

# PROPOSED SPECIAL VARIATION TO RATES 2010/2011



***Funding the Community's Priorities for  
Services and Facilities***

**Discussion Paper  
9 April 2010**



## What services and facilities does the Council currently provide?

The Council currently provides an extensive range of services and facilities in response to community priorities and legislative requirements. These include:

<b>Council Services</b>	<b>Built Assets Supporting Services</b>	<b>Built Asset Value (millions)</b>	<b>% of Total Asset Value</b>
Environmental Management	<i>There are no built assets used in delivering this service</i>	-	-
Water Resource Management	Stormwater infrastructure	\$187	<b>29%</b>
Waste Resource Management	Waste management facilities	\$9.2	<b>1%</b>
Land Use Management	<i>There are no built assets used in delivering this service</i>	-	-
Town Centres	Town Centre built assets	\$11.6	<b>2%</b>
Burial and Ashes Placement	Cemeteries and associated infrastructure	\$2.3	<b>1%</b>
Transport and Public Access (including Roads)	Roads, footpaths, kerb and gutter, bridges, car parks, bus shelters	\$215.3	<b>34%</b>
Traffic Management	Traffic management built assets and infrastructure	\$26.1	<b>4%</b>
Child Care	Child care and pre-school buildings	\$5.1	<b>1%</b>
Community Safety	Emergency services centres & buildings, Rural Fire Services buildings, fire trails	\$20.3	<b>3%</b>
Cultural Development	Buildings (not including new Cultural Centre), monuments, artefacts, public art	\$4.1	<b>1%</b>
Environmental Health and Regulatory Compliance	<i>There are no built assets used in delivering this service</i>	-	-
Libraries and Information	Library buildings (not including new Katoomba Library)	\$2.1	less than <b>0.5%</b>
Sport and Recreation	Fitness and aquatic centres (including swimming pools), parks, sportsgrounds, playing courts, skate parks, walking tracks, lookouts	\$105.1	<b>17%</b>
Economic Development	<i>There are no built assets used in delivering this service</i>	-	-
Tourism	Visitor Information Centres, Echo Point Lookout, associated infrastructure	\$4.5	<b>1%</b>
<b>Total</b>		<b>\$634 million</b>	





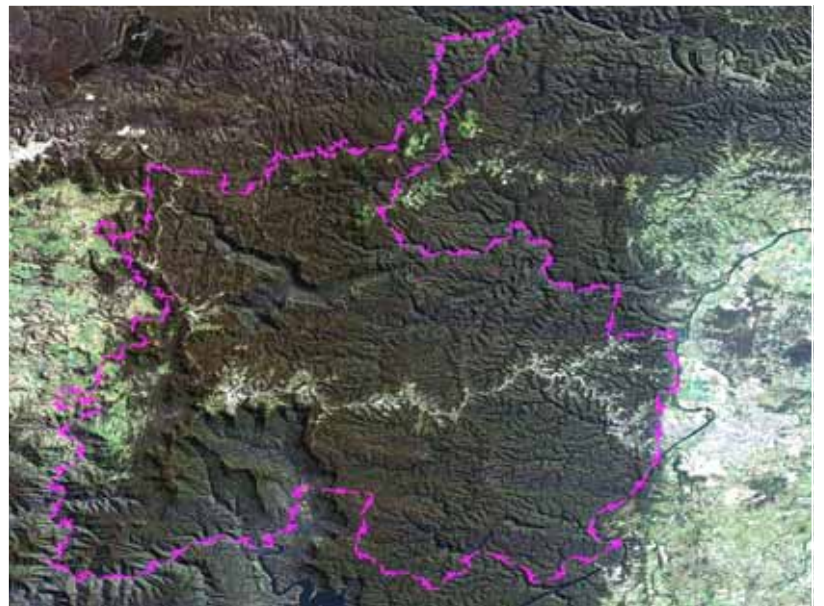
*Accessible facilities for elderly people*



*Tourists at Echo Point*



*Bushfires threatening the City*



*A City in a World Heritage National Park*

## What challenges does the Council face in providing services and facilities over the next ten years?

Challenge	Implications	Need more Information?
<b>A population distributed over 27 towns and villages which are strung out over 100kms of mountainous ridgeline</b>	Duplication of services and facilities at additional cost	See Fact Sheet 1 <b>A City in a World Heritage National Park</b>
<b>The City's built assets and infrastructure are ageing</b>	Additional costs for maintenance and an increase in the funding shortfall for asset renewal and replacement	See Fact Sheet 2 <b>Providing assets and infrastructure – the next ten years</b>
<b>The City is highly bushfire and storm prone, with settlement located on exposed ridges in close proximity to combustible bushland.</b>	Extensive resourcing of bushfire preparedness and emergency service facilities and response capability required	See Fact Sheet 5 <b>Community priorities for dealing with bushfires and emergencies</b>
<b>The population is ageing</b>	Growing numbers of elderly and frail residents require added and more accessible facilities and infrastructure	See Background Paper <b>Demographic Analysis</b>
<b>The City is a major international and national World Heritage tourist destination</b>	A range of facilities and infrastructure is required to meet the needs of millions of tourists each year, whose visitation contributes to local jobs	See Fact Sheet 1 <b>A City in a World Heritage National Park</b>
<b>The City has limited land available for development and there are significant environmental constraints limiting future growth associated with the location of the City in a World Heritage National Park</b>	Unlike many other councils, Blue Mountains City Council has significant limits on increasing rate income from new rateable properties	See Fact Sheet 1 <b>A City in a World Heritage National Park</b>
<b>Rate pegging - the State Government imposes strict limits on the extent to which councils can increase their general income from rates and other charges</b>	The Council has limits on increasing rate income other than through a Special Variation to rates	See Fact Sheet 11 <b>What is Rate Pegging?</b>  See Fact Sheet 13 <b>Previous Special Variation applications</b>  See Fact Sheet 8 <b>A More Financially Sustainable Council</b>  See Fact Sheet 10 <b>Impact of Special Variation on Ratepayers</b>
<b>Keeping rates and charges affordable for ratepayers</b>	Pressure on the provision of services and facilities across the whole of the City	

## What has Council done to meet these challenges?

Many councils in New South Wales are facing similar asset management and financial challenges. Since 2004 Blue Mountains City Council has been actively working to address its overall financial sustainability and asset funding shortfall. Significant effort has been made to improve the efficiency of the Council through a range of workplace improvement programs (*Fact Sheet 7: Improving Council's Efficiency*) while retaining the existing level of services to the community. A number of revenue generating initiatives have also been implemented (*Fact Sheet 6: Increasing Council's income from Sources Other than Rates*).

The Council has committed to Financial Sustainability Objectives over the next ten years which will be influenced by the proposal for a Special Variation to rates. (*Fact Sheet 8: A More Financially Sustainable Council – the next ten years?*).

In moving forward there are a number of options (some of which are outlined below) for addressing the significant shortfall in required funding for assets, all of which need to be considered individually or collectively:

- Apply to the Minister for Local Government for a Special Variation to rates to increase general income by an amount that is greater than the rate peg limit (*Fact Sheet 4: Proposal for a Special Variation to Rates*). The extra funds will help ensure that required built assets are renewed, replaced and maintained to a reasonable condition. They will also be used to provide further required funding for the provision of much needed emergency management services and facilities. (*Fact Sheet 5: Community priorities for dealing with bushfires and emergencies*).
- Review existing levels of services and assets with a view to identifying affordable and sustainable levels of provision. (*Fact Sheet 2: Providing assets and Infrastructure – the next ten years*).
- Change the way the Council provides and manages its assets – innovative Asset Management Planning has the potential to reduce the cost of maintaining and renewing assets

## **What is the proposed Special Variation to rates?**

One of the options made available to all councils by the NSW State Government to address any financial challenges is to apply to the Minister for Local Government for a Special Variation to rates above the usual limit that is set by the State Government (this limit is known as the rate peg).

From the proposed Special Variation, the Council is seeking to raise a total of \$20 million over the next five years - an average increase for ratepayers of between approximately \$115 and \$125 in 2010-11 and \$60 and \$65 annually in years 2011-12 to 2014-15. An increase in the Emergency Services Annual Charge of \$42.80 is included in 2010-11.

This will be a 10.1% increase (including State limit of 2.6%) to the total notional rates income in 2010-11 and an annual increase of 4.6% (including estimated State limit of 3.5%) to the total notional rates income for the years 2011-12 to 2014-15.

An application form which is currently being prepared must be submitted to the Division of Local Government by 30 April 2010. (*Fact Sheet 4: Proposal for a Special Variation to Rates*).

## What level of service do residents want?

A sustainable council is one that can meet its funding requirements relative to the provision of its services including the maintenance, renewal and replacement of required assets, without imposing excessive debt on current or future generations and without unplanned rate revenue increases.

The Council is committed to doing this and to delivering satisfactory and affordable services to the community over the next ten years. Towards achieving this, the Draft Asset Planning Objectives for 2010-2020 are:

1. By 2020, to improve the condition of needed assets to levels in line with community priorities and available funding
2. To manage assets in poor condition or at risk with appropriate responses
3. To provide needed assets through service planning that is integrated with long term financial planning and workforce planning

**The extent to which the Council will be able to achieve these objectives is integrally linked to the funding that will be available for asset renewal, replacement and maintenance and to the level of services and facilities required by the community.**

Given the significant shortfall in funding, an important choice before residents is whether or not the existing level of built assets and infrastructure should be maintained, increased or decreased.

If the community supports maintaining and/ or increasing the existing level of built assets and infrastructure, then additional funding will be required from a Special Variation to Rates and from ongoing efforts to achieve efficiencies, innovations and revenue.

*Fact Sheet 2: Providing assets and Infrastructure – the next ten years?* presents information on the value and current condition of existing assets and on the significant asset renewal, replacement and maintenance funding shortfalls projected over 2010-2020 if the existing level of assets is to be maintained in reasonable / average condition. It outlines:

- The current condition of assets supporting services
- The proposed capital works expenditure on assets by Service over 2010-2013 without a special variation
- The proposed additional capital expenditure on assets by Service if a Special Variation to rates is achieved over the next 5 years to obtain additional required revenue.



## What the community has said so far

The Council has been involving and collaborating with community about their priorities for the City over the next ten years and how best to resource those priorities in a sustainable and affordable way. The outcomes of this consultation to date are reflected in the Draft *Sustainable Blue Mountains 2025 Objectives, Strategies and Proposed Resourcing*.

### 2010 Community Survey

The Council undertakes an annual survey to measure resident importance and satisfaction ratings for Council services as well as opinions on major issues and priority action areas for the future. The latest Community Survey was undertaken in February 2010 by independent consultants, IRIS Research. Telephone interviews were conducted with over 1,000 randomly selected residents. **As part of the Survey residents were asked to prioritise how the Council should expend its limited available funding on built assets over the next 10 years.** The Table below shows the ranked priorities of the 1000 residents surveyed specifically in relation to the 10 asset types listed.

**Table 1: Views of resident surveyed on priority asset funding areas for the Council over the next ten years**

Asset	Funding Priority Ranking Result	Mean Score (out of 10)
SES buildings and Rural Fire Stations	1	7.94
Roads and footpaths	2	7.76
Stormwater infrastructure/ water resource management	3	7.47
Waste management facilities	4	7.43
Parks and sportsgrounds	5	6.94
Car parks	6	6.54
Community buildings /halls	7	6.41
Library buildings	8	6.28
Cycle ways	9	5.95
Swimming pools	10	5.92

Source: *Blue Mountains Community Survey 2010*, IRIS

The table below presents a summary of the gap in resident importance and satisfaction ratings for the Council's built asset provision as identified by residents surveyed.

**Table 2: Summary of resident importance and satisfaction ratings for the Council's built asset provision**

Service / facility (rank order)	Mean Score (out of 5)		Difference (Imp - Sat)
	Importance	Satisfaction	
Public toilets	4.36	2.76	1.60
Stormwater Infrastructure	4.46	3.04	1.41
Traffic Safety	4.77	3.36	1.41
Footpaths	4.42	3.05	1.37
Sealed roads	4.47	3.18	1.28
Parking for shoppers	4.43	3.22	1.22
Lighting of public areas	4.47	3.44	1.03
Cycleways	3.74	2.74	1.01
Carparks	4.27	3.26	1.01
Parks & playgrounds	4.48	3.51	0.96
Commuter parking	4.17	3.21	0.95
Protection of heritage values & buildings	4.22	3.43	0.79
Pedestrian access around shopping centres & community facilities	4.47	3.68	0.79
Rural Fire Service & SES buildings	4.70	3.93	0.77
Cultural & arts facilities	3.98	3.25	0.73
Community centres & community halls	4.10	3.38	0.72
Ovals & sporting grounds	4.27	3.63	0.63
Bus shelters	3.86	3.26	0.60
Council lookouts & walking trails	4.29	3.69	0.60
Waste Management Facilities	4.45	3.89	0.56
Visitor Information Centres	4.19	3.66	0.54
Library buildings	4.11	3.61	0.50
Unsealed roads	3.42	2.99	0.43
Swimming pools	4.23	3.82	0.40
Cemeteries & ashes placement sites	3.70	3.60	0.10

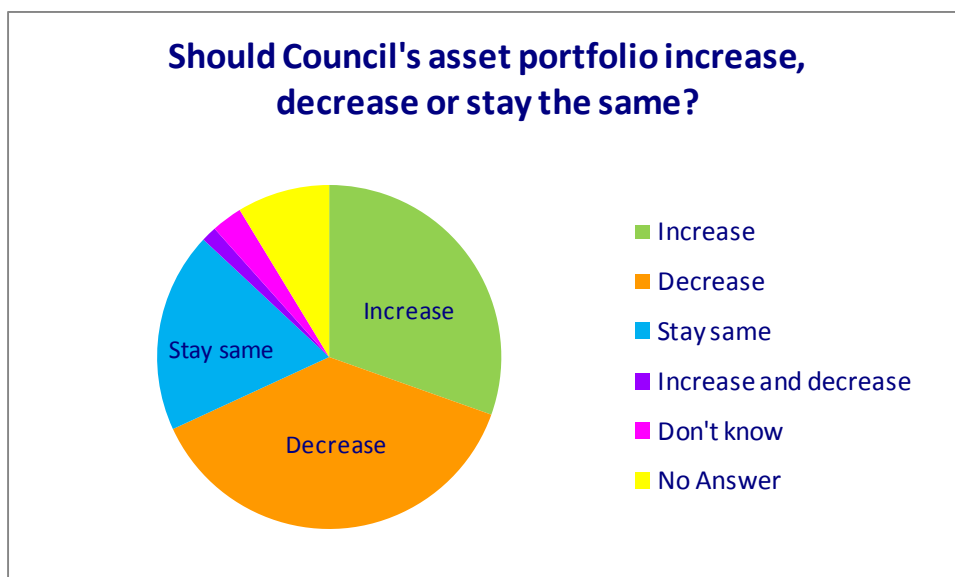
Source: Blue Mountains Community Survey 2010, IRIS

## Resident Focus Groups

In March 2010 the Council conducted five Resident Focus Groups with 70 randomly selected residents from across the City. The purpose of these groups was to investigate views on the Council's proposed resourcing of *Sustainable Blue Mountains 2025* and on the proposed Special Variation to rates to obtain additional funding for assets and emergency / bushfire response services.



Participants were asked “Given the funding challenges should Council's asset portfolio, worth \$642 million, increase, decrease or stay the same?” The following graph shows the results of the individual exercise completed by participants.

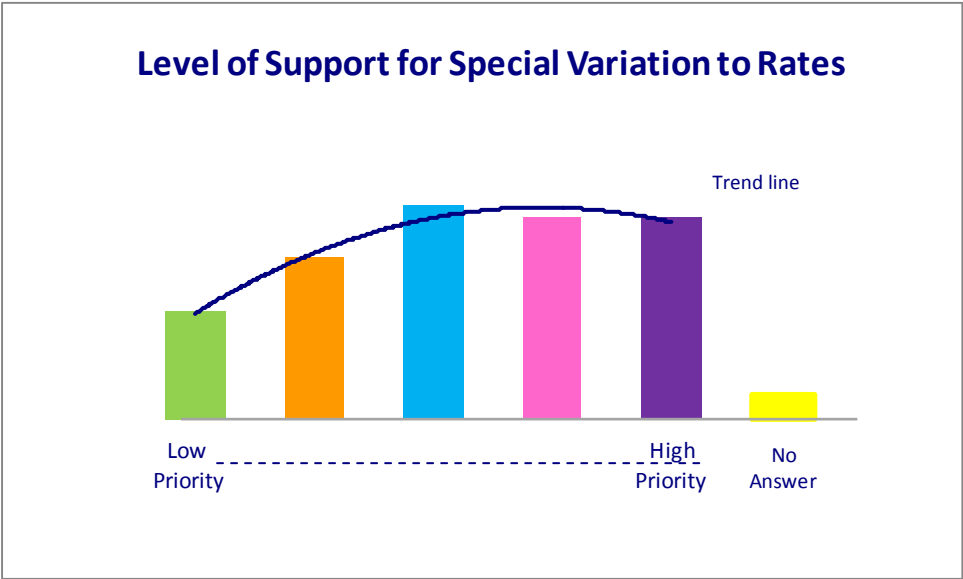


There was only a small difference between the numbers of participants who felt Council's asset portfolio should increase and those who felt it should decrease. Fewer participants considered the asset portfolio should stay the same than the number who felt it should increase or the number who felt it should decrease.

**Level of Support for Special Variation To Rates**

Focus Group participants were individually asked to rank their level of support for Council in its application to the Minister for Local Government for a Special Variation to Rates to provide extra funds for renewal, replacement and maintenance of assets and additional funding required for emergency management services and facilities. Participant's level of support – which was mixed ranging from seeking a variation being a high priority to being a low priority - is shown in the Figure below.

*Level of Support for Special Variation to Rates (n=70 participants)*



Further consultation is being undertaken with residents on the proposed Special Variation to rates up until the 7<sup>th</sup> of May 2010.



## How can you get involved and have your say?

The Council is encouraging the community to get involved and have your say (whether for, against or in-between) on:

- The Council's proposal to increase rates to raise funding to upgrade facilities across the City and provide more funding to emergency services management;
- And if the application to increase rates is approved, the projects which will be funded by the extra revenue raised.

**Participate** in the on-line community forum at [www.bluemountainshaveyoursay.com.au](http://www.bluemountainshaveyoursay.com.au)

### **Make a formal submission in writing**

*Post to:*

Your Say Special Variation,  
Locked Bag 5  
Katoomba NSW 2780

*Hand deliver to:*

Katoomba or Springwood Council offices

*Email to:*

yoursaySV@bmcc.nsw.gov.au

*Make a formal submission online*

At Council's website [www.bmcc.nsw.gov.au](http://www.bmcc.nsw.gov.au)

At the online community forum [www.bluemountainshaveyoursay.com.au](http://www.bluemountainshaveyoursay.com.au)

**Public Exhibition**  
**Friday 9 April to Friday 7 May 2010**

**SUBMISSIONS CLOSE**  
**5PM FRIDAY 7 MAY 2010**

During the Public Exhibition period the Council will provide a rates consultation service to ratepayers to give an estimate of proposed increases to rates on their property. To access this service call 4780 5000 during business hours up until 7 May 2010.