

COFFS HARBOUR CITY COUNCIL



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13 December 2013

Dear Ratepayer

The Road to Financial Sustainability

I am writing to advise you of Coffs Harbour City Council's proposal to seek approval from the Independent Pricing and Regulatory Tribunal (IPART) to increase land rates over the next three years. Whilst we are mindful of the cost of living pressures being felt by all of our ratepayers, Council does not have the financial resources to continue delivering our current levels of service to the community into the future.

The 'gap' that needs to be bridged to put the community in a financially sustainable position is around **\$8 million per year**. The primary cause of this 'gap' is State Government 'rate pegging' legislation, which over more than 30 years has meant that increases in revenue have not kept pace with inflation or CPI. 'Cost-shifting' has also been another major factor. Council is now responsible for a number of extra services that were previously the responsibility of State or Federal Government and these cost us \$4.4 million a year to deliver.

Council looks after around \$2 billion worth of public assets – such as over 800 kms of roads, 200 kms of stormwater pipes, 300 buildings and 55 playgrounds. Over many years, funding for repair and renewal of this infrastructure has gradually been reduced to help fund other Council works.

The bottom line is that we need to spend an additional **\$6.2 million every year** just repairing and renewing our infrastructure so that it remains in a useable condition.

We know that Council's costs have, and will continue to, increase faster than our revenue. An additional \$1.8 million per year in revenue is required to fund increased running costs. Together with the additional funding for infrastructure maintenance and renewal, this makes up the total \$8 million 'gap' we need to bridge.

What is Council doing to address the problem?

Council has undertaken an extensive internal review of all its services to see how they can be further improved and made as cost-effective as possible.

In addition, a 'Transformation to Sustainability' (T2S) project is underway that will assist in driving service improvements we have identified and continuing the pursuit of further improvements to services in terms of cost-effectiveness and productivity.

Continued over

Results of Community Feedback on Service Delivery

We also recently asked for community feedback via an online survey tool (the Budget Allocator) on the community's priorities for service delivery, to help us understand which services the community was prepared to see cut and/or whether they were willing to pay more (via rates) to keep or improve some services.

The results of this survey indicate the community is happy with the services Council delivers and wants to see them maintained at their current levels. This reflects the community survey we did in 2012, which showed that the majority of the community expressed satisfaction with the level of service provided by Council.

The Funding Proposal (Rate Increase)

The fundamental question remains - how do we pay for the services the community wants? Like any household, we cannot spend more than we earn. It is not sustainable.

To maintain services at the current levels that the community wants Council is proposing to increase rates above the allowable State Government increase (rate peg) over three years. This proposed permanent rate increase, to be used to meet a sustainable level of funding for asset maintenance and renewal, would see the total annual rate bill for the average residential property increase by approximately 5% per year for the three years.

By the third year, this would mean that the average residential ratepayer would be paying approximately \$165.29 per year (or \$3.18 per week) more than if just the State Government's rate peg increase was applied over the same three year period (see table below).

Scenario	Total Annual Rate Bill (per annum)			
	Current Year (2013/2014)	Year 1 (2014/2015)	Year 2 (2015/2016)	Year 3 (2016/2017)
Annual Rates WITHOUT Proposed Rate Increase	\$3,088.86	\$3,189.30	\$3,302.02	\$3,416.64
Annual Rates WITH Proposed Rate Increase	\$3,088.86	\$3,242.75	\$3,410.58	\$3,581.93
Difference per year		\$53.45	\$108.56	\$165.29
Difference per week		\$1.03	\$2.09	\$3.18

Our Invitation to You

The next stage of consultation is seeking your feedback on Council's proposed rate increase to 'bridge the gap' to financial sustainability. Council has established a short online survey at www.coffsharbour.nsw.gov.au/financialsustainability This web page also contains background information on Council's financial situation and the means by which Council is working towards becoming sustainable.

The online survey is now open **until 24 January 2014**. Hard copy surveys can also be obtained from Council's Main Administrative Centre and local libraries.

Council will then need to resolve (mid-February 2014), based on the results of community feedback, whether or not to submit an application for a rate increase to IPART. The due date for an application to IPART is 24 February 2014.

Yours faithfully



Steve McGrath
General Manager