
SUSTAINABLE SERVICE DELIVERY

Purpose:

To present an analysis of community feedback regarding levels of service options and, based on this feedback, to recommend the preparation of the 2014-2018 Delivery Program for community consultation that maintains current levels of service whilst closing the “gap” to financial sustainability in part by a Special Rate Variation.

Description of Item:

At its meeting of 26 September, Council considered a report proposing a Community Engagement Program seeking feedback on options regarding levels of service that could assist in addressing Council's unsustainable financial position. Council resolved that:

"That Council:

- 1. Note the information in the report including the identification of Council's annual financial gap.*
- 2. Endorse in principle the Level of Service Community Engagement project.*
- 3. Adopt the Community Engagement Strategy for Levels of Service.*
- 4. Note that a further report will be presented regarding a Continuous Improvement Program."*

In accordance with the project described in the report, the “Budget Allocator” tool was utilized to gather community feedback on all services funded by the ordinary rate (i.e. excluding water, sewerage and domestic waste which are separately funded as required by legislation).

Budget Allocator Tool

The tool included a number of Level of Service (LoS) options for each operational service:

1. Increase LoS
2. Maintain current LoS
3. Mid-range decrease to LoS
4. Minimum LoS

Given the need to increase funding for repair and renewal of Council's \$2 billion worth of infrastructure to sustainable levels (as often noted previously, Council must spend an additional \$6.2 million per year just to keep pace with deterioration of infrastructure before it even begins to address the \$77 million backlog currently in need of renewal), only two LoS options were offered for infrastructure:

1. Enhanced LoS
2. Sustainable LoS

To enable people to make informed choices, the tool included a description of what each LoS option would actually look like. A full listing of each LoS description is included in the discussion of each service in the “issues” section of this report.

Participants could also provide comments on particular services, service options and the process overall.

The cost of selections, including the impact on the average residential rate, were displayed as they progressed, enabling participants to balance their service priorities against what they were willing to pay for them.

A “screen shot” from the Budget Allocator showing the LoS description (in the box showing the “Maintain Current LoS” for Lifeguards), the options and budgets for several services and the box (on the right hand side) that helped participants track the impact of their choices in terms of the overall budget and also the average household rate.

COMMUNITY, CULTURAL & SPORTING EVENTS

Please indicate the Level of Service (LoS) you want to allocate to Community, Cultural and Sporting events

☐ Increase LoS (\$550k)
☒ Maintain Current LoS (\$480k)
☐ Mid-Range Decrease to LoS (\$240k)
☐ Minimum LoS (\$0)

Your Spend: \$480k Budget: \$480k

LIFEGUARDS

Please indicate the Level of Service (LoS) you want to allocate to Lifeguards and Beach Patrols

☐ Increase LoS (\$670k)
☒ Maintain Current LoS (\$600k)
☐ Mid-Range Decrease to LoS (\$350k)
☐ Minimum LoS (\$100k)

Your Spend: \$600k Budget: \$600k

ENVIRONMENTAL MANAGEMENT

Please indicate the Level of Service (LoS) you want to allocate to Environmental Management

☐ Increase LoS (\$450k)
☒ Maintain Current LoS (\$410k)

Your Spend: \$410k Budget: \$410k

THE ALLOCATOR

Budget: \$27.25m

Your Spend: \$33.45m

You are over budget by \$6.2m

You're over budget!

You are over budget and based on your current selections, Council may still have to increase ordinary rates above the State Government Rate Peg by 18.8%. Typically a 1% increase in average household rates equates to 18 cents a week or \$9.32 annually. You are over budget and may like to review and select other budget options.

The Budget Allocator was open for three weeks from the 8th to the 29th of October.

In total, 282 people completed the survey that was open to the public. The feedback with regards to each service is included in the issues section of this report. A copy of all comments (sorted by service) is provided in the attachment.

Community Reference Panel

In addition to the “open” version of the Budget Allocator (open to all via Council’s website), Council engaged Jetty Research to recruit 500 people who were representative of the local government area in terms of age and where they live.

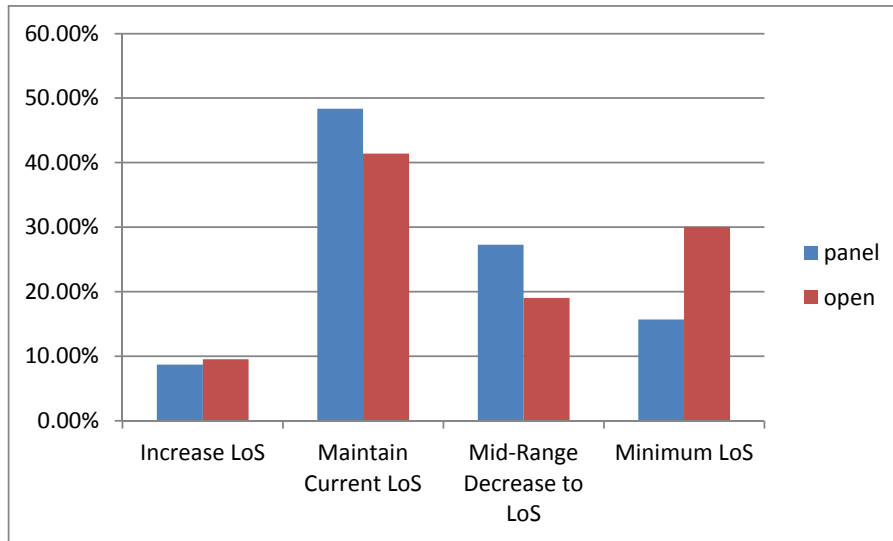
This “community reference panel” was recruited to provide Council with added confidence that the feedback received was representative of the community as a whole.

In total, 522 people agreed to be part of the panel. Of these, 47 people unsubscribed when the first invitation to participate was sent, and a further 8 email addresses were not valid leaving a total of 467 people. 244 people from this group completed the survey (52%).

The feedback with regards to each service is included in the issues section of this report, separately identified from that of the “open” version. A copy of all comments (sorted by service) is again provided in the attachment.

Comparison between “Open” and “Panel” Feedback

When the graphs from the open budget allocator are compared against those of the panel, there is a clear difference between the two, particularly on some services. As an example, the responses for the **Library service** are presented below.



The graph from the reference panel (in blue) is closer to what is often referred to in statistics as a “bell curve”: there is a “majority” opinion (48% want the current LoS maintained), with lesser amounts of people preferring an increased or decreased LoS.

In contrast to this the graph from the open Budget Allocator (in red) suggests that there are two distinct groups who have participated in the “open” version:

- One group who value / use the service (and are willing to pay more for it) and
- A second group who do not value / use the service (and would prefer to avoid a special rate variation).

The Library service was one of the few service areas who “formally” notified its stakeholders of the community engagement process around levels of service via the Library e-newsletter. Given that the library has over 14,000 active members and subscribers to the Library e-newsletter are over 3,000 people, the potential for a “skewed” response is clear given that only 282 people participated in total. That said, only 50 subscribers to the e-newsletter followed the link provided.

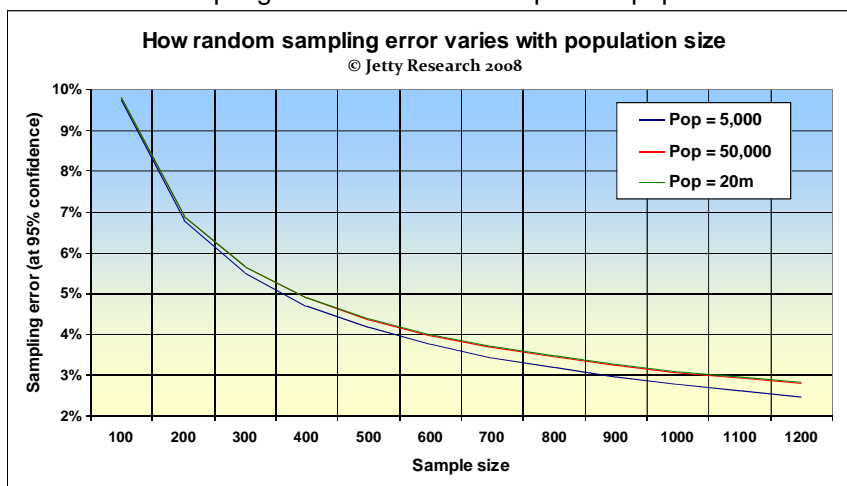
Statistical Validity of the Community Reference Panel

The information below is extracted from the Community Survey from 2012 and, whilst there is an inherent error in the “opt-in” nature of the Budget Allocator, the statistical validity of feedback from the Panel is otherwise similar to that of respondents to the Survey.

Based on the number of Coffs Harbour households, a random sample of 500 adult residents implies a margin for error of ± 4.3 per cent at the 95 per cent confidence level. This effectively means that if we conducted a similar poll twenty times, results should reflect the views and behaviour of the overall survey population – in this case “the adult population of the Coffs Harbour City Council LGA excluding Councillors and permanent Council employees” - to within a ± 4.3 per cent margin for error in 19 of those 20 surveys.)

As Table i shows, margin for error falls as sample size rises. Hence cross-tabulations or sub-groups within the overall sample will typically create higher margins for error than the overall sample. For example using the above population sizes, a sample size of 200 exhibits a margin for error of ± 7.0 per cent (again at the 95 per cent confidence level).

Table i: How sampling error varies with sample and population size



In addition to the random sampling error, above, there may also be some forms of non-random sampling error which may have affected results. These include respondents without fixed line phones, the proportion of non-respondents (refusals, no answers etc.) and/or imperfections in the survey database. However there is no evidence (at least in terms of significant variances between demographic groups within the survey sample) to suggest that such non-random error has affected the integrity of the following data.

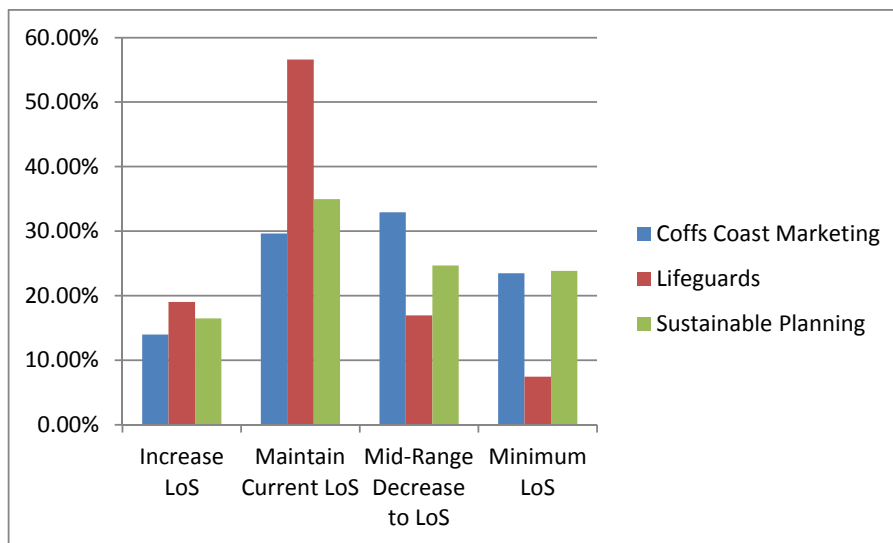
As can be seen from the graph, with our sample size of 244, the margin for error is a little over ± 6 per cent, against ± 4.3 per cent for a sample size of 500.

Feedback from the panel is certainly more representative of the general community.

It is important to note that the “Open” results can in no way be considered statistically random (and therefore representative of the general community). Because it is subject to bias by particular interest groups, a sampling error cannot be applied.

Comparison between Services and Consensus on Value

The most basic feature differentiating feedback from the panel *between* services is the shape of the bell curve. Compare, for example, Lifeguards against Coffs Coast Marketing and Sustainable Planning.



The bell curve for Lifeguards is “sharp”: 56% of the community wants the current LoS maintained. There is a strong consensus. Council can be confident that maintaining the current level of service for lifeguards is a priority for the community generally.

In contrast to this, the bell curves for Coffs Coast Marketing and Sustainable Planning services are “round”, demonstrating a low level of consensus.

In the case of Coffs Coast Marketing, the difference between maintaining current LoS and a mid-range decrease is so small it falls within the +/- 6 per cent margin for error. Opinions differ similarly across all options for Sustainable Planning, with half of respondents choosing a decrease in LoS whilst the other half chose to retain or increase it.

Council’s community leadership role in decision-making regarding these services without a clear consensus is discussed below.

General feedback from the “Panel”: changing LoS and willingness to pay

There are no services which the panel gave a strong preference for a reduction in LoS and so, conversely, it appears respondents were willing to pay to maintain current service levels.

Even those services (Coffs Coast Marketing and Economic Development) which did not see the most “votes” for maintaining the current LoS were only marginally so. “Votes” for current LoS was only 2 to 3% lower than a mid-range decrease (within the margin for error). Even if this is the case, Council should not decrease the LoS for these services based on this feedback alone.

A common theme in comments was that these services should be the responsibility of the business community.

Some mention the Chamber of Commerce, which has limited means to increase revenues and therefore deliver more services than it currently does.

It could also be argued (given the rates for land zoned commercial are higher than for residential areas), the business community already does pay for a greater percentage of these services. The strong support for the continuation of the CBD Special Rate is evidence that the business community values Council's business-related services and is willing to pay for them.

Council's leadership role is relevant in the recognition that the business community is not the only beneficiary of these services: greater tourism visitation and stronger businesses create jobs, events, new infrastructure and services, a stronger community, etc.

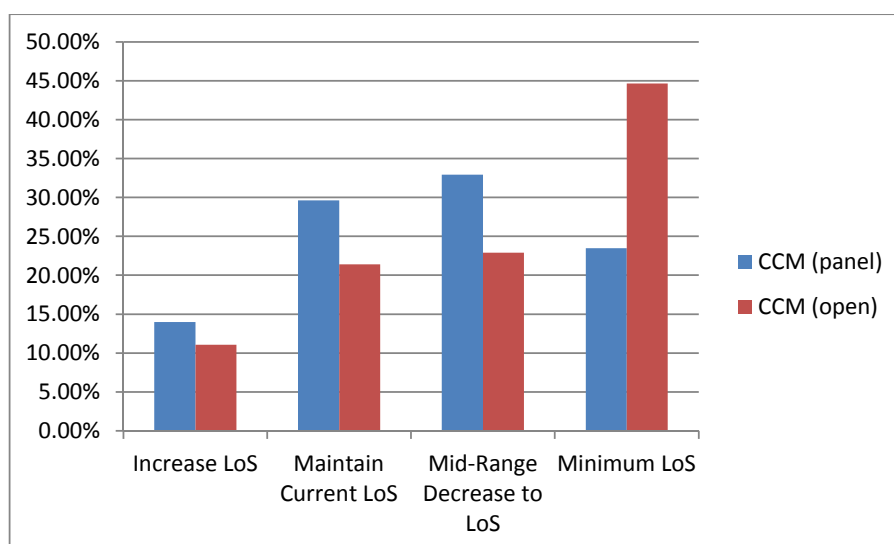
Where consensus is low in the community, Council's leadership role in the community is critical. Arguably, this is a challenge for Council in the future to make the benefits of these services to the broader community clearer.

Specific services will be discussed in due course. For now it is simply observed that, whilst acknowledging there is stronger consensus on some services than others, the majority of the community reference panel is willing to pay for Council to maintain its current levels of service.

General feedback from the "Open" version: changing LoS and willingness to pay

Unsurprisingly, it is those services that indicate a low level of consensus from the panel that received a clear preference for a reduction in LoS to minimum (and thus avoidance of a Special Rate Variation) from the open version of the budget allocator.

As an example, the graph below contrasts the responses for **Coffs Coast Marketing**: there is clearly low consensus amongst the panel (a "round" bell curve), and the open response clearly prefers a minimum level of service to avoid a Special Rate Variation. A similar response was received for Economic Development.



General indications regarding Infrastructure Repair and Renewal

As noted above, the “sustainable” level of service was the minimum that could be selected for infrastructure repair and renewal i.e. participants could not choose to maintain the current *unsustainable* level of service.

The increase in expenditure to provide the “sustainable LoS” over and above current budget totaled \$6.2 million across all classes of infrastructure.

These cost increases could only be “balanced” if respondents chose the “minimum LoS” for all non-infrastructure related services.

A significant number of comments expressed concern and frustration with their inability to avoid a Special Rate Variation. Whilst this is understandable, the tool simply presents Council's financial challenges as they truly are.

Whilst the concerns over the large increases in infrastructure funding that are “locked in” in the sustainable LoS are noted, it is worthwhile noting that the “enhanced LoS” option for a number of infrastructure classes received more “votes” (over 20%) than any other services did for the “increase LOS” option.

Clearly, a significant proportion of the community wants to see Council spend more on infrastructure. Interestingly, this “message” was even clearer in feedback from the “open” version than it was from the “panel”.

In summary, it would appear that Council's efforts to achieve a sustainable position for infrastructure services (i.e. to *maintain* current levels of service, which necessitates increased funding for repair and renewal) is supported by the majority of participants in both the open and panel groups, despite the implications this has in terms of either reductions in levels of service for other services or a Special Rate Variation.

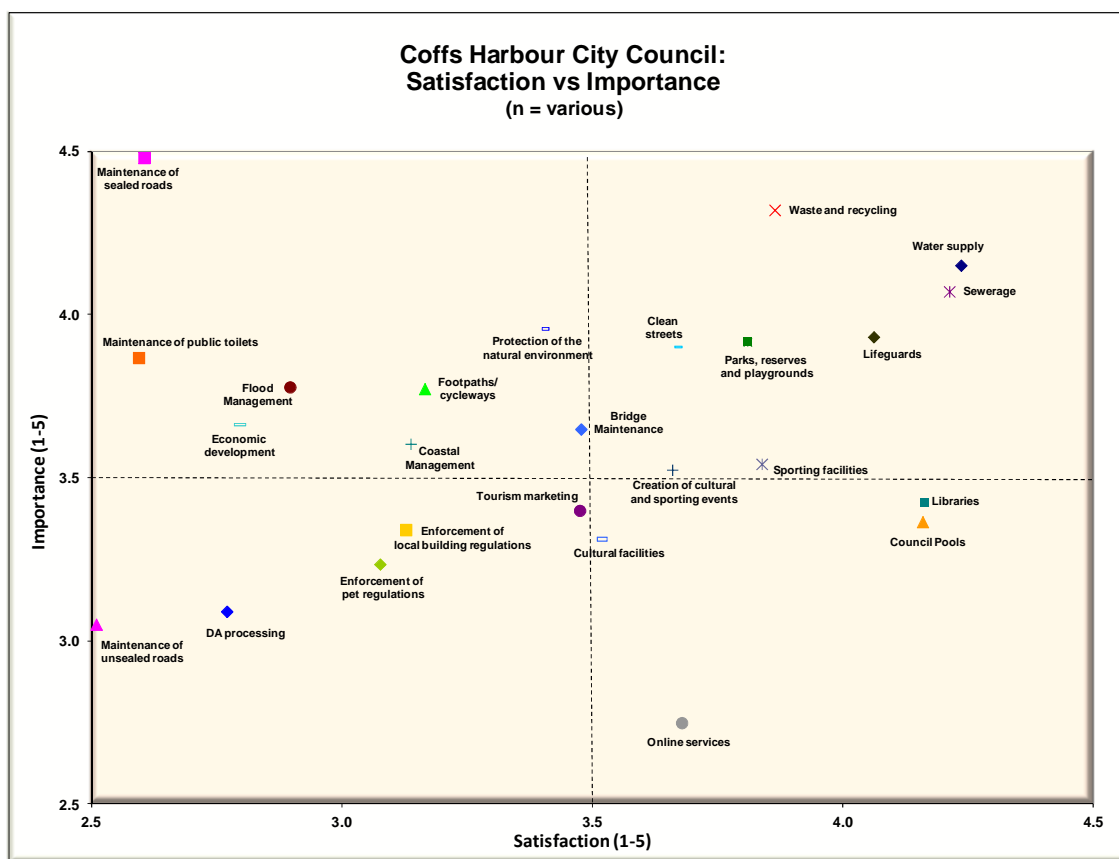
Correlation with 2012 Community Survey

As reported to Council's 26 July 2012 meeting, Council undertook a random telephone survey regarding the same services considered in the Budget Allocator.

The survey asked respondents to rate each service with regards to the following:

- Importance of the service
- Satisfaction with the current level of service

Unsurprisingly, those services with a high level of consensus in the community (the "sharper" bell curves in feedback from the Budget Allocator) are those that ranked high in importance in the survey.

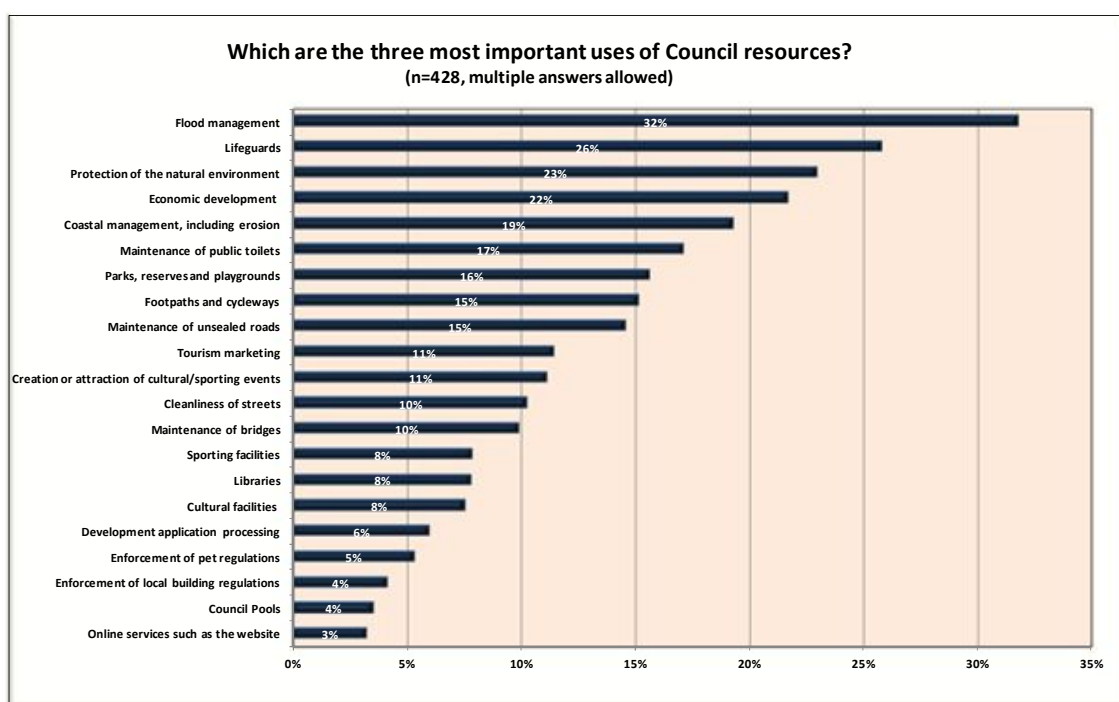


Survey participants were also asked to identify which (if any) services provided by Council were considered critical (noting that "known criticals" of road maintenance and water supply were removed).

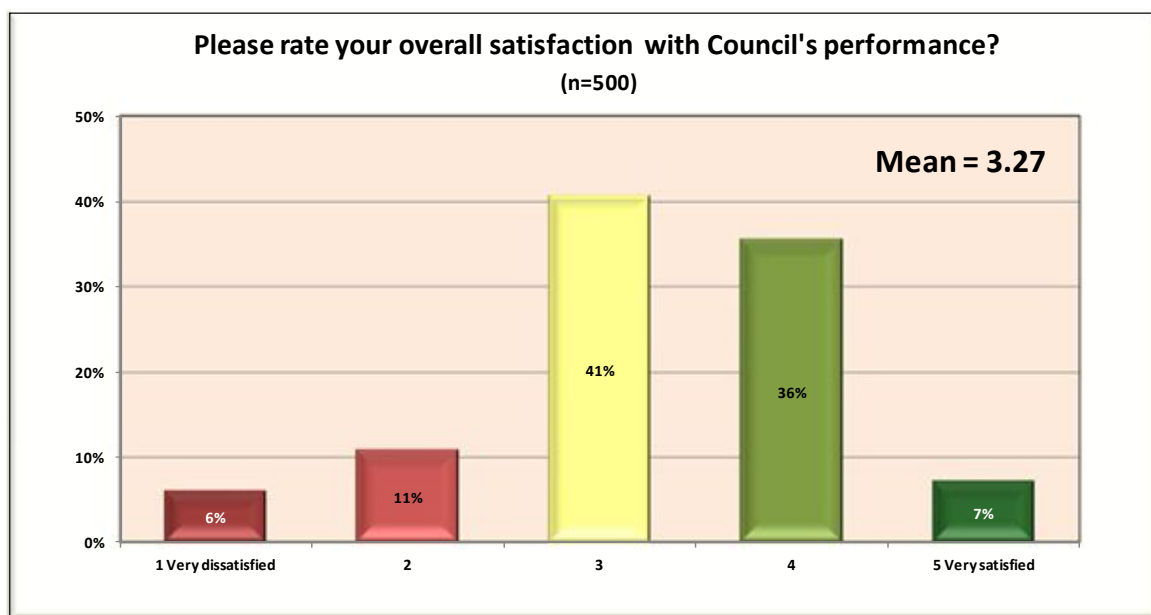
Again, it is the services which demonstrate higher consensus ("sharper" graphs) that score most highly.

It is worthy of note that the 2012 telephone survey was undertaken at a time when we had experienced heavy rain, whilst the weather has been dry now for some time.

There could, of course, be many other factors why the Flood Management service received by far the most "votes" in terms of criticality, however it is worthy of note that such factors will play a role in feedback across all services.



The survey also asked respondents to rate their overall satisfaction with Council. 43% of respondents declared themselves satisfied, 17% dissatisfied, and the balance neither satisfied nor dissatisfied.



This corresponds with what appears to be the most common feedback from participants in the Budget Allocator: most people want to see Council continue to deliver current services.

Council leadership in decision making

It is not suggested that the results of the open budget allocator should be dismissed because they appear to be less representative of the community in general.

Nor is it suggested that Council should simply implement the choices of the majority of participants from the community reference panel without question or consideration of other factors.

The foregoing analysis is simply provided to assist Council in the interpretation of the feedback received.

The feedback from the budget allocator will be one piece – an important piece – of information to assist Council in making difficult decisions about the services we provide into the future and how they are to be funded.

Council's Charter – our "reason for being" – as defined under the NSW Local Government Act, 1993 (which establishes Coffs Harbour City Council as an entity) is presented below under "statutory requirements". It begins with the statement that Council is to provide, after due consultation, adequate, equitable and appropriate services and facilities. This is arguably the starting point for Council's decision making regarding the issues discussed in this report.

The adoption of a sustainable position with regards to infrastructure provision is clearly supported by Council's role as the custodian and trustee of public assets. Fundamental to these roles is looking after what we have been entrusted with.

Council's role in community leadership (noted earlier in relation to those services with low consensus) is specifically mentioned and this is arguably supported by Council's responsibility to have regard to the long term and cumulative effects of its decisions and our role in engaging in long-term strategic planning on behalf of the community.

Other points are relevant in considering particular services. Even if feedback from the Budget Allocator indicated otherwise (not that it does) Council has a responsibility to promote the principles of multiculturalism, the needs of children and the principles of ecologically sustainable development.

These comments are added to provide general context for Council's decision making. Specific issues to consider are included in relation to individual services.

“Breaking New Ground” in Transparency, Accountability and Involvement of the Community

Before progressing to the discussion of individual services, it is worthwhile noting that this is our first real attempt at large-scale, comprehensive consultation regarding all services Council provides. We are breaking new ground.

The process undertaken, the extent of the opportunity for the community to participate – not only in the comprehensive scope of services, but also the level of detail provided in the “LoS descriptions” helping participants make informed decisions – is arguably at the forefront of efforts for any NSW council and beyond, all of whom are grappling with similar challenges.

An important outcome (even beyond an opportunity for the community to participate in decision making) is the increase in transparency and accountability that this framework delivers.

Whilst Council has always complied with statutory requirements for corporate reporting, the complexity of the reports made it difficult for Council to explain “what we do and why we do it” and “what we aim to and have achieved” in a manner that was accessible to the community.

Arguably, Council is beginning to truly realize the objectives of the Integrated Planning and Reporting Framework that were added to the NSW Local Government Act in 2009.

The Service Review project, undertaken by Council in 2011, began by defining a total of 25 external services (covering the full extent of services Council provides direct to the community) and 16 internal services (that support the delivery of these external services).

These services were not defined based on organizational structures or budget items, but rather the services as the community perceives them. These external service definitions form the basis of the services presented in the Budget Allocator.

What Council is arguably now in a position to do more clearly than it has ever done before is to present to the community the full extent of its operations and thus, significant transparency and accountability.

To help demonstrate this achievement, it is worthwhile reviewing the “3Rs” framework that Council utilized in the Service Review. Each service was defined in terms of:

- the **reason** Council delivers the service,
- the **resources** Council expends in delivering it, and
- the **results** has achieved in service delivery.

The “reason” Council delivers services is to achieve the objectives set out in Coffs Harbour 2030, the Community Strategic Plan. Council’s Delivery Program, which was restructured in accordance with the service definitions from the Service Review, links each service back to the objectives in Coffs Harbour 2030.

The “resources” Council expends on service delivery is now far clearer and more understandable given that the Delivery Program (Council’s four year budget) is structured in accordance with the same service definitions. A restructure of Council’s General Ledger (currently commenced and due for completion to coincide with the 2014/15 financial year) will complete this integration, making it even easier to understand what detailed expenditure makes up each service.

The “results” Council has achieved with respect to each service is reported half-yearly in Council’s Operational Plan, each year in Council’s Annual Report and each four years (to the last meeting before the election) in the end of term report. Again, the results achieved can be referenced back to the same services.

The development and maturation of Council's Integrated Planning and Reporting Framework documentation will certainly facilitate greater participation and involvement from the community in Council's activities and, over time with effective engagement strategies, foster stronger ownership of the Community Strategic Plan and greater understanding of Council's role in achieving its vision.

Comments on the level of participation

Whilst it is understood that a 52% response rate from the "panel" is considered reasonable for an on-line survey, addressing the relatively low level of response on the "open" version from the community is certainly something that needs to be a focus in formulating future engagement strategies.

With regards to possible reasons for the low level of response, informal feedback from the community noted a reluctance to submit their email address and name to complete the process. Whilst privacy is obviously a concern, it is difficult to avoid such measures if we are to gain some level of confidence in the feedback we obtain (e.g. in a "worst case", a small group of people submit multiple responses distorting the views of the majority).

As part of future surveys, a notation along the lines of "please note that to protect the confidentiality of your responses, any personal and/or contact details you provide will be separated from your other answers PRIOR to the data being analysed" will be added. It should be noted that this reflects the way this process has been conducted anyway.

Other deterrents for completion of the survey are possibly the amount of information to digest, the difficult nature of the decisions to be made and also the marketing undertaken to make the community aware of the opportunity.

Whilst it is acknowledged that there are opportunities for improvement in future engagement strategies, the process has been successful in generating statistically valid feedback – from the "panel" – that Council can be confident represents the views of the general community.

Council has, at the same time, also provided everyone who wanted to participate in the process with an opportunity to do so on the "open" version, including commenting on specific services.

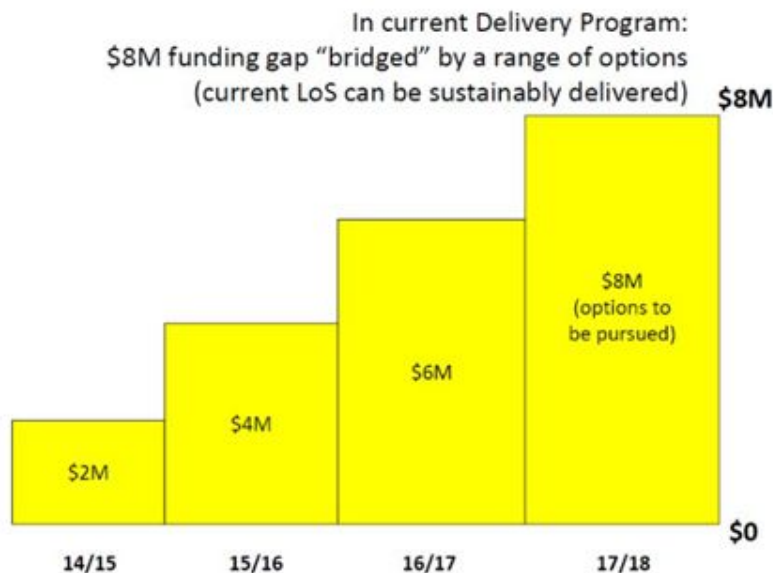
Bridging the remaining gap to Financial Sustainability

As noted in the previous report recommending this engagement process, Council's financial sustainability "gap" to be bridged is \$8 million per year, the majority of this being the additional \$6.2 million per year to fund repair and renewal of infrastructure so as to keep pace with deterioration and thus maintain current service levels.

The remaining \$1.8 million represents the "underlying operating deficit" – the annual short fall in revenues compared to costs of service delivery – that has, based on long-term financial modeling, been determined to be necessary to maintain current service levels generally as a result of the costs of service delivery increasing over time faster than revenues.

Council's 2013-17 Delivery Program (Council's four year budget) assumes that current service levels will be maintained (including infrastructure – i.e. that Council begins funding infrastructure by an additional \$6.2 million per year) and that an additional \$8 million in funding will "bridge the gap".

The closure of the gap is proposed to be staged over four years, at \$2 million per year from 2014/15. This is presented diagrammatically below.



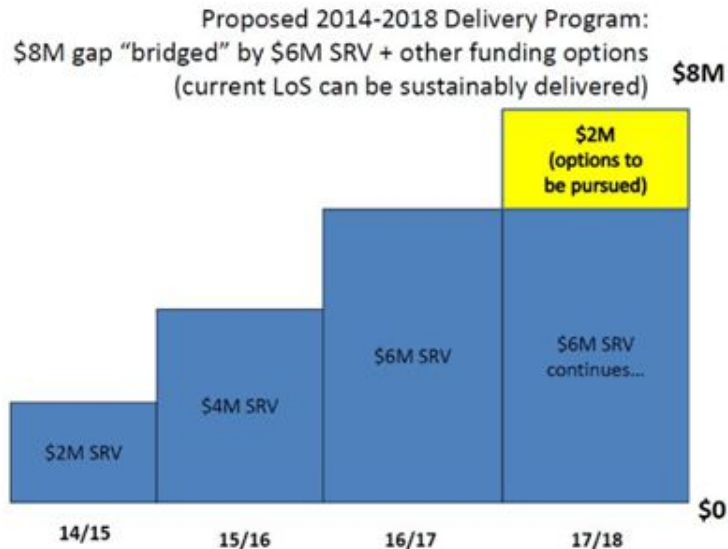
The Delivery Program identifies a number of options to generate this \$8 million including:

- those considered in this report (service level reductions and/or a Special Rate Variation) and
- those proposed to be pursued as part of the Transformation to Sustainability (T2S) project considered by Council at its Ordinary Meeting of 14 November (productivity and efficiency gains, generating external revenues).

It is important to note that even if Council were to adopt the "minimum LoS" option for every service (which is clearly not supported by feedback from the community) the resultant savings would bridge only around \$6 million of the \$8 million annual gap.

For Council to bridge the remaining gap and thus adopt a sustainable financial position, some level of Special Rate Variation will almost certainly be necessary.

Yet given that the T2S project has the potential to generate significant savings, it is recommended that Council does not attempt to “bridge the entire gap” to financial sustainability at this point in time, but rather that it approaches the problem along the lines of the diagram below:



It is recommended that Council acknowledge the significant funding gap. For Council to delay an increase in rates or reduction in service levels will simply make the decisions even harder when they occur.

Yet rather than bridging the entire gap, it is recommended that Council seek a \$6 million Special Rate Variation to be staged at \$2 million per year over the next three years, and pursue the range of funding options in the current Delivery Program for the remainder, namely:

- those considered in this report (service level reductions and/or a Special Rate Variation) and
- those to be pursued as part of the Transformation to Sustainability (T2S) project.

Over the next three years, Council will have an opportunity to pursue measures to “close the gap” and thus make a final decision (including, if necessary, a further Special Rate Variation) in the formulation of the 2017-2021 Delivery Program in late 2016 – early 2017.

By then Council will have captured the benefit of the outcomes of the T2S project (the first stage of the project is to develop an estimate of the potential savings for Council to then consider with regards to implementation) and have several years' benefit from the ongoing framework for continuous improvement that will be established beyond the timeframe of the initial project.

Council will also have the benefit of several years of development work on the finances around asset management and long-term financial planning.

Council's Asset Management Strategy (adopted by Council in May) notes that Council has inadequate information on the condition of our existing infrastructure. Council's recent organisational restructure addresses many of the issues with the previous structure that were identified as a significant impediment to effective asset management. This means a stronger focus of our existing resources which will lead to better asset management outcomes.

Whilst it is unlikely that significant downward revisions in projected funding requirements will occur (beyond keeping pace with deterioration, there remains a substantial backlog of assets requiring renewal anyway), there is certainly potential to “bridge the gap” through improved maintenance and renewal strategies. Examples of such actions were discussed in report CS12/36, 2012-2013 Roads Maintenance Strategy and Budget, considered by Council at its Ordinary Meeting of 25 October 2012.

It is also possible that Council may “close the gap” via a revision of assumptions in our Long Term Financial Plan. Council has only undertaken significant Long Term Financial Planning in recent years. Like Asset Management, projected funding requirements may be revised downwards, although this is again considered unlikely.

Following an analysis of individual services, it will be recommended that Council:

- acknowledge feedback from the community supports the maintenance of current levels of service
- acknowledge the need to spend an additional \$6.2 million on the repair and renewal of infrastructure if current service levels are to be maintained
- acknowledge that long-term financial modeling indicates that a further \$1.8 million is required to address the “underlying operating deficit”, ensuring revenues match projected expenditures and thus achieve a financially sustainable position
- indicate to IPART its intention to seek approval for a \$6 million Special Rate Variation (to be staged over the next three years at \$2 million per year) for infrastructure repair and renewal and also addressing the underlying operating deficit
- seek feedback from the community regarding the proposed Special Rate Variation prior to submitting a formal application to IPART
- include an acknowledgement of the need to pursue options for funding the remaining \$2 million “gap” to financial sustainability in its 2014-18 Delivery Program.

Apart from the fact that Council will have far better information on the size of its “gap” to financial sustainability in three years’ time, perhaps the strongest argument for this course of action is that the decision regarding the need for a Special Rate Variation in 2017/18 and beyond will be preserved for the Council elected in September 2016.

That Council will be responsible for the delivery of services to the community in 2017/18 and beyond and therefore it is appropriate that that Council decide what services it will deliver and how these will be funded at that time.

Significantly, that Council will also be undertaking the next review of the Community Strategic Plan (Coffs Harbour 2030), and so will have an opportunity to seek input from the community about its expectations of Council in delivering the future vision for our City.

What are the impacts for the average ratepayer of this proposal?

The impact of the proposed \$6 million Special Rate Variation (staged over three years) on the typical residential ratepayer is best evaluated by comparing the total annual rate bill with a Special Rate Variation against the total annual rate bill without. Without a Special Rate Variation, Council would be limited to annual 'rate peg' increases for Ordinary Rates (usually around 3% per year).

The total rate bill from Council has been used so that the impacts of expected increases of all charges – water, sewerage and domestic waste as well as the services funded by the ordinary residential rate – can be considered.

In summary, the total annual rate bill for the typical residential ratepayer would increase by around 5% per year for the next three years under a proposed Special Rate Variation rather than 3.5% per year without the variation.

The tables below clarify the actual dollar increases under the two scenarios. Full details of the calculations are provided in the table on the following page.

Scenario	Increase in total annual rate bill per annum			Totals
	Year 1	Year 2	Year 3	
Rate peg only (assuming 3% pa)	\$108.61	\$112.98	\$114.84	\$336.43
With Special Rate Variation	\$162.02	\$168.03	\$171.58	\$501.63
Difference	\$53.41	\$55.05	\$56.74	\$165.20

Scenario	Increase in total rate bill per annum (\$ / week)			Totals
	Year 1	Year 2	Year 3	
Rate peg only	\$2.09	\$2.17	\$2.21	\$6.47
With Special Rate Variation	\$3.12	\$3.23	\$3.30	\$9.65
Difference	\$1.03	\$1.06	\$1.09	\$3.18

Put another way, when the full amount of the \$6 million Special Rate Variation is implemented in the third year, residents would be paying \$165.20 per year (\$3.18 per week) more than if Council limits rate increases to the rate peg amount (allowing for a rate peg increase of 3% per annum).

At the end of three years, assuming Council has been able to "bridge the gap" to sustainability in other ways, future ordinary rate increases would be limited to the rate peg amount.

Model A - Rate Peg Only

Typical Residential Ratepayer - Including Water Usage
(Assuming an Annual Rate Peg of 3%)

Based on Land Value of \$183,700

Rates & Charges	CURRENT	PEG Yr 1			PEG Yr 2			PEG Yr 3			3 Year Compound Increases from 2013/2014	
	2013/14	2014/15	Increase Year 1		2015/16	Increase Year 2		2016/17	Increase Year 3		Amount (\$)	%
	(\$)	(\$)	Amount (\$)	%	(\$)	Amount (\$)	%	(\$)	Amount (\$)	%		
Residential Ordinary Rate	930.65	959.08	28.44	3.1%	987.89	28.81	3.0%	1,017.50	29.61	3.0%	86.86	9.3%
Environmental Levy	38.31	39.48	1.17	3.1%	40.65	1.17	3.0%	41.88	1.23	3.0%	3.57	9.3%
Sewerage Access Charge	783.00	806.00	23.00	2.9%	831.00	25.00	3.1%	855.00	24.00	2.9%	72.00	9.2%
Water Access Charge	139.00	143.00	4.00	2.9%	147.00	4.00	2.8%	151.00	4.00	2.7%	12.00	8.6%
Water Usage (250 KL pa)	637.50	657.50	20.00	3.1%	677.50	20.00	3.0%	697.50	20.00	3.0%	60.00	9.4%
Domestic Waste Service	534.00	566.00	32.00	6.0%	600.00	34.00	6.0%	636.00	36.00	6.0%	102.00	19.1%
Stormwater Management	25.00	25.00	0.00	0.0%	25.00	0.00	0.0%	25.00	0.00	0.0%	0.00	0.0%
Totals	3,088.86	3,196.06	108.61	3.5%	3,309.04	112.98	3.5%	3,423.88	114.84	3.5%	336.43	10.9%
Increase per week			2.09			2.17			2.21		6.47	

Model B - Full Special Rate Variation for 3 Years - An additional \$2M per annum (Totalling \$6M)

Typical Residential Ratepayer - Including Water Usage
(Assuming a SRV for 3 years – incl. a 3% pa rate peg)

Based on Land Value of \$183,700

Rates & Charges	CURRENT	SRV Yr 1			SRV Yr 2			SRV Yr 3			3 Year Compound Increases from 2013/2014	
	2013/14	2014/15	Increase Year 1		2015/16	Increase Year 2		2016/17	Increase Year 3		Amount (\$)	%
	(\$)	(\$)	Amount (\$)	%	(\$)	Amount (\$)	%	(\$)	Amount (\$)	%		
Residential Ordinary Rate	930.65	1,012.49	81.85	8.8%	1,096.35	83.86	8.3%	1,182.71	86.35	7.9%	252.06	27.1%
Environmental Levy	38.31	39.48	1.17	3.1%	40.65	1.17	3.0%	41.88	1.23	3.0%	3.57	9.3%
Sewerage Access Charge	783.00	806.00	23.00	2.9%	831.00	25.00	3.1%	855.00	24.00	2.9%	72.00	9.2%
Water Access Charge	139.00	143.00	4.00	2.9%	147.00	4.00	2.8%	151.00	4.00	2.7%	12.00	8.6%
Water Usage (250 KL pa)	637.50	657.50	20.00	3.1%	677.50	20.00	3.0%	697.50	20.00	3.0%	60.00	9.4%
Domestic Waste Service	534.00	566.00	32.00	6.0%	600.00	34.00	6.0%	636.00	36.00	6.0%	102.00	19.1%
Stormwater Management	25.00	25.00	0.00	0.0%	25.00	0.00	0.0%	25.00	0.00	0.0%	0.00	0.0%
Totals	3,088.86	3,249.47	162.02	5.2%	3,417.50	168.03	5.2%	3,589.09	171.58	5.0%	501.63	16.2%
Increase per Week			3.12			3.23			3.30		9.65	

Sustainability Assessment:

Whilst Council currently delivers an extensive range of services achieving social, environmental and economic outcomes, its ability to do so into the future is dependent upon the adoption of a financially sustainable Delivery Program that sets out what services it will deliver into the future and how these will be funded. This is the subject of this report.

Consultation:

The matters discussed in this report have been the subject of a number of workshops and briefings with the Councillors.

Community consultation undertaken thus far in this process was discussed above. Community consultation proposed to be undertaken following Council's consideration of this matter is discussed under next steps below.

Staff have been consulted regarding the issues discussed in this report extensively via a range of means and will continue to be engaged in Council's efforts to achieve a financially sustainable position.

Statutory Requirements:

Section 8 of the NSW Local Government Act, 1993 defines Council's charter as being:

- to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively
- to exercise community leadership
- to exercise its functions in a manner that is consistent with and actively promotes the principles of multiculturalism
- to promote and to provide and plan for the needs of children
- to properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development
- to have regard to the long term and cumulative effects of its decisions
- to bear in mind that it is the custodian and trustee of public assets and to effectively plan for, account for and manage the assets for which it is responsible
- to engage in long-term strategic planning on behalf of the local community
- to exercise its functions in a manner that is consistent with and promotes social justice principles of equity, access, participation and rights
- to facilitate the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and co-ordination of local government
- to raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants
- to keep the local community and the State government (and through it, the wider community) informed about its activities
- to ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of the council is affected

- to be a responsible employer.

Issues:

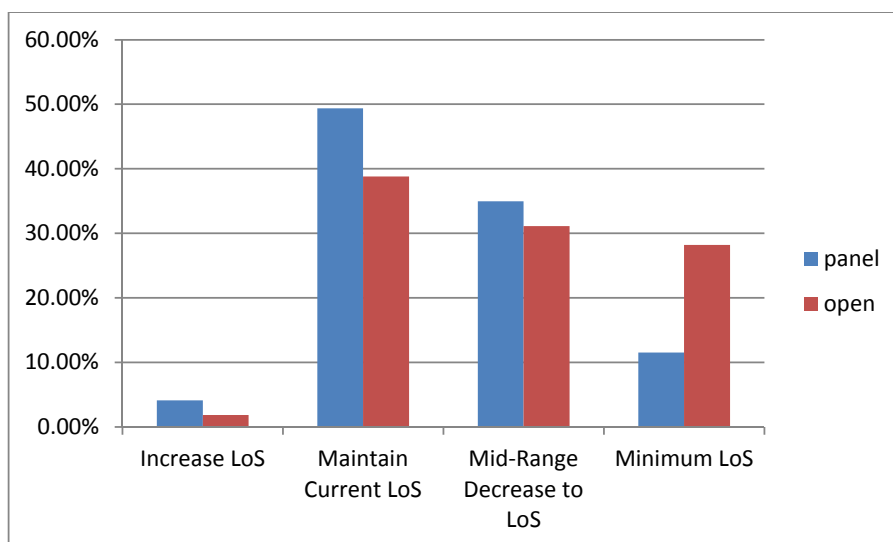
Set out below for each service is:

- a description of the current level of service (LoS) as well as options to increase or decrease the LoS along with the costs of doing so relative to the existing budget
- graphs displaying feedback from the “panel” and “open” budget allocators as to the preferred level of service
- a summary of comments relating to each service (full details of comments are provided in the attachments)
- further information related to the service which may also assist Council in making a decision regarding the preferred level of service.

List of Services

- 1 Customer Service
- 2 Community Services
- 3 Economic Development
- 4 Community Sports and C.ex International Stadium
- 5 Library
- 6 Cultural Facilities: Jetty Memorial Theatre, Regional Gallery, Museum, Bunker
- 7 Coffs Coast Marketing
- 8 Community, Cultural and Sporting Events
- 9 Lifeguards
- 10 Environmental Management
- 11 Parking, Dogs, Buildings and other Regulatory Issues
- 12 Public Health
- 13 Sustainable Planning
- 14 Development Assessment
- 15 Flooding and Coastal Management
- 16 Parks, Reserves and Cemetery
- 17 Public Toilets, Street Cleaning and Litter Bins
- 18 Property leasing
- 19 Swimming Pools Operations
- 20 Jetty, playgrounds and other structures
- 21 Toilets, pools, buildings
- 22 Roads and Bridges
- 23 Footpaths and Cycleways
- 24 Stormwater

1. Customer Service



Increase LOS	730000	Provide a budget to fund customer service improvements - technology, hours of operation, training
Maintain LOS	630000	Customers are attended to quickly. No long waits or queues. Customer service improvements now underway are coordinated throughout the organisation.
Mid-range decrease LOS	530000	Reduction in front counter opening hours to 10:00am to 3:00pm - inconvenience to the public - long queues, unanswered phone calls
Decrease LOS to minimum	390000	Reduction in front counter opening hours to 10:00am to 3:00pm - inconvenience to the public - long queues, unanswered phone calls; Eliminate the improved coordination of customer service & technology improvements

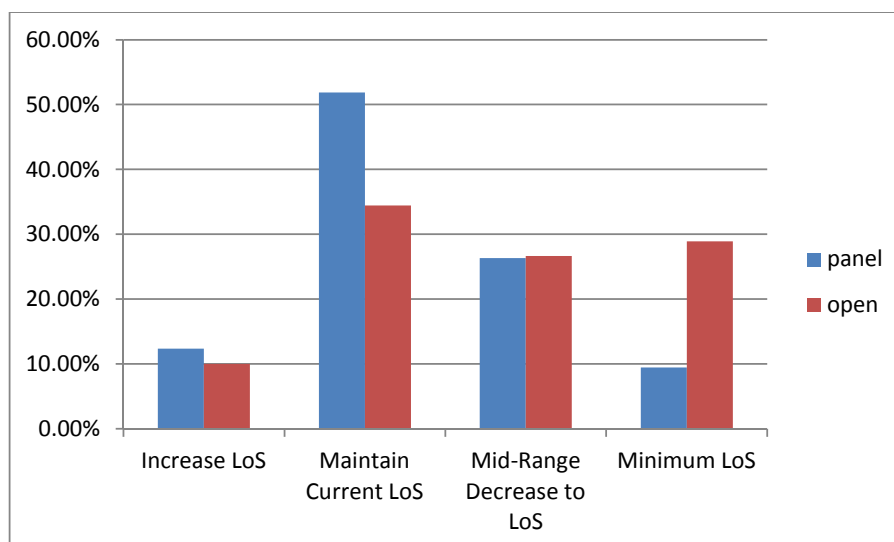
Summary of comments

- Support / recognition of importance of function
- Several suggested more on-line customer services to reduce costs

Further information and comments from staff

- An opportunity for improvement identified as part of the Service Review project was a reduction in opening hours for front counter from 8am-5pm to 8:30am-4:30pm following an analysis of customer numbers. This saved \$105,000 per year.
- Council's recent review of its organizational structure included the formalization of the customer service function within Corporate Business. In addition to the management of the first contact centre (front counter / reception), the Manager Customer Service will champion the pursuit of initiatives to improve customer service, including e-government, across Council

2. Community Services



Increase LOS	1060000	Increased funding to run programs and leverage grant opportunities to assist youth, aged, aboriginal, disabled and multicultural sectors.
Maintain LOS	955000	Strategic Planning, Capacity Building and Programs aimed at helping youth, aged, aboriginal, disabled and multicultural sectors.
Mid-range decrease LOS	600000	Significantly reduced capacity to provide proactive programs helping youth, aged, aboriginal, disabled and multicultural sectors.
Decrease LOS to minimum	300000	Cessation of all proactive programs helping youth, aged, aboriginal, disabled and multicultural sectors. Undertake strategic planning only.

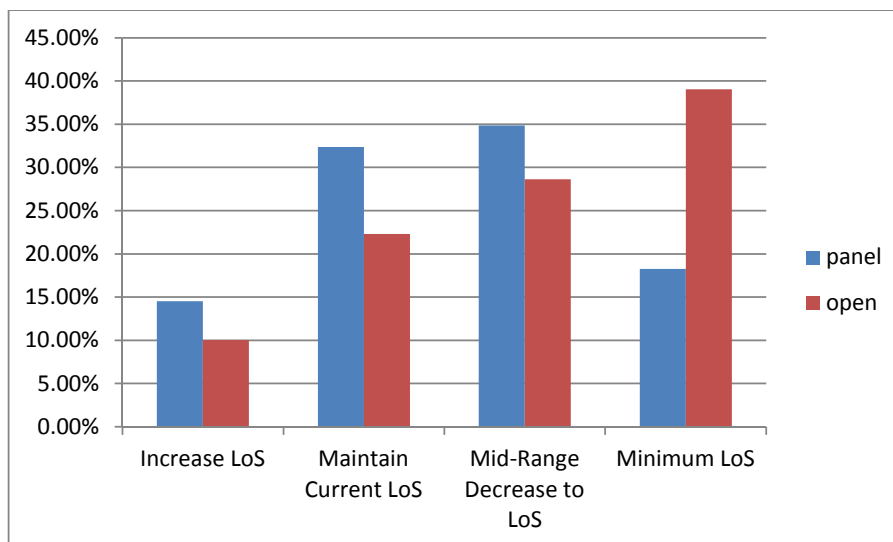
Summary of comments

- Important to help disadvantaged groups
- Community needs to help itself
- State/Federal governments should carry out this function

Further information and comments from staff

- Funding agreements already exist with State Government for components of this service. In addition grants and partnership opportunities are proactively sought.
- Key functions include social planning and facilitating community capacity building at both community and sector levels to address identified social needs.
- The service addresses key requirements in the local government charter in relation to the social justice principles of equity, access, participation and rights.

3. Economic Development



Increase LOS	780000	Capacity to provide additional programs supporting business and jobs
Maintain LOS	730000	Capacity to facilitate industry action plans to grow business and jobs; provide information and advice to investors, developers, job seekers; promote City Centre
Mid-range decrease LOS	500000	Limited ability to facilitate industry action plans and programs to help business.
Decrease LOS to minimum	250000	Cessation of proactive programs helping business. Capacity to gather and provide statistics and broad information only. Provision of advice to Council only.

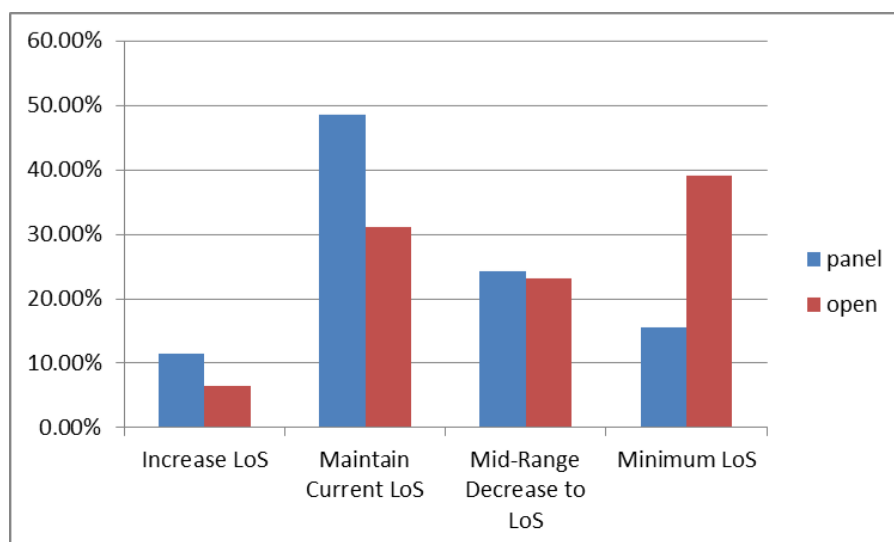
Summary of comments

- Recognition and support for initiatives to increase employment, business, investment and development
- Should be the responsibility of the business community / Chamber of Commerce
- All Coffs Harbour to be promoted not just the City Centre.

Further information and comments from staff

- The State Government has closed its Coffs Harbour office of Trade and Investment and severely reduced its budget for assistance to business.
- If Council was to reduce the level of service, the Chamber of Commerce / business community could not "fill the void" unless it was able to raise additional revenues
- There is an argument that the business community already pays for this service in that commercial rates are higher than residential
- Adoption of a new Economic Strategy, prepared in consultation with business and wider community, is anticipated following a further workshop with Councillors.
- There is a misconception about Council's role: economic development aims to foster business confidence and an environment in which business can flourish. Examples include advocacy and facilitation of the early roll-out of NBN, establishment of a co-working space and local investment framework supporting entrepreneurs, provision of information and advice, establishment of the digital enterprise centre (with TAFE and ETC), facilitating a tele-health pilot project and the Grower's Market.
- Fundamental to the achievement of objectives set out in the Economic Strategy is Council's role in facilitating industry sector groups to pursue identified objectives.

4. Sports Ground and Amenities and CeX International Stadium



Increase LOS	1540000	Increased maintenance of sports grounds and amenities, minor upgrade of some infrastructure (use comments section to tell us where), including C.ex Coffs International Stadium
Maintain LOS	1400000	Continue current levels of maintenance of our sports grounds and amenities; including C.ex Coffs International Stadium (which has an economic impact of over \$8M into the local community in its current form)
Mid-range decrease LOS	1300000	Increase in ground fees, reduction in standards of sports grounds and amenities; reduction in the standard and reputation of C.ex Coffs International Stadium impacting local economy by \$2 -\$4M p.a. as a result of attracting fewer sporting events
Decrease LOS to minimum	1150000	Significant increase in ground fees, which may impact community ability to pay for sport, which would lead to closure of some grounds/amenities; significantly lowering the standard and reputation of C.ex Coffs International Stadium impacting local economy by up to \$8M p.a. as a result of its inability to attract sporting events

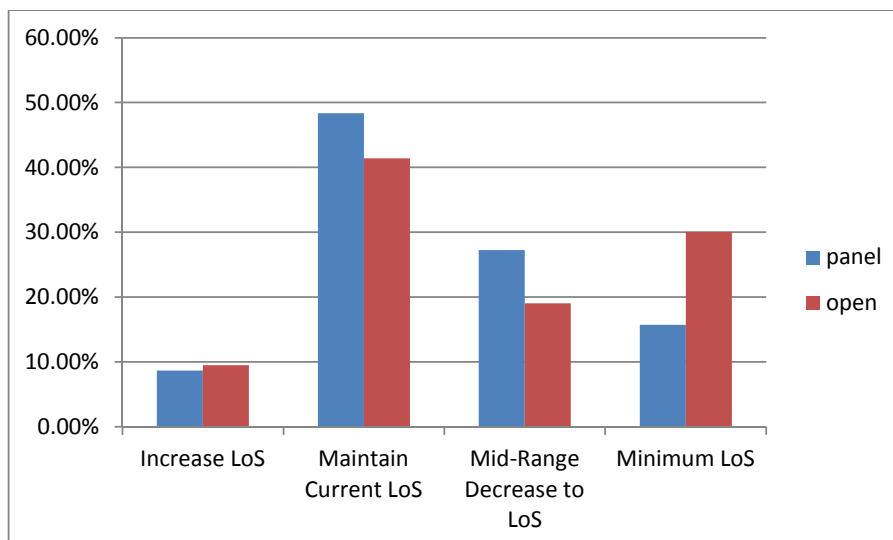
Summary of comments

- Maintaining facilities is important to both our sporting community and our economy
- user pays

Further information and comments from staff

- Service includes maintenance of Council-managed sport grounds and C.ex Coffs International Stadium
- Local sporting groups contribute where possible to maintaining amenities by organising working bees for some minor improvement projects, abiding by conditions of use which in turn helps maintain the grounds etc. and applying for grants
- Many amenities require repair and renewal (see service # 21)
- Sport is important from a health/social "looking after our community" perspective
- Comparisons of fees undertaken as part of the Service Review indicates that currently we are at higher end relative to neighbouring Councils
- Lots of volunteers mean our dollars go a long way
- Maintaining the Stadium facility ensures that we remain competitive in being able to attract both spectator and competitor events to the City which in turn assist with driving the local economy

5. Library



Increase LOS	1173000	Maintain current opening hours, increase library resources (on-site and digital collections, public computers)
Maintain LOS	1580000	Maintain current Library services at Coffs Harbour, Toormina and Woolgoolga
Mid-range decrease LOS	1380000	Closure of Toormina Library (4,390 members, 77,000 visits/year), cessation of library programs and events (e.g. storytime) and major reduction in library resources budget. Significant negative impact on central library in Coffs Harbour with increased overcrowding and lack of resources to meet demand.
Decrease LOS to minimum	1190000	Closure of Toormina and Woolgoolga Libraries (impacting 8,123 members and 131,000 visits/year), reduce central library hours, cessation of library programs and events (e.g. storytime) and major reduction in library resources budget. Major negative impact on central library in Coffs Harbour with increased overcrowding and lack of resources to meet demand.

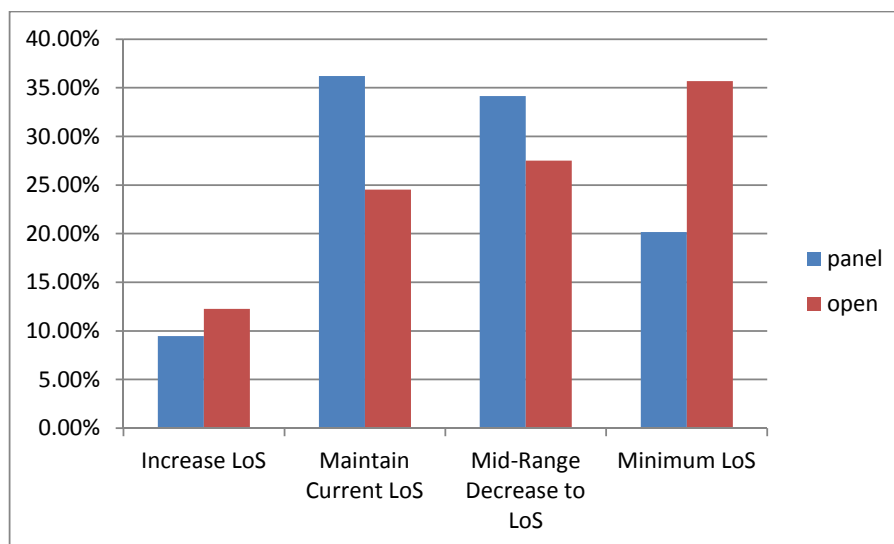
Summary of comments

- Support / value the service – recognition of youth/elderly usage
- Use volunteers
- Internet replaces it / should replace it

Further information and comments from staff

- Council's funding for library service is the lowest in the state on a per capita basis according to statistics prepared by State Library
- that said, benchmarking against other NSW councils shows that Council's library service performance and efficiencies are in the top 50% of the state, e.g. turnover of resources, circulation per capita and circulation per staff member
- we have a long history of strong volunteer support and utilisation
- based on population, according to *People Places* guideline prepared by State Library, the minimum recommended floor area for Coffs Central Library is 2,513 m² (desirable is 3,045 m²) whereas the actual floor area is 986 m². Obviously, options to increase visitors from Toormina and Woolgoolga would significantly exacerbate this problem
- circulation of physical items remains a core function of the library, with demand for digital/online resources increasing each year. Visitation remains strong, not only to borrow material, but to use public internet/wifi and to attend programs and events
- library is important for students, life-long learners, disadvantaged groups (e.g. migrants, elderly, youth), has an important role in minimising the 'digital divide' and also a cultural role via local history collections and promoting a reading/literary culture

6. Cultural Facilities, Jetty Memorial Theatre, Regional Gallery, Museum, Bunker Gallery



Increase LOS	1135000	Extend opening hours, fund more touring productions and exhibitions (use the comments section to tell us where)
Maintain LOS	1220000	Continue existing opening hours and programs
Mid-range decrease LOS	835000	Moderately reduced opening hours; reduced number of touring productions and exhibitions; limited support for community groups using the facilities
Decrease LOS to minimum	450000	Significantly reduced opening hours; no touring productions and exhibitions; no support for community groups using the facilities

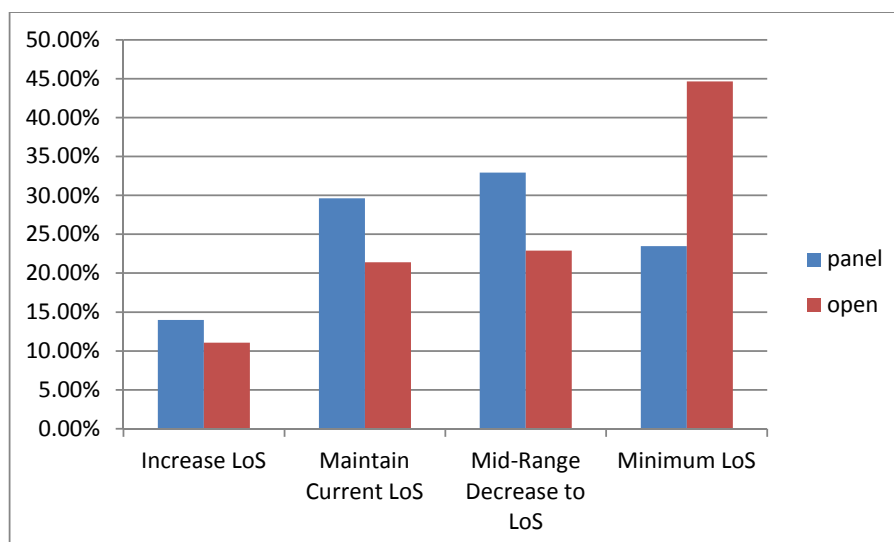
Summary of comments

- Support for particular venues
- Decrease in programs at Jetty Memorial Theatre this year was noted
- Should be user pays

Further information and comments from staff

- Cultural facilities are recognised to deliver economic benefits as well as community and cultural outcomes in terms of attracting skilled staff and fostering creative industries
- Council, with extensive input from stakeholders, has undertaken the preparation of Business Plans at both the Bunker Gallery and more recently the Jetty Memorial Theatre
- A report will be returned to Council regarding options for the Bunker Gallery
- Implementation of the Business Plan has realised savings in operations at the JMT. Whilst numbers of touring shows have decreased in 2013 in comparison to previous years, 10 touring shows saw 2886 tickets sold in addition to 20 not for profit community events which sold 12,500 tickets.
- Coffs Harbour Museum was flooded in 2009. Work is underway to reopen the museum in a new location at 215A Harbour Drive.

7. Coffs Coast Marketing



Increase LOS	1100000	Increase marketing budget closer to competitor destinations, maintain current Visitor Information Centre, attract events and conferences to increase visitation
Maintain LOS	1000000	Marketing of Coffs Coast to attract visitors in the \$480M tourism industry, attraction of events and conferences
Mid-range decrease LOS	700000	Reduced marketing of Coffs Coast, reduced opening hours for Visitor Information Centre, loss of income from bookings through VIC
Decrease LOS to minimum	400000	Closure of Visitor Information Centre (replace with touch-screen information boards) - no direct contact with 70,000 visitors/year, no Marketing budget, maintain website plus some small projects, maintain some events

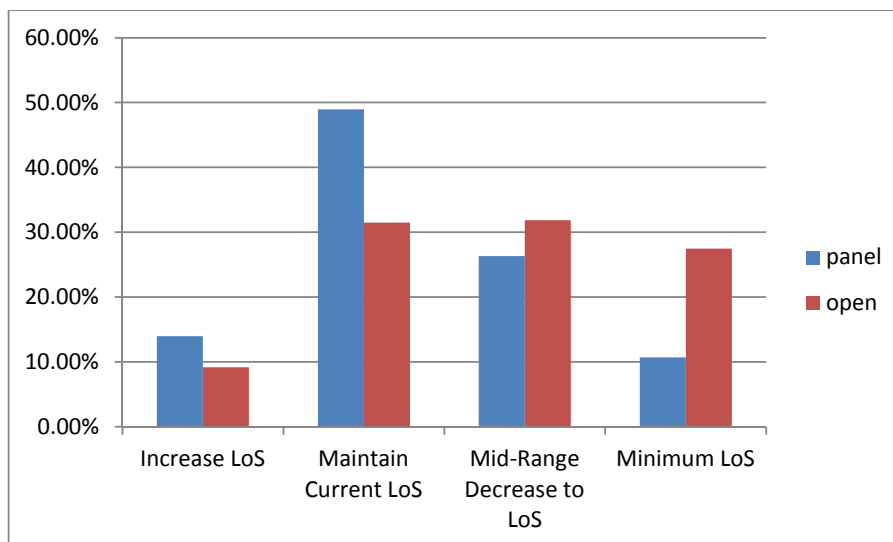
Summary of comments

- Tourism important to the economy, events are important
- Should be responsibility of Tourism Association / business community
- User pays

Further information and comments from staff

- Council operates Coffs Coast Marketing in partnership with Bellingen Shire Council
- As per Council report to 14 November meeting, an exercise is currently underway to explore alternative models for service provision.
- If Council was to reduce the level of service, the Tourism Association / business community could not "fill the void" unless it was able to raise additional revenues
- There is an argument that the business community already pays for this service in that commercial rates are higher than residential

8. Community, Cultural and Sporting Events



Increase LOS	550000	Increased support for staging of sporting, cultural and community events, which would increase the direct economic impact for local economy (currently generates in excess of \$30M p.a.).
Maintain LOS	480000	Support and/or staging of sporting, cultural and community events generating \$25-30M p.a. for local economy.
Mid-range decrease LOS	240000	Significantly reduced support or staging of sporting, cultural and community events. Direct economic impact of \$10-12M for local economy
Decrease LOS to minimum	0	Cease to support or stage sporting, cultural and community events. Direct economic impact of \$25 - \$30M for local economy.

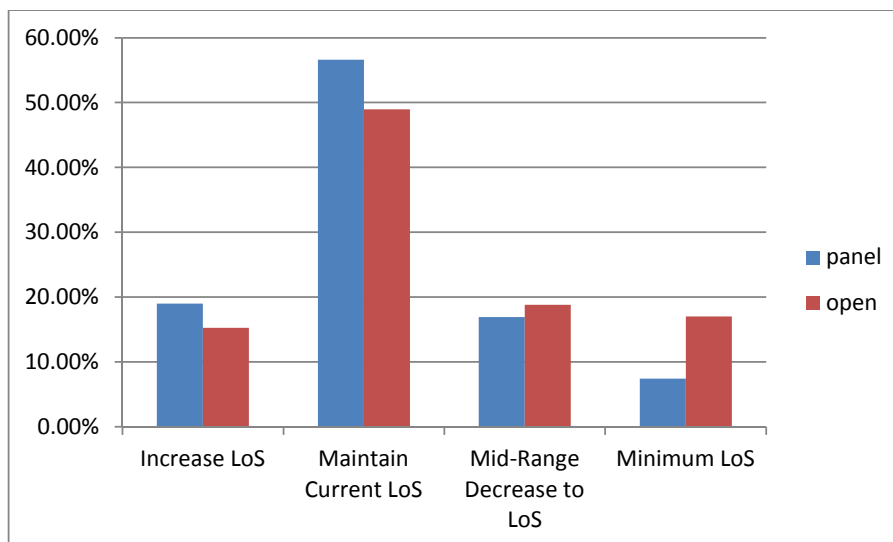
Summary of comments

- support more events – important for our Community
- should be responsibility of business, sports &/or community

Further information and comments from staff

- Events are identified and resourced as per Events Strategy adopted 2010
- Strategy identifies and tries to balance economic, cultural and community values – each is important
- Following the restructure, all events (apart from Sustainable Living Festival) managed within the Community Development directorate – improving the coordination etc.
- Events are a component of all communities and are an important addition to the already strong Tourism region that we live in
- Council is selective about the events that we pursue and do use criteria set out in the Events Strategy to prioritise event support based on those deemed to be able to deliver the most benefit to the community.

9. Lifeguards



Increase LOS	670000	Beach Patrols at Park Beach 12 months, Sawtell and Woolgoolga 7 months, other beaches Christmas Holidays
Maintain LOS	600000	Beach Patrols at Park Beach 12 months, Sawtell 7 months, Woolgoolga 2.5 months, other beaches Christmas Holidays
Mid-range decrease LOS	350000	Beach Patrols at Park Beach and Sawtell 7 months, Woolgoolga 2.5 months, other beaches Christmas Holidays
Decrease LOS to minimum	100000	Beach Patrols at Park Beach, Sawtell, Woolgoolga 2.5 months during school holidays

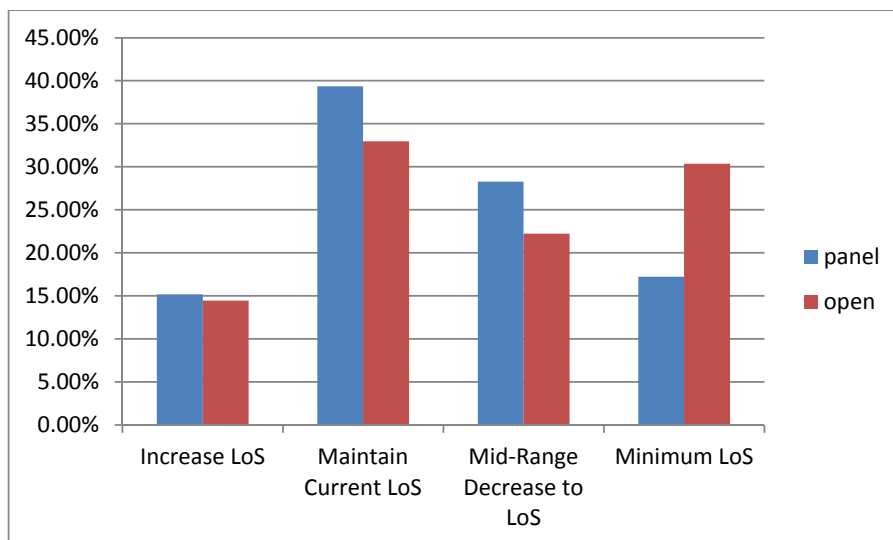
Summary of comments

- Tourism value
- Safety is a priority
- Should be funded by business or community on a voluntary basis
- Questions about the value of a 12 month service at Park Beach
- Support for increasing patrols at Woolgoolga Beach

Further information and comments from staff

- Council extended the Lifeguard patrols of Park Beach in 2010 to provide a year round service in recognition of the value of the service to attract tourism
- Council has sought contributions from the business community to fund the service in the past, but with little success. There is an argument that the business community already pays for this service in that commercial rates are higher than residential
- Council's Lifeguard Patrols supplement the voluntary weekend and public holiday patrols by community Surf Life Saving Association members. Some Surf Life Saving Clubs struggle to provide existing voluntary weekend and public holiday patrols
- The 12-month patrols at Park Beach is at minimal cost, managed by the three full-time staff on a rotating 7-day roster under an enterprise agreement
- Council has received a number of requests to extend the provision of patrols at Woolgoolga Beach to match the service provided at Sawtell (7 months / year)

10. Environmental Management



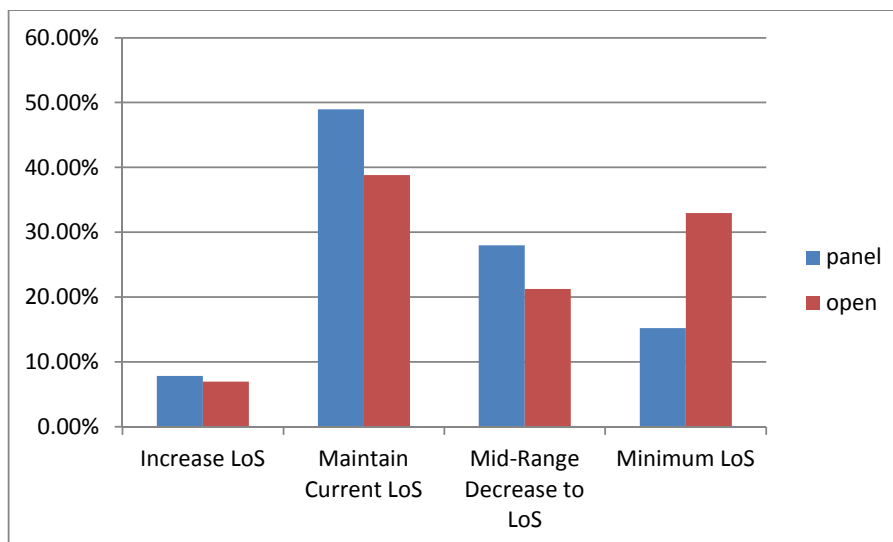
Increase LOS	450000	Community sustainability / environmental education programs (Sustainable Living Festival, Coffs Ambassadors), corporate sustainability programs (energy savings, policy development), climate change programs (greenhouse gas / carbon reduction). Maximise available funds from Environmental Levy for community-led projects
Maintain LOS	410000	Limited community sustainability / environmental education programs (Sustainable Living Festival, Coffs Ambassadors), corporate sustainability programs (energy savings, policy development), climate change programs (greenhouse gas / carbon reduction). These programs may depend upon funding from Environmental Levy, reducing funds available for community-led projects
Mid-range decrease LOS	310000	Focus is on meeting statutory obligations only, other programs (community and corporate sustainability) would largely be dependent upon grants or funding from Environmental Levy (thereby reducing funds available for community-led groups)
Decrease LOS to minimum	210000	Focus is on meeting statutory obligations only, other programs (community and corporate sustainability) would wholly be dependent upon grants or funding from Environmental Levy (thereby reducing funds available for community-led groups)

Summary of comments

- Need to fund more – recognition of tourism value, returns on sustainability in future
- Need to fund less

Further information and comments from staff

- There is general community understanding and support regarding the value of protecting our environment for the benefit of current and future generations
- The Environmental Management service is currently only resourced to provide valuable, but very limited, regulatory and educational support to assist the community.
- Council has historically relied upon state and federal grant funding to undertake regulatory functions and raise educational awareness on matters of environmental significance. These programs have been significantly reduced and are unlikely to be an option for funding the service in the future.
- The Environmental levy funding could be utilised to fund greater involvement with the provision of corporate and community sustainability projects.

11. Parking, Dogs, Building and Other Regulatory Issues

Increase LOS	300000	Increased enforcement of parking, dogs, noise, illegal buildings, pools, etc. regulations (use comments section to tell us your priorities)
Maintain LOS	240000	Enforcement of parking, dogs, noise, illegal buildings, pool safety, etc. regulations (use comments section to tell us your priorities)
Mid-range decrease LOS	170000	Reduced enforcement of parking, dogs, noise, illegal buildings, pool safety, etc. regulations and consequent increase in problems in these areas
Decrease LOS to minimum	100000	Significantly reduced enforcement of parking, dogs, noise, illegal buildings, pool safety, etc. regulations and consequent significant increase in problems in these areas

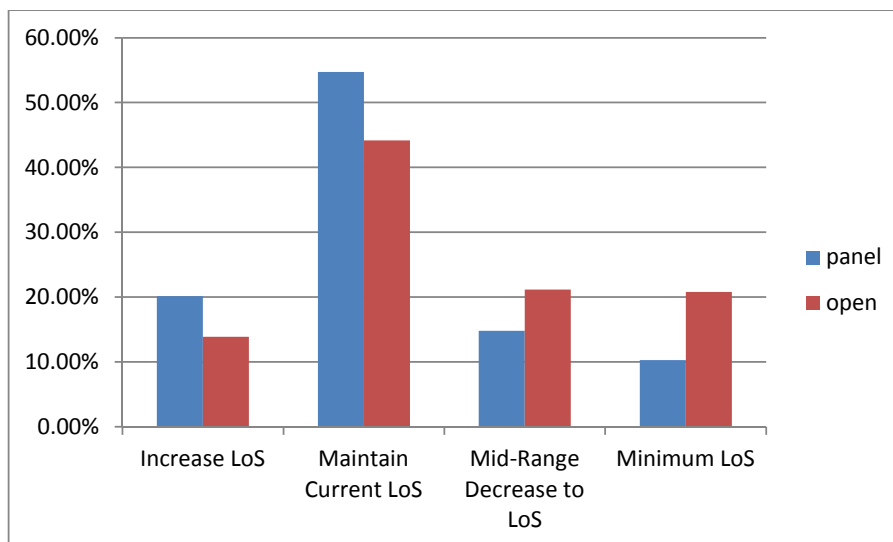
Summary of comments

- Need to address particular issues
- Recognition of the value of enforcement – reduced problems, public health and safety
- Too much regulation and red tape
- User pays with application / registration fee and fines providing the revenues

Further information and comments from staff

- whilst some areas (e.g. pool inspections) are driven by legislative compliance, much of the function depends on a decision on the level of service the community expects – until there is an impact at a personal level, the service is perhaps not valued as highly
- note that there are significant revenues particularly from parking – makes the service largely self-funding. Further revenues are possible, but need to consider whether “going hard” is acceptable to the community and Council
- No action taken by Council in regards to matters such as unauthorized building work or unregistered dogs undermines the approval and registration requirements.
- The ability of Council to recover costs is limited by prescribed fees and charges, which do not account for the full cost of providing a range of regulatory services.
- Whilst noting the desire for user pays, there is a balance to be struck between fees and compliance. For example, high fees deter people from registering dogs. Fines (which are set by legislation) do not cover all costs. Enforcement of parking arguably has an element of public good – the ability to use spaces without being impacted, safety, etc.

12. Public Health



Increase LOS	450000	Undertake more compliance checks and enforcement of regulations for food, skin penetration, A/C cooling towers, onsite sewage management systems to ensure regulations are complied with
Maintain LOS	400000	Continue current compliance checks and enforcement of regulations for food, skin penetration, A/C cooling towers, onsite sewage management systems to ensure regulations are complied with
Mid-range decrease LOS	300000	Reduced compliance checks (prioritised on a risk basis) and enforcement of regulations for food, skin penetration, A/C cooling towers, onsite sewage management systems to ensure regulations are complied with
Decrease LOS to minimum	250000	Significantly reduced (prioritised on a risk basis) compliance checks and enforcement of regulations for food, skin penetration, A/C cooling towers, onsite sewage management systems to ensure regulations are complied with

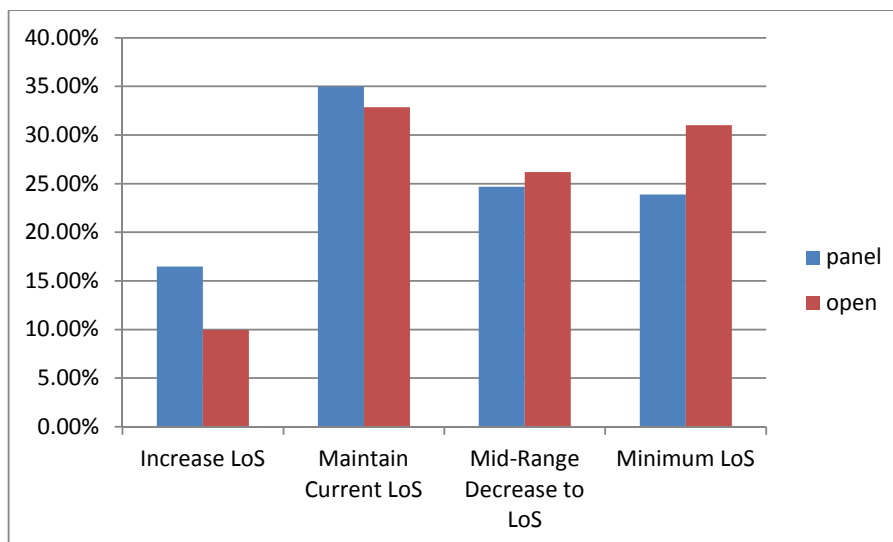
Summary of comments

- endorsing the importance of the service
- State government responsibility
- User pays

Further information and comments from staff

- Council's Environmental Health Officers conduct a range of inspections in accordance with regulatory requirements and also in response to complaints.
- Council endeavours to apply user pays principles to regulated inspection services where possible.
- A substantial portion of staff time is devoted to investigating complaints, reducing Council's ability to meet its regulatory responsibilities to carry out scheduled inspections.
- There is limited opportunity for fee recovery of complaint based investigation.
- Council's limited resources could be focused on "core" areas of responsibility (required under regulations) by identifying and limiting involvement in responses to complaints, however this needs to be weighed against community expectations.

13. Sustainable Planning



Increase LOS	1400000	Improved forward planning so that environmental, social and economic issues associated with growth and development are addressed to a high degree, and well ahead of time to accommodate future growth and address legislative requirements
Maintain LOS	1300000	Moderate forward planning means that whilst environmental, social and economic issues associated with growth and development are addressed, it is not always keeping pace with demand or in sufficient detail to address all objectives to a high degree
Mid-range decrease LOS	1200000	Constrained forward planning means that whilst environmental, social and economic issues associated with growth and development will be addressed, this will not keep pace with demand or be in sufficient detail to address all objectives
Decrease LOS to minimum	1100000	Significantly constrained forward planning means that environmental, social and economic issues associated with growth and development may not be adequately addressed and will not keep pace with demand

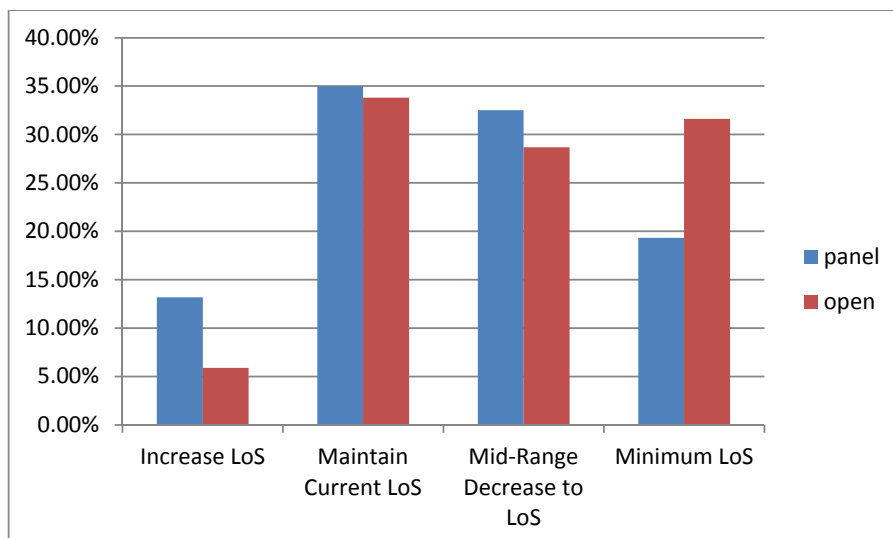
Summary of comments

- Recognition of the importance of future planning
- Issues with State Government involvement

Further information and comments from staff

- Council works within the prevailing NSW Government Planning System legislation (Act and Regulations)
- Changes are foreshadowed in the Act that will mean extensive resource will be required from Council to implement new systems processes, procedures and policy.
- Council endeavours to apply user pays principles to developer promoted planning proposals that are out of sequence with Council's land release program.
- Council's limited resources could be focused on "core" areas of responsibility (required under regulations/statute) by identifying and limiting involvement in general enquiries and responses to complaints, however this needs to be weighed against community expectations.
- The ePlanning process will hopefully assist in dealing with general enquiries. Council has made a significant investment in developing e-planning to improve community access and participation in development enquiries and the automated production of 149 Zoning Certificates.

14. Development Assessment



Increase LOS	1100000	Increased support for applicants in making their applications; increased interaction with other stakeholders in development proposals; improved evaluation of applications against Council planning instruments and relevant legislation
Maintain LOS	1000000	Receipt and assessment of applications for development of sites, construction of buildings, etc. against Council's land use planning framework
Mid-rnge decrease LOS	900000	Moderately reduced capacity for Council to adequately assess development applications in terms of timeliness and potential impacts of the development
Decrease LOS to minimum	800000	Significantly reduced capacity for Council to adequately assess development applications in terms of timeliness and potential impacts of the development

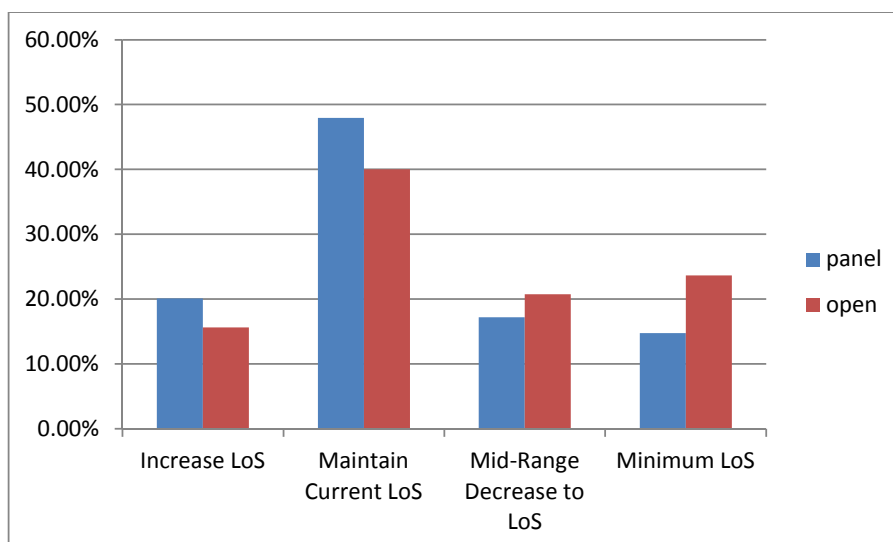
Summary of comments

- Service is important: promotes economy, facilitates orderly, sustainable development
- Community expects efficient processing of DAs, wants less red tape
- Recognition of risks of challenge to Council decisions in Land and Environment Court
- Confusion about the relationship with other services (Sustainable Planning)
- User pays / cost recovery

Further information and comments from staff

- Council works within the constraints of the NSW Government Planning System.
- NSW Government has proposed reforms to reduce complexity, balance economic development and efficient decision-making with environmental outcomes
- Early signs indicate the new system will require more resourcing by local councils to achieve comparable levels of service delivery
- The potential for challenges to decisions in the Land and Environment Court, and the potential for the Minister to remove Council's planning powers, is an expensive but unavoidable consequence of decision making and highlights the importance of good planning (this is the link with the Sustainable Planning service).
- Council has made a significant investment in developing e-planning to improve community access and participation in development assessment and enable electronic efficiencies in the lodgment, assessment and determination of DAs.
- Council's ability to recover costs is limited by prescribed fees and charges, which do not account for the full cost of providing a development assessment service.

15. Flooding and Coastal Management



Increase LOS	350000	Increased development of information on flooding and coastal issues to inform Council's works programs and secure grants to address these (where possible), greater assistance and advice for property owners and other stakeholders.
Maintain LOS	250000	Continued development of information on flooding and coastal issues to inform Council's works programs and secure grants to address these (where possible), continued assistance and advice for property owners and other stakeholders.
Mid-range decrease LOS	200000	Reduced capacity to develop information on flooding and coastal issues to inform Council's works programs and secure grants to address these (where possible), reduced assistance and advice for property owners and other stakeholders.
Decrease LOS to minimum	150000	Significantly reduced capacity to develop information on flooding and coastal issues to inform Council's works programs and secure grants to address these (where possible), significantly reduced assistance and advice for property owners and other stakeholders.

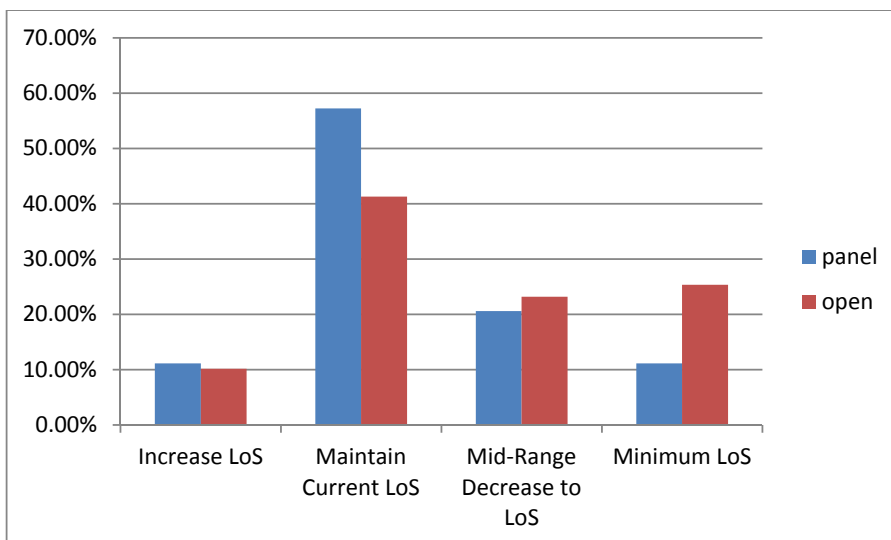
Summary of comments

- Those with a flooding issue support increased resourcing.
- Those without a flooding issue view this as a problem for those in flood area or the development industry

Further information and comments from staff

- Although this service is largely focused on information provision, capacity to secure grants and effectiveness in prioritizing allocation of funds to undertake work is also increased.
- Current Status of Flood Mitigation Program (funded by a Special Rate Variation and Stormwater Levy) and Flood Studies (generating improved information) reported to Council's 14 November meeting
- Digitisation of flood information (putting it on maps on the web) was funded as part of "e-planning" initiatives, enabling greatly improved access to information (refer report to Council's 28 November meeting)

16. Parks, Reserves and Cemeteries



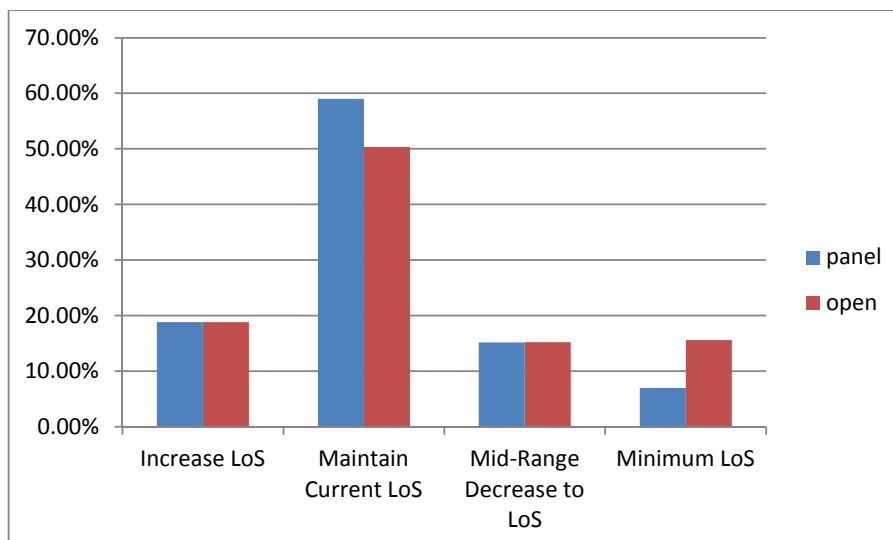
Increase LOS	268000 0	Increase mowing in some parks so LOS is consistent across all Council areas; increase tree maintenance activities in parks, reserves and streets; implement "Friends of the Park" program to enable community groups to maintain their local park; increase maintenance at Karangi cemetery; increase fire trail maintenance; implement program to eliminate long-growing species (better presentation over winter); increase BBQ cleaning, litter collection
Maintain	250000 0	Continue current maintenance of parks, trees, Karangi cemetery, fire trails, BBQ areas
Mid-range decrease LOS	235000 0	Halve mowing operations in 70 parks across Council area (currently 6 times/year, drop to 3 times); reduce funding to maintain trees in parks, reserves and streets; remove half the roundabout flower displays; decrease mowing in State Park (e.g. Jetty); decrease maintenance of Karangi Cemetery; remove some high maintenance areas at Botanic Gardens; decrease BBQ cleaning, litter collection
Decrease LOS to minimum	220000 0	Halve mowing operations in 70 parks across Council area (currently 6 times/year, drop to 3 times); further reduce funding to maintain trees in parks, reserves and streets; remove all roundabout flower displays; decrease mowing in State Park (e.g. Jetty); decrease maintenance of Karangi Cemetery; remove some high maintenance areas at Botanic Gardens; further decrease BBQ cleaning; litter collection

Summary of comments

- Increases requested at specific parks and also for fire trail maintenance
- Roundabouts: remove or replace with annuals
- Suggestion that volunteers / other groups could help with maintenance

Further information and comments from staff (note: all items came from Service Review)

- Highest complaints for parks are regarding mowing and tree maintenance
- Friends of the Park program has potential to increase LoS within existing resources by using volunteers, but needs investment (a part-time coordinator, \$60k/year) to establish. Other benefits: social capital, ownership, reduced vandalism.
- Opportunity to better utilize equipment as well as revegetate some mown areas was identified, with significantly higher LoS to reserves north of Moonee (current LoS lower than comparable areas south) and high profile areas. Cost \$80k/year
- Replanting roundabouts with perennials would save approx. \$18k/year
- Unsafe trees are addressed on a risk / priority basis within available resources

17. Public Toilets, Street Cleaning and Litter Bins

Increase LOS	1300000	High-use toilets cleaned three times daily (more in peak periods), low use toilets cleaned daily, pressure clean all toilets 3 times/year, "attention to detail" clean weekly, annual pressure washing of footpaths in CBD and town centres, add extra litter bins in priority locations (use comments section to tell us your priorities)
Maintain LOS	1200000	High-use toilets cleaned three times daily, low use toilets cleaned once daily, CBD and town centres cleaned of litter and objectionable material, emptying of litter bins in streets and parks
Mid-range decrease LOS	1080000	High-use toilets cleaned three times daily, low use toilets cleaned once every 3 days (currently daily), consider demolition of 3 low-use toilets, reduce cleaning efforts in CBD and town centres increasing litter and objectionable material on streets and paths, reduce number of litter bins (tell us your priorities)
Decrease LOS to minimum	960000	High-use toilets cleaned twice daily (currently 3), low use toilets cleaned once every 3 days (currently daily), 3 low-use toilets demolished, cleaning efforts in CBD and town centres cut by a third, increasing litter and objectionable material on streets and paths, significantly reduce number of litter bins (tell us your priorities)

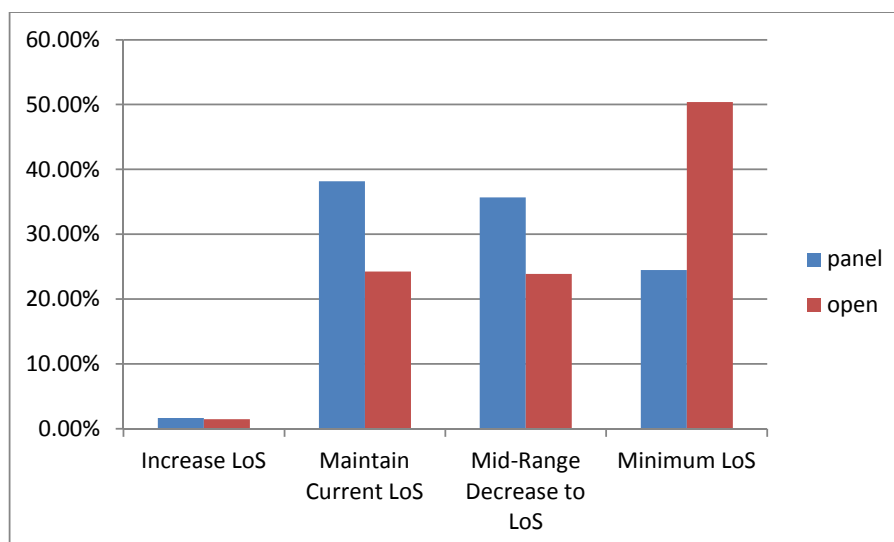
Summary of comments

- Support as the service is valued, good for tourism, etc.
- Need to increase prosecution of 'litter bugs'
- Comfortable with demolition of low use toilets

Further information and comments from staff

- Aged toilet blocks are difficult to keep clean – strong link to renewals program (see service #22)).
- Service Review identified an opportunity to increase cleaning frequency at high profile locations plus annual pressure clean for \$30k/year.
- There are often requests for additional street bins – and it is acknowledged that this does assist in reducing litter - however resources currently preclude this.
- Street cleaning is best done on a larger scale than individual retailers. Higher commercial rates mean this service is arguably paid for by landowners.

18. Property Leasing



Increase LOS	1020000	Increase maintenance of facilities provided by Council on a subsidised basis for community groups &/or increase subsidy
Maintain LOS	970000	Continue current subsidisation of community groups using approximately 100 Council-owned buildings
Mid-range decrease LOS	920000	Reduce subsidisation of community groups using approximately 100 Council-owned buildings
Decrease LOS to minimum	870000	Remove subsidies and implement policy of full cost-recovery for community groups using approximately 100 Council-owned buildings

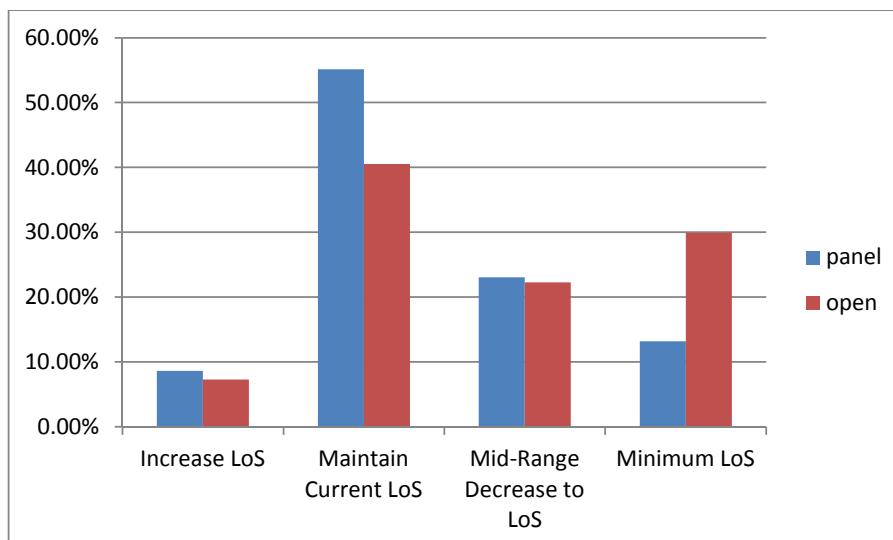
Summary of comments

- Some supported continued subsidization of community groups
- Evaluation of the ability to pay more
- Others advocated user pays / full cost recovery
- Need additional information – which groups, how much is the subsidy – to make an informed choice

Further information and comments from staff

- The proposed leasing and licensing policy, which will be submitted for public comment, will address the bulk of the issues raised by both the open and panel response.
- The policy will establish a framework within which the true cost of Council providing the building (full cost of provision, maintenance and replacement) is established
- The policy will prescribe varying levels of subsidization based on the nature of the user / value to the community at large.

19. Swimming Pools Operations



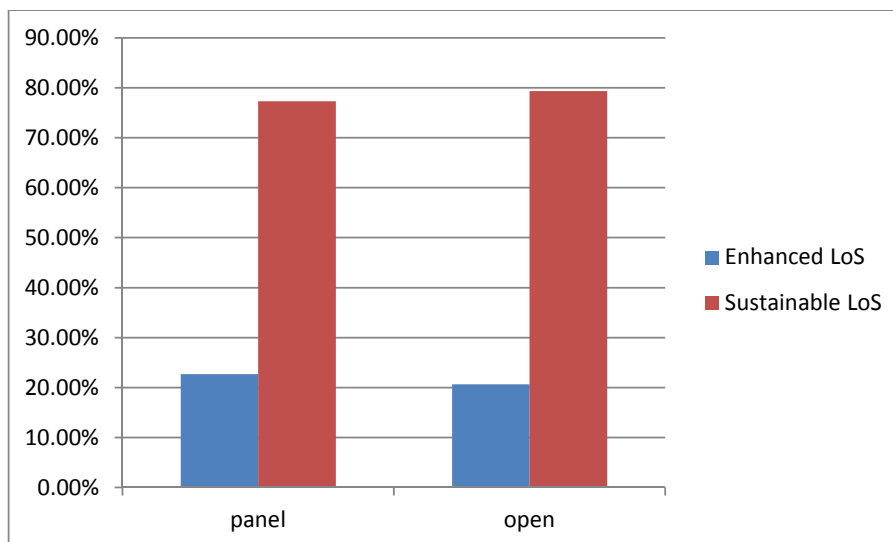
Increase LOS	700000	Increase subsidisation of entry fees, extend season and/or heating for Coffs, Sawtell, Woolgoolga and Nana Glen Swimming Pools (use comments to tell us your priorities)
Maintain LOS	650000	Maintain current subsidisation of entry fees, opening hours and season for Coffs, Sawtell, Woolgoolga and Nana Glen Swimming Pools
Mid-range decrease LOS	575000	Reduce opening hours and season at Coffs, Sawtell, Woolgoolga and Nana Glen Swimming Pools
Decrease LOS to minimum	450000	Close Nana Glen Swimming Pool, reduce opening hours of Coffs, Sawtell and Woolgoolga Swimming Pools

Summary of comments

- Heating of pools to allow year round operation
- Increase subsidization to allow entry for families
- Decrease subsidies but consider direct subsidy of patrons that require assistance
- Plenty of alternative places to swim
- User pays

Further information and comments from staff

- Council leases all pools to external operators. In doing so, a lease fee is negotiated that takes into account the entry fees they may charge (which Council aims to keep to a "reasonable" level to enable access for all).
- A review of leases and subsidies will be undertaken prior to the expiry of current leases (2017)
- Subsidization of operations varies between pools depending on usage from 80c/person (Coffs Harbour) to \$17/person (Nana Glen).
- An analysis of entry fees relative to neighbouring councils undertaken as part of the Service Review found that entry fees in Coffs Harbour City Council pools were at the higher end of the range. Further increasing entry fees will limit usage (reducing revenues) and make the pools unaffordable to some in the community.
- Capital costs (building and renewing pools) is considered separately (service #21) – there are significant issues at several pools unable to be met by current budgets
- Sawtell, Woolgoolga and Coffs Harbour pools have some level of heating currently.

20. Jetty Playgrounds and Other Structures

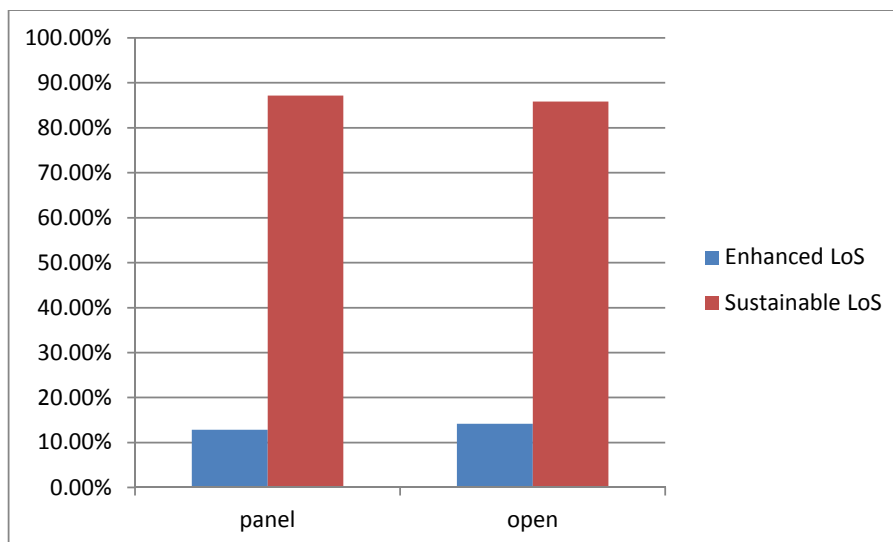
Enhanced LOS	1110000	In addition to works set out in sustainable LoS, funding would enable renewal of more of the backlog of aged facilities (use comments to tell us your priorities)
Sustainable LOS	1010000	Ongoing replacement of structural members in Jetty structure sufficient to keep up with deterioration, replacement (rather than removal) of ageing / damaged playground equipment in our 55 playgrounds; repair and replacement of BBQs, shelters, tables, fences, etc.
Current Budget	180000	Unsustainable.

Summary of comments

- Confusion as to the link to the (unrelated) Jetty Foreshores redevelopment
- Endorsement of importance of service to local community and also tourists
- Need to rationalize number of parks
- Need to repair not replace equipment

Further information and comments from staff

- Council is responsible for the Coffs Harbour Jetty (valued at over \$9M) and extensive infrastructure in parks and reserves (valued at over \$20M).
- Funding for maintenance of Jetty (\$80k/year) is currently inadequate. Result is replacement of timber structure not keeping pace with deterioration. Need to spend at least \$230k/year to ensure that deterioration, particularly with regards to access for maintenance vehicles, is maintained.
- 62% of our playgrounds (we have in excess of 300 items across 55 playgrounds) are in excess of 10 years old, 13% over 20 years which is past the normal life expectancy of such equipment meaning that over the next few years we will have a large portion needing replacement
- Current budgets for replacement of damaged play equipment (\$26k) do not cover the basic need to renew broken / damaged / unsafe equipment. Currently, there is almost \$200,000 worth of items requiring replacement. Items beyond the budget are simply being cordoned off or removed.
- There are extensive amounts of footbridges, retaining walls, BBQs, shelters, tables, fences, bollards, etc. that are beyond existing budgets to repair and renew – again, items are often simply removed rather than renewed.

21. Toilets, Pools, Buildings

Enhanced LOS	3570000	In addition to works set out in sustainable LoS, funding would enable renewal of more of the backlog of aged facilities (use comments to tell us your priorities)
Sustainable LOS	3370000	Each year: refurbish 2 & renew 2 of Council's 43 toilet blocks, renew or refurbish 1 of Council's 250 other buildings (neighbourhood and community centres, club houses, bushfire sheds, public halls, libraries, sheds) and undertake major repairs &/or renewal of Sawtell & Woolgoolga Pools (use comments to tell us your priorities)
Current Budget	1300000	Unsustainable

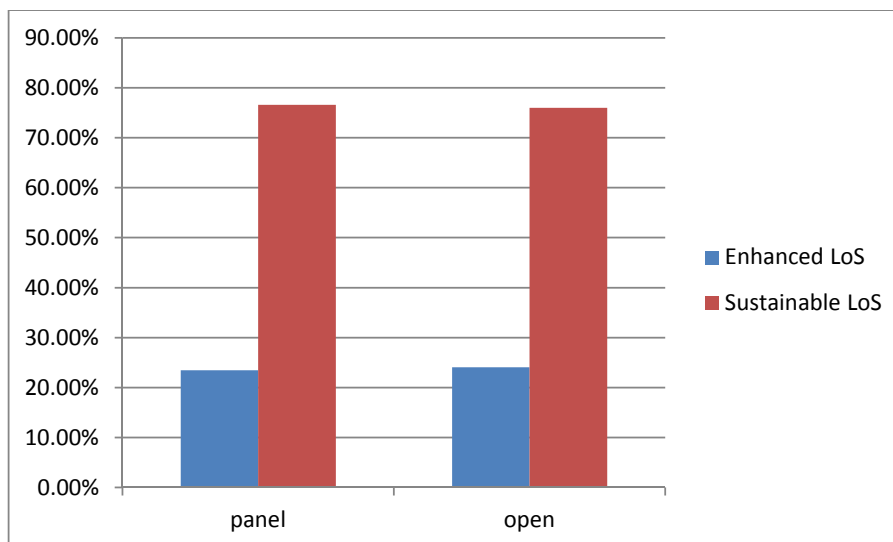
Summary of comments

- Toilets are the priority
- Need for a new pool at Woolgoolga
- Significant angst over inability to choose a lower level of service in this budget area
- Suggestions about how to reduce expenditure required – e.g. rationalize buildings, reduce expenditure to basic maintenance

Further information and comments from staff

- Council's 250 buildings have a replacement value of around \$110M
- 120 of these buildings are over 30 years old, and more than 50 are over 50 years old
- Current budget is barely sufficient to cover reactive maintenance.
- Lack of proactive maintenance is leading to higher costs because problems are not caught early – e.g. drainage, seals, painting and roofs. The long term cost is higher than if adequate maintenance was undertaken.
- Council commenced a program to renew one public toilet per year in 2011
- Woolgoolga pool requires renewal due to significant leaks that are unable to be repaired. Existing facility is insufficient to meet demand. New facility estimated to cost around \$5 million.
- Nana Glen Pool requires investment to address pool plant deficiencies.
- In establishing the Public Amenities renewal program in 2011 (14 April meeting) Council considered the demolition of two toilets (Bayldon Road and Mick's Retreat, both at Sawtell) however this did not proceed.
- Feedback from public toilets maintenance (service #17) appears to support demolition of low-use toilets.

22. Roads and Bridges



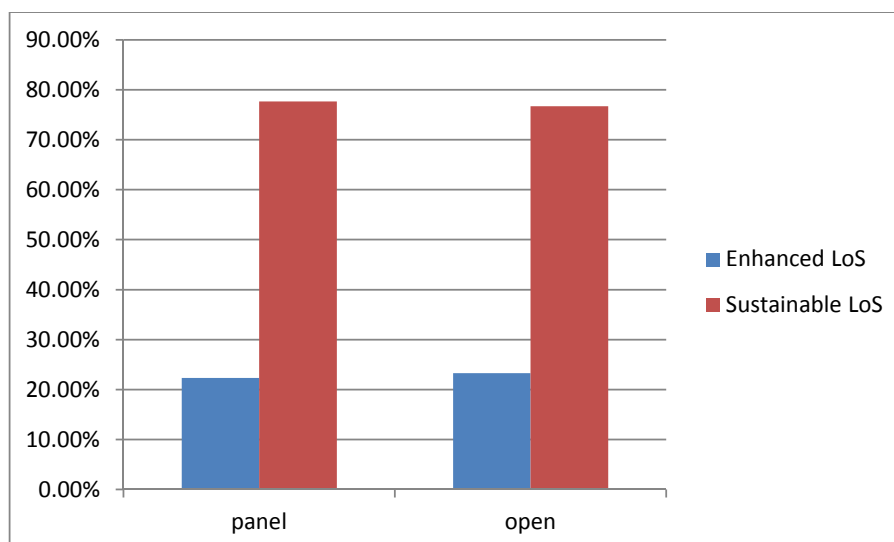
Enhanced LOS	11040000	In addition to sustainable LOS, address more of the backlog of outstanding work (failed roads, kerb, carparks, etc.) (use comments to tell us your priorities)
Sustainable LOS	10840000	Each year: renewal of 6-7km of failed road pavements (total road length 820km) and better road maintenance (patching potholes, etc.), replace 2-3 of our 170 bridges, 750m of failed kerb and gutter (total kerb length 540km), replace worn out signs and guardrail, renew 2-3 of our 57 carparks
Current Budget	7630000	Unsustainable

Summary of comments

- Safety issue, high priority
- Various areas noted as needing kerb and gutter, footpaths
- Need better maintenance practices, not fix it and come back again
- Lower standards to save money

Further information and comments from staff

- Transport assets represent the largest class of infrastructure funded from the General Fund (ordinary rates) at over \$500 Million
- Council's road network includes 700 km of sealed and 120 km of unsealed roads
- Currently, around 76 km of our road network has been assessed as requiring renewal (estimated cost over \$20 Million)
- Current budget \$0.9 Million per year to fund renewal of road pavements covers around 3 km. This is unsustainable: roads are deteriorating faster than they are being renewed. Within 10 years 180km will need renewal (total cost \$50 Million)
- As roads get older, they cost more to maintain (more potholes). Without additional funding, within 5 years all funds will need to be directed towards maintenance (potholes and patching) to keep roads safe
- Council has around 70 timber and 100 concrete bridges. A previous Special Rate Variation focused on bridges assists the renewal program.
- Council is exploring options to stretch our limited funding further as discussed in the report to Council's meeting of 25 October 2012 regarding 2012-2013 Roads Maintenance Strategy and Budget.
- In years gone by, Council constructed kerb and guttering where it did not exist. Given Council is responsible for around 540km of kerb and guttering and significant lengths are in need of replacement, this is no longer possible.

23. Footpaths and Cycleways

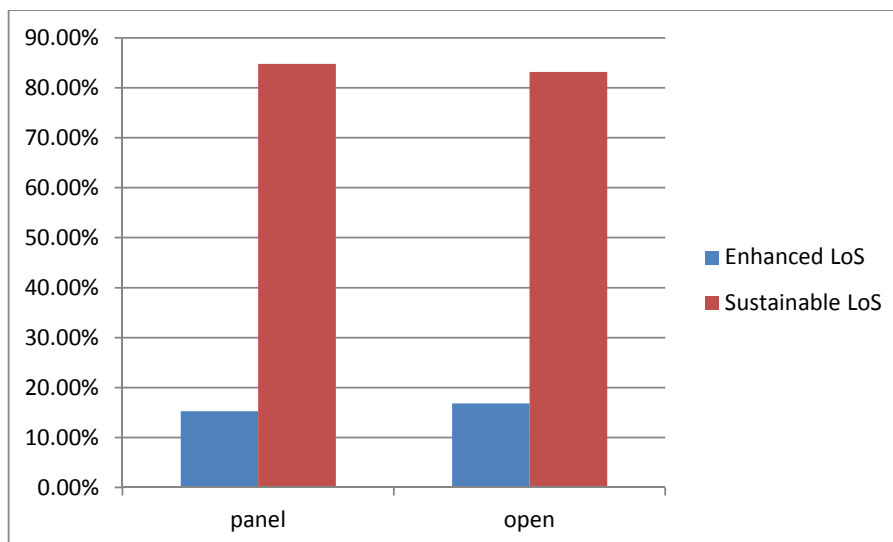
Enhanced LOS	480000	In addition to sustainable LOS, address more of the backlog of outstanding work (damaged footpath) and recommence construction of new footpaths and cycleways in high use / high priority areas (use comments section to make suggestions)
Sustainable LOS	430000	Each year: repair and renewal of 1km of our 150km of footpaths and cycleways
Current Budget	330000	Unsustainable

Summary of comments

- Safety issue, high priority
- Various areas noted as needing kerb and gutter, footpaths
- Need better maintenance practices, not fix it and come back again
- Lower standards to save money
- Footpaths and cycleways encourage sustainable transport modes and will attract tourists
- There are more options for cyclists but footpaths are important for accessibility for and ageing population

Further information and comments from staff

- Council ceased construction of any new footpaths several years ago in recognition that it was unable to maintain and renew the existing network.
- In total, Council is responsible for approximately 150 kilometres of footpaths and cycleways with a replacement cost of almost \$30 Million.
- Current maintenance and renewal expenditure is only sufficient to address the worst of the repairs required.
- There is a high demand for continuous accessible paths of travel, particularly for seniors and people with a disability. High priority areas would be determined using the Pedestrian Access and Mobility Program priority list, consultation with the Access Advisory Committee and a review of customer requests.
- 100% of bus stops are required to be accessible by 2022 to comply with the Disability Discrimination Act
- Shared paths are recommended by RMS (for which we received matched funding on local roads). Wider paths will be required for an increasing number of motorized wheelchairs as well as recreational cyclists and pedestrians.
- Some existing shared paths require line marking and signs to improve safety and way finding.

24. Stormwater

Enhanced LOS	340000	In addition to sustainable LOS, additional funding to address more nuisance/problem areas in stormwater drainage
Sustainable LOS	290000	Current funding of repair and renewal of stormwater drainage infrastructure (which includes 230km of pipes and around 8000 pits) is sufficient (separate to the Flood Mitigation Program funded by a Special Rate Variation)
Current Budget	290000	Sustainable

Summary of comments

- Essential service
- Specific problem areas identified
- Funding adequate given flood mitigation program

Further information and comments from staff

- Council is responsible for around 230 kilometres of pipes, almost 8,000 stormwater pits, lined and unlined channels, detention basins, gross pollutant traps, etc. with a total replacement value of around \$180 Million.
- Most of Council's stormwater infrastructure has a significant remaining life – renewals requirements are minimal at this stage, however Council's Asset Management Strategy identifies a program of systematic inspections of likely problem areas as something to be pursued in future to enable problems to be identified early and future renewal needs better assessed
- Current funds are sufficient to address issues in a reactive manner – unblocking drains, pits and pipes, clearing channels, etc.
- Council adopted a Flood Mitigation Program in 2010. Central to this was the construction of a number of detention basins, clean out of Coffs Creek and addressing a number of local drainage problem areas. Latest update on the program was reported to Council's 14 November Meeting.
- A higher level of service would enable specific problem / nuisance issues to be addressed.

Summary of Overall Comments

Set out below are the key themes evident in reviewing the comments from both the Community Reference Panel and the Open Budget Allocator, and comments in response.

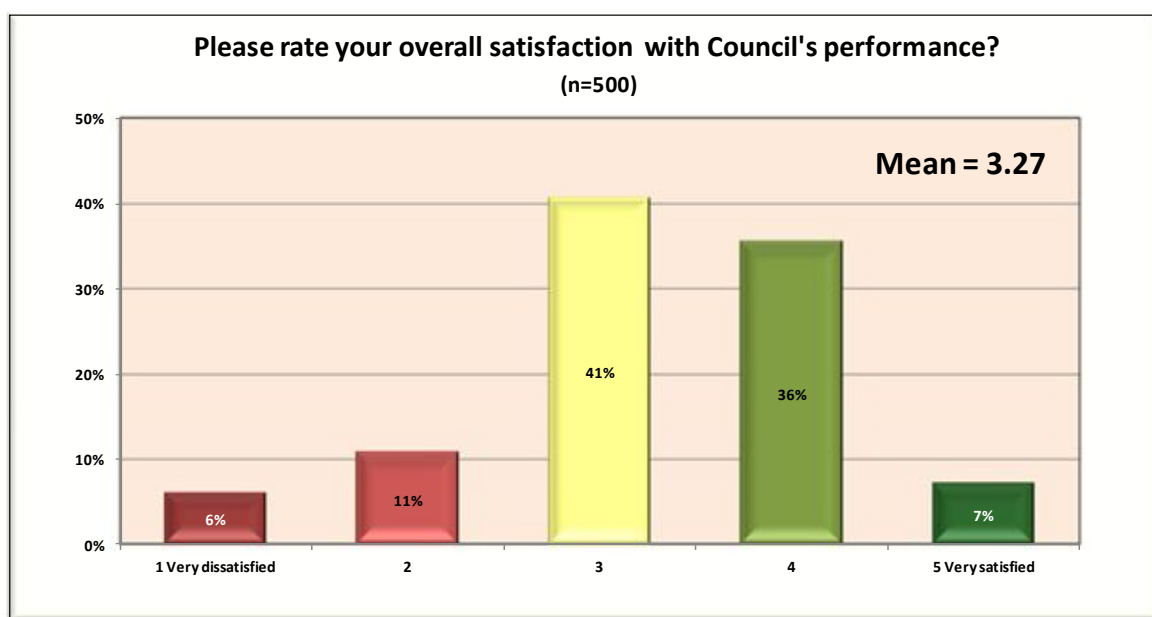
Issue	Comment / response
Expressing frustration at the "locked in" increases to infrastructure spending that result in spending increases over budget	Understandable – however this is the reality, particularly with regards to the need to spend more on infrastructure to maintain current levels of service
Wanting to see Council pursue efficiency gains rather than increase rates	The Transformation to Sustainability (T2S) Project will identify, evaluate and implement efficiency gains and revenue opportunities yet this will not "bridge the gap" entirely.
Staff reductions rather than increase rates	Reducing staff directly reduces services that they provide.
Households can't afford the increases. Council must live within our means	Alternatives to rate increases such as the T2S project and LoS reductions are being explored. Overall decision to be made about service priorities and willingness to pay.
Other levels of government (State and Federal) should give Council more grants or take over more responsibility	There is a definite shift away from State and Federal governments to service provision by local government (25 functional areas have been shifted on to Council at a total cost of \$4.4M). As an industry, local government is advocating for more funding.
More information is required on individual services	There is a balance between providing too much information (and the survey taking too long) and too little (insufficient information to make a decision). As discussed under "breaking new ground" in transparency and accountability above, further information on each service is available in the budgets and Delivery Program.
Sell off / rationalise assets to reduce infrastructure funding requirements	This is a contentious issue – e.g. in 2010, Council proposed to sell off low-use parks. In 2012 Council considered demolition of two low-use toilet blocks. Both of these options were considered unacceptable. The issue could be revisited.
User pays	Council applies this principle wherever possible, evaluating its fees and charges (many of which are set via legislation) each year. Opportunities were considered as part of the Service Review and will be examined further in the T2S project.
Other groups - community, business, etc. - should pay for or deliver some services	As discussed in the introduction, three considerations are relevant: 1. Business arguably pays for these services via higher rates than residential landowners, 2. Other groups (Chamber of Commerce, Tourism Association) do not have the capacity to generate additional revenues so a transfer of responsibility is arguably a reduction in LoS, 3. The services focused on business / tourism arguably benefit the broader community (when services are approached holistically, they often have broader benefits)
I have no kerb and guttering / park / footpaths: where do my rates go?	Rates are levied, prioritized and spent on a council-wide basis. New kerbing and footpaths should not be built before existing infrastructure is adequately maintained.
Need increased transparency	This process aims to deliver this – refer section "breaking new ground" in transparency and accountability above.

Conclusion

Council's unsustainable financial position has arisen over many years. The adoption of a financially sustainable position – a program for service delivery and how to fund it – will surely be considered one of this Council's biggest achievements in its term of office. Delaying action to address the problem will only make the decisions more difficult.

Importantly, Council now has the framework in place to ensure that our finances remain on track with the implementation of asset management and long term financial planning requirements embodied in the Integrated Planning and Reporting Framework.

Given the extensive analysis that was undertaken as part of the Service Review and more recently this consultation with the community via the Budget Allocator, it seems something of an anti-climax to propose that Council maintains the services it currently delivers. Yet this is arguably the feedback Council received from the 2012 Community Survey:



This position was reinforced by the responses from the Community Reference Panel – “maintaining the current LoS” received the highest “votes” for all but two services.

Responses for Coffs Coast Marketing and Economic Development were only marginally below the “maintain current LoS” level and, as discussed above, the business community (who values these services most) are arguably paying for these services given commercially zoned land attracts higher rates than residential. In addition, Council needs to weigh up the value that the business community adds to the broader community.

Whilst Council's charter makes clear a “majority vote” must not be the determining factor in the allocation of resources, Council can have confidence that a decision to maintain service levels has the support of the general community. As noted in the opening section of this report, the Community Reference Panel represents a statistically valid sample of the community.

In order to maintain service levels, the total annual rate bill for the typical residential ratepayer would increase by around 5% per year for the next three years under a proposed Special Rate Variation rather than 3.5% per year without the variation. When the full amount of the Variation is implemented in the third year, residents would be paying \$165.20 per year (\$3.18 per week) more than if Council limits rate increases to the rate peg amount.

It is clear from feedback in the open Budget Allocator that a portion of the community wish to avoid a Special Rate Variation, and feel strongly that Council should cut certain services that they either do not value or believe should be the responsibility of others. Council should expect that a decision along the lines of what is recommended will draw criticism from this portion of the community.

Council has now “broken new ground” in establishing a framework with a high degree of transparency and accountability – what Council does with the resources entrusted to it by the community. Council is well placed to defend such criticism where it arises.

Even more importantly, Council is now well placed to involve the community more deeply in decisions about what Council's priorities should be in working towards achieving the community vision embodied in the Coffs Harbour 2030 Plan.

The first step, though, must be the adoption of a financially sustainable position.

Next Steps

As set out in the Community Engagement Strategy for Levels of Service adopted by Council at its meeting of 26 September (attached), the consideration of this report completes “Part 1” of the engagement process.

“Part 2” of the process is presenting the proposed Delivery Program (with current service levels being maintained, funded by a \$6 million Special Rate Variation staged over three years) to the community.

Engagement activities are proposed to include:

- A mail out to ratepayers clearly and transparently outlining the impact of the proposed rate variation
- Preparation of fact sheets which will include the implications if no rate variation
- Issuing of relevant media releases & undertaking media events
- Holding online discussion forums for hearing views and clarifying information.

If Council resolves to proceed, feedback from this process will be collated for Council's consideration and presented to Council's Ordinary Meeting of 13 February to enable Council to resolve to make application to IPART for a Special Rate Variation and submit the application by the deadline, 24 February 2014.

Implementation Date / Priority:

Given that the preparation of the 2014-2018 Delivery Program and associated documents takes a number of months, Council staff will need to begin preparation of these on the basis of Council's stated intention to enable them to be finalized and submitted to IPART by the 24 February deadline.

Recommendation:

That Council:

- 1. Note feedback from the community regarding levels of service was generally supportive of Council continuing to deliver its current services, acknowledging that to do so requires Council to generate additional revenues**
- 2. Note that if Council is to maintain current levels of service for infrastructure, an additional \$6.2 million per year is required to be spent on repair and renewal of infrastructure**
- 3. Note that long-term financial modeling indicates that Council requires an additional \$1.8 million per year to fund increases in costs over and above the increases expected to be obtained from increases in the “rate peg” amount**
- 4. Notify IPART of its intention to apply for a Special Rate Variation, pursuant to Section 508(A) of the Local Government Act, of six (6) million dollars, to be staged over a period of three years at the rate of two (2) million dollars per year to fund increased expenditure on infrastructure repair and renewal.**
- 5. Acknowledge in its 2014-2018 Delivery Program the need to pursue a range of options to close the remainder of the “gap” to financial sustainability including the Transformation to Sustainability Project and continued emphasis on Asset Management.**
- 6. Undertake a community engagement process regarding the proposed steps to be taken to adopt a financially sustainable position, including the application for a Special Rate Variation and options to close the remainder of the “gap” to financial sustainability.**