

23 July 2014



Office of the Mayor
Reference File: F08908

Name
Person/Company
Address 1
Address 2
TOWN STATE POSTCODE

Dear Sir / Madam

RESOURCING OUR FUTURE – Have Your Say

Please find enclosed important information for Blue Mountains residents on the subject of *Resourcing Our Future*. The Council is considering making an application to the Independent Pricing and Regulatory Tribunal (IPART), with a view to securing the future funding our City needs to, at a minimum, maintain and hopefully improve our:

- Built infrastructure - such as roads, footpaths and drainage
- Preparedness and response to emergencies - such as bushfires and storms
- Environment - including protection and restoration of bushland, waterways and wildlife habitats
- Community facilities and services - such as parks, leisure centres and community development

We are taking this step because the City is facing significant challenges in providing services across 27 dispersed towns and villages, set in a unique landscape susceptible to natural disasters.

The Council has worked hard to deliver the best possible services to the community, efficiently and within available funding. We also continuously review our service delivery to ensure value for money. Over the past decade we have achieved significant cost savings – more than \$13 million – while attracting over \$87 million in grant funding. We have also developed six key strategies that we are implementing to address our financial challenge (see back page of enclosed brochure).

Despite our best efforts our costs are rising faster than our income. Other levels of government continue to shift costs on to us and restrict or reduce our funding. Much of our built infrastructure is old and requires significant investment to maintain, if not improve it.

Put simply, the available funding is insufficient to continue current service levels into the future.

The enclosed brochure provides three options for you to consider. Please take time to review each option and 'have your say'. You can do this by completing the tear-off form and posting it in the enclosed reply paid envelope. Let us know which option you prefer and whether you support improving, maintaining or reducing service levels.

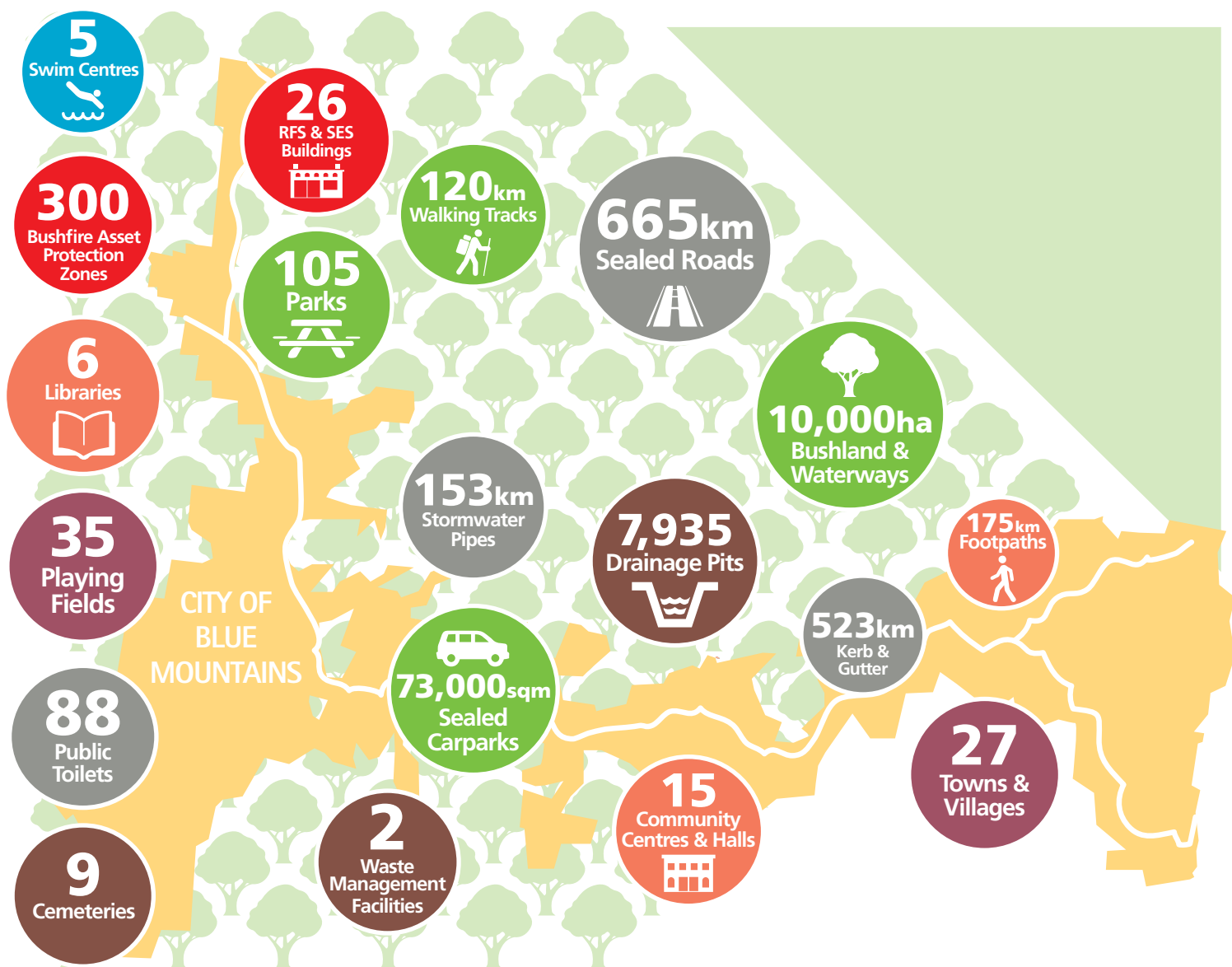
IRIS Research, an independent research firm, has been engaged to conduct a telephone survey of a sample of residents who have read the brochure, to assess views on the options. This will take place in mid-August. Please **keep this brochure handy** in case you are contacted and choose to participate.

I would like to assure you that the Council is committed to meeting the needs of our community and improving the financial sustainability of the City. To ensure that we are in the best position to achieve our vision of building a successful future for the Blue Mountains, I encourage you to 'have your say' on *Resourcing Our Future*.

Yours sincerely,

MARK GREENHILL
Mayor

Resourcing OUR FUTURE



HAVE YOUR SAY

on options for achieving a better
BLUE MOUNTAINS

Resourcing OUR FUTURE

OUR VISION is to build a successful future for the Blue Mountains, improving the well-being of our community and the environment. How well we can achieve this vision depends on how much revenue we have. Within available funding, we continually strive to achieve the best possible range of 'value for money' services to meet your needs.

Towards a successful future

Despite our best efforts, the available funding is not sufficient for us to maintain, let alone improve, existing service levels. This is because costs are rising faster than our income and much of the City's built assets are old and in critical need of renewal and maintenance (e.g. roads, footpaths, drainage, parks, buildings).

To address the City's financial challenge, the Council has developed Six Strategies for Financial Sustainability which we are actively implementing (see back page).

Part of this strategy is to engage with you on how best we can achieve affordable and acceptable levels of service for the Blue Mountains.

What this brochure is about

This brochure provides three different options for you to consider for *Resourcing Our Future*. We encourage you to review each option detailed below and 'Have Your Say' on which option you prefer.

- **OPTION 1** proposes a rate increase to IMPROVE service levels
- **OPTION 2** proposes a rate increase (less than Option 1) to MAINTAIN service levels
- **OPTION 3** proposes increasing rates ONLY by the annual rate peg increase set by IPART – which will REDUCE service levels

The Environment Levy, which costs ratepayers on average \$45 per year (or 87c per week), is due to expire 30 June 2015. It has raised approx. \$1.5 million annually to restore and protect our natural environment, improve walking tracks and support the work of over 500 conservation volunteers. As well, the Levy attracts significant grant funding and supports our community and economy. Options 1 and 2 include the continuation of the Environment Levy on a permanent basis, while Option 3 does not.

Option 1

SERVICE LEVELS IMPROVED

Under **OPTION 1**, we stop the decline in the City's \$1 billion worth of built assets and have greater capacity to fund required renewal and maintenance, prepare and respond to emergencies and continue to look after the environment.

IF YOU CHOOSE OPTION 1 'IMPROVED' WE:

ACHIEVE BETTER BUILT INFRASTRUCTURE

BETTER and SAFER roads, IMPROVED town centres, public toilets and buildings. BETTER footpaths, walking tracks and stormwater drainage.

IMPROVE EMERGENCY PREPAREDNESS AND RESPONSE

GREATER capacity to prepare for and respond to bushfires, BETTER disaster planning, IMPROVED asset protection zones and fire trail maintenance.

CONTINUE TO PROTECT THE ENVIRONMENT

CONTINUE weed control, water quality monitoring, stormwater pollution control, RESTORE bushland, SUPPORT Bushcare and Landcare programs.

IMPROVE SERVICES TO COMMUNITY

BETTER playing fields, parks, leisure centres, libraries, community facilities. IMPROVED CAPACITY TO SUPPORT community, including those in need.



Option 2

SERVICE LEVELS MAINTAINED

Under **OPTION 2**, the decline in the City's built assets is stabilised at the current level of 21% in poor condition. Our capacity to prepare for and respond to emergencies and look after the environment is maintained, not improved.

IF YOU CHOOSE OPTION 2 'MAINTAINED' WE:

ONLY MAINTAIN BUILT INFRASTRUCTURE

21% of built assets STAY IN POOR CONDITION. Funding prioritised to MAINTAIN RATHER THAN RENEW or upgrade and to manage risk.

ONLY RETAIN EMERGENCY PREPAREDNESS AND RESPONSE

RETAIN EXISTING CAPACITY to address emergencies. NO IMPROVEMENT.

CONTINUE TO PROTECT THE ENVIRONMENT

CONTINUE weed control, water quality monitoring, stormwater pollution control, RESTORE bushland, SUPPORT Bushcare and Landcare programs.

ONLY MAINTAIN SERVICES TO COMMUNITY

MAINTAIN CURRENT CAPACITY to support and advocate for community services. NO IMPROVEMENT to facilities, funding targeted to manage risk. Possible CLOSURE of facilities if unsafe.



Option 3

SERVICE LEVELS REDUCED

Under **OPTION 3**, built assets in poor condition increase from 21% to 37% by 2024. Priority focus is on managing risk, including closure or removal of unsafe infrastructure. Capacity to respond to emergencies and protect the environment is diminished.

IF YOU CHOOSE OPTION 3 'REDUCED' WE:

CANNOT FURTHER INVEST IN BUILT INFRASTRUCTURE

WORSE roads, town centres, public toilets, buildings, footpaths and drainage.

CANNOT IMPROVE EMERGENCY PREPAREDNESS AND RESPONSE

LESS CAPACITY to prepare for and respond to emergencies such as bushfires. More fire trails and asset protection zones in poor condition.

CANNOT CONTINUE CURRENT CAPACITY TO PROTECT THE ENVIRONMENT

NO water quality monitoring, LESS weed control, LESS restoration of bushland, habitat and waterways, LESS stormwater pollution control.

CANNOT IMPROVE SERVICES TO COMMUNITY

WORSE community and recreation facilities, LESS CAPACITY to support and advocate for community services. CLOSURE of unsafe facilities.



HOW WILL OPTION 1 AFFECT YOUR RATES?

ANNUAL RATE INCREASE (%)	2015/16	2016/17	2017/18	2018/19
Rate Peg (allowed annual increase)	3.0%	3.0%	3.0%	3.0%
Environment Levy (reinstated)	3.6%	-	-	-
Additional Rate Increase	-	6.6%	6.6%	6.6%
Total Annual Increase	6.6%	9.6%	9.6%	9.6%

FOR RESIDENTIAL RATEPAYERS

AVERAGE RATES (incl. rate peg)	Current	2015/16	2016/17	2017/18	2018/19	Av. Increase
Annual Rate	\$1272*	\$1310	\$1436	\$1574	\$1725	-
Annual Increase	-	\$38	\$126	\$138	\$151	\$113
Weekly Increase	-	\$0.73	\$2.42	\$2.65	\$2.90	\$2.18

FOR BUSINESS RATEPAYERS

AVERAGE RATES (incl. rate peg)	Current	2015/16	2016/17	2017/18	2018/19	Av. Increase
Annual Rate	\$3071*	\$3163	\$3466	\$3799	\$4164	-
Annual Increase	-	\$92	\$303	\$333	\$365	\$273
Weekly Increase	-	\$1.77	\$5.83	\$6.40	\$7.02	\$5.25

*Current rates for 2014/15 include the Environment Levy

Over the four years, the cumulative increase to rates under OPTION 1 is 40.4% or 27.8% above the allowed increase (rate peg). It also includes continuation of the Environment Levy that ratepayers are currently paying. This option raises an additional \$28.2 million over four years for our City and revenue is retained permanently.

HOW WILL OPTION 2 AFFECT YOUR RATES?

ANNUAL RATE INCREASE (%)	2015/16	2016/17	2017/18	2018/19
Rate Peg (allowed annual increase)	3.0%	3.0%	3.0%	3.0%
Environment Levy (reinstated)	3.6%	-	-	-
Additional Rate Increase	-	4.4%	4.4%	4.4%
Total Annual Increase	6.6%	7.4%	7.4%	7.4%

FOR RESIDENTIAL RATEPAYERS

AVERAGE RATES (incl. rate peg)	Current	2015/16	2016/17	2017/18	2018/19	Av. Increase
Annual Rate	\$1272*	\$1310	\$1407	\$1511	\$1623	-
Annual Increase	-	\$38	\$97	\$104	\$112	\$88
Weekly Increase	-	\$0.73	\$1.87	\$2.00	\$2.15	\$1.69

FOR BUSINESS RATEPAYERS

AVERAGE RATES (incl. rate peg)	Current	2015/16	2016/17	2017/18	2018/19	Av. Increase
Annual Rate	\$3071*	\$3163	\$3397	\$3648	\$3918	-
Annual Increase	-	\$92	\$234	\$251	\$270	\$211
Weekly Increase	-	\$1.77	\$4.50	\$4.83	\$5.19	\$4.07

*Current rates for 2014/15 include the Environment Levy

Over the four years, the cumulative increase to rates under OPTION 2 is 32.1% or 19.5% above the allowed increase (rate peg). It also includes continuation of the Environment Levy that ratepayers are currently paying. This option raises an additional \$20.9 million over four years for our City and revenue is retained permanently.

HOW WILL OPTION 3 AFFECT YOUR RATES?

ANNUAL RATE INCREASE (%)	2015/16	2016/17	2017/18	2018/19
Rate Peg Increase Only	3.0%	3.0%	3.0%	3.0%
Environment Levy (not continued)	-	-	-	-
Total Annual Increase	3.0%	3.0%	3.0%	3.0%

FOR RESIDENTIAL RATEPAYERS

AVERAGE RATES (incl. rate peg)	Current	2015/16	2016/17	2017/18	2018/19	Av. Increase
Annual Rate	\$1272*	\$1266	\$1304	\$1343	\$1383	-
Annual Increase	-	-\$6**	\$38	\$39	\$40	\$28
Weekly Increase	-	-\$0.12	\$1.73	\$1.75	\$1.77	\$0.53

FOR BUSINESS RATEPAYERS

AVERAGE RATES (incl. rate peg)	Current	2015/16	2016/17	2017/18	2018/19	Av. Increase
Annual Rate	\$3071*	\$3056	\$3147	\$3242	\$3339	-
Annual Increase	-	-\$15**	\$91	\$95	\$97	\$67
Weekly Increase	-	-\$0.29	\$1.75	\$1.83	\$1.87	\$1.29

*Current rates for 2014/15 include the Environment Levy

**Reduction in rates occurs in 2015/16 as a result of discontinuing the Environment Levy

Over the four years, the cumulative increase to rates under OPTION 3 is 12.6% (rate peg only). The Environment Levy is discontinued, resulting in a slight decrease to rates in 2015/16 and a reduction in our City's revenue of \$6.9 million over four years or \$16.9 million by 2024.

Six Strategies for Financial Sustainability

What the Council is doing to be efficient and address the City's financial challenge:

6 INCREASE ADVOCACY & PARTNERSHIPS

This strategy is about **advocating for a fair share of resources for the Blue Mountains** and building partnerships to achieve positive outcomes. For example, following the 2013 bushfires, the Council advocated to the State Government and achieved a \$1.8 million grant to support recovery.

5 REVIEW & ADJUST SERVICES

The Council continually reviews its service delivery to ensure it is meeting community needs and providing 'value for money'. Areas recently reviewed include bulky waste collection service, tourist parks and unsealed roads.

1 AVOID SHOCKS

Through sound financial planning, this strategy positions us to better withstand costly and unexpected events such as the 2013 bushfires and the recent \$2.9 million reduction in Federal assistance to the Blue Mountains over the next 4 years.



2 BALANCE THE BUDGET

Given that costs are rising by 2% more than income, the Council is taking action to balance its budget through annual efficiency cost savings – more than \$13 million achieved over the last 8 years.

3 MANAGE BORROWINGS RESPONSIBLY

The Council has ceased new loan borrowings, subject to annual reviews of financial capacity and sound business cases.

4 INCREASE INCOME

For every dollar residents pay in rates, the Council matches it with income from other sources. Over the past 5 years we have secured more than \$87 million in grant funding from State and Federal Government agencies for the community. We have also used Environment Levy funds to attract more than \$3.6 million in matching co-funding for our environment.

COMMUNITY CONSULTATION

4 AUGUST – 15 SEPTEMBER 2014

FOR MORE INFORMATION

Information on *Resourcing Our Future* is available:

Online: www.bluemountainshaveyoursay.com.au

Hardcopy: Katoomba office and Council libraries

Email: council@bmcc.nsw.gov.au



HAVE YOUR SAY

Tell us your preferred option by ticking one of the boxes below.

Post your completed form in the reply paid envelope provided. Your personal details will be kept confidential.

KEEP THIS BROCHURE

A cross section of ratepayers will be asked to participate in a telephone survey from mid-August.

Please keep this brochure handy in case you are selected to participate.

SUBMISSION FORM

My preferred option is (please tick one box):

- OPTION 1: SERVICE LEVELS IMPROVED
- OPTION 2: SERVICE LEVELS MAINTAINED
- OPTION 3: SERVICE LEVELS REDUCED

Submissions close Monday 15 September 2014

Your Name: _____

Address: _____

Suburb: _____

Postcode: