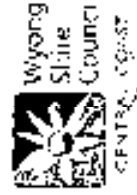


Principal Activities:

- Community & Education
- Community Recreation
- Governance
- Economic & Property Development
- Regulatory & Land Use
- Environment
- Waste
- Roads & Drainage
- Water & Sewerage



**I value a clean, safe place for my children
to swim**

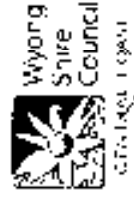


Value modern, affordable sports facilities



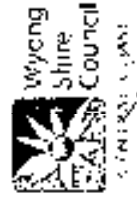
With the people around you...

- Take the Principal Activity assigned to you
- Find a space for a conversation
- Briefly talk through what that Principal Activity covers



In groups of 3...

- ♦ Share a story of how this Principal Activity adds value to your life in Wyong Shire
 - What would happen if you didn't have it?
 - What does it do for you now?
 - If it was the best in the world what would it do for you?



Brainstorm on your flipcharts...

- List your responses to:
 - When done at its best, this Principal Activity contributes to my life by providing or delivering...



The services that comprise that Principal Activity

- As a group...
 - Review the service list within your Principal Activity
 - Which services contribute most to the elements of success you previously listed?
 - Prioritise the services within your Principal Activity



Prioritising across Principal Activities

- Review all the outputs on the wall
- Which Principal Activity makes the most important contribution to your life in Wyong Shire?
- Individually, distribute your dots across the Principal Activities to prioritise them. Where do you put your 'votes'.



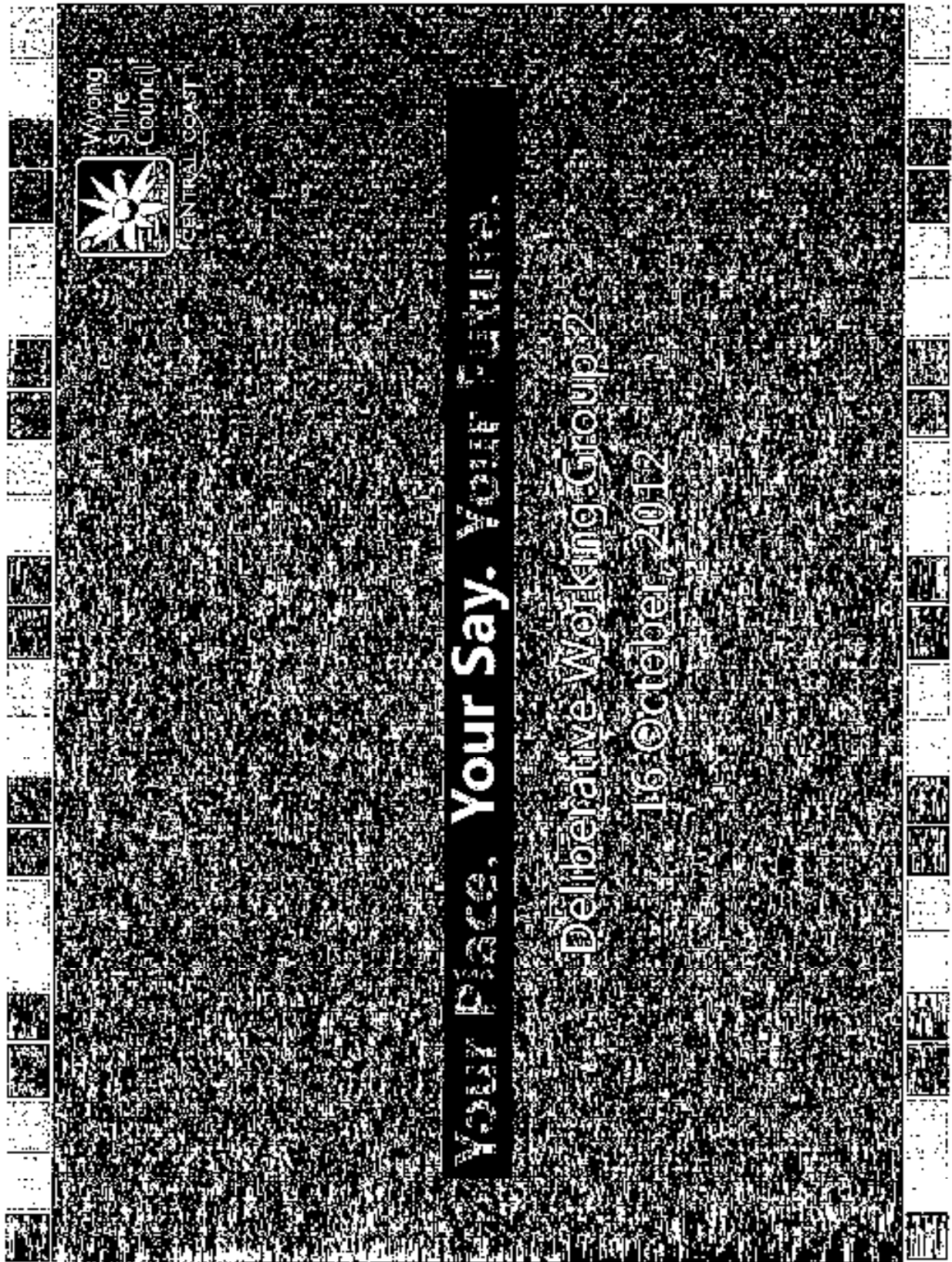
Where to from here?

- Three community workshops
- On-line Survey
- Lots of other engagement to prioritise services and activities
- Provide guidance in the long-term financial planning of the Shire



Thank You





Welcome - Tonight's Objective

- The preferred Scenario
- Review of the criteria
- Learn and think about the scenarios
- Provide your advice



Recap Session 1

- What did you see last week? What do you see in the reading material?
- What stands out?
- What is important about that?
- What does that tell us about tonight?



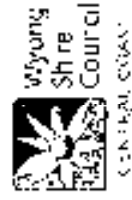
The Criteria

- Review the draft criteria
- What is important about each criterion?



From last week

- What rates are we talking about?
- Can we trust the figures?
- Are these the only options, why not 5 or 7?
- Why were these options chosen?
- Why the 7 year period?



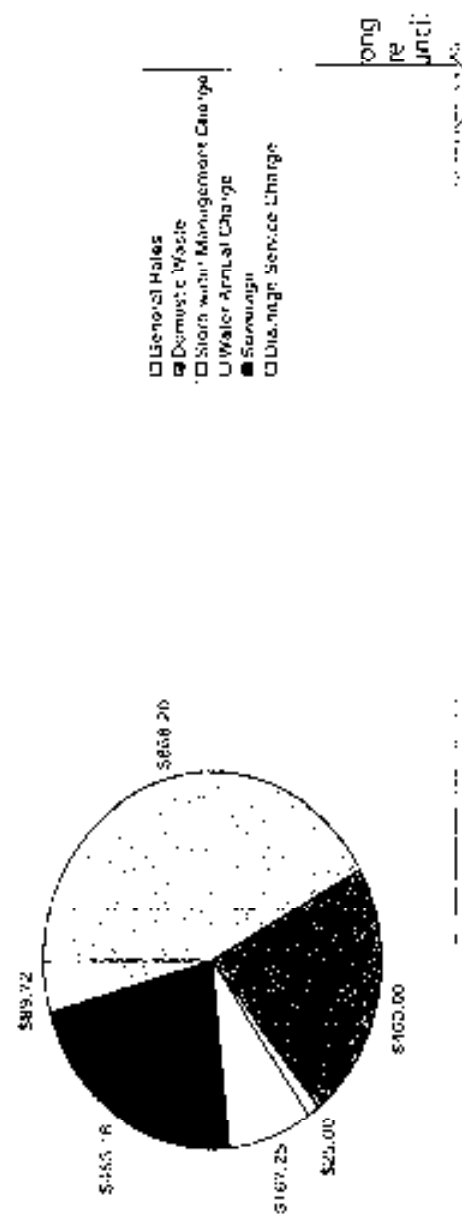
Context - Ordinary Rates - Average Bill

Average Ratepayer
Lack notice

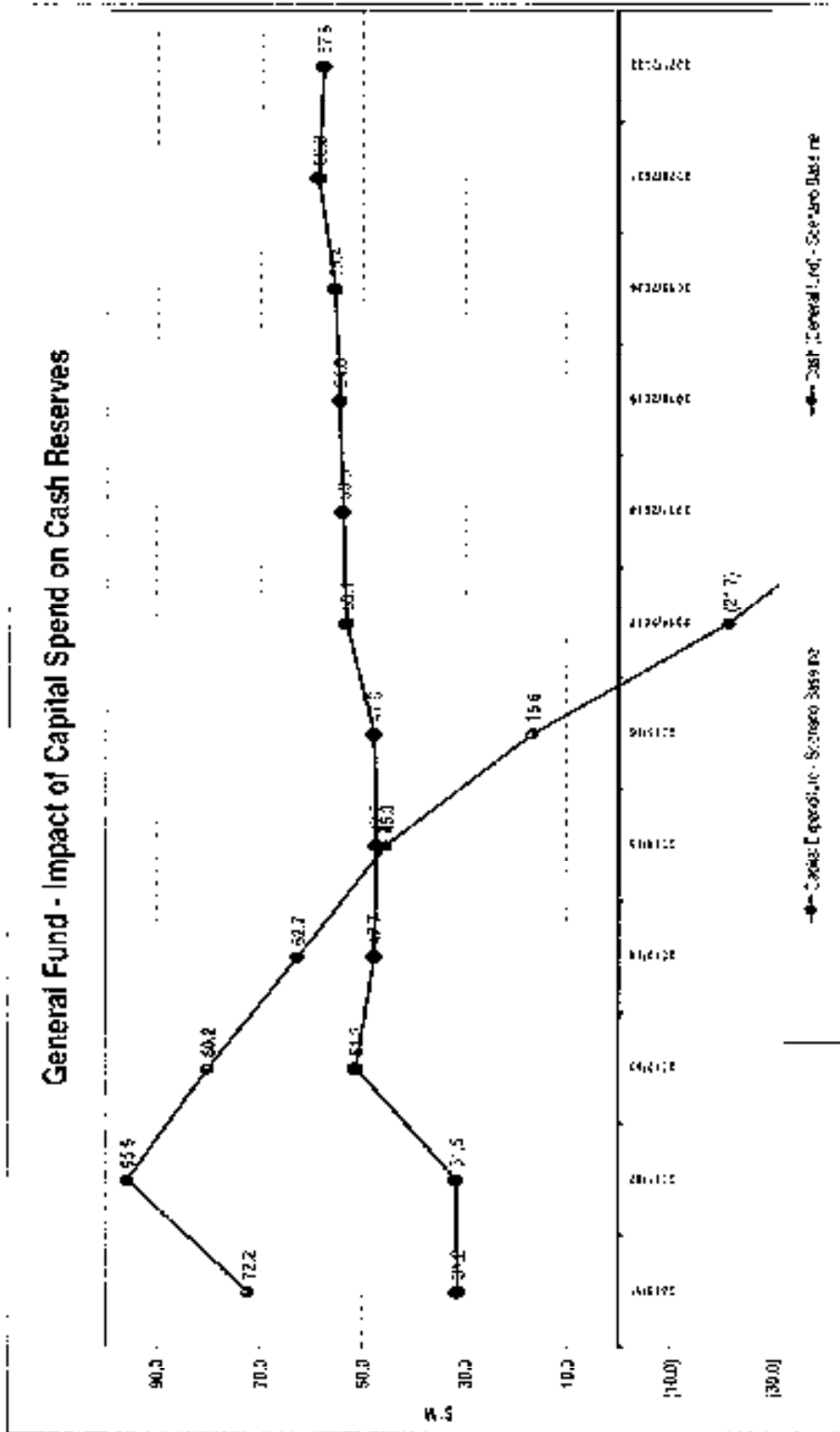
\$185,104

| Category | 2012/13 | \$ |
|------------------------------|---------|--------------------|
| General Rates | | \$868,290 |
| Domestic Waste | | \$460,000 |
| Stormwater Management Charge | | \$25,000 |
| Water Annual Charge | | \$167,225 |
| Sewerage | | \$463,110 |
| Disposal Service Charge | | \$459,720 |
| Sub-Total | | \$2,073,345 |

Wyong Council average rates notice



WSC Current Long Term Financial Plan has General Fund Cash exhausted by 2016

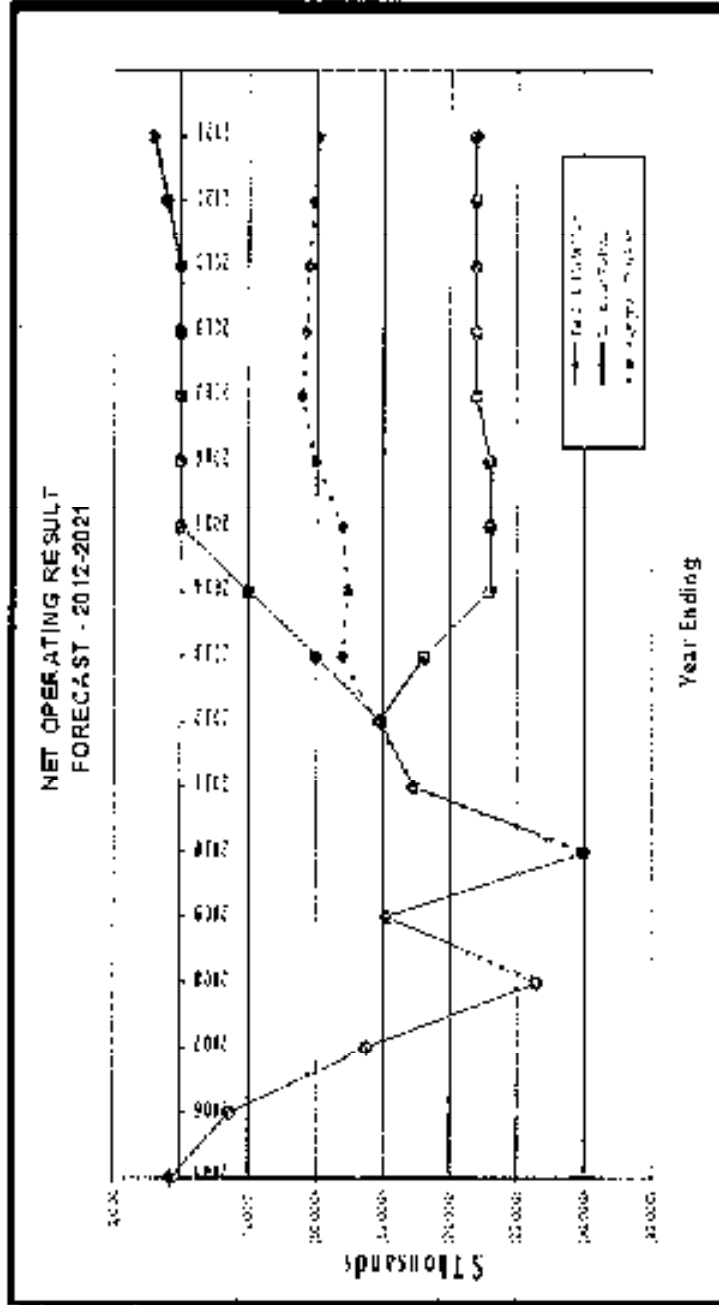


**NSW Treasury (T-Corp) Report confirmed the management view that something had to change –
Direct Quote:**

- Although Council has strong debt servicing abilities, as indicated by its high forecast DSCR and Interest Cover Ratios, its **cash and investment levels are forecast to be exhausted by 2016.**
- This is a **serious liquidity issue** which Council needs to consider, develop options and remodel. Should Council consider **adjusting its capital expenditure program to an affordable level, source additional operating cash flow or reduce operating cash expense**, then additional borrowing could be considered.



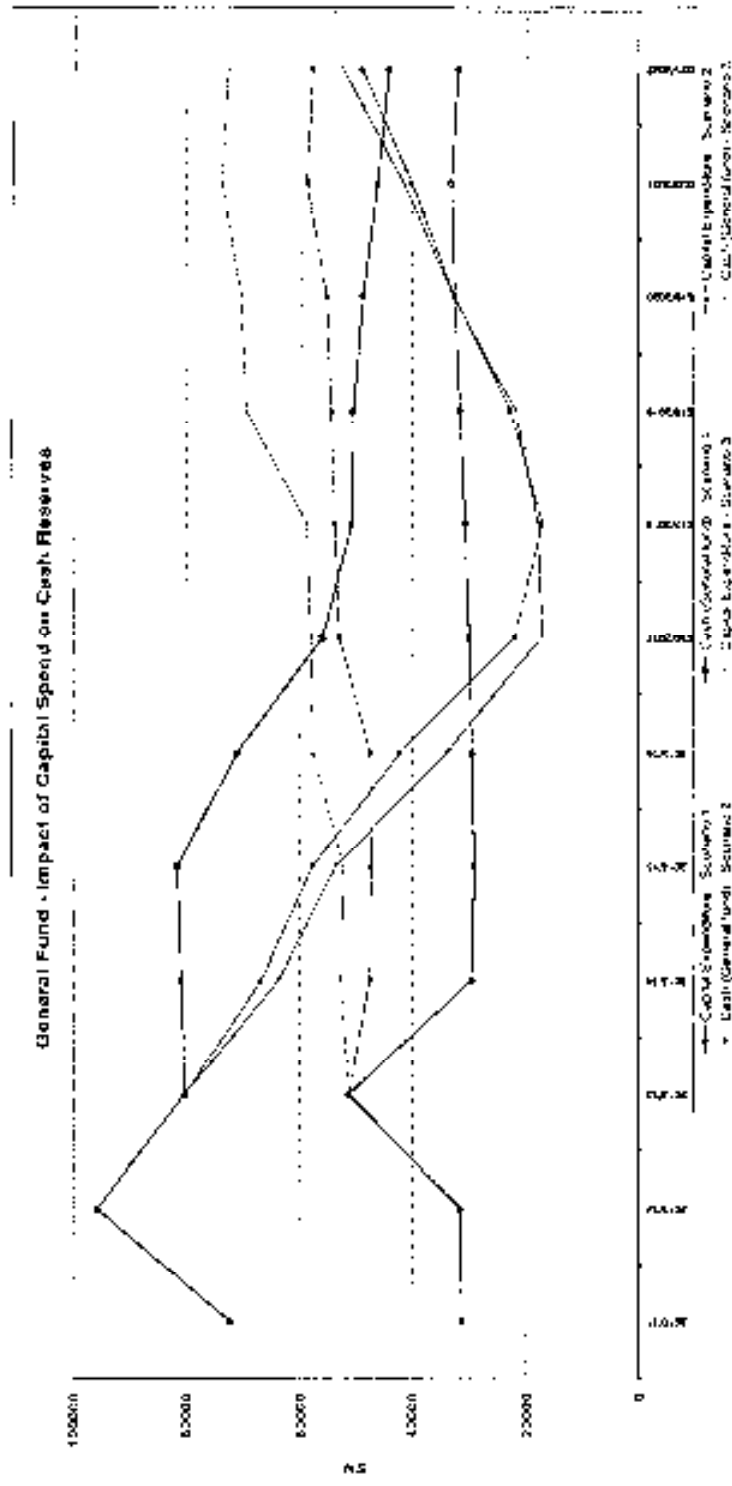
Management has come a long way, but ultimately even breaking even doesn't close the service gap



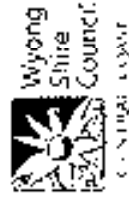
- Even when WSC break even in 2015, operations will only be generating around \$25-30m in cash-flow to spend on Capital Works (Spending \$89m this Year)



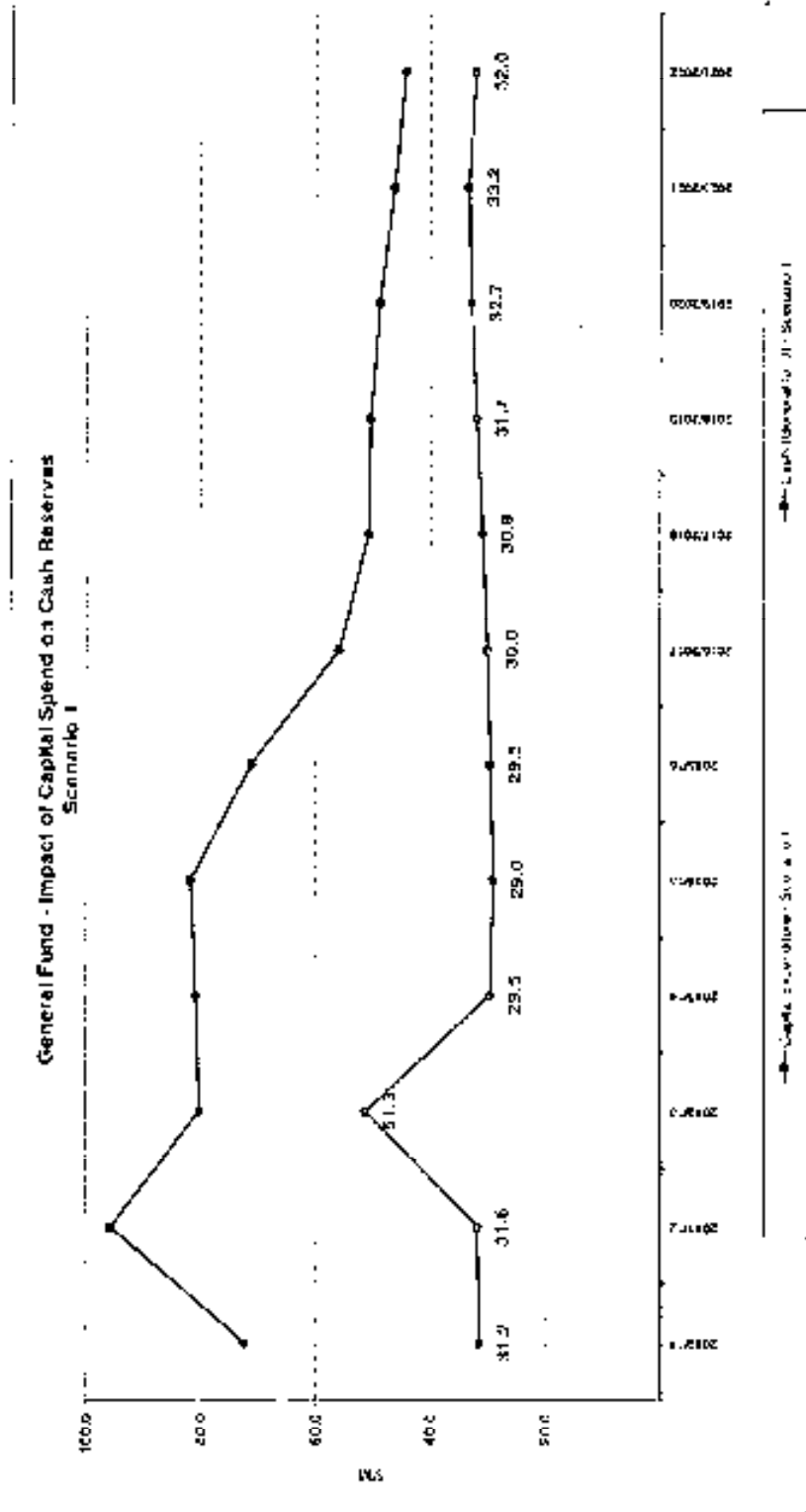
Numerous Scenarios were examined.
3 were chosen as preferable.



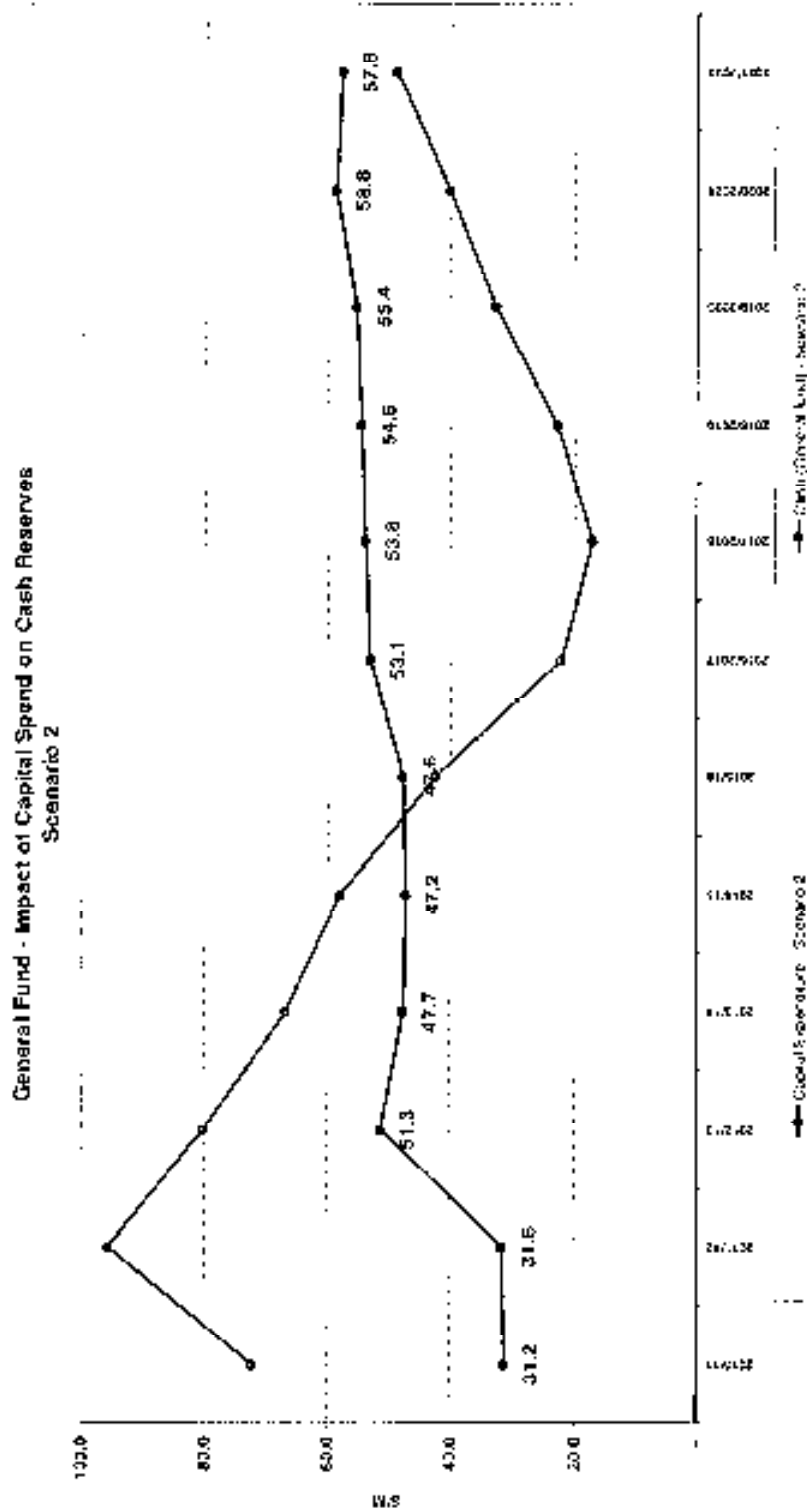
Focus on sustainability and having appropriate cash reserves to cater for unforeseen risks in the long term



Scenario 1 models no new income, but reduced Capital Spend levels

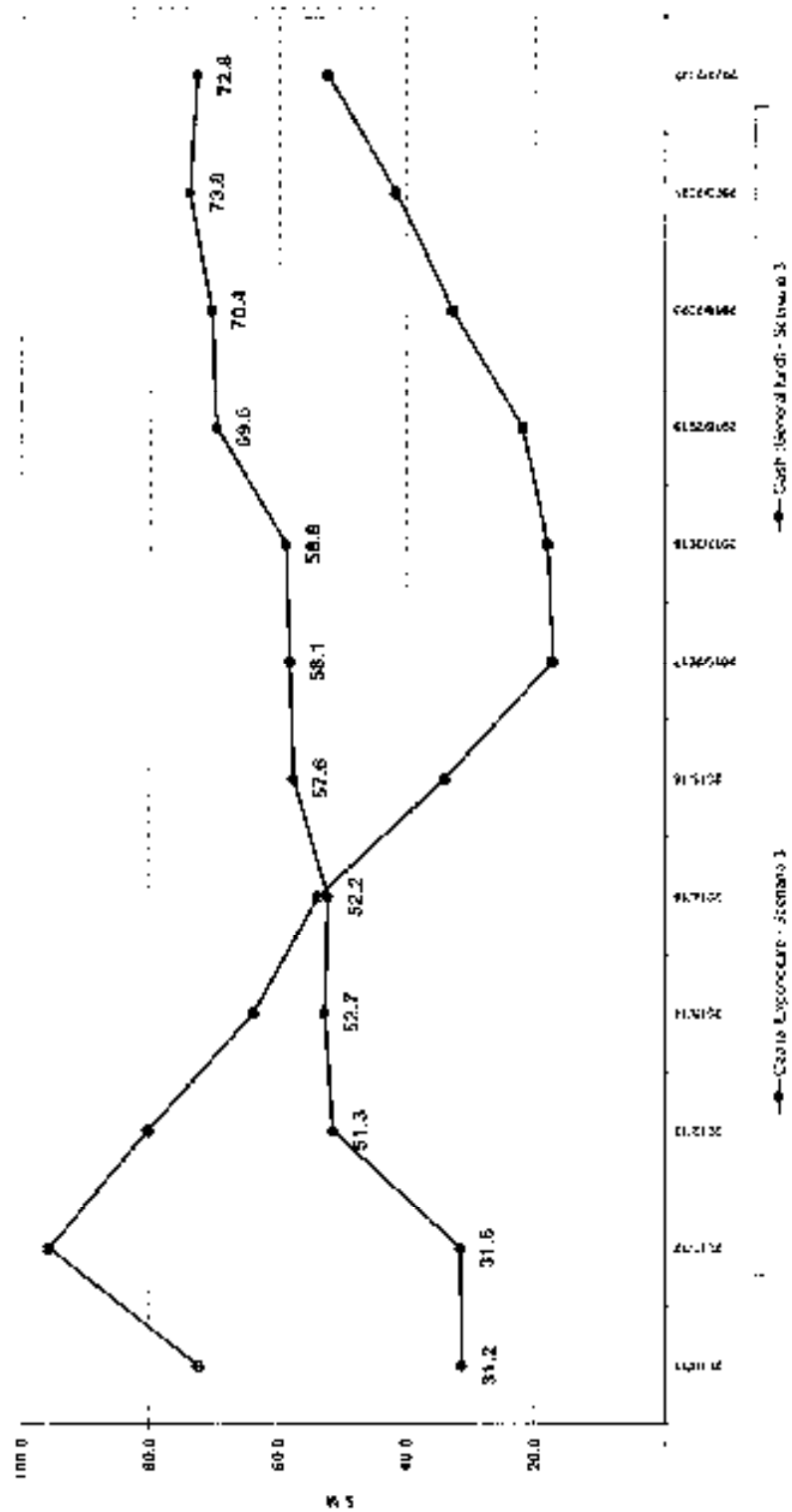


Scenario 2 models 6.5% annual increase in rates (above the peg), so that Capital Spend meets the levels needed to close the asset gap



Scenario 3 models 9.5% annual increase in rates (above the peg). to increase Capital Spend levels to improve services

General Fund - Impact of Capital Spend on Cash Reserves
Scenario 3

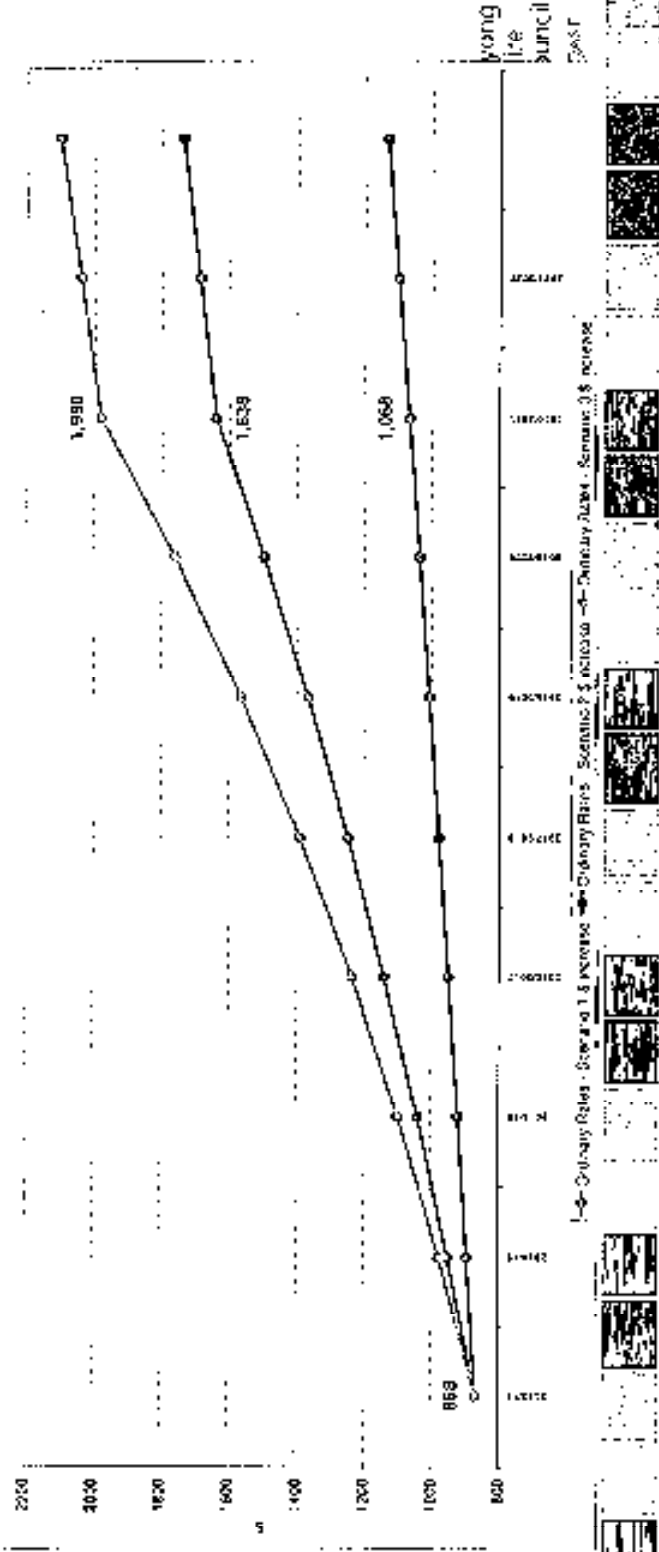


What does this mean to my Annual Ordinary Rates?

Rates?

| Scenario (Ordinary Rates - Scenario) | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ordinary Rates - Scenario 1 (\$ m) | 868 | 894 | 921 | 948 | 977 | 1,006 | 1,036 | 1,068 | 1,100 |
| Ordinary Rates - Scenario 2 (\$ m) | 868 | 950 | 1,041 | 1,140 | 1,248 | 1,366 | 1,496 | 1,636 | 1,788 |
| Ordinary Rates - Scenario 3 (\$ m) | 868 | 977 | 1,099 | 1,216 | 1,390 | 1,564 | 1,760 | 1,990 | 2,300 |

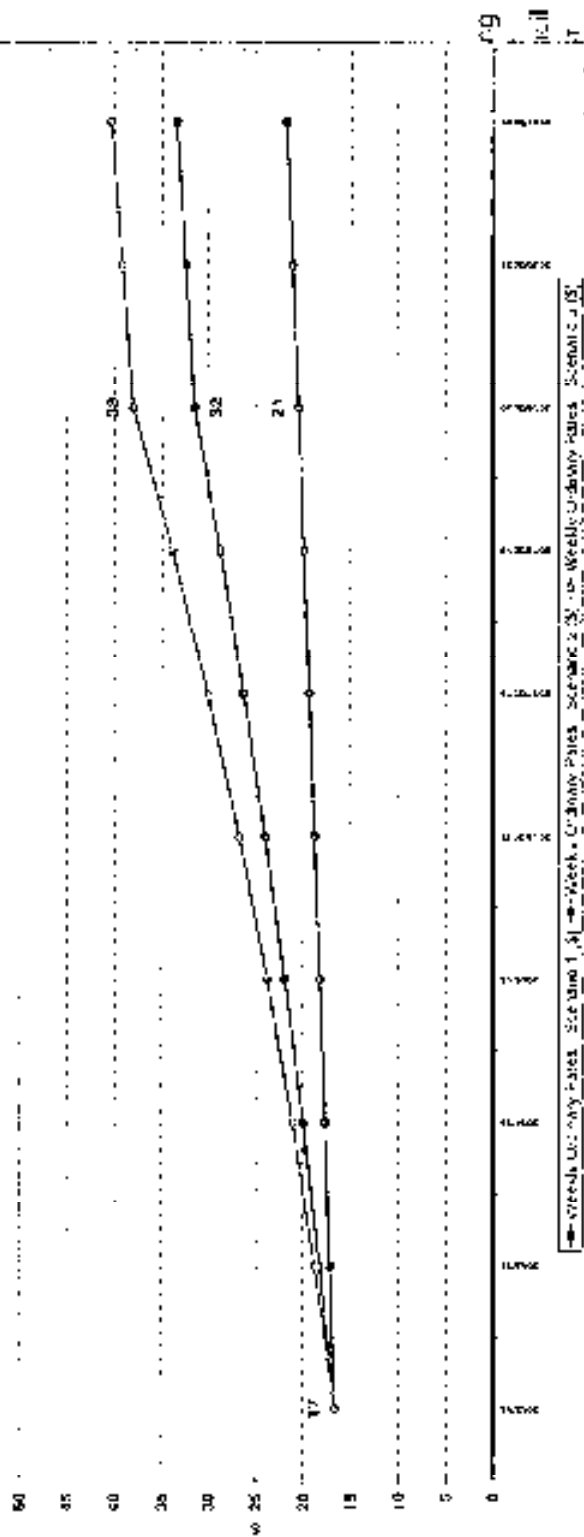
General Fund - Ordinary Rates \$ inclusive of rate pegging



What does this mean to my WEEKLY Ordinary rates cost?

| Scenario | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Weekly Ordinary Rate - Scenario 1 (1) | 17 | 17 | 18 | 19 | 19 | 19 | 20 | 21 | 21 | 21 | 21 | 22 |
| Weekly Ordinary Rate - Scenario 2 (1) | 17 | 18 | 22 | 24 | 26 | 26 | 27 | 27 | 27 | 27 | 27 | 28 |
| Weekly Ordinary Rate - Scenario 3 (1) | 17 | 18 | 24 | 27 | 30 | 30 | 31 | 31 | 31 | 31 | 31 | 32 |

General Fund - Ordinary Rates \$
Inclusive of rate pegging

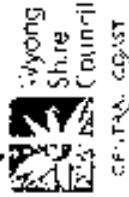
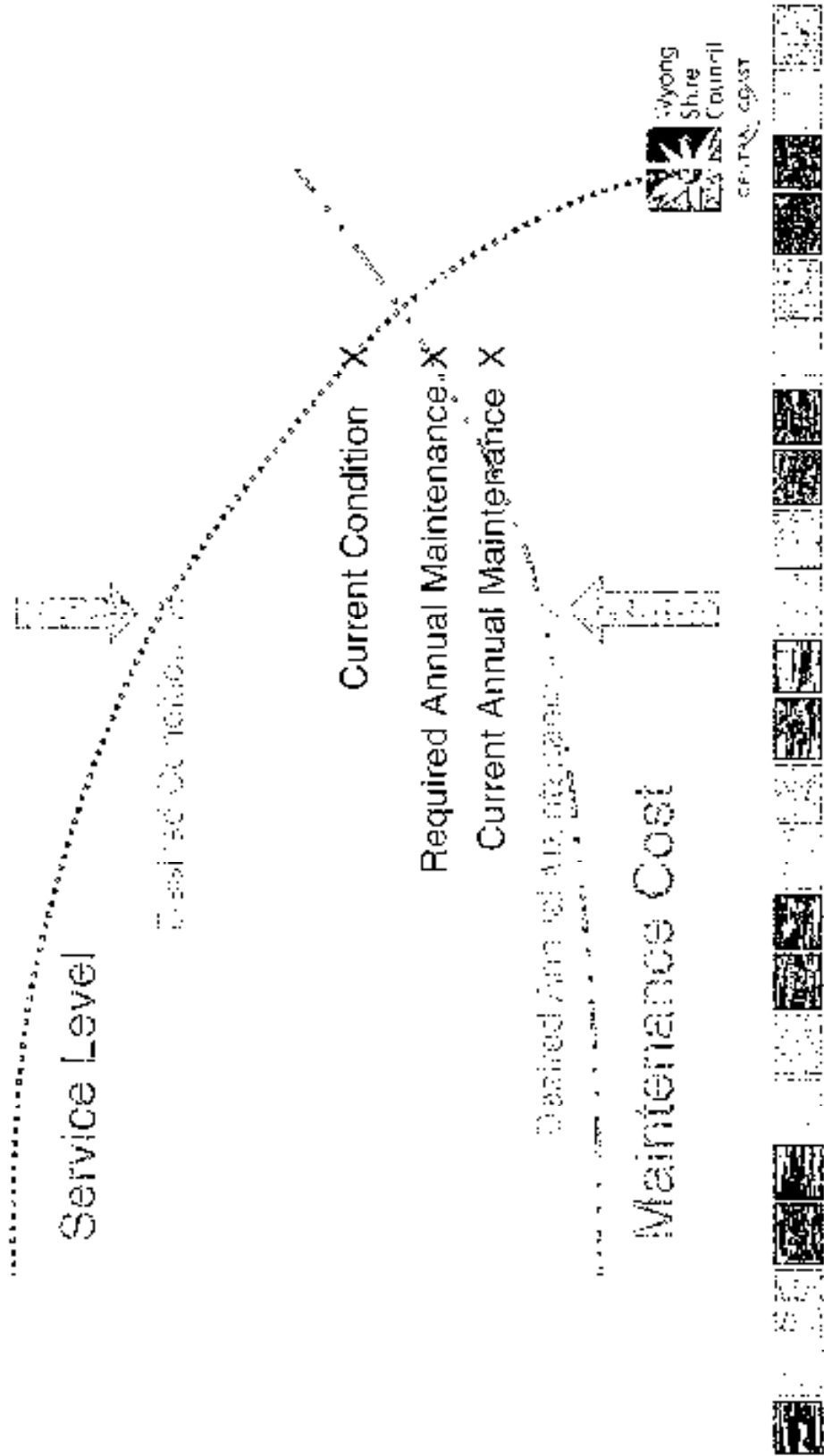


The Scenarios

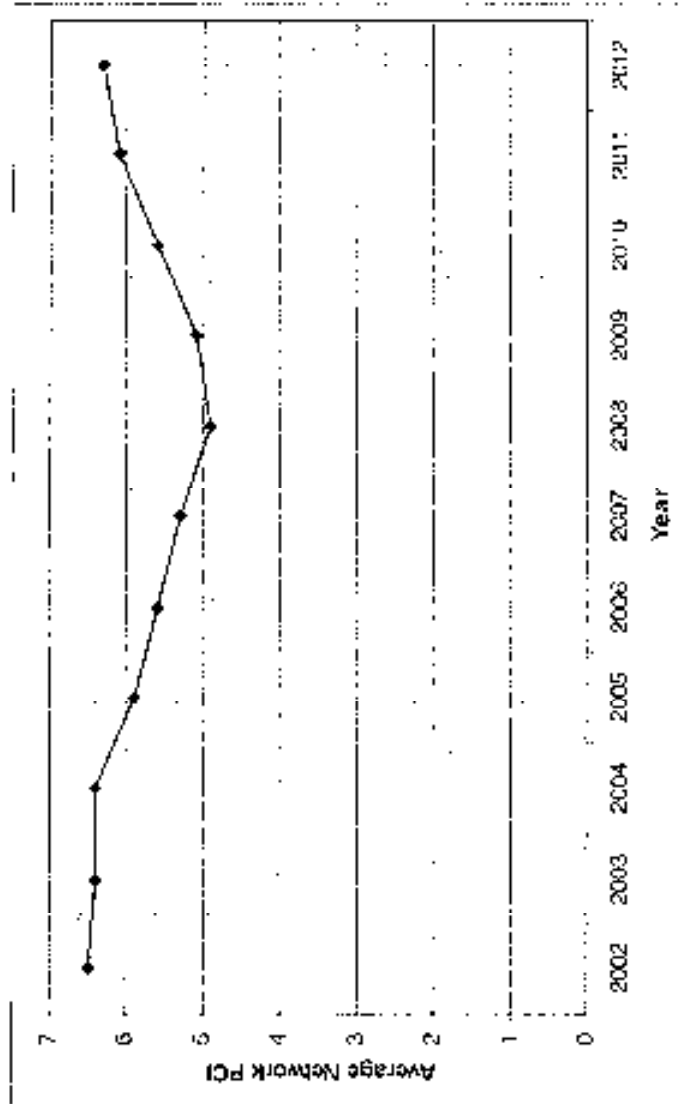
- What do I get under each Scenario



Average Asset Condition and Annual Maintenance Costs
Better condition = reduced maintenance cost

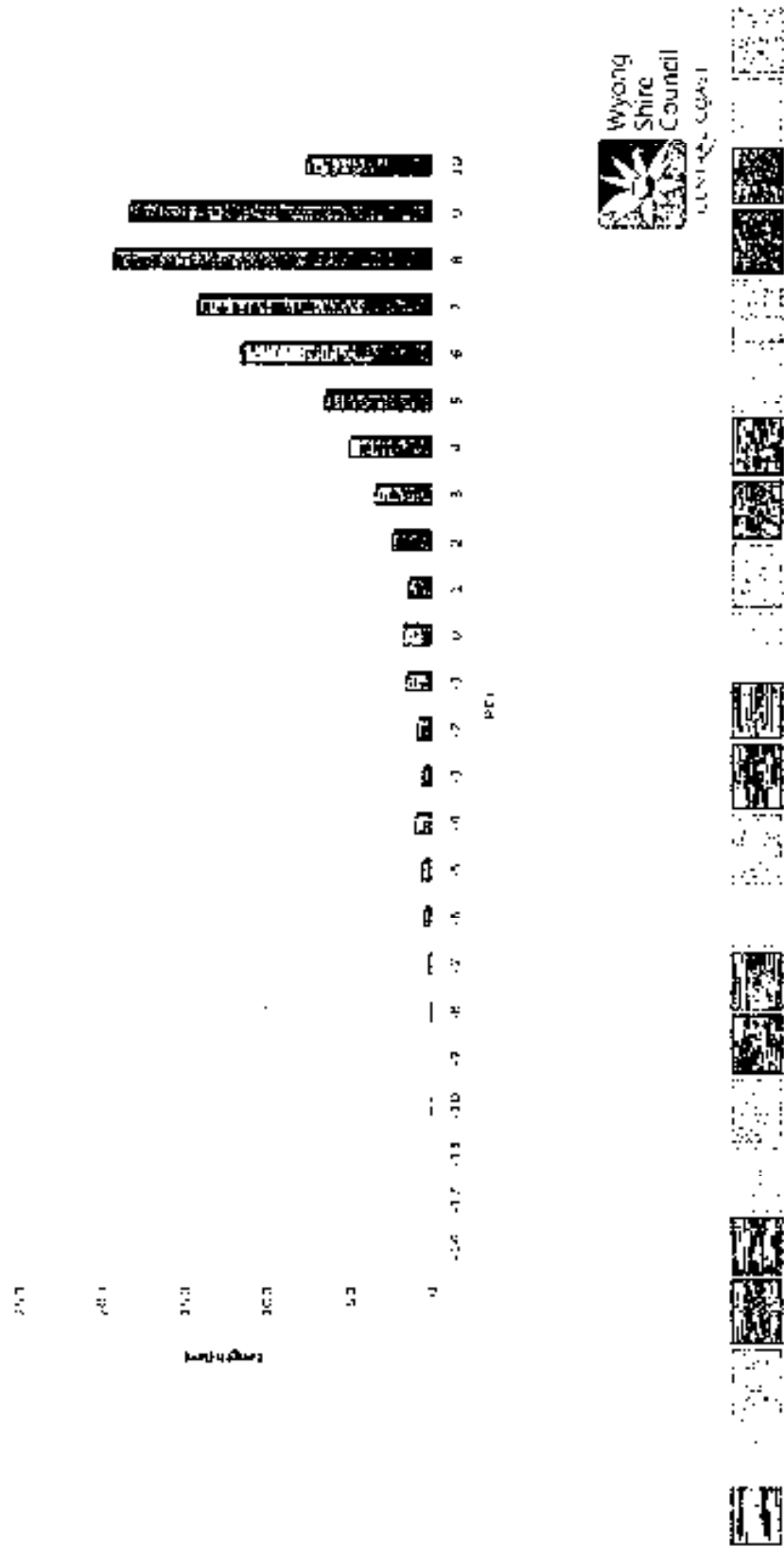


PCI deteriorated for many years but has now turned around – note this is average PCI



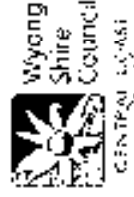
Range of PCI over the network by road length

Distribution of Sealed Network by PCI in 2012



Scenario 1 – no change to income

- In this scenario, the asset LTFP is not affordable
- No capacity to close the asset gap
- No capacity to fund work on natural assets
- Minimum CAPEX should be \$25.2M (depreciation), all spent on renewal work
- Allow for \$4.3M for necessary new or upgrade works each year
- No significant new works



Scenario 1 – no change to income

- The asset gap will not close and maintenance costs will rise as the asset condition worsens
- Asset condition will deteriorate – e.g. road PCI will return to the downward trend of pre 2008 and fall to between 4 and 5 by 2020



Scenario 1- Very poor road condition



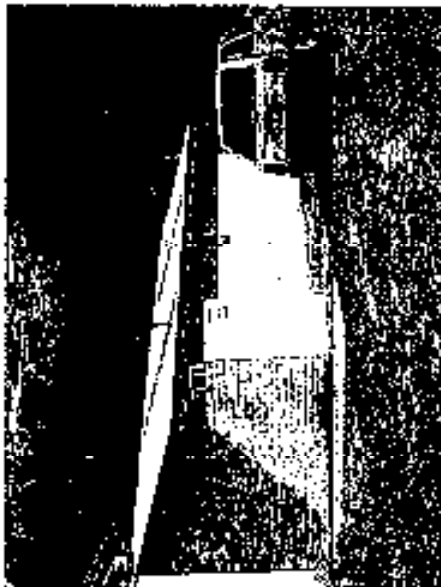
WYONG SHIRE COUNCIL



Scenario 1 - Poor road condition

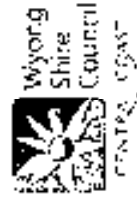


Scenario 1 - Building in poor condition



**Scenario 2 -real increased income of 6.5%
above Rate Peg each year over 7 years**

- Cap CAPEX at affordable cash level of \$47.7M
- Allow \$3.5M for necessary new and upgrade work
- Asset condition will improve



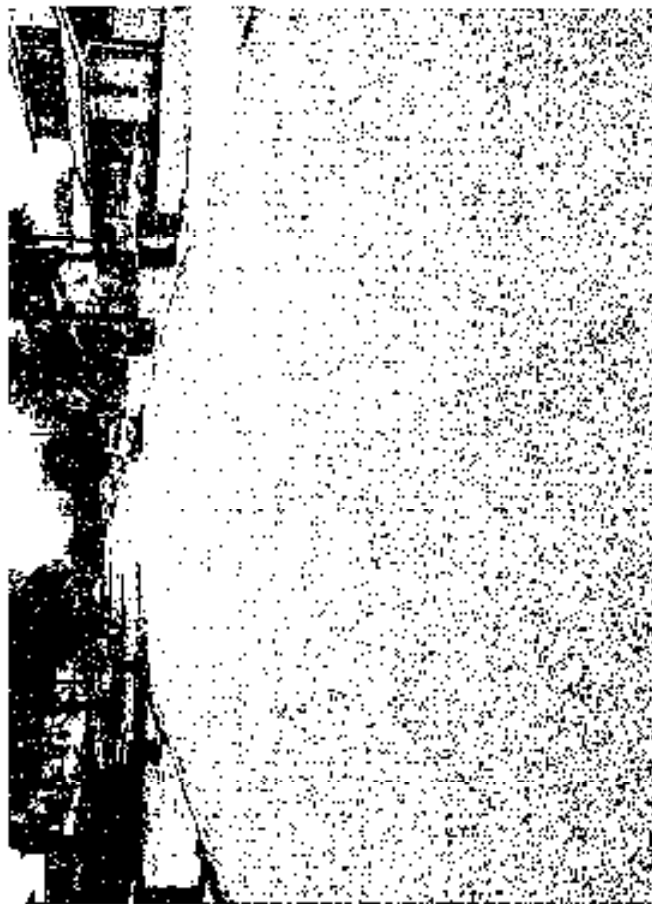
Scenario 2 – real increased income of 6.5% above Rate Peg each year over 7 years

After 7 years, when the CAPEX gap is closed:

- (a) asset maintenance can be reduced from \$17M to \$14M (nearly close the maintenance gap)
- (b) the \$17M previously spent on closing the gap may be able be spent on new work



Scenario 2 - Fair road condition



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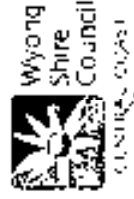


Scenario 2 – Fair condition building



Scenario 3 - real increased income of 9.5% above Rate Peg each year over 7 years - renewals over 7 years and build new assets

- Cap CAPEX at affordable cash level of \$52.7M
- As per Scenario 2 but can now spend a further \$5.0M per year on new assets



What are the new works that may be affordable under Scenarios 2 and 3? (not S94 projects)

These include:

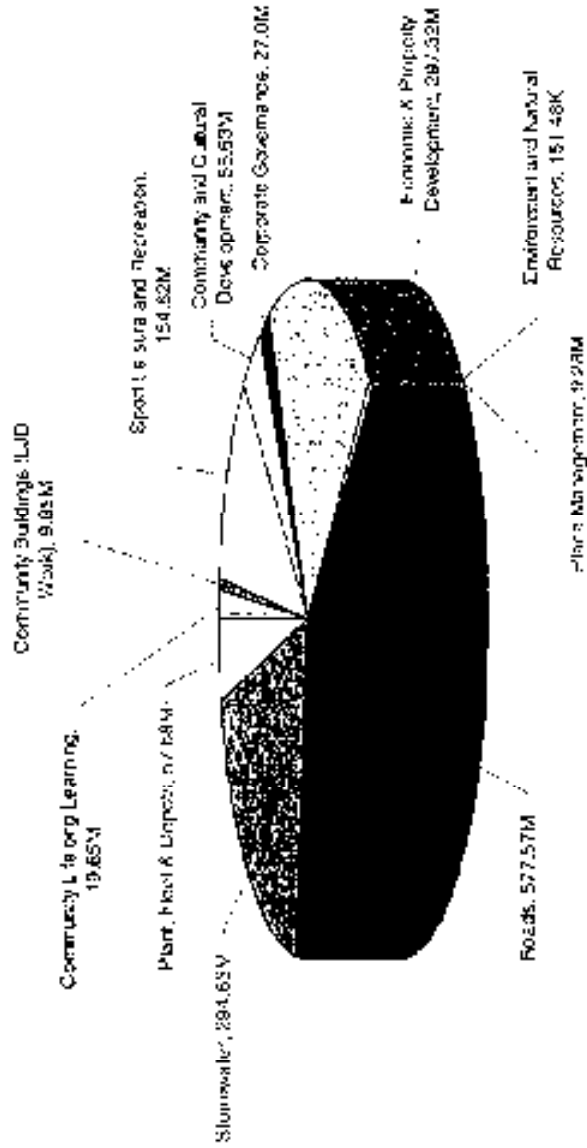
- Construct new Asset Protection Zones and Bushfire Trails \$15M
- Complete the Estuary Management Plan after the current funding expires \$80M
- Complete the Link Road \$35M
- Share pathway around the lakes \$8.2M
- New Kerb and Gutter \$140M
- New footpaths \$50M (to be updated)
- Town Centre Improvements \$100M
- Playgrounds and equipment \$50M
- Coastal renewal projects \$1.3M
- Upgrading fire prone bushland \$8M
- Renew SWT devices \$2.4M
- EMP foreshore revegetation \$3M
- EMP wetland rehabilitation \$2.8M
- EMP streambank rehabilitation \$2.5M



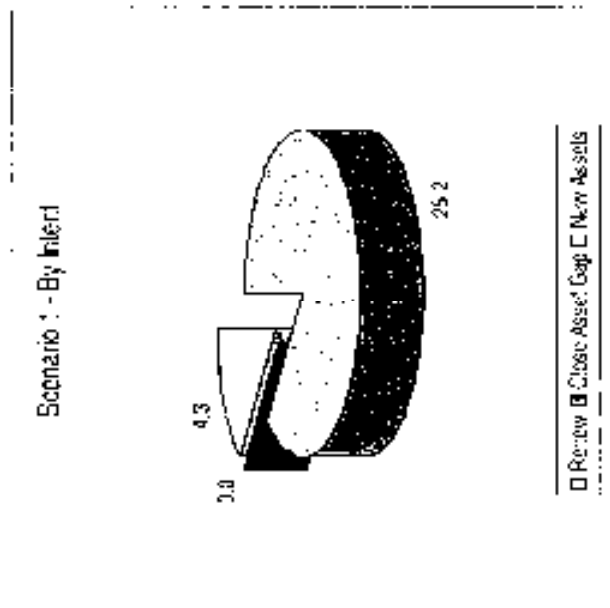
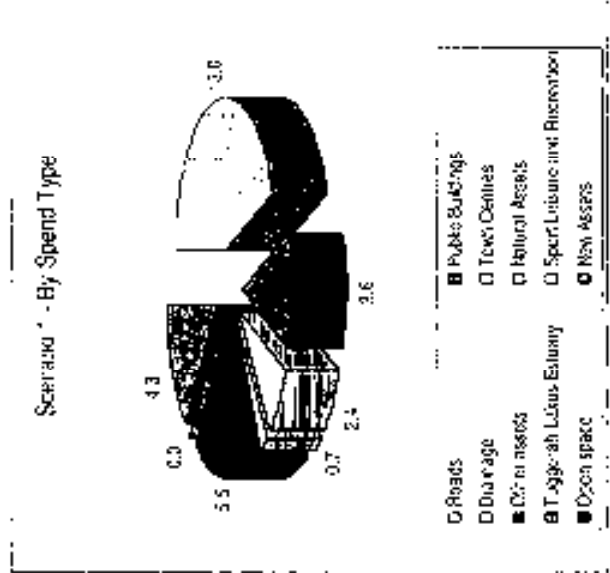
WSC Asset Portfolio 2012 ~

Asset Value by Unit / Section

\$1.5B

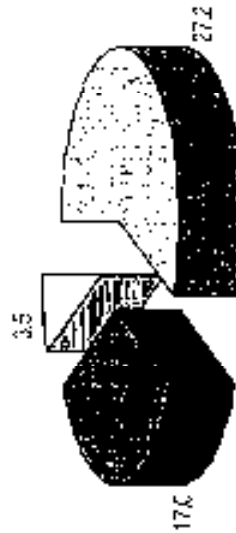


Where could the money go?



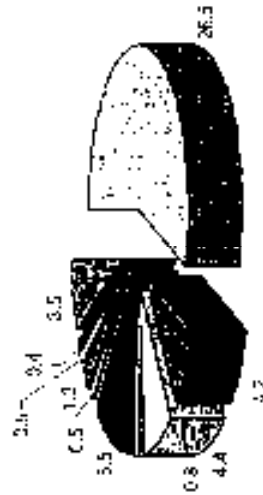
Where could the money go?

Scenario 2 - By Intent



- Other Assets
- Other
- New Assets

Scenario 2 - By Spend Type



- Roads
- Drainage
- Other Assets
- Tuggerah Lakes Estuary
- Open Space
- Public Buildings
- Town Centres
- Natural Assets
- Open Leisure and Recreation
- New Assets



CENTRAL REGION



Where could the money go?

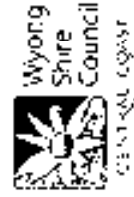
Scenario 3 - By Intent



Scenario 3 - By Spend Type



- Review
- Close Asset Gap
- New Assets
- Roads
- Drainage
- Other assets
- Tuggerah Lakes Estuary
- Open space
- Public Buildings
- Town Centres
- Natural Assets
- Sport, Leisure and Recreation
- New Assets



Exploring the Scenarios

- Group work



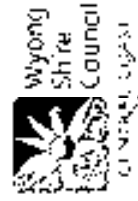
Options and alternatives

- More group work



Decision time

- Which is your preferred option?
- Why?



Where to next

- Report to Council 24/10
- Further community consultation in November?
- Council decision- SRV or not?



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Your role in the next step.

- Participate in the community consultation
- Encourage others to do the same
- Trust the process, explain the process
- How do we better engage?



Evaluation

- What worked, didn't work

