

Criterion 2 Community Engagement Annexures

Attachment 2.d.iv

- **Phase two focus group results report**

FUNDING OUR FUTURE

Presentation to Business Leaders

THE CHALLENGE

- Council will face a funding shortfall of \$92 million over the next 10 years
- The shortfall is operational – that is, the costs associated with delivering the full range of services (eg. road works, sportsground maintenance, libraries, pools, community buildings, footpaths etc)
- Costs are increasing far more quickly than revenue is increasing
- Council will need to stop spending, or start generating more money.

WHY HAS IT HAPPENED?

Many Councils across NSW are facing similar issues. There are many reasons including:

- Rate pegging

Intended to ensure Councils contained expenditure and pursued efficiencies however many costs have risen drastically and communities have changed significantly.

- Cost shifting

Many costs imposed on local government – changes to compliance, development funding, emergency services, planning and more.

Discretionary v's non discretionary spending

- Payments to State Government agencies have continued to rise (\$8.3 million in 13/14)
- Street lighting costs have risen \$2.3 million in 13/14
- Waste and recycling costs will be \$5.1 million in 13/14
- Developer contributions for future projects \$8.8 million in 13/14
- Grants for specific purposes \$12.5 million in 13/14
- Staff to deliver services \$26.6 million in 13/14
- Less than \$10 million in discretionary funds for capital works and other programs in 13/14.

City growth and changing expectations

- Compounded by change from rural town to fast growth regional city (started from low rates base)
- Expectations of services in a 21st century city of 70,000 plus far greater than in a rural town of 1970s
- Rates revenue funds less than half cost of Council services
- By 2030, up to 120,000 residents expected ... how will we deliver services to more people?
- How will we ensure Maitland remains a good place to invest, work and live?

ALL OPTIONS HAVE BEEN EXPLORED

- Organisational efficiencies not enough to close the gap (would require more than 10% budget cut each year)
- Revenue increases from other areas (fees and charges) undertaken, but also insufficient
- Asset sales examined – funding used for capital works rather than operational expenses
- Loans used for significant capital works – spread repayments over time.

FINDING A SOLUTION

- While rating funds less than half of cost of providing services, it is the biggest single source of revenue
- Rates are paid by households and businesses
- Council wants to develop a solution that is understood and supported
- A need to ensure services and service levels are aligned to what the community wants to see.

WORKING TOWARD A SOLUTION

- A Special Rate Variation would allow increases above rate peg
- Two primary options are being explored
- Both presented over seven years – allows for more gradual percentage increase, gives certainty to ratepayers
- Aligns to term of current Council (3 years) and Council following (4 years)
- Secures financial position of Council.

SERVICES AS PROGRAMMED

- Deliver as currently programmed - includes The Levee, indoor pool and Maitland Station Precinct
- 7.25% rate increase per year for seven years
- For average business, equates to \$475 average additional annual increase for seven years - \$9.10 per week for average business ratepayer
- Total increase over seven years of 50.75%, including rate peg estimate of 22.4% (ie. 28.35% would be Special Rate Variation)

ENHANCED OR IMPROVED SERVICES

- Enhance or improve services – more funding for infrastructure, city appearance, youth facilities, recreational cycleways and more
- 8.95% rate increase per year for seven years
- For average business, equates to \$618 average additional annual increase for seven years - \$11.83 per week for average business ratepayer
- Total increase over seven years of 62.65%, including rate peg estimate of 22.4% (ie. 40.25% would be Special Rate Variation)

DELIVERING A MIX A POSSIBILITY

- Developing an option that sees some services delivered as programmed and others enhanced a possibility
- Would increase rates between 7.25% and 8.95% per year for seven years
- Equates to \$475 to \$618 average annual increase for average business seven years – between \$9 and \$12 per week.

IMPACT ON BUSINESS RATING

- Average business rate 14/15 with rate peg only \$5429 (based on land value of \$303,500)
- Average business rate 14/15 under 'programmed' option \$5642 – additional average increase of \$475 per annum for 7 years
- Average business rate 14/15 under enhanced option \$5731 – additional average increase of \$618 per annum for 7 years

YOUR SAY

Visit maitlandyoursay.com.au to find:

- 'Funding our future' publication
- Information sheets
- Rating calculator and rating tables for all categories
- Forums
- Detailed survey
- Register to stay informed

NEXT STEPS

- Business 'drop-in' sessions 17th September
- Consultation for this phase closes on 4 October
- Feedback considered and preferred option developed
- Preferred option released for community input in October/November
- Council would need to signal its intention to apply for Special Rate Variation in December
- Application due to IPART in February, supported by Council's revised Delivery Program and Operational Plan
- IPART releases determination in June 2014.

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