

IPART

8 October 2013

BLACKTOWN CITY COUNCIL



Blacktown – a snapshot

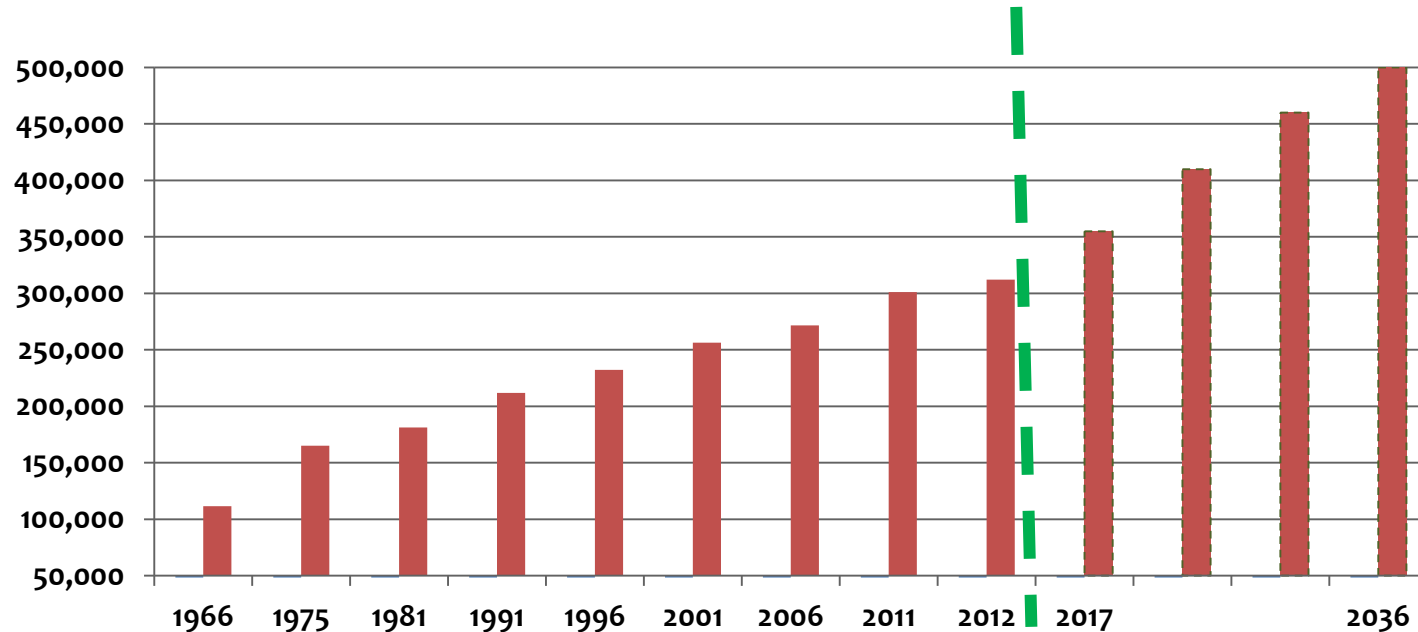
- 48 suburbs
- 247 sqkm
- 2013 population: 317,000
- Projected 2036 population: 500,000
- Over 1,220km of local roads
- Over 90km of regional roads
- Diverse population – Over 169 languages spoken
- Annual GRP: \$11 billion +

Population Growth

- Increased by 150,000 in last 35 years
- Up to 190,000 more in next 25 years

Future Development

- 44,000 dwellings in Brownfield
- 50,000 dwellings in Greenfield



SEIFA-WSROC councils

Index of relative socio-economic disadvantage	
New South Wales	976.7
Sydney	1011.3
Fairfield	854.0
Auburn	916.7
Bankstown	931.7
Liverpool	951.0
Holroyd	965.6
Blacktown	968.5
Parramatta	983.7
Penrith	996.3
Hawkesbury	1020.3
Blue Mountains	1038.6

SEIFA – Blacktown City

Greater Western Sydney	972.1
Blacktown Local Government Area	968.5
Blacktown	955.6
Marayong	939.5
Lalor Park	923.2
Mount Druitt	896.3
Doonside	889.4
Dharruk	882.0
Hebersham	847.1
Blackett	775.8
Shalvey	775.5
Emerton	764.6
Whalan	763.3
Tregear	742.0
Lethbridge Park	734.0
Willmot	718.2
Bidwill	622.7

Comparison of facilities

Council	Population	Metre Road Length per capita	Number of Public Swimming Pools	Number of Public Halls	Number of Public Libraries
Auburn City Council	78,286	2.84	1	5	3
Bankstown City Council	190,637	3.13	4	37	5
Blacktown City Council	312,479	4.15	5	36	5
Blue Mountains City Council	78,391	9.48	5	18	6
Fairfield City Council	196,622	3.45	3	23	5
Hawkesbury City Council	64,234	16.09	2	25	2
Holroyd City Council	103,869	3.21	3	11	3
Liverpool City Council	188,083	4.40	3	26	5
Parramatta City Council	174,554	3.15	2	6	7
Penrith City Council	184,681	5.65	2	51	4

Average Exp/capita

Council	Average Expenditure per capita (\$)
Blue Mountains City Council	1,410.43
Hawkesbury City Council	1,070.57
Penrith City Council	1,014.70
Parramatta City Council	1,000.27
Holroyd City Council	888.58
Blacktown City Council	779.83
Bankstown City Council	774.46
Liverpool City Council	722.28
Auburn City Council	710.10
Fairfield City Council	687.06

Residential rate/population

Council	2011/2012 Average rate per resident
Auburn City Council	\$ 168.87
Fairfield City Council	\$ 189.93
Holroyd City Council	\$ 216.37
Parramatta City Council	\$ 241.50
Blacktown City Council	\$ 256.65 *
Bankstown City Council	\$ 271.63
Liverpool City Council	\$ 277.83
Penrith City Council	\$ 323.34
Hawkesbury City Council	\$ 336.94
Blue Mountains City Council	\$ 492.76

* As population increases from 317,000 to 500,000 this average will decrease

Financial Summary

- Prudent Financial Management
- Balanced Budgets
- Land Development - \$1.3 million pa
- Debt Free Status – since 1998/1999
- Never exceed rate pegging in cumulative terms since 1977
- Efficiency Dividends
- Lower Operating Cost per capita

Infrastructure Sinking Fund

- Council has been debt-free since 1998/99
- Establishment of ISF
 - Funding previously used to service loan repayments is allocated to fund Capital Works
 - Established to expedite works in new release areas and provide important infrastructure to the City
 - Total ISF Funding provided since 1998/99 - \$245m

Financial Challenges

- Infrastructure Maintenance and Renewal
- Rate pegging / Maintaining adequate level of Rates Revenue
- Community Expectations / Developing City
- Funding of new infrastructure in growth areas
- Increasing Operating Costs
- Cost Shifting - \$11.8million (2010/11)

TCorp Assessment

Tcorp Key Financial Ratios							
	Weighting	Benchmark	2008/09	2009/2010	2010/11	2011/12	
Financial Flexibility:							
1.	Operating Ratio	17.5%	> minus 4.0%	0.40%	minus 4.8%	minus 6.1%	minus 2.4%
2.	Own Source Operating Revenue Ratio	17.5%	> 60%	49.20%	49.50%	48.90%	48.60%
Liquidity:							
3.	Cash Expense Ratio	10.0%	> 3.0 months	2.2 months	4.4 months	0.9 months	1.0 months
4.	Unrestricted Current Ratio	10.0%	> 1.5 times	5.21 times	4.77 times	5.23 times	4.26 times
Debt Servicing:							
5.	Debt Service Cover Ratio	7.5%	> 2.0 times	N/A	N/A	N/A	N/A
6.	Interest Cover Ratio	2.5%	> 4.0 times	N/A	N/A	N/A	N/A
Asset Renewal and Capital Works:							
7.	Building & Infrastructure Backlog Ratio	10.0%	< 0.02 times	0.17 times	0.04 times	0.03 times	0.03 times
8.	Asset Maintenance Ratio	7.5%	> 1.0 times	0.60 times	0.75 times	0.90 times	0.91 times
9.	Building & Infrastructure Asset Renewal Ratio	7.5%	> 1.0 times	0.48 times	0.38 times	0.33 times	0.34 times
10.	Capital Expenditure Ratio	10.0%	> 1.10 times	3.84 times	3.05 times	2.44 times	2.71 times

- Financial Sustainability Assessment – **Moderate**
- Outlook - **Neutral**

Special Schedule 7

- Amount required – satisfactory standard
 - 2011/2012 - \$52.6 million
 - 2012/2013 - \$68.3 million
- Note 13 – Building Infrastructure Renewal Ratio
 - 2011/2012 – 34.04%
 - 2012/2013 – 38.11%

Council Assets

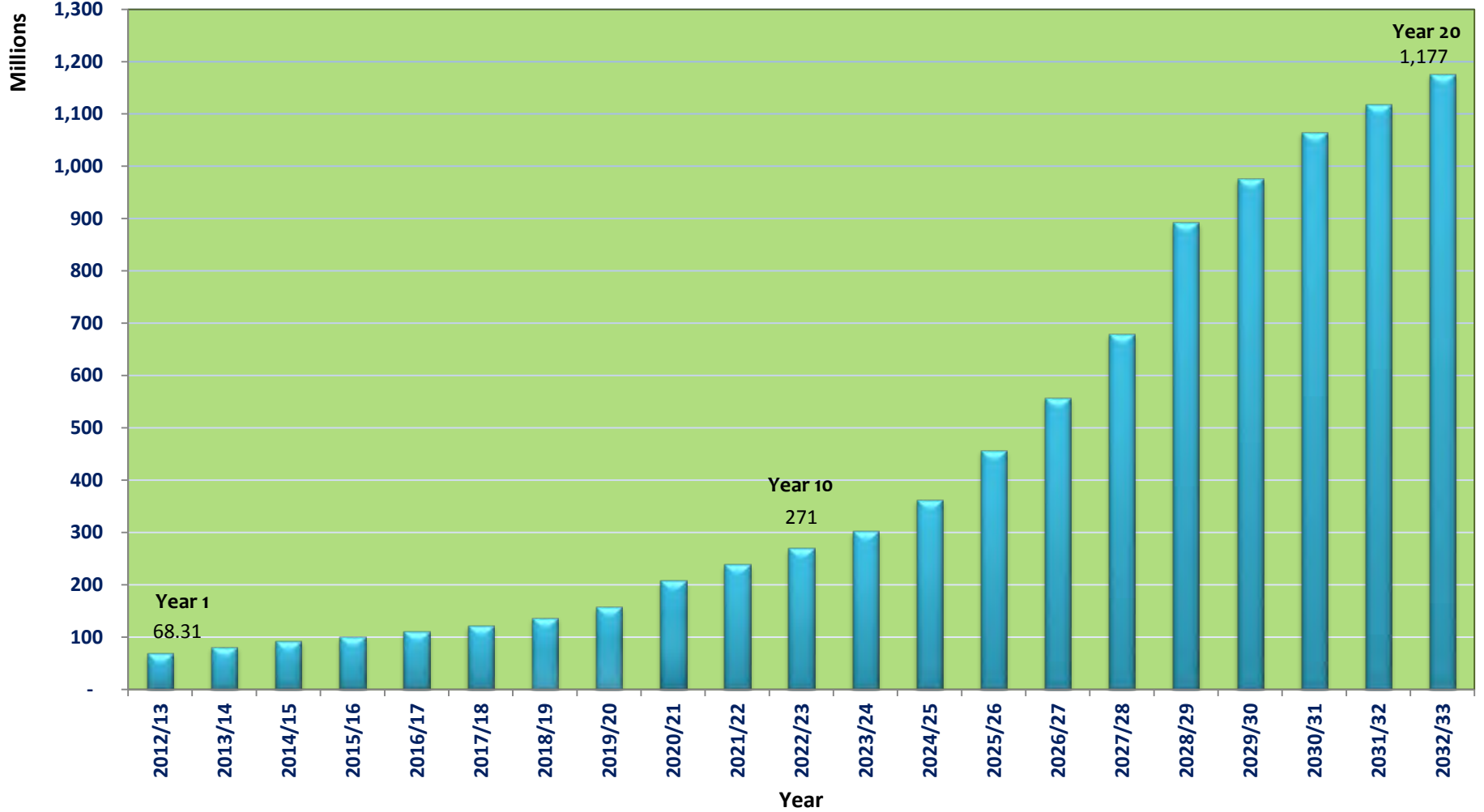
Asset Category	Fair Value 30/6/2012	Fair Value 30/6/2013
Transport	\$1,558,168,000	\$1,580,777,000
Drainage	\$574,384,000	\$583,719,000
Buildings	\$354,963,000	\$444,808,000
Open Space	\$88,251,000	\$117,314,000
Plant & Equipment	\$73,785,000	\$72,468,000
Total	\$2,649,551,000	\$2,799,086,000

Council Assets - Continued

- 1% depreciation is \$28 million
- Council's budgeted renewal is \$10.8 million
- Over next 20 years a further \$2.5 billion of new assets in NW Growth Centre
- Need a sustainable funding source for existing assets

20 Year Profile

Cumulative Required Asset Renewal Funding (All Asset Classes) - No Funding

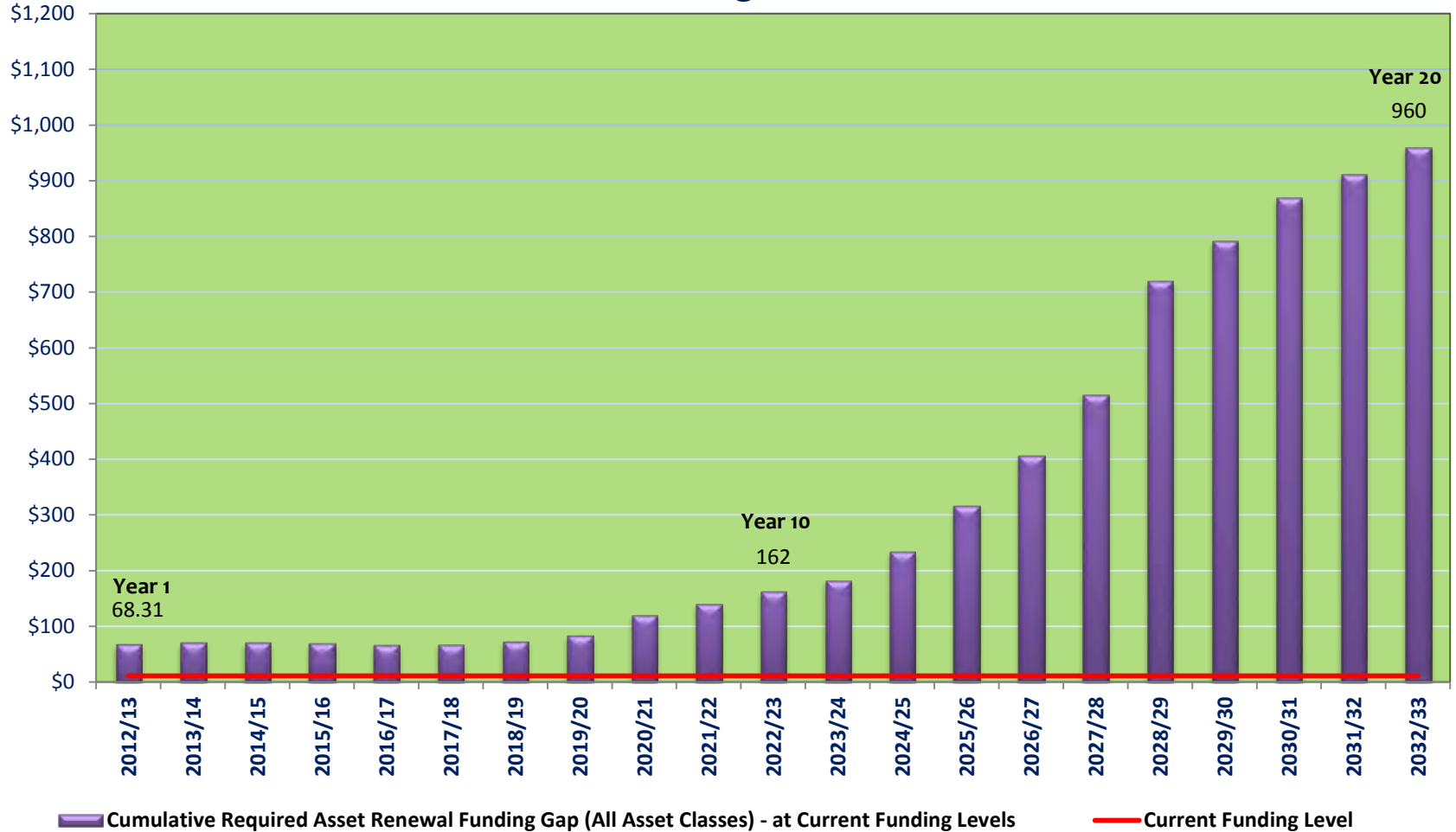


20 Year Profile

Cumulative Asset Renewal Funding GAP (All Asset Classes)

"Current Funding Levels"

Millions

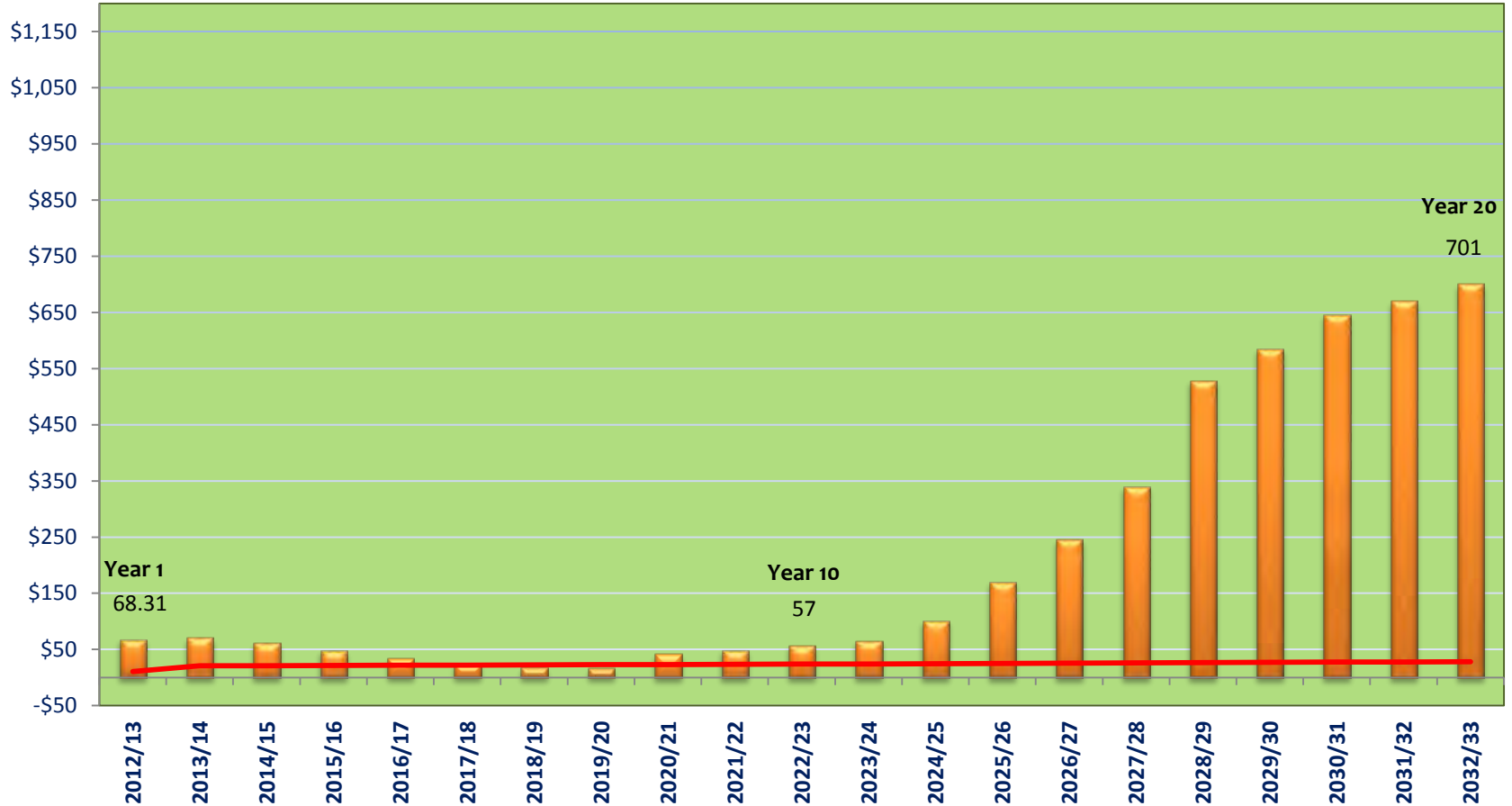


20 Year Profile

Cumulative Asset Renewal Funding GAP (All Asset Classes)

"Current Funding + \$10M from 2014/15 Indexed Annually by CPI"

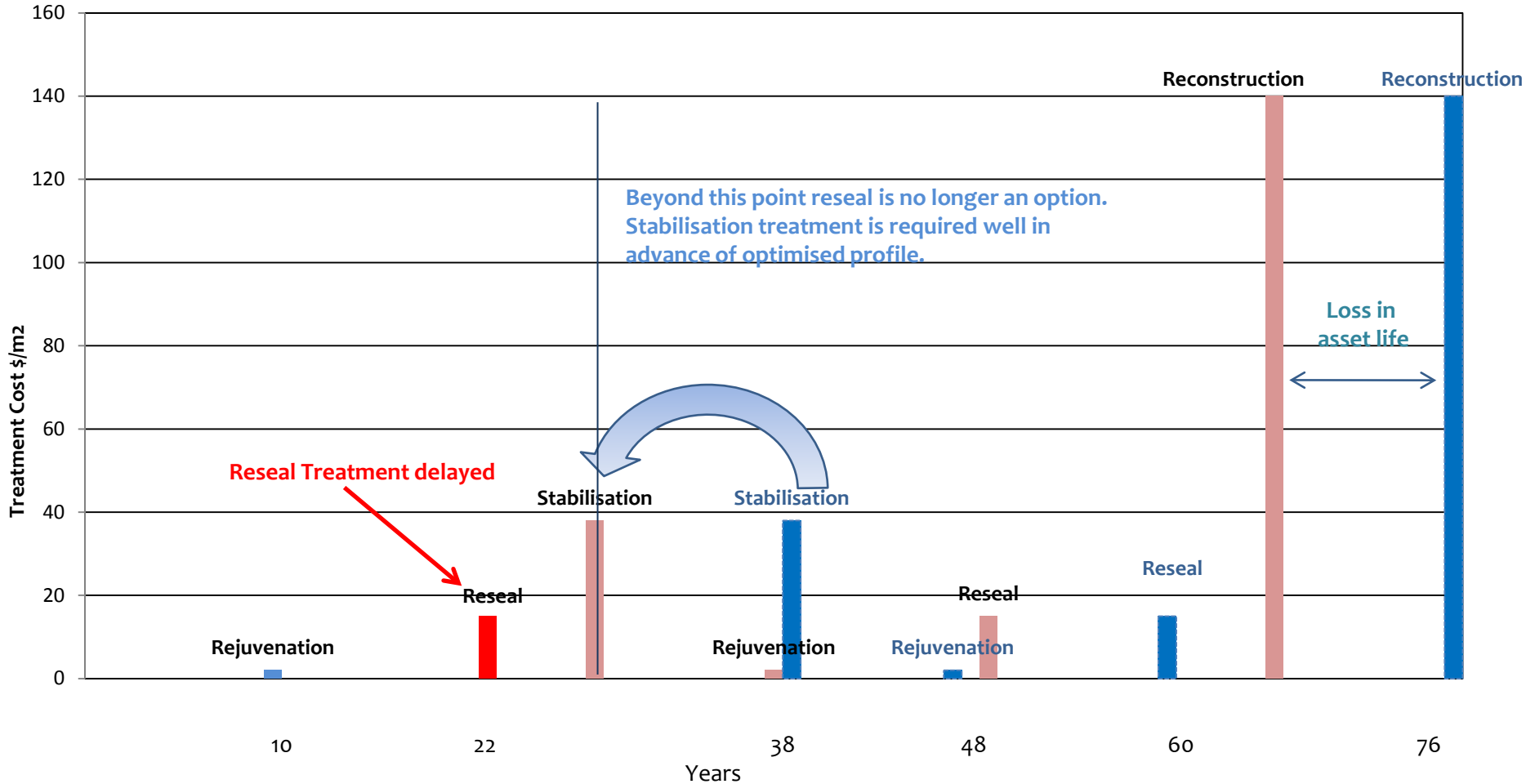
Millions



■ Cumulative Required Asset Renewal Funding Gap (All Asset Classes) - at Current Funding Levels + additional \$10 million indexed from 2014/15
— Annual Funding Level

Asset Renewal Focus – Maximum Asset Life

Delayed Road Treatment Profile



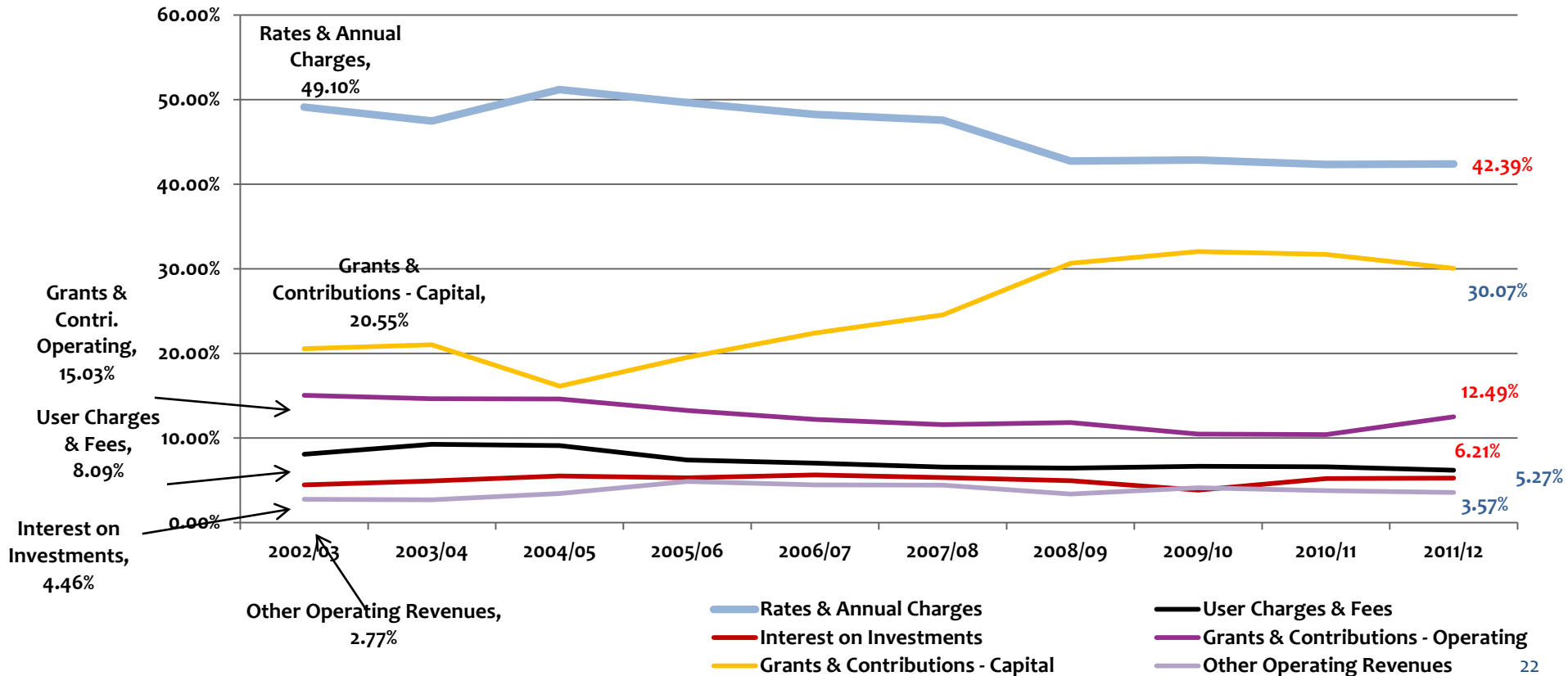
Asset Renewal Expenditure – What Council has done

- 2011/2012 - \$5.487 million - surplus and reallocations
- 2012/2013 - \$5.853 million – surplus and reallocations
- Established Asset Renewal Reserve - initial funding of \$3.07 million
- Reallocated \$1 million Pensioner Rebate savings
- Progressively decreased funding for upgrade and increased funding to renewal

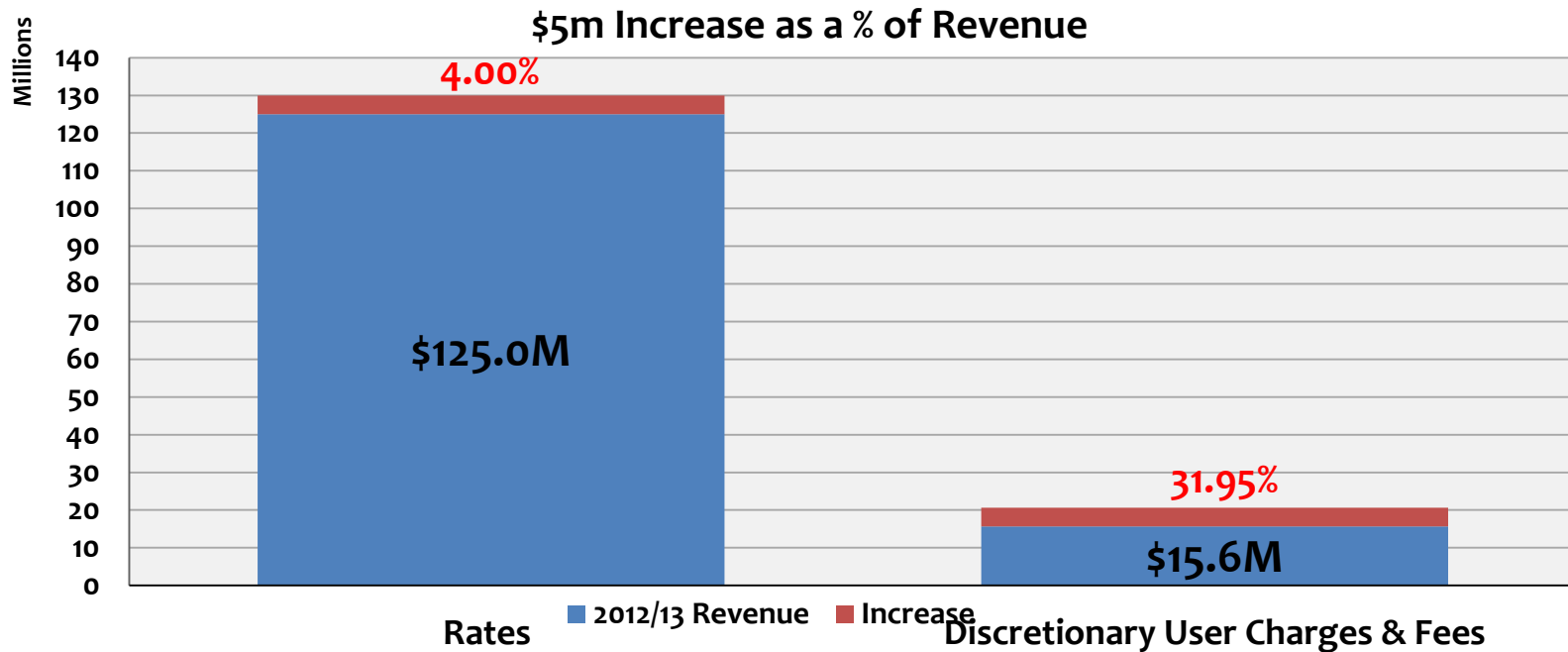
Council is currently reviewing Services/Costs

- Aquatic Centres (5 pools) – closure of 1 pool, will consider in February fee structure
- Voluntary Pensioner Rebate – rebate reduced. \$1 million pa saving directed to asset renewal
- Community Events – rationalising number of events
- Open Space – rationalising number of small reserves
- Child Care – will consider in October
- Community buildings – will consider initial review in December

10 Year Historical Income Sources (Coverage)



Increase Rates v Fees & Charges

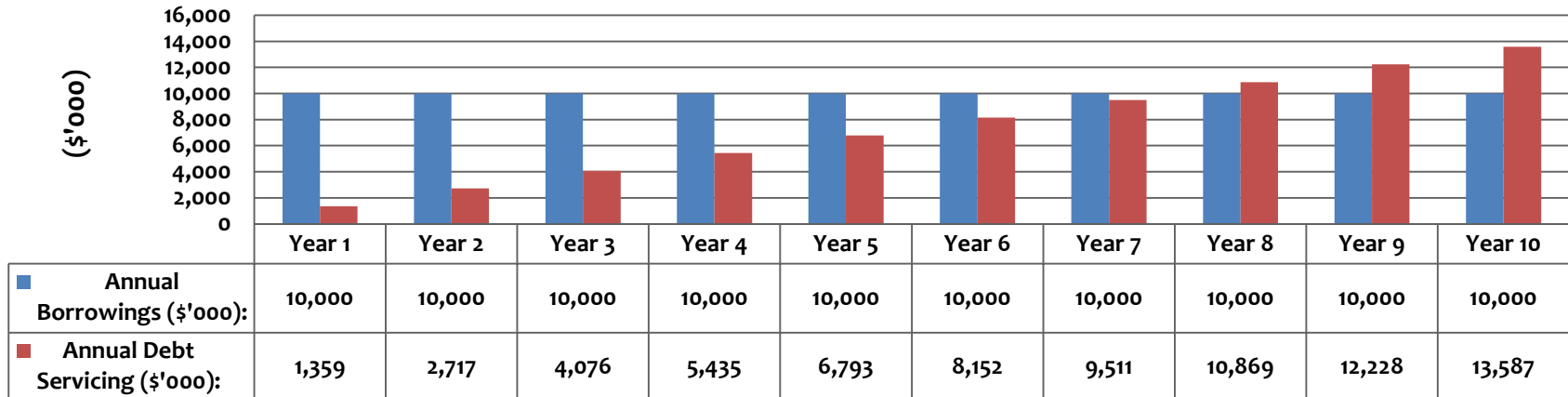


- Fees are elastic
- Impact on disadvantaged residents

Debt Funding

- Issue is asset renewal funding
- Growing city – growing expectations
- No economic return of asset renewal
- At end of year 10 backlog reduced
- But outstanding debt \$65 million +
- Asset renewal – subsequent 10 years much worse

Annual Borrowing v Debt Servicing



Comparison of SRV Average Rates

COUNCIL	NUMBER OF ASSESSMENTS	Average Rate 2012/2013	Estimated Average Rate 2013/2014
Holroyd	34,251	\$708.57	\$732.66
Fairfield	56,862	\$726.48	\$751.18
Parramatta	57,670	\$800.68	\$874.34
Blacktown	100,274	\$862.07	\$891.38
Bankstown	58,108	\$963.35	\$996.11
Liverpool	56,268	\$1,012.77	\$1,047.20
Hawkesbury	22,577	\$1,020.17	\$1,054.85
Penrith	62,392	\$1,019.55	\$1,070.53
Blue Mountains	34,158	\$1,210.20	\$1,304.59
Campbelltown	50,805	\$880.76	\$910.70
Wyong	61,477	\$869.29	\$929.27
Hills Shire	57,241	\$974.12	\$1,007.24
Burwood	11,048	\$992.90	\$1,026.66
Newcastle	60,259	\$1,018.99	\$1,053.64
Sutherland	79,145	\$1,133.18	\$1,171.71
Camden	20,043	\$1,244.42	\$1,300.42

Blacktown Rate Arrears - 2010 – 4.03% 2011 – 3.64% 2012 – 3.32% 2013 – 3.44%

WSROC – Special Rates Variations

Special Rates Variations	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Cumulative Total Increase
Auburn Council								3.20%	2.40%	2.60%	8.20%
Bankstown City Council											0.00%
Blacktown City Council											0.00%
Blue Mountains City Council		3.65%					4.40%			4.40%	12.45%
Fairfield City Council											0.00%
Hawkesbury City Council				6.10%							6.10%
Holroyd City Council				6.50%							6.50%
Liverpool City Council		6.70%		2.13%		9.00%					17.83%
Parramatta City Council	0.70%		4.64%				4.90%	1.50%		5.80%	17.54%
Penrith City Council	1.32%		5.20%					3.00%	1.90%	1.60%	13.02%

Average rate increase for all councils after rate peg = 8.16%

8% Increase - \$10 million

Rate peg 3.50%			Special Rate Variation = 8.00%	
Total Rate increase: 11.50%				
Total rates raised from SRV = \$10,000,000				% of properties
Residential Land Value	Rates 2013/2014	Maximum Proposed Annual Increase	Maximum Proposed weekly increase	
\$0 to \$230,000	\$830	\$95.45	\$1.84	73%
\$230,000 to 500,000	\$1,782	\$204.93	\$3.94	26%
\$500,000 to \$2,000,000	\$7,128	\$819.72	\$15.76	0.8%
Over \$2,000,000	\$10,692	\$1,229.58	\$23.65	0.2%

Questions?

