

Community Forums Financial Sustainability

General Manager and Directors, October/ November 2013
Part of preparations for Special Variations Application



Treasury corporation audit

Tenterfield Shire was assessed: weak financial position with negative outlook – but marginal population growth

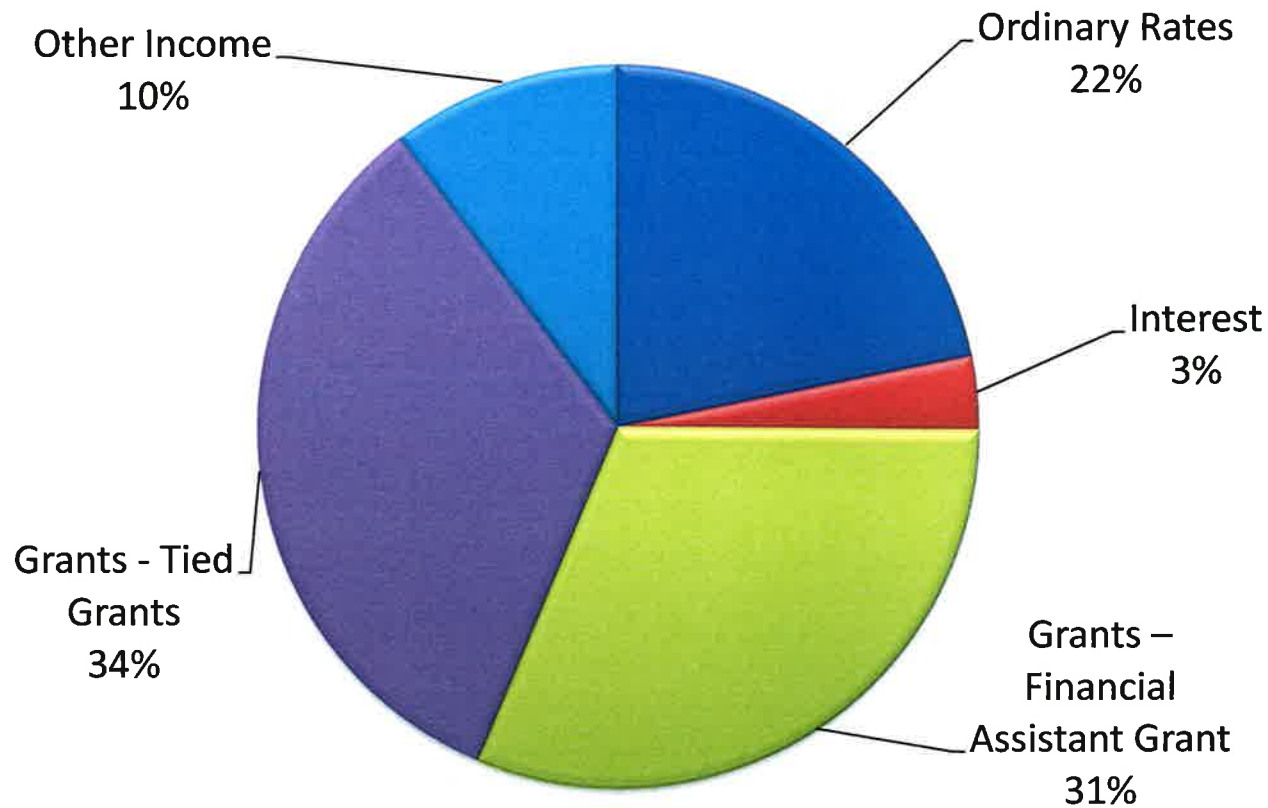
Recommendations:

- *Additional funds and reduce spending to achieve a balanced budget*
- ***Council is very reliant on grants and need to increase revenue through special rates variation or reduce expenditure through cutting costs.***
- **We have already proposed** cuts to expenditure in 2013/14 and **we need** to continue cutting costs **and** increase revenue through special rates variations commencing in year 2014/15

Revenue

Revenue	Tenterfield	Group Ave
Average Residential Rate	\$317.63	\$496.99
Average Business Rate	\$721.52	\$1,115.04
Average farmland Rate	\$1,006.15	\$2,265.69
Average Residential Water & Sewer	\$1,392.00	\$946.33
Average Domestic Waste Charge	\$203.53	\$238.39
% of Own Source Revenue	38.35%	46.59%
% of Grants of Revenue	56.27%	46.97%

Council Revenue Sources - General Fund



Ordinary Rates

\$2,787

Interest

\$420

Grants – Financial Assistant Grant

\$3,981

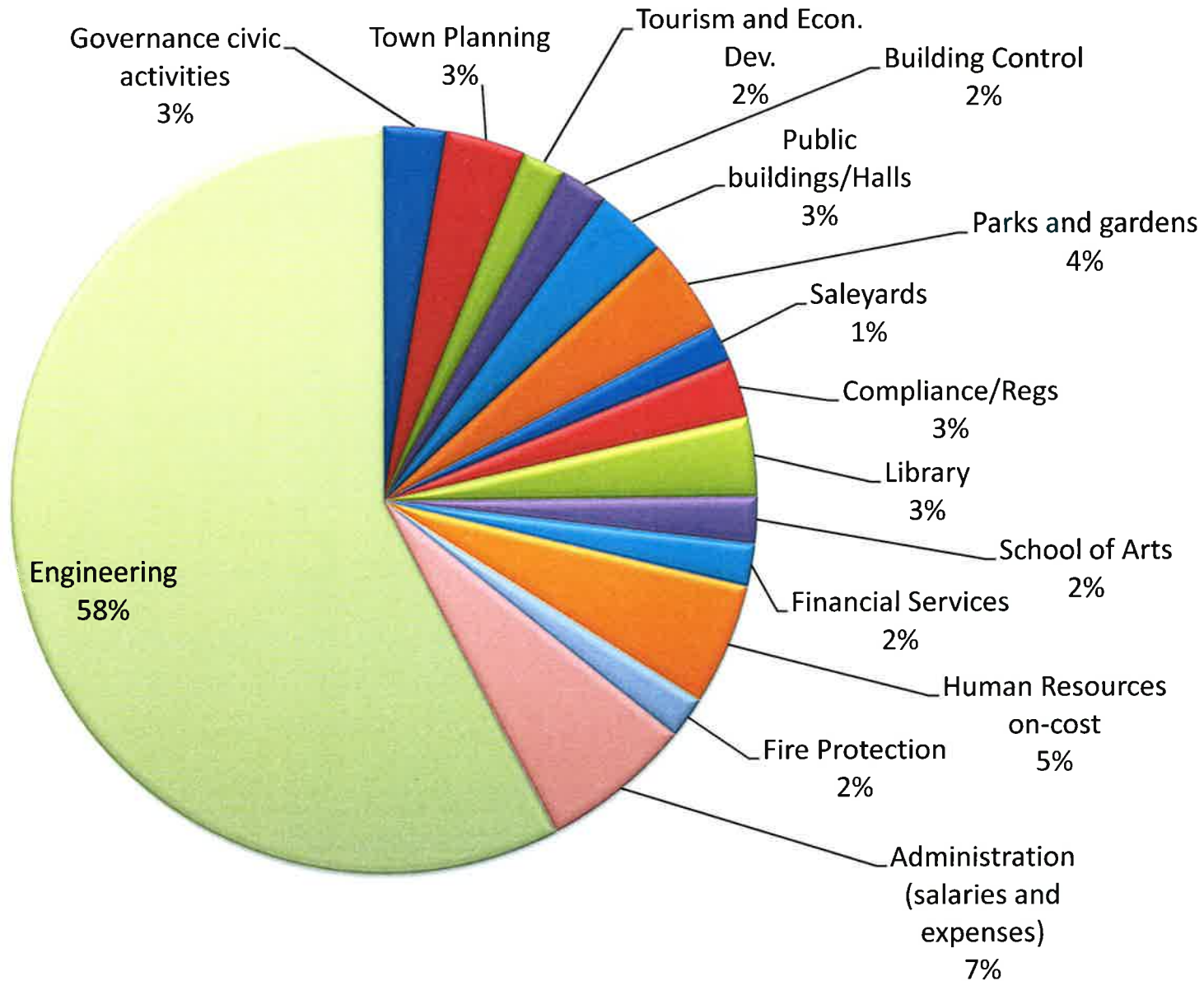
Grants - Tied Grants

\$4,253

Other Income

\$1,309

Council Expenditure – General Fund



Reduction in Operating Costs and Levels of Service

Budget 2013/14

- Scrutinised each line item (twice)
- Staff had to justify expenditure
- Engineering/Infrastructure maintained - other areas unchanged or decreased
- Balanced Budget
- Core Activities
- Little Discretionary Expenditure



Productivity Improvements

New Organisation Structure – June 2013

- In line with Community Strategic Plan
- New Senior Management Team
- New appointments replaced previous positions

Many Productivity Improvements

- Staff Performance measured – against Operational Plan and Budget Quarterly Review
- Performance Appraisals annually
- Productivity improvements identified



New Revenue Opportunities

Properties Surplus to Requirements

- Drummond Street house – sold
- Petrie Street house – for sale
- Urbenville Medical Centre – for sale
- Mobil Service Station – for sale
- Industrial Estate – for sale

Reviewed Property Leases

- HACC
- Tourist Information Centre
- RMS Depot
- Review Contacts e.g. Radio Towers

Own source revenue (rates)

Special Rates Variation (SRV) Application 2014/2015

- Additional 12% in 2014/2015 and a further 7% for each of the following three (3) years. This is in addition to the forecast 3% increase under the NSW State Gov't Rate Peg.
- SRV additional \$9.1 Million over 10 years
- In 2014/2015 Additional \$335,849 / 4,701 Rate Assessments = \$71.30 per Rate Assessment. e.g. \$1.37 per week.

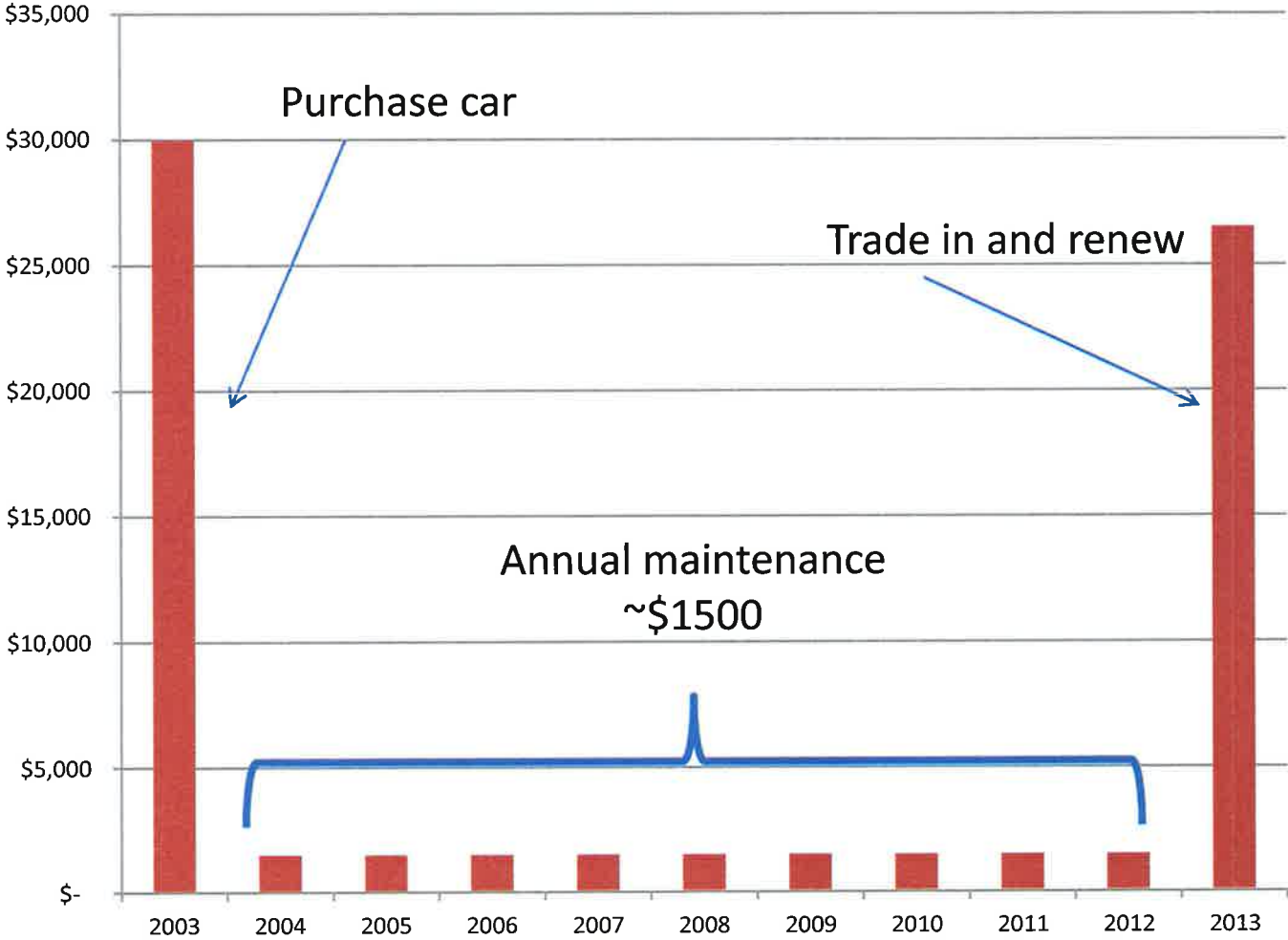
Key dates

- Written submissions close by Friday 15 November
- Council meeting on 27 November
- Application due 24 February
- Mid June IPART decision announced

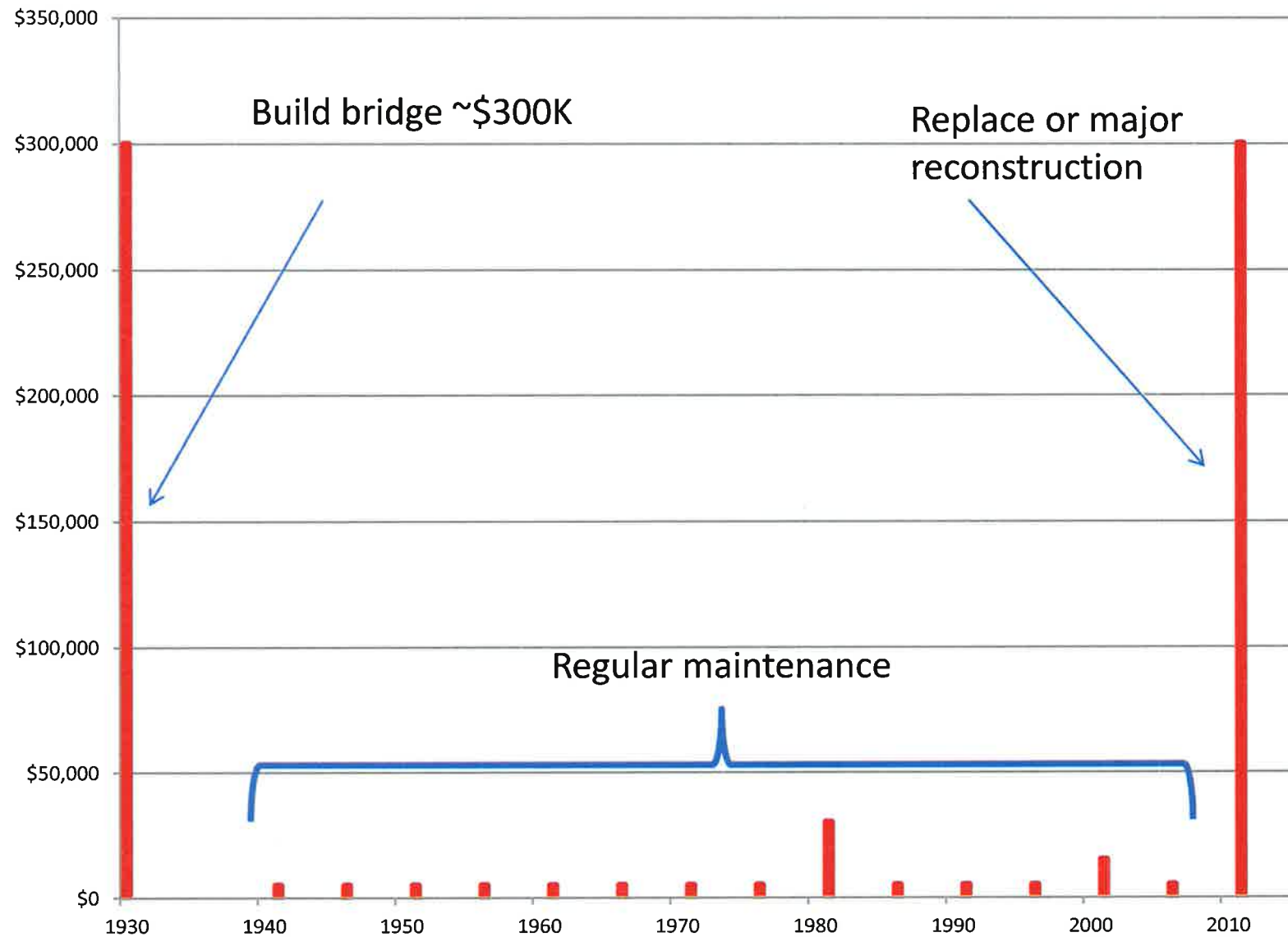
Why are the funds needed and what will they be used for?

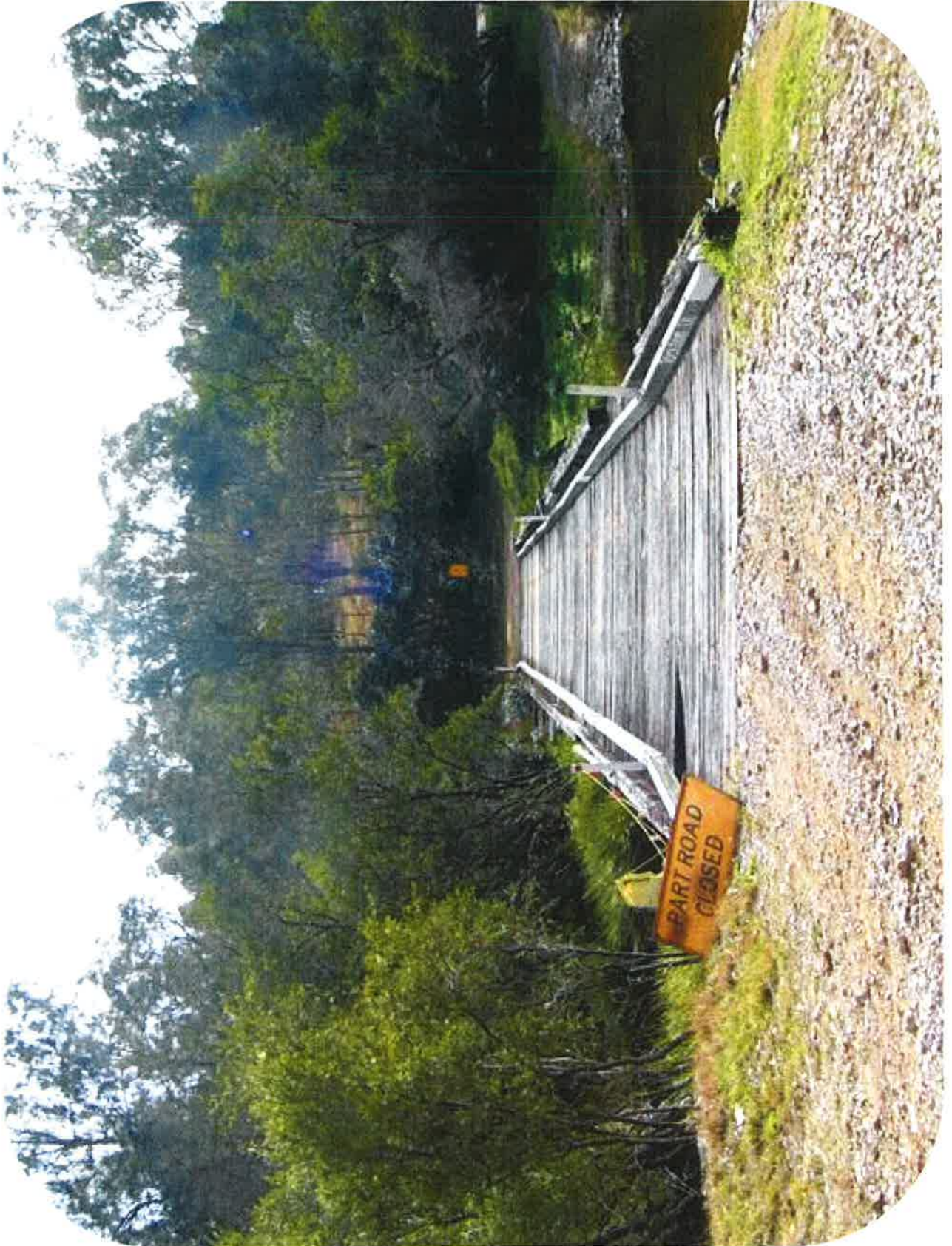


Asset Management – an everyday example



Asset Management – a timber bridge example



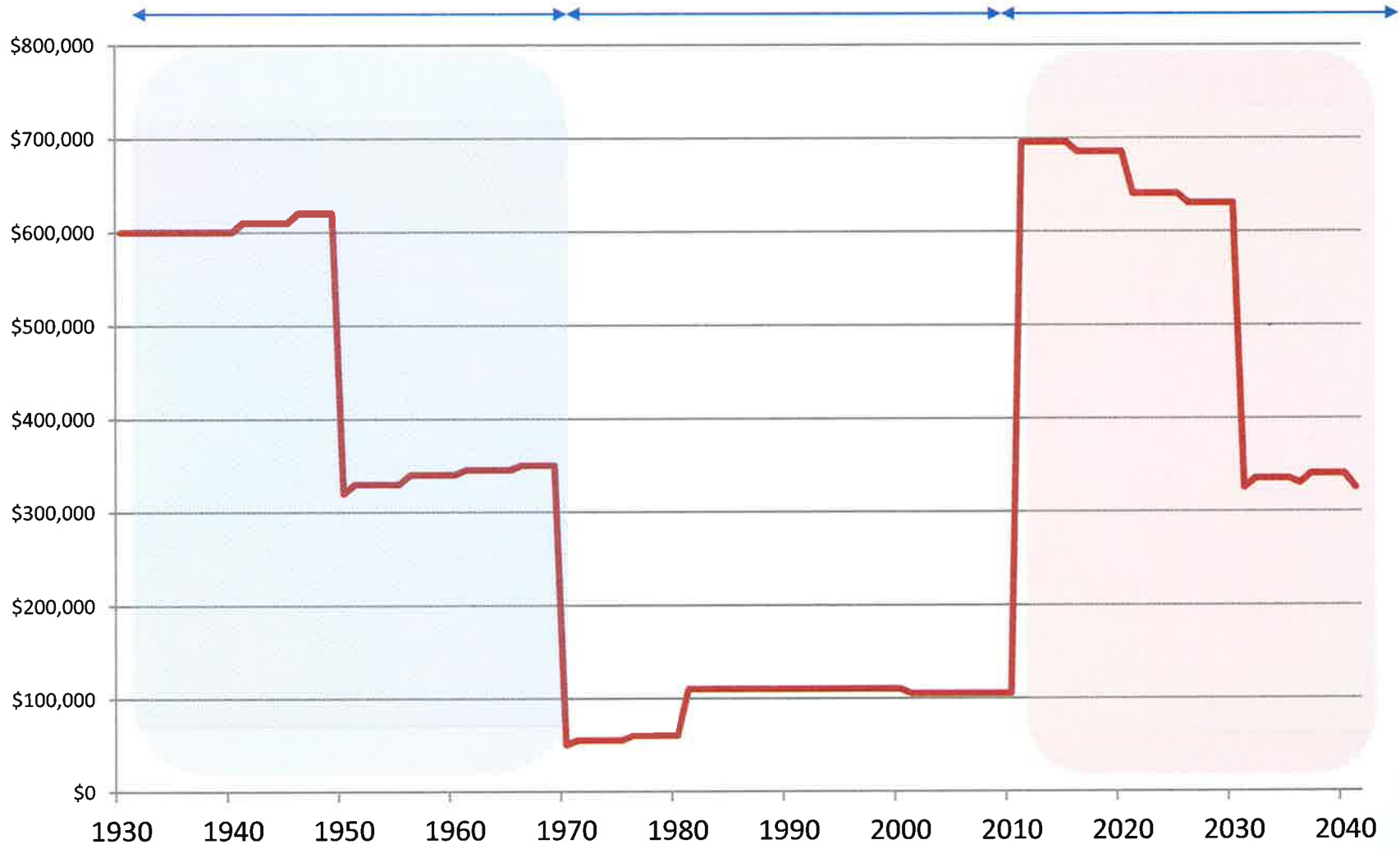


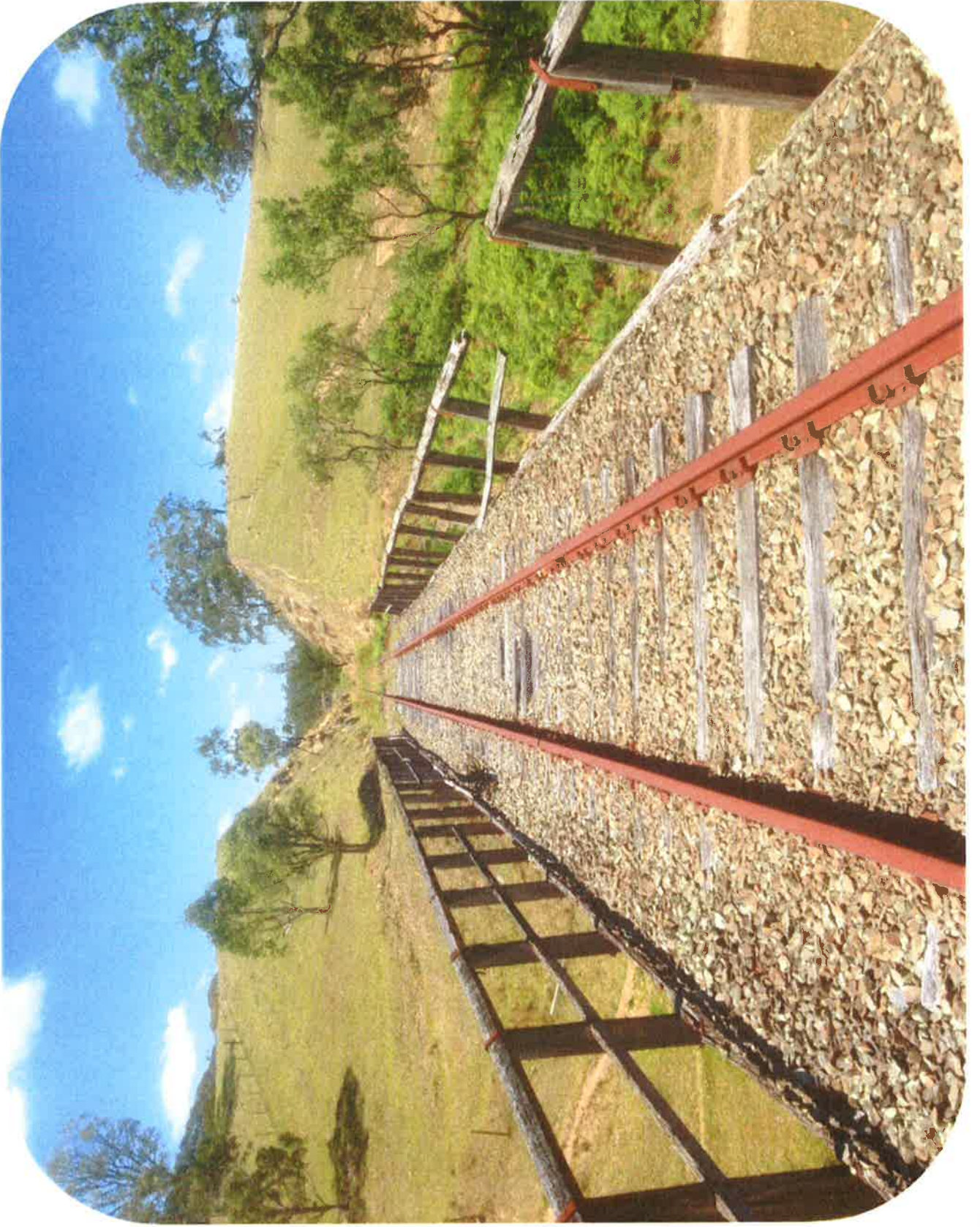
60 timber bridges - cash flow

TSC & NSW Dep.
Works build bridges

Costs have been low
for 40-50 years

It is now time for
renewal





Asset Management – not just timber bridges...

- 150 bridges (62 timber)
 - Between \$200,000 and \$1.5M each
 - Life between 80 and 120 years
- 4,540 piped culverts (excl. Tenterfield)
 - Between \$2,000 and \$20,000 each
 - Life between 50 and 80 years
- 390 concrete causeways
 - Between \$10,000 and \$80,000 each
 - Life between 50 and 80 years



Asset Management – not just timber bridges...

- 503km sealed roads
 - Reseal cost appr. \$30,000/km
 - Life between 15 and 20 years
- 1200km unsealed roads - more than half class A, B or C
 - Resheet cost appr. \$20,000/km
 - Life around 20 years at best
- 12km urban stormwater pipes
 - Appr. \$900,000/km (incl. pits)
 - Life between 50 and 80 years



Asset Management – not just roads...

- Signs, guardrail, guideposts, footpaths
- Public buildings and halls
- Sports facilities – e.g. swimming pools and playing fields
- Public spaces amenities – e.g. parks and toilets
- Cultural facilities – e.g. libraries, cinema, school of arts
- Graders, trucks, rollers, watercarts etc.



What is required to maintain our infrastructure?

- Bridges - \$47M

- Rural/urban road reconstruction - \$6.9M

- Road/street upgrading - \$33M

- Causeway renewal - \$1.3M

- Public buildings and facilities - \$1.6M

- + Culverts, linemarking, signs, guardrail etc.

- Total > \$90M over 10 years

Task Name	Cost
Paddy's Flat Rd over School Ck: Complete bridge renewal	
Hooten's Rd over Fmii Ck: Replace bridge	
Resheet Beaury Ck Rd: 8.122-11.083	
Resheet Silent Grove Rd: 0.847-3.544	
Resheet Black Swamp: 7.26-9.2	
Resheet Summit Rd: 0.702-3.978	
Resheet Undercliff Rd: 2.748-7.99	
Resheet Tent Hill Rd: 0.57-8.095	
Resheet River Dee Rd: 8.154-11.852	
Resheet Leechs Gully Rd: 1.375-2.68	
Resheet Millers Rd: 0-0.298	
Resheet Millers Rd: 0.548-0.919	
Resheet Wylie Creek Rd: 1.417-2.386	
Resheet Tarban Loop Rd: 1.731-2.747	
Resheet Tarban Rd: 0-2.571	
Resheet Wylie Creek Rd: 2.44-3.41	
Resheet Wylie Creek Rd: 0.033-1.417	
Resheet Castlerag Rd: 2.708-3.545	
Resheet White Swamp Rd: 8.825-15.476	
Resheet White Swamp Rd: 16.811-20.3	
Resheet Wylie Creek Rd: 2.56-14.811	
Resheet Billirimba Rd: 11.142-15.933	
Resheet Bryans Gap Rd: 5.215-7.427	
Resheet Wylie Creek Rd: 14.811-16.299	
Resheet Beaury Ck Rd: 12.183-19.342	
Resheet McCleods Ck Rd: 0-5.449	

Task Name	Cost	Cost
Renewal of Federation Park Sprinkler System		\$80,000
Renewal of Jubilee Playground Equipment		\$45,000
Renewal of Jubilee Shade Covers		\$35,000
Engineering Assessment of Pool Condition		\$20,000
Renewal of Shirley Park Amenities Building		\$15,000
Renewal of Netball Court Surfaces - Asphalt		\$50,000
Renewal of Driveway and Carpark Federation Park		\$30,000
Renewal of Legume Playground Equipment		\$20,000
Renewal of Urbenville Playground Equipment		\$20,000
Renewal of Liston Playground Equipment		\$15,000
Repaint Exterior & Repair Windows		\$25,000
Rebuild Mt Lindesay Rd between Legume and Woodenbong	\$20,000,000	\$150,000
Reconstruct Bruxner way from New England Highway to Sunnyside Loop Rd	\$1,200,000 ₃	\$18,000
Reconstruct 4.4km Tenterfield Urban Sealed Pavements rated 3 + main street program	\$2,000,000	\$14,000
Seal Cullendore Rd: 4.674 - 9.334	\$373,320 _{ge}	\$12,000
Widen & reconstruct Tooloom Rd: 13.91 - 20.349	\$1,610,000	\$12,000
Rebuild Amosfield Road	\$1,700,000	\$7,000
Reconstruct 4.1km Village Urban Sealed Pavements rated 3	\$700,000	\$21,000
Seal remaining sections of Mt Lindesay Highway between Tenterfield and Legume - 3 km/year	\$3,400,000	\$30,000
Widen & reconstruct Tooloom Rd: 23.554 - 24.996	\$360,500	\$18,000
Widen & reconstruct Tooloom Rd: 20.349 - 23.554	\$801,250	\$37,000
Widen & reconstruct Tooloom Rd: 24.996 - 28.276	\$820,000	\$220,000
Admin Bldg - Repaint Interior		\$8,000
Sporting - Upgrade Sporting Fields Floodlights to New Technology		\$120,000
Admin Bldg - Replace Carpet		\$80,000
Mt McKenzie Tower - Construct Access Road		\$70,000
Saleyards - Renewal Timber Rails on Pens and Lanways With Metal	\$108,9	\$115,734
Saleyards - Renewal Boundary Fencing		\$15,000
Saleyards - New Agent Offices & Shower & Toilets		\$120,000

How will we fund it ?

The Long Term Financial Plan – 10 years

- Special purpose grant funding (Mt Lindesay Legume to Woodenbong) - \$20M
- Capital grant programs (R2R / Repair) - \$16.3M
- Special Rates Variation (excl. rate peg) - \$9.1M
- Reductions in levels of service and deferral of renewals - \$47M+



What will be done?

- Road resheeting on Class A, B and C roads – 160km
- Road resealing – ~70km rural and 8km urban roads
- Appr. 15-20% of the bridge program
- Public building and facility renewal in Tenterfield and villages
- Tenterfield main street renewal
- Saleyards upgrades (not the catwalk)



Questions / Ideas

- One question or idea at a time
- One person at a time
- Question related to Financial Sustainability
- Everyone to have an opportunity to ask their question





Comparison to neighbours

Council	Farmland average	Residential Average	Spend on Roads Infrastructure %
Tenterfield	\$1,006	\$317	43%
Glen Innes Severn	\$1,875	\$545	24%
Kyogle	\$1,228	\$647	49%
Inverell	\$2,253	\$821	25%
Richmond Valley	\$1,034	\$603	24%
Lismore	\$1,984	\$979	20%
Uralla	\$3,404	\$473	32%
Guyra	\$2,103	\$409	23%
Gwydir	\$3,759	\$381	31%
Clarence valley	\$1,132	\$784	29%
Southern Downs Regional	Minimum \$925 less than 325,000 in value.	Minimum \$925.00	No data

Expenditure per capita

Expenditure	Tenterfield	Group Ave
Governance and administration	\$29.76	\$408.57
Community Services, amenities, housing, education	\$115.89	\$306.08
Recreation & Culture	\$304.95	\$267.58
Public order, Safety & Health	\$127.14	\$132.83
Other Services (economic development & tourism)	\$140.80	\$475.38
Roads, Bridges and Footpaths	\$1,160.73	\$938.83

Expenditure per capita

Expenditure	Tenterfield	Group Ave
Governance and administration	\$29.76	\$408.57
Environmental services (including waste)	\$304.81	\$212.14
Water & Sewer	\$505.69	\$389.81
Community Services, amenities, housing, education	\$115.89	\$306.08
Recreation & Culture	\$304.95	\$267.58
Public order, Safety & Health	\$127.14	\$132.83
Other Services (economic development & tourism)	\$140.80	\$475.38
Roads, Bridges and Footpaths	\$1,160.73	\$938.83

Expenditure 2013/14

Governance civic activities	297,434
Administration	1,850,342
Engineering	6,276,754
Town Planning	377,286
Building Control	225,661
Public buildings/Halls	331,230
Parks and gardens	445,583
Saleyards	171,106
Compliance/regulatory	280,188
Library	371,404
School of Arts	223,678
Tourism and Economic Dev.	204,005



General fund

Revenue 2013/14

Income - Total	12,750	
Ordinary Rates (levied)	2,787	22%
Interest	420	3%
Grants – Financial Assistant Grant	3,981	31%
Grants - Tied Grants (\$2.6 mil capital)	4,253	34%
Other Income	1,309	10%

For example 10% increase will give us \$270,000. The cost of one culvert or 10 kms of re-sheeting is \$250,000.



Additional revenue / cost cutting

- **Reduction in operating costs and levels of service** – Council has already reduced operational costs in the 2013/14 budget however, further reductions in current operational costs, and reductions in the levels of service may be necessary;
- **Productivity improvements** – Council has recruited a new senior management team and an organisational restructure was adopted by Council in June 2013. Many productivity improvements have already been achieved. This structure will support further improvements to productivity throughout Council's operations;

Additional revenue

- **New revenue opportunities** – Council has already identified properties surplus to Council's requirements, some of which have been sold, and reviewed leases to increase revenue. Further reviews of Council's assets are underway to identify additional opportunities for sale of Council properties, and the potential for leases, licences and other opportunities.
- **Rates Income** – Council proposes to lodge an application for a Special Rates Variation to raise an additional 12% in 2014/15 and a further 7% for each of the following three (3) years. This is in addition to the forecast 3% increase under the rate peg.