

# **Criterion 2 Community Engagement Annexures**

## **Attachment 2.e.v**

- **Phase three community information session presentation**

# **FUNDING OUR FUTURE – 7 year rating proposal**

Community presentation  
13 November 2013

# **TODAY WE WILL DISCUSS**

- The challenge
- Why has it happened?
- What's the proposed solution?
- How was the proposal developed?
- What are the alternatives?
- What are your views?
- What are the next steps?

# THE CHALLENGE

- Council will face a funding shortfall of \$92 million over the next 10 years.
- The shortfall is operational – that is, the costs associated with delivering the full range of services (eg. road works, sportsground maintenance, libraries, pools, community buildings, footpaths etc.).
- Costs are increasing far more quickly than revenue is increasing.
- Council will need to stop spending, or start generating more money.

# WHY HAS IT HAPPENED?

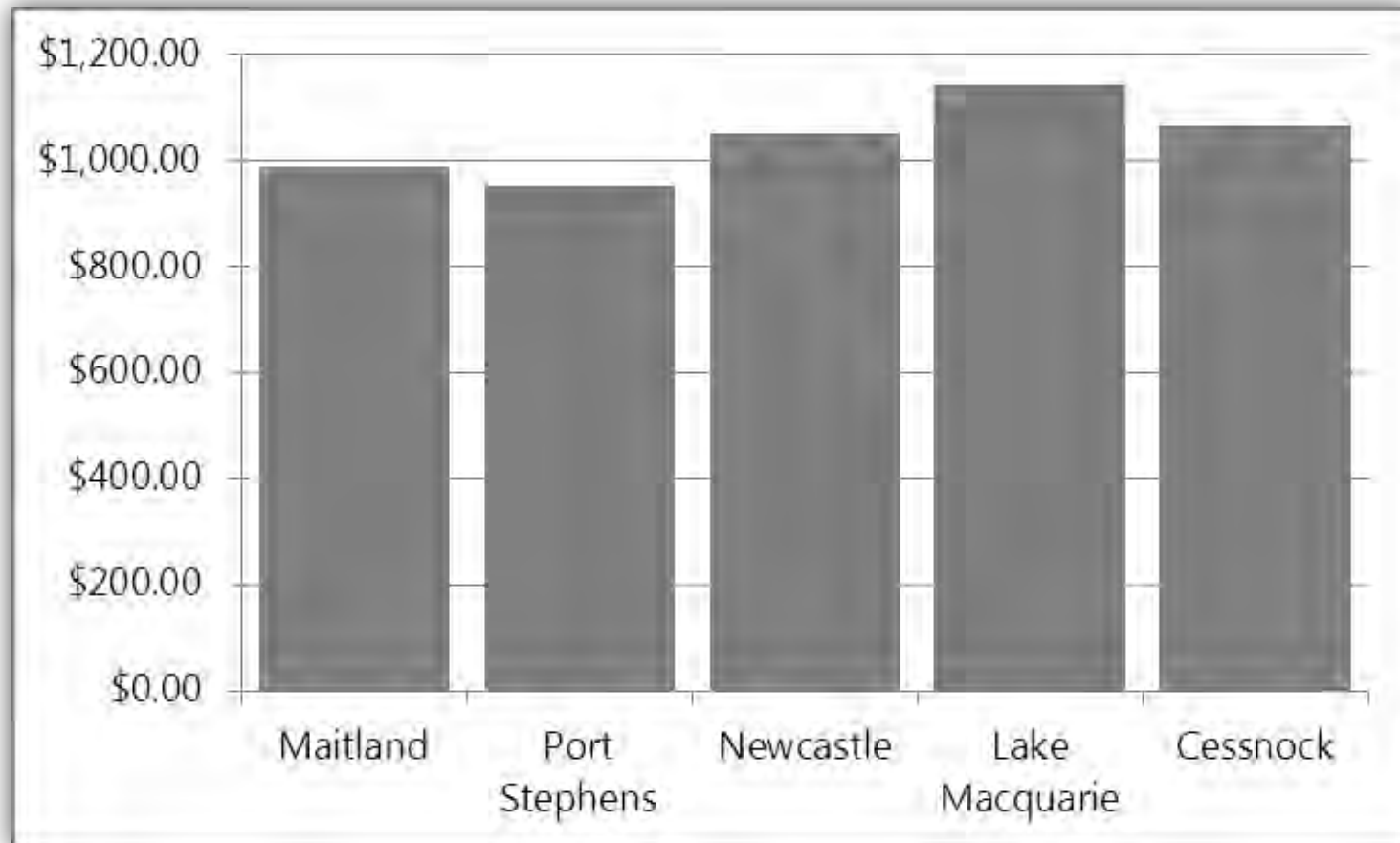
Many Councils across NSW are facing similar issues. There are many reasons including:

- Rate pegging  
Intended to ensure Councils contained expenditure and pursued efficiencies however many costs have risen drastically and communities have changed significantly.
- Cost shifting  
State government has 'shifted' many costs to local government – changes to compliance, development funding, emergency services, planning and more.

## City growth and changing expectations

- Compounded by change from rural town to fast growth regional city (started from low rates base).
- Expectations of services in a 21<sup>st</sup> century city of 70,000 plus far greater than in a rural town of 1970s.
- Rates revenue funds less than half cost of Council services.
- By 2030, up to 120,000 residents expected ... how will we deliver services to more people?

## Comparatively low rating - \$986 average residential rate per assessment



# **ALL OPTIONS HAVE BEEN EXPLORED**

- Organisational efficiencies not enough to close the gap (would require more than 10% budget cut each year).
- Revenue increases from other areas (fees and charges) undertaken, but also insufficient.
- Asset sales examined – funding used for capital works rather than operational expenses.
- Loans used for significant capital works – spread repayments over time.



# PROPOSED SOLUTION

- While rating funds less than half of cost of providing services, it is the biggest single source of revenue.
- Rates are paid by households and businesses.
- Council has developed a proposed solution that considers rates, along with other revenue and savings options.
- Proposal designed to deliver services at levels aligned to what the community wants to see.

# **MAITLAND + 10**

*We are a vibrant river city, with heritage in our heart.*

*Our people are caring and active, with access to services and facilities that meet the needs of all of our citizens.*

*We are focused on our environment, balancing conservation and development and enhancing where we can.*

*Our many leaders work together to see the city prosper and maximise benefits for our people.*

*We are a strong and proud community, celebrating together and embracing newcomers.*

*Together, we make Maitland.*

# WHAT IS PROPOSED?

- A Special Rate Variation would allow increases above rate peg.
- Recent consultation sought feedback on services and service levels.
- Seven years proposal – allows for more gradual percentage increase, gives certainty to ratepayers.
- Spreads annual financial increases.
- Aligns to term of current Council (3 years) and Council following (4 years).
- Secures financial position of Council.

# COMMUNITY CONSULTATION

- Consultations undertaken by Council over recent years have established a framework for service delivery.
- Residents have told Council what they want, Council has now planned for its delivery.
- Focus areas include Central Maitland revitalisation, aquatic facilities, road and footpath maintenance, highway infrastructure, city appearance and pride, connecting 'old' and 'new' Maitland, engagement in decision making, long term planning.

# RESULTS OF OPEN SURVEY

	Total 587 responses
All as programmed	19%
All enhanced	17%
A combination	43%
Neither – deficits/cuts	21%

# RESULTS OF RANDOM SURVEY

	1st preference	2nd preference	3rd preference
Service cuts/deficits – maintain rate peg	14%	15%	71%
Maintain services/deliver as programmed – increase rates	32%	60%	8%
Enhance services – greater increase to rates	54%	24%	21%

# WHAT WOULD BE DELIVERED?

- The seven year proposed package would see a combination of services and service levels.
- Majority of services will be delivered as currently programmed.
- Key services and service levels will be enhanced or improved over the seven years.

# SERVICES DELIVERED AS PROGRAMMED

- Business support
- Cemeteries
- City pride (litter collection, street sweeping, dumping, parks and gardens)
- Community events
- Community services
- Customer service delivery (transactions, requests, applications and permits and community engagement)
- Emergency management and response

- Environmental and sustainability programs
- Health and safety
- Heritage
- Library services
- Maitland Regional Art Gallery & cultural services
- Planning & development
- Pools/aquatic services
- Suburban town centres
- Tourism, visitor services and economic development
- Urban growth
- Waste management and recycling



# SERVICES TO BE ENHANCED/IMPROVED

- Roads, kerbs and gutters and drains
- Footpaths
- Bus shelters
- Community buildings, public toilets and amenities
- Off road recreational cycleways, trails and shared pathways

- Place activation in key sites across the City
- Sporting facilities, parks, playgrounds and picnic facilities
- Youth Spaces (skate parks) and programs
- Access to the Hunter River for recreation

# ADJUSTING THE RATING PIE

- Comparative data shows average business and farmland rating to be high
- Confirmed as an issue during consultation
- Historical legacy – no significant moves despite more residential properties coming online
- Proposal has considered this, and shifts rating paid by categories over the period of the variation

# WHAT ARE THE % INCREASES PROPOSED?

- 8.35% each year for seven years to total rates revenue
- Shifting proportion of rate paid by each category results in following average annual increases:
  - ❑ 8.94% residential urban
  - ❑ 8.34% residential non-urban
  - ❑ 6.52% farmland high intensity
  - ❑ 6.22% farmland low intensity
  - ❑ 7.03% business
  - ❑ 8.35% mining

# WHAT WOULD BE THE IMPACT ON AVERAGE RATEPAYERS?

Category	Rate \$ 2013/14	Rate \$ 2020/21	Average \$ per year increase
Residential urban (ave. land value \$148,000)	\$986.54	\$1,796.32	\$115.68
Residential non urban (ave. land value \$296,500)	\$1,662.67	\$2,913.18	\$178.64
Farmland high intensity (ave. land value \$686,000)	\$2,954.46	\$4,598.44	\$234.85
Farmland low intensity (ave. land value \$445,000)	\$2,167.36	\$3,306.77	\$162.77
Business (ave. land value \$303,500)	\$5,260.57	\$8,464.62	\$457.72
Mining (ave. land value \$1,039,000)	\$151,903.88	\$266,298.63	\$16,342.11

# **ALTERNATIVES?**

- A range of assumptions have been included in the long term financial model
- Disposal of operational land to fund asset programs
- Increasing user fees and charges
- Pursuit of grant funding where possible
- Organisational efficiencies – eg new information management system, on-line transactions

# QUESTIONS?

- Questions and discussion



# **YOUR SAY**

Visit [maitlandyoursay.com.au](http://maitlandyoursay.com.au) to find:

- Information sheets
- Rating calculator
- Forums
- Survey
- Submission form
- Register to stay informed

## **NEXT STEPS**

- Council to determine its intention to apply for Special Rate Variation 10 December 2013.
- Revised Delivery Program and Operational Plan (budget) released for consultation.
- Revised Resourcing Strategy – considers time, people, assets, finances and information and communications technology.
- Application due to IPART in February, supported by Council's revised Delivery Program and Operational Plan.
- IPART releases determination in June 2014.



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