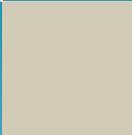
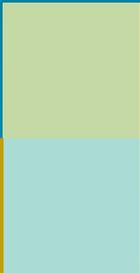


Funding the future

Waverley Council Review of Financial Structure 2010 to 2022



Waverley Council

Review of Financial Structure 2010 to 2022

July 2010

*We are united by a common passion
for our beautiful home between the city and the sea.*





Foreword

In 2009 Waverley Council conducted a detailed community consultation program to develop the next strategic plan for the things our community wants to achieve over the next 12 years to 2022.

The plan was adopted by Council in February 2010 as *Waverley Together 2*.

This vision and targets of *Waverley Together 2* are ambitious and Waverley Council's services will be vital if the community is to make the vision a reality. So in 2010 Council undertook a major review of what we can deliver over the next 12 years and designed a revised comprehensive program of services that should be maintained and enhanced if the community is to maximise its chances of meeting the targets of the plan. This revised 12 year program is called ***Service Plus***.

The cost of ***Service Plus*** has been analysed in detail and there is a shortfall in funding for existing services as well as some enhancements. Accordingly Council has undertaken a major review of its financial structure.

The following report was presented to Council in July 2010 and contains the results of the Review. The report outlines options for improving financial sustainability and securing the future of our services in the coming decade.

In adopting the report Council resolved to consult the community about their views on these options. The information in this report provides a solid base of detail to assist people to participate in an informed discussion about the choices we are facing. I encourage all Waverley residents to become involved in this vital opportunity to shape the future.

A handwritten signature in black ink that reads "Sally Betts". The signature is written in a cursive, flowing style.

Councillor Sally Betts
Mayor of Waverley

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Executive Summary

Purpose

The community of Waverley and Waverley Council are at a key decision point for the future. **Over the next ten years the cost of Waverley Council's existing services will rise by 50% but income is projected to rise by only 31%.**

In surveys and consultation conducted **to date, the community has rejected suggestions of cutting the services provided by the Council as a means of balancing the budget. Instead they have called for enhancements to services.**

Council has been able to source funds for just over half the cost of these service enhancements and works. Nevertheless, with our current financial structure we can't fund all the requested enhancements. **Nor does our current mix of revenue sources have the capacity to provide sufficient funding to sustain our existing services beyond 2010/11.**

The **purpose** of this report is therefore:

- **to explain how** Council's revenues, services and costs have grown and changed over the last ten years and how our **services can't be sustained over the next decade without increases in revenue and a change in the way revenues are sourced;**
- **to propose a program for changing the mix of sources of revenue gradually over the next decade and for increasing the total revenues** so that they keep pace with inevitable service costs; and
- **to propose a further program of consultation with and survey of the community** to ascertain their support for changing the financial structure of the Council so that it can provide sustainable services into the future.

It is considered that if the suggested change is implemented gradually, as proposed in this paper, **existing and even enhanced services and works can be delivered over the next 12 years that will help the community reach their goals for the future at a pace that is more affordable than any other alternative.**

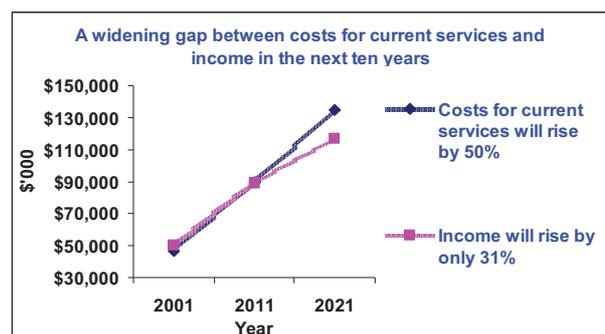
Financial prospects for our services

Over the last decade Waverley Council's income has almost doubled. In the same period service levels have more than doubled. Today we deliver 148 different services in 22 main service categories. This increase in services and service levels has largely been made possible because of the rapid growth in income from the introduction of paid on-street parking services.

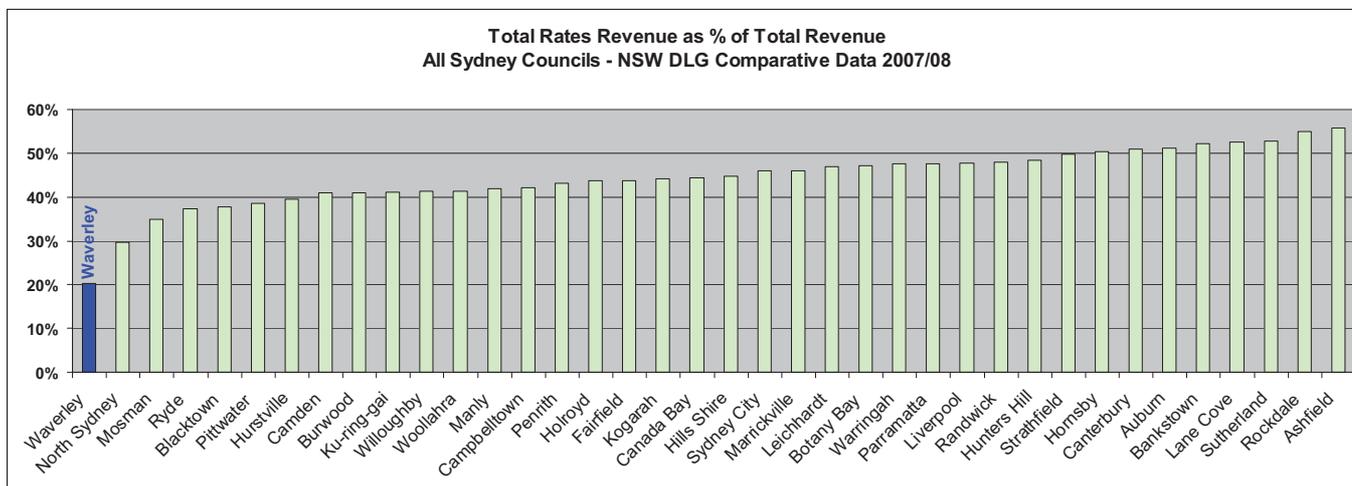
In the next decade, however, parking income will not rise at the same rate as it has in the past, and **costs for existing services will rise faster than our income, due to factors beyond Council's control.**

The estimated shortfall in funds for existing services is approximately **\$125 million over the next 12 years, or 9%.**

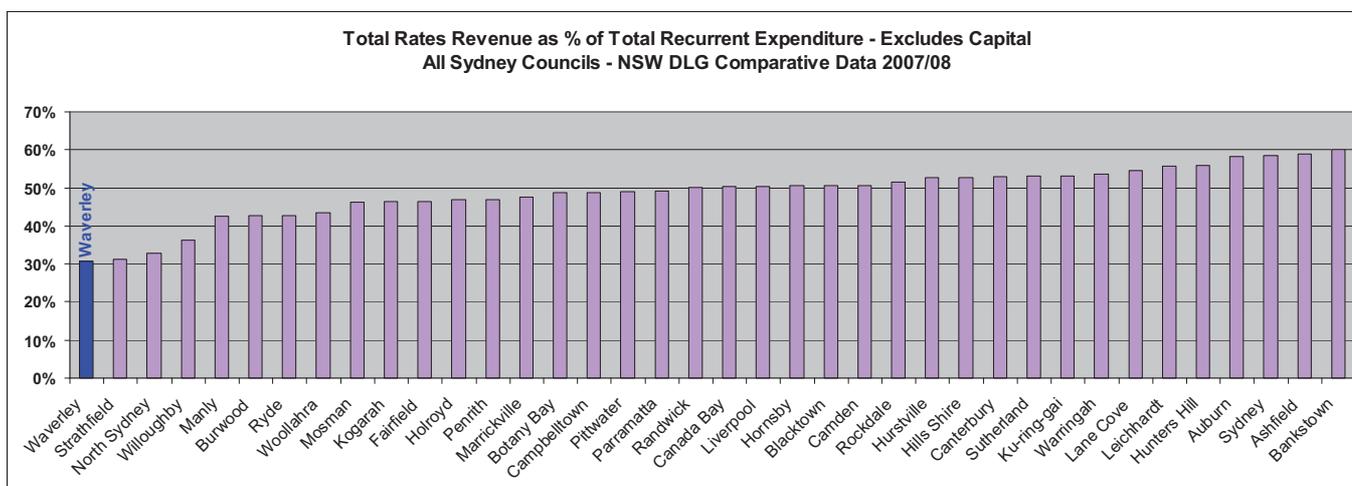
If the Waverley community wishes to retain these services and also enhance them, the estimated funding shortfall is approximately **\$224 million over the next 12 years, or 14%.**



In addition to the problem of a shortage of total funds, there is an issue with the structure of Council's revenues. As the most recent comparative data (2007/08) from the NSW Division of Local Government show, most councils are able to rely on rates for at least 40-45% of their income. By contrast **Waverley Council can usually raise a maximum of only 30% of its income from rates**. This is making services very vulnerable, particularly in times of economic downturn.



The 2007/08 comparative data from the NSW DLG also show that **Waverley's rates cover a smaller proportion of its total annual service costs than any other council in Sydney**.



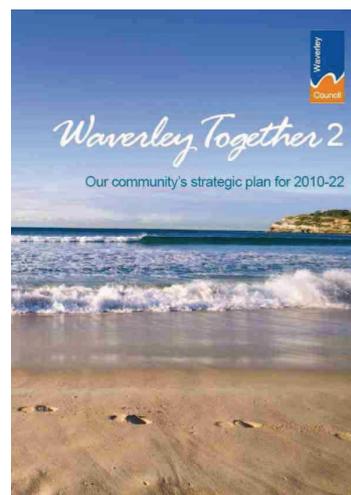
In 2009/10 income from rates in Waverley funded less than 28% of the cost of existing services. If nothing is done to adjust the proportion of services supported by rates and rates remain capped at around CPI, it is estimated that by 2022 rates will fund as little as 25% of the cost of existing services. **This is not a sustainable financial structure.**

The Council is concerned about the structure of our revenues and is looking at options for increasing the proportion of services that can be reliably delivered in times of economic downturn. **Increasing rates as a proportion of our total income and becoming less dependent proportionally on variable and vulnerable sources of income such as income from parking fines would be a positive step towards financial sustainability.**

Demand for services

Demand for services has risen steeply over the last decade and is continuing to rise.

Consultation for development of our Community Strategic Plan **Waverley Together 2** has shown that the Waverley community is very aspirational and ambitious about the type of lifestyle they want. **There is a very strong demand for Council not only to maintain its existing services but to enhance them.** Residents have called in particular for:



- more opportunities for **recreation, health, wellbeing, and artistic and cultural expression**,
- **more and safer access** to public places, to transport and to vital services,
- **more cleaning and greening** of all the spaces we share,
- more inviting streetscapes and **restful local neighbourhoods**,
- a **more sustainable environment with protection from global warming** and preservation of natural ecosystems, and
- a more engaged, connected and **inspired community actively involved in decision making** and in preserving the things we value most.

Waverley Council has responded to this demand by designing and costing a package of potential services for the coming decade which continues the existing service array and adds a series of enhancements that will maximise our community's chances of achieving their vision of what life should ideally be like in Waverley by 2022. The package is called **Service Plus**.

Service Plus has 12 component parts:

Component 1: Continuing Waverley Council's existing services

plus 11 extra components to enhance existing services including:

- Component 2:** Providing more opportunities for recreation, health and wellbeing
- Component 3:** Providing more opportunities for artistic and cultural expression
- Component 4:** Providing more and safer access to public places
- Component 5:** Providing more and safer access to transport
- Component 6:** Providing more and safer access to vital services
- Component 7:** Providing more cleaning and greening of all the spaces we share
- Component 8:** Providing more inviting streetscapes
- Component 9:** Providing more restful local neighbourhoods
- Component 10:** Providing a more sustainable environment with increased protection from global warming
- Component 11:** Providing more preservation of natural resources and ecosystems
- Component 12:** Partnering with a more engaged, connected and inspired community actively involved in decision making

Funding Service Plus

Due to careful and innovative financial planning, **reasonably reliable funding sources have been identified for 91% of the existing services and 54% of the requested enhancements.** These funding sources include:

- sales of assets,
- developer contributions,
- user charges including parking fees and domestic waste charges,
- grants,
- property rents,
- interest on investments, and
- fines, including parking fines.

If services are not to be cut, the remainder of the required funds will need to be raised via an increase to rates *unless* the community:

- prefers an alternative form of funding, or
- is inclined towards relying instead on partnerships with other levels of government and business to achieve its vision.

If the entirety of the shortfall were to be funded by rates, it would mean that in seven years' time rates would need to be:

- **just over 70% higher than they are now (2010/11) if we're to sustainably fund existing services**, compared to the 20-25% increase that will inevitably occur under the rate capping system in that time; or
- **around 120% higher than they are now (2010/11) if we're to sustainably fund existing services plus the enhancements** requested during consultation on *Waverley Together 2*, compared to the minimum 20-25% increase that will inevitably occur in that time.

These increases seem large when expressed in percentage terms. But because Waverley's residential rates are very low by comparison to the rest of Sydney, **the suggested annual increases for the majority of residents are lower in dollar value than the increases requested by several of the councils that submitted special rate variation applications in 2009/10. However, we are proposing that they go on for longer than other councils have proposed.** This is because long term planning and financial modelling, taking into account cost pressures on residents, have suggested to us that **slower flatter rate rises would be preferable to the steeper rises over shorter periods favoured by other councils.**

The slower flatter rises have been chosen to strike a compromise between achieving objectives of affordability for residents and ratepayers and achieving objectives of financial sustainability for Council. **Council should ideally aim to achieve a 50/50 split between its dependency on rates and its dependency on variable sources of income.** In fact the NSW DLG has verbally suggested that as a city council we should be aiming for a 60% dependency on rates. **Rate increases of the magnitude and pace suggested above are not sufficient to achieve a 50/50 split** in the next 12 years (unless of course the split were to be inadvertently achieved by significant drops in variable income). Depending on the rate variation chosen, we will at best be able to achieve a 43% dependency on rates. So **there will still be an element of financial vulnerability left to address at the end of the decade.**

Waverley rates compared to other councils

In 2010/11:

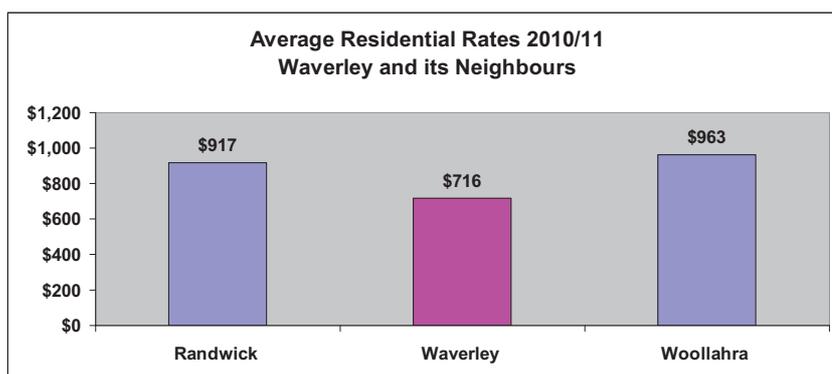
- **The average residential rate in Waverley is \$716**, excluding the Environmental Levy.
- **The "minimum rate", which is paid by 50% of residential property owners is \$387**, excluding the Environmental Levy.
- **The current Environmental Levy ceases to apply on 30 June 2011** and rate yields will then drop backward unless another rate variation is approved.
- The residential rate burden in Waverley is distributed as follows:

Residential Rates in Waverley 2010/2011			
Land Value	Percentage of Properties in Land Value Bracket	Maximum Rates Levied 2010/11	Maximum Rates Levied 2010/11 (including Environmental Levy)
Up to \$341,850	50% of properties	\$387	\$405
\$341,851 to \$500,000	11% of properties	\$566	\$592
\$500,001 to \$633,000	6% of properties	\$716	\$750
\$633,001 to \$800,000	11% of properties	\$905	\$948
\$800,001 to \$884,000	3% of properties	\$1,001	\$1,047
\$884,001 to \$1,000,000	4% of properties	\$1,132	\$1,184
\$1,000,001 to \$1,500,000	9% of properties	\$1,698	\$1,777
\$1,500,001 to \$2,000,000	4% of properties	\$2,264	\$2,369
Above \$2,000,000	2% of properties	\$12,225	\$12,791

- The **average residential rate in Waverley of \$716** is approximately **\$150 a year lower than the average rate paid by residents in the rest of Sydney**, Wollongong and the Central Coast.
- **50%** of Waverley residents **pay a maximum of only \$405 per annum** or **\$7.79 per week** in rates including the current Environmental Levy.
- **67%** of Waverley residents pay **no more than \$750 per annum** or **\$14.42 per week** in rates including the current Environmental Levy.
- **78%** of Waverley residents pay **below \$950 per year** including the Environmental Levy.
- **Over half of the residential ratepayers in Waverley are paying less than half the average rates paid by Sydneysiders.**
- **65% of residential ratepayers in Waverley are paying almost 20% less than the average rates paid by residents of Sydney**, despite the fact that land values across Sydney are significantly lower than those in Waverley.

Compared to our neighbours:

- The average residential rate in neighbouring **Randwick is currently almost 30% higher** than in Waverley.
- The average residential rate in neighbouring **Woollahra is currently almost 35% higher** than in Waverley.

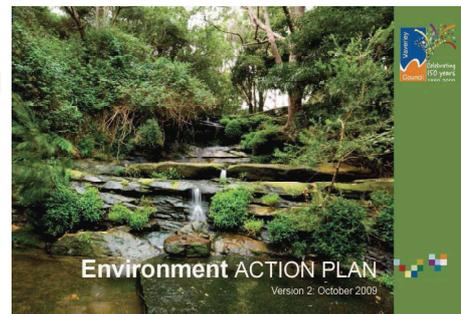


Efficiency of Council's operations and planning

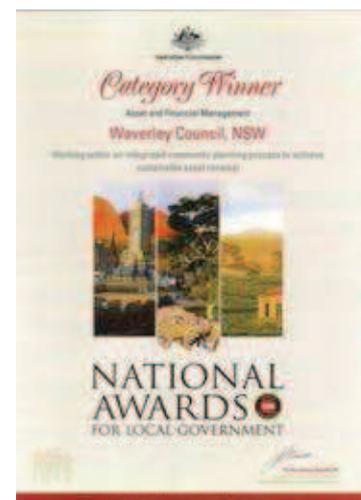
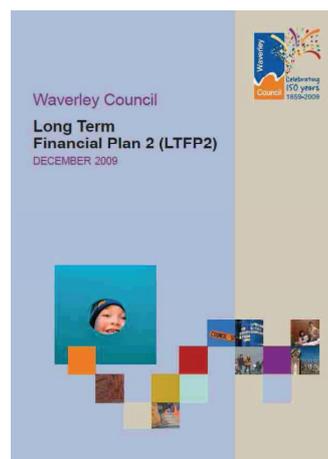
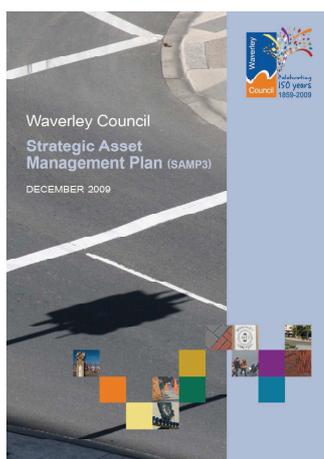
Waverley Council has taken great care over several years to find alternative income and cost savings to reduce the burden of service provision for ratepayers and residents. We have also been quite innovative in financial planning with substantial benefit to the community. Some examples are:

- By introducing a greater focus on user pays we have significantly reduced the extent to which ratepayers now have to cross-subsidise users of services that they don't use themselves.

- We have established charging systems that are progressive (rather than regressive) and which discourage sub-optimal consumption of scarce resources.
- **During the global financial crisis our invested funds were managed prudently and we achieved positive returns on the face value of the portfolio.**
- Efficiency measures have enabled us to achieve **a real productivity gain of almost 10% in the last decade, despite our having to absorb significant external cost pressures, including substantial cost shifting from other levels of government.** This productivity gain is a remarkable achievement for a service industry which does not have access to economies of scale and which is now absorbing more than \$6 million a year in costs shifted from other levels of government over the last decade. **The fact is that if this cost shifting hadn't occurred Waverley Council wouldn't need the rate rise.**
- We have completed comprehensive modelling of financial and environmental returns in terms of greenhouse gas emission reductions that may be achieved by both Council and the community from varying levels and types of investment in energy saving technology. This **ground breaking modelling has allowed us to pinpoint investment opportunities in our own buildings and right across the Waverley LGA in business and residential premises that will maximise emission reductions for the lowest possible cost and save both Council and the community in future energy bills.**
- We have also been remarkably successful in achieving cost efficiencies including, through innovative asset management planning methodologies, **an 84% reduction in the estimated cost of asset renewal**, an achievement for which Council recently **won the National Award for Local Government in the category of Asset and Financial Management.**



This award places Waverley Council at the forefront of microeconomic reform in local government in Australia.



Success in all this has allowed the Council to put off rate rises for almost a decade. It also assures Council that it is asking ratepayers to consider paying neither more nor less than is *really* required for the sustainability of our services and assets.

Estimates of rate increases required for different levels of service with *Service Plus*

Rates are a function of land value. So the share of the total permissible annual rate burden for a council area will vary widely depending on the value of an individual property owner's land. The following information shows what it would cost various groups of residential ratepayers if the expected shortfalls, after all other sources of income are utilised, were to be funded by an increase in rates.

There are many ways we could achieve the required yield of rates necessary to fund the various levels of ***Service Plus***. But the two main ways are to:

- **apply flat increases** of an even amount each year for seven years, **or**
- **start the increases at a lower value than the flat average and grade them up slowly** over seven years.

These rises over seven years would need to be followed by four more years of lower increases at CPI to raise the total necessary yield over the 12 years to 2022.

For the average residential property:

- The **flat increase method** would mean:
 - **increases in weekly rates of \$1.49 each year for seven years** to maintain existing services (***Service Plus*** Component 1), **or**
 - **increases in weekly rates of \$2.46 each year for seven years** to maintain existing services and add all enhancements (***Service Plus*** All 12 Components).
- The **graded increase method** would mean:
 - **increases in weekly rates starting at \$0.57 in Year 1 and rising to \$2.01 in Year 7** to maintain existing services (***Service Plus*** Component 1), **or**
 - **increases in weekly rates starting at \$1.10 in Year 1 and rising to \$3.53 in Year 7** to maintain existing services (***Service Plus*** All 12 Components).

These increases include the increases that will be permitted under rate capping anyway. They are not additional to it.

It's important to note that the above rises are for the "average residential property". Very few households actually conform to this average:

- **65% of households will pay less than the above figures.**
- **50% will pay significantly less. They will pay approximately half the above figures.**
- **35 % will pay more than the above figures.**

For residential properties in various land brackets the maximum increases applying under the flat increase method would be:

Maximum rate rises for Service Plus each year as flat increases over seven years					
Land value bracket	% of households in bracket	Service Plus Component 1		Service Plus All 12 Components	
		Averaged rise each year		Averaged rise each year	
		Weekly rates	Yearly rates	Weekly rates	Yearly rates
Up to \$341,850	50%	\$0.80	\$42	\$1.33	\$69
\$341,851 to \$500,000	11%	\$1.18	\$61	\$1.94	\$101
\$500,001 to \$633,000	6%	\$1.49	\$78	\$2.46	\$128
\$633,001 to \$800,000	11%	\$1.88	\$98	\$3.10	\$161
\$800,001 to \$884,000	3%	\$2.08	\$108	\$3.43	\$178
\$884,001 to \$1,000,000	4%	\$2.35	\$122	\$3.88	\$202
\$1,000,001 to \$1,500,000	9%	\$3.53	\$184	\$5.82	\$303
\$1,500,001 to \$2,000,000	4%	\$4.71	\$245	\$7.76	\$403

For residential properties in various land brackets the maximum increases applying under the graded increase method would be:

Service Plus Component 1										
Expected weekly residential rates increases to maintain existing services										
Residential land value bracket	% of properties in bracket	Max. rates now	Weekly Rises for households (each increase is additional to weekly rises in the previous year)							Final max. rates
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
Up to \$341,850	50%	\$405	\$0.31	\$0.71	\$0.77	\$0.84	\$0.92	\$1.00	\$1.08	\$698
\$341,851 to \$500,000	11%	\$592	\$0.45	\$1.04	\$1.13	\$1.23	\$1.34	\$1.46	\$1.59	\$1,021
\$500,001 to \$633,000	6%	\$750	\$0.57	\$1.32	\$1.43	\$1.56	\$1.70	\$1.85	\$2.01	\$1,292
\$633,001 to \$800,000	11%	\$948	\$0.72	\$1.67	\$1.81	\$1.97	\$2.14	\$2.33	\$2.54	\$1,633
\$800,001 to \$884,000	3%	\$1,047	\$0.80	\$1.84	\$2.00	\$2.18	\$2.37	\$2.58	\$2.80	\$1,805
\$884,001 to \$1,000,000	4%	\$1,184	\$0.91	\$2.08	\$2.26	\$2.46	\$2.68	\$2.92	\$3.17	\$2,042
\$1,000,001 to \$1,500,000	9%	\$1,777	\$1.36	\$3.12	\$3.40	\$3.70	\$4.02	\$4.37	\$4.76	\$3,062
\$1,500,001 - \$2,000,000	4%	\$2,369	\$1.81	\$4.16	\$4.53	\$4.93	\$5.36	\$5.83	\$6.34	\$4,083

Service Plus – All 12 Components										
Expected weekly residential rates increases to maintain existing services <i>plus</i> enhancements										
Residential land value bracket	% of properties in bracket	Max. rates now	Weekly Rises for households (each increase is additional to weekly rises in the previous year)							Final max. rates
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
Up to \$341,850	50%	\$405	\$0.59	\$1.05	\$1.19	\$1.34	\$1.51	\$1.70	\$1.91	\$888
\$341,851 to \$500,000	11%	\$592	\$0.87	\$1.54	\$1.74	\$1.96	\$2.20	\$2.48	\$2.79	\$1,298
\$500,001 to \$633,000	6%	\$750	\$1.10	\$1.95	\$2.20	\$2.48	\$2.79	\$3.14	\$3.53	\$1,644
\$633,001 to \$800,000	11%	\$948	\$1.39	\$2.47	\$2.78	\$3.13	\$3.52	\$3.97	\$4.47	\$2,077
\$800,001 to \$884,000	3%	\$1,047	\$1.53	\$2.73	\$3.07	\$3.46	\$3.89	\$4.38	\$4.94	\$2,295
\$884,001 to \$1,000,000	4%	\$1,184	\$1.73	\$3.09	\$3.47	\$3.91	\$4.40	\$4.96	\$5.58	\$2,596
\$1,000,001 to \$1,500,000	9%	\$1,777	\$2.60	\$4.63	\$5.21	\$5.87	\$6.61	\$7.44	\$8.38	\$3,895
\$1,500,001 - \$2,000,000	4%	\$2,369	\$3.47	\$6.17	\$6.95	\$7.82	\$8.81	\$9.92	\$11.17	\$5,193

The final rates to be paid in 2017/18 would be same regardless of whether the flat increase method or the graded increase method is applied.

With the above levels of increase, in seven years' time those on the minimum rate (50%) will still be paying:

- at least 30% less than the expected average rate for Sydney residents at that time to maintain existing services; and
- at least 10% less than the expected average rate for Sydney residents at that time to maintain existing services *plus* enjoy all enhancements.

(Note: All \$ figures quoted for what residents are now paying include the Environmental Levy. This levy ceases at the end of 2010/11 and all financial modelling in this paper assumes it will not be renewed.)

Effects of rejection of *Service Plus*

Without the above rate rises, services to the value of an average of \$10 million per annum would need to be deleted from the Council's existing service profile. This could involve **job losses of up to 10% of Council's workforce of just over 550 staff over the period**, although everything would be done to delay this measure for as long as possible. This is the scenario that would arise if rate increases at Waverley are simply kept within the normal rate cap.

Several of the proposed enhancements, including such investments as the new Waverley Park Pavilion, conversion of unused parking in Eastgate Car Park to commercial space, and a new child care centre in Bondi Junction require no funding via rates at all. Decisions on a rate rise will not affect these projects. **Rate increases are only required to fund 46% of the expected cost of the enhancements.**

Several of Council's existing services also require no funding from rates and will be maintained at their current levels regardless of decisions about a rate rise. These services include domestic waste services, child care centres, parking services, affordable housing and cemetery services.

In the event that a rate rise is not supported the most vulnerable services would be those that are least able to access alternative sources of income including for example:

- **some types of community services** including services **for the aged, youth, families, the disabled, and the homeless,**
- the majority of our current **environmental services,**
- at least 10% of the annual **asset and infrastructure renewals program,**
- aspects of:
 - our current **place management** services,
 - **street cleaning services** especially in summer peaks,
 - **library services,**
 - **health inspections** and some other regulatory functions,
 - **parks and beach maintenance,**
 - **recreational and cultural programs,**
 - **lifeguard services,** and
 - our **long term community and financial planning.**

Value for money of *Service Plus*

The vision and targets of *Waverley Together 2*, if met, will substantially and measurably enhance the quality of life in Waverley on all fronts. See **Attachment G** to this paper for the full listing of targets and the vision.

Service Plus will make a positive contribution to the community's capacity to achieve those targets by maintaining our existing services and adding over 50 enhancements. See **Attachment H** to this paper for a fuller listing of what's in ***Service Plus*** and how it can contribute to achievement of the community's vision in *Waverley Together 2*.

Since *Service Plus* makes a positive contribution to the community's capacity to achieve each and every element of the vision and targets of the plan, the return on investment in it will be distinctly positive.

By the same token, **non-investment in *Service Plus* will distinctly and adversely affect our community's capacity to achieve each and every aspect of the vision and targets of *Waverley Together 2*.**

Additionally, **non-investment or delayed investment in *Service Plus* will actually drive up the long run costs to meet the vision and targets** the community has called for. The vast majority of expenditures in ***Service Plus*** are basically expenditures that won't go away. Less than 5% of the items could be regarded as discretionary "luxuries". **The majority of expenses will be inevitable sooner or later and the longer we wait the more they will cost. Starting an investment program now with small yearly increases is much cheaper for individual ratepayers than starting with steeper increases later.**

In fact **looking at the long run**, because of the non-discretionary nature of the majority of the services:

- **the largest package of services** – all 12 components of *Service Plus* – **is the cheapest package overall**; and
- **the smallest package** – reduction of services – **is the dearest.**

Comparative Value for Money					
Cost and benefits to the community with and without <i>Service Plus</i>					
Choice	Benefit	Short run cost	Long run cost	Overall performance	
Maintain existing services and add all enhancements - All 12 components of <i>Service Plus</i>	Maximises chances of realising the community's vision	Highest short run cost increase	Lowest long run cost	✓✓	Most benefit and lowest cost
Maintain existing services but without enhancements - Component 1 of <i>Service Plus</i> only	Diminishes chances of realising the community's vision	Second highest short run cost increase	Second highest long run cost	✓	Second best benefit and second highest cost
Reduce services – maintain less than 100% of Component 1 of <i>Service Plus</i>	Further diminishes chances of realising the community's vision	Lowest short run cost	Highest long run cost	✗	Least benefit and highest cost

A summary of lifestyle gains and losses with and without *Service Plus* is provided in Table 49.

Major benefits of *Service Plus*

Full investment in ***Service Plus*** will enable Council to continue all 148 of its existing services and add at least another 50 enhancements to maximise the community's chances of making their vision of life in Waverley a reality by 2022. **Ten of the biggest benefits of *Service Plus* are:**

1. We can keep at least 75% of roads, kerbs, stairs, fences and infrastructure in parks and cemeteries in top or near top condition at any one time.
2. We can keep at least 80% of footpaths in top condition at any one time and we can streamline traffic arrangements, provide a significantly safer environment for cycling, walking and driving, and even drive some change in public transport options and usage.
3. We can clean streets more frequently and keep them greener with less graffiti and dumped rubbish and more trees and gardens.
4. We can provide our seniors with extra access to support services provided by Council and other government agencies and we can increase services to help homeless people to find accommodation.
5. We can work closely with residents to assist them with practical advice about the best and cheapest ways to switch to renewable energy and even potentially achieve reductions in energy bills.
6. We can work closely with big business owners in Bondi Junction to switch buildings and street lighting onto more sustainable forms of energy generation and cut current greenhouse gas emissions of the local area by up to 10% while we lower energy costs.

7. We can expand our sporting facilities and the quality of our cricket, football, soccer, netball and bocce playing fields to catch up with the big backlog of demand for this type of facility.
8. We can deliver upgrades of existing facilities in parks, like playgrounds, shade structures, picnic shelter, showers, toilets and exercise facilities.
9. We can manage big events and festivals with extra rangers and clean-up services to keep neighbourhoods quieter and cleaner at these times.
10. We can provide much better information on future projects as they approach critical decision points so that residents and ratepayers can choose which decisions they want to influence and when and how to become involved.

Affordability of *Service Plus*

The above rises for minimum and average ratepayers are considered small and gradual enough to be affordable for the vast majority of those ratepayers.

For the minority who may find that the rate increase is not sustainable, **hardship provisions will be available. Regardless of whether the rate rises are approved, pensioner rebates of \$250 per annum will continue to apply for eligible pensioners.**

Council is very concerned to ensure that if there is to be a rate increase it is fair, equitable and affordable. But the issue of how burden should be distributed is a complex question. **There is a risk burdening a future generation, possibly as soon as five years from now, with a much larger burden if steps are not taken soon to renew degraded infrastructure and assets. Additionally, pent up demand for other sorts of services, if left unmet, will only grow in cost as current patterns of increasing social dislocation or environmental degradation continue.**

With this in mind, the question of affordability should turn on the longer term view from the community of:

Question (a): whether the proposed services – existing and enhanced – provide good value for money and are a cost-effective government sector contribution to help the community achieve the targets for the vision of *Waverley Together 2*; and

Question (b): whether non-investment in these services is a false economy and will pass unsustainable debt for inevitable works or social and environmental breakdown and hardship onto future generations.

There is an imperative to resolve these questions in as sensible and informed a debate as possible, as **those who can least afford the rate rise are unfortunately also those that will suffer the most without it.** The sorts of services most vulnerable in the event of a rejection of ***Service Plus*** include services upon which these people tend more heavily to rely.

In consultation to date, residents have fairly consistently said that Council should take a balanced approach to adjusting income rather than cutting services. **The community's stated preference has been to:**

- **raise user charges (including parking fees),**
- **raise developer charges, and**
- **raise rates.**

This combination of adjustments to the structure of our income is therefore what is now being proposed. The approach ensures a more reasonable balance between a user pays approach and a tax-based approach to funding. The user pays component, for instance, helps curb excessive consumption of scarce resources. But it's complemented by a

more properly sized tax to provide reliable funds to protect us a bit more from service loss in an economic downturn. **We are confident that the proposal will not raise the rates component so much that the tax component in the funding mix will become regressive. However, the trade-off is that there will still be an element of financial unsustainability for Council to deal with when the effect of these proposed reforms finishes in 2022, as we will not have achieved the desired 50/50 split between dependency on rates and dependency on variable sources of income.**

Engaging the community for a decision

Value and affordability are ultimately judged by the individuals who bear the cost and reap or forego the benefits. Therefore **Council proposes to engage residents and ratepayers to consider the performance value of *Service Plus* to meet the vision and targets over the decade.**

The process for doing this will be consistent with the intent and requirements of the Integrated Planning framework that is now law in New South Wales under amendments to the Local Government Act made in 2009. This means it will be **a holistic approach to consultation, in which the community can consider the full range of choices and the long term benefits and costs in comparison to short term benefits and costs.**

The consultation will include a statistically valid survey of resident and ratepayer attitudes to:

- the importance of the vision and targets for what life should be like in Waverley by 2022;
- the capacity of various parties to contribute to achievement of the vision;
- the importance of ***Service Plus*** to achievement of the vision;
- the cost-effectiveness of ***Service Plus***;
- the affordability of ***Service Plus***;
- alternative means of funding ***Service Plus***; and
- the impacts of loss of service if ***Service Plus*** is not supported.

Details of the engagement strategy and survey have been distributed to councillors under separate cover.

Results of the engagement strategy and survey and any necessary adjustments to the business case for a special rate variation will be reported back to Council in late 2010, preparatory to consideration by Council of a decision on the appropriateness and quantum of a special variation to rates.

Our Community's Vision for Life in Waverley by 2022

We are united by a common passion for our beautiful home between the city and the sea.

Inspired by the magnificent landscape of Waverley and by the gifts we have inherited from those who have been here before us, we dream of a fulfilling life where ...

we are safe

we are reconciled with and value our indigenous past

connections within families and between generations can remain unbroken

we are inspired and able to renew our physical and spiritual wellbeing

everyone is welcomed to participate positively in community life

*we can express our essential selves through our traditions, our arts, our cultures,
and our lifestyles*

we act together as a compassionate society

the beauty of our beaches, cliffs and coastal lands endures

*the architectural landscape is cared for and developed at a human scale and design
is sensitive to the natural, historical and social contexts*

vital services are fully accessible

scarce resources are conserved and fairly shared

local economic prosperity provides opportunity for all

*as a local community we have the courage to take a leading place in achieving the
environmental aims of a global society*

and

*we are confident our leaders will reflect thoughtfully on our views and best interests
when making decisions for our future*

These are the aspirations of our hopeful generation.

We recognise the need to commit to this vision of our future with energy
so that we can pass these gifts to our children
and they to theirs.

Council Resolution – 20 July 2010

Review of Financial Structure of Council (A07/1073)

Report dated 12 July 2010 from the Director, Corporate and Technical Services about the outcomes of a review of Waverley Council's financial sustainability and proposals for adjusting the structure of Council's sources of revenue and costs gradually over the next eight to twelve years.

DECISION: That:

1. Council note that:
 - a. With its current structure of revenue and expenditure, Waverley Council is not financially sustainable.
 - b. 2010/11 will be the last year that Waverley Council, with its existing income and service profile, will be able to produce a balanced budget without reducing services.
 - c. The expected funding shortfall is not a function of financial mismanagement. It is simply a function of the fact that Council's income in the next decade cannot be expected to grow at the same pace as the expected growth in the cost of existing services. The cost of Council's existing services will rise by 50% over the next decade, which will be almost double the expected pace of growth in total revenues.
 - d. In accordance with new requirements under the Local Government Act, a major community engagement strategy has been conducted over the last year on what the Waverley community wants in service provision in the next decade. This has resulted in the development of a new community strategic plan, *Waverley Together 2*, adopted by Council in February 2010. Within the engagement process, the community consistently rejected service cuts as a means of balancing Council's budget and instead called for enhancements to services.
 - e. Significant practicable efficiencies in existing operations have been, and will continue to be, implemented. Nevertheless, expected savings from efficiencies will be insufficient to cover the entirety of the shortfall in funds required for continuity of existing services.
 - f. Accordingly, if services are not to be cut, the only means of balancing the budget is to raise the total quantum of as many sources of income as possible, including user fees, other charges, capital income particularly from asset sales, and rates.
 - g. Additionally, income from rates, as a proportion of total revenue, has reached a point where it is so low that it is now funding less than 28% of the cost of services. Therefore, to reduce risk of essential service loss in the future, especially in times of economic downturn, it is not only necessary to raise the total quantum of income, it is also necessary to adjust the proportional mix of our total income sources. Rates as a proportion of total revenue should ideally rise and our proportional dependency on variable or more vulnerable sources of income should be gradually lessened until the mix between the more reliable and the more risky incomes sources is about 50/50, or at least until the proportional mix is considered more sustainable as a long term financial structure capable of protecting continuity of service delivery. This statement however does not exclude or discount the possibility that community consultation may suggest alternative options or funding arrangements are preferred.

- h. Detailed financial modelling and social impact assessment shows that slow implementation over the next eight years of structural change in the sources of Council's income, particularly increasing rates as a proportion of total revenue, should enable Council to deliver existing services, and even enhanced services, without unduly or unfairly burdening either the current generation of ratepayers, or a future one.
 - i. *Waverley Together 2* shows clearly that the Waverley community has big ambitions for what life in Waverley should be like by 2022 and that Council's services are vital to the community's capacity to make their vision a reality. However, as we are facing funding shortfalls for delivery of both the existing services and the requested enhancements, the community will need to be consulted again about whether and how they wish to invest in Council's services. To enable the community to:
 - see clearly what these services are and what they cost,
 - assess their value in helping them move toward their vision, and
 - give Council a reasonable indication of community attitudes to a rate rise,existing services and requested service enhancements have been assembled into a service package called **Service Plus**.
 - j. Council has various options for funding **Service Plus** including, for example, raising user charges, selling poorer performing assets in exchange for better ones, and raising rates. In any scenario, however, the Council will be unable to cover the full cost of existing services and make an effective contribution towards achievement of the targets of *Waverley Together 2* without an increase to rates.
 - k. Waverley Council will therefore need to decide some time in late 2010:
 - i. whether it will submit an application to the relevant State Government determining authority for a special variation to rates to cover its shortfalls on service provision from 2011/12 onwards, or
 - ii. whether it will simply increase rates in line with the current rate capping system and cut services to balance the budget.
 - l. In short, the Council will need to decide how best to achieve or at least move toward financial sustainability. This decision will have a critical impact on the community's chances of achieving quadruple bottom line sustainability in accordance with the adopted targets of *Waverley Together 2*.
2. Council conduct a further community engagement strategy and statistically valid survey of residents and ratepayers on:
 - the importance of the vision of *Waverley Together 2* to the Waverley community,
 - the perceived value, affordability and effectiveness of **Service Plus** as a means of contributing to achievement of the vision,
 - the attitude of the community to changing the financial structure of this Council to achieve long term financial sustainability and service security, and
 - the attitude of the community to increasing rates.
 3. Results of the engagement strategy and survey be reported back to Council, preparatory to consideration by Council of a decision on the appropriateness of submitting an application for a special variation to rates.
 4. The first sentence under section 8.2 of the report from the Director, Corporate & Technical Services be amended to read as follows: "In Waverley almost 40% of households don't directly pay rates".

Preamble

Local Government in Australia is at a crossroads. Its sustainability as a service industry has been a topic for discussion in government, in the community and in the media for almost a decade.

Councils in New South Wales are particularly affected by this debate. More so than in any other state, NSW Councils find themselves confronting the prospect of financial insecurity and only the wealthiest of them are able to respond to the debate without suggesting that something needs to be done about rate capping, cost shifting, federal grant levels and, more lately, developer contribution ceilings.

The big question for these councils is how to ensure they can catch up with a backlog of overdue asset renewal bills without having to cut the social, environmental and economic development services upon which the community has become increasingly dependent.

Until recently there were no effective frameworks in place to help councils discuss this quite difficult issue. Fortunately, for Waverley at least, just as we are arriving at the crossroads of financial sustainability, a mechanism has come along to assist us to engage with the community so that they can better understand the choices they are facing and give us back the most thoughtful opinions and ideas. That mechanism is "Integrated Planning", which the NSW State Government last year made compulsory for councils by landmark amendments to the Local Government Act.

Integrated planning is a system for developing plans to achieve the full array of social, environmental, economic and governance ideals held by the community but with an added analysis of the least cost way of achieving them. It gives councils processes and time to organise resources in the most efficient way so that they can maximise the community's chance of realising a preferred vision over the most affordable timeframe. In the process, it also shows the community the cost of delivering service, and the cost of *not* delivering it.

If the community can be drawn to engage in this process properly they can avoid certain types of opportunity costs and get much more of what they want and need for a lower price. If it's done well by local government, Integrated Planning will constitute a major microeconomic reform with potentially massive savings for the community to achieve more of their desired outcomes.

Waverley at the crossroads

The community of Waverley is at a key decision point in its future. After extensive consultation the Council has adopted one of the most exciting and comprehensive plans for the community's future life that, if achieved, will deliver a society, environment, economy and leadership system to be really proud of. That plan is called *Waverley Together 2*.

Unfortunately, just when we might have been getting all excited about what can be achieved it's become apparent that Waverley Council's capacity to contribute to achievement of the vision is on the point of diminishing due to financial constraints that will begin to arise in 2011/12. A gap will emerge and then widen from 2011/12 onwards between:

- the cost of our existing services, which is expected to grow by 50% over the period, and
- income, which is expected to grow as well, but by only 31%.

As Council is a huge contributor to the particular future desired in *Waverley Together 2*, this is a big problem. If we're looking towards the long term, the community basically has three choices about Waverley Council's services at this point. We can:

- **enhance services** to maximise our chances of realising the vision of *Waverley Together 2*; or

- simply **maintain the services we have without enhancements** but diminish our chances of realising the vision; or
- **reduce services** and/or service levels and diminish those chances further.

Each choice, even the choice to reduce services, comes with a cost. Put simply:

- (a) The **choice to enhance services** will cost the community in the form of increased rates and user charges but will minimise the long run cost to the community of service provision.
- (b) The **choice to maintain existing services without enhancements** will also cost the community in the form of increased rates and user charges, although not quite so much obviously as in (a). But it will increase the long run cost of service provision and asset renewal, shifting the burden to a future generation.
- (c) The **choice to reduce services** will involve the smallest increases to rates and so has the smallest short term cost. But it will result in the greatest increase in long run cost for restoration of services, the vast majority of which are not “discretionary”. These services are inevitable in the sense that they deal with a need that will not go away. If reduced, delayed or deleted, the cost to restore them will be greater over the decade than the cost of their steady continuous maintenance through that same time period. In fact **the choice to reduce services is the highest cost choice** as it carries with it the highest cost of social breakdown, environmental degradation, economic stagnation or decline, and sub-optimal governance that might have been avoided had the services stayed in place.

The questions for the Waverley community at this crossroads are:

- Which choice carries the biggest cost and benefit over the long term?
- How can we best organise resources to secure the outcomes we want fairly and affordably?

The following paper sets out the cost of going down these alternative roads. Based on extensive research and financial modelling, it suggests that Waverley Council’s services are vital if we are to achieve the vision of *Waverley Together 2* and that the most affordable way to move steadily towards that vision is to gradually adjust the structure of the Council’s income. Specifically, it suggests that if we are to secure services and outcomes at the least cost, then the total quantum of all sources of income needs to rise and rates as a proportion of total revenue should also ideally rise. Our proportional dependency on variable or more vulnerable sources of income should be gradually lessened until the mix between the more reliable and the more risky incomes sources is about 50/50, or at least until the proportional mix is considered more sustainable as a long term financial structure capable of protecting continuity of service delivery.

Councillors of Waverley know that it is not possible to promise services into the future with the current income structure. But they want to know whether the community’s support for these services, so clearly displayed in surveys to date, will diminish or prevail when told the real cost of each choice – the cost in terms of a rate rise, in terms of the long run, and in terms of service loss.

Under the new Integrated Planning reforms councils are charged with planning to secure the future of the services on which our community depends, even if we’re not the level of government delivering that service. Waverley Council takes this responsibility seriously and is committed to engaging in informed dialogue on these vital questions to maximise the community’s chances of making the best choice about their own future.

Full Report

1. Purpose of Report

The purpose of this report is to explain to the community of Waverley how Council's revenues, services and costs have grown and changed over the last ten years and how these services can't be sustained over the next decade without increases in revenue and a change in the way revenues are sourced.

Substantial consultation has been conducted over the past year canvassing the Waverley community's views on the importance of Council's current services and their desires for improved or new services. The results of this consultation are that every service currently being delivered by Waverley Council is considered by the community to be very important. On every occasion to date when we have asked the community whether cutting services should be part of a solution to financial issues now being faced by the Council, the community has unambiguously and without variation answered no. Rather than calling for service cuts, the community has instead made requests during the consultation program for *Waverley Together 2* for enhancements of some of our existing services and for some entirely new services and works.

Funds can be sourced for just over half the cost of these service enhancements and works but with our current financial structure we can't fund all the requested enhancements. Nor does our current mix of revenue sources have the capacity to provide sufficient funding to sustain our **existing** services beyond 2010/11.

A further purpose of this report is therefore to propose a program for changing the mix of sources of revenue gradually over the next decade and for increasing the total revenues so that they keep pace with service costs and provide a sustainable future for Council's services. It is considered that if the change is implemented gradually, as proposed in this paper, existing and even enhanced services and works can be delivered over the next 12 years that will help the community reach their goals for the future at a pace that is affordable.

It is recommended that a final round of community consultation and research on this proposal be conducted in the next two months to enable Council to revise its current *Long Term Financial Plan* (LTFP2), especially with respect to the desired degree of dependency on rates as a source of income. This should be done prior to finalising proposals for further consideration by Council on any necessary changes in Council's Revenue Policy and the structure of income sources for the next decade.

2. Background

2.1 Revenue growth over the last decade

Over the last decade Waverley Council's revenue has almost doubled as shown in **Table 1**.

Table 1 – Waverley Council Operating Revenue Growth Over the Last Decade	
Total Revenue from Continuing Operations 1999/2000	\$46.7 million
Total Revenue from Continuing Operations 2009/2010	\$87.6 million
% Growth in Revenue from Continuing operations over 10 Years	88%

This pace of growth in revenue is unusual among councils and is due mainly to the introduction of paid parking services, especially paid on-street parking services (meters) which commenced operation early in 1999. In the last ten years income from combined on- and off-street parking services in Waverley has grown as shown in **Table 2**.

Table 2 – Growth in Revenue from On- and Off-Street Parking Over the Last Decade	
Gross Income* from Parking Services 1999/2000	\$4.3 million
Gross Income* from Parking Services 2009/2010	\$22.7 million
% Growth in Parking Revenue over 10 years	428%

* Includes gross income from fees (on- and off-street) and fines

By contrast our main source of income, rates, has grown at a significantly slower pace as shown in **Table 3**.

Table 3 – Growth in Rates Revenue Over the Last Decade	
Total Rates Revenue 1999/2000	\$17.2 million
Total Rates Revenue 2009/2010 (including Environmental Levy)	\$26.9 million
% Growth in Rates Revenue over 10 years	57%

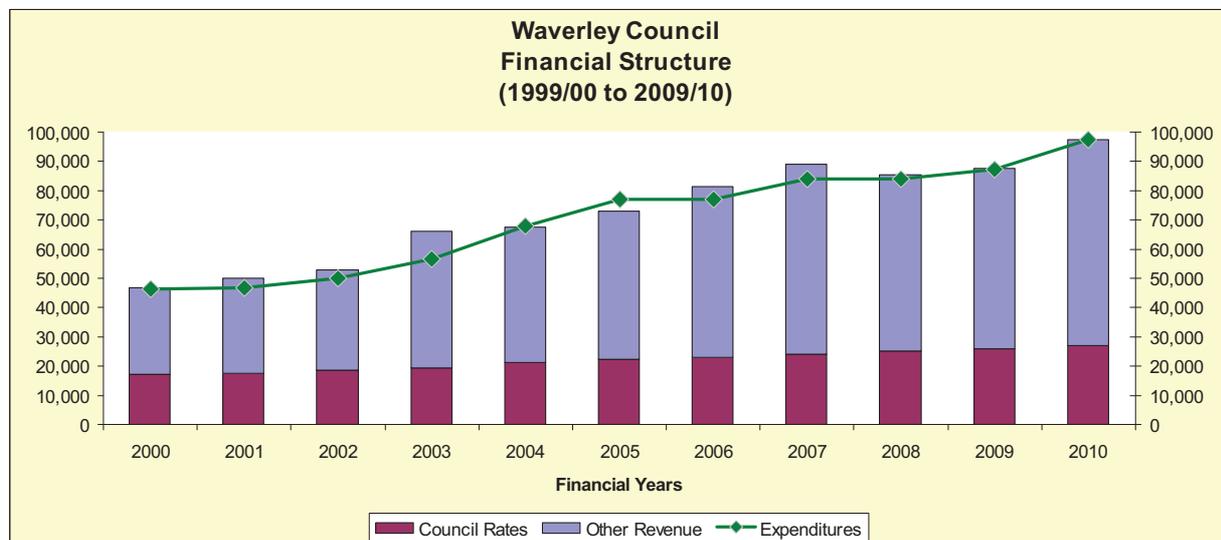
The relatively slow pace of growth in rates is obviously due to the application of the rate capping system by the State Government. Waverley Council currently has an Environmental Levy which increases the yield of rates above the cap by about 3.4%. However, the Levy expires in June 2011 and when it does the permissible rate yield will actually drop backwards by about 3.4%, clamping our future income generating capacity from rates even further than it's clamped now.

Fortunately, along with parking income, some of our other sources of income have increased over the last ten years to compensate, including income from rental of properties owned by Council and income from some user fees and charges, particularly charges associated with development approvals and construction. Capital income has also been realised from the sale of some Council properties and assets in some years. (Note: capital income is reinvested in capital acquisitions of community and business assets and is not generally available to fund continuing operations.) **Table 4** shows the growth in total non-rates revenue, including parking, over the last 10 years.

Table 4 – Growth in Non-Rates Revenue Over the Last Decade	
Total Non-Rates Revenue 1999/2000	\$29.5 million
Total Non-Rates Revenue 2009/2010	\$60.6 million
% Growth in Non-Rates Revenue over 10 years	105%

The following chart summarises the growth in the rates and non-rates sources of revenue over the last ten years, along with annual expenditure on services.

Chart 1



Note: The apparently high level of income in 2007 is due to the sale of the Waverley/Woollahra Process Plant, i.e., it is one-off capital income.

Chart 1 shows that Waverley Council has a high degree of dependency on variable and relatively vulnerable sources of income. Our most reliable source of steady income, rates, now forms quite a low proportion of our total income. Over the ten years from 2000 to 2010 it has dropped as a proportion of our total income from 36.9% to 30.0%.

In 2009/10 income from rates in Waverley reached a point where it funded less than 28% of the services and works supplied by Council. According to the latest comparative data supplied by the Division of Local Government in the Department of Premier and Cabinet (DLG) – the 2007/08 Comparative Data – there is no other council in Greater Sydney where income from rates as percentage of total revenue and total expenditure is as low as it is in Waverley. This is shown in the following **Charts 2 and 3**:

Chart 2

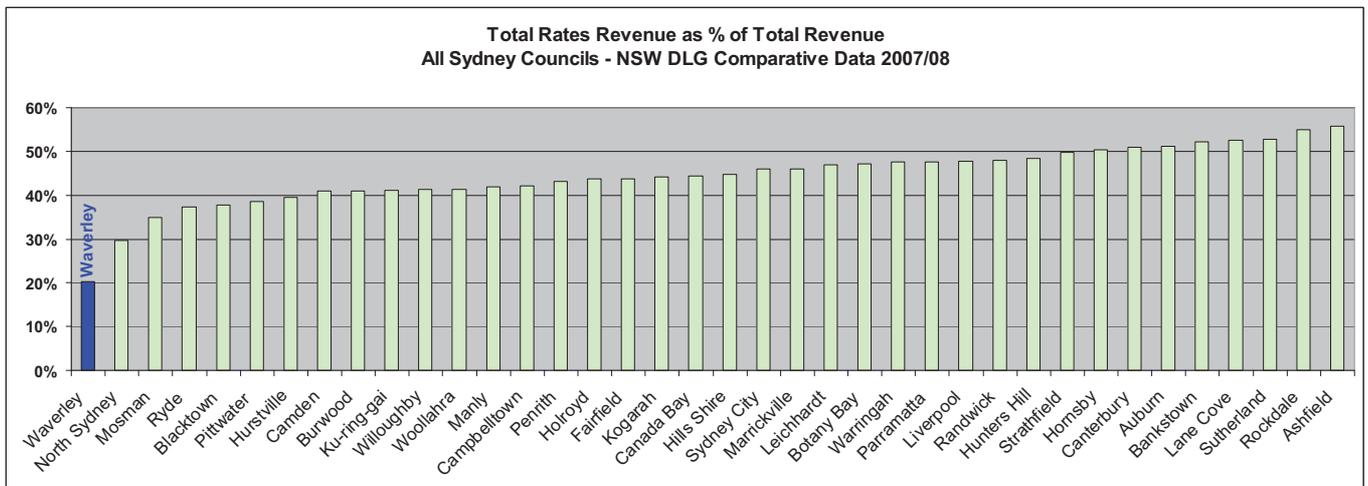
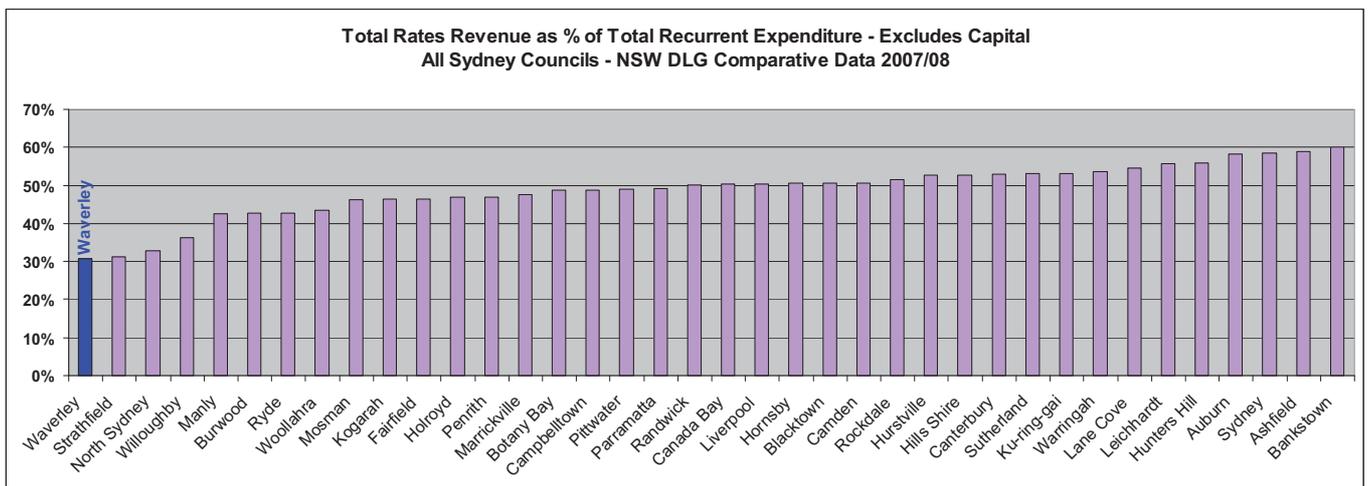
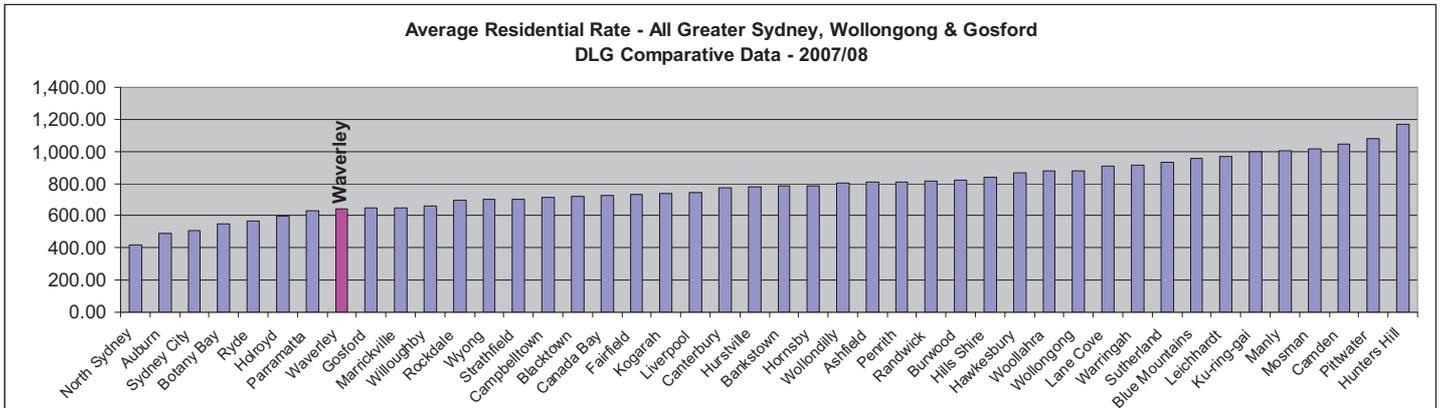


Chart 3



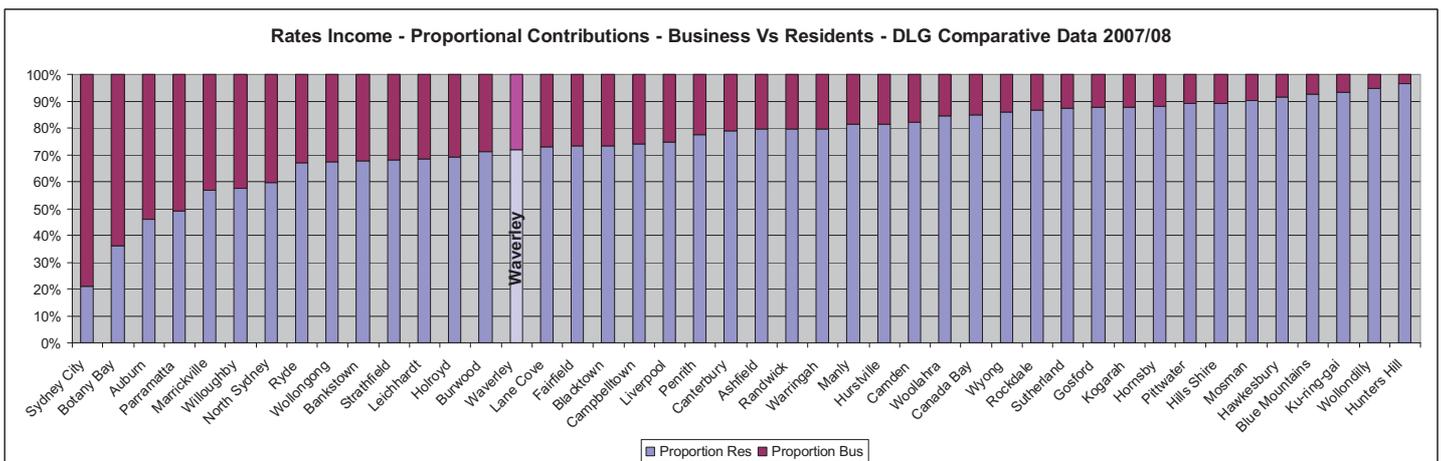
As shown in **Chart 4**, Waverley's yield of rates per rateable residential property is also quite low with the average residential rate being the 8th lowest out of 44 councils in Greater Sydney, Wollongong and the Central Coast, according to the DLG Comparative Data for 2007/08. In 2010/11 the average residential rate in Waverley is \$716, approximately \$150 a year lower than the average rate paid by residents in the rest of Sydney, Wollongong and the Central Coast.

Chart 4



Councils with lower average residential rates than Waverley’s are all able to (and do) rely quite heavily on rates from businesses as shown in **Chart 5**. Due to the land use distribution in Waverley, which is of course mostly residential, we do not have the capacity to re-structure business rates to achieve yields similar to those councils, without seriously increasing the rates for business. Businesses in Waverley already pay 4 to 6 times the rates per dollar of land value than the rates paid by residents.

Chart 5



As **Charts 2 and 3** above show, most councils rely on rates for at least 40% of their income and 45% of their operating expenditure. Waverley’s low total rates yield relative to total income and total expenditure places this Council’s service continuity in a comparatively vulnerable position. Such a low dependency on rates, if it continues, will have multiple and compounding effects over the next decade that will worsen our financial position. For instance it will mean that:

1. When increases are applied under the rate capping system they will yield only marginal increases in total rates. These increases will not keep pace with service cost increases, even when service levels are restrained. To illustrate this we can compare recent rates increases permitted by the Minister for Local Government under the rate capping system with increases in our other largest cost item – labour:

Year	Permitted increase in yield of rates under rate capping		Waverley's actual increase in cost of labour*	
2006/07	3.6%	\$832,502	7.9%	\$2.780 million
2007/08	3.4%	\$816,322	6.5%	\$2.466 million
2008/09	3.2%	\$796,549	9.1%	\$3.656 million
2009/10	3.5%	\$933,681	8.2%	\$3.632 million
2010/11	2.6%	\$715,859	3.9%	\$1.878 million
Total accumulated increases		\$4,094,913		\$14.412 million

* Represents increases in costs for direct labour, excluding contractors.

2. In the event that variable sources of income drop in response to Council policy or economic downturn *and* the community still wishes to keep services going at current levels or greater, rate increases will need to be very steep and sudden. This may cause hardship for some members of the community who may be struggling with the comparatively high cost of housing in Waverley and need time to factor rate increases into their annual budgets.

Rates should be a council's most reliable source of income, insulating services from too much exposure to economic downturn. At Waverley the situation now is that rates can't be relied on to help maintain essential services, even in good times.

2.2 Expenditure growth in the previous and next decades

Over the last decade or so Waverley Council's service output has more than doubled.

Attachment A shows that we currently deliver 148 services in 22 main service areas.

- 45 of these 148 services did not exist at all 12 years ago.
- A further 76 of the 148 services have been significantly expanded so that they now deliver much higher levels of service than they did ten years ago.

The significant increase in service array and outputs is a direct result of the coincidence of strong service demand and the significant increases in variable income as shown in **Section 2.1** above.

A survey to assess residents' views of the importance of and satisfaction with Council's services (except a few services which are self-funded and do not rely on income from rates such as cemeteries, child care and affordable housing) was conducted independently by Hunter Valley Research Foundation in 2009. This was a very large survey designed to produce statistically valid results. On a 5 point rating scale, respondents awarded all but three services a mean importance rating of 4 or greater. Even the three services ranked as relatively less important with mean scores of 3.7 and 3.8, still ranked highly with 85% of residents rating them as at least quite important. **Attachment B** shows the results of mean importance ratings of services in the 2009 Resident Survey.

The survey results also showed that the service mix provided by Waverley is considered to be good value for money with over half of respondents agreeing or strongly agreeing on this point and only 10.7% of respondents disagreeing or strongly disagreeing.

The results, when taken together, indicate that residents strongly concur that the current service mix is very highly valued, and even appreciated as an efficient contribution to improved quality of life.

Further indications that residents value Council services and do not wish to dispense with them are provided in Chapter 6 of *Waverley Together 2 – Report on Integrated Engagement Strategy, September 2009*, which details the results of qualitative research done during community

consultation for development of *Waverley Together 2*. These latter results are based on relatively small samples of people involved in study groups and the community open day held for *Waverley Together 2*. However, it's interesting that these results are from people who were given detailed information about the cost of services and the significant shortfalls we are now facing to maintain them. When given this information the participants nevertheless unanimously rejected cutting services as an option to make the Council's budget balance.

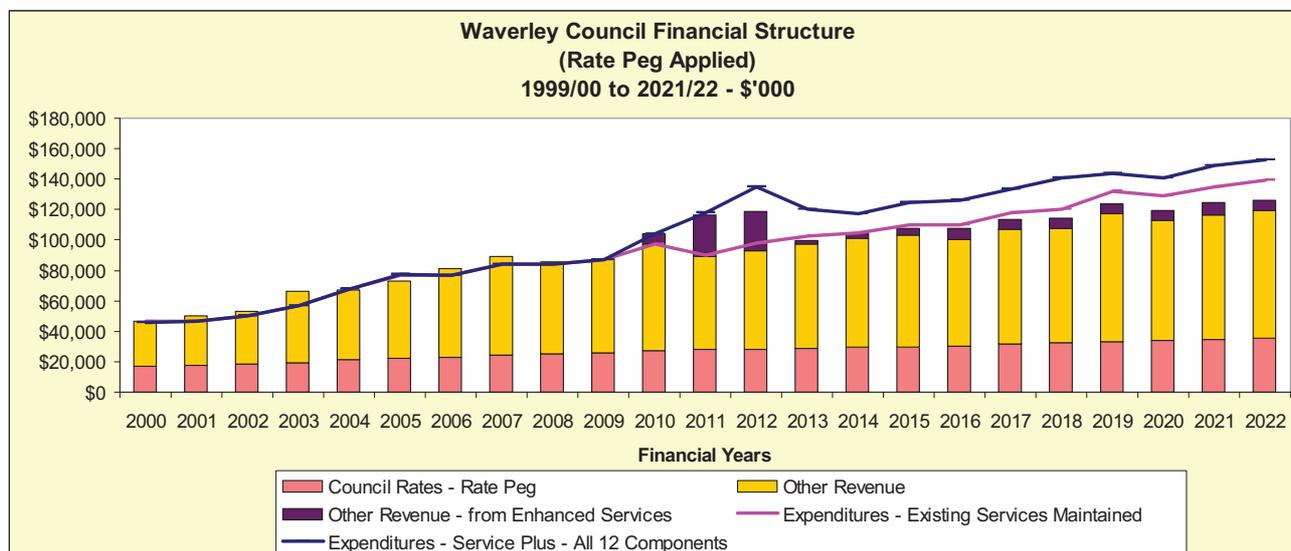
The combination of results from both the statistically valid community survey and the more qualitative research via the study groups and open day shows that, so far from cutting services, the community is persisting in calling for **more** of what we currently do, despite the obvious cost increases that will arise. They are especially calling for:

- more cleaning and greening of all the spaces we share,
- more facilities for recreation, health, wellbeing, and artistic and cultural expression,
- more and safer access to public places, to transport and to vital services,
- more streetscape improvements and more restful neighbourhoods,
- a more sustainable environment with protection from global warming and preservation of natural resources and ecosystems, and
- a more engaged connected and inspired community actively involved in decision making.

2.2.1 Service costs in the next decade

Chart 1 above shows that service costs have increased as services have diversified over the last ten years and as income has expanded to fund service level increases. **Chart 6** below shows the projected increase in expenditure over the next ten years to ensure continued delivery of existing services at their current levels. It also shows expected increases in costs should services be expanded as the community has demanded during consultation on *Waverley Together 2*.

Chart 6



As **Chart 6** shows, a gap will emerge between the cost of existing services and income in 2011/12 and this gap will widen as the years go on so that the deficit in the final year, if no services are cut, will be as large as \$19.8 million. The total shortfall to maintain existing services over the twelve years to 2021/22 is approximately \$124.8 million.

The problem shown in **Chart 6** has a simple cause. It is that while revenues are still expected to grow, they will grow at a decidedly slower rate than they have in the last ten years. Variable income cannot be expected to double like it has over the last decade. Overall revenue is expected to grow by only 31%. Expenditure for **existing** services on the other hand is expected to grow by

50%. As such, the cost to deliver services at their existing levels will outstrip available revenues. **Table 6** shows the difference in growth rates for revenue between the last ten years and the next ten years.

Table 6 – Percentage Growth in Revenues – Last and Next 10 Years at Waverley		
Revenue Source	% Growth 1999/00 to 2009/10	% Growth 2010/11 to 2020/21
Non-Rates Revenue	105%	33%
Rates Revenue	57%	25%
Total	88%	31%

Total cost of provision of existing Council services over the next 12 years will exceed \$1.39 billion. The shortfall over 12 years for these services, after all expected growth in revenues is taken into account, is \$124.8 million or 9%. If demands for enhanced services are to be met it is estimated that service costs will rise to just over \$1.6 billion leaving Council with an additional shortfall of \$99.2 million and bringing the total shortfall to over \$224 million or 14%.

2010/11 will be the last year that Waverley Council, with its existing income and service profile, will be able to produce a balanced budget without reducing services and/or service levels.

Our latest *Long Term Financial Plan*, LTFP2, provides substantial detail on how these estimates of both income and expenditure have been derived. The following section shows how some modifications have been made to the projections since LTFP2 was adopted to try to control shortfalls as much as possible.

3. Quantifying and controlling future shortfalls

Since the adoption of LTFP2 in December 2009 and then *Waverley Together 2* in February 2010, councillors have been engaged in workshops to determine the best way to fund Council's contribution towards achievement of the vision for Waverley as affirmed in *Waverley Together 2*. This process has been challenging as councillors are aware of deficits and have been very concerned to avoid burdening the community, especially without providing value for money. Councillors have therefore attempted to reduce shortfalls by methodically:

1. assessing the value provided by existing services and proposed service enhancements, particularly in terms of their capacity to make a powerful contribution to achievement of the community's vision over the next 12 years (see **Attachment C** for results); and
2. analysing the potential risks and opportunities in costs and income, including, but not limited to, risks and costs as suggested in the sensitivity analysis provided in Chapter 9 of LTFP2 .

This process of assessing value for money and analysing risks and opportunities has not uncovered major changes that could be made to the existing service profile that would make it more efficient in terms of its capacity to make a powerful contribution towards realisation of the vision. Efficiencies can certainly be made, but as far as we are able to quantify them, they are already factored into this analysis as opportunities – and there is still a deficit. Overall, taking into account possible service changes, risks and opportunities, the analysis has resulted in:

- a slight increase (about \$5 million) in the assessed shortfall for existing services, compared to what was expected in LTFP2, but
- a slight reduction (about \$15 million) of the assessed shortfall for the total expected service costs over the next 12 years, including enhancements, compared to what we expected when LTFP2 was adopted.

In other words, we have been unable to identify viable means of *significantly* reducing the shortfalls expected in LTFP2. In fact, for existing services, the shortfall has risen. Total estimated shortfalls are:

Table 7 – Financial Results Next 12 Years			
Service	Total Projected Cost	Total Shortfall	
1. For existing services	\$1.39 Billion	\$124.8 Million	9.0%
2. For enhanced service levels from existing services in priority areas	\$27.7 Million	\$25.0 Million	90.3%
3. For enhanced environmental services	\$22.9 Million	\$20.2 Million	88.2%
4. For renewal of existing infrastructure plus some capital works on major structures plus a 10% improvement in the condition of footpaths	\$41.9 Million	\$41.9 Million	100%
5. For new services and works	\$120.8 Million	\$12.1 Million	10%
Total	\$1.60 Billion	\$224 Million	14%

The shortfall for existing services accounts for more than half of the total shortfall expected over the next 12 years.

For the enhanced services and the new services and works in items 2, 3, 4, and 5 in the above Table, funding sources have been identified for just over half of the required expenditure on those enhancements; otherwise the shortfalls for enhancements would have been \$114 million higher than they are.

3.1 Items which helped reduce the shortfall compared to LTFP2

To achieve the slight improvement in the overall position since LTFP2 was adopted we have:

- deleted some expenditures assumed in LTFP2 on future transport enhancements and proposed to fund them instead by private sector involvement and developer contributions;
- deleted some capital works to renew existing assets and proposed to fund these via sales of assets when future investment strategies are developed;
- increased some user charges, particularly beach parking permit charges for residents, unwinding a small proportion of the now \$3.4 million per annum cross-subsidy provided by residents who don't drive to the beach to residents who do;
- increased user fees for parking meters by 5% per annum plus 50 cents per hour every four years from 2012/13;
- improved margins on some off-street parking operations via introduction of efficiencies;
- scaled down works required on maintenance and upgrade of the Bondi Beach and Bronte Beach promenades, transferring the majority of the works to the ten years after 2022; and
- increased assumed income from Eastgate Car Park charges by assuming a charge of at least \$1 will be introduced for the first hour of parking from 2013 onwards (currently this is free), paid for either by users or shopper validation systems or both.

3.2 Items which worsened the shortfall compared to LTFP2

In the risk and opportunity analysis, a range of other factors have been assessed as being likely to negatively affect the overall position and these have also been taken into account in arriving at the above assumed deficits. They include assumptions that:

- some aged debt from unpaid parking fines will in all likelihood need to be written off;
- employee leave liabilities are under-funded in the later years of the 12-year period and may need to be provided for, subject to negotiation on enterprise agreements currently being undertaken to reduce the risk of further growth in this cost;
- rent yields from conversion of unused parking spaces in Eastgate Car Park to commercial office space for leasing may need to be revised downwards for two years from 2012 due to expected drops in market rents but should thereafter be earned as predicted in LTFP2, assuming the conversion goes ahead;
- workers compensation issues will worsen before they improve;
- the superannuation guarantee will increase from 9% to 12% over the decade; and
- past patterns of cost shifting from state and federal government, which leave Council with annual operational costs at least \$6 million higher than they otherwise might have been, will continue (ie., cost shifting will increase). (Costs shifted by other levels of government to Waverley Council include but are not limited to fire brigade levies, emergency services levies and facilities costs, parking space levies, levies on rental income from crown land leases, land tax, pensioner rate rebate scheme shortfalls, Companion Animals Act administration, food safety regulation, waste levies, street lighting, and library and community services costs.)

3.3 Items excluded from consideration in modifying the shortfall either way

A few other opportunities were considered in the workshops to determine whether they hold some further potential to improve the shortfall compared to LTFP2. Due to a range of factors, it was eventually determined that these opportunities should be excluded from the consideration and that we will need to assume, at least for the present, that any changes that come from these items in the future will neither burden nor benefit the financial position.

In reality of course, should things not turn out well in these items, they *will* burden the financial position as indicated in LTFP2. But generally it was agreed that it is too soon to make assumptions about how they will turn out and in the circumstances the only option open to Council is to assume that they will have a neutral effect on calculations of the expected shortfalls. The items were as follows:

- **Achieving depot facilities inside the LGA:** Despite the recent failure to gain community support for Council's proposal to locate a depot inside the LGA at Hugh Bamford Reserve, councillors felt we should still aim to identify a site or sites within or close to Waverley for depot facilities to replace our current depot at Waterloo, which must be sold. This may be an optimistic assumption.

Failure to locate a depot inside or very close to the LGA for cleaning and greening staff and equipment (as distinct from waste services staff and equipment) is probably more likely to further burden the financial situation than benefit it, compared to LTFP2. This is due to the fact that no productivity gains will be available from avoidance of the need for staff to travel backwards and forwards everyday between Waverley and Waterloo. These gains would have been worth approximately \$1 million per annum and they could have been used to fund extra staff hours for more cleaning and greening. As it is we have had to include staff hours for cleaning and greening as an extra cost instead of funding them from this hoped-for efficiency gain.

Having said that, the capital cost effects arising from trying to locate a depot inside the LGA, as opposed to outside it, could increase if we need to buy land that we were hoping to avoid

buying by locating a depot under Hugh Bamford Reserve. In the light of all this each-way uncertainty, it was agreed that it is premature at this time to amend the financial outcomes expected in LTFP2 either way, and we will have to wait until clearer information is available. This information may be some years in coming.

- **Contracting out services:** Councillors gave some consideration to whether savings and service improvements may arise from contracting out services, namely waste services and parking enforcement. With parking enforcement it was generally agreed that contracting out may present a range of service problems and unknowns, and that significant consideration would need to be given to issues like:
 - whether the private sector is geared to provide this service,
 - whether management would be able to develop processes and procedures in the next few years to supervise an outsourced service of this type, and
 - whether the community would respond well to a contracted out service with possible overtones of quota-driven “cops for hire”.

In the case of contracting out waste services, there were also significant unknowns about how the cost structure of the service might be improved or worsened by contracting out.

On balance it was eventually concluded that in both parking enforcement and waste management it is premature to draw conclusions on the benefits, if any, of contracting out and therefore premature to factor assumptions of benefit into planning for this particular 12-year period.

- **Entering the funeral industry:** This item was discussed at some length in LTFP2, which showed that non-entry to the funeral industry will worsen the financial outcome for Waverley Cemetery and Council in the longer term. Generally, entry to the funeral business should improve the financial situation but some key costs and factors about community attitude are unknown at this time. These unknowns are unlikely to be resolved inside the next year. Until they are resolved it is premature to conclude anything either way about whether the cemetery business will be a burden or benefit to Council in the form of being self-sufficient or positively profitable.

Accordingly councillors determined that we should not assume that, as grave supplies dwindle and cemetery revenues decline, attendant losses should be added to the assumed shortfalls in LTFP2. In other words, while future losses may be expected if the cemeteries do not enter the funeral industry, those losses are not *at this time* assumed to be something that may be funded by a rates increase. It should be noted, however, that backlog infrastructure renewal in Waverley Cemetery, which totals \$6.8 million, will inevitably need to be funded by a rates increase as no amount of effective business development in the cemeteries could cope with a backlog of this magnitude going back decades.

- **Maintaining a contingency for unforeseen capital works and acquisitions:** Undoubtedly there will be calls for capital enhancements and acquisitions over the next 12 years that have either not been foreseen or cannot yet be quantified in value. LTFP2 included a provision for this within the “Base Layer” of LTFP2, that is the Layer of the financial model of future expenditure which projects costs for existing services. Costs for new capital projects which can be foreseen at this time have been isolated separately in the “Capital Improvements Layer” of LTFP2.

Councillors considered whether the provision in the Base Layer for capital works contingencies should be modified to help improve the shortfall. In the end they decided that the contingency, at \$22 million over 12 years, was reasonable, both as a proportion of the total capital investment proposed and as a guard against cost increases which in Local Government can easily outstrip inflation. In the end it was agreed that deleting the

contingency to reduce the shortfall would not be realistic but that there was also no need to increase it and worsen the shortfall.

3.4 Drawing reasonable conclusions on the quantum of shortfall to be expected

In arriving at reasonable estimates of the potential shortfalls, councillors evaluated both existing services and enhanced services in terms of how well they establish or maintain the Council as a player capable of making a powerful contribution to the community's ability to realise its vision for what life should be like in Waverley by 2022. The results of that analysis are at **Attachment C**. **Attachment D** provides an additional detailed analysis of how existing services and the proposed enhancements may propel the community towards achievement of one or more of the 60 specific targets adopted in *Waverley Together 2*, which quantify just how far we want to go towards that vision.

There was general agreement about the high value provided by existing services, with councillors being encouraged in this view by the results of the 2009 Hunter Valley Research Foundation independent survey of residents. But there were differing opinions about the relative value of the proposals for enhanced services and new services and works. While this analysis shown in **Attachments C and D** helped to identify a possible priority of works and opportunities for delays in expenditure for enhancements, it didn't lead councillors to a view that proposed enhancements were so low in value as to warrant deletion. If anything, items were added to the list of potential enhancements.

There was general agreement that lifestyle enhancements were definitely being demanded by the community in areas **where the Council is currently the key service provider**. As stated above, these demands are for:

- more cleaning and greening of all the spaces we share,
- more facilities for recreation, health, wellbeing, and artistic and cultural expression,
- more and safer access to public places, to transport and to vital services,
- more streetscape improvements and more restful neighbourhoods,
- a more sustainable environment with protection from global warming and preservation of natural resources and ecosystems, and
- a more engaged connected and inspired community actively involved in decision making.

All of the proposed enhancements were therefore assessed against this view of the demand trends. Each one of them was then supported as being potentially a good "value for money" contribution to achievement of the vision, even though there might be shades of disagreement about their relative worth. Eventually it was agreed that taken together they make a very good program for increasing the community's chances of realising the vision at a reasonable cost.

Having said that, the councillors recognised that lifestyle enhancements are also definitely being called for in areas **where the Council is currently not the key service provider** but is increasingly being called upon to accept the burden of service provision. This is especially the case in terms of services for the aged, for health care, housing and even to some extent community safety.

There was some frustration at not being able to make a more direct contribution than we are currently making in the service areas where Council is **not** the key provider. This was compounded by further frustration over having to accept cost shifts from other levels of government, most of which do not translate into increased service levels for the local community, and none of which can be offset by rate increases because of rate capping. In sorting through these issues councillors recognised a need to shift organisational capacity so that we can partner better with other levels of government, with the community and, especially in relation to the environment, with business. In proposing stronger partnership approaches Council considers it has reduced the potential shortfall in costs for the services that will be required if the vision is

to become a reality. Should these partnerships not eventuate, and should cost shifting not be controlled, the shortfalls set out in **Table 7** above, will inevitably be bigger than stated.

4. Funding the expected shortfalls by increasing rates

As **Section 3** above shows, every effort was made during the workshop process with councillors, to find further funds and reduce risks and costs to ensure that Council's contribution to achievement of the vision for *Waverley Together 2* can be sustainably funded. In this process it emerged that while there **may** be some capacity to further raise user charges in a small number of areas, mainly in beach parking, all other potential opportunities to source funds appear, for the present at least, to have been exhausted. A special variation to rates, to increase rates above the permitted rate cap imposed by the Minister for Local Government, is considered the only remaining viable means of preserving and enhancing services.

If the entirety of the remaining shortfall is to be funded by rates, it is expected that the necessary rate increases, **including** the rate increases permitted by the Minister, over the next 12 years will be as follows:

Table 8 – Required Rate Increases to Fund Shortfalls after all other revenue sources are exhausted Next 12 Years – Commencing 2011/12		
Service	Total Shortfall	Required Rates Rise For 7 years with CPI increases thereafter
1. For existing services	\$124.8 Million	7 rises of 8.79% cumulative and CPI thereafter
2. For enhanced service levels from existing services in priority areas	\$25 Million	7 rises of 1.03% cumulative and CPI thereafter
3. For enhanced environmental services	\$20.2 Million	7 rises of 0.79% cumulative and CPI thereafter
4. For renewal of existing infrastructure plus some capital works on major structures plus a 10% improvement in the condition of footpaths	\$41.9 Million	7 rises of 1.56% cumulative and CPI thereafter
5. For new services and works	\$12.1 Million	7 rises of 0.43% cumulative and CPI thereafter
Total	\$224 Million	7 rises of 12.59% cumulative and CPI thereafter

Increases in the above table mean that in 8 years' time it's likely that rates will need to be:

- just over 70% higher than they are now (2010/11) if we are to sustainably fund existing services, compared to the 20-25% increase that will inevitably occur under the rate capping system in that time; or
- around 120% higher than they are now (2010/11) if we are to fund existing services plus the enhancements requested during consultation on *Waverley Together 2*, compared to the minimum 20-25% increase that will inevitably occur in that time.

These increases seem large when expressed in percentage terms but in dollars they are quite reasonable. This is because in Waverley the percentage increases would be applied to a very low rate base – at least for residents.

As stated above the average residential rate in Waverley in 2010/11 is \$716, which is about \$150 lower per annum than the average rates for residents Sydney-wide. However, in 2010/11 half of the residential ratepayers are paying only \$387, due to:

- the distribution of land values in the LGA (we have lots of home units with high market values but relatively low land values); and
- the imposition of a minimum rate that is, for historical reasons, now quite low compared to permissible minimums under current regulations (Waverley's minimum rate in 2010/11 is \$387 but the permissible upper limit of a minimum rate in NSW in 2009/10 is actually \$430).

The distribution of burden for residential rates is as follows:

Table 9 – Residential Rate Distribution 2009/10*		
Waverley LGA		
	\$ pa	% of Ratepayers Paying
Minimum Rate	\$387	50%
Between Minimum and Average	\$387 - \$716	17%
Between Average and \$1,000	\$716 - \$1,000	14%
Above \$1,000	>\$1,000	19%

* These figures exclude the current Environmental Levy which adds about 3.4% to the above figures but ceases in 2011. It is not a permanent part of the rate.

In other words:

- Half of the residential ratepayers in Waverley are paying significantly less than half the average rates paid by other Sydneysiders.
- 66% of residential ratepayers in Waverley are paying almost 20% less than the average rates paid by residents of Sydney.
- Only 33% of Waverley residential ratepayers are paying above the average rate in Sydney, despite the very high land wealth in the area.
- The rate being charged per dollar of residential land wealth in Waverley is very low compared to rates per dollar of land wealth elsewhere.

At present there is an Environmental Levy being charged above the rates shown in **Table 9**. However, this will cease at the end of 2010/11 and leave Council with a reduced yield of rates in 2011/12, compared to the yield in 2010/11, unless the rate cap applied by the Minister for 2011/12 is higher than about 6% which is very unlikely.

Notwithstanding the very low rates in Waverley, both in absolute terms and relative to land wealth, councillors are naturally concerned that any rate rise should be set and paced so that burden is minimised. During the workshops on how to fund *Waverley Together 2*, councillors looked at various ways to shift burden between ratepayers to see if those most impacted could be given some relief. They considered options like:

- whether the minimum residential rate should be raised to give relief to those at the high end,
- whether business rates should be raised to give relief to residents,
- whether residents should increase their share of total burden relative to businesses,
- whether each ward is getting their fair share of return in works and services relative to the rates they pay,
- whether residents in high market value apartments who are paying minimum rates could be differentially rated, and so on.

Other than agreeing to reserve the option of considering higher pensioner rebates, if the cost of that can be funded by community support for a higher rate rise than is being proposed here, nothing emerged as a clear benefit that might arise from shifting the burden around. At least nothing emerged that didn't also have serious disadvantages. The relative shares of burden

being borne by each ratepayer seem basically fair and reasonable as they are, and where they don't seem fair (eg., in relation to high market value apartments) it was agreed that legally it wouldn't be possible to change those relativities due to the principles of the rating system allowed under the Local Government Act. Nor was there much overall benefit that might accrue for stressed ratepayers by adjusting at the edges in this fashion. In the end the smarter thing to do to keep impacts down seemed to be to keep costs down as a whole.

To that end, councillors have taken great care over several years to find alternative income to reduce the burden on ratepayers and residents. By introducing a greater focus on user pays they have also significantly reduced the extent to which ratepayers now have to cross-subsidise users of services that they don't use themselves. And councillors have established charging systems which are progressive (rather than regressive) and which discourage sub-optimal consumption of scarce resources. Success in all this has allowed the Council to put off the now proposed rate rises for almost a decade. Nevertheless there are concerns about the affordability of rate rises because of other financial pressures on residents arising mainly from the cost of housing. Hence a further round of community consultation is recommended in this report to assess what quantum of rate increase might be sustainable for ratepayers over time.

But the issue of how burden should be distributed is a complex question. There is a risk burdening a future generation, possibly as soon as ten years from now, with a much larger burden if steps are not taken soon to renew degrading infrastructure and assets. Additionally, pent up demand for other sorts of services, if left unmet, will only grow in cost as current patterns of increasing social dislocation or environmental degradation continue.

The question about affordability will – or at least should – turn for the community, not just on the question of whether the increases set out below take too much out of weekly income now. It should also turn on the community's view of just how valuable these services really are and what it will cost if we **don't** provide them. It's probably impossible to cost this at this stage, especially if we don't know what services might be cut. But what can be palpably described is the reduction in capacity to meet some of the more tangible targets adopted in *Waverley Together 2*. **Table 49** shows just how much Council's capacity to contribute to the vision of *Waverley Together 2* will decline if services are cut. And if additional investment is not made particularly in things like aged infrastructure and environmental improvements, the bill for remediation at a later date will only rise exponentially. If we went through a theoretical exercise of deleting services from **Attachment D** this would provide a fairly sobering indication of how achievement of targets adopted in *Waverley Together 2* will be adversely impacted by failure to deliver existing services and enhancements as set out in **Section 5** below.

The question of affordability should therefore turn on the longer term view of the community of:

Question (a): whether the proposed services – existing and enhanced – provide good value for money and are a cost-effective government sector contribution to help the community achieve the targets for the vision of *Waverley Together 2*; **and**

Question (b): whether non-investment in these services is a false economy and will pass unsustainable debt for inevitable works or social and environmental breakdown onto future generations.

Once this is ascertained it then remains for Council to make a judgement about the pace of growth in rate bills, setting it so that some sort of balance can be achieved between the burden borne by ratepayers now and the burden borne by ratepayers of the future. The sooner we start with at least some level of increase, the lower the long-run cost will be.

Sections 5 and 6 below show how we have organised Council's funds to match service costs to assist the community to form a view in relation to **Question (a)**.

Section 7 will assist the community to form a view in relation to **Question (b)**.

5. What will the proposed rate rises deliver in outcomes and value?

The community's vision for what life should be like in Waverley by 2022 is among the more aspirational visions in community strategic plans being produced in Local Government. It is thoughtful, holistic, and ambitious. It traverses the full array of social, economic, environmental and governance goals that can be expressed for the type of lifestyle the community, business and residents want. It's not going to be an easy set of targets to hit, especially in the areas of asset renewal, greenhouse gas reduction, affordable housing and transport (see *Waverley Together 2*, pages 63-65).

60 targets have been adopted for realisation of our community's vision in *Waverley Together 2* by 2022 (see *Waverley Together 2*, pages 33-44). During consultation, some members of the community expressed a view that some of these targets are a little less of a stretch than they would prefer. However, Council has taken costs and risks into account and has ultimately adopted targets for the community that are set in a reasonable way, at least at the minimum level considered necessary to achieve quadruple bottom line sustainability. Council's been careful to reserve ambitious targets for directions where they're really needed, where failure would cause a substantial movement away from sustainability.

It's clear from even a basic analysis of services as listed in **Attachments C and D** that there will be a noticeable movement away from the targets and vision if we cut existing services to the extent that would be necessary to balance the budget – ie., by almost 10%. A picture of what a movement of that magnitude away from achievement of the vision might look like, is painted in examples in **Table 49** below. So the first thing to do is secure our capacity to fund the existing services. As a secondary consideration, it's quite clear from analysis of **Attachments C and D** that the community's capacity to hit the 60 targets of *Waverley Together 2* will be further improved if we implement each of the service enhancements proposed to meet demands for:

- more cleaning and greening of all the spaces we share,
- more facilities for recreation, health, wellbeing, and cultural expression,
- more and safer access to public places, to transport and to vital services,
- more streetscape improvements and more restful neighbourhoods,
- a more sustainable environment with protection from global warming and preservation of natural resources and ecosystems, and
- a more engaged, connected and inspired community actively involved in decision making.

Clearly delivery of the entire package of existing services and enhancements will increase the community's chances of meeting the targets and vision of *Waverley Together 2*. Partial implementation will proportionately reduce Council's capacity to make a valuable contribution to the community's vision and will place increased burden on the community, business and other levels of government to make up the gap if they still want to realise the vision. Council is the best-placed player capable of cost-effectively organising itself to deliver these services and works, if funded. The required organisation and cost-efficiency obviously could not realistically be expected from others.

Accordingly we have organised our services under the headings shown above into a proposed service package called **Service Plus**, so that everyone can clearly see a connection between the demands being expressed by the community and the services and works being proposed by Council to meet that demand. Each service in the package has been costed and as many sources of revenue found as possible. Shortfalls have then been calculated so that the community can tell which parts of the package need to be supported by a rate rise, and which don't. In this way ratepayers will be able to tell exactly what the rate rises are for and what they will miss out on by deleting an item. They can also see how much each increment of rate increase will provide in

terms of the type of service and make a judgement about value for money provided by that service.

A survey of resident and ratepayer views of the value for money and affordability of various levels of investment in **Service Plus** is proposed to be conducted during August and September 2010. For this purpose **Service Plus** has been organised into 12 components as follows:

- Component 1:** Continuing Waverley Council's existing services
- Component 2:** Providing more opportunities for recreation, health and wellbeing
- Component 3:** Providing more opportunities for artistic and cultural expression
- Component 4:** Providing more and safer access to public places
- Component 5:** Providing more and safer access to transport
- Component 6:** Providing more and safer access to vital services
- Component 7:** Providing more cleaning and greening of all the spaces we share
- Component 8:** Providing more inviting streetscapes
- Component 9:** Providing more restful local neighbourhoods
- Component 10:** Providing a more sustainable environment with increased protection from global warming
- Component 11:** Providing more preservation of natural resources and ecosystems
- Component 12:** Partnering with a more engaged, connected and inspired community actively involved in decision making

Rate increases necessary to achieve each part of the **Service Plus** package are as shown in Section 6 below. Taking these rate increases into account and considering the other sources of income that have been brought to bear to reduce the cost, ratepayers and residents should be able to engage with Council in a meaningful discussion on whether the components of **Service Plus** provide a good value-for-money means of realising the vision of *Waverley Together 2*.

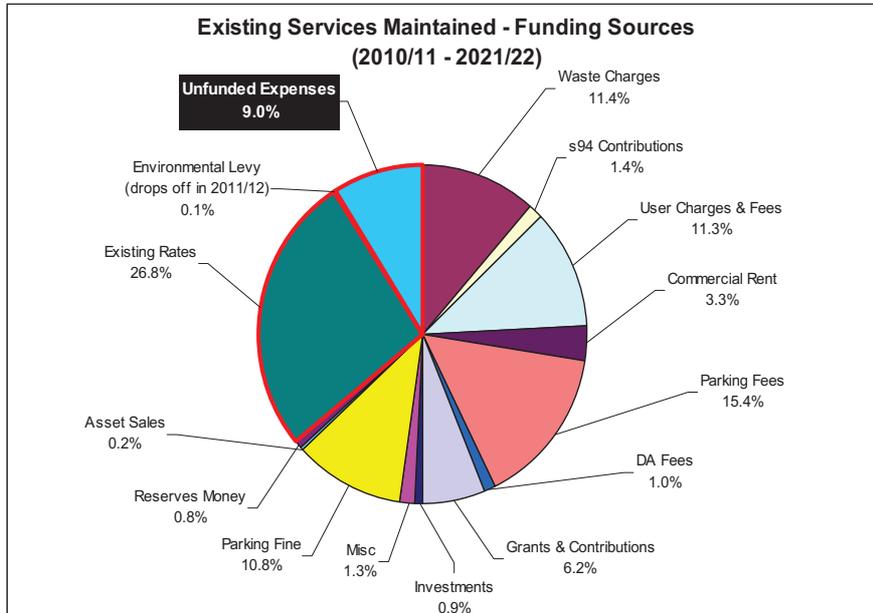
6. Costs, shortfalls and required rate rises to deliver the Council's contribution to the vision for Waverley

6.1 Service Plus Component 1 – Maintenance of Existing Services

The shortfall for existing services up to and including 2021/22 is \$124.8 million or 9% of the expected expenditure for this component.

Table 10 - Service Plus Component 1 - Existing Services Maintained

Service	Cost to 2021/22	Shortfall to be funded by Rates
Asset Management Services	\$219,099,907	\$124,837,549
Beach Services, Maintenance & Safety	\$44,209,245	
Cemetery Services	\$14,875,438	
Child Care Services	\$61,865,139	
Community Services	\$25,858,238	
Corporate Support Services	\$150,422,652	
Cultural Services	\$15,987,620	
Customer Services & Communication	\$16,960,780	
Development, Building & Health Services	\$109,271,908	
Emergency Management Services	\$556,091	
Environmental Services	\$18,629,053	
Governance, Integrated Planning & Community Engagement	\$60,752,956	
Library Services	\$67,982,141	
Parking Services	\$158,207,927	
Parks Services & Maintenance	\$72,708,916	
Place Management	\$23,355,828	
Recreation Services	\$23,077,782	
Regulatory Services	\$14,180,324	
Social & Affordable Housing	\$6,951,139	
Traffic & Transport Services	\$6,395,048	
Urban Open Space Maintenance & Accessibility	\$93,701,356	
Waste Services	\$185,178,347	
	\$1,390,227,834	\$124,837,549



Council has been able to source funds to cover the cost of 91% of Existing Services. An extra 1% could be found if the existing Environmental Levy is renewed when it expires in June 2011.

Unfunded expenses to 2021/22 = \$124,837,549. This assumes the Environmental Levy is not renewed on expiry.

The quantum of Special Rate Variation required to fund this shortfall would be 8.79% pa cumulative for 7 years from 2011/12 followed by 4 more years of normal CPI increases. This is the total increase including the increases permitted by the Minister under rate capping.

Were Council to increase rates by the above suggested 8.79% for seven years, maximum residential rates bills would be as follows:

Table 11 – Service Plus Component 1								
Expected Total Residential Rates to Maintain Existing Services - Maximums								
Max. land value	Rates now 2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$405*	\$421	\$458	\$498	\$542	\$590	\$642	\$698
\$500,000	\$592*	\$616	\$670	\$729	\$793	\$862	\$938	\$1,021
\$633,000	\$750*	\$780	\$848	\$923	\$1,004	\$1,092	\$1,188	\$1,292
\$800,000	\$948*	\$985	\$1,072	\$1,166	\$1,268	\$1,380	\$1,501	\$1,633
\$884,000	\$1,047*	\$1,089	\$1,184	\$1,288	\$1,402	\$1,525	\$1,659	\$1,805
\$1,000,000	\$1,184*	\$1,231	\$1,340	\$1,457	\$1,586	\$1,725	\$1,877	\$2,042
\$1,500,000	\$1,777*	\$1,847	\$2,010	\$2,186	\$2,378	\$2,587	\$2,815	\$3,062
\$2,000,000	\$2,369*	\$2,463	\$2,679	\$2,915	\$3,171	\$3,450	\$3,753	\$4,083

* Includes the current Environmental Levy. These tables assume the current Environmental Levy ceases after 2010/11.

The maximum rise from year to year to maintain existing services would be:

Table 12 – Service Plus Component 1								
Expected Annual Residential Rates Increases to Maintain Existing Services								
	Rates now	Yearly Rises						
		(each increase shown is additional to the previous year)						
Land value	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$405	\$16	\$37	\$40	\$44	\$48	\$52	\$56
\$500,000	\$592	\$24	\$54	\$59	\$64	\$70	\$76	\$82
\$633,000	\$750	\$30	\$69	\$75	\$81	\$88	\$96	\$104
\$800,000	\$948	\$38	\$87	\$94	\$102	\$111	\$121	\$132
\$884,000	\$1,047	\$42	\$96	\$104	\$113	\$123	\$134	\$146
\$1,000,000	\$1,184	\$47	\$108	\$118	\$128	\$139	\$152	\$165
\$1,500,000	\$1,777	\$71	\$162	\$177	\$192	\$209	\$227	\$247
\$2,000,000	\$2,369	\$94	\$216	\$236	\$256	\$279	\$303	\$330

Quarterly maximum rises, year on year, to maintain existing services would be:

Table 13 – Service Plus Component 1								
Expected Quarterly Residential Rates Increases to Maintain Existing Services								
	Rates now	Quarterly Rises						
		(each increase is additional to quarterly rises in the previous year)						
Land value	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$405	\$4.02	\$9.25	\$10.06	\$10.95	\$11.91	\$12.96	\$14.10
\$500,000	\$592	\$5.89	\$13.53	\$14.72	\$16.01	\$17.42	\$18.95	\$20.62
\$633,000	\$750	\$7.45	\$17.13	\$18.63	\$20.27	\$22.05	\$23.99	\$26.10
\$800,000	\$948	\$9.42	\$21.65	\$23.55	\$25.62	\$27.87	\$30.32	\$32.99
\$884,000	\$1,047	\$10.41	\$23.92	\$26.02	\$28.31	\$30.80	\$33.51	\$36.45
\$1,000,000	\$1,184	\$11.77	\$27.06	\$29.44	\$32.03	\$34.84	\$37.90	\$41.24
\$1,500,000	\$1,777	\$17.66	\$40.59	\$44.16	\$48.04	\$52.26	\$56.86	\$61.85
\$2,000,000	\$2,369	\$23.55	\$54.12	\$58.88	\$64.05	\$69.68	\$75.81	\$82.47

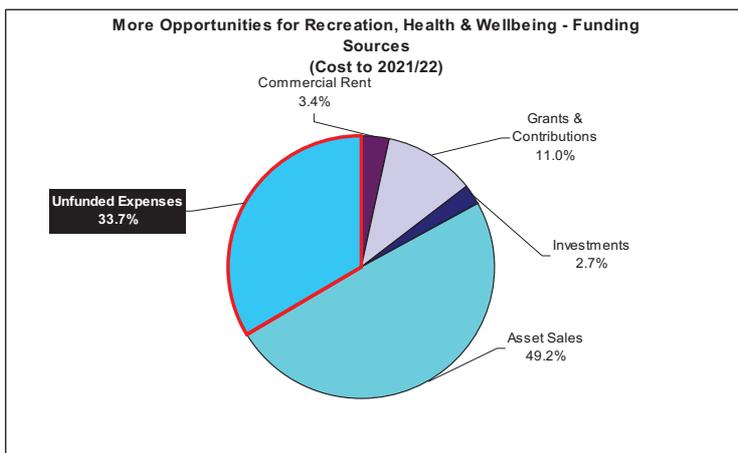
Weekly maximum rises, year on year, to maintain existing services would be:

Table 14 – Service Plus Component 1 Expected Weekly Residential Rates Increases to Maintain Existing Services								
Land value	Rates now	Weekly Rises (each increase is additional to weekly rises in the previous year)						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$405	\$0.31	\$0.71	\$0.77	\$0.84	\$0.92	\$1.00	\$1.08
\$500,000	\$592	\$0.45	\$1.04	\$1.13	\$1.23	\$1.34	\$1.46	\$1.59
\$633,000	\$750	\$0.57	\$1.32	\$1.43	\$1.56	\$1.70	\$1.85	\$2.01
\$800,000	\$948	\$0.72	\$1.67	\$1.81	\$1.97	\$2.14	\$2.33	\$2.54
\$884,000	\$1,047	\$0.80	\$1.84	\$2.00	\$2.18	\$2.37	\$2.58	\$2.80
\$1,000,000	\$1,184	\$0.91	\$2.08	\$2.26	\$2.46	\$2.68	\$2.92	\$3.17
\$1,500,000	\$1,777	\$1.36	\$3.12	\$3.40	\$3.70	\$4.02	\$4.37	\$4.76
\$2,000,000	\$2,369	\$1.81	\$4.16	\$4.53	\$4.93	\$5.36	\$5.83	\$6.34

6.2.1 Service Plus Component 2 – Providing more opportunities for recreation, health and wellbeing

The shortfall for providing more opportunities for recreation health and well being up to and including 2021/22 is \$7.7 million or 33.7% of the expected expenditure for this component. We have been able to source fairly substantial revenues to support this expenditure.

Table 15 – Service Plus Component 2 Providing more opportunities for recreation, health and wellbeing		
Service	Cost to 2021/22	Shortfall to be funded by Rates
A new Waverley Pavilion	\$14,598,195	0
Playground upgrades	\$450,000	\$450,000
Tamarama Park Plan of Management works	\$630,000	\$630,000
Bronte Park Plan of Management works	\$500,000	\$500,000
Waverley Park Plan of Management works	\$790,000	\$790,000
Bondi Park Plan of Management works	\$3,000,000	\$3,000,000
Rodney Reserve enhanced facilities	\$1,400,000	\$1,400,000
Hugh Bamford Park upgrade to buildings and fields	\$1,600,000	\$976,688
Total	\$22,968,195	\$7,746,688



Council has been able to source funds to cover the cost of 66.3% of this component from asset sales, grants and from revenue that will be generated by these services once they're up and running.

Unfunded expenses to 2021/22 = \$7,746,688.

The quantum of Special Rate Variation required to fund this shortfall would be 0.32% pa cumulative for 7 years from 2021/22 followed by 4 more years of normal CPI increases. This is additional to the increases set out above for Component 1.

6.2.2 Service Plus Component 3 – Providing more opportunities for artistic and cultural expression

There is no shortfall for providing more opportunities for cultural expression unless the community expresses further demand for facilities, event management or place management services to support this. Programs to support cultural expression will focus on enhancing the Bondi Pavilion theatres, galleries and community rooms and repairing this iconic building's

degraded fabric and infrastructure. We have been able to source fairly substantial revenues to support this expenditure via sales of assets. Other maintenance funds for the Bondi Pavilion are also provided in current budgets for existing services and these should be maintained unless there is a significant rejection of **Service Plus**.

Table 16 – Service Plus Component 3 Providing more opportunities for cultural expression		
Service	Cost to 2021/22	Shortfall to be funded by Rates
Bondi Pavilion works	\$1,090,000	0
Total	\$1,090,000	0

6.2.3 Service Plus Components 2 and 3 combined – Providing more opportunities recreation, health, wellbeing and artistic and cultural expression

Were the community to indicate that Components 2 and 3 of **Service Plus** do provide good value for money towards the achievement of more opportunities for recreation, health, wellbeing and cultural expression, the above rate increase of 0.32% for seven years would add the following maximum amounts to annual residential rates bills:

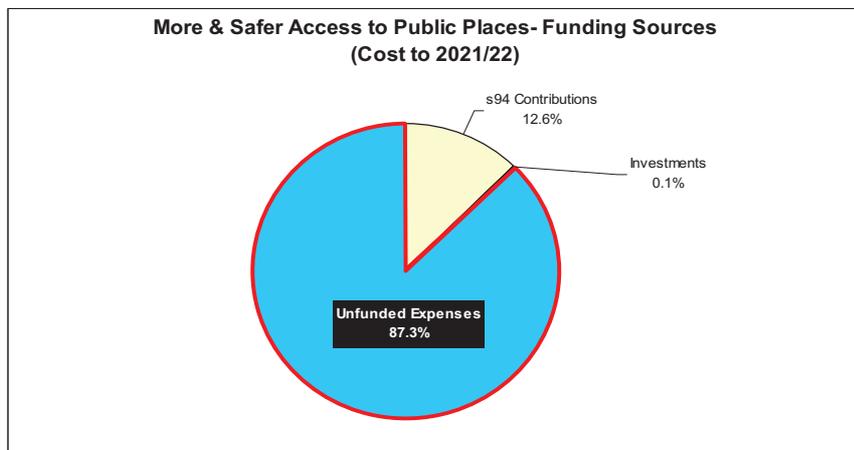
Table 17 – Service Plus Components 2 and 3 To provide more opportunities for recreation, health, wellbeing and cultural expression Per annum extra cost in rates							
Land value	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$1	\$1	\$2	\$2	\$2	\$3	\$3
\$500,000	\$2	\$2	\$3	\$3	\$3	\$4	\$5
\$633,000	\$2	\$3	\$3	\$4	\$4	\$5	\$6
\$800,000	\$3	\$3	\$4	\$5	\$5	\$6	\$7
\$884,000	\$3	\$4	\$4	\$5	\$6	\$7	\$8
\$1,000,000	\$4	\$4	\$5	\$6	\$7	\$8	\$9
\$1,500,000	\$5	\$6	\$8	\$9	\$10	\$12	\$14
\$2,000,000	\$7	\$9	\$10	\$12	\$14	\$16	\$18

6.3.1 Service Plus Component 4 – Providing more and safer access to public places

The shortfall for providing opportunities for more and safer access to public places up to and including 2021/22 is \$41.9 million or 87.3% of the expected expenditure for this component.

Table 18 – Service Plus Component 4 Providing more and safer access to public places		
Service	Cost to 2021/22	Shortfall to be funded by Rates
10% increase in proportion of footpaths kept in top condition	\$3,683,634	\$3,683,634
Structural renewal of Bondi & Bronte Beach Promenades	\$5,000,000	\$5,000,000
Retaining walls backlog renewals	\$4,823,895	\$4,823,895
Parks infrastructure backlog renewals	\$8,105,024	\$8,105,024
Cemetery infrastructure backlog renewals	\$7,355,261	\$7,355,261
Stairs, fences bus shelters backlog renewals	\$513,315	\$513,315
Build reserves to deal with planned renewals & expected failures in stormwater drainage systems	\$8,669,150	\$8,669,150
QED tunnels and storage space remediation	\$3,750,000	\$3,750,000
Implement Bondi Junction Pedestrian Access and Mobility Plan	\$2,200,000	0
Develop Bondi Beach Pedestrian Access and Mobility Plan	\$200,000	0
Implement Bondi Beach Pedestrian Access and Mobility Plan	\$2,000,000	0
Tamarama/Bronte 40km/hr zone	\$550,000	0
Bondi Junction 40km/hr zone	\$750,000	0
School zones safety program	\$400,000	0
Total	\$48,000,279	\$41,900,279

We have been able to source a relatively small proportion of the revenue required to support this expenditure.



Council has been able to source funds to cover the cost of only 12.7% of this component, mainly from developer contributions.

Unfunded expenses to 2021/22 = \$41,900,279.

The quantum of Special Rate Variation required to fund this shortfall would be 1.67% pa cumulative for 7 years from 2011/12 followed by 4 more years of normal CPI increases. This is additional to the increases set out for the above Components.

Component 4 is the most expensive component of the enhancements. It is also the component which includes the majority of costs arising for Council from the build-up of backlog infrastructure renewals over the last few decades. While this component is portrayed as an “enhancement”, it can’t really be viewed as discretionary. Over 80% of Component 4 is basically inevitable expenditure on infrastructure assets. Estimates of the cost to renew the backlog have been meticulously revised over the last five years via Council’s leading-edge strategic asset management planning processes (see *Strategic Asset Management Plan 3*, SAMP3, Chapter 6). These planning processes have resulted in substantial drops in the estimate of costs to renew this infrastructure, compared to what we thought it would cost five years ago. The costs shown in **Table 18** above are the absolute minimum extra investment (above current investment levels) necessary to renew these assets and meet obligations under the Local Government Act for their maintenance. Failure to renew these assets will result in tangible failure to meet the targets adopted in *Waverley Together 2* for asset maintenance (see targets for Direction G6, *Waverley Together 2*, pages 42 to 43).

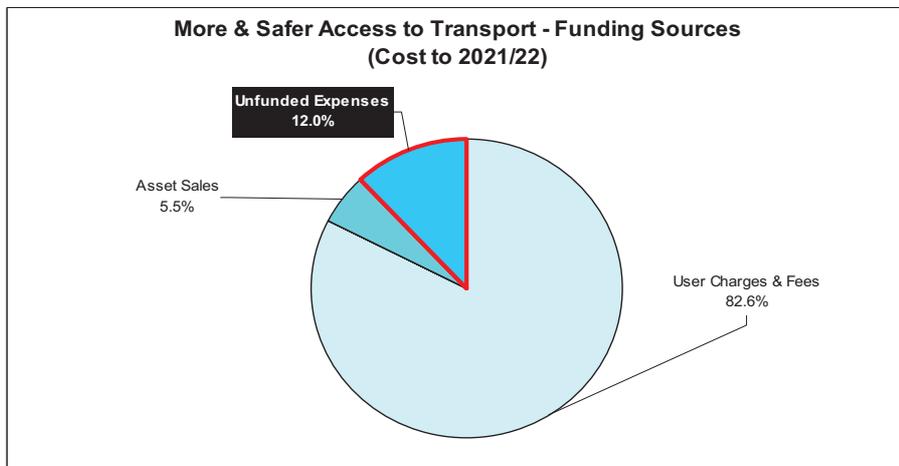
6.3.2 Service Plus Component 5 – Providing more and safer access to transport

The shortfall for providing opportunities for more and safer access to transport up to and including 2021/22 is \$1.29 million or 12% of the expected expenditure for this component.

Table 19 – Service Plus Component 5 Providing more and safer access to transport		
Service	Cost to 2021/22	Shortfall to be funded by Rates
Traffic Engineer x 1	\$1,293,115	\$1,293,115
Conversion of unused car park spaces in Eastgate Car Park to commercial space, increasing capacity to deliver customers to the retail centre and reducing congestion	\$9,504,546	0
Total	\$10,797,661	\$1,293,115

We have been able to source substantial funds for this component from asset sales. Re-investment of funds raised from the sale of assets into the Eastgate Car Park conversion project significantly improves Council’s financial position over this and subsequent decades. It also results in an optimisation of the total space set aside for off-street car parking in Bondi Junction. This space is currently under-utilised with people often preferring to access Bondi Junction using on-street parking or public transport. Conversion of the currently unused parking space in Eastgate Car Park to commercial space will actually increase custom to the surrounding businesses and at the same time control growth in the use of private vehicles to access the already congested business centre of Bondi Junction. It should be noted that failure to

implement the car park conversion proposal will adversely affect calculations of shortfalls for all components of **Service Plus**, as income from this project is factored in at the moment to reduce the shortfalls.



Council has been able to source funds to cover the cost of 88% of this component by sale of under-performing assets.

Unfunded expenses to 2021/22 = \$1,293,115.

The quantum of Special Rate Variation required to fund this shortfall would be 0.05% pa cumulative for 7 years from 2011/12 followed by 4 more years of normal CPI increases. This is additional to the increases set out for the above Components.

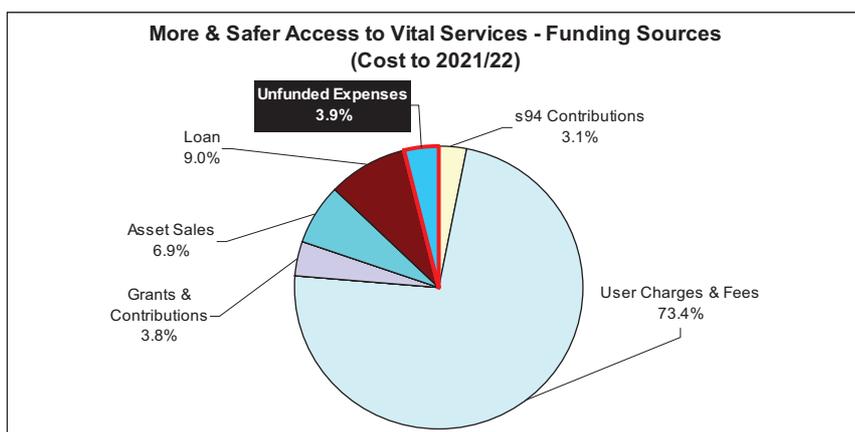
6.3.3 Service Plus Component 6 – Providing more and safer access to vital services

The shortfall for providing opportunities for more and safer access to vital services up to and including 2021/22 is \$1.68 million or 3.9% of the expected expenditure for this component.

Service	Cost to 2021/22	Shortfall to be funded by Rates
2nd person at Seniors' Centre	\$873,629	\$873,629
Outreach Worker x 1	\$808,615	\$808,615
Public toilets upgrade	\$1,343,000	0
New child care / family day care / early learning centre	\$15,783,309	0
Cemetery pavilion construction (offset by loan to be repaid by entry to funeral business)*	\$3,905,574	0
Cemetery funeral services (self funded)*	\$20,709,539	0
Total	\$43,423,666	\$1,682,244

* Note: These items will not proceed if they are not financially positive.

We have been able to source substantial funds for Component 6 from asset sales, grants, developer contributions and user fees. This component generally supplies substantial enhancements of and extensions to existing services, with very little needing to be funded via a rates increase. There is also potential in this component of **Service Plus** to contribute positive returns to Council.



Council has been able to source funds to cover the cost of 96.1% of this component by sale of under-performing assets.

Unfunded expenses to 2021/22 = \$1,682,244.

The quantum of Special Rate Variation required to fund this shortfall would be 0.06% pa cumulative for 7 years from 2011/12 followed by 4 more years of normal CPI increases. This is additional to the increases set out for the above Components.

6.3.4 *Service Plus* Components 4, 5 and 6 combined – Providing more and safer access to public places, to transport and to vital services

Were the community to indicate that Components 4, 5 and 6 of *Service Plus* provide good value for money towards the achievement of more and safer access to public places, transport and vital services, the combined rate increase required would be 1.78% cumulative for seven years. The vast majority of this – 95% - is due our inability to find other sources of funds to cover the high cost of backlog infrastructure renewals in Component 4. The three components together would add the following maximum amounts to residential rates bills:

Table 21 – <i>Service Plus</i> Components 4, 5 and 6 To provide more and safer access to public places, transport and vital services Per annum extra cost in rates							
Land value	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$7	\$8	\$10	\$12	\$14	\$16	\$19
\$500,000	\$10	\$12	\$14	\$17	\$20	\$24	\$28
\$633,000	\$13	\$15	\$18	\$22	\$25	\$30	\$35
\$800,000	\$16	\$19	\$23	\$27	\$32	\$38	\$44
\$884,000	\$18	\$21	\$25	\$30	\$36	\$42	\$49
\$1,000,000	\$20	\$24	\$29	\$34	\$40	\$47	\$55
\$1,500,000	\$30	\$36	\$43	\$51	\$60	\$71	\$83
\$2,000,000	\$40	\$48	\$58	\$68	\$80	\$94	\$110

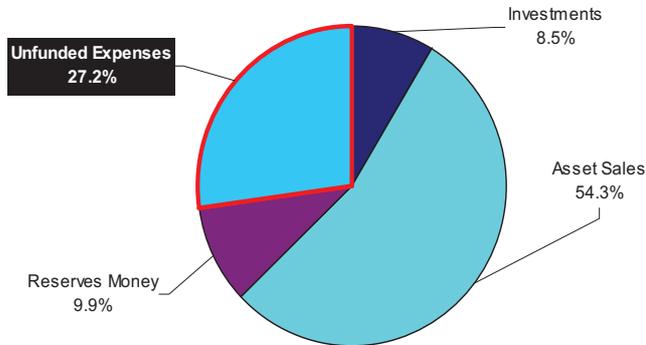
6.4.1 *Service Plus* Component 7 – Providing more cleaning and greening of all the spaces we share

The shortfall for providing more opportunities for cleaning and greening up to and including 2021/22 is \$11.8 million or 27.2% of the expected expenditure for this component.

Table 22 – <i>Service Plus</i> Component 7 Providing more cleaning and greening of all the spaces we share		
Service	Cost to 2021/22	Shortfall to be funded by Rates
Extra landscape maintenance - plants & materials	\$3,832,820	\$3,832,820
Three extra gardeners	\$3,054,282	\$3,054,282
Extra tree maintenance	\$680,191	\$680,191
Parks landscapes upgrades	\$1,305,599	\$1,305,599
Increased graffiti removal	\$652,800	\$652,800
Tree Compliance Officer x 1	\$968,295	\$968,295
Depot/s within LGA for parks and street maintenance	\$19,500,000	0
Centralised depot outside LGA	\$7,012,273	0
Street trees improved	\$1,305,599	\$1,305,599
Cost of acquisition of land for open space in Bondi Junction which Council is likely to be compelled to acquire	\$5,002,427	0
Total	\$43,314,286	\$11,799,586

We have been able to source fairly substantial revenues to support this expenditure. The majority of the expenditure in this component (i.e., the two depots and the Bondi Junction land acquisition) is inevitable. The parts of component that need to be funded by rates, as shown in **Table 22** above, are, however, somewhat more discretionary and certainly more discretionary than items in Component 4.

**More Cleaning & Greening - Funding Sources
(Cost to 2021/22)**



Council has been able to source funds to cover the cost of 72.8% of this component by sale of under-performing assets, and use of investments and reserves set aside for land we may be (and are being) compelled to acquire.

Unfunded expenses to 2021/22 = \$11,799,586.

The quantum of Special Rate Variation required to fund this shortfall would be 0.44% pa cumulative for 7 years from 2011/12 followed by 4 more years of normal CPI increases. This is additional to the increases set out for the above Components.

If the community indicates that Component 7 of **Service Plus** provides good value for money towards the achievement of cleaner and greener public spaces, the rate increase required would be 0.44% for seven years. This would add the following maximum amounts to annual residential rates bills:

Table 23 – Service Plus Component 7 To provide more cleaning and greening of all the spaces we share Per annum extra cost in rates							
Land value	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$2	\$2	\$3	\$3	\$4	\$4	\$5
\$500,000	\$3	\$3	\$4	\$4	\$5	\$6	\$8
\$633,000	\$3	\$4	\$5	\$6	\$7	\$8	\$10
\$800,000	\$4	\$5	\$6	\$7	\$9	\$10	\$12
\$884,000	\$4	\$5	\$7	\$8	\$9	\$11	\$13
\$1,000,000	\$5	\$6	\$7	\$9	\$11	\$13	\$15
\$1,500,000	\$8	\$9	\$11	\$13	\$16	\$19	\$23
\$2,000,000	\$10	\$12	\$15	\$18	\$21	\$26	\$30

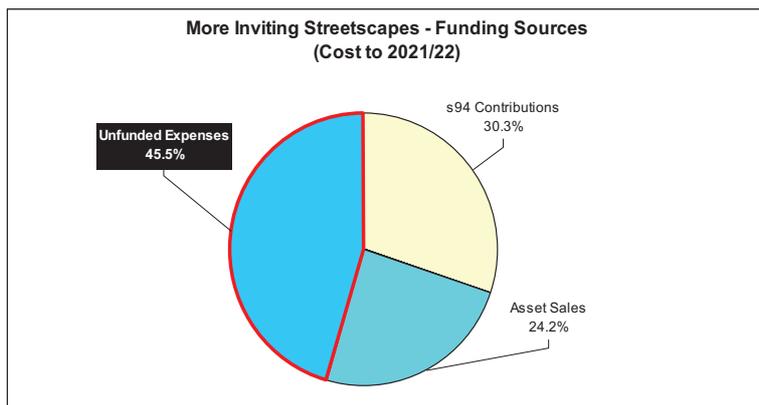
6.5.1 Service Plus Component 8 – Providing more inviting streetscapes

The shortfall for providing more inviting streetscapes up to and including 2021/22 is \$3 million or 45.5% of the expected expenditure for this component.

Table 24 – Service Plus Component 8 – Providing more inviting streetscapes		
Service	Cost to 2021/22	Shortfall to be funded by Rates
Local village improvements	\$3,000,000	\$3,000,000
Eastgate façade upgrade	\$1,600,000	0
Boot Factory remediation	0*	0
Oxford Street East upgrade	\$2,000,000	0
Total	\$6,600,000	\$3,000,000

* No cost estimate is available as yet for this item as there are too many variables to consider. For purposes of calculating shortfalls it will need to be assumed that this item is to be funded from capital works contingencies or sale of assets after 2022.

We have been able to source fairly substantial revenues to support this expenditure, mostly from asset sales and developer contributions.



Council has been able to source funds to cover the cost of 54.5% of this component by sale of under-performing assets and from future developer contributions.

Unfunded expenses to 2021/22 = \$3,000,000.

The quantum of Special Rate Variation required to fund this shortfall would be 0.11% pa cumulative for 7 years from 2011/12 followed by 4 more years of normal CPI increases. This is additional to the increases set out for the above Components.

6.5.2 Service Plus Component 9 – Providing more restful neighbourhoods

The shortfall for providing more restful neighbourhoods up to and including 2021/22 is \$2.54 million or 100% of the expected expenditure for this component.

Service	Cost to 2021/22	Shortfall to be funded by Rates
Two extra Rangers	\$2,545,235	\$2,545,235
Total	\$2,545,235	\$2,545,235

We have been unable to source any revenues to support this expenditure. The quantum of Special Rate Variation required to fund this shortfall would be 0.09% per annum cumulative for 7 years from 2011/12 followed by 4 more years of normal CPI increases. This is additional to the increases set out for the above components.

It should be noted that Component 12 below includes proposals to increase place management staff. These staff will contribute to social cohesion and a more engaged community in the area by virtue of their role in facilitating events management. In doing this they will also have an effect on the restfulness of neighbourhoods, augmenting the capacity of the Rangers to keep things a little more pleasant during periods of high influx of visitors.

6.5.3 Service Plus Components 8 and 9 combined – Providing more opportunities for inviting streetscapes and restful neighbourhoods

Were the community to indicate that Components 8 and 9 of **Service Plus** provide good value for money towards the achievement of more opportunities for inviting streetscapes and restful neighbourhoods, the above rate increase of 0.21% for seven years would add the following amounts to annual residential rates bills:

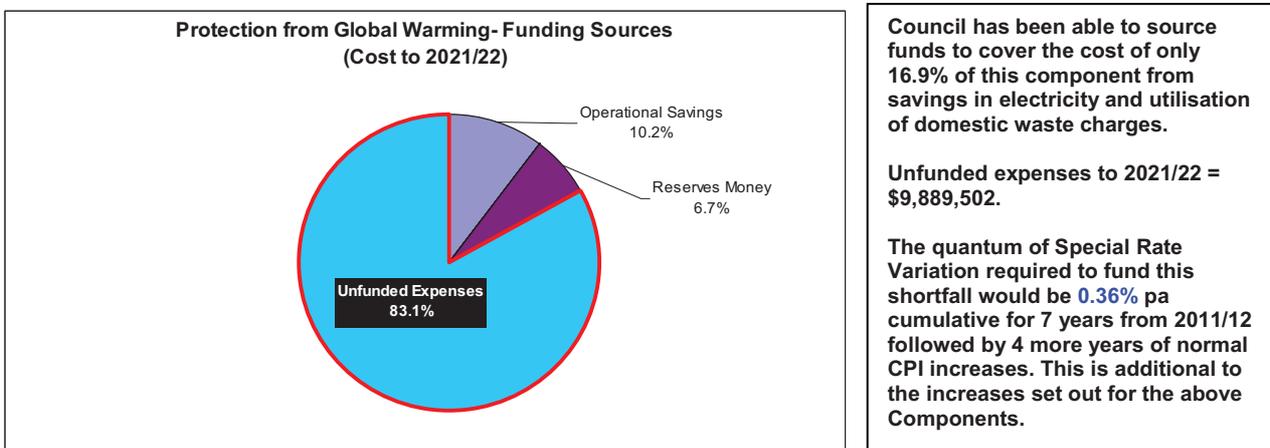
Land value	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$1	\$1	\$1	\$1	\$2	\$2	\$2
\$500,000	\$1	\$1	\$2	\$2	\$3	\$3	\$4
\$633,000	\$1	\$2	\$2	\$3	\$3	\$4	\$5
\$800,000	\$2	\$2	\$3	\$3	\$4	\$5	\$6
\$884,000	\$2	\$3	\$3	\$4	\$4	\$5	\$6
\$1,000,000	\$2	\$3	\$3	\$4	\$5	\$6	\$7
\$1,500,000	\$3	\$4	\$5	\$6	\$8	\$9	\$11
\$2,000,000	\$5	\$6	\$7	\$8	\$10	\$12	\$14

6.6.1 *Service Plus* Component 10 – Providing a more sustainable environment with increased protection from global warming

The shortfall for providing a more sustainable environment with increased protection from global warming is \$9.9 million or 83.1% of the expected expenditure for this component.

Table 27 – <i>Service Plus</i> Component 10 Providing a more sustainable environment with protection from global warming		
Service	Cost to 2021/22	Shortfall to be funded by Rates
Council buildings meet greenhouse reduction targets (more than offset by energy savings)	\$670,371	-\$548,821
Street lighting luminaires retrofitted	\$246,133	\$246,133
Other greenhouse – climate change adaptation	\$101,023	\$101,023
Other greenhouse – community targets, brokering retrofits / decentralised energy	\$3,799,796	\$3,799,796
Other greenhouse – general	\$3,501,429	\$3,501,429
Other greenhouse – transport (including bike paths)	\$3,539,942	\$3,539,942
Waste targets – community	\$45,000	-\$750,000
Total	\$11,903,694	\$9,889,502

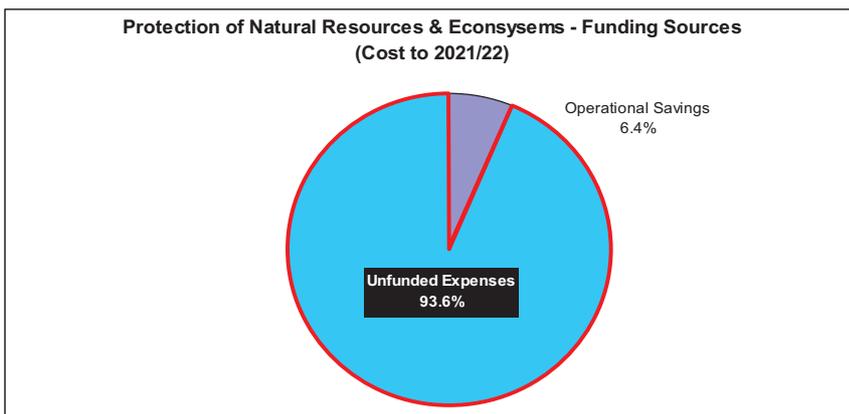
Note that two of these items actually reduce the shortfall, in one case because there is a “pay-back” from energy savings and in the other because it can be funded by reserves for domestic waste since the item reduces greenhouse gas emissions currently arising from disposal of domestic waste to landfill. See Council’s ***Environmental Action Plan 2 (EAP2)*** for a more detailed breakdown of this very complex but important set of proposed works and services. *EAP2* is available on Council’s website. Click on the *Waverley Together 2010 – 2022* icon on the front page.



6.6.2 *Service Plus* Component 11 – Providing more preservation of natural resources and ecosystems

The shortfall for providing more preservation of natural resources and ecosystems is \$10.3 million or 83.1% of the expected expenditure for this component.

Table 28 – <i>Service Plus</i> Component 11 Providing more preservation of natural resources and ecosystems		
Service	Cost to 2021/22	Shortfall to be funded by Rates
Water efficiency improvements on Council assets	\$1,637,775	\$937,775
Water efficiency improvements by the community	\$1,969,299	\$1,969,299
Flora and fauna enhancement	\$7,276,615	\$7,276,615
Water quality improvements	\$92,290	\$92,290
Environmental education	\$37,256	\$37,256
Total	\$11,013,235	\$10,313,235



Council has been able to source funds to cover the cost of only 6.4% of this component from savings in water usage charges.

Unfunded expenses to 2021/22 = \$10,313,235.

The quantum of Special Rate Variation required to fund this shortfall would be 0.37% pa cumulative for 7 years from 2011/12 followed by 4 more years of normal CPI increases. This is additional to the increases set out for the above Components.

See *EAP2* for a more detailed breakdown of set of proposed works and services.

6.6.3 *Service Plus* Components 10 and 11 combined – Providing a more sustainable environment with protection from global warming and preservation of natural resources and ecosystems

If the community indicates that Components 10 and 11 of *Service Plus* provide good value for money towards the achievement of a more sustainable environment, a rate increase of 0.73% for seven years would be required. This would add the following amounts to annual residential rates bills:

Table 29 – <i>Service Plus</i> Components 10 and 11 To provide a more sustainable environment with protection from global warming and preservation of natural resources and ecosystems Per annum extra cost in rates							
Land value	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$3	\$4	\$4	\$5	\$6	\$8	\$9
\$500,000	\$4	\$5	\$6	\$8	\$9	\$11	\$13
\$633,000	\$5	\$6	\$8	\$10	\$12	\$14	\$17
\$800,000	\$7	\$8	\$10	\$12	\$15	\$18	\$21
\$884,000	\$7	\$9	\$11	\$14	\$16	\$20	\$24
\$1,000,000	\$8	\$10	\$13	\$15	\$19	\$22	\$27
\$1,500,000	\$12	\$15	\$19	\$23	\$28	\$33	\$40
\$2,000,000	\$17	\$21	\$25	\$31	\$37	\$45	\$53

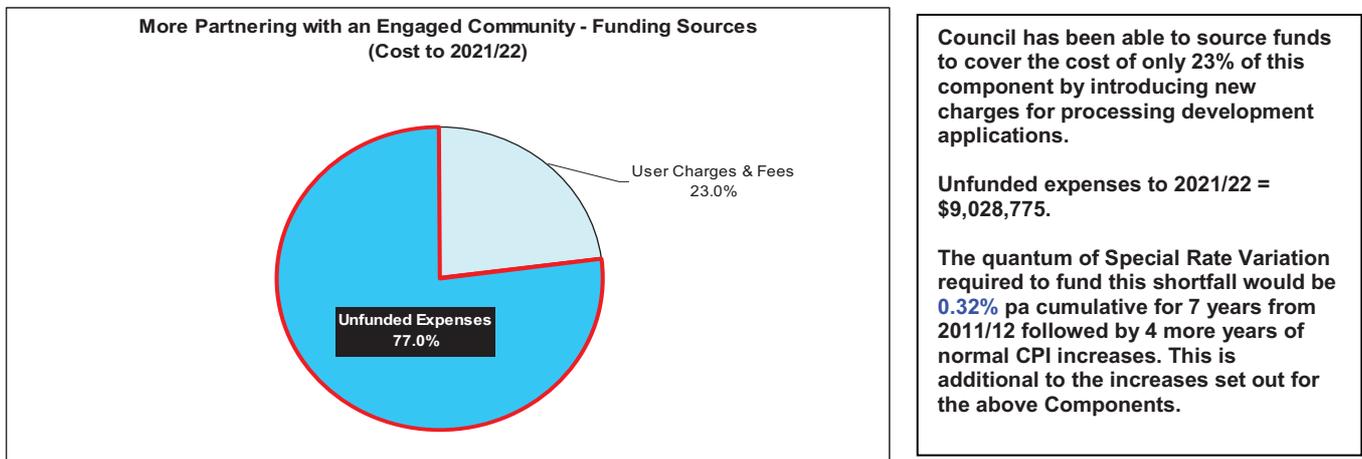
6.7.1 *Service Plus* Component 12 – Partnering with a more engaged, connected and inspired community actively involved in decision making

The shortfall for achieving better partnering with a more engaged community up to and including 2021/22 is \$9 million or 77% of the expected expenditure for this component.

**Table 30 – Service Plus Component 12
Partnering with a more engaged, connected and inspired community
actively involved in decision making**

Service	Cost to 2021/22	Shortfall to be funded by Rates
21C Computer Services x 1, Computer support x 1	\$2,377,281	\$2,377,281
Governance and integrated planning x 1	\$863,476	\$863,476
Support for BJ and BB Place Managers x 2	\$1,617,229	\$1,617,229
Senior Records officer x 1, Records officers x 2	\$3,080,336	\$3,080,336
Records compliance hardware and software	\$33,000	\$33,000
Financial Accounting x 1	\$1,057,453	\$1,057,453
ePlanning x 1, ePlanning x 1	\$2,602,152	0
ePlanning hardware and software	\$98,660	0
Total	\$11,729,587	\$9,028,775

This is a difficult component to fund. We have been able to source some revenues from introduction of new user charges for faster processing of information associated with development applications.



If the community indicates that Component 12 of **Service Plus** provides good value for money towards the achievement of a more sustainable environment, a rate increase of 0.32% for seven years would add the following amounts to annual residential rates bills:

**Table 31 – Service Plus Component 12
To increase our capacity to partner with a more engaged, connected and inspired community
actively involved in decision making
Per annum extra cost in rates**

Land value	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$1	\$2	\$2	\$2	\$3	\$3	\$4
\$500,000	\$2	\$2	\$3	\$3	\$4	\$5	\$6
\$633,000	\$2	\$3	\$4	\$4	\$5	\$6	\$8
\$800,000	\$3	\$4	\$4	\$5	\$7	\$8	\$10
\$884,000	\$3	\$4	\$5	\$6	\$7	\$9	\$11
\$1,000,000	\$4	\$5	\$6	\$7	\$8	\$10	\$12
\$1,500,000	\$5	\$7	\$8	\$10	\$12	\$15	\$18
\$2,000,000	\$7	\$9	\$11	\$14	\$17	\$20	\$24

6.8 Service Plus Component 2 to 12 – Total enhancements

The shortfall for all enhancements to existing services – ie., components 2 to 12 – up to and including 2021/22 is \$99.20 million or 46.49% of the expected expenditure for these eleven components of enhancement. In other words we've been able to identify sources of funds for

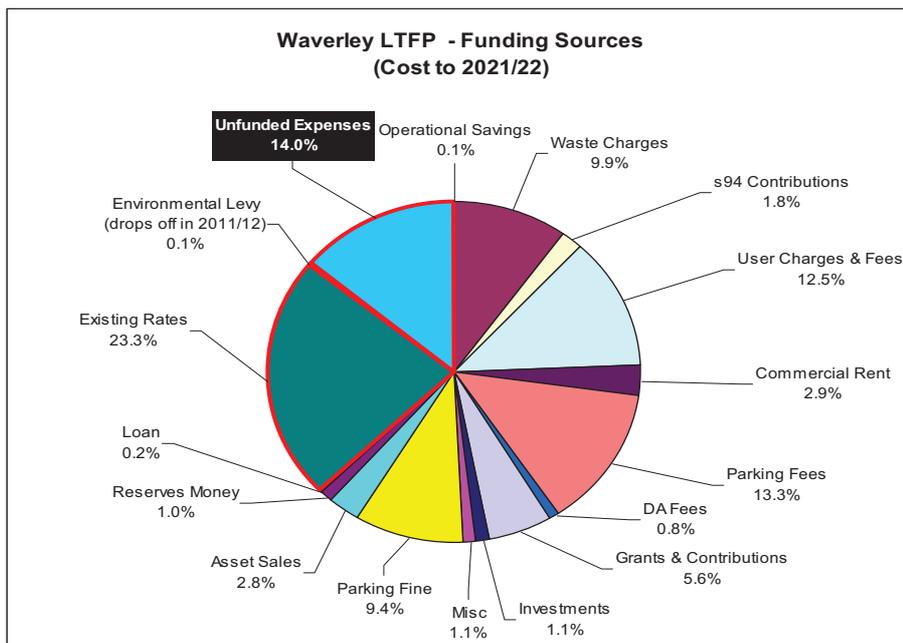
about half of the cost of the enhancements. Were the community to indicate that all eleven enhancement components of **Service Plus** provide good value for money towards the achievement of the vision of *Waverley Together 2*, rate increases of 3.8% cumulative for seven years would be required in addition to 8.79% required to maintain existing services in **Section 6.1** above. The additional increases of 3.8% for seven years would add up to the following total increases in annual residential rates bills:

Table 32 – Service Plus All Enhancements – Components 2 to 12							
Per annum extra cost in rates							
Land value	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$15	\$18	\$22	\$26	\$31	\$36	\$43
\$500,000	\$22	\$26	\$31	\$38	\$45	\$53	\$63
\$633,000	\$27	\$33	\$40	\$48	\$57	\$67	\$79
\$800,000	\$34	\$42	\$50	\$60	\$72	\$85	\$100
\$884,000	\$38	\$46	\$56	\$67	\$79	\$94	\$111
\$1,000,000	\$43	\$52	\$63	\$75	\$90	\$106	\$125
\$1,500,000	\$65	\$78	\$94	\$113	\$135	\$159	\$188
\$2,000,000	\$86	\$104	\$126	\$151	\$179	\$213	\$251

6.9 Service Plus – All 12 Components - Total for existing services plus enhancements

The shortfall in the combined costs of all twelve components, up to and including 2021/22, is \$224.04 million or 14% of the expected expenditure for the twelve components of \$1.604 billion. **Table 33** shows the rate rises required, cumulative for seven years to cover the various component shortfalls. To ensure these shortfalls would be covered, the cumulative rate rises would need to be followed by four more rate rises of CPI, calculated on the accumulated yield at the end of 2017/18.

Table 33 – Service Plus All 12 Components					
Total Costs, Shortfalls and Required Compensating Rate Rises Over 12 Years					
Component		Total Projected Cost	Component Shortfall		Rate Rise Required Cumulative for 7 years
1	For existing services	\$1,390,227,834	\$124,837,549	9.0%	8.79%
2,3	Providing more opportunities for recreation, health, wellbeing and cultural expression	\$24,058,195	\$7,746,688	32.2%	0.32%
4,5,6	Providing more and safer access to public places, transport and vital services	\$102,221,606	\$44,875,638	43.9%	1.78%
7	Providing more cleaning and greening of all the spaces we share	\$43,314,286	\$11,799,586	27.2%	0.44%
8,9	Providing more inviting streetscapes and restful local neighbourhoods	\$9,145,235	\$5,545,235	60.6%	0.21%
10,11	Providing a more sustainable environment with increased protection from global warming and preservation of natural resources and ecosystems	\$22,916,929	\$20,202,737	88.2%	0.73%
12	Partnering with a more engaged, connected and inspired community actively involved in decision making	\$11,729,587	\$9,028,775	77.0%	0.32%
Total		\$1,603,613,672	\$224,036,208	14.0%	12.59%



Council has been able to source funds to cover the cost of 86% of the entire **Service Plus** package.

Unfunded expenses to 2021/22 = \$224,036,208.

The quantum of Special Rate Variation required to fund this shortfall would be 12.59% pa cumulative for 7 years from 2011/12 followed by 4 more years of normal CPI increases.

Should the community indicate that all twelve components of **Service Plus** provide good value for money towards the achievement of the vision of *Waverley Together 2*, rate increases of 12.59% cumulative for seven years would be required. This would mean that total residential rate bills would be as follows. These rate increases include any increases that will be permitted anyway by the Minister under rate capping:

**Table 34 – Total Rates Bills with *Service Plus* to Meet the Targets of *Waverley Together 2*
Expected Total Residential Rates to Deliver All 12 Components**

Max. land value	Rates now 2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$405*	\$436	\$491	\$552	\$622	\$700	\$788	\$888
\$500,000	\$592*	\$637	\$718	\$808	\$910	\$1,024	\$1,153	\$1,298
\$633,000	\$750*	\$807	\$908	\$1,023	\$1,151	\$1,296	\$1,460	\$1,644
\$800,000	\$948*	\$1,020	\$1,148	\$1,293	\$1,455	\$1,639	\$1,845	\$2,077
\$884,000	\$1,047*	\$1,127	\$1,269	\$1,428	\$1,608	\$1,811	\$2,039	\$2,295
\$1,000,000	\$1,184*	\$1,275	\$1,435	\$1,616	\$1,819	\$2,048	\$2,306	\$2,596
\$1,500,000	\$1,777*	\$1,912	\$2,153	\$2,424	\$2,729	\$3,072	\$3,459	\$3,895
\$2,000,000	\$2,369*	\$2,549	\$2,870	\$3,231	\$3,638	\$4,096	\$4,612	\$5,193

* Includes the current Environmental Levy. This table assumes current Environmental Levy ceases after 2010/11

The maximum rise from year to year to deliver all 12 components of **Service Plus** would be:

**Table 35 – *Service Plus* All 12 Components
Expected Annual Residential Rates Increases to Deliver All 12 Components**

Land value	Rates now 2010/11	Yearly Rises (each increase shown is additional to the previous year)						
		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$405	\$31	\$55	\$62	\$70	\$78	\$88	\$99
\$500,000	\$592	\$45	\$80	\$90	\$102	\$115	\$129	\$145
\$633,000	\$750	\$57	\$102	\$114	\$129	\$145	\$163	\$184
\$800,000	\$948	\$72	\$128	\$145	\$163	\$183	\$206	\$232
\$884,000	\$1,047	\$80	\$142	\$160	\$180	\$202	\$228	\$257
\$1,000,000	\$1,184	\$90	\$160	\$181	\$203	\$229	\$258	\$290
\$1,500,000	\$1,777	\$135	\$241	\$271	\$305	\$344	\$387	\$436
\$2,000,000	\$2,369	\$180	\$321	\$361	\$407	\$458	\$516	\$581

Quarterly maximum rises, year on year, to deliver all 12 components of **Service Plus** would be:

Table 36 – Service Plus All 12 Components Expected Quarterly Residential Rates Increases to Deliver All 12 Components								
	Rates now	Quarterly Rises (each increase is additional to quarterly rises in the previous year)						
Land value	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$405	\$7.70	\$13.71	\$15.44	\$17.39	\$19.57	\$22.04	\$24.81
\$500,000	\$592	\$11.27	\$20.06	\$22.59	\$25.43	\$28.63	\$32.24	\$36.29
\$633,000	\$750	\$14.26	\$25.40	\$28.59	\$32.19	\$36.25	\$40.81	\$45.95
\$800,000	\$948	\$18.03	\$32.10	\$36.14	\$40.69	\$45.81	\$51.58	\$58.07
\$884,000	\$1,047	\$19.92	\$35.46	\$39.93	\$44.96	\$50.62	\$56.99	\$64.17
\$1,000,000	\$1,184	\$22.53	\$40.12	\$45.17	\$50.86	\$57.26	\$64.47	\$72.59
\$1,500,000	\$1,777	\$33.80	\$60.18	\$67.76	\$76.29	\$85.89	\$96.71	\$108.88
\$2,000,000	\$2,369	\$45.06	\$80.24	\$90.34	\$101.71	\$114.52	\$128.94	\$145.18

Weekly maximum rises, year on year, to deliver all 12 components of **Service Plus** would be:

Table 37 – Service Plus All 12 Components Expected Weekly Residential Rates Increases to Deliver All 12 Components								
	Rates now	Weekly Rises (each increase is additional to weekly rises in the previous year)						
Land value	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$405	\$0.59	\$1.05	\$1.19	\$1.34	\$1.51	\$1.70	\$1.91
\$500,000	\$592	\$0.87	\$1.54	\$1.74	\$1.96	\$2.20	\$2.48	\$2.79
\$633,000	\$750	\$1.10	\$1.95	\$2.20	\$2.48	\$2.79	\$3.14	\$3.53
\$800,000	\$948	\$1.39	\$2.47	\$2.78	\$3.13	\$3.52	\$3.97	\$4.47
\$884,000	\$1,047	\$1.53	\$2.73	\$3.07	\$3.46	\$3.89	\$4.38	\$4.94
\$1,000,000	\$1,184	\$1.73	\$3.09	\$3.47	\$3.91	\$4.40	\$4.96	\$5.58
\$1,500,000	\$1,777	\$2.60	\$4.63	\$5.21	\$5.87	\$6.61	\$7.44	\$8.38
\$2,000,000	\$2,369	\$3.47	\$6.17	\$6.95	\$7.82	\$8.81	\$9.92	\$11.17

6.10 Comparisons between rates bills with and without **Service Plus**

As stated above, rates bills will rise by at least 20% to 25% under the rate capping system over the next eight years, regardless of whether Waverley introduces **Service Plus** or not. In the full 12 years of the program they will inevitably rise by 30% to 35%. Over the next eight years rate rises under rate capping in Waverley are likely to rise as follows. These tables assume the rate cap will be held at CPI, which is a reasonable conservative assumption, because rate rises have generally tended to run just a little above CPI in recent years:

Table 38 – How will total rates rise in Waverley with rate capping at CPI? Total Rates Bills								
Land value	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$341,850	\$405	\$419	\$432	\$442	\$451	\$462	\$475	\$487
\$500,000	\$592	\$613	\$631	\$647	\$660	\$676	\$695	\$713
\$633,000	\$750	\$776	\$799	\$819	\$835	\$856	\$880	\$903
\$800,000	\$948	\$981	\$1,010	\$1,035	\$1,056	\$1,082	\$1,112	\$1,141
\$884,000	\$1,047	\$1,084	\$1,116	\$1,144	\$1,167	\$1,196	\$1,229	\$1,260
\$1,000,000	\$1,184	\$1,226	\$1,263	\$1,294	\$1,320	\$1,353	\$1,390	\$1,426
\$1,500,000	\$1,777	\$1,839	\$1,894	\$1,941	\$1,980	\$2,029	\$2,086	\$2,139
\$2,000,000	\$2,369	\$2,452	\$2,525	\$2,588	\$2,640	\$2,706	\$2,781	\$2,852

**Table 39 – How will rates rise in Waverley with rate capping at CPI?
Year on year \$ increases from 2011/12**

	Rates now	Yearly Rises (each increase shown is additional to the previous year)						
		2011/12	2012/13	2013/14	2014/15	1015/16	2016/17	2017/18
Land value	2010/11							
\$341,850	\$405	\$14	\$13	\$11	\$9	\$11	\$13	\$12
\$500,000	\$592	\$21	\$18	\$16	\$13	\$17	\$19	\$18
\$633,000	\$750	\$26	\$23	\$20	\$16	\$21	\$24	\$22
\$800,000	\$948	\$33	\$29	\$25	\$20	\$26	\$30	\$28
\$884,000	\$1,047	\$37	\$33	\$28	\$23	\$29	\$33	\$31
\$1,000,000	\$1,184	\$41	\$37	\$32	\$26	\$33	\$38	\$35
\$1,500,000	\$1,777	\$62	\$55	\$47	\$38	\$50	\$56	\$53
\$2,000,000	\$2,369	\$83	\$74	\$63	\$51	\$66	\$75	\$71

If **Service Plus** for **existing services** is introduced, the total amount of rates to be paid in each year above the cap, ie., above what residents would have paid anyway, will be as follows:

**Table 40 – Total rates to be paid above an assumed CPI rate cap for existing services*
Component 1 of Service Plus**

	Rates now	Rates paid each year above an assumed CPI with Component 1 of Service Plus						
		2011/12	2012/13	2013/14	2014/15	1015/16	2016/17	2017/18
Land value	2010/11							
\$341,850	\$405	\$2	\$24	\$29	\$35	\$36	\$39	\$44
\$500,000	\$592	\$3	\$36	\$43	\$51	\$53	\$57	\$65
\$633,000	\$750	\$4	\$45	\$55	\$65	\$67	\$72	\$82
\$800,000	\$948	\$5	\$57	\$69	\$82	\$85	\$91	\$104
\$884,000	\$1,047	\$5	\$63	\$76	\$91	\$94	\$101	\$114
\$1,000,000	\$1,184	\$6	\$71	\$86	\$102	\$106	\$114	\$130
\$1,500,000	\$1,777	\$8	\$107	\$129	\$154	\$159	\$171	\$194
\$2,000,000	\$2,369	\$11	\$143	\$172	\$205	\$213	\$228	\$259

* Figures in **Table 40** equate to the difference between the rate rises necessary for Component 1 as shown in **Table 12** and the rate rises that will be applied under rate capping anyway as shown in **Table 39**.

If all twelve components of **Service Plus** are introduced, rate increases above the cap, ie., above what residents would have paid anyway, will be as follows for all 12 **existing and enhanced service components**:

**Table 41 – Total rates to be paid above an assumed CPI rate cap
for existing and enhanced services
All 12 Components of Service Plus**

	Rates now	Rates paid each year above an assumed CPI with All 12 Components of Service Plus						
		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Land value	2010/11							
\$341,850	\$405	\$17	\$42	\$51	\$61	\$67	\$75	\$87
\$500,000	\$592	\$24	\$62	\$75	\$89	\$98	\$110	\$127
\$633,000	\$750	\$31	\$78	\$94	\$113	\$124	\$139	\$161
\$800,000	\$948	\$39	\$99	\$119	\$142	\$157	\$176	\$204
\$884,000	\$1,047	\$43	\$109	\$132	\$157	\$173	\$195	\$225
\$1,000,000	\$1,184	\$49	\$124	\$149	\$178	\$196	\$220	\$255
\$1,500,000	\$1,777	\$73	\$186	\$224	\$267	\$294	\$330	\$382
\$2,000,000	\$2,369	\$97	\$247	\$298	\$356	\$392	\$441	\$510

* Figures in **Table 41** equate to the difference between the rate rises necessary for all 12 components as shown in **Table 35** and the rate rises that will be applied under rate capping anyway as shown in **Table 39**.

One final thing to note about the difference between rates now and rates with **Service Plus** is that there is currently an Environmental Levy in place. All the above figures assume that the Environmental Levy will drop off in June 2011 and if no new rate variation is re-introduced rates will actually drop backwards. But if a new variation **is** applied, the change in their bills that

ratepayers will actually feel from year to year will be smaller than stated above. In the first year the change will be as shown in **Table 42**.

Table 42 – Working out the real variation to rates bills caused by <i>Service Plus</i>		
	For Component 1 of <i>Service Plus</i>	For All 12 Components of <i>Service Plus</i>
Proposed total % rate growth for <i>Service Plus</i> , assuming the Environmental Levy has dropped off, reducing the theoretical starting rate for calculation of future % variations	8.79%	12.59%
Taking off the inevitable increase (rate cap)	Less say 3.0%	Less say 3.0%
Remembering the Environmental Levy was in place in the prior year	Less another 3.4%	Less another 3.4%
Real variation arising from with <i>Service Plus</i>	2.39%	6.19%

The above table shows that ratepayers are paying an extra 3.4% for the Environmental Levy in 2010/11 and have built that into their budgets already. This reduces the change ratepayers will actually feel in 2011/12. The variation above what they are paying and what they will inevitably pay with the rate capped increase is quite a deal less than stated above. In Year 1 it will cost ratepayers only 2.39% more for Component 1 and 6.19% more for all 12 Components of ***Service Plus*** than they're paying now.

7. Affordability

7.1 The cost of investing versus *not* investing in *Service Plus*

The increases above the cap shown in **Tables 40 and 41** begin to look quite high by about 2013/14, although for over half the ratepayers for some years they represent little more than the price of half a cup of coffee a week, even when enhanced services are included. Still, the increases are quite high compared to what we're used to under rate capping.

Council, however, is in quite a squeezed position here. The vast majority of expenditures in ***Service Plus*** are basically expenditures that won't go away. There are some discretionary items but most are not. Eventually they'll happen and, in many cases, the later they happen the more they will cost. So there's a "rock and a hard place" sort of problem: how can we afford to do the works, and how can we afford not to?

Tables 38 and 39, which show how rates will inevitably increase under the capping system, make it apparent that increases that might be applied under rate capping will go nowhere towards matching the rising cost of existing services. **Table 39** shows that from year to year the increases under rate capping are basically flat in dollar value across the years. Growth in rate income under rate capping will simply be too slow to avoid growth in cost. In fact we'll basically go backwards. Service loss and costs to reinstate lost services over the years will grow and grow if rate increases are simply kept within the cap as shown in **Table 43**.

Table 43 – Annual value of lost future investment in existing services if rates are kept within the cap										
\$'000 per annum										
2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$4,862	\$5,502	\$3,793	\$7,284	\$9,671	\$10,691	\$12,677	\$14,562	\$16,751	\$18,216	\$20,021

Figures in **Table 43** equate to the deficits we will encounter in each year if rates are kept within the cap. But the loss to the Waverley community of ***not*** investing in ***Service Plus*** should not be equated simply to the sum of the deficits for Council. To do so would be to understate the future loss. ***Service Plus*** is a program of investment in quadruple bottom line sustainability for identified and even some unidentified social, environmental, economic, and civic leadership goals. The mandatory nature of this investment is reinforced at several points in the Local Government Act.

But even if it weren't mandatory, the opportunity cost of non-investment in **Service Plus** would not be the mere sum of Council's deficits. It will be the far greater sum of:

- the cost of serious asset decline and attendant increased bills for the eventual inevitable renewal of fixed infrastructure, *plus*
- the cost of social dislocation or breakdown that might have been avoided, *plus*
- the cost of environmental degradation, *plus*
- the cost of sub-optimal decision-making arising from governance processes being conducted in a poorer community engagement framework, *plus*
- all the associated economic loss arising from business downturn caused by the above four costs.

The positive return generated by investing in asset renewal, environmental sustainability, social cohesion, better engagement and economic development under **Service Plus** is obviously difficult to calculate accurately in dollars. But it's equally obvious that economic prosperity depends heavily on investment in assets, social capital and security, planning and environmental protection. So the return on investment in **Service Plus** is bound to be strongly positive, especially if we can manage to keep our costs down as well as (or better than) we have done already by thoughtful use of the Integrated Planning framework and strategic asset management planning processes over the last five years. In other words, there's bound to be a good pay-back and margin of return on the extra \$125 million we may invest in Component 1 to maintain existing services. And there is highly likely to be a net positive benefit from investment in the enhancements, particularly Components 4, 5, 10 and 11.

The cost of not investing in **Service Plus** is far greater than the cost of investing in it now.

Conversely, the benefit of investing in **Service Plus** is far greater than the saving for individual ratepayers of not investing in it. If the benefit of the investment can't be quantified in actual dollars, it can at least be qualified in terms of the magnitude of change that will arise from the investment. This can be expressed in the terms of the vision for Waverley. **Attachment C** shows how each component of **Service Plus** contributes to our chances of achieving the vision. The analysis clearly indicates that implementation of all 12 components boosts the community's chances of success in a myriad of ways and that removal of parts of any component moves us in the other direction – away from sustainability and away from realisation of the vision.

7.2 Making **Service Plus** as affordable as possible

Due to the high cost of housing in Waverley, further pressure on weekly bills for residents is something that councillors are very keen to avoid. Waverley residents may look wealthy if viewed by their land wealth and even if viewed by their average weekly income, both of which are considerably higher than the Sydney average. But on the other hand their weekly costs for housing are also considerably higher than the Sydney average.

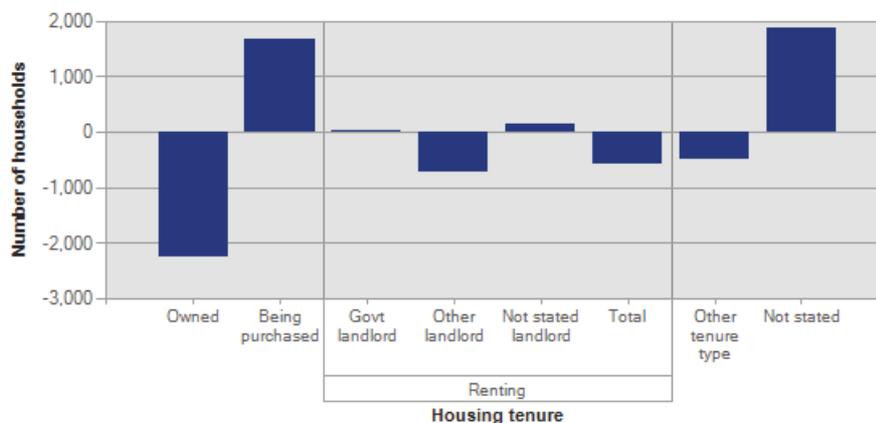
Of those renting in Waverley, 76% pay above \$275 per week compared to 43% in the rest of Sydney. And of those on mortgages, 67% pay above \$2,000 per month compared to 48% in the rest of Sydney. The 2006 Census data show how different Waverley is compared to Sydney on average in terms of both income and housing cost. These data are based on an even distribution within each income or payment group across Sydney. They compare the distribution in Waverley to that even distribution across Sydney. Not surprisingly Waverley has a higher percentage in the higher income brackets but also a higher percentage in the higher housing cost brackets than the rest of Sydney.

Table 44
Income and Housing Cost – Waverley Households Compared to Sydney Households
ABS 2006 Census Data

	Quartile	Quartile	Quartile	Quartile
Income Profile	Lowest	Medium lowest	Medium highest	Highest
Household Annual Income	Max \$31,066	Max \$59,985	Max \$107,006	Above \$107,006
Max weekly income	\$597	\$1,154	\$2,058	Above \$2,058
% Earning in Sydney	25%	25%	25%	25%
No. Earning in Waverley	4,072	4,552	4,512	7,088
% Earning in Waverley	20.1%	22.5%	22.3%	35.0%
Rental Profile	Lowest	Medium lowest	Medium highest	Highest
Annual Rent	Max \$9,341	Max \$12,981	Max \$17,760	Above \$17,760
Max Weekly Rent	\$180	\$250	\$342	Above \$342
% Paying in Sydney	25%	25%	25%	25%
No. Paying in Waverley	935	1,054	2,530	5,621
% Paying in Waverley	9.2%	10.4%	25.0%	55.4%
Mortgage Profile	Lowest	Medium lowest	Medium highest	Highest
Annual Mortgage	Max \$14,373	Max \$21,994	Max \$32,397	Above \$32,397
Max Weekly Mortgage	\$276	\$423	\$623	Above \$623
% Paying in Sydney	25%	25%	25%	25%
No. Paying in Waverley	800	743	1,054	2,088
% Paying in Waverley	17.1%	15.9%	22.5%	44.6%

Census data since 1991 indicate clearly that those households on lower incomes are continually dropping as a proportion of Waverley's total households. Either our residents are progressively increasing their income and moving into the higher income-earning brackets, or they're simply moving out if they're on lower incomes. Probably it's a bit of both but it's somewhat more likely that lower income earners are moving out. The Census data going as far back as 1991 clearly indicate that it's been getting progressively harder to own a home in Waverley and more people are likely to be shifting out entirely rather than shifting from owning to renting elsewhere in the LGA.

Change in housing tenure, Waverley Local Government Area (LGA), 2001 to 2006
(Enumerated data)



Source: Australian Bureau of Statistics, 2006 and 2001 Census of Population and Housing (Enumerated)

The data show that this trend of movement away from ownership in Waverley has been steady since 1991.

The data also indicate that both renters and buyers (with mortgages) in the majority are doing it about as tough as people in other LGAs. This is because there are much higher proportions of Waverley residents in the high rental/mortgage cost brackets than there are in the high income brackets.

Table 45 Comparison of Waverley Household High Bracket Income to High Bracket Housing Cost ABS 2006 Census Data	
% of Waverley households in the two highest income bracket quartiles	57.4%
% of Waverley rental households in the two highest rental cost bracket quartiles	80.4%
% of Waverley mortgage households in the two highest mortgage cost bracket quartiles	67.1%

All of this bodes ill for our capacity to stay together as a community in Waverley in the coming decade. The prospect of the next generation or the older generation having to move further and further away to find affordable housing, thereby breaking connections within extended family support systems, is somewhat gloomy. These connections help considerably to control the cost and emotional stress of child care, aged care, and support for the disabled, youth and various other disadvantaged groups. Naturally the Council is therefore concerned not to do anything to exacerbate this problem of dispersion by, for instance, raising rates too steeply. In the long run it will be more sustainable for everyone, including Council, if we can curb cost escalations that will arise from a continuing diaspora.

To this end, throughout the entire process of preparing *Waverley Together 2*, substantial efforts have been made by Council to make **Service Plus** as affordable as possible. If the expense can't be avoided we can nevertheless try to minimise it. This has been done with considerable success in at least two major ways as follows:

7.2.1 Cost Control Measure – Introduction of new methods of assessing the cost of asset maintenance and renewal

Waverley Council has implemented leading edge practice in strategic asset management planning. The evolution and innovation in the approach is documented in detail in each of our three SAMPs published since 2006. Broadly described, the methodology involves:

- firstly, a slight shift in the methodologies we have used in the past for calculating costs to achieve acceptable service levels from assets, and
- secondly, more engagement with the community using plain language and pictures to get a better idea of what they see as an acceptable standard for renewal of assets in a definable cycle.

Progressive implementation of this process since 2006 has resulted in both:

- lower assessed costs for backlog and future infrastructure renewal programs, and
- increased community satisfaction about the levels of service they can expect within certain time frames.

The process creates a basis for open dialogue where the community feels empowered to make comments, based on properly understood knowledge of the real condition of assets and the capacity of those assets to deliver the services they want. It helps the community give clear feedback to Council about where their money should be spent in priority order. As the process sets a floor for the minimum investment necessary, it also allows customer choice without increasing risk that may arise from continued asset degradation.

Before Waverley Council implemented the revised methodology, Council's technical staff were using traditional accounting methods of valuation and depreciation to estimate the cost of asset renewal. By 2004 this had resulted in reported estimates of \$93 million to bring roads footpaths,

kerbs and gutters, drains and buildings to a satisfactory standard and a further \$8.7 million per annum to keep them there over the subsequent ten years (See Waverley Council *Annual Statements of Accounts 2003/04*).

After implementing the revised process, costs estimates for bringing these assets to satisfactory standards have been revised downwards by 84% to \$14.8 million. Estimates of annual costs to keep the renewed assets in a satisfactory condition over the next 10 years have also been revised downwards by 35% to \$5.6 million. See *SAMP3 Chapter 6*.

Table 46 Reductions in previously reported costs to bring assets in Categories 1 – 5 to a satisfactory condition and keep them there over the next 12 years Waverley Strategic Asset Management Plan Methodology SAMP3 December 2009		
	Cost to bring assets to a satisfactory condition	Cost to maintain assets at a satisfactory standard
Reported June 2004	\$93,235,000	\$8,738,000
Estimated June 2010	\$14,829,129	\$5,670,523
Total Reduction in Estimates	\$78,405,871	\$3,067,477
% Reduction in Estimates Since 2004	84%	35%

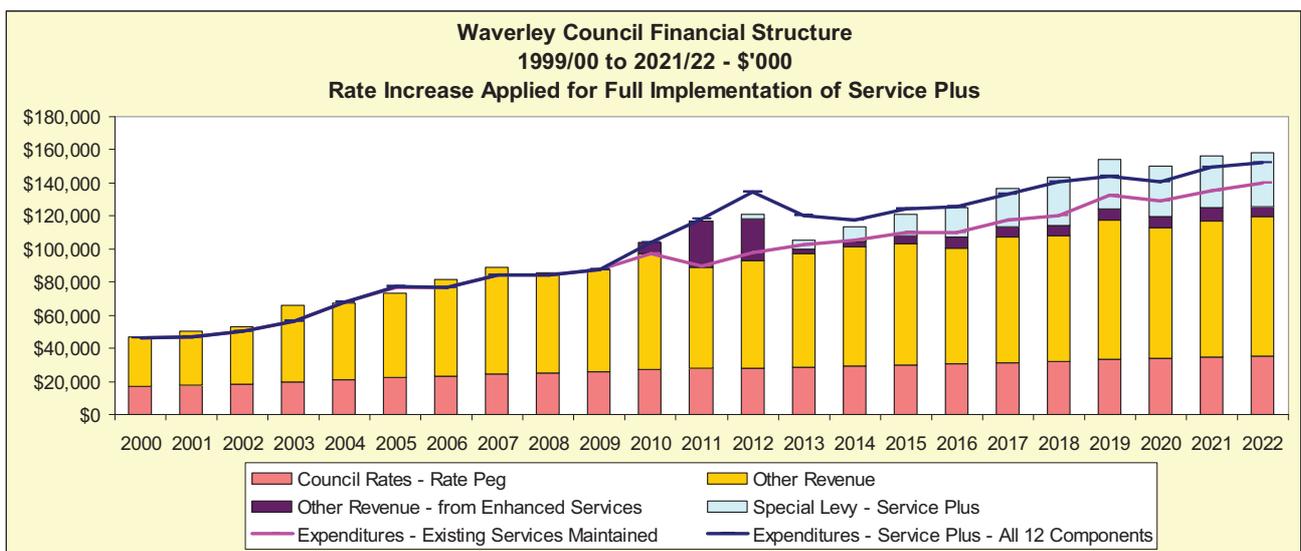
These reductions in estimated cost have been achieved without loss of service to the community and we now have quite high confidence levels that rate increases necessary to achieve asset renewal are not being overstated.

7.2.2 Cost Control Measure – Pacing out the rate increases over time

Council can ease the burden on ratepayers by simply pacing out the rate increases so that they grow slowly enough to give ratepayers time to plan them into their future household or business budgets. This sounds like an obvious and simple strategy, but it will require significant financial management skills to balance annual Council budgets.

Chart 6 in **Section 2.2.1** above showed the widening gap between expenditure and income over the next 12 years. **Chart 7** below shows that the gaps can be bridged with slow and steady increments of increase in rates starting from 2011/12.

Chart 7



However, **Chart 7** also shows that Council will need to manage potential deficits in the earliest years while we wait for income from rates to build up enough to compensate. We can do this by a combination of internal or external loans and by delays in implementation of some components of **Service Plus** if need be. Following detailed assessment by council officers and councillors, extra operational costs from some components of **Service Plus**, namely Components 5, 6, 7, 9, 10, 11 and 12, have already been staggered within the financial model to start later in the decade wherever we have deemed that the delay in expenditure will not significantly affect capacity to achieve the targets of *Waverley Together 2* by the due dates. But further delays may be required to balance the budget from time to time. Waverley residents should not expect immediate implementation of all components of **Service Plus** if they choose to support rate rises at the pace being suggested by Council. **Attachment E** shows the projected start times for operational expenditure on items requiring recurrent funding in **Service Plus**.

It should be noted that **Chart 7** shows annual operational surpluses in the later years. This should not be taken to imply that we are proposing to increase rates more than we need to. The surpluses in the later years will be required to pay back loans taken out in the earlier years for items which need to start earlier to meet the targets but which can't be funded from other sources of income such as asset sales and developer contributions.

7.3 Choosing the best pace for increases in rates

Using the above approaches to financial planning, and using a fairly deep process of councillor involvement in sanity-checking things (eg., by assessing which items have more value in propelling us towards achievement of the targets) we've arrived at a compromise position. This position strikes the best balance Council can find between affordability for current ratepayers and prevention of excessive long run cost increases for future generations.

It's actually cheaper for all if we try to stem future growth in costs by paying the proposed rate increases at the pace we're suggesting. Fortunately that pace can be slow enough to be sustainable but only if we start very soon. The sooner we start, the more time residents and businesses will have to build the rate increases into their budgets. Cost increases will be inevitable simply because we have waited a little too long already on some investments like infrastructure renewal. But starting to address the backlog and meeting some other pent up demands sooner rather than later will mean that the necessary rate increases will be lower in quantum and steepness than they will if expenditure is delayed.

It's really important to avoid the long run cost increases that will be caused by further delays in investment that's needed now and that indeed, in the case of infrastructure, transport, housing affordability and greenhouse gas reduction, is overdue. Otherwise we'll impose on our children the problem that's being imposed on us right now – but bigger. If we're looking for examples of how big this sort of problem can be and how steep sudden rises can really hurt people who need time to factor these costs into their budgets, witness the recent proposals by Energy Australia raise electricity charges by 60% over only three years – all because of generators' having delayed too long on necessary investment in energy generating infrastructure.

7.4 Checking the affordability of **Service Plus** for households of the future

According to the 2006 Australian Bureau of Statistics Census Data, average weekly household income in Waverley is distributed as follows:

Income bracket		% Households in Waverley	% Households in Sydney
Low income	<\$500	13.2%	16.8%
Middle income	\$500 - \$1700	49.2%	53.7%
High income	>\$1700	37.6%	29.5%

Average household weekly income is predicted to rise annually over the next decade. Assuming it rises by the predicted CPI used in our LTFP2 (supplied by Access Economics) we should expect to see weekly household incomes rise in dollar terms as shown in **Table 48**:

Table 48 Expected Rises in Average Weekly Household Income – Waverley 2010/11 to 2017/18											
				2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Assumed CPI / % Weekly Income Increase				2.4%	2.7%	2.5%	2.0%	2.0%	2.5%	2.8%	2.5%
Household Income Bracket		% in Waverley	Selected Max. Income	Total Weekly Average Household Income Applying Assumed CPI							
				2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Low income	<\$500	13.2%	\$500 pw	\$512	\$526	\$539	\$550	\$561	\$575	\$591	\$606
Middle income	\$500-\$1700	49.2%	\$1100 pw	\$1,126	\$1,157	\$1,186	\$1,209	\$1,234	\$1,264	\$1,300	\$1,332
High income	>\$1700	37.6%	\$2350 pw	\$2,406	\$2,471	\$2,533	\$2,584	\$2,635	\$2,701	\$2,777	\$2,846
Household Income Bracket		% in Waverley	Selected Max. Income	Year on Year Rise in Weekly Average Household Income Applying Assumed CPI							
				2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Low income	<\$500	13.2%	\$500 pw	\$12	\$14	\$13	\$11	\$11	\$14	\$16	\$15
Middle income	\$500-\$1700	49.2%	\$1100 pw	\$26	\$30	\$29	\$24	\$24	\$31	\$35	\$32
High income	>\$1700	37.6%	\$2350 pw	\$56	\$65	\$62	\$51	\$52	\$66	\$76	\$69

In attempting to assess affordability a key question, in addition to the questions about disposable income after housing costs are taken into account, is the question is how much of the assumed rise in household income will be consumed by increases in total Council rates. **Charts 8 and 9** show how much of the total expected weekly income increases per annum (CPI) in **Table 48** above will be consumed by the proposed rate rises necessary to fund Component 1 and all 12 Components of Service Plus.

Chart 8

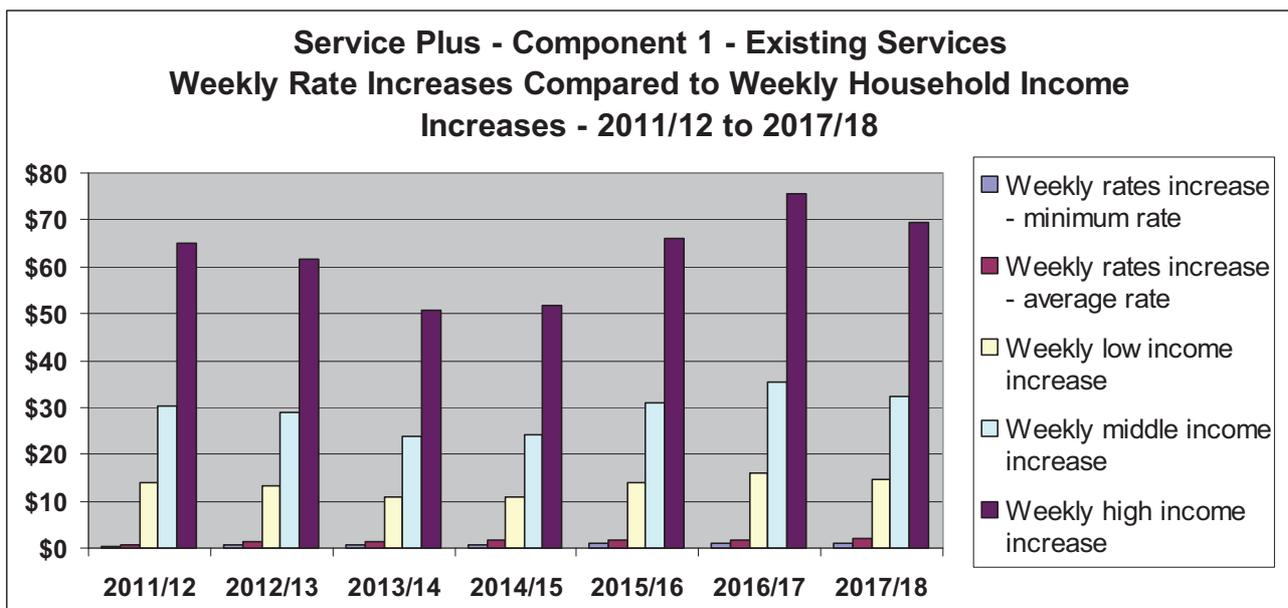
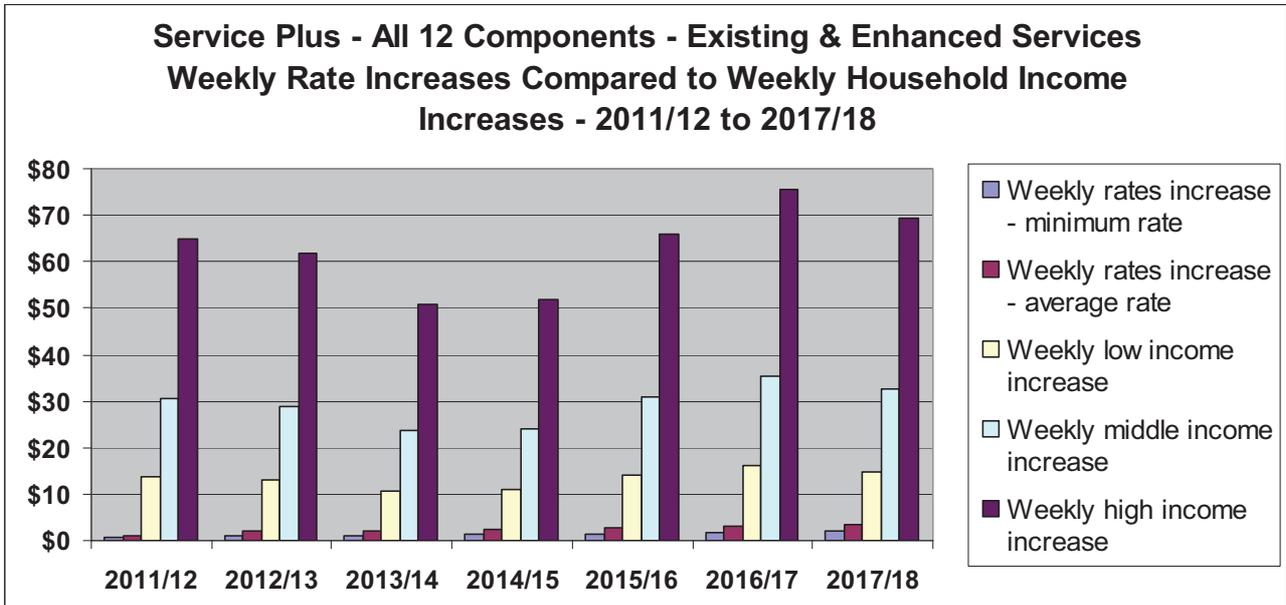


Chart 9



The above charts show that for both Component 1 and all 12 Components of **Service Plus**, rate increases will consume a very small proportion of the year on year increases in household income. This is the case regardless of whether a household is paying minimum rates, or average rates. In other words, for the 67% of households that currently pay at or below the average rate, the percentage increases being proposed to fund **Service Plus** are likely to be sustainable. For those who pay above the average, the proposed rate increases are also likely to be sustainable as those ratepayers are more likely to be in the high income category.

For households on fixed incomes, such as pensioners, Council's pensioner rate rebate system will be in place as usual. Currently the pensioner rate rebate is \$250 per annum, of which Council can currently only recover about half from the State Government. It is not proposed to change this rebate. However, it is usual for Council to implement a special hardship policy whenever abnormally high rate increases are applied. Should a decision be taken to fund **Service Plus** by a rate increase, a hardship policy can be implemented to help those in genuine need.

8. Engaging the community for a decision

The Minister for Local Government has stated that applications for special variations to rates will be assessed based on whether councils can demonstrate "community support for the variation and a good business case". From 2010/11 rate variation applications will, however, be assessed and determined by the Independent Pricing and Regulatory Tribunal (IPART). Notwithstanding this change in determining authority, we might reasonably assume that the same determination criteria used by the Minister in the past might also be used by IPART.

How councils seek to confirm community support and how they structure their business cases is up to each individual council but the general sense is that applications will be assessed by the IPART using the Integrated Planning framework. A high degree of compliance with the framework will stand councils in good stead in an application. This is entirely sound as the framework, if used properly, will make councils describe the return to the community of a rate increase in terms of the value of the contribution it will make towards the achievement of their vision.

Waverley can make a very good business case to support the need for a rate increase. That business case is effectively set out above. It demonstrates clearly and in detail that:

- demand for services is increasing not decreasing;
- that costs for existing services will outstrip revenue;
- that we have done everything reasonable possible at this time to identify alternative sources of revenue to support services;
- that the value of existing services and proposed enhancements is positive and provides an excellent quadruple bottom line return to the community;
- that the loss of services will cost the community more, perhaps much more, in the long run than the cost of slow and steady rate rises over a decade; and
- that council itself is not financially sustainable with the current structure of its income.

The business case for a rate rise therefore is all fairly evident. But demonstrating community support for a rate variation is a different thing. That will require a well-structured community survey and additional engagement strategy to build on or confirm the results of the extensive surveys and consultation we have already done.

This report proposes that we conduct a further community engagement strategy on attitudes to funding the targets of *Waverley Together 2*. The engagement strategy is proposed to include a statistically valid survey of community attitudes to raising rates. But what that survey should actually be about is a very complex issue.

Our experience during the engagement strategy for *Waverley Together 2* during 2009 showed that the more information we impart about the issues we're facing, the more positively people respond to our proposals for dealing with it, including the proposal to raise rates. Intuitively they can sense value if it's promoted genuinely. To this end we have prepared new communications material to help ensure we can engage with an informed community that understands the benefits of **Service Plus** and the consequences of service decline.

But although we know the community can sense value when good information is provided, this engagement strategy is fundamentally about who pays and how much. In that debate it is very important not to drive wedges into the community and the wrong consultation process and survey could do that. Above all we should take great care not to divide the community or lead with questions that have the effect of pitting various sections of the community against others. We already have some quite good indications of support for a rate variation. A collapse of the current support would clearly drive up our costs because of the service loss that would ensue. *Waverley Untogether* is in every way a lot more expensive than *Waverley Together*.

Our relationship with our community can be improved by a good faith engagement process that builds their trust that we are "reflecting thoughtfully on their views and best interests when making decisions for their future" – just like the vision says. Considerable thought has therefore been put into how this consultation on funding *Waverley Together 2* should be finalised and what we really need to say and ask in a survey. The challenges and thinking behind our proposed approach are set out below.

8.1 Community awareness of and attitudes to rate capping

Getting a sense from the community of what they really feel about a rate rise will not be easy. The issues are complex and debate on them is not being led by the public sector in a manner that makes the complexity apparent or less confusing for people.

Debate on rate capping at the moment tends toward two somewhat facile extremes. We have one side suggesting that rate capping is a good system and that councils should stick to the basics of roads, rates and rubbish and live within their means. The other side replies that there aren't enough means for the basics, let alone the luxuries.

Somewhere in the middle there is an answer. Rate capping is a good system for imposing discipline on councils to think about whether they're over-servicing, relative to the means of the community. But it's a blunt instrument if used in a manner that ignores the preferences and needs of a particular community or if it's used without thought – in a manner that has the effect of giving a free ride to one generation at the expense of the next.

The state government has recently passed legislation that allows cases to be developed for rate variations in a more thoughtful, transparent and justifiable manner. The amendments to the Local Government Act introducing Integrated Planning and Reporting provide a great opportunity for councils to plan the entirety of their community's future from first principles and to organise funds for services to deliver that future on a just in time basis. This system allows councils to use the rate capping system intelligently, as it were.

In New South Wales there is, however, some catch up to do particularly for infrastructure renewal and environmental improvement. It's a little late for the "just in time" scenario to apply in New South Wales. The community understands this because the problems of aging infrastructure and environmental degradation have been aired repeatedly in the media for at least the last decade. And, although it might not be so apparent, there is other catch up required on some less obvious things like, say, social isolation and excessive car ownership. And then there's an extra need to get ahead on some things – like greenhouse gas reduction, before it too becomes an impossible catch up exercise. Too strict an application of rate capping over the past couple of decades, combined with a lack of really good service planning and asset planning capacity in Local Government, has created a state that is now behind the eight ball in the investment necessary to secure our future.

The cap on rates needs to be lifted in Waverley and in many other councils across Sydney for a while to help allow this catch up to occur and to get ahead of some new looming problems. Under rate capping we may expect rates to rise by about 25% over the next decade. But in effect, using the new Integrated Planning system, most councils will raise their rates by more than 35% over that time, as the vast majority have problems similar to Waverley's. Only the richest councils like City of Sydney, or councils with a high proportion of industrial or business related land uses are likely to be able to insulate their residential ratepayers from increases above the cap.

Councils will be using the new system of Integrated Planning and Reporting framework to analyse community demand for services and assess the cost of the council's contribution to achievement of their community's vision. If there is a gap between this cost and the Minister's permitted rate rise and their communities do not wish to cut services, they will submit applications for rate rises above the cap. If Waverley does the same it is likely that we will still be in that group of councils with a relatively low dependency on rates, just as we are now.

Waverley Council does not have much quantifiable information about local attitudes to rate capping. The only indications we have are that when asked about preferred methods for balancing our budget without cutting services, residents have fairly consistently said that we should:

- raise user charges (including parking fees),
- raise developer charges, and
- raise rates.

And indeed this is precisely what we've proposed to do in LTFP2 as shown in **Section 6** above. The approach makes good sense in that it ensures a more reasonable balance between a user pays approach and a tax-based approach to funding. The user pays component, for instance, helps curb excessive consumption of scarce resources. But it's complemented by a more properly sized tax to provide reliable funds to protect us from service loss in an economic downturn. The trick will be to ensure that we don't raise the rates component so much that the tax component in the funding mix becomes regressive, transferring burden to those in housing stress, which as we've seen in **Section 7**, Waverley is not entirely without.

Given how low the rates are now, and that we're not proposing increases which in dollar value are all that large, we are confident the proposal on balance does not have regressive effects. On the contrary it has strong features of a socially just solution. The fact is that those who can least afford a rate rise are also those who will suffer most without it. This is because the sort of services that will be most vulnerable in the event of a rejection of **Service Plus** are also the services upon which these people tend more heavily to rely. As such there is an imperative to resolve the above questions of affordability in as sensible and informed a debate as possible.

What will also be important to assess during consultation about a rate rise, is whether we have the balance between user pays and rates set fairly. This is particularly important because a large proportion of service beneficiaries won't be paying the rates as they are not land owners; they're renters. At least, they won't be paying rates *directly*.

8.2 Asking the community about the value of services and the cost of their loss

In Waverley almost 40% of households don't directly pay rates. They rent. But the fact that they don't pay rates shouldn't and doesn't disenfranchise them. They have a vote and they are also entitled to demand services from Council. Renters pay directly for at least some these services due to the structure of our revenue and its heavy reliance on user pays, and alongside the ratepayers, they enjoy the benefit of being able to fund services by passing on fees and charges to a very large number of visitors from outside Waverley. We are unusually fortunate in being able to do that, especially by being able to charge for parking. What we have at Waverley is a tripartite system of funding burden being shared between:

- residential and business ratepayers,
- non-ratepaying residents, and
- non-residents, including visitors.

Most other local government areas are not so fortunate in being able to spread such a high proportion of burden to people from outside the area.

Ratepayers can sometimes be resentful of having to pay user charges, especially for things like parking, on top of their rates. Some argue that they've already paid for their parking in their rates and feel they're being charged twice. As rates only fund 28% of services, this is clearly a misapprehension. The more accurate description of the situation is that our ability to spread burden as widely as we do is keeping the costs down for ratepayers and everyone is making a solid contribution towards covering the cost of services.

Nevertheless, it's the ratepayers who will feel the change in their financial contribution most directly as rates are raised to cover service costs; so they will want to know what value they're getting for their money.

Statistical design of surveys to ascertain community support for rate increases generally focuses on surveying ratepayers as opposed to non-ratepayers. But since service loss will have a long run cost which is greater than the rate increase being called for, it's important to get the views of everyone on the value of services and the perceived consequences of their loss. It's

best and cheapest for everyone overall if everyone can continue to have access to the services, regardless of who might be paying the most for them.

Bearing in mind that everyone is contributing, it follows that consultation should not just be about whether ratepayers are willing to pay for something that looks like good value. It should also be about whether the ratepayers *and everyone else* think there's value in **Service Plus** and whether the ratepayers and everyone else would be willing to accept the consequences of service loss. This latter problem, service loss, bears down equally on everyone, regardless of who's paying the bills. In other words, we will have to ask two things:

1. Do you think **Service Plus** is good value for money?
2. Do you think loss of service would materially impact your capacity to live the life you want in Waverley in the longer term?

The proposed statistically valid survey will ask these and other questions of residents and ratepayers in the context of how services, service enhancements and service losses may move us toward or away from our vision of what life should be like in Waverley by 2022.

8.3 Consequences of a rejection of a rate rise

It would be quite anomalous and unexpected if the community rejects a rate rise outright. At least it would sit very oddly with the sorts of opinions they have given us to date and about the value of our services, their desires for their future and their willingness to pay. But the community needs at least a 70% increase in their rates over eight years just to maintain existing services. So if they do reject a rate rise we will have to cut quite a lot of service. That cut will equate to about 10% of our service costs per annum or about \$10 million a year on average over the next 12 years. The havoc this will reap on the Council as an organisation should not be underestimated. It will really diminish it. But the loss to Council of \$125 million worth of existing services over the next 12 years is nothing compared to the negative multiplier effects that will be felt by the community.

The question of which services will need to be deleted in the event of a rejection of a rate rise is almost too hard for Waverley Council to answer. We are not sufficiently detached, having built up a lot of organisational pride over the years. But neither it seems is the community detached, if we take at face value their responses to date about their unwillingness to reduce services.

The only methodical and reasonable way to decide which services should be cut would be to check how reduction or deletion of a service will reduce our chances of contributing to achievement of targets of *Waverley Together 2*. This can be done by taking **Attachments C and D** and simply cutting services out of it until we reach a value of around \$10 million per annum. The analysis would for practical reasons exclude consideration of cutting services which largely fund themselves or are positive financially, like parking, child care, cemeteries (for the moment), domestic waste, and housing. They could of course continue for as long as they are financially neutral or positive. But everything which is basically reliant on recurrent income and has no alternative income earning potential would be a candidate for reduction or deletion.

Over the 12 years to 2022 just about every service would experience cutbacks. But the services most vulnerable to this analysis would probably be:

- community services,
- environmental services
- asset management services, and
- services delivering good governance, leadership and decision making.

The cost of failure to achieve targets in those services would be significant and, particularly in relation to community services, would totally change the character of everything Waverley Council has stood for over the past 20 years. We have consistently spent more per head of population than any other council in our group of councils (Group 2 – Urban Medium) over the past 20 years on community services. The benefits of these strategic investments are evident and while some may be difficult to quantify, the qualitative results speak for themselves. They include:

- high community cohesion, engagement and connectedness (as shown in survey results on Waverley’s “sense of community”),
- low crime rates,
- high participation in volunteering and civic pride programs in parks, bushland and neighbourhoods,
- functioning social support networks and respite systems for families in stress, the physically and intellectually disabled, indigenous, multicultural youth and other disadvantaged groups.

The loss of these services would palpably reduce our character as a community. There is a degree of community cohesion in Waverley that is quite remarkable. This is an obviously inclusive society that has actually already achieved a great deal of its vision, especially the part about “everyone is welcomed to participate positively in community life”. From an outsider’s perspective, it is a society to be proud of. And the Council has played a huge role in making it that way. Our contribution often goes unrecognised but every day this council is doing something that directly touches the life of every resident. For an illustration of how often people can interact with Waverley Council’s existing on a daily basis and derive significant benefit, see **Attachment F**.

Without **Service Plus** Waverley will not be the Waverley we know. To illustrate this we could paint a picture of life without some of these services thus:

Table 49 – The vision for Waverley in reverse	
What will Waverley be like if we move away from the vision?	
Vision Element	Examples of QBL loss if Component 1 of Service Plus is not implemented
We are safe?	<ul style="list-style-type: none"> ▪ Social isolation is significantly increased for the aged as they are too concerned to leave home for fear of crime or fear of falling over on poor pavements. ▪ We experience increases in beach accidents or drownings due to reduced coverage at beaches and an inability of the volunteer surf life saving community to make up the gap. ▪ Discontinued activity programs for young people lead to kids’ having nothing productive to do resulting in an increase in social disturbances. ▪ We experience increased fear from and exposure to anti-social behaviour, particularly at night, and increased graffiti and vandalism, due to reduced place management and regulatory presence.
We are reconciled with and value our indigenous past?	<ul style="list-style-type: none"> ▪ We see slowed or halted efforts towards inclusiveness and recognition of indigenous cultural heritage and health and community cohesion through our inability to support ATSI forums and other multicultural committees and events.
Connections within families and between generations can remain unbroken?	<ul style="list-style-type: none"> ▪ Due to the cost of housing we lose support systems formerly provided by familial proximity and Council cannot fill the gap in community capacity due to cutbacks in everything from family day care services to services for the aged. This fuels further family break up and starts a cost spiral.
We are inspired and able to renew our physical and spiritual wellbeing?	<ul style="list-style-type: none"> ▪ We see a reduction in our share of the already scarce passive open space due to increasing and poorly managed visitation. This reduces the capacity of our landscapes to provide a tranquil setting

**Table 49 – The vision for Waverley in reverse
What will Waverley be like if we move away from the vision?**

Vision Element	Examples of QBL loss if Component 1 of <i>Service Plus</i> is not implemented
	<p>for physical and spiritual renewal.</p> <ul style="list-style-type: none"> ▪ The aged experience reduced levels of fitness and alertness and earlier onset of fragility due to decline or cessation of services for seniors like exercise classes and home library services. ▪ Decreased spending on active recreation facilities and activities results in lower rates of community health and wellbeing. Recreation and sporting groups get frustrated and go elsewhere. ▪ An over-loved Waverley with increasing aggravations like traffic congestion, parking problems, messy streets, and the occasional quite noisy night, reduces what little chance we have left of finding a restful interval even at home to renew ourselves.
<p>Everyone is welcomed to participate positively in community life?</p>	<ul style="list-style-type: none"> ▪ The places we meet fail to function as a ground upon which to establish social connections due to reduced place management services. Visitors become unwelcome and we become more insular and closed. ▪ Vulnerable groups are marginalised due to cut backs in services such as the Waverley Community Living Program and programs for other groups such as the aged and multicultural groups. ▪ Our young people become disengaged due to the coincidence of rising youth unemployment and Council's reduced ability to provide facilities like skate parks and access to skill development and employment services. Community-based youth support groups lose their funding support from Council.
<p>We can express our essential selves through our traditions, our arts, our cultures, and our lifestyles?</p>	<ul style="list-style-type: none"> ▪ Grants for artists, writers, musicians, film makers and actors cease. Facilities for cultural expression, like the Bondi Pavilion become moribund due to Council's inability to maintain the building and equipment. ▪ The strong surf culture in Waverley, a key force for social cohesion and our outdoors lifestyle, declines as surf clubs struggle to accommodate membership expansion with decline in financial support from Council.
<p>We act together as a compassionate society?</p>	<ul style="list-style-type: none"> ▪ Dignity of independence for the aged is reduced due to decline in services like meals on wheels, home shopping and transport assistance for doctors appointments. ▪ We forget ourselves and our community character as a tolerant and even mutually appreciative mixture of the privileged and not so privileged, the genteel and the bohemian. Gentrification reduces instead of enhances us as a community because Council has no capacity to run inclusive events, facilities and places which keep alive and celebrate difference. ▪ Increasing anti-social behaviour arising from failure of Council to work with other agencies to support the homeless hardens us into seeking facile exclusionist solutions to these problems.
<p>The beauty of our beaches, cliffs and coastal lands endures?</p>	<ul style="list-style-type: none"> ▪ Sea level rise threatens beaches due to the failure of leadership in bringing community and business together to take preventative or adaptive steps. ▪ The most visited parklands and villages look almost constantly grotty and unkempt due to Council's inability to keep up with greenspace maintenance at a time when demand for use is escalating. ▪ Coastal reserves go into decline as a viable habitat for local flora and fauna as weeds take over and park and open space enhancement projects at fail to commence. ▪ The Waverley Cemetery landscape which is a huge history book of ourselves etched on open space, crumbles and services for farewells, celebration of our lives, and connection with those we've lost, decline.

**Table 49 – The vision for Waverley in reverse
What will Waverley be like if we move away from the vision?**

Vision Element	Examples of QBL loss if Component 1 of <i>Service Plus</i> is not implemented
The architectural landscape is cared for and developed at a human scale and design is sensitive to the natural, historical and social contexts?	<ul style="list-style-type: none"> ▪ Development approval times slow due to staff losses in Council. ▪ Council's ability to contest development applications which it considers are detrimental to the landscape or community preferences about land use and scale will be removed completely due to our inability to afford legal fees. ▪ The character of the suburbs, villages and town centres completely changes with history being lost and large scale development taking over.
Vital services are fully accessible?	<ul style="list-style-type: none"> ▪ Because Council hasn't taken leadership in resolving transport problems, there are so many cars that no-one who really needs them can park within cooeee of our services. ▪ Withdrawal of support from community services results in a narrowing of services down to those that can be provided profitably by the private sector. This marginalises groups for whom these services are too expensive or elitist.
Scarce resources are conserved and fairly shared?	<ul style="list-style-type: none"> ▪ Increases in car ownership lead to gross over-consumption of parking space and attendant social aggravation due to Council's inability to implement programs for better sharing of road space, especially in residential areas. ▪ Those in housing need wait years longer for help due to Council's inability to raise funds for and/or efficiently administer housing stock and access. ▪ Water resources are not conserved due to a reduction in Council's leadership role in encouraging the community to retrofit water conservation measures to their homes and to a reduction in our ability to fund further water conservation measures in Council owned assets and parks. ▪ Equitable access to resources is jeopardised due to withdrawal of community services.
Local economic prosperity provides opportunity for all?	<ul style="list-style-type: none"> ▪ Businesses go into decline due to poor place management, poor management of transport and parking space allocation, dirty and poorly maintained streets, ill-designed architecture, slow response times by Rangers, stagnant re-development or decline of events programs, festivals and markets.
As a local community we have the courage to take a leading place in achieving the environmental aims of a global society?	<ul style="list-style-type: none"> ▪ We lose some of the gains made in natural resource management and ecosystem protection because of staff losses and attendant inability to supervise project delivery for resource reclamation works and maintenance of green spaces. ▪ We fail completely to deal with greenhouse gas reduction due to an inability to reorganise and upskill staff to engage with government, the business sector and the community to install economically beneficial energy generation projects.
We are confident our leaders will reflect thoughtfully on our views and best interests when making decisions for our future?	<ul style="list-style-type: none"> ▪ We lose the faith of a great community, which clearly values the chance to shape their life and wants Council to show leadership in long term planning, by: <ul style="list-style-type: none"> ▪ failing to employ high calibre staff capable of developing integrated plans for their future and organising funds for delivery; ▪ failing to communicate to residents and businesses the things they need to know participate effectively in decision making; and ▪ disappointing customers with excessive response times to customer requests.

This kind of "reverse vision" for Waverley, even though it is just a small sample of the potential loss to our community, is a disturbing but salutary exercise. It is not at all alarmist or out of

proportion with the magnitude of service cuts we are facing. This magnitude is clear enough and the flow on effect to the community is direct. Job losses within Council will be severe, the more so because Council is already under-staffed to meet current demand, and these job losses will translate directly to a reversal the social, environmental and economic gains made over the last decade. These gains have been greater than they otherwise might have been had it not been for the increased capacity of Council to fund a doubling and in some places a tripling in services over the past ten years. The value provided by that increased capacity can be seen every day in Waverley, on the ground and in the halls, in the landscape and the architecture, in the businesses and in the schools, on the beaches and even in our homes. We can't calculate the value of that QBL capital gain in dollars. But it's clear that **Service Plus** will maintain that gain and build on it at a cheaper rate than what it will cost a future generation to restore it if we let it slide backwards towards the pictures in **Table 49**.

It is recommended that we engage in a further round of consultation with the community to establish an understanding of the gains and losses associated with decisions on whether to support **Service Plus**. If there is community support for this program, albeit that it is a large investment in the future that will eventually double the bills for ratepayers, our capacity to save ourselves money in the long run will be secured. This important decision can make all the difference between success and failure for our community in being able to realise that aspiration in their vision to "pass the gifts we have inherited to our children, and they to theirs".

9. Achieving a sustainable financial structure for Council

This paper proposes a series of increases to rates above the rate cap over the next seven years. The increases chosen, although they are above the cap are still quite low in dollar terms because they are off a very low base and they are being paced as slowly as possible. This choice of slow shallow increases is recommended to reduce impacts on ratepayers.

However, we are trying simultaneously to solve a number of issues which would imply that the recommended increases should be steeper and faster than we are actually proposing. We are trying to:

1. address backlogs of infrastructure renewal,
2. avoid service closure, and
3. address a structural weakness in Council's finances that if left unresolved will exacerbate 1 and 2 above.

This review of Council's financial structure has been undertaken to determine the best way to solve these three latter issues in a manner that will not stretch the budgets of ratepayers beyond their limits. Council is highly motivated to avoid stressing residents and ratepayers financially as it's evident that the more stressed residents and ratepayers we have, the more our costs for social, economic and environmental support systems go up.

With the pattern of rate increases recommended in this report we will not solve the financial sustainability issue for Council entirely within the 12 year period of this plan. We will not achieve a 50/50 split between dependency on rates and dependency on variable income. Depending on the rate variation chosen, we will at best be able to achieve a 43% dependency on rates. But taking affordability issues into account the recommended rate increases are considered to be a reasonable compromise for the present. The risk of service disruptions in the next 12 years will be reduced somewhat if cumulative rate rises of a minimum of 8.79% for seven years can be applied from 2011/12. We will be able to preserve most of the lifestyle benefits that come from our 148 services, although we will not move closer to making the vision a reality.

Even with these minimum rises, however, we will have some continuing service vulnerability throughout the decade if some of the planned commercial investments, such as the Eastgate re-development, do not proceed and if other investment properties and businesses do not yield

expected returns. The financial modelling is very sensitive to these things. All going well, the proposed rate rises, if supported, will improve the Council's prospects of financial sustainability but there will still be an element of financial vulnerability left to address at the end of the decade.

Recommendation:

1. That Council note that:

- a. With its current structure of revenue and expenditure, Waverley Council is not financially sustainable.
- b. 2010/11 will be the last year that Waverley Council, with its existing income and service profile, will be able to produce a balanced budget without reducing services.
- c. The expected funding shortfall is not a function of financial mismanagement. It is simply a function of the fact that Council's income in the next decade cannot be expected to grow at the same pace as the expected growth in the cost of existing services. The cost of Council's existing services will rise by 50% over the next decade, which will be almost double the expected pace of growth in total revenues.
- d. In accordance with new requirements under the Local Government Act, a major community engagement strategy has been conducted over the last year on what the Waverley community wants in service provision in the next decade. This has resulted in the development of a new community strategic plan, *Waverley Together 2*, adopted by Council in February 2010. Within the engagement process, the community consistently rejected service cuts as a means of balancing Council's budget and instead called for enhancements to services.
- e. Significant practicable efficiencies in existing operations have been, and will continue to be, implemented. Nevertheless, expected savings from efficiencies will be insufficient to cover the entirety of the shortfall in funds required for continuity of existing services.
- f. Accordingly, if services are not to be cut, the only means of balancing the budget is to raise the total quantum of as many sources of income as possible, including user fees, other charges, capital income particularly from asset sales, and rates.
- g. Additionally, income from rates, as a proportion of total revenue, has reached a point where it is so low that it is now funding less than 28% of the cost of services. Therefore, to reduce risk of essential service loss in the future, especially in times of economic downturn, it is not only necessary to raise the total quantum of income, it is also necessary to adjust the proportional mix of our total income sources. Rates as a proportion of total revenue should ideally rise and our proportional dependency on variable or more vulnerable sources of income should be gradually lessened until the mix between the more reliable and the more risky incomes sources is about 50/50, or at least until the proportional mix is considered more sustainable as a long term financial structure capable of protecting continuity of service delivery.
- h. Detailed financial modelling and social impact assessment shows that slow implementation over the next eight years of structural change in the sources of Council's income, particularly increasing rates as a proportion of total revenue, should enable Council to deliver existing services, and even enhanced services, without unduly or unfairly burdening either the current generation of ratepayers, or a future one.

- i. *Waverley Together 2* shows clearly that the Waverley community has big ambitions for what life in Waverley should be like by 2022 and that Council's services are vital to the community's capacity to make their vision a reality. However, as we are facing funding shortfalls for delivery of both the existing services and the requested enhancements, the community will need to be consulted again about whether and how they wish to invest in Council's services. To enable the community to:
 - see clearly what these services are and what they cost,
 - assess their value in helping them move toward their vision, and
 - give Council a reasonable indication of community attitudes to a rate rise,existing services and requested service enhancements have been assembled into a service package called **Service Plus**.
 - j. Council has various options for funding **Service Plus** including, for example, raising user charges, selling poorer performing assets in exchange for better ones, and raising rates. In any scenario, however, the Council will be unable to cover the full cost of existing services and make an effective contribution towards achievement of the targets of *Waverley Together 2* without an increase to rates.
 - k. Waverley Council will therefore need to decide some time in late 2010:
 - i. whether it will submit an application to the relevant State Government determining authority for a special variation to rates to cover its shortfalls on service provision from 2011/12 onwards, or
 - ii. whether it will simply increase rates in line with the current rate capping system and cut services to balance the budget.
 - l. In short, the Council will need to decide how best to achieve or at least move toward financial sustainability. This decision will have a critical impact on the community's chances of achieving quadruple bottom line sustainability in accordance with the adopted targets of *Waverley Together 2*.
2. That Council conduct a further community engagement strategy and statistically valid survey of residents and ratepayers on:
 - the importance of the vision of *Waverley Together 2* to the Waverley community,
 - the perceived value, affordability and effectiveness of **Service Plus** as a means of contributing to achievement of the vision,
 - the attitude of the community to changing the financial structure of this Council to achieve long term financial sustainability and service security, and
 - the attitude of the community to increasing rates.
 3. That results of the engagement strategy and survey be reported back to Council, preparatory to consideration by Council of a decision on the appropriateness of submitting an application for a special variation to rates.



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Director, Corporate and Technical Services

I wish to acknowledge the substantial contribution made by every member of the Council and key staff in financial, asset, environmental and community planning to the preparation of this paper. Their generosity, hard work and thoughtful cooperation during their own time over an extended period are very much appreciated.

List of Attachments

Attachment A	Waverley Council Services Growth – Last 10 Years and Next 10 Years
Attachment B	Importance Rating for Waverley Council Services – Results of Hunter Valley Research Foundation Survey of Waverley Residents 2009
Attachment C	Evaluation of Waverley Council’s services in terms of their capacity to make a positive contribution to aspects of the vision for what life should be like in Waverley by 2022
Attachment D	Analysis of how existing services and proposed enhancements affect achievement targets adopted in <i>Waverley Together 2</i> .
Attachment E	Start times for operational expenditure on items requiring recurrent funding in Service Plus .
Attachment F	Waverley Council Service Listing and one day in the life of a Waverley Council service customer.
Attachment G	What is <i>Waverley Together 2</i> ? – Summary of the Vision, Strategies and Targets.
Attachment H	What is <i>Service Plus</i> ? – Summary of inclusions in <i>Service Plus</i> and how they will help make the vision of <i>Waverley Together 2</i> a reality by 2022.

Review of Waverley Council's Financial Structure 2010 to 2022 – Attachment A

Waverley Council Services Growth – Last 10 and Next 10 Years

The following table describes the change in service level or output in Council's services over the last ten years and the expected change required over the next ten years to meet the targets of *Waverley Together 2*.

As shown in *Waverley Together 2*, Waverley Council currently delivers 148 services in 22 main service areas. The table shows that:

- 45 of these 148 services did not exist at all 12 years ago – all marked with **.
- A further 76 of the 148 services have been significantly expanded so that they now deliver much higher levels of service than they did ten years ago.

The change in output is shown either as:

↑ = output has at least tangibly increased, or

↔ = output has remained steady.

While the direction of service level change shown as ↑ is reliable, the percentage increases in service level shown are not meant to be exact. They are meant to indicate an estimate of the magnitude of the change in output and are not a calculation of productivity increase. For an estimate of productivity increase over the last ten years see Section 9.2.1 of LTFP2, December 2009, which shows that productivity increases at Waverley Council over the last ten years have been estimated at 9%, a reasonably good result for a service based industry unable to access efficiencies through economies of scale.

Estimates of expected future service growth are based on known business trends and demand trends as expressed during the Integrated Community Engagement Strategy for *Waverley Together 2*. Output from these services will need to increase by at least the magnitude shown if Council is to be able to make a noticeable contribution to the targets of *Waverley Together 2*.

Only one service contracted in service level output in the last ten years, Council's Employment Service, Waverley Works. This service operated very successfully for over ten years to provide employment placement and skill development for unemployed people in the Eastern Region, especially the long term unemployed. Council was forced to close down the service in 2006 when Waverley Works failed to win a service contract in the tendering process for the Federal Government's job futures program. Some parts of the service are now provided in the region by other government contractors but there is some service loss to the Waverley community as a result of this closure.

No service is expected to contract in output or service level over the next ten years, unless funding for existing services fails. In that event, service level contraction will be in the order of a minimum of 10% over the decade.

Services		Service Level Change			
Service	Sub-service	Last 10 Years		Next 10 Years	
Asset management services	1. Asset management planning**	↑	100%	↔	
	2. Asset management planning**	↑	100%	↔	
	3. Asset design services	↑	25%	↔	
	4. Capital works program planning**	↑	75%	↔	
	5. Road works & maintenance	↑	50%	↔	
	6. Footpath works & maintenance	↑	50%	↑	10%
	7. Kerb & gutter works & maintenance	↑	50%	↔	
	8. Drainage works & maintenance	↔		↑	500%
	9. Building works & maintenance	↑	50%	↑	50%
	10. Urban open spaces & malls works & maintenance	↑	75%	↔	
	11. Coastal & retaining infrastructure works & maintenance	↔		↑	300%
	12. Parks infrastructure works & maintenance	↑	25%	↑	50%
	13. Parking infrastructure works & maintenance**	↑	100%	↑	50%
	14. Other infrastructure works & maintenance	↔		↔	
	15. Property management	↑	50%	↑	25%
	16. Facilities management**	↑	100%	↑	10%
	17. Fleet management	↔		↔	
	18. Depot & stores	↔		↔	
Beach services, maintenance & safety	19. Lifeguard services	↔		↔	
	20. Beach cleaning & maintenance	↑	25%	↔	
	21. Support to surf life saving clubs	↑	25%	↔	
	22. Administration & customer services	↑	25%	↔	
Cemetery services	23. Waverley Cemetery services	↑	25%	↑	50%
	24. South Head Cemetery services	↔		↔	
Child care services	25. Waverley Child Care Centre services	↔		↔	
	26. Bronte Child Care Centre services	↔		↔	
	27. Gardiner Child Care Centre services	↔		↔	

Services		Service Level Change			
Service	Sub-service	Last 10 Years		Next 10 Years	
	28. Family Day Care services	↑	100%	↑	25%
	29. Family support services	↔		↔	
Community services	30. Community planning	↔		↔	
	31. Services for older people	↑	50%	↑	200%
	32. Services for young people	↑	25%	↔	
	33. Services for people with a disability	↑	50%	↑	50%
	34. Services for indigenous people	↑	50%	↑	25%
	35. Multicultural services	↑	25%	↑	25%
	36. Community safety	↑	50%	↑	25%
	37. Community support & grants	↔		↔	
Corporate support services	38. Administration	↑	25%	↔	
	39. Financial management	↑	25%	↑	25%
	40. Human resources management	↑	100%	↔	
	41. IT & telecommunications	↑	100%	↑	50%
	42. Purchasing	↑	25%	↔	
	43. Risk & insurance management	↑	100%	↔	
	44. Executive support & strategic projects	↑	100%	↔	
Cultural services	45. Cultural services planning	↑	25%	↔	
	46. Arts programs	↑	25%	↔	
	47. Music rooms & programs	↑	50%	↔	
	48. Theatres and theatre programs	↑	25%	↑	200%
	49. Literary programs	↑	100%	↔	
	50. Cultural festivals & events	↑	100%	↑	25%
	51. Bondi Pavilion programs	↔		↔	
	52. Other cultural programs	↔		↔	
	53. Administration & customer services	↑	25%	↔	
Customer services & communication	54. Customer & Call Centre	↑	200%	↔	
	55. Media & communications	↑	100%	↑	200%
Development, building & health services	56. Urban planning	↑	25%	↔	

Services		Service Level Change			
Service	Sub-service	Last 10 Years		Next 10 Years	
	57. Heritage conservation	↑	50%	↔	
	58. Land information mapping services	↑	200%	↑	25%
	59. Development assessments & approvals	↑	50%	↔	
	60. Environmental health	↑	100%	↑	50%
	61. Food hygiene & regulation	↑	50%	↔	
	62. Building & fire safety regulation	↑	25%	↔	
	63. Administration & customer services	↑	25%	↔	
Emergency management services	64. Local & state emergency management	↔		↔	
Environmental services	65. Environmental sustainability planning**	↑	200%	↔	
	66. Environmental education programs**	↑	300%	↔	
	67. Energy management programs**	↑	25%	↑	200%
	68. Water management programs**	↑	25%	↑	25%
	69. Waste management planning**	↑	100%	↑	25%
	70. Air quality management **	↑	25%	↑	25%
	71. Biodiversity management programs**	↑	50%	↑	200%
	72. Bush care programs**	↑	100%	↑	50%
	73. Pollution control programs**	↑	25%	↔	
Governance, integrated planning & community engagement	74. Long term integrated planning & consultation**	↑	200%	↑	100%
	75. Governance	↑	50%	↑	25%
	76. Councillor support	↑	100%	↑	50%
	77. Citizenship services	↔		↔	
	78. Precinct Committee facilitation services	↑	25%	↑	25%
	79. Records & public information services	↔		↑	100%
	80. Civic pride programs**	↑	100%	↑	50%
	81. Volunteering programs	↑	100%	↑	100%
	82. Advisory committees and forums	↑	100%	↑	50%
	83. Internal audit**	↔		↑	100%
Library services	84. Library services	↔		↔	
	85. Community information	↔		↔	

Services		Service Level Change			
Service	Sub-service	Last 10 Years		Next 10 Years	
	86. Local studies	↔		↔	
Parking services	87. Parking system planning and management**	↑	300%	↑	200%
	88. On-street parking services**	↑	500%	↑	25%
	89. Off-street parking services	↑	100%	↔	
	90. Road & parking safety programs**	↑	200%	↔	
Parks services & maintenance	91. Parks, reserves & open landscapes planning & design**	↑	100%	↔	
	92. Playground planning & design	↑	50%	↔	
	93. Southern Area parks cleaning & maintenance	↔		↑	10%
	94. Bondi Area parks cleaning & maintenance	↑	25%	↑	10%
	95. Northern Area parks cleaning & maintenance	↔		↑	10%
	96. Bondi Park cleaning & maintenance	↑	50%	↔	
	97. Waverley Park cleaning & maintenance	↔		↔	
	98. Bronte Park cleaning & maintenance	↑	25%	↔	
	99. Tamarama Park cleaning & maintenance	↔		↔	
	100. Marks Park cleaning & maintenance	↔		↔	
	101. Coastal & Cliff Walks cleaning & maintenance**	↑	100%	↔	
	102. Greenspace maintenance**	↑	50%	↑	25%
	103. Eruv cleaning & maintenance**	↑	100%	↔	
	104. Administration & customer services	↑	25%	↔	
Place management	105. Place development planning & strategy**	↑	200%	↑	25%
	106. Place maintenance & upgrade**	↑	200%	↑	50%
	107. Place amenity & access services**	↑	200%	↑	25%
	108. Place safety management**	↑	200%	↑	25%
	109. Place marketing**	↑	200%	↔	
	110. Place regulation**	↑	200%	↔	
	111. Business development & support services**	↑	200%	↑	25%
	112. Events management**	↑	200%	↔	
	113. Visitor management services**	↑	100%	↔	
	114. Administration & customer services**	↑	200%	↑	75%

Services		Service Level Change			
Service	Sub-service	Last 10 Years		Next 10 Years	
Recreation services	115. Recreation planning	↑	50%	↔	
	116. Recreation facilities maintenance	↑	25%	↑	100%
	117. Sporting facilities maintenance	↑	25%	↑	100%
Regulatory services	118. Pollution control programs	↑	25%	↔	
	119. Animal control	↑	50%	↑	25%
	120. Dumped rubbish & litter control	↑	200%	↑	25%
	121. Waste regulation & education**	↑	200%	↑	25%
	122. Abandoned car control & removal	↑	50%	↑	50%
Social & affordable housing	123. Housing planning**	↑	50%	↑	100%
	124. Affordable housing program	↑	300%	↑	50%
	125. Social housing program	↑	50%	↑	50%
Traffic & transport services	126. Transport planning**	↑	200%	↑	200%
	127. Pedestrian mobility programs**	↑	50%	↑	200%
	128. Cyclist mobility programs**	↑	200%	↑	50%
	129. Alternative transport programs**	↑	100%	↑	200%
	130. Traffic management services	↑	200%	↑	200%
Urban open space maintenance & accessibility	131. Streetscape enhancement strategy**	↑	200%	↑	100%
	132. Street cleaning services	↑	200%	↑	50%
	133. Place cleaning services**	↑	200%	↑	25%
	134. Graffiti removal services**	↑	200%	↑	50%
	135. Nature strip mowing services	↑	200%	↔	
	136. Tree management planning**	↑	200%	↔	
	137. Tree planting services	↑	200%	↑	25%
	138. Tree maintenance services	↑	25%	↑	25%
	139. Greenlinks maintenance**	↑	200%	↑	25%
Waste services	140. Public place access works & services	↑	25%	↑	50%
	141. Street & place signage services	↑	25%	↑	25%
	142. Domestic waste services	↑	25%	↔	
	143. Recycling services	↑	50%	↔	

Services		Service Level Change			
Service	Sub-service	Last 10 Years		Next 10 Years	
	144. Green waste services	↑	50%	↔	
	145. Clean up services	↑	50%	↑	25%
	146. Dumped rubbish removal	↑	100%	↑	25%
	147. Place cleaning services**	↑	100%	↑	25%
	148. Commercial waste services	↑	50%	↔	
	149. Administration & customer services	↑	50%	↑	25%

Review of Waverley Council's Financial Structure 2010 to 2022 – Attachment B

**Hunter Valley Research Foundation Survey of Waverley Residents 2009
Mean Importance Rating for Waverley Council Services**

	Service	Service as Expressed in Resident Survey	Importance Rating Given by Respondents
1	Asset management services	Maintenance of footpaths	4.4
		Maintenance of road network	4.4
		Maintenance of council owned buildings	4.0
2	Beach services, maintenance & safety	Maintenance & control of beaches & facilities	4.5
3	Cemetery services	Not surveyed. ¹	NA
4	Child care services	Not surveyed. ¹	NA
5	Community services	Facilities & services for people with disabilities	4.3
		Facilities & services for older people	4.2
		Facilities & services for children	4.0
		Facilities & services for young people	3.8
6	Corporate support services	Not surveyed. ²	NA
7	Cultural services	Arts, entertainment & cultural events	3.8
		Arts, entertainment & cultural facilities	3.7
8	Customer services & communication	The way Council employees deal with the public	4.2
		Informing residents about Council's activities	4.1
9	Development, building & health services	Control of building activity	4.2
		Planning for residential development	4.2
10	Emergency management services	Not surveyed. ¹	NA
11	Environmental services	Environmental management & education	4.3
12	Governance, integrated planning & community engagement	Long term planning & vision	4.5
		Community involvement in Council's decision making	4.2
13	Library services	Library services	4.2
14	Parking services	On-street parking management	4.2
15	Parks services & maintenance	Cleanliness of parks	4.5
		Maintenance of parks	4.4

	Service	Service as Expressed in Resident Survey	Importance Rating Given by Respondents
		Cleanliness of playgrounds	4.3
		Maintenance of playgrounds	4.1
16	Place management	Planning for shopping areas	4.0
17	Recreation services	Sporting & recreational facilities	4.1
		Parks & playgrounds for children up to 5 years old	4.0
		Parks & playgrounds for children aged 6 to 11 years	4.0
18	Regulatory services	Not directly surveyed. ³	4.0
19	Social & affordable housing	Not surveyed. ¹	NA
20	Traffic & transport services	Local traffic management	4.3
21	Urban open space maintenance & accessibility	Maintenance of streetscapes	4.2
		Greening and tree maintenance	4.2
22	Waste services	Rubbish collection services	4.7
		Recycling services	4.5
		Removal of dumped rubbish from roadside areas	4.5
		Kerb, gutter and street cleaning	4.2

¹ These services are either self-funded and/or have limited clientele. The services are considered to be essential and therefore will rate highly in importance. Customer satisfaction is surveyed when necessary with direct recipients of the service rather than through a general resident survey.

² Corporate services are essential services and will rate highly in importance. However customer satisfaction can't be assessed via a resident survey.

³ While the importance of regulatory services by rangers was not directly surveyed, their importance rating can be inferred by ratings given for services 2, 9, 11, 16, 17, 21 and 22 – that is to say the importance of Regulatory Services is rated above 4.0.

Review of Waverley Council's Financial Structure 2010 to 2022 – Attachment C

Evaluation of Waverley Council's Services

Capacity of *Service Plus* Components 1 to 12 to make a positive contribution to aspects of the vision of *Waverley Together 2*

The following tables illustrate how each of Council's existing services plus the service enhancements proposed in *Service Plus* have specific capacity to make a positive contribution towards the achievement of the Waverley community's vision for what their life should be like in Waverley by 2022.

The existing service profile already has capacity to make a substantial contribution to realisation of the vision. Implementation of all 12 components of *Service Plus* progressively enhances the capacity to achieve the vision as shown in each successive table. The analysis can be used by the community in conjunction with the data about necessary cost and rate rises in **Section 6** of this Report to help qualify a view of the value for money that is being provided by each component in *Service Plus*.

The analysis can also be used to assess how capacity to achieve the vision will be reduced if services or parts of services are deleted due to funding loss.

The 14 elements of the vision have been numbered for the purposes of this comparison as follows:

We are united by a common passion for our beautiful home between the city and the sea.

Inspired by the magnificent landscape of Waverley and by the gifts we have inherited from those who have been here before us, we dream of a fulfilling life where ...

1. *we are safe*
2. *we are reconciled with and value our indigenous past*
3. *connections within families and between generations can remain unbroken*
4. *we are inspired and able to renew our physical and spiritual wellbeing*
5. *everyone is welcomed to participate positively in community life*
6. *we can express our essential selves through our traditions, our arts, our cultures, and our lifestyles*
7. *we act together as a compassionate society*
8. *the beauty of our beaches, cliffs and coastal lands endures*
9. *the architectural landscape is cared for and developed at a human scale and design is sensitive to the natural, historical and social contexts*
10. *vital services are fully accessible*
11. *scarce resources are conserved and fairly shared*
12. *local economic prosperity provides opportunity for all*
13. *as a local community we have the courage to take a leading place in achieving the environmental aims of a global society, and*
14. *we are confident our leaders will reflect thoughtfully on our views and best interests when making decisions for our future*

These are the aspirations of our hopeful generation.

We recognise the need to commit to this vision of our future with energy so that we can pass these gifts to our children and they to theirs.

Service Plus Component 1:	Existing Services Maintained													
Cost over 12 years to 2022:	\$1,390,227,834													
Proportion funded with current financial structure:	91%													
Funding shortfall to 2022:	\$124,837,549													
Total rate rise required to fund the component:	8.8% cumulative for 7 years + 4 more years of CPI rises													
Component 1 – Existing Services Maintained	Vision Elements Served													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Asset Management Services	✓		✓	✓	✓			✓	✓	✓	✓	✓	✓	
Beach Services, Maintenance & Safety	✓			✓	✓	✓	✓			✓				
Cemetery Services			✓	✓		✓				✓				
Child Care Services	✓		✓	✓	✓		✓			✓		✓		
Community Services	✓	✓	✓	✓	✓		✓			✓				
Corporate Support Services	✓									✓	✓	✓	✓	✓
Cultural Services		✓	✓	✓	✓	✓	✓			✓		✓		
Customer Services & Communication	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Development, Building & Health Services	✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	
Emergency Management Services	✓					✓	✓			✓				
Environmental Services	✓	✓	✓	✓			✓	✓		✓	✓	✓	✓	
Governance, Integrated Planning & Community Engagement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Library Services		✓	✓	✓	✓	✓	✓			✓	✓			
Parking Services	✓		✓		✓					✓	✓	✓		
Parks Services & Maintenance	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	
Place Management	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		
Recreation Services	✓		✓	✓	✓	✓				✓	✓			
Regulatory Services	✓								✓	✓	✓	✓	✓	
Social & Affordable Housing	✓		✓		✓		✓			✓	✓			
Traffic & Transport Services	✓		✓		✓					✓	✓	✓	✓	
Urban Open Space Maintenance & Accessibility	✓		✓	✓	✓				✓	✓		✓		
Waste Services	✓									✓	✓		✓	

Service Plus Components 2 & 3:	Providing more opportunities for health, recreation, wellbeing and artistic and cultural expressions													
Cost over 12 years to 2022:	\$24,058,195													
Proportion funded with current financial structure:	68%													
Funding shortfall to 2022:	\$7,746,688													
Total rate rise required to fund the component:	0.32% cumulative for 7 years + 4 more years of CPI rises													
Components 2 and 3	Vision Elements Served													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
A new Waverley Pavilion	✓			✓	✓	✓			✓	✓				
Playground upgrades	✓		✓	✓	✓					✓				
Tamarama Park Plan of Management works	✓			✓	✓	✓		✓	✓				✓	
Bronte Park Plan of Management works	✓			✓	✓	✓		✓					✓	
Waverley Park Plan of Management works	✓			✓	✓	✓			✓	✓			✓	
Bondi Park Plan of Management works	✓			✓	✓	✓							✓	
Rodney Reserve enhanced facilities	✓			✓	✓					✓			✓	
Hugh Bamford Park upgrade to buildings and fields				✓	✓	✓			✓	✓			✓	
Bondi Pavilion works		✓	✓	✓	✓	✓			✓			✓	✓	

Service Plus Components 4, 5 & 6:	Providing more and safer access to public places, transport and vital services													
Cost over 12 years to 2022:	\$102,221,606													
Proportion funded with current financial structure:	56%													
Funding shortfall to 2022:	\$44,875,638													
Total rate rise required to fund the component:	1.78% cumulative for 7 years + 4 more years of CPI rises													
Components 4, 5 and 6	Vision Elements Served													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
10% increase in proportion of footpaths kept in top condition	✓		✓	✓	✓					✓		✓	✓	
Structural renewal of Bondi & Bronte Beach Promenades	✓							✓		✓				
Retaining walls backlog renewals	✓									✓				
Parks infrastructure backlog renewals	✓									✓				
Cemetery infrastructure backlog renewals	✓		✓	✓	✓	✓		✓	✓	✓	✓			
Stairs, fences bus shelters backlog renewals	✓				✓					✓				
Build reserves to deal with planned renewals & expected failures in stormwater drainage systems	✓									✓				✓
QED tunnels and storage space remediation	✓							✓		✓				
Implement Bondi Junction Pedestrian Access and Mobility Plan	✓		✓	✓	✓					✓	✓			✓
Develop Bondi Beach Pedestrian Access and Mobility Plan	✓		✓	✓	✓					✓	✓			✓
Implement Bondi Beach Pedestrian Access and Mobility Plan	✓		✓	✓	✓					✓	✓			✓
Tamarama/Bronte 40km/hr zone	✓		✓	✓	✓					✓	✓			✓
Bondi Junction 40km/hr zone	✓		✓	✓	✓					✓	✓			✓
School zones safety program	✓		✓	✓	✓					✓	✓			✓
Traffic Engineer x 1	✓		✓		✓					✓	✓	✓	✓	✓
Bike Plan implementation throughout LGA	✓		✓	✓	✓					✓	✓			✓
Conversion of unused car park spaces in Eastgate Car Park to commercial space, increasing capacity to deliver customers to the retail centre but with reduced traffic congestion										✓	✓	✓		
2nd person at Seniors' Centre	✓		✓	✓	✓	✓	✓			✓				
Outreach Worker x 1	✓		✓				✓			✓				
Public toilets upgrade	✓							✓	✓	✓				
New child care / family day care / early learning centre			✓				✓		✓	✓			✓	
Cemetery pavilion construction (offset by loan to be repaid by entry to funeral business)*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cemetery funeral services (self funded)*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

* Note: These items will not proceed if they are not financially positive.

Service Plus Component 7:	Providing more cleaning and greening of all the spaces we share													
Cost over 12 years to 2022:	\$43,314,286													
Proportion funded with current financial structure:	73%													
Funding shortfall to 2022:	\$11,799,586													
Total rate rise required to fund the component:	0.44% cumulative for 7 years + 4 more years of CPI rises													
Component 7	Vision Elements Served													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Extra landscape maintenance - plants & materials				✓							✓		✓	
Three extra gardeners				✓							✓		✓	
Extra tree maintenance				✓							✓		✓	
Parks landscapes upgrades	✓			✓				✓			✓		✓	
Increased graffiti removal									✓					
Tree Compliance Officer x 1	✓			✓				✓		✓				
Depot/s within LGA for parks and street maintenance			✓	✓	✓			✓			✓		✓	
Centralised depot outside LGA											✓		✓	
Street trees improved	✓			✓							✓		✓	
Cost of acquisition of land for open space in Bondi Junction and other areas which Council is likely to be compelled to acquire											✓		✓	

Service Plus Components 8 & 9:	Providing more inviting streetscapes and restful local neighbourhoods													
Cost over 12 years to 2022:	\$9,145,235													
Proportion funded with current financial structure:	39%													
Funding shortfall to 2022:	\$5,545,235													
Total rate rise required to fund the component:	0.21% cumulative for 7 years + 4 years of CPI rises													
Components 8 and 9	Vision Elements Served													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Local village improvements	✓				✓							✓		
Eastgate façade upgrade	✓								✓			✓		
Boot Factory remediation									✓					
Oxford Street East upgrade	✓								✓	✓		✓		
Two extra Rangers	✓				✓				✓				✓	

Service Plus Components 10 & 11:	Providing a more sustainable environment with increased protection from global warming and preservation of natural resources and ecosystems													
Cost over 12 years to 2022:	\$22,916,929													
Proportion funded with current financial structure:	12%													
Funding shortfall to 2022:	\$20,202,737													
Total rate rise required to fund the component:	0.73% cumulative for 7 years + 4 years of CPI rises													
Components 10 and 11	Vision Elements Served													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Council buildings meet greenhouse reduction targets (more than offset by energy savings)	✓										✓		✓	
Street lighting luminaires retrofitted	✓										✓		✓	
Other greenhouse – climate change adaptation	✓										✓		✓	
Other greenhouse – community targets, brokering retrofits / decentralised energy	✓										✓		✓	
Other greenhouse – general	✓										✓		✓	
Other greenhouse – transport (including bike paths)	✓				✓					✓	✓		✓	
Waste targets – community											✓		✓	
Water efficiency improvements on Council assets											✓		✓	
Water efficiency improvements by the community											✓		✓	
Flora and fauna enhancement				✓									✓	
Water quality improvements													✓	
Environmental education					✓								✓	

Service Plus Component 12:	Partnering with a more engaged, connected and inspired community actively involved in decision making													
Cost over 12 years to 2022:	\$11,729,587													
Proportion funded with current financial structure:	23%													
Funding shortfall to 2022:	\$9,028,775													
Total rate rise required to fund the component:	0.32% cumulative for 7 years + 4 years of CPI rises													
Component 12	Vision Elements Served													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Web/communications x 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2IC Computer Services x 1, Computer support x 1			✓		✓					✓				✓
Governance and integrated planning x 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Support for BJ and BB Place Managers x 2	✓		✓	✓	✓	✓			✓	✓	✓	✓		
Internal Auditor x 1,										✓	✓			✓
Senior Records officer x 1, Records officers x 2										✓	✓			✓
Records compliance hardware and software										✓	✓			✓
Financial Accounting x 1										✓	✓			
ePlanning x 1, ePlanning x 1									✓	✓	✓	✓		✓
ePlanning hardware and software									✓	✓	✓	✓		✓

Obviously from the above analysis, Components 2 to 12 of **Service Plus** provide multiple boosts to the capacity of Council's existing services to make an effective contribution towards the community's chances of achieving the vision for *Waverley Together 2*.

Additionally, some of the enhancements in Components 2 to 12 will expand the capacity of some services to contribute to achievement of parts of the vision that they haven't hitherto contributed to at all. Where this new service capacity will be added by implementing an item in Components 2 to 12, it is shown in the following table as .

Service Plus Components 1 to 12:	Existing Services Enhanced													
Cost over 12 years to 2022:	\$1,603,613,672													
Proportion funded with current financial structure:	86%													
Funding shortfall to 2022:	\$224,036,208													
Total rate rise required to fund the component:	12.59% cumulative for 7 years + 4 more years of CPI rises													
Components 1 to 12 – All Components Implemented	Vision Elements Served													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Asset Management Services	✓		✓	✓	✓			✓	✓	✓	✓	✓	✓	
Beach Services, Maintenance & Safety	✓			✓	✓	✓	✓			✓				
Cemetery Services			✓	✓	✓		✓			✓				
Child Care Services	✓		✓	✓	✓		✓			✓		✓		
Community Services	✓	✓	✓	✓	✓		✓			✓				
Corporate Support Services	✓									✓	✓	✓	✓	✓
Cultural Services		✓	✓	✓	✓	✓	✓			✓		✓		
Customer Services & Communication	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Development, Building & Health Services	✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	
Emergency Management Services	✓					✓	✓			✓				
Environmental Services	✓	✓	✓	✓			✓	✓		✓	✓	✓	✓	
Governance, Integrated Planning & Community Engagement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Library Services		✓	✓	✓	✓	✓	✓			✓	✓			
Parking Services	✓		✓		✓					✓	✓	✓		
Parks Services & Maintenance	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	
Place Management	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		
Recreation Services	✓		✓	✓	✓	✓				✓	✓			
Regulatory Services	✓								✓	✓	✓	✓	✓	
Social & Affordable Housing	✓		✓		✓		✓			✓	✓			
Traffic & Transport Services	✓		✓		✓					✓	✓	✓	✓	
Urban Open Space Maintenance & Accessibility	✓		✓	✓	✓				✓	✓		✓		
Waste Services	✓									✓	✓		✓	

Service Plus Components 2 and 3 – Providing more opportunities for recreation, health, wellbeing and artistic and cultural expression																																	
Service	Target Served																																
	C1	C2	C3	C4	C5	C6	C7	L1	L2	L3	L4	L5	L6	L7	L8	L9	E1	E2	E3	E4	E5	E6	E7	E8	G1	G2	G3	G4	G5	G6	G7	G8	G9
A new Waverley Pavilion	✓	✓		✓		✓	✓	✓		✓		✓					✓	✓							✓			✓		✓			
Playground upgrades	✓	✓		✓		✓	✓			✓															✓			✓		✓			
Tamarama Park Plan of Management works	✓	✓		✓		✓	✓			✓												✓		✓		✓		✓		✓			
Bronte Park Plan of Management works	✓	✓		✓		✓	✓			✓												✓		✓		✓		✓		✓			
Waverley Park Plan of Management works	✓	✓		✓		✓	✓			✓												✓		✓		✓		✓		✓			
Bondi Park Plan of Management works	✓	✓		✓		✓	✓			✓												✓		✓		✓		✓		✓			
Rodney Reserve enhanced facilities	✓	✓		✓		✓	✓			✓															✓		✓		✓				
Hugh Bamford Park upgrade to buildings and fields	✓	✓		✓		✓	✓			✓																✓		✓		✓			
Bondi Pavilion works	✓	✓		✓		✓	✓	✓	✓	✓		✓					✓	✓										✓	✓	✓			

Service Plus Components 4, 5 and 6 – Providing more and safer access to public places, transport and vital services

Service	Target Served																																	
	C1	C2	C3	C4	C5	C6	C7	L1	L2	L3	L4	L5	L6	L7	L8	L9	E1	E2	E3	E4	E5	E6	E7	E8	G1	G2	G3	G4	G5	G6	G7	G8	G9	
10% increase in proportion of footpaths kept in top condition	✓			✓	✓					✓			✓	✓			✓	✓											✓	✓	✓	✓		
Structural renewal of Bondi & Bronte Beach Promenades				✓	✓		✓			✓				✓														✓	✓	✓				
Retaining walls backlog renewals				✓						✓			✓															✓	✓	✓				
Parks infrastructure backlog renewals	✓				✓	✓	✓			✓											✓		✓					✓	✓	✓				
Cemetery infrastructure backlog renewals	✓	✓		✓	✓		✓			✓																		✓	✓	✓				
Stairs, fences bus shelters backlog renewals		✓		✓	✓					✓				✓	✓		✓	✓										✓	✓	✓				
Build reserves to deal with planned renewals & expected failures in stormwater drainage systems				✓						✓																			✓	✓	✓			
QED tunnels and storage space remediation																												✓	✓	✓				
Implement Bondi Junction Pedestrian Access and Mobility Plan	✓				✓								✓	✓														✓						
Develop Bondi Beach Pedestrian Access and Mobility Plan	✓				✓								✓	✓														✓						
Implement Bondi Beach Pedestrian Access and Mobility Plan	✓				✓								✓	✓														✓						
Tamarama/Bronte 40km/hr zone	✓				✓								✓	✓														✓						
Bondi Junction 40km/hr zone	✓				✓								✓	✓														✓						
School zones safety program	✓				✓								✓	✓	✓													✓						
Traffic Engineer x 1					✓					✓			✓	✓	✓	✓	✓											✓						
Bike Plan implementation throughout LGA	✓				✓		✓						✓	✓			✓	✓	✓					✓				✓						
Conversion of unused car park spaces in Eastgate Car Park to commercial space, increasing capacity to deliver customers to the retail centre and reducing congestion				✓				✓	✓			✓					✓	✓	✓									✓	✓	✓				
2nd person at Seniors' Centre	✓	✓		✓		✓	✓																					✓						

Service Plus Components 4, 5 and 6 – Providing more and safer access to public places, transport and vital services																																								
Service	Target Served																																							
	C1	C2	C3	C4	C5	C6	C7	L1	L2	L3	L4	L5	L6	L7	L8	L9	E1	E2	E3	E4	E5	E6	E7	E8	G1	G2	G3	G4	G5	G6	G7	G8	G9							
Outreach Worker x 1	✓	✓		✓		✓	✓																											✓						
Public toilets upgrade				✓		✓				✓											✓														✓		✓			
New child care / family day care / early learning centre	✓	✓		✓														✓	✓																✓		✓			
Cemetery pavilion construction (offset by loan to be repaid by entry to funeral business)	✓	✓				✓	✓	✓	✓	✓	✓	✓						✓	✓																✓	✓	✓			
Cemetery funeral services (self funded)	✓	✓				✓	✓	✓	✓	✓		✓											✓											✓	✓	✓	✓	✓		

Service Plus Component 7 – Providing more cleaning and greening of all the spaces we share																																								
Service	Target Served																																							
	C1	C2	C3	C4	C5	C6	C7	L1	L2	L3	L4	L5	L6	L7	L8	L9	E1	E2	E3	E4	E5	E6	E7	E8	G1	G2	G3	G4	G5	G6	G7	G8	G9							
Extra landscape maintenance - plants & materials										✓				✓								✓													✓		✓			
Three extra gardeners										✓				✓								✓													✓		✓			
Extra tree maintenance										✓				✓								✓													✓		✓			
Parks landscapes upgrades				✓			✓			✓										✓		✓													✓	✓	✓			
Increased graffiti removal										✓																										✓		✓		
Tree Compliance Officer x 1																																				✓		✓		
Depot/s within LGA for parks and street maintenance				✓		✓	✓			✓								✓	✓			✓	✓													✓	✓	✓		
Centralised depot outside LGA																				✓																✓	✓	✓		
Street trees improved	✓			✓						✓	✓			✓				✓	✓			✓														✓	✓	✓		
Cost of acquisition of land for open space in Bondi Junction which Council is likely to be compelled to acquire							✓			✓								✓	✓			✓														✓		✓		

Service Plus Components 8 and 9 – Providing more inviting streetscapes and restful local neighbourhoods																																	
Service	Target Served																																
	C1	C2	C3	C4	C5	C6	C7	L1	L2	L3	L4	L5	L6	L7	L8	L9	E1	E2	E3	E4	E5	E6	E7	E8	G1	G2	G3	G4	G5	G6	G7	G8	G9
Local village improvements	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓																	✓	✓	✓		
Eastgate façade upgrade					✓		✓	✓	✓	✓	✓																	✓	✓	✓			
Boot Factory remediation		✓		✓		✓	✓			✓	✓	✓																✓	✓	✓			
Oxford Street East upgrade					✓	✓		✓	✓	✓	✓	✓																✓	✓	✓			
Two extra Rangers	✓				✓					✓	✓	✓																✓					

Service Plus Components 10 and 11 – Providing a more sustainable environment with increased protection from global warming and preservation of natural resources and ecosystems																																
Service	Target Served																															
	C1	C2	C3	C4	C5	C6	C7	L1	L2	L3	L4	L5	L6	L7	L8	L9	E1	E2	E3	E4	E5	E6	E7	E8	G1	G2	G3	G4	G5	G6	G7	G8
Council buildings meet greenhouse reduction targets (more than offset by energy savings)																	✓	✓				✓	✓	✓				✓	✓	✓		
Street lighting luminaires retrofitted					✓												✓	✓						✓			✓	✓				
Other greenhouse – climate change adaptation										✓							✓	✓						✓			✓					
Other greenhouse – community targets, brokering retrofits / decentralised energy																	✓	✓				✓	✓	✓			✓					
Other greenhouse – general																	✓	✓				✓	✓	✓			✓					
Other greenhouse – transport (including bike paths)														✓	✓	✓	✓	✓				✓	✓	✓			✓					
Waste targets – community																		✓						✓			✓	✓				
Water efficiency improvements on Council assets																			✓					✓			✓	✓	✓			
Water efficiency improvements by the community																			✓					✓			✓					
Flora and fauna enhancement										✓				✓								✓		✓			✓		✓			
Water quality improvements																					✓	✓	✓	✓			✓					

Service Plus Components 10 and 11 – Providing a more sustainable environment with increased protection from global warming and preservation of natural resources and ecosystems																																	
Service	Target Served																																
	C1	C2	C3	C4	C5	C6	C7	L1	L2	L3	L4	L5	L6	L7	L8	L9	E1	E2	E3	E4	E5	E6	E7	E8	G1	G2	G3	G4	G5	G6	G7	G8	G9
Environmental education																	✓	✓	✓	✓	✓	✓	✓	✓				✓					

Service Plus Component 12 – Partnering with a more engaged, connected and inspired community actively involved in decision making																																	
Service	Target Served																																
	C1	C2	C3	C4	C5	C6	C7	L1	L2	L3	L4	L5	L6	L7	L8	L9	E1	E2	E3	E4	E5	E6	E7	E8	G1	G2	G3	G4	G5	G6	G7	G8	G9
Web/communications x 1				✓				✓	✓				✓		✓	✓	✓	✓						✓	✓	✓	✓	✓	✓	✓			
2IC Computer Services x 1, Computer support x 1		✓	✓	✓				✓	✓	✓	✓		✓	✓	✓	✓	✓	✓						✓	✓	✓	✓	✓	✓			✓	
Governance and integrated planning x 1	✓	✓	✓	✓				✓	✓	✓	✓		✓	✓	✓	✓	✓	✓							✓	✓		✓	✓	✓		✓	✓
Support for BJ and BB Place Managers x 2	✓					✓		✓	✓	✓																		✓					
Internal Auditor x 1,											✓	✓													✓			✓	✓	✓		✓	✓
Senior Records officer x 1, Records officers x 2											✓	✓													✓			✓					
Records compliance hardware and software																									✓			✓					
Financial Accounting x 1																									✓			✓	✓			✓	✓
ePlanning x 1, ePlanning x 1											✓	✓													✓	✓		✓					
ePlanning hardware and software											✓	✓													✓	✓		✓					

Review of Waverley Council's Financial Structure 2010 to 2022 – Attachment F Waverley Council Comprehensive Service Listing and One Day in the Life of a Waverley Council Service Customer

In 2010 Waverley Council is delivering 148 services in 22 main service categories. A full list of these services is provided below.

Each day residents, businesses and visitors to Waverley will use these services and they will usually use more than once. Here's an example of just one day's use of our services by a resident. This level of usage would not be unusual in Waverley.

It's a typical busy day in Waverley – you've got up early and ...

- ✓ decided to go for a quick run down the **footpath**, across the still quiet **street**
- ✓ and round the local **park**.
- ✓ But by then you've worked up a sweat and decided to freshen up with a dip at the **beach**.
- ✓ You chat with the **lifeguard** about the great weather and the **clean finely raked Bondi sand**
- ✓ before rushing back home get the kids ready for school and **day care**.
- ✓ After a quick breakfast and shower you drive along the **local road**, drop one child at school, saying Hi to the officers on **school parking patrol**,
- ✓ and drop the other at the **child care centre**.
- ✓ You've got just enough time to dash into the **Eastgate Car Park** to squeeze in some shopping.
- ✓ While you're there you decide quickly to duck down to the **library** and pick up those **books** for the kids and that **DVD** to help with the **HSC study program**.
- ✓ You dash by a **computer** and use the **internet** to send a business email before rushing off to meet a business associate in the **mall**.
- ✓ You take a breather for a coffee and a chat in the **footpath seating** area and you're just in time to see the local school choir performing in the **NAIDOC week celebrations**.
- ✓ Then it's time to pick up some fresh fruit at the **weekly growers markets** before you have to rush home to pick up mum so she'll be in time for the **exercise class** at the **seniors' centre**.
- ✓ While you're waiting for her, you decide to drop into the **Council's Customer Centre** to renew your **residential parking permit** and ask about a **drainage** problem that seems to have started up lately from the property next door. The **art prize** display looks great.
- ✓ You notice there's an interesting model of a new **green building development** in your suburb and you pick up the brochure about the **consultation** program for this proposal, some **information** about how to join the local **bush care** group and you browse through a copy of your new **community strategic plan, Waverley Together 2**.
- ✓ Grabbing a quick lunch, it's time to pick up mum again and head for home. You take the scenic route because she never tires of it, using the new **40 kilometre zone**. The view from the new **marine drive** is spectacular.
- ✓ You think about nominating your mum in the Council's **local hero program** for all the work she did over the years in **meals on wheels**.
- ✓ At home you pick the **precinct meeting** agenda out of the letter box decide to ring the Council to see if progress has been made on removing that **abandoned car** in your street.
- ✓ And then you rush out just in time to get the kids and pick up an ice cream to have at the **playground** before they have to drop into the **Bondi Pavilion** for this week's **kiddies' gym** and **Bondi Wave music session**.
- ✓ By then it's getting dark and late, so you drop by your favourite takeaway dinner spot and notice the new **rubbish bins** and the **clean streets** and the new **bus shelter** and the shopkeeper tells you proudly about the **business award** he just won.
- ✓ A drive home under the **street lights** sees you lucky enough again tonight to find a **parking spot just outside home**. And Dad's home from footy training at **Waverley Oval**. What a relief!

Waverley Council Comprehensive Service Listing

Service Category	Services
Asset management services	<ol style="list-style-type: none"> 1. Asset management planning 2. Asset design services 3. Capital works program planning 4. Road works & maintenance 5. Footpath works & maintenance 6. Kerb & gutter works & maintenance 7. Drainage works & maintenance 8. Building works & maintenance 9. Urban open spaces & malls works & maintenance 10. Coastal & retaining infrastructure works & maintenance 11. Parks infrastructure works & maintenance 12. Parking infrastructure works & maintenance 13. Other infrastructure works & maintenance 14. Property management 15. Facilities management 16. Fleet management 17. Depot & stores
Beach services, maintenance & safety	<ol style="list-style-type: none"> 18. Lifeguard services 19. Beach cleaning & maintenance 20. Support to surf life saving clubs 21. Administration & customer services
Cemetery services	<ol style="list-style-type: none"> 22. Waverley Cemetery services 23. South Head Cemetery services
Child care services	<ol style="list-style-type: none"> 24. Waverley Child Care Centre services 25. Bronte Child Care Centre services 26. Gardiner Child Care Centre services 27. Family Day Care services 28. Family support services
Community services	<ol style="list-style-type: none"> 29. Community planning 30. Services for older people 31. Services for young people 32. Services for people with a disability 33. Services for indigenous people 34. Multicultural services 35. Community safety 36. Community support & grants
Corporate services	<ol style="list-style-type: none"> 37. Administration 38. Financial management 39. Human resources 40. IT & telecommunications 41. Purchasing 42. Risk & insurance management 43. Executive support & strategic projects
Cultural services	<ol style="list-style-type: none"> 44. Cultural services planning 45. Arts programs 46. Music rooms & programs 47. Theatres and theatre programs 48. Literary programs 49. Cultural festivals & events 50. Bondi Pavilion programs 51. Other cultural programs 52. Administration & customer services

Service Category	Services
Customer services & communication	53. Customer & Call Centre 54. Media & communications
Development, building & health services	55. Urban planning 56. Heritage conservation 57. Land information mapping services 58. Development assessments & approvals 59. Environmental health 60. Food hygiene & regulation 61. Building & fire safety regulation 62. Administration & customer services
Emergency management services	63. Local & state emergency management
Environmental services	64. Environmental sustainability planning 65. Environmental education programs 66. Energy management programs 67. Water management programs 68. Waste management planning 69. Air quality management 70. Biodiversity management programs 71. Bush care programs 72. Pollution control programs
Governance, integrated planning & community engagement	73. Long term integrated planning & consultation 74. Governance 75. Councillor support 76. Citizenship services 77. Precinct Committee facilitation services 78. Records & public information services 79. Civic pride programs 80. Volunteering programs 81. Advisory committees and forums 82. Internal Audit
Library services	83. Library services 84. Community information 85. Local studies
Parking services	86. Parking system planning and management 87. On-street parking services 88. Off-street parking services 89. Road & parking safety programs
Parks services & maintenance	90. Parks, reserves & open landscapes planning & design 91. Playground planning & design 92. Southern Area parks cleaning & maintenance 93. Bondi Area parks cleaning & maintenance 94. Northern Area parks cleaning & maintenance 95. Bondi Park cleaning & maintenance 96. Waverley Park cleaning & maintenance 97. Bronte Park cleaning & maintenance 98. Tamarama Park cleaning & maintenance 99. Marks Park cleaning & maintenance 100. Coastal & Cliff Walks cleaning & maintenance 101. Greenspace maintenance 102. Eruv cleaning & maintenance 103. Administration & customer services

Service Category	Services
Place management	104. Place development planning & strategy 105. Place maintenance & upgrade 106. Place amenity & access services 107. Place safety management 108. Place marketing 109. Place regulation 110. Business development & support services 111. Events management 112. Visitor management services 113. Administration & customer services
Recreation services	114. Recreation planning 115. Recreation facilities maintenance 116. Sporting facilities maintenance
Regulatory services	117. Pollution control programs 118. Animal control 119. Dumped rubbish & litter control 120. Waste regulation & education 121. Abandoned car control & removal
Social & affordable housing	122. Housing planning 123. Affordable housing program 124. Social housing program
Traffic & transport services	125. Transport planning 126. Pedestrian mobility programs 127. Cyclist mobility programs 128. Alternative transport programs 129. Traffic management services
Urban open space maintenance & accessibility	130. Streetscape enhancement strategy 131. Street cleaning services 132. Place cleaning services 133. Graffiti removal services 134. Nature strip mowing services 135. Tree management planning 136. Tree planting services 137. Tree maintenance services 138. Greenlinks maintenance 139. Public place access works & services 140. Street & place signage services
Waste services	141. Domestic waste services 142. Recycling services 143. Green waste services 144. Clean up services 145. Dumped rubbish removal 146. Place cleaning services 147. Commercial waste services 148. Administration & customer services

Review of Waverley Council's Financial Structure 2010 to 2022 – Attachment G

What is Waverley Together 2?

Waverley Together 2 is a comprehensive plan of what we need to do over the next 12 years to 2022 to achieve a vision for a better life in Waverley. It is based on detailed community opinion about:

- our values and priorities,
- the challenges we are facing,
- the social, environmental and economic health of our area, and
- the capacity of our residents, businesses and other levels of government to partner with us to achieve the vision.

The plan has been **developed in accordance with new amendments to the Local Government Act** called the 'Integrated Planning & Reporting Framework' amendments. This is landmark legislation to achieve major microeconomic reform.

Among other things, **the legislated reforms make it mandatory for councils to develop plans that reflect the entirety of their communities' aspirations for the future**, not just those priorities that a council may be able to satisfy.

The reforms also make it mandatory for councils to develop a 'Resourcing Strategy', including financial plans, human resource plans and asset management plans, to maximise the community's chances of achieving their vision.

Everything has to be planned ahead and costed so we can figure out the cheapest way to achieve the most over the 12-year period.

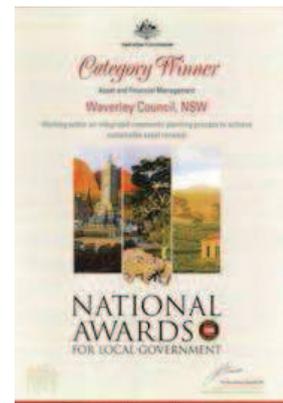
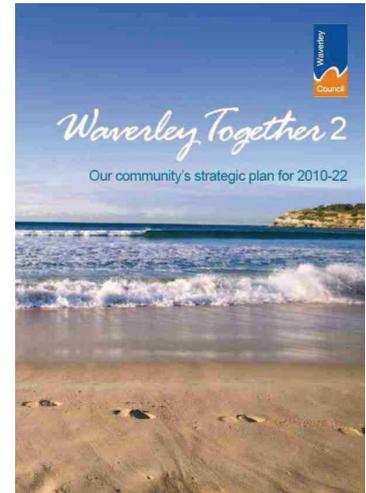
Our Integrated Planning framework for *Waverley Together 2* is therefore reasonably complex. But in reality **it is simply a costed set of 33 directions or groups of strategies to achieve 60 specific targets**. The logic is that if we reach the targets it should result in achievement of this particular vision for Waverley.

Underneath the strategies we have developed a myriad of activities in service delivery over the next four years to propel us toward the vision. These activities are in a separate plan called the *Delivery Plan 2010/14*. **We can modify, add to or subtract from this activity list basically at any time depending on community preference, funding availability or discovery of smarter ways of achieving a target.**

The Council's contribution to the whole 12-year plan is costed in our Long Term Financial Plan 2.

The biggest cost in the plan – maintenance of our assets – has been revised in detail over the last five years producing an 84% reduction in the estimated cost of renewal of our existing infrastructure and building assets. This work led to Waverley Council's receiving the Federal Government's National Award for Local Government in Asset and Financial Management in 2010.

We are very confident the cost estimates in our financial plan are accurate and that residents and ratepayers will be paying neither more nor less than is really required over the next decade to sustain our assets and services.

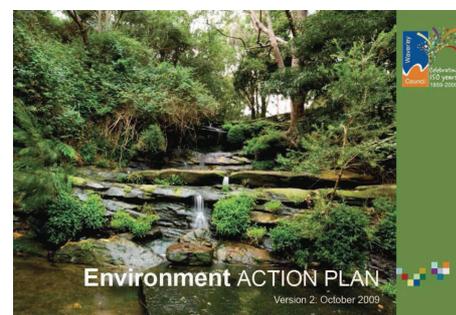
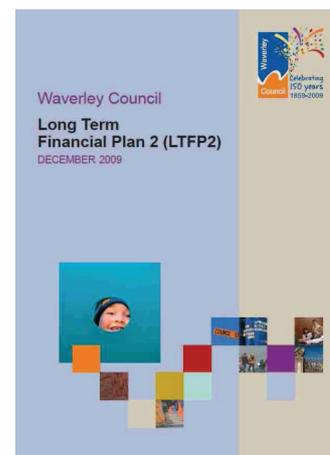
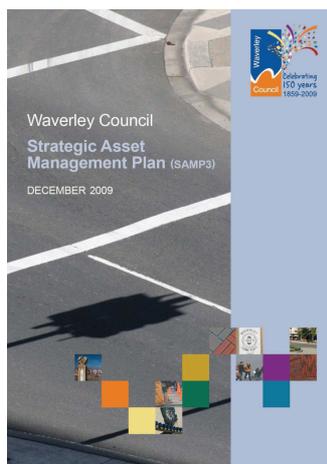


Despite the work done to keep cost estimates as low as possible, **our Long Term Financial Plan is showing that there is a financial shortfall for delivery of the services necessary to help meet the targets.** The shortfalls over the 12 years to 2022 are:

- **a shortfall of \$125 million** for delivery of our 148 existing services, *or*
- **a shortfall of \$224 million** for delivery of our 148 existing services and more than 50 enhancements considered necessary to maximise your chances of meeting the targets of *Waverley Together 2*.

Waverley Together 2 and all associated Resourcing Plans are available in full on Waverley Council's website at http://www.waverley.nsw.gov.au/your_council/planning_for_waverley_future.

Waverley's Resourcing Strategy includes, as an added extra, a comprehensive fully costed **Environmental Action Plan**. This plan plus some extra papers covering updated cost estimates and financial strategies are also accessible at the same website location.



What's in *Waverley Together 2*?

Waverley Together 2 has **four main themes for achieving a sustainable lifestyle** over the long term. Put simply we're trying to achieve:

- **a sustainable community**
- **sustainable living including a sustainable local economy**
- **a sustainable environment**
- **sustainable governance including community participation in decision making**

The plan sets out a vision and targets for each of these themes.

The vision is comprehensive and very aspirational. This is an ambitious community. **You can read the vision on the back of this brochure.**

The targets on the other hand are much more detailed, specific, clear and measurable. They're about getting down to business.

In some cases the targets are simply about not letting the great parts of our lifestyle slip backwards.

But **in other cases the targets we have set will be a real stretch**, particularly the targets for:

- **greenhouse gas emissions reduction,**
- **shifts in preferences for transport,**
- **infrastructure and asset renewal, and**
- **affordable living, particularly in housing.**

What are the strategies and targets of *Waverley Together 2*?

There are **60 targets** or indicators of progress that will help us track movement towards our community's vision of what life should be like by 2022. There are:

- 15 targets for achievement of a sustainable community,
- 15 targets for achievement of a sustainable lifestyle and economy,
- 20 targets for achievement of a sustainable environment, and
- 10 targets for achievement of sound civic leadership and engagement in decision making.

Details of exactly where we are now in relation to these targets ('baseline data') can be found in *Waverley Together 2*. From this we can see how far we are away from the targets now and how much work it might take to meet them.

Here's each group of the strategies and the targets we're aiming for:

Strategies for a Sustainable Community		Targets
C1	Waverley's cultural heritage and diversity is recognised, protected and respected.	1. The proportion of residents who agree that there is a sense of community in Waverley is steady or increasing.
C2	The community is welcoming and inclusive and people feel that they are connected and belong.	
C3	Housing options are available to enable long term residents and those with a connection to the community to remain in Waverley.	3. The proportion of residents experiencing housing stress is not increasing. 4. The number of units of social and affordable housing in Council's portfolio is maintained.
C4	Community support services continue to be targeted to and accessible by those who need them most, including children and young people, older people and people with a disability.	5. The level of disadvantage in our area is not significantly increasing. 6. Satisfaction with Council's community facilities and services for a range of people is increasing. 7. Referrals by Council to services by other agencies (target in development as baseline data to be collected). 8. The proportion of residents who think that childcare services are adequate is steady or increasing. 9. The proportion of residents who think there is a good range of community groups and support networks is steady or increasing.
C5	People feel safe in all parts of Waverley.	10. The proportion of people who feel safe in our community is steady or increasing. 11. The number of vehicle accidents and pedestrian accidents per annum is equal to or less than the number in 2005.
C6	Arts and cultural activities foster an involved community and a creative environment.	12. Satisfaction with Council's arts, entertainment and cultural events and facilities is increasing.
C7	Health and quality of life are improved through a range of recreation and leisure opportunities.	13. The proportion of residents who agree there is a good range of leisure and recreation opportunities is steady or increasing. 14. The proportion of residents who agree that sporting facilities in the area meet their needs is steady or increasing. 15. Satisfaction with sporting and recreation facilities, and parks and playgrounds, is increasing.

Strategies for Sustainable Living		Targets
L1	Waverley's economy is vibrant and robust and supports the creation of a variety of jobs and business opportunities.	16. The level of unemployment in our area remains low. 17. The level of business activity in each of our commercial centres and villages is minimum 85%.
L2	Visitors and tourists are welcomed and make a positive contribution to the community and economy.	
L3	Waverley's public places and spaces look and feel good.	18. Satisfaction with the look of public places is steady or increasing. 19. Satisfaction with the removal of dumped rubbish is increasing. 20. The proportion of residents who think that litter is adequately controlled is steady or increasing. 21. The proportion of residents who think that graffiti is adequately controlled is steady or increasing.
L4	The unique physical qualities and strong sense of identity of Waverley's villages is respected and celebrated.	22. Satisfaction with Council's building development, planning and controls is increasing.
L5	Buildings are well designed, safe and accessible and the new is balanced with the old.	
L6	Roads and intersections are safer and less congested.	23. The number of vehicle accidents and pedestrian accidents per annum is equal to or less than the number in 2005. 24. Satisfaction with local traffic management is increasing. 25. The number of private passenger vehicles (cars) registered in Waverley is stabilised by 2020 at 2007 levels. 26. 4-wheel drive vehicles registered in Waverley declines by 5% by 2020 based on 2007 numbers.
L7	People frequently walk and ride their bikes, particularly for local trips.	27. Proportion of residents who view Waverley as a safe area for pedestrians is steady or increasing. 28. Proportion of residents who view Waverley as a safe area for cyclists is increasing.
L8	People frequently use public transport, particularly for trips to work.	29. Proportion of residents who think that public transport is adequate for their needs is increasing.
L9	Parking, both on-street and off-street, is equitably accessed and effectively managed	30. Satisfaction with on-street parking management is steady or increasing.

Strategies for a Sustainable Environment		Targets
E1	Waverley's community contributes to the reduction of greenhouse gas emissions.	31. 30% reduction of greenhouse gas emissions by 2020 based on 2003/04 levels. 32. 70% reduction of greenhouse gas emissions by 2050 based on 2003/04 levels. 33. 30% reduction in Council's greenhouse gas emissions by 2020 based on 2003/04 levels. 34. 30% of electricity used in the LGA comes from renewable sources by 2020. 35. Average kilometres travelled by Waverley residents per day by private car declines by 15% by 2020 based on kilometres travelled in 2006. 36. 40% of the total daily distance travelled by residents is by public transport, walking or cycling.
E2	Waverley and its community is well prepared for the impacts of climate change.	
E3	Waverley's community, including its visitors, reduces the amount of waste it generates and increases the amount it reuses and recycles.	37. No net increase in overall waste generation by 2020 based on 2003/04 levels. 38. 75% of the LGA's domestic and commercial waste diverted from landfill by 2020.
E4	Water is used carefully and sparingly in Waverley's buildings, gardens, businesses and Council operations.	39. Zero increase in the LGA's mains water consumption by 2020 based on 2005/06 levels. 40. 50% reduction in Council's mains water consumption by 2020 based on 2005/06 levels.

Strategies for a Sustainable Environment		Targets
		41. No more than 10% mains water consumption by Council for non-potable uses by 2050.
E5	The waterways and beaches are clean and free of pollutants.	42. More than 345 clean beach days per annum (>95%) based on DECCW Beachwatch Water Quality Results. 43. The proportion of residents who rate the water quality in beaches and waterways as clean is steady or increasing.
E6	A network of parks and coastal reserves, street trees and other plantings provides a habitat for a thriving local ecology.	44. The connectivity of wildlife habitat corridors is increased by 2020 based on 2009/10 levels, measured as square metres of coverage. 45. No localised flora and fauna extinctions based on 2009/10 levels. 46. Continually improve the quality and ensure no loss of native vegetation based on 2009/10 levels. 47. Reduce pests and weeds by 2020 based on 2009/10 levels.
E7	Our coastal waters provide a habitat for a thriving marine ecology.	48. No localised extinction of marine inter-tidal species based on 1999 levels.
E8	Waverley is an environmentally educated and committed community.	49. Our community rates the environment as an important issue. 50. Satisfaction with Council's environmental management and education is increasing.

Strategies for Sustainable Governance		Targets
G1	Council's decision making processes are open, transparent, corruption resistant and based on sound integrated planning.	51. The proportion of residents who believe Council acts in an open and honest way is increasing.
G2	Our community is consulted about Council decisions and informed about Council services and activities.	52. The proportion of residents who believe they have the opportunity to have a say in what Council does is increasing. 53. Satisfaction with being informed about Council activities is increasing.
G3	Services to customers are provided in a professional, friendly and timely manner.	54. Satisfaction with Council's customer service is steady or increasing.
G4	Council's operations are efficient, effective and provide value for money.	55. The proportion of residents who believe that Council's operations are efficient, effective and provide value for money is increasing.
G5	Council is a financially sustainable organisation.	56. Council is declared financially sound annually.
G6	Council assets are well maintained for their current purpose and for future generations.	57. Council assets are capable of delivering the desired levels of service as measured by achieving specified asset condition ratings on an annual basis. (For specified ratings per asset category see full text of Waverley Together 2.) 58. Satisfaction with maintenance of Council assets is increasing.
G7	Council maintains sound safety and risk management practices to protect the community and our employees.	59. Lost Time Injuries that occur in Council are reduced by 57% by 2020, based on 2005/06 levels.
G8	Council manages information and knowledge in an integrated and accessible way.	60. 75% of Council staff agree that the organisation is operating effectively within the Business Excellence Framework by 2013.
G9	Council is an attractive, performance-focused employer governed by great leadership and supported by a committed and adaptable workforce.	

How well will the strategies help us all achieve a better lifestyle?

The vision for the lifestyle we want in Waverley by 2002 has 14 elements. Here's how the strategies of *Waverley Together 2* will help us all get there.

VISION ELEMENT	Strategies to help achieve the vision
We are safe	C5, L3, L5, L6, G7
We are reconciled with and value our indigenous past	C1, C6,
Connections within families and between generations can remain unbroken	C2, C3, C4, L1,
We are inspired and able to renew our physical and spiritual wellbeing	C1, C2, C4, C6, C7, L3, L4, L5, L7, L8,
Everyone is welcome to participate positively in community life	C1, C2, C6, L1, L2, L3, L6, L7, L8,
We can express our essential selves through our traditions, our arts, our cultures, and our lifestyles	C1, C2, C6, C7
We act together as a compassionate society	C1, C2, C4, G2,
The beauty of our beaches, cliffs and coastal lands endures	E5, E6, E7, L3, L4,
The architectural landscape is cared for and developed at a human scale and design is sensitive to the natural, historical and social contexts	L3, L4, L5
Vital services are fully accessible	C3, C4, C7, L6, L7, L8, L9, G3, G4, G6, G7
Scarce resources are conserved and fairly shared	L1, L2, L3, L6, L7, L8, L9, G5, G6
Local economic prosperity provides opportunity for all	L1, L2, L3, L4, L5, L6, L7, L8, L9
As a local community we have the courage to take a leading place in achieving the environmental aims of a global society	E1, E2, E3, E4, E5, E6, E7, E8, L6, L7, L8, L9
We are confident our leaders will reflect thoughtfully on our views and best interests when making decisions for our future	G1, G2, G3, G4, G5, G6, G7, G8, G9

How will we maximise our chances of achieving the vision?

Council can play a lead role in helping achieve the vision but we can't deliver the lifestyle everyone wants on our own. We need partnerships with the community, with business and with other levels of government. Nevertheless we want to make sure we're not squandering effort. **So we've identified the 12 most important things to focus on. Success in these will maximise our chances of hitting the targets.** The top 12 focus areas are:

1. Protecting and enjoying our beaches and coastal open spaces
2. Staying connected as a community
3. Living with urban density
4. Welcoming visitors
5. Fostering our cultural vitality
6. Renewing our health and wellbeing
7. Sprucing up our streets and villages
8. Harmonising new and old design
9. Feeling and being safe
10. Prospering through our local economy
11. Venturing into new and sustainable environmental futures
12. Engaging everyone for far sighted and better decision making

If we're to be able to focus on these things in the most cost effective way, **we need as a minimum to ensure we can continue to deliver our existing services.** But the community's also told us that some services are not being delivered at the level necessary for the lifestyle we want and need. **We won't achieve the vision unless we improve these services. So we've developed a set of enhancements** to services to deliver:

- **More** opportunities for **recreation, health, wellbeing and artistic and cultural expression,**
- **More and safer access** to public places, to transport and to vital infrastructure,
- **More cleaning and greening** of all the spaces we share,
- **More** inviting streetscapes and **restful local neighbourhoods,**

- **A more sustainable environment with improved protection from global warming** and preservation of natural resources and ecosystems, and
- **A more engaged connected and inspired community** actively involved in decision making.

All of our existing services **plus** these enhancements have been put together in a package called **Service Plus** so that we can all see how they can be delivered together to help achieve the vision and targets of Waverley Together 2.

How will Waverley Council's services help achieve the vision?

Waverley Council's service array and outputs have more than doubled in the last ten years. Today we deliver 148 services in 22 main service categories of:

- | | |
|--|--|
| 1. Asset Management Services | 11. Governance, Integrated Planning & Community Engagement |
| 2. Beach Services, Maintenance & Safety | 12. Library Services |
| 3. Cemetery Services | 13. Parking Services |
| 4. Child Care Services | 14. Parks Services & Maintenance |
| 5. Community Services | 15. Place Management |
| 6. Corporate Support Services | 16. Recreation Services |
| 7. Cultural Services Customer Services & Communication | 17. Regulatory Services |
| 8. Development, Building & Health Services | 18. Social & Affordable Housing |
| 9. Emergency Management Services | 19. Traffic & Transport Services |
| 10. Environmental Services | 20. Urban Open Space Maintenance & Accessibility |
| | 21. Waste Services |

Service Plus is simply a clearly organised set of these services but with more than 50 added enhancements that will help close the gap between where we are now and where we want to be by 2022.

Service Plus is not fully funded. It will cost almost \$1.4 billion over the next 12 years to deliver our existing services and another \$0.2 billion to deliver all the enhancements. In our *Long Term Financial Plan 2* we have identified reasonably reliable sources of income to fund 91% of the cost of existing services and 54% of the cost of requested enhancements. **Overall we believe we can fund 86% of the cost of Service Plus. If we are to deliver the last 14% we need to know whether the community wishes to invest fully in Service Plus, funding the shortfall either by an increase to the usual annual increases to rates or by some other means.**

How can you become involved in decisions about Service Plus?

Council is not the ultimate decision maker on whether a rate rise can be granted to help fund *Waverley Together 2*. Ultimately the State Government will make that decision based on your views and on our obligations for service delivery and asset protection. **If the State Government does not approve an increase in funding for Service Plus, Waverley Council's services will need to be cut by an average of 10% or by \$10 million per annum, beginning in 2012. In this event, instead of moving towards the vision of Waverley, we will actually move away from it.**

Service Plus has huge value and it is the most cost-effective way to achieve the targets. But with 60 big targets to achieve there is a long way to go. We're at a very big decision point for the decade so Council needs to know what everyone thinks about investing in Service Plus as the best means of achieving a better Waverley.

Please take an opportunity to make a submission to us either by visiting our interactive webpage for *Waverley Together 2* on our website or by attending any of the various forums being organised.

Our Community's Vision for Life in Waverley by 2022

We are united by a common passion for our beautiful home between the city and the sea.

Inspired by the magnificent landscape of Waverley and by the gifts we have inherited from those who have been here before us, we dream of a fulfilling life where ...

we are safe

we are reconciled with and value our indigenous past

connections within families and between generations can remain unbroken

we are inspired and able to renew our physical and spiritual wellbeing

everyone is welcomed to participate positively in community life

we can express our essential selves through our traditions, our arts, our cultures, and our lifestyles

we act together as a compassionate society

the beauty of our beaches, cliffs and coastal lands endures

the architectural landscape is cared for and developed at a human scale and design is sensitive to the natural historical and social contexts

vital services are fully accessible

scarce resources are conserved and fairly shared

local economic prosperity provides opportunity for all

as a local community we have the courage to take a leading place in achieving the environmental aims of a global society

and

we are confident our leaders will reflect thoughtfully on our views and best interests when making decisions for our future

These are the aspirations of our hopeful generation.

We recognise the need to commit to this vision of our future with energy
so that we can pass these gifts to our children
and they to theirs.

Review of Waverley Council's Financial Structure 2010 to 2022 – Attachment H

What is Service Plus?

Service Plus is an organised set of Waverley Council's existing services with some added enhancements to boost the Council's capacity to contribute to achievement of the vision of our community's new strategic plan, **Waverley Together 2**. **Service Plus has 12 components:**

Component 1: Maintaining Waverley Council's existing services

plus 11 extra components to **enhance** existing services including:

- Component 2:** Providing more opportunities for recreation, health and wellbeing
- Component 3:** Providing more opportunities for artistic and cultural expression
- Component 4:** Providing more and safer access to public places
- Component 5:** Providing more and safer access to transport
- Component 6:** Providing more and safer access to vital services
- Component 7:** Providing more cleaning and greening of all the spaces we share
- Component 8:** Providing more inviting streetscapes
- Component 9:** Providing more restful local neighbourhoods
- Component 10:** Providing a more sustainable environment with increased protection from global warming
- Component 11:** Providing more preservation of natural resources and ecosystems
- Component 12:** Partnering with a more engaged, connected and inspired community actively involved in decision making

Service Plus is designed to help us all draw conclusions about how much closer we can move towards the vision or how far we will move away from it, depending on how much of the package we might want to invest in and how much we're prepared to work together.

What's included in Service Plus?

Service Plus includes all 148 of our existing services in 22 main categories plus 51 enhancements. Our existing service categories are:

1. Asset Management Services
2. Beach Services, Maintenance & Safety
3. Cemetery Services
4. Child Care Services
5. Community Services
6. Corporate Support Services
7. Cultural Services
8. Customer Services & Communication
9. Development, Building & Health Services
10. Emergency Management Services
11. Environmental Services
12. Governance, Integrated Planning & Community Engagement
13. Library Services
14. Parking Services
15. Parks Services & Maintenance
16. Place Management
17. Recreation Services
18. Regulatory Services
19. Social & Affordable Housing
20. Traffic & Transport Services
21. Urban Open Space Maintenance & Accessibility
22. Waste Service

For the full list of 148 services in each service category see *Waverley Together 2*.

In recent surveys Waverley residents told us consistently that, as a minimum, Council needs to ensure we can continue to deliver our existing services. But they also told us that some services are not being delivered at the desired level and should be enhanced. The 51 suggested enhancements are:

Service Plus Component	Included enhancements
<p>Components 2 & 3</p> <p>More opportunities for recreation, health, wellbeing and artistic and cultural expression</p>	<ol style="list-style-type: none"> 1. New sporting facilities including cricket pitches, netball courts, bocce courts, fields, seating and changing rooms at Waverley Park, Rodney Reserve and Hugh Bamford Reserve. 2. Playground upgrades at a series of local parks and reserves. 3. Upgrades to lots of facilities in Bondi Park, Bronte Park, Tamarama Park and Waverley Park, including toilets, lighting, bubblers, showers, and shade structures. 4. A new Waverley Park Pavilion (fully funded by asset sales and grants). 5. Re-furbishment of the old jewel – the Bondi Pavilion – for better theatre productions and events, alongside our current kids’ classes, music productions, art exhibitions and film festivals (partly funded by asset sales and grants).

Service Plus Component	Included enhancements
<p>Components 4, 5 & 6</p> <p>More and safer access to public places, transport and vital services</p>	<ol style="list-style-type: none"> 6. Keeping a minimum of 80% of our footpaths in top or near top condition. 7. More school safety zones. 8. More 40 kilometre speed safety zones for traffic. 9. More pedestrian safety works in the busiest areas of Bondi Junction and Bondi Beach. 10. Enhanced traffic planning and management services and faster implementation of traffic plans. 11. Enhanced public transport planning services. 12. Renewal of vital aged infrastructure throughout Waverley including drainage, retaining walls, stairs fences, bus shelters, promenades, tunnels and cemetery infrastructure. This is additional to major infrastructure renewals provided within our existing service array. 13. Increased services for the aged and improved referrals to support provided by other agencies. 14. Increased capacity to deal with homelessness. 15. Improved cemetery and funeral services (fully funded by sale of rights of burial and associated cemetery services). 16. A new early learning, family day care and child care centre in Bondi Junction (fully funded by asset sales and grants). 17. Ongoing optimisation of public parking on-street and off-street for better access to vital services (fully funded by income from parking services and asset sales). 18. Establishment of Waverley council as an affordable housing trust (fully funded by developer contributions).

Service Plus Component	Included enhancements
<p>Component 7</p> <p>More cleaning and greening of all the spaces we share</p>	<ol style="list-style-type: none"> 19. Increased frequency of mowing, weeding, mulching, rubbish removal and increased planting in parks, reserves and village centres. 20. Increased removal of graffiti. 21. Increased tree maintenance and tree protection. 22. Increased tree planting – up to 400 trees a year. 23. Improved depot facilities, preferably within Waverley for staff doing cleaning and greening (fully funded by asset sales). 24. A new depot outside Waverley for waste collection staff (fully funded by asset sales). 25. Acquisition of land for open space in Bondi Junction which Council is likely to be compelled by law to acquire.

Service Plus Component	Included enhancements
<p>Components 8 & 9</p> <p>More inviting streetscapes and restful local neighbourhoods</p>	<p>26. 15% increase in Rangers' presence, especially during major events and for prevention of dumped rubbish, and quicker response to complaints about noise, anti-social behaviour, obstruction of footways, and pollution from developments.</p> <p>27. Local village streetscape improvements including upgrade of footpaths, seating, signage and greening.</p> <p>28. Oxford Street East streetscape upgrade.</p> <p>29. Eastgate Car Park façade upgrade (fully funded by asset sales and investment returns).</p> <p>30. Boot Factory remediation or incorporation into redevelopment of Mill Hill Centre (yet to be determined but fully funded by future asset sales).</p>

Service Plus Component	Included enhancements
<p>Components 10 & 11</p> <p>A more sustainable environment with protection from global warming and preservation of natural resources and ecosystems</p>	<p>In addition to our existing environmental services this component includes service enhancements to achieve ambitious targets for reduction of greenhouse gas emissions by the community:</p> <p>31. Retrofitting Council's buildings with energy saving technologies to reduce greenhouse gas emissions and energy bills.</p> <p>32. Changing street light fittings to further reduce emissions.</p> <p>33. Working with the community to provide access to discount solar hot water, solar power and other water and energy saving devices.</p> <p>34. Working with the community to increase the purchase of energy from renewable sources.</p> <p>35. Working with the community to facilitate climate change adaptation.</p> <p>36. Working with business especially in Bondi Junction to install alternative energy systems for heating, cooling, lighting and general power use.</p> <p>37. Working to meet targets for increased use of public transport and reduced travel by private car.</p> <p>38. Completion of more bike paths and associated facilities.</p> <p>39. Improved waste recycling and recovery to reduce disposal of waste to landfill and greenhouse gas emissions (fully funded by the domestic waste charge).</p> <p>It also includes services to conserve water and protect local flora and fauna:</p> <p>40. Creating a permanent bushcare team for restoration of remnant native vegetation in parks and reserves.</p> <p>41. Remediation of Bronte Gully and Tamarama Gully including hydrological, weed management, soil contamination, geotechnical and revegetation works.</p> <p>42. Reconnection and increase of wildlife corridors and habitat throughout Waverley.</p> <p>43. Two new stormwater harvesting systems at Bondi Beach and Tamarama Gully.</p> <p>44. Increased water recycling in parks and reserves.</p> <p>45. Programs for maintaining and improving water quality at beaches.</p>

Service Plus Component	Included enhancements
<p>Component 12</p> <p>A more engaged connected and inspired community actively involved in decision making</p>	<p>46. Improved web communications about services, development applications, parking, events, and issues and policies under consideration by Council.</p> <p>47. Improved information for decision making and opportunities for comment.</p> <p>48. Ongoing best practice in long term planning for services and financial management.</p> <p>49. Easier payment and progress systems for services including lodgement of development applications.</p> <p>50. Compliance with ever increasing standards for transparency and ethics in decision making, protection of public information and business efficiency and probity.</p> <p>51. Improved management of major meeting places for community interaction and connection.</p>

How can Service Plus help achieve the vision for Waverley?

Waverley Council services contribute to every aspect of your daily life. As we continually enhance them, they're going to improve in their capacity to help each of us achieve our vision of what life should be like by 2022. Here's how each service is making that contribution.

We have 148 services in 22 main service categories working together to help achieve 14 vision elements.

Our community's vision



Our services



Our community's vision														
Vision Elements														
1.	We are safe													
2.	We are reconciled with and value our indigenous past													
3.	Connections within families and between generations can remain unbroken													
4.	We are inspired and able to renew our physical and spiritual wellbeing													
5.	Everyone is welcomed to participate positively in community life													
6.	We can express our essential selves through our traditions, our arts, our cultures, and our lifestyles													
7.	We act together as a compassionate society													
8.	The beauty of our beaches, cliffs and coastal lands endures													
9.	The architectural landscape is cared for and developed at a human scale and design is sensitive to the natural, historical and social contexts													
10.	Vital services are fully accessible													
11.	Scarce resources are conserved and fairly shared													
12.	Local economic prosperity provides opportunity for all													
13.	As a local community we have the courage to take a leading place in achieving the environmental aims of a global society													
14.	We are confident our leaders will reflect thoughtfully on our views and best interests when making decisions for our future.													
Contribution of Services to Elements of the Vision														
	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Asset Management Services	✓		✓	✓	✓			✓	✓	✓	✓	✓	✓	
2. Beach Services, Maintenance & Safety	✓			✓	✓	✓	✓			✓				
3. Cemetery Services			✓	✓		✓				✓				
4. Child Care Services	✓		✓	✓	✓		✓			✓		✓		
5. Community Services	✓	✓	✓	✓	✓		✓			✓				
6. Corporate Support Services	✓									✓	✓	✓	✓	✓
7. Cultural Services		✓	✓	✓	✓	✓	✓			✓		✓		
8. Customer Services & Communication	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9. Development, Building & Health Services	✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	
10. Emergency Management Services	✓					✓	✓			✓				
11. Environmental Services	✓	✓	✓	✓			✓	✓		✓	✓	✓	✓	
12. Governance, Integrated Planning & Community Engagement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13. Library Services		✓	✓	✓	✓	✓	✓			✓	✓			
14. Parking Services	✓		✓		✓					✓	✓	✓		
15. Parks Services & Maintenance	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	
16. Place Management	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		
17. Recreation Services	✓		✓	✓	✓	✓				✓	✓			
18. Regulatory Services	✓								✓	✓	✓	✓	✓	
19. Social & Affordable Housing			✓		✓		✓			✓	✓			
20. Traffic & Transport Services	✓		✓		✓					✓	✓	✓	✓	
21. Urban Open Space Maintenance & Accessibility	✓		✓	✓	✓				✓	✓		✓		
22. Waste Services	✓									✓	✓		✓	