

The Community's Need.....

- Rate-Pegging has severe impact on Council's \$\$\$
- Pop. growth has impacted demand for services.
- Operations and Assets are way behind need.
- What do we do?



We have ...

- Talked with our community
- Understood their wants
- Compared wants with what is.
- Built on previous community input about services.
- Continue a partnership – the Deliberative Working Group



We can tonight ...

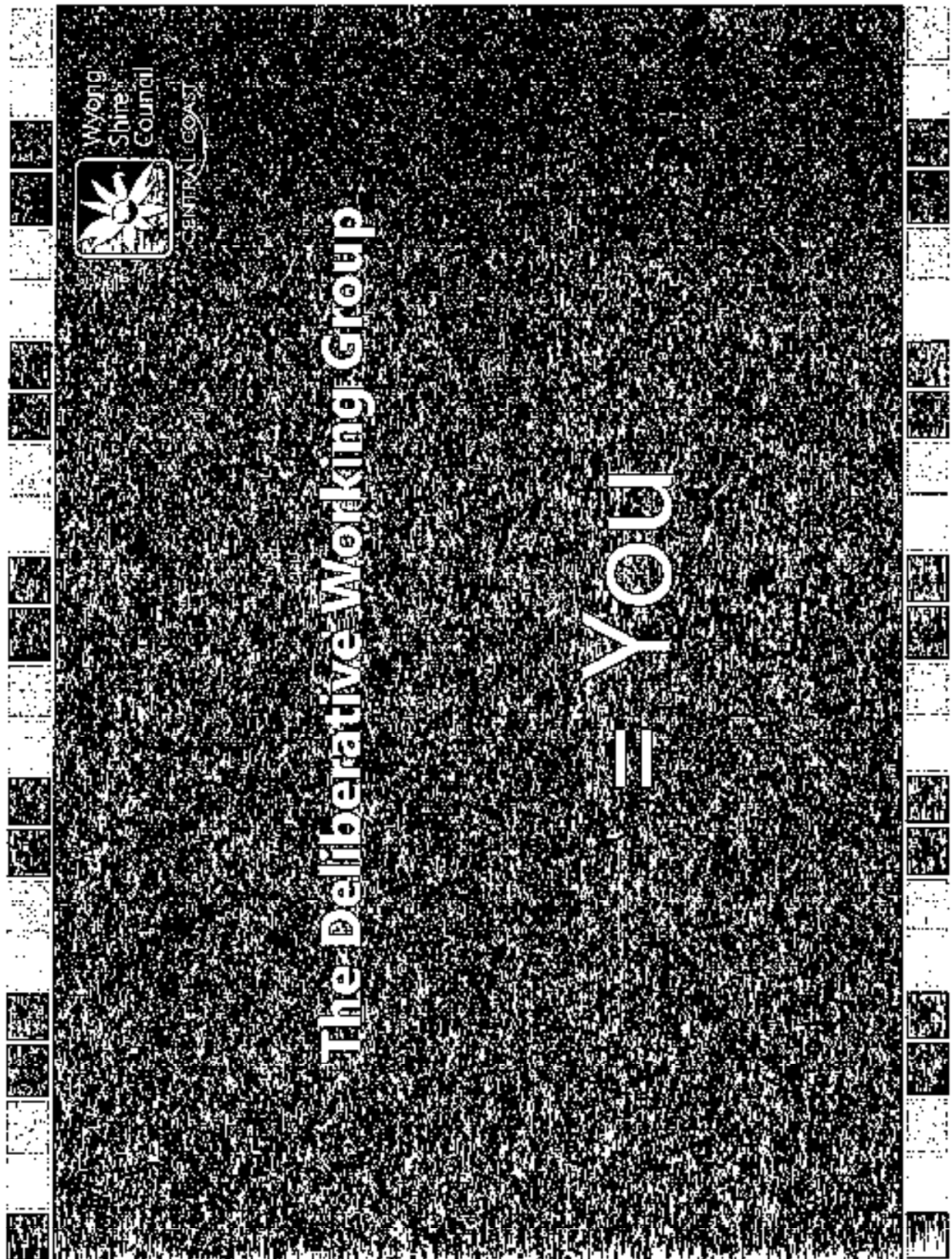
- Learn about the funding dilemma the community faces
- Learn about possible ways to resolve that dilemma
- Consider how the decision could be made
- Plan for next week's discussion on your preferred option.



Council has a decision to make

- Effort to gain efficiencies almost completed
- Still a huge gap – how do we fund it?
- Balance needed between:
 - Meeting the aspirations of the community
 - Providing appropriate assets
 - The capacity and readiness of the community to pay
- What are the income options?





Stuart Waters- Twyford's DWG & the decision making process

- The role of the DWG
- Understand the situation
- Test the information and options
- Provide advice, recommendations
- Guide Council thinking



Council Decision-making

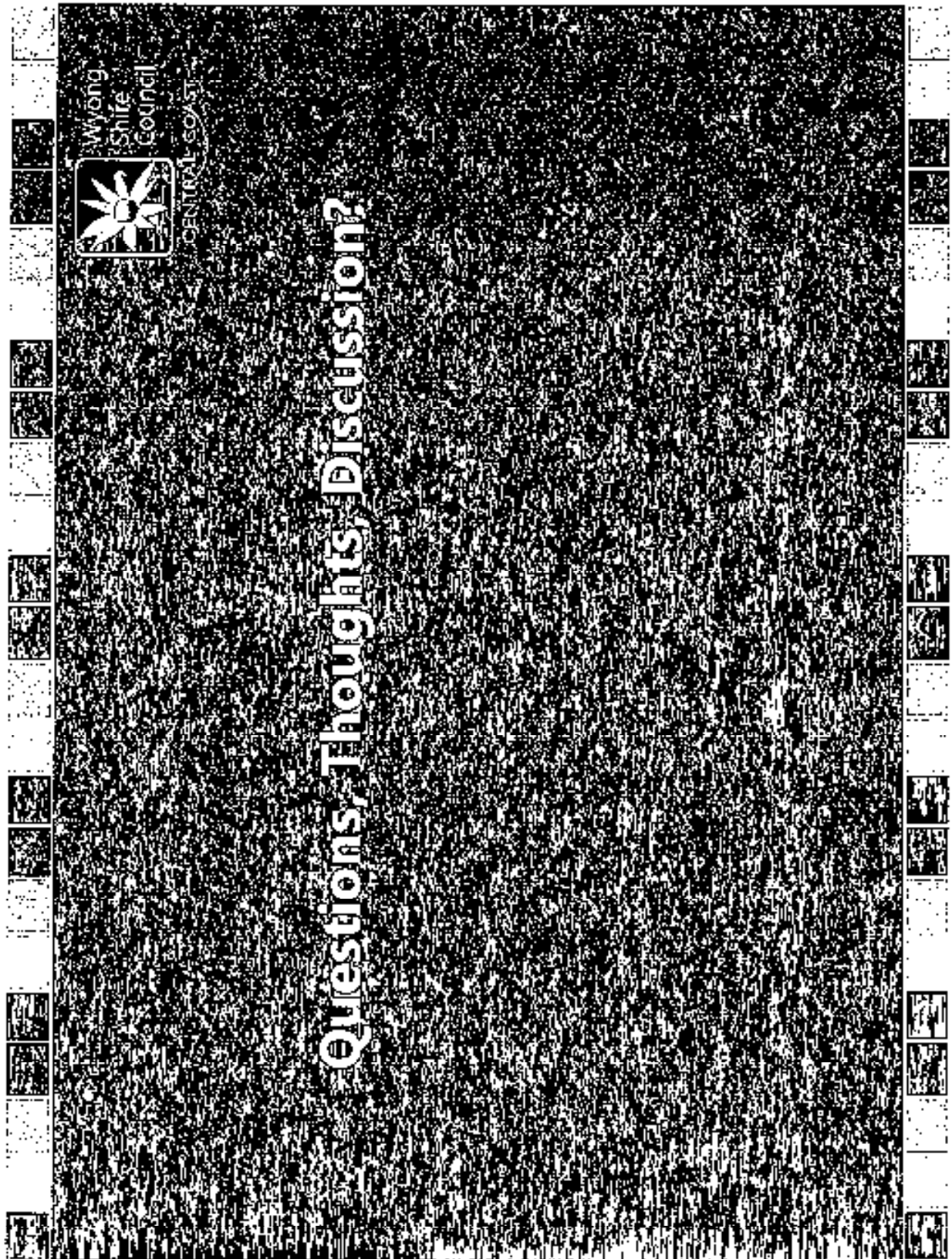
- Understand funding options
- Define preferences
- Provide informed advice for Council Report 24/10/12
- Seek Council approval for community consultation on options.
- Nov. 2012- Community Workshops, surveys (on-line, telephone, face to face, other options?)



The Overall Process

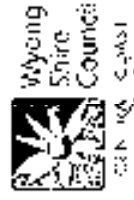
- December- Council decides on funding option.
- Option built into 2013/14 budget
- Rate increase? = Special Rate Variation?
- Apply to IPART - closes 28 Feb.2013
- Stringent review by IPART
- IPART emphasis on community willingness to pay.
- IPART decision in June 2013
- Increases would apply from 2013/14





Maxine Kenyon - Director Community and Recreation Services

- The Service Gap
- Providing Services
- The Asset Gap



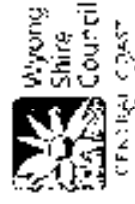
The Service Gap

- Community want improved services
- Service level planning shows gap & \$ cost
- More income?
- Cut some services to improve others?



Providing Services

- Staff, materials, equipment, contractors, assets
- Over \$2bn in assets
- Asset Management systems are vital
- Population growth = strain on existing assets
- Demand for new assets as well
- Built and natural assets



ASSETS

- The Dilemma
- The Priorities



ASSETS- The Dilemma

- Assets wearing out quicker than we can renew
- Old assets = more costly to maintain, operate & replace
- = Less service to the community
- = Less money for asset renewals
- Cost to make assets satisfactory = \$142.0M
- Doesn't include Open Space and Natural Assets
- Not enough money to fix



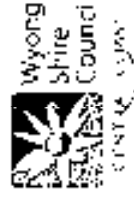
The Priorities

- Renewals, not new assets.
- Smarter maintenance and operations
- Roads and Drainage
- Open Space
- Sporting, Leisure and Recreation Facilities
- Community Buildings
- Town Centres
- Natural Environment e.g. Tuggerah Lakes Estate



How do we pay?

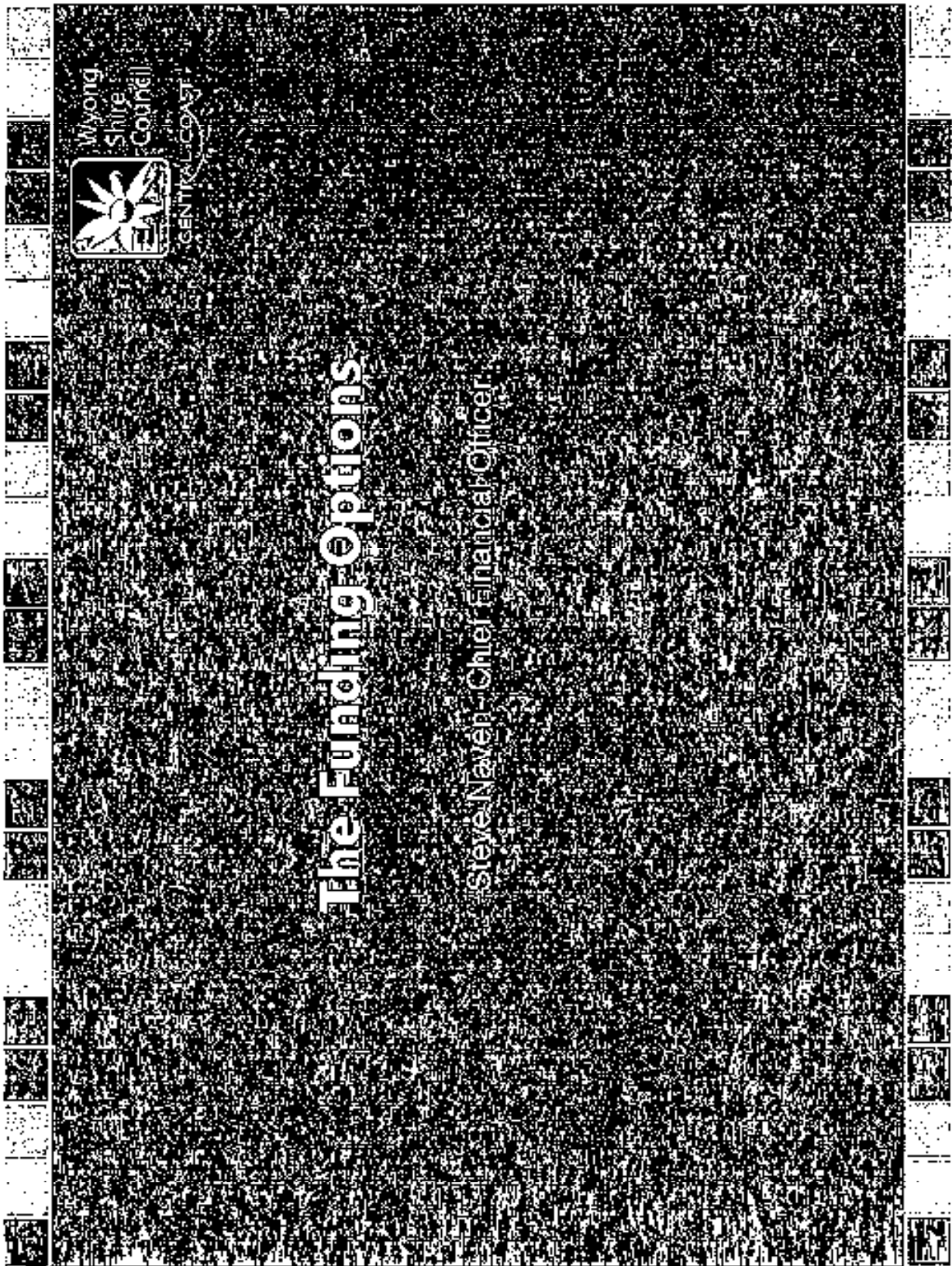
- Not enough cash.
- Needs outstrips income every year.
- Can't borrow much more
- Increase income or
- Cut some services



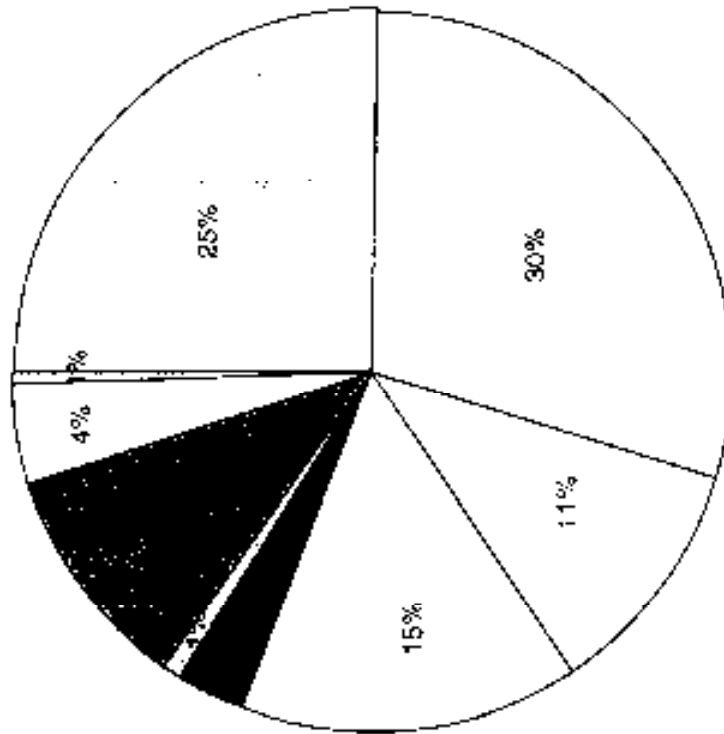
Stuart Waters- Twyfords

- What is the most important, interesting, significant thing in that presentation?

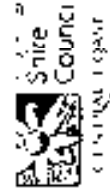




Council's Income

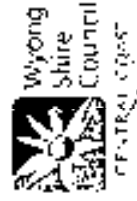


- Rates \$63.0m
- Annual Charges \$73.4m
- User Charges \$26.9m
- Fees \$37.5m
- Interest \$7.8m
- Other Revenue \$2.4m
- Operating Grants and Contributions \$25.4m
- Capital Grants and Contributions \$11.2m
- Total Gain on Disposal of Assets \$1.3m



What have we done so far?

- Used community input to identify priorities
- Assessed costs and how we might fund
- Three funding options-scenarios
- Need your help to test each one
- What is best for the community?



Funding Options

- Rate Peg- set by NSW Govt each year.
- Doesn't match Council's cost increases
- Get further behind each year
- High level view of Scenarios tonight
- More detail and discussion next week



Scenario 1- No increase above the rate peg

- Won't reduce asset gap or allow for new assets
- Maintenance costs increase
- Cuts to services needed
- Situation gets worse not better
- Future generations meet the cost



Scenario 2- Rate increase of 9.5% per year for 7 years

- Rate peg is CPI, approx. 6.5% above CPI
- Asset renewal program over 7 years
- Limited spending on new assets
- Back to Rate Peg after 7 years



Creating a better future



Scenario 3- Renewals over 7 years plus new assets

- Needs 9.5% over 7 years for asset renewals.
- Plus additional % for new assets
- New assets that have been proposed
- The Art House \$20M
- Porters Creek Wetland Stormwater Harvesting \$50M
- Construct new Asset Protection Zones and Bushfire Trails \$5M
- Complete the Estuary Management Plan after the current funding expires \$50M



Scenario 3- Renewals over 7 years plus new assets

- Complete the Link Road \$25M
- Warnervale Knowledge Centre \$20M
- Warnervale Aquatic centre \$20M
- Share pathway around the lakes \$20M
- New Kerb and Gutter \$100M
- New footpaths Natural Bushland regeneration \$15M
- Town Centre Improvements \$100M



Stuart Waters-Twyfords

- Any questions, comments?
- How do we choose between funding options?



Considering what you now know...

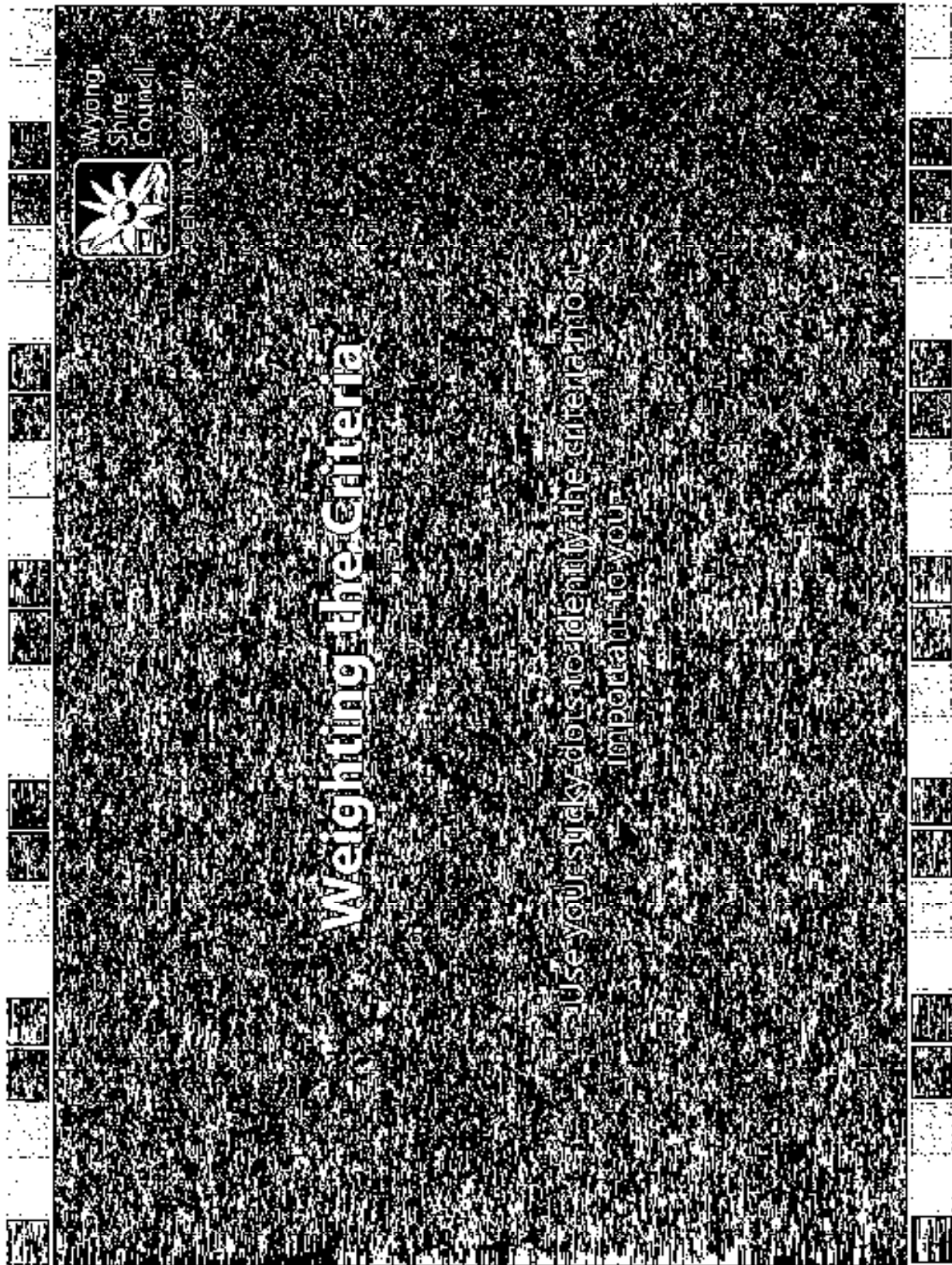
- What must Council consider when thinking about the funding options?
- What would help us distinguish a worse funding option from a better option?
- What are the criteria that we can use to determine a preferred funding option?



Grouping

- Write your responses on the cards provided
- One criterion per card
- Write with **BIG** letters please
- No more than five words per card
- Onto sticky wall





In small groups, work with the criterion assigned to you

- What data or evidence would help you assess an option against this criterion?
- How would you describe a high score against this criterion? (That is, what would a high-scoring option 'look like'?)
- How would you describe a low score against this criterion?
- What smart question would you ask to know whether or not an option scores high or low against this criterion?



What Happens Next?

- Meet again next Tuesday
- Explore the options in more detail
- Consider each option against the criteria
- Think and discuss
- Provide your input about the preferred option



Homework

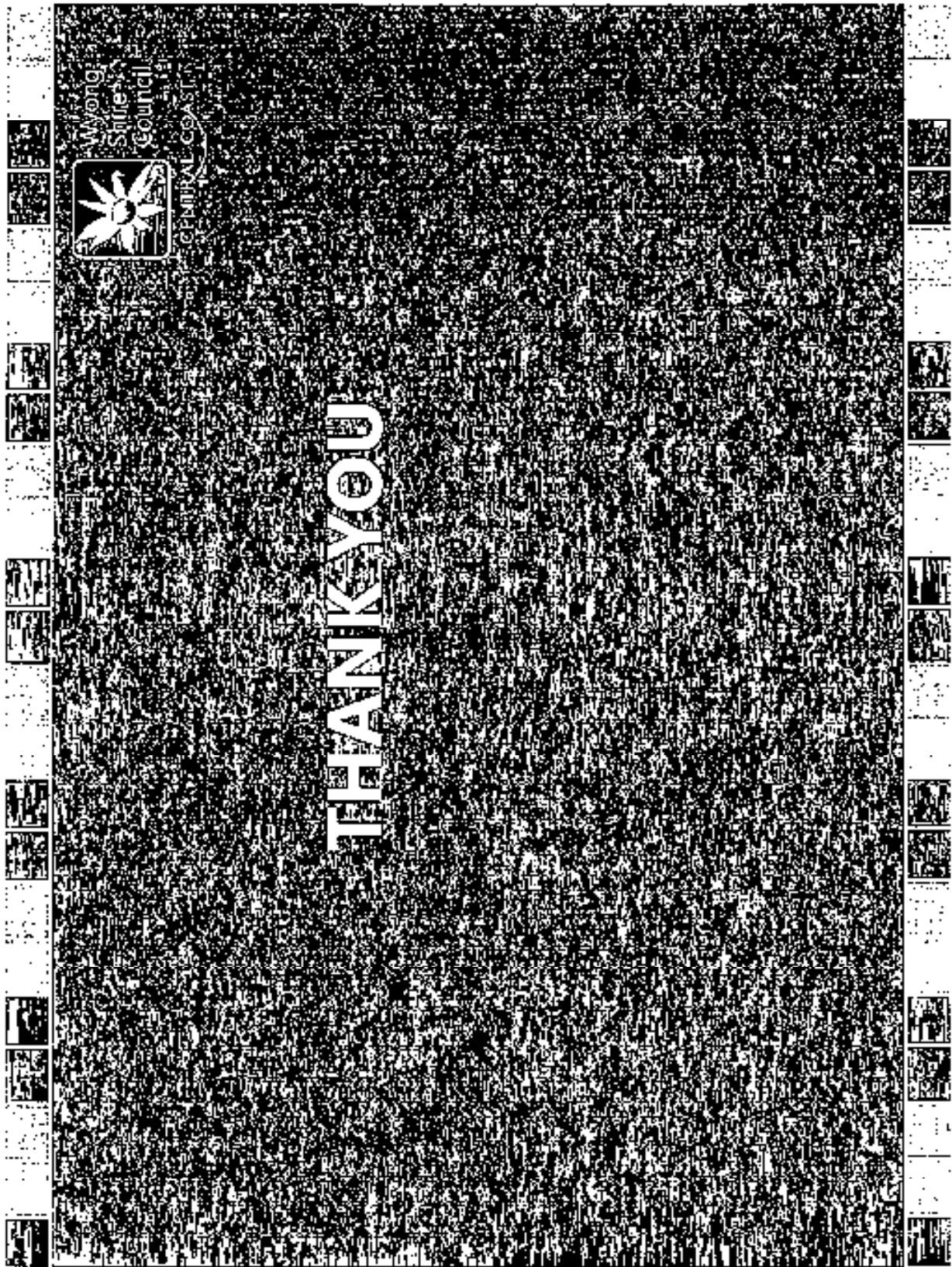
- Read over the material
- Think about implications of each option
- Who is likely to be affected and how?
- What would tell us we chose the best option?

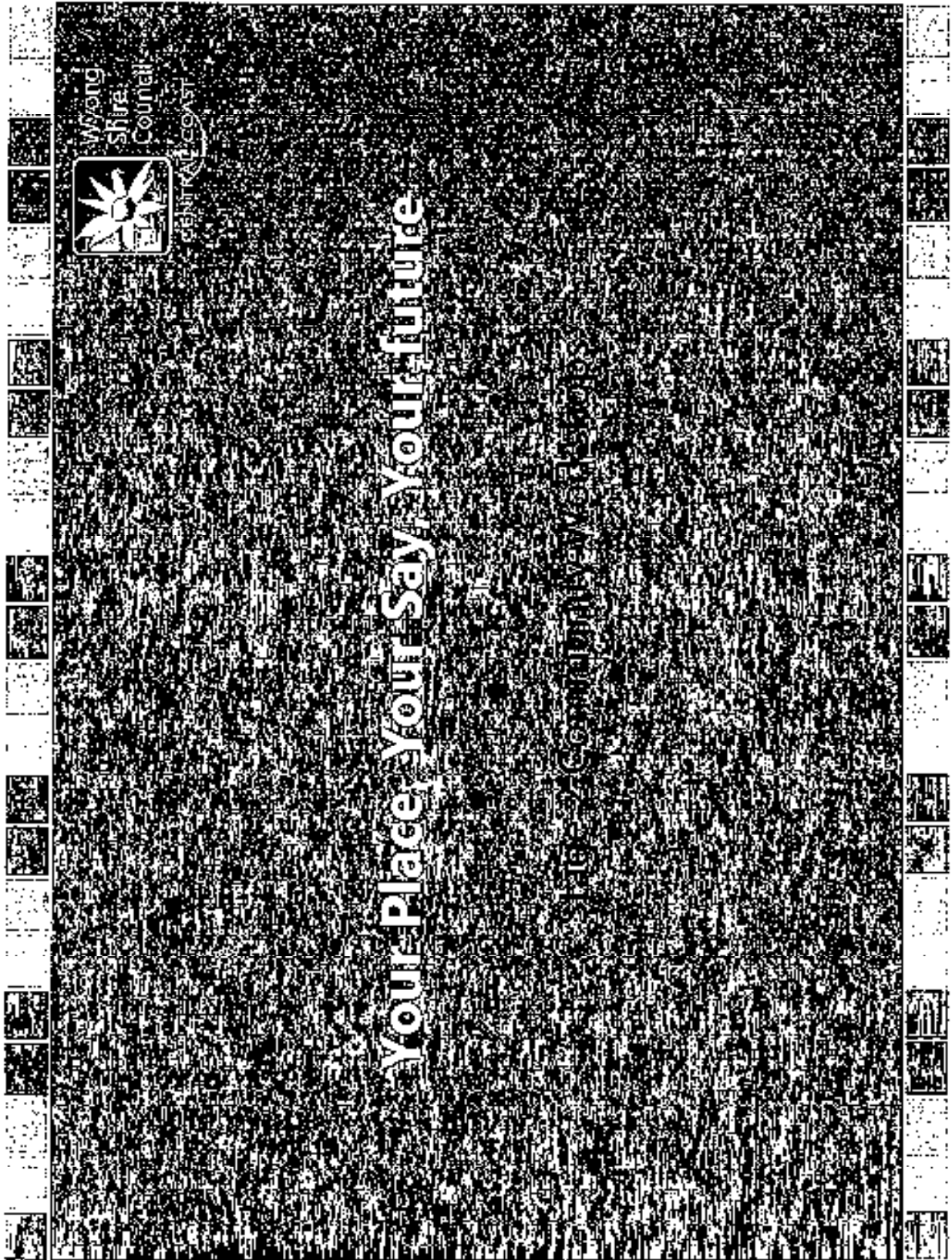


Evaluation

- First DWG
- What worked, what didn't work
- Information for next session?







Welcome and Introductions



Tonight's Agenda

- What dilemma does Wyong community face?
- The process for resolving the dilemma
- Council's finances in overview – the asset gap
- Community priorities
- Potential funding options
- Consider the pros and cons of funding options
- Provide your input on your preferred options



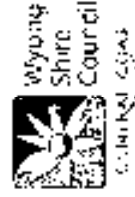
A Short Introduction to the Issue.....

- What do we do?
- What is the issue we're facing?
 - Rate-Pegging has severe impact on Council's \$\$\$
 - Pop. growth has impacted demand for services.
 - Operations and Assets are way behind need.
 - Community expectations



What Our Community Values

- Renewals and upgrades, not new assets.
- Smarter maintenance and operations
- Roads and Drainage
- Open Space
- Sporting, Leisure and Recreation Facilities
- Community Buildings
- Town Centres
- Natural Environment



Council has a Decision to Make

- Effort to gain efficiencies almost completed
- Still a huge gap – how do we fund it?
- Balance needed between:
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 - Providing appropriate assets
 - The capacity and readiness of the community to pay
 - What are the income options?
 - This is about investing in the future



Your Say will Count

- The 3 options are
 - Option 1: Reduced services, maintain rates
 - Option 2: Maintain assets, increase rates
 - Option 3: New assets, increase rates
- Now it's up to you



The Overall Process

- December- Council decides on funding option
- Option built into 2013/14 budget
- Apply to IPART - closes 11 March 2013
- IPART decision in June 2013
- Increases would apply from 2013/14



Questions and Comments so Far...

- Discussion
- Questions?



Assets - The Dilemma

- What is an asset?
- What is capital expenditure?
- Assets wearing out quicker than we can renew
- Old assets = more costly to maintain, operate & replace
- The Gap
- Cost to make assets satisfactory = \$121M
- Doesn't include Open Space and Natural Assets
- Not enough money to fix



Why We Need to do Something Now

- No quick fix
- Work will take several years
- Need to start or situation gets worse
- Less service to the community
- Less money for asset renewals
- Becomes a vicious circle

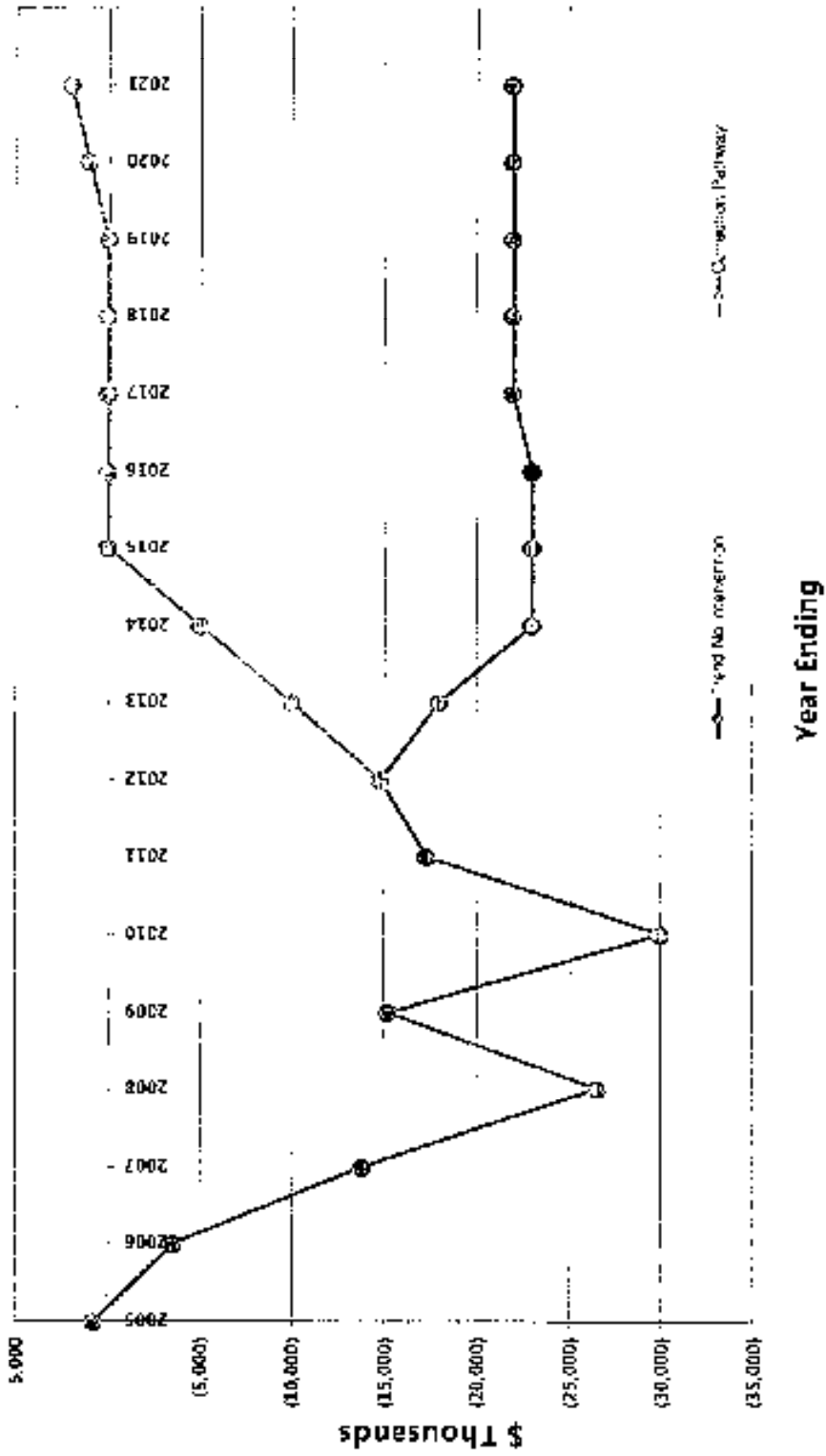


How Do We Pay?

- Not enough cash
- Needs outstrips income every year
- Can't borrow much more
- Increase income or
- Cut some services

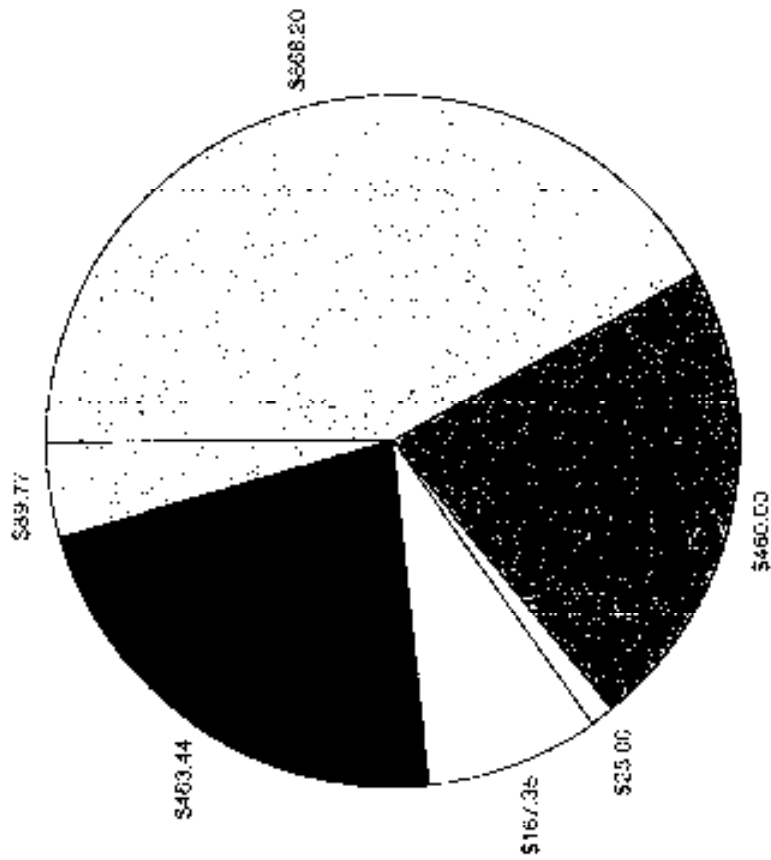


Management has come a long way, but ultimately even breaking even doesn't close the gap



Even when WSC break even in 2015, operations will only be generating around \$25-30m in cash-flow to spend on capital works

Average Rates Notice



- General Rates
- Domestic Waste
- Stormwater Management Charge
- Water Annual Charge
- Sewerage
- Drainage Service Charge

Category	2012/13	\$
General Rates		\$868.20
Domestic Waste		\$460.00
Stormwater Management Charge		\$25.00
Water Annual Charge		\$167.35
Sewerage		\$463.44
Drainage Service Charge		\$89.77
Sub-Total		\$2,073.76