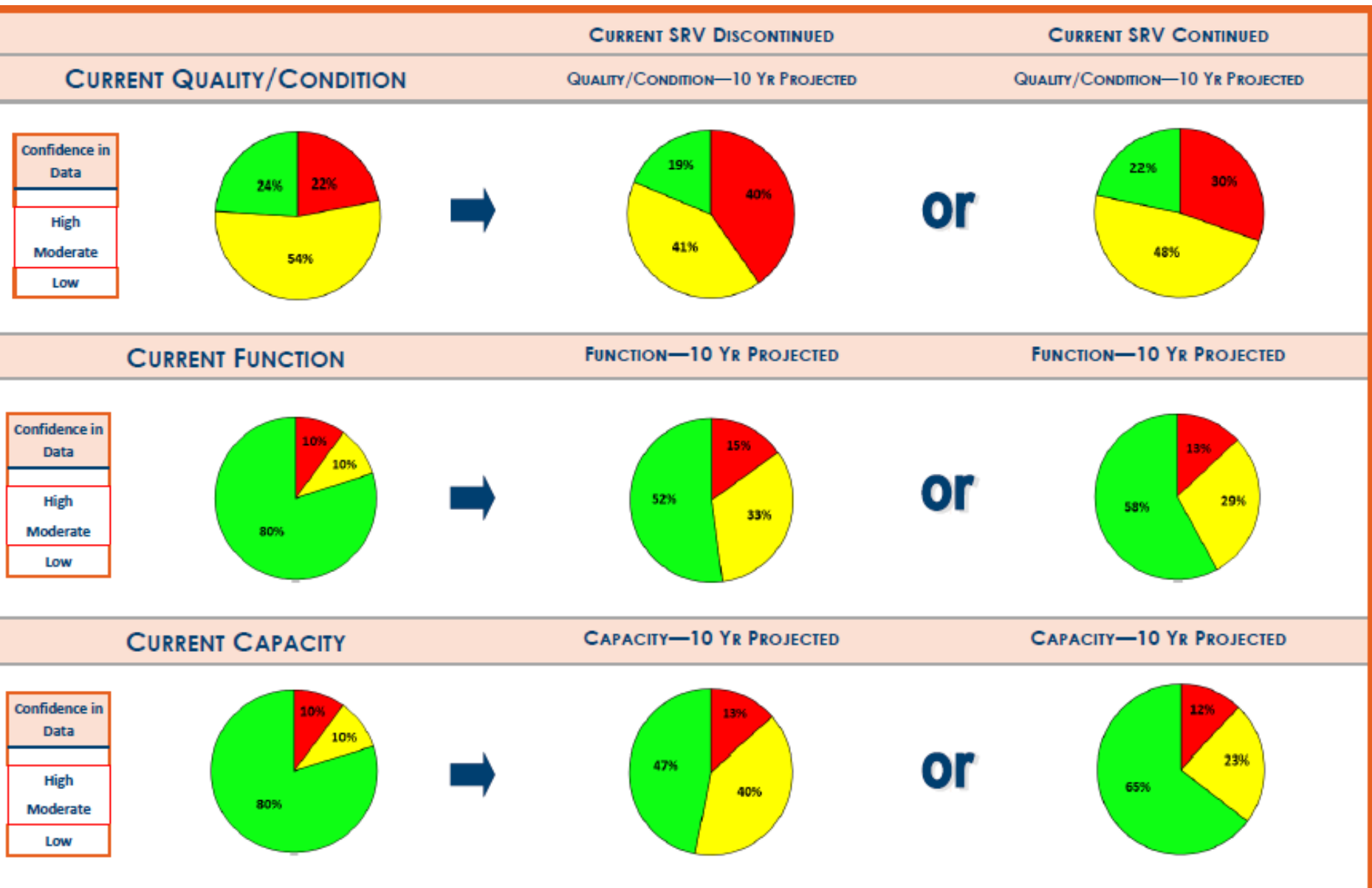




# Service: Buildings Infrastructure



# Service: Buildings Infrastructure





# Overview of Asset Management Plans

# 2013

## KEY SERVICE

### Our Transport & Access

Provide infrastructure for effective transport & access

- Maintain and develop roads & bridges that meet community needs
- Explore transport options for the community
- Provide safe and convenient options to drive, park, cycle or walk.

### Where are we now?

Roads & transport are ongoing issues raised by the community. Rural & regional roads require significant rehabilitation, however costs & limited funding inhibit the progress of these works.

### Future Direction

Improvement of regional roads will increase visitation to the Shire, and enhance the safety of users. Council can investigate future transport options and provision for them when undertaking planning & works.

## SERVICE / ASSET ACTIVITIES

⇒ Regional Roads

⇒ Local Urban Roads

⇒ Local Rural Sealed Roads

⇒ Local Rural Unsealed Gravel Roads

## Service: Roads

Objective: Our Transport & Access - Provide infrastructure for effective transport and access

Strategy 1

Maintain and develop roads and bridges that meet community needs

Strategy 2

Explore transport options for the community

Strategy 3

Provide safe and convenient options to drive, park, cycle, or walk



top of the range

### Funding Models

### Description

Scenario 1

Existing special rate variation discontinued

Scenario 2

Continuation of current rate variation

## Comments on Guyra Shire Council Road Assets

### REGIONAL ROADS—123KM

Rehabilitation of these roads cost in the order of \$400k per km.

Bitumen resurfacing of these roads cost in the order of \$20k per km.

Council receives in the order of \$780k annually to routinely maintain these roads including resurfacing, mowing and pothole patching. Any additional funding is subject to grant project applications to the RMS in competition with the remaining state regional network.

### LOCAL URBAN ROADS—36KM

Rehabilitation of these roads cost in the order of \$80-120k per block (~200m)

Bitumen resurfacing of these roads cost in the order of \$4k per block

Council spends approximately \$250k annually to routinely maintain these roads including resurfacing, mowing and pothole patching. Rehabilitation is subject to further budget allocations from Council.

### LOCAL RURAL SEALED ROADS—269KM

Rehabilitation of these roads cost in the order of \$250-400k per km.

Bitumen resurfacing of these roads cost in the order of \$15k per km

Council spends approximately \$500k annually to routinely maintain these roads including resurfacing, mowing and pothole patching. Rehabilitation is subject to further budget allocations from Council.

Other works in recent years have been undertaken to widen & rehabilitate sealed roads using Auslink Roads to Recovery funds where Council is allocated \$2.14M over 5 years (~\$428k per year). 2013/14 is the last year of the current 5 year program.

### LOCAL RURAL UNSEALED GRAVEL ROADS—537KM

Routine maintenance grading of these roads cost in the order of \$1k per km.

Gravel resheeting of these roads cost in the order of \$30-50k per km

### WHAT SERVICE LEVELS LOOK LIKE (examples)

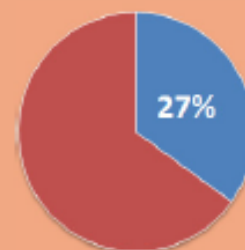
GOOD / FAIR QUALITY

POOR QUALITY

### ROAD PAVEMENT



### Assets Supporting Services



- Regional Roads—123km
- Local Urban Roads—36km
- Local Rural Sealed Roads—269km
- Local Rural Unsealed Gravel Roads—537km

**\$88,275,000**  
Asset Value of Roads  
(Excluding Non-Depreciable Bulk Earthworks (\$153,513,000))

Source: Technical Register as a percentage of total IP&E value from Council's 11-12 Financial Statements

2013

KEY SERVICE

Our Transport & Access

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- Maintain and develop roads & bridges that meet community needs
  - Explore transport options for the community

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Explore transport options for the community

Strategy 3

Provide safe and convenient options to drive, park, cycle, or walk



GUYRA SHIRE COUNCIL

top of the range

Funding Models	Description
Scenario 1	Existing special rate variation discontinued
Scenario 2	Continuation of current rate variation

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Our Transport & Access

- Provide infrastructure for effective transport & access
- Maintain and develop roads & bridges that meet community needs
  - Explore transport options for the community
  - Provide safe and convenient options to drive, park, cycle or walk.

## Objective: Our Transport & Access - Provide infrastructure for effective transport and access

Strategy 1

Maintain and develop roads and bridges that meet community needs

Strategy 2

Explore transport options for the community

Strategy 3

Provide safe and convenient options to drive, park, cycle, or walk

- ⇒ Regional Roads
- ⇒ Local Urban Roads
- ⇒ Local Rural Sealed Roads
- ⇒ Local Rural Unsealed Gravel Roads



Why does Council provide this service?  
This shows the link to the community strategic plan

### Services

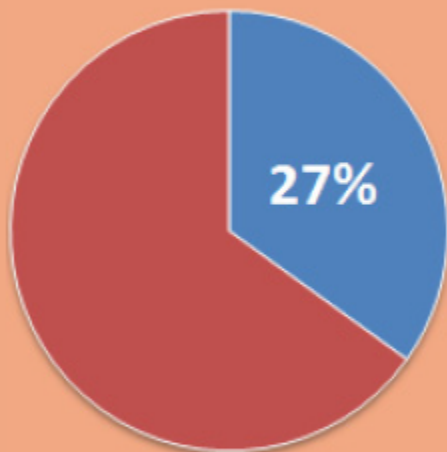
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### SERVICE / ASSET ACTIVITIES

⇒ Regional Roads

⇒ Local Urban Roads

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⇒ Local Rural Unsealed Gravel Roads

### WHAT SERVICE LEVELS LOOK LIKE (examples)

GOOD / FAIR QUALITY

POOR QUALITY

### ROAD PAVEMENT



What Assets does council manage to deliver this service

### Services

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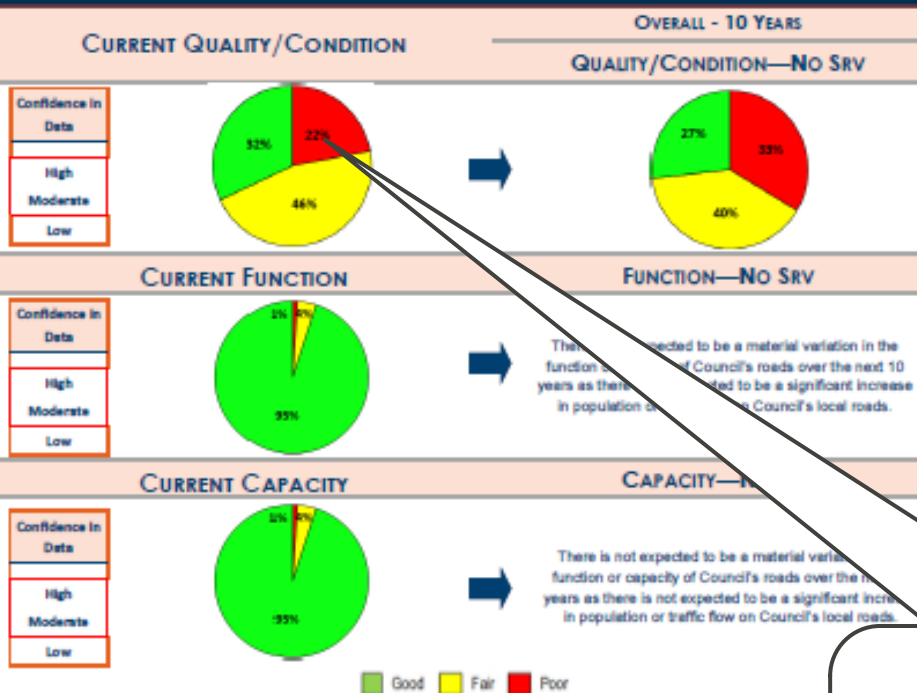
# Service: Roads Infrastructure

## FUNDING SCENARIO 1— EXISTING RATE VARIATION DISCONTINUED



This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

### OVERALL ASSET PROVISION—FUNDING SCENARIO 1 No SRV



### FUNDING SCENARIO DESCRIPTION

Funding scenario 1 is based on the discontinuation of the current rate variation. This will stop the levy for road and bridge maintenance which will reduce the revenue by \$200k. Under this scenario Council will not be able to maintain the current service and the condition of Council's road assets will deteriorate over the next 10 years.

### SUMMARY OF ASSET COSTS

#### LONG TERM—LIFECYCLE COSTS

Life Cycle Gap It is estimated that there will be a funding shortfall of **\$424,000** each year over the whole of life of the Roads asset class. This is based on the depreciation value from the Asset Register.

Lifecycle Cost (annually)	\$3,981,000
Lifecycle Available Funding (annually)	\$3,557,000
Lifecycle Gap (annually)	-\$424,000
Lifecycle Financing Indicator	89%

#### MEDIUM TERM—10 YEAR FINANCIAL PLANNING PERIOD

It is estimated that there will be a funding shortfall of **\$440,000** each year over the next 10 years to maintain the current level of service for the Roads asset class.

10 Year Cost (annually)	\$3,997,000
10 Year Available Funding (annually)	\$3,557,000
10 Year Gap (annually)	-\$440,000
10 Year Financing Indicator	89%

### Proposed Special Rate Variation Allocation

(Cannot be funded without the continuation of the current SRV)

2015 Bitumen Resurfacing Sections of Tenterden Road, Wandsworth Road, Tubbamurra

2015 Rural Drainage Maintenance proposed for longitudinal drainage to improve drainage and reduce moisture saturation leading to pavement failure.

Sections of Mistake Road, New Valley Road, Howell

proposed for longitudinal drainage to improve drainage and reduce moisture saturation leading to pavement failure.

Sections of Tenterden Road, Tubbamurra Road, Wandsworth

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This shows the current service levels



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Good Fair Poor

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This shows the funding shortfall to maintain current service levels

medial drainage to improve drainage and saturation leading to pavement failure.  
 erden Road, Tubbamurra Road, Wandsworth  
 longitudinal drainage to improve drainage and saturation leading to pavement failure.



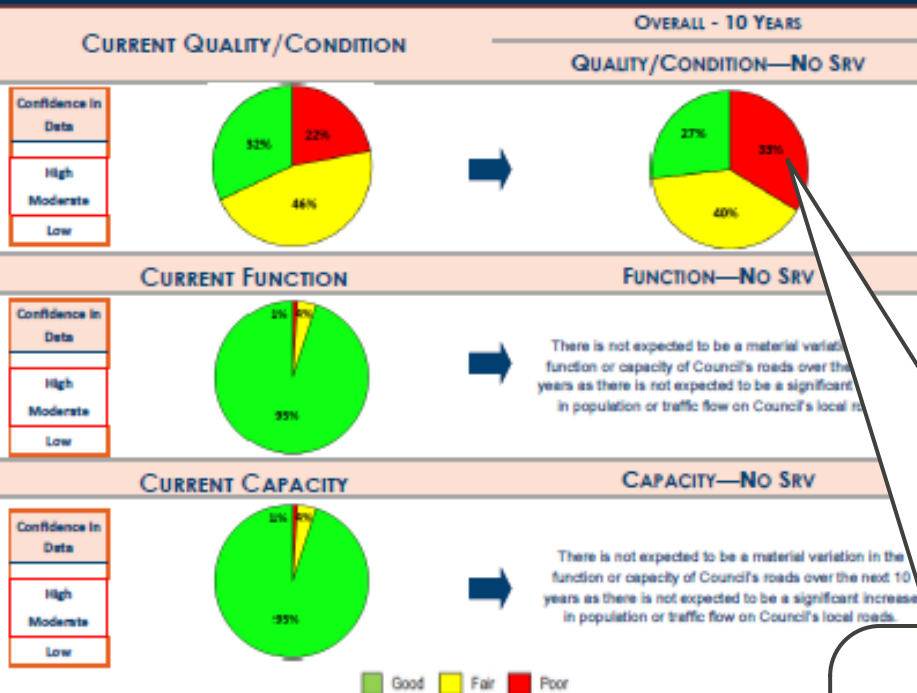
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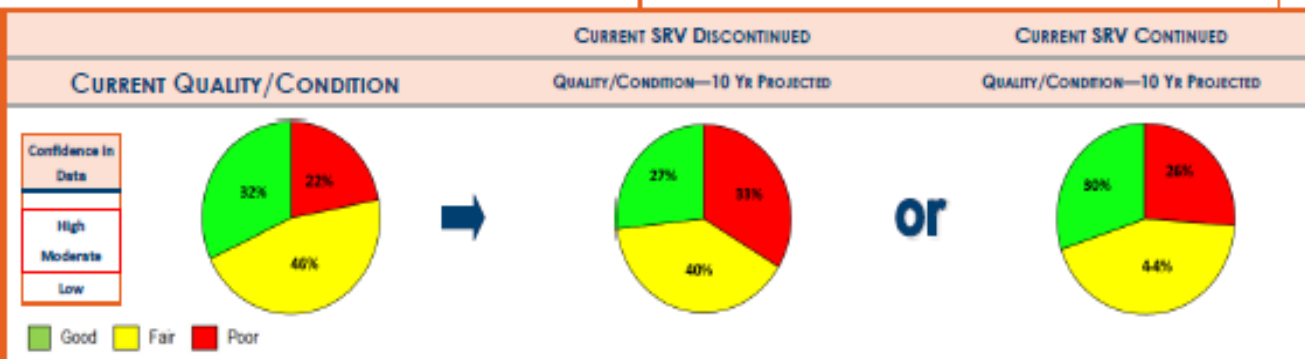
And what happens to service levels with this scenario

# ASSET MANAGEMENT PLAN: Transport Infrastructure



## ASSET ACTIVITY: REGIONAL, LOCAL & UNSEALED GRAVEL ROADS

COMMENTS	RISKS	RESPONSES
Guyra Shire Council has no state class roads. The majority of the network is local roads with limited heavy traffic. Typically no more than 100 vehicles per day.	<ul style="list-style-type: none"> <li>Surface defects cause potholes and underlying pavement failures which result in lower travel speed and increased risk of traffic crashes.</li> <li>Pavement defects (roughness and rutting) causing lower travel speed and increased risk of traffic crashes.</li> <li>Potholes and corrugations causing lower travel speed and increased risks of traffic crashes.</li> <li>In severe cases, may restrict all weather access to some properties.</li> </ul>	<ul style="list-style-type: none"> <li>Inspection program, pothole repair program, maintenance grading program.</li> <li>Inspection program, pothole patching program, regular reseal program.</li> <li>Inspection program, heavy patching program, regular reseal program. Pavement rehabs according to capital renewal program.</li> </ul>



### Special Rate Variation

Council in 2009/10 received a special rate variation of 8.43% (including 3.5% rate pegging). This special rate variation equates to approximately \$180,000 per year for Council to provide ongoing services to our community.

The special rate variation was approved for a period of 5 years and runs out in June 2014. Council believes that in order to maintain our assets and provide a reasonable level of service it will need to retain this additional rates base. Council has therefore resolved to apply for this variation to remain permanently.

The application however requires community support. To meet the needs of our communities, now and into the future, we must have the discussion with our community on an agreed way forward. We may require further rate variations and / or service level adjustments.

#### What have we spent it on previously?

\$100,000 on resealing roads, \$50,000 on drainage throughout the Shire, and \$30,000 on the community village plans each year of the current rate variation.

#### What we will spend it on?

It is proposed to continue utilising the additional revenue in accordance with previous years to assist with asset maintenance requirements.

### Have Your Say on the Special Rate Variation

To meet the needs of our communities, now and into the future, we must have the discussion with our community on an agreed way forward.



02 8770 7100



council@guyra.nsw.gov.au

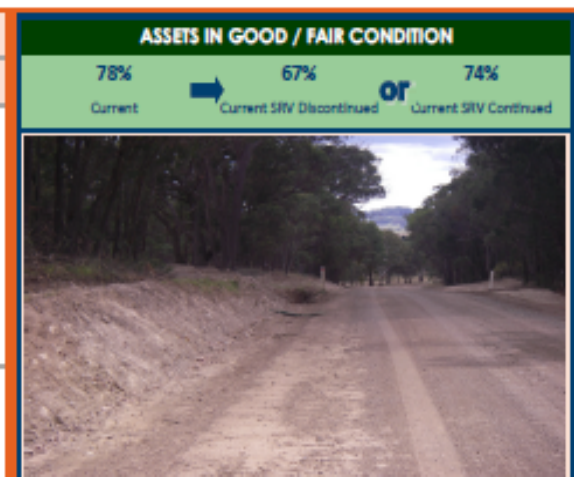


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or Mail  
PO BOX, GUYRA NSW 2880



# ASSET MANAGEMENT PLAN: Transport Infrastructure



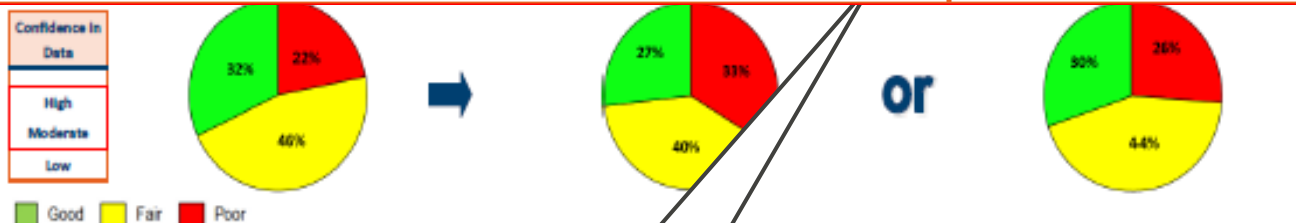
## ASSET ACTIVITY: REGIONAL, LOCAL & UNSEALED GRAVEL ROADS

### RISKS

- Surface defects cause potholes and underlying pavement failures which result in lower travel speed and increased risk of traffic crashes.
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- In severe cases, may restrict all weather access to some properties.

### RESPONSES

- Inspection program, pothole repair program, maintenance grading program.
- Inspection program, pothole patching program, regular reseal program.
- Inspection program, heavy patching program, regular reseal program. Pavement rehabs according to capital renewal program.



### Special Rate Variation

Council in 2009/10 received a special rate variation of 8.43% (including 3% for road maintenance and 5.43% for road lighting). This special rate variation equates to approximately \$180,000 per year for Council to maintain road lighting services to our community.

The special rate variation was approved for a period of 5 years from June 2014. Council believes that in order to maintain our assets and provide a reasonable rates base. Council has therefore resolved to apply for a special rate variation to remain permanently.

The application however requires community support. To meet the needs of our communities, now and into the future, we must have the discussion with our community on an agreed way forward. We may require further rate variation.

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### Have Your Say on the Special Rate Variation

To meet the needs of our communities, now and into the future, we must have the discussion with our community on an agreed way forward.



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twitter.com/GuyraShire

or Mail  
PO BOX 919 GUYRA NSW 2880



### ASSETS IN POOR CONDITION

22% Current → 33% Current SRV Discontinued or 26% Current SRV Continued



These are the risks for this scenario and how they will be managed

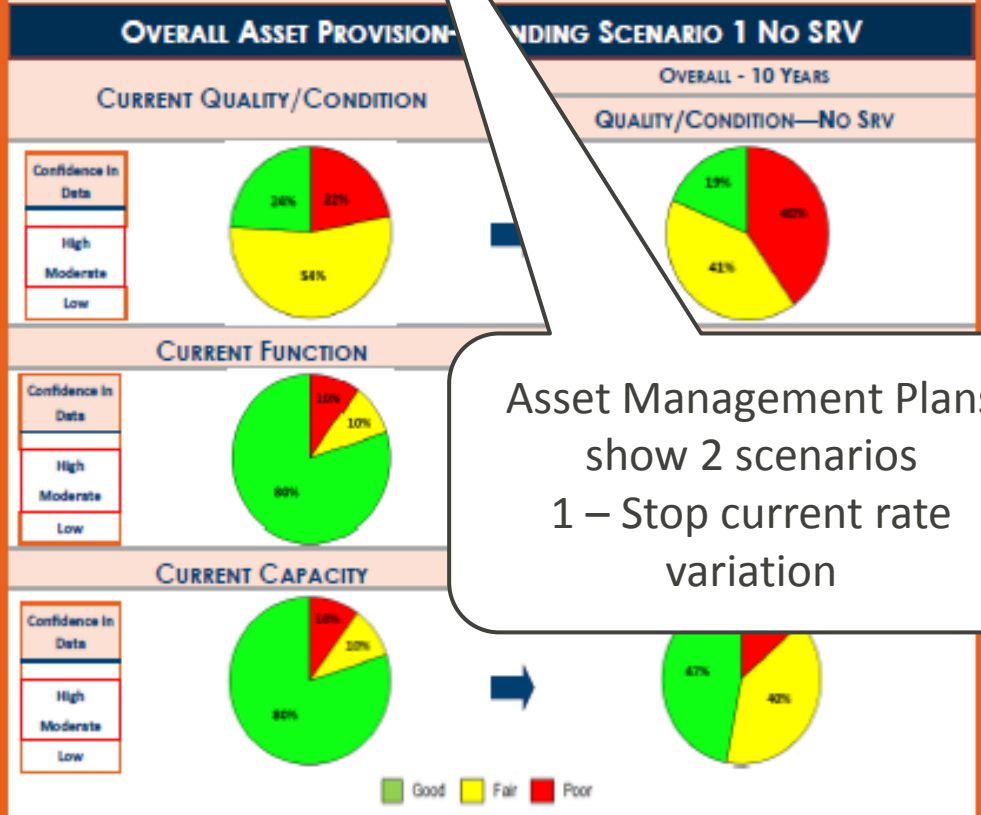


# Service: Buildings Infrastructure



## FUNDING SCENARIO 1 – EXISTING RATE VARIATION DISCONTINUED

This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

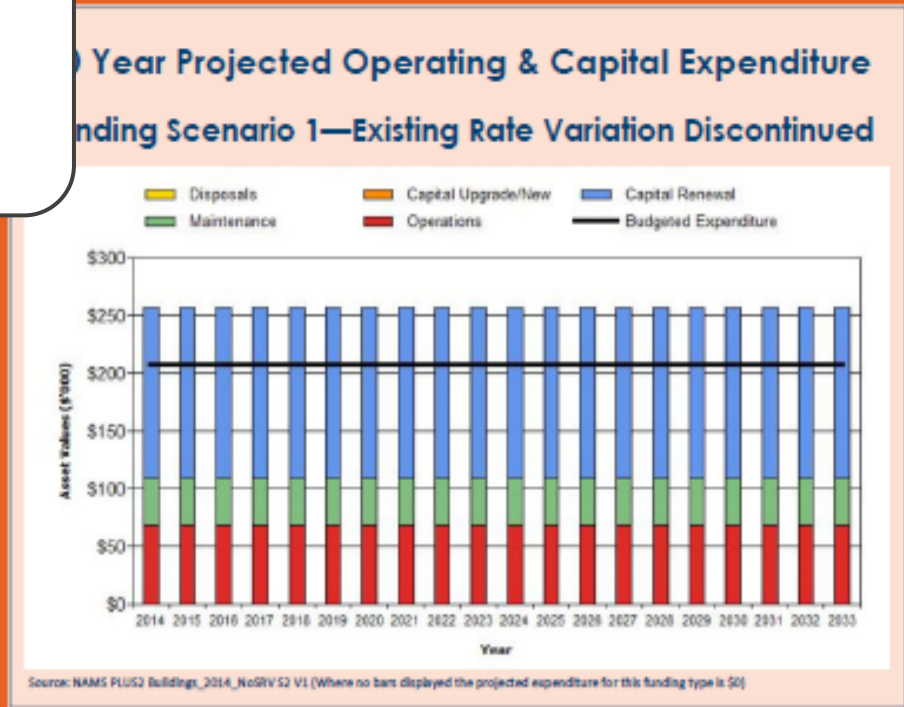


Asset Management Plans show 2 scenarios  
1 – Stop current rate variation

### FUNDING SCENARIO DESCRIPTION

Funding scenario 1 is based on the discontinuation of the current rate variation. This will reduce the funding available for renewal of Council's buildings by \$27k. Under this scenario Council will not be able to maintain the current levels of service and the condition of Council's buildings assets will deteriorate over the next 10 years.

SUMMARY OF ASSET COSTS	
LONG TERM—LIFECYCLE COSTS	
Life Cycle Gap it is estimated that there will be a funding shortfall of <b>\$39,000</b> each year over the whole of life of the Buildings asset class. This is based on the depreciation value from the Asset Register.	
Lifecycle Cost (annually)	\$246,000
Lifecycle Available Funding (annually)	\$207,000
Lifecycle Gap (annually)	<b>-\$39,000</b>
Lifecycle Financing Indicator	84%
MEDIUM TERM—10 YEAR FINANCIAL PLANNING PERIOD	
It is estimated that there will be a funding shortfall of <b>\$50,000</b> each year over the next 10 years to maintain the current level of service for the Buildings asset class.	
10 Year Cost (annually)	\$257,000
10 Year Available Funding (annually)	\$207,000
10 Year Gap (annually)	<b>-\$50,000</b>
10 Year Financing Indicator	81%



# Service: Recreation Infrastructure

## FUNDING SCENARIO 1— EXISTING RATE VARIATION DISCONTINUED

This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

### OVERALL ASSET PROVISION— FUNDING SCENARIO 1 No SRV

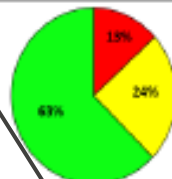
#### CURRENT QUALITY/CONDITION

Confidence in Data
High
Moderate
Low



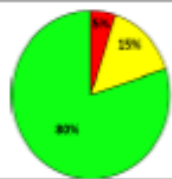
#### OVERALL - 10 YEARS

#### QUALITY/CONDITION—No SRV



#### CURRENT FUNCTION

Confidence in Data
High
Moderate
Low



#### CURRENT CAPACITY

Confidence in Data
High
Moderate
Low



Good Fair Poor

Asset Management Plans show 2 scenarios  
1 – Stop current rate variation

### FUNDING SCENARIO DESCRIPTION

Funding scenario 1 is based on the discontinuation of the current rate variation. This will reduce the annual funding available for renewal of Council's recreational assets by \$10k. Under this scenario Council will not be able to maintain the current levels of service and the condition of Council's recreation assets will deteriorate over the next 10 years.

### SUMMARY OF ASSET COSTS

#### LONG TERM—LIFECYCLE COSTS

Life Cycle Gap it is estimated that there will be a funding shortfall of **\$34,000** each year over the whole of life of the Recreation asset class. This is based on the depreciation value from the Asset Register.

Lifecycle Cost (annually)	\$927,000
Lifecycle Available Funding (annually)	\$893,000
Lifecycle Gap (annually)	-\$34,000
Lifecycle Financing Indicator	96%

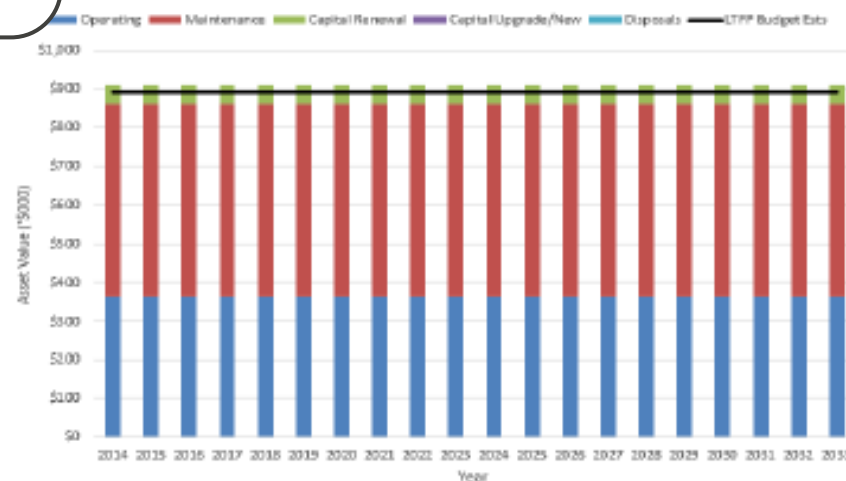
#### MEDIUM TERM—10 YEAR FINANCIAL PLANNING PERIOD

It is estimated that there will be a funding shortfall of **\$15,000** each year over the next 10 years to maintain the current level of service for the Recreation asset class.

10 Year Cost (annually)	\$908,000
10 Year Available Funding (annually)	\$893,000
Gap (annually)	-\$15,000
Financing Indicator	98%

### Year Projected Operating & Capital Expenditure

#### Funding Scenario 1—Existing Rate Variation Discontinued



Source: NAMS PLUS2 Recreation\_2014\_NoSRV S2 V1 (Where no bars displayed the projected expenditure for this funding type is \$0)

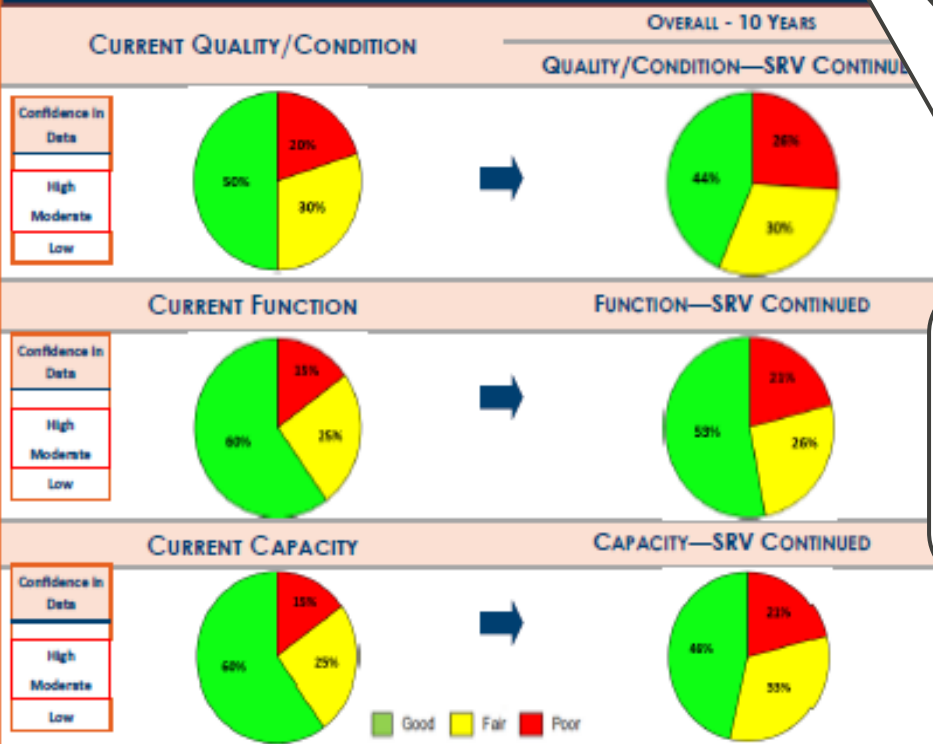
# Service: Stormwater Drainage Infrastructure



## FUNDING SCENARIO 2- CONTINUATION OF CURRENT RATE VARIATION

This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

### OVERALL ASSET PROVISION—FUNDING SCENARIO 2 SRV CONTINUED



### SUMMARY OF ASSET COSTS

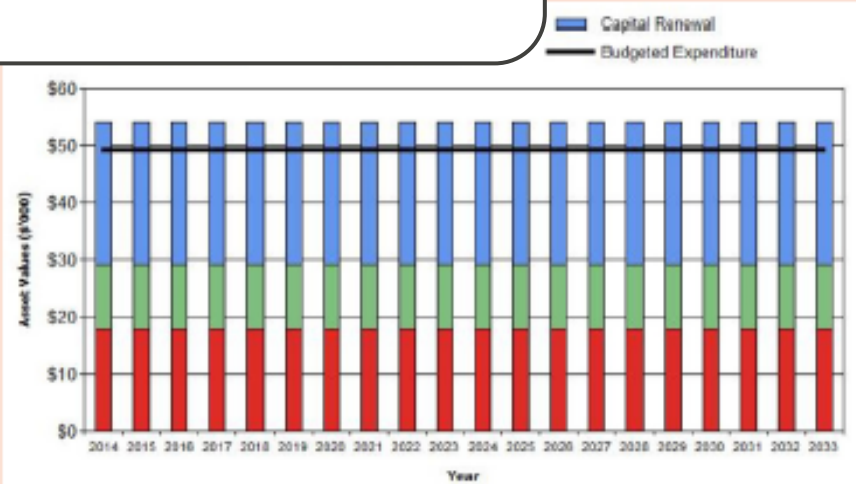
LONG TERM—LIFECYCLE COSTS	
Life Cycle Gap it is estimated that there will be a funding shortfall of \$23,000 each year over the whole of life of the Stormwater Drainage asset class. This is based on the depreciation value from the Asset Register.	
Lifecycle Cost (annually)	\$72,000
Lifecycle Available Funding (annually)	\$49,000
Lifecycle Gap (annually)	-\$23,000
Lifecycle Financing Indicator	68%

SHORT TERM—10 YEAR FINANCIAL PLANNING PERIOD	
It is estimated that there will be a funding shortfall of \$5,000 each year over the next 10 years to maintain the current level of Stormwater Drainage asset class.	
10 Year Capital Expenditure (annually)	\$54,000
10 Year Available Funding (annually)	\$49,000
10 Year Funding Gap (annually)	-\$5,000
10 Year Financing Indicator	91%

2 – Continue current rate variation

### Capital Expenditure Variation Continued



**FUNDING SCENARIO DESCRIPTION**

Funding scenario 2 is based on the current rate variation continuing. With the special rate variation the stormwater drainage renewals are still underfunded by \$5k each year. With current levels of funding condition of Council's drainage assets are still expected to deteriorate over the next 10 years but at a slower rate with Council able to channel the additional funding into priority works. This funding scenario seeks to maintain the existing rate variation permanently.

Source: NAMS PLUS2 Drainage\_2014\_SRV 1.52 V1 (Where no bar displayed the projected expenditure for this funding type is \$0)

# Future Rates after 2014

## Peter Stewart – General Manager

- Council will need to exhibit a 10 year plan to live within its means during 2014. This will include ongoing community engagement on the best mix of increasing revenues and rebalancing services.
- This will update the resourcing strategy (the 10 year plan for what council can and can't afford to provide)
- The 2014 consultation will include an option for increasing rates or reducing services.

# Special Rate Variation

- **Continue Current Infrastructure Levy**

Council's proposal is that this special rate variation be continued permanently. This means that rates will remain as they are and adjusted according to the NSW State Government rate cap. This year the rate cap is 2.3%.



# Community Feedback

- Survey Questions
- Group sessions
  - **Everyone complete survey questions**
    - Q7 – Would you be prepared to continue the current rate variation to maintain current service levels?
    - Q10 Comments / suggestions where services could be reduced
    - Q11 Comments / suggestions where services could be increased
    - Would you be interested in future community engagement sessions.?