Waverley Council

Long Term Financial Plan 3.1 (LTFP3.1)

MARCH 2011

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

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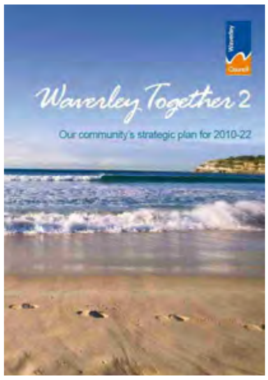
The Vision of Waverley Together 2

Adopted by Waverley Council on behalf of the
Waverley community
February 2010



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.

1. INTRODUCTION

1.1 Origins

This is Waverley Council's third published *Long Term Financial Plan* (LTFP3.1). Our first plan, the Long Term Financial Strategy 1 (LTFS1) was published in December 2008. The second, the Long Term Financial Plan 2 (LTFP2) was adopted by Council in December 2009. These plans are accessible at:

http://www.waverley.nsw.gov.au/your_council/planning_for_waverley_future

LFP3.1 is based on a set of financial projections prepared in 2010 for the expected income and expenditures that will be necessary over the next 12 years if Council is to deliver an effective contribution to the Community's adopted 12 year Strategic Plan, ***Waverley Together 2***. These financial projections were published in December 2010 in a report titled ***Funding the Future: Report on Funding Waverley Council's Services 2010 to 2022***. LTFP3.1 varies the 2010 projections slightly, in accordance with a resolution of Council in December 2010. In this resolution Council acknowledged that with Council's current structure of income and expenditure there will be substantial financial shortfalls in funding for *Waverley Together 2* and that therefore Council will apply to the Independent Pricing and Regulatory Tribunal (IPART) for a special variation to rates to make up the shortfalls.

LTFP3.1 sets out the final figures underpinning that application and is designed to meet the objectives set out below.

1.2 Objectives

A long term financial plan contains a set of long range financial projections based on an informed set of assumptions. It is designed to show the financial impacts of providing different levels of service, as well as undertaking different programs of capital works.

The objectives of Waverley Council's LTFP3.1 are to:

- provide a transparent account of Council's financial situation to the community,
- analyse the cumulative financial effects of Council's high level plans and policies,
- identify the financial opportunities and challenges confronting Council,
- identify the least cost means of achieving the minimum service levels and works required to achieve a sustainable future for Waverley in accordance with its adopted Community Strategic Plan, Strategic Asset Management Plan, Environmental Action Plan and Workforce Plan,
- achieve a balanced budget over the long term,
- provide early warning of potential financial unsustainability,
- model sound financial structures to prevent unsustainability,
- provide a basis for sound and strategic decision making that is in the community's overall best interests, and
- meet the requirements of the Division of Local Government's (DLG) Integrated Planning & Reporting (IP&R) framework.

1.3 Timeframe

Although a long term financial plan may be prepared for any length of time, LTFP3.1 covers the 12 year time period from 2010/11 to 2021/22 to align with the timeframe of the Council's adopted Community Strategic Plan, *Waverley Together 2* (see Section 2.2). LTFP3.1 shows that if Council continues to maintain its current levels of service and income, the operational budget will be continually in deficit from the year 2011/12 onwards. Waverley Council has foreshadowed this movement into deficit commencing in 2011/12 for some years (formally since the Management Plan of 2008/12). LTFP3.1 thus sets out a range of options for responsibly managing this financial situation in a manner that will minimise impacts on the community and gradually improve the financial sustainability of the Council over the remaining 11 years of the plan.

Annual updates of the LTFP will occur in accordance with the requirements of the IP&R framework.

1.4 Method

Like its predecessors, LTFP3.1 is structured as a series of 'layers', each of which shows a specific financial scenario or case. Each of the layers relates to a particular Council plan or policy.

For purposes of expressing financial results, the layers are cumulative. Each layer incorporates the assumptions and financial outcomes of each of the previous layers. LTFP3.1 presents financial forecasts associated with:

- a Base Layer,
- an Investment Strategy Layer,
- a Sustainable Assets Layer,
- a Sustainable Environment Layer,
- an Operational Enhancements Layer, and
- a Capital Enhancements Layer.

The order of layers in LTFP3.1 is not necessarily meant to imply a predetermined priority for expenditures, although the discretion Council has regarding expenditure in each layer does tend to increase with each successive layer and is relatively low in the earlier layers. It should be noted that some items in some layers can really only be implemented alongside some items in other layers. There are interdependencies between parts of various layers.

Unless otherwise stated, in all of the layers, the Consumer Price Index (CPI) has been used to index income and expenditure over time. The CPI used is that forecast by Access Economics as at September 2010. (See **Appendix 1** for the full assumptions regarding CPI and interest rates.)

1.5 Structure

LTFP3.1 is structured into four main sections.

The first section provides an introduction to the plan, the objectives it aims to meet and the service structure and costs of Council.

A second section details the policy context within which LTFP3.1 has been prepared. It provides an overview of the many strategies, plans, policies and other documents which have implications for the long term financial future of the Council.

A third section describes in detail each of the six layers. It sets out:

- the assumptions by which each layer was created,
- the value added by each layer,
- the financial outcomes which result from the application of the relevant assumptions, and

- any opportunities and threats which may make the layer sensitive to variation.

A fourth section:

- draws conclusions from the financial modelling,
- analyses the potential impact of a range of financial sustainability factors,
- poses and assesses strategies for resolving financial shortfalls ranging from the most sustainable to the least; and
- provides a preferred coordinated strategy for achieving financial sustainability in line with the principles of QBL sustainability.

1.6 Current Strategic Position and Demographics of Waverley

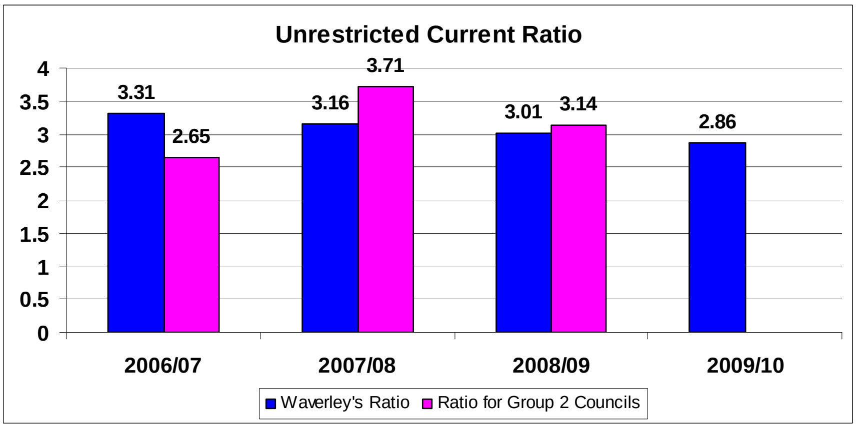
As explained at Section 2.2, the opportunities and challenges facing Council are outlined in *Waverley Together 2*. Some features of Waverley's current strategic position, demography and economic base which impact upon *Waverley Together 2* and hence LTFP3.1 are:

- a residential population which has been generally stable in size for several decades in the latter half of the 20th century, is not yet predicted to significantly increase in the 21st century, but has nevertheless shown signs of increasing slightly in the last five years (ie., by around 1% per annum);
- a large number of visitors particularly over the summer months which swells annual population estimates somewhat – visits to Waverley's commercial and beachside attractions are likely in any year to number well more than 20 million;
- a local government area which is densely developed (with around 7000 people per square kilometre of land area, Waverley is the most densely populated Local Government Area in Australia);
- a residential population with an unusually high level of renters – almost 40%;
- a residential population which is highly educated but socio-economically diverse (Waverley's SEIFA Index for the 2006 census was 1082, making it the 24th most socio-economically disadvantaged LGA out of 38 NSW metropolitan LGAs. However detailed analysis of the Index shows that significant numbers of the Waverley population can be found in every level of the Index from the highest to the lowest – See **Appendix 5**);
- a residential population which despite its socio-economic diversity is highly aspirational and largely homogenous in terms of its demand for services and its expectations of quality of life;
- a business sector with variable economic prospects and a general dependency on high levels of visitation and/or tourism for maintaining and increasing profit margins and business viability;
- an ageing infrastructure; and
- a natural environment which is very highly valued by the community – over 75% of residents state that the natural environment of beaches and cliffs is their main reason for living in Waverley.

More detail on how these factors have influenced the development of the Waverley community's 12 year Strategic Plan is provided throughout *Waverley Together 2*. The expectations of Waverley's community have been increasing strongly in the past 10 years for virtually all areas of service provision.

1.7 Current Financial Position of Council

Waverley Council operates at present from a sound financial position. The 2009/10 audited Annual Financial Statements show that Waverley Council's key ratios are currently considered to be healthy as shown in the following graphs:

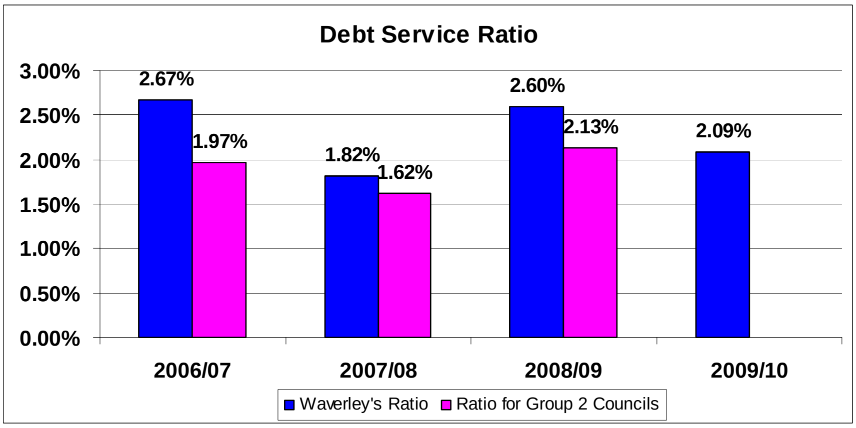


Note: Ratio datae for Group 2 Councils for 2009/10 arte not yet available.

✓ Waverley's unrestricted current ratio is 2.86:1.

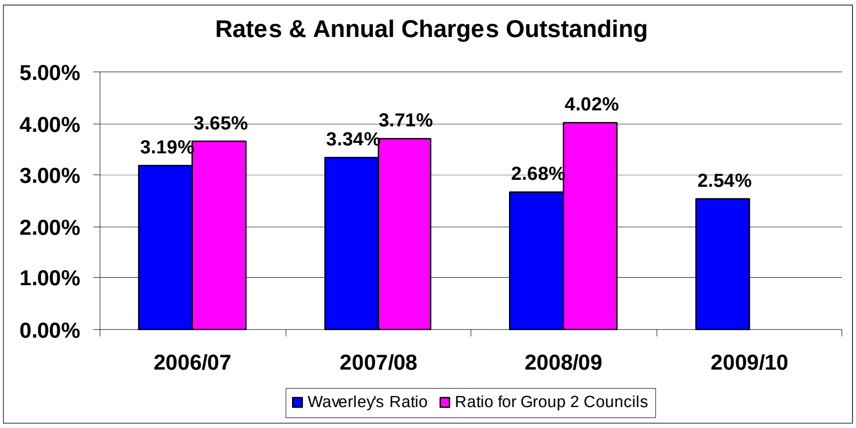
2:1 is considered acceptable.

The NSW average is 2.76:1

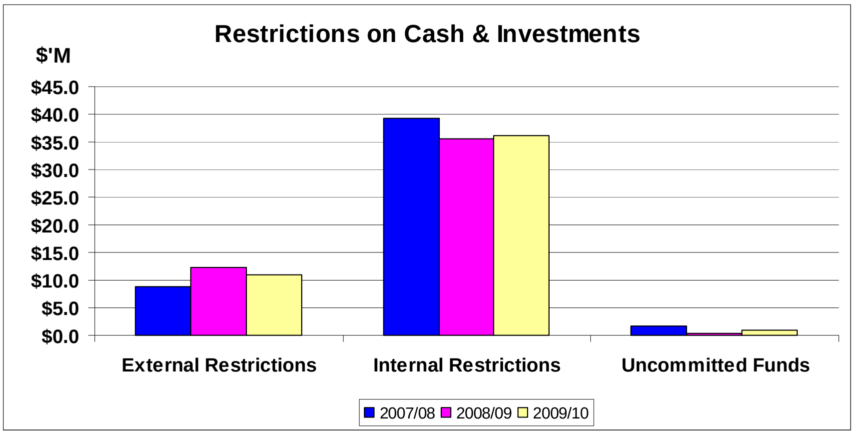


✓ Waverley's debt service ratio is 2.09:1.

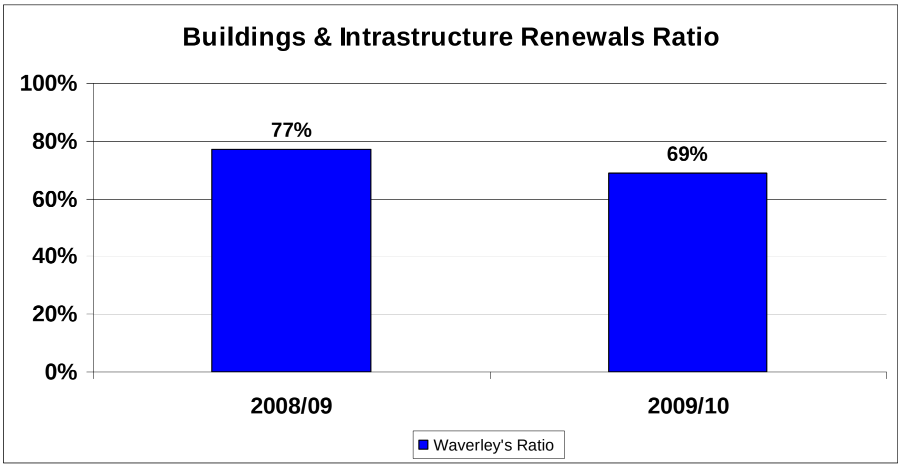
This is higher than the Group 2 average but lower than the state average of 4.57%.



✓ Waverley's outstanding rates and annual charges are among the lowest in NSW at 2.54%.



✓ Waverley's cash and investments are almost fully committed in line with our Restrictions Policy and to ensure funding for capital works in the adopted Delivery Program.



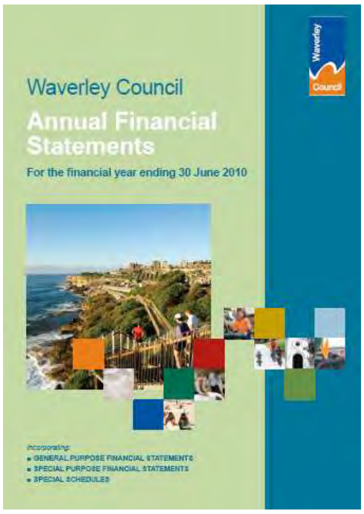
✓ For every $1 of depreciation expense, Waverley spent $0.69 on asset renewal in 2009/10.

Waverley has devised an alternative method of estimating costs for asset renewal. Depreciation is not used to derive these estimates.

✓ Waverley Council won the 2010 National Award for Local Government in Asset and Financial Management for its method of calculating asset renewal liabilities in an Integrated Planning and risk management

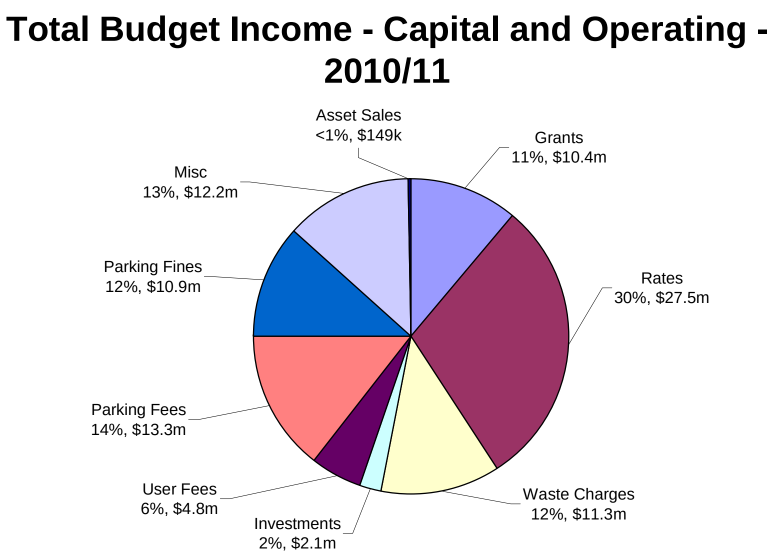
Other key indicators of financial health are also considered sound as follows:

- Employee leave entitlements are provided for at 20%.
- Security bonds, deposits and retentions are funded at 100%.
- Available working capital at just over $4 million is considered sufficient as a buffer for unforseen expenses and to cover hard core debtors.
- Non-current assets exceed non-current liabilities by 268:1.
- The current Capital Works Program adopted in the 2010/13 Delivery Program is fully funded by a combination of reserves, expected revenue from developer contributions, and assets listed for sale, albeit that the Program will exhaust reserves internally restricted for its purposes by 2014.



Council's latest audited Annual Financial Statements are available at the following link:
http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0008/18647/Annual_Statement_of_Accounts_2009-2010.pdf

The 2010/13 Delivery Program and 2010/11 Operational Plan estimate that Council's total operating income for 2010/11 will be $89.6 million and capital income will be $2.97 million. The chart opposite indicates the major sources of this income.



The 2010/13 Delivery Program and 2010/11 Operational Plan estimate that Council's total operating expenditure for 2010/11 will be $82.3 million and capital expenditure will be $16.65 million.

The 2010//11 financial year is expected to result in a small budget surplus. However, as of 2011/12 an operating deficit is predicted unless alternative income can be found. This deficit is expected to increase each year if expenditures for existing services continue and no alternative sources of income are found. See Section 1.9 below for more detail on expected deficits and the expected financial future.

1.8 Current Services

Waverley Council provides an unusually wide range of services compared to the average council. Our service output has more than doubled in the last 12 years, enabled by the introduction of paid parking services in Waverley. Income from paid parking has grown by 428% since 2000 and now almost equals rates as an income source. This has enabled Council to keep pace with service improvement demands from the community without having to raise rates above the State Government's rate cap (other than for a small Environmental Levy which expires in June 2011).

Today **Waverley Council delivers 148 services in 22 main service categories** as follows:

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

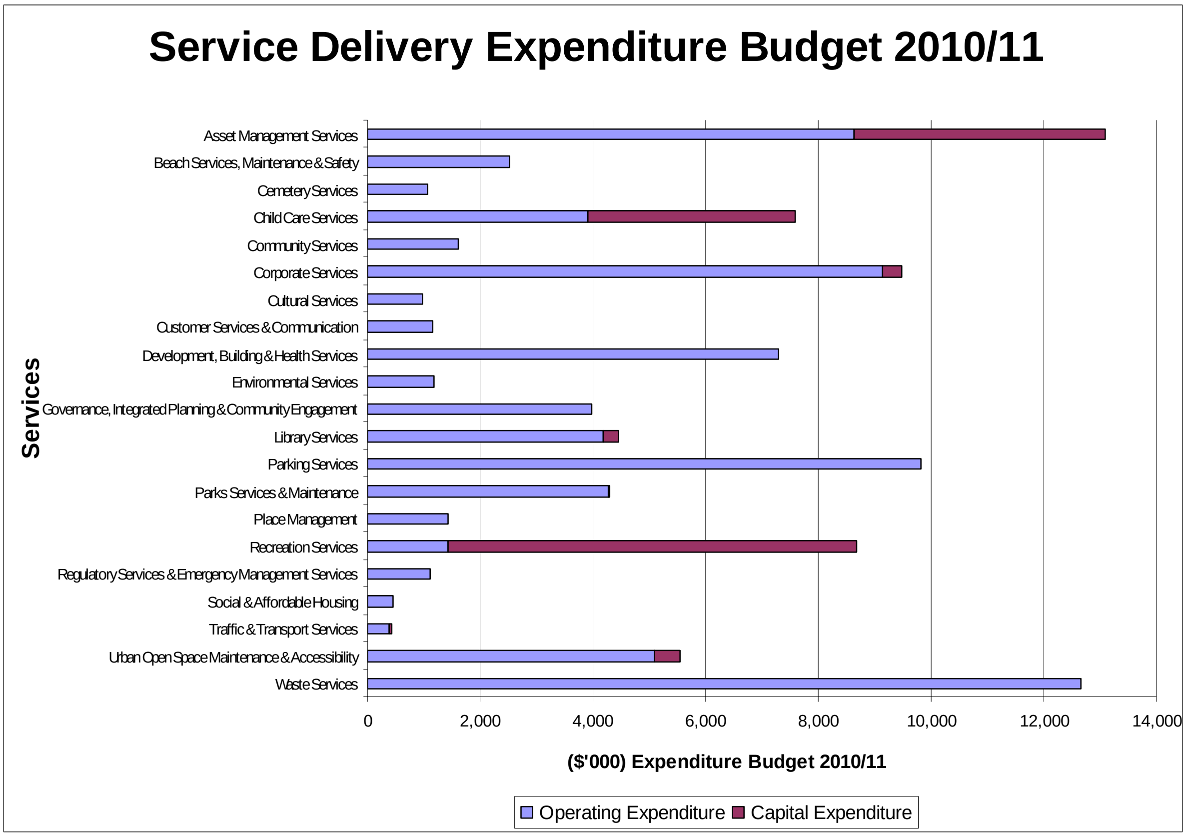
A detailed list of Council's 22 services and 148 sub-services is provided in **Appendix 2**.

Note that two new services are shortly to be added to this list – the Bondi Junction Early Learning and Care Centre and the Waverley Pavilion Sports Centre, both of which are currently under construction. These facilities will help fill vital service gaps in child care and active recreation services. Their creation will bring the total services provided by Waverley Council to 150.

The Waverley Pavilion and the Bondi Junction Early Learning and Care Centre currently in construction

Two new assets for delivering enhanced services, funded by sales of surplus assets.

The following graph shows projected expenditure on the services provided by Council in 2010/11. It should be noted that some of the services listed in this graph, including child care, cemetery, parking and waste services, are largely or entirely funded through user fees and charges, and therefore have little or no negative effect on Council's overall budget result. In some cases, such as parking, the effect is positive. For information on the sources of funding for services see Chapter 9, Section 9.2.2.



* Note: Emergency Services is normally listed as a separate service. Due to its very small cost, however, it has been combined with Regulatory Services in the above chart.

1.8.1 Service Expansion in the Last Decade

Over 40 of Waverley Council's 148 services did not exist 12 years ago and a further 76 of these were not being delivered at anywhere near the high level of output they are being delivered at today. Some of these services have been doubled or tripled in their output. For an indication of which services have changed in service level and output see **Appendix 8**.

Service expansion has always occurred in this period in direct response to demand and, of course, by virtue of the availability of alternative (non-rates) income streams. The service profile today includes a wide array of community services, events management, place management and environmental management. On top of that, the Council is expected to deliver maintenance and cleaning services for public open space at an unusually intense level due to the negative impacts experienced by the community from the continual increase in visitation and tourism in the area. And on top of that, there is a reasonably substantial increased pressure being felt for improved asset renewal to the extent thought necessary by the community to deliver adequate service levels.

Despite service expansions, Council still struggles in some areas to keep pace with demand, particularly in:

- street cleaning and greening,
- removal of dumped rubbish,
- environmental management,
- maintenance of footpaths and roads,
- traffic management,
- long term planning, and
- services for people with disabilities,

Growth in demand for services has accordingly led to the development in *Waverley Together 2* of a list of the “Top 12 Focus Areas” for service. It is considered that by focussing on these service areas Council will be able to maximise its potential contribution to our community’s ability to achieve the vision of *Waverley Together 2*. The general intention is to avoid squandering effort. The top 12 focus areas are:

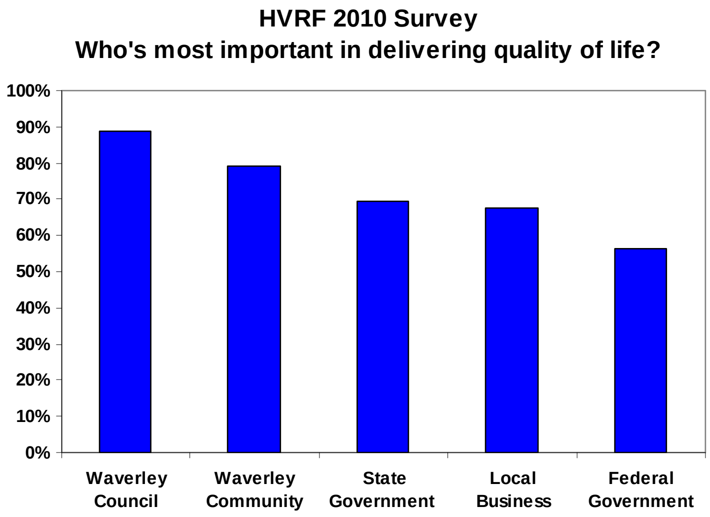
1. Protecting and enjoying our beaches and coastal open spaces
2. Staying connected as a community
3. Living with urban density
4. Welcoming visitors
5. Fostering our cultural vitality
6. Renewing our health and wellbeing
7. Sprucing up our streets and villages
8. Harmonising new and old design
9. Feeling 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

Council’s confidence that its total current service profile does in fact relate directly to demand, that the focus is right, and that our services are fully relevant to community need, has been reinforced recently by the completion of two major statistically valid surveys of community opinion about the importance of Council’s services and the community’s satisfaction with services levels. These surveys were conducted independently by the Hunter Valley Research Foundation (HVRF) in 2009 and in 2010.

In both the surveys the majority of the community of Waverley:

- rated all of Council’s services as important or very important, and
- called for enhanced service levels in some service areas.

In the second survey (2010), the community expressed very strong opinions that Council’s services are central to their own capacity to move toward the realisation of their vision of the ideal of life in Waverley by 2022. They are *more* central than services provided by other levels of government, by business and by the community itself. In the hierarchy of partners that might be expected by the community to work together to achieve the vision of *Waverley Together 2*, Council



was rated in the survey as the partner with the most potential to contribute services for quality of life, as shown in the above chart.

It is evident that when it comes to delivery of quality of life services, the community is more dependent on Council than any other level of government, although it is interesting to note that the community also sees its own contribution as very important. To a significant extent, the Waverley community is a self-reliant and self-actualising community quite willing to partner with others to achieve outcomes and quite active in commitment. However, much of the Waverley community is also “time poor”, being double-income families. This heightens their demands for services to be delivered, in their stead, by Council, especially in open space cleansing.

For a full report on the results of the two Hunter Valley Surveys follow these links:

2009 Survey:

http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0012/10047/ReportOnIntegratedEngagementStrategy.pdf

2010 Survey:

http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0016/21409/FTF_Consult_Report_Section_2_of_6.pdf

Further discussion on the outcomes of the Hunter Valley Research Foundation surveys is provided in Chapter 9.

1.9 Financial Outlook for the Next Decade

While financial performance has been good for the last decade, the Council has nevertheless been aware for some years that operating deficits will occur from 2011/12 onwards if we continue delivering our current services at the present levels of output. These deficits for current services, if permitted, would be substantial – in the order of 8% per annum on average – and even larger deficits would be expected for enhanced service levels.

While it is not anticipated in *Waverley Together 2* that Council would need to add ***new*** service categories to its existing array, enhancement of some existing services will certainly be required if we are to meet the targets of *Waverley Together 2* by 2022.

Waverley Together 2 includes a set of 33 directions/strategies aimed directly at hitting 60 specific targets to maximise the community’s chances of making the vision of the plan a reality by 2022 (see **Appendix 9** for a full breakdown of which strategies contribute to achievement of each target). Council requires the assistance of partners in the community, business and other levels of government to fully implement 25 out of the 33 strategies. The remaining 8 strategies can be implemented by Council without the aid of partners, subject of course to available funding.

Our workforce plan, *Working Together – Workforce Plan 2010-2014* (see Section 2.10 below) shows which Council services contribute to each of the directions/strategies and hence to the 60 targets of *Waverley Together 2*. Achievement of the targets of *Waverley Together 2* will require service expansion in several service areas as shown below in Section 2.11. Conversely, deletion of any service will noticeably reverse our current trend of movement toward the targets and hence towards the vision and sustainability at the quadruple bottom line. For indications of how capacity to realise the vision will be diminished by deletion of Council’s services, see **Appendix 10**.

Bearing in mind that services are considered so vital to the community, the financial outlook is that with our current structure of revenues and expenditures, Waverley Council is not financially sustainable. 2010/11 will be the last year that Council, with

its existing income and service profile, will be able to produce a balanced budget without reducing service levels. If we are to continue achieving the sound financial ratios shown above and keep services going, the only viable course is to identify alternative sources of revenue.

This is considered the only viable course because:

1. **It is not an option to revoke the vision itself. The fact is that *Waverley Together 2* does express the community's preferred targets for sustainability of its lifestyle – socially, environmentally, economically, and in terms of leadership and decision making (governance systems). (See the Hunter Valley Research Foundation survey results on this in Chapter 9 below.)**

2. **The community does not hold a confident view that if Waverley's services are withdrawn that other partners including businesses, other levels of government and the community itself will step in to fill the gap. (See the Hunter Valley Research Foundation survey results on this in Chapter 9 below.)**

3. **The community acknowledges that reduced or delayed investment in what are fundamentally essential services will inevitably result in increased bills for delivery of these services and significant transfer of liability for asset renewal and social and environmental renewal to a future generation (or even to an only slightly older version of this current generation). (See the Hunter Valley Research Foundation survey results on this in Chapter 9 below.)**

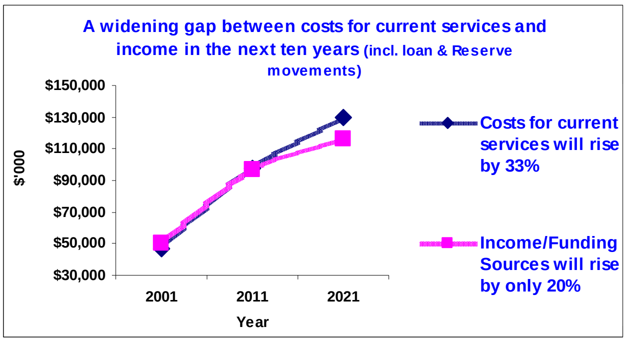
4. **The community acknowledges that current service levels are acceptable in some services areas but are below required levels in others. (See the Hunter Valley Research Foundation survey results on this in Chapter 9 below.)**

5. **Continuing investment in services is acknowledged as an investment that will provide a strongly positive return direct to those that make that investment.**

There is little to no doubt that increased investment in Council's services is the cheapest way for the community to move towards its vision. That being the case, it has to be recognised that while the income sources we have been able to rely on over the last decade will still be reasonably reliable in the next decade and will even grow at a reasonably good rate, they will not grow as fast as they have in the past and they will not grow fast enough to keep pace with the expected cost of delivery of existing services, let alone the expected cost of services if we choose to enhance investment in them.

Costs for services in the next decade are projected in this plan to increase by 50% but income is expected to increase by only 31%.

In this scenario, the estimated funding shortfall for existing services is $84.9 million over the next 11 years.



If the Waverley community wishes to retain these services and also enhance them, the estimated funding shortfall is slightly over $186.6 million over the next 11 years.

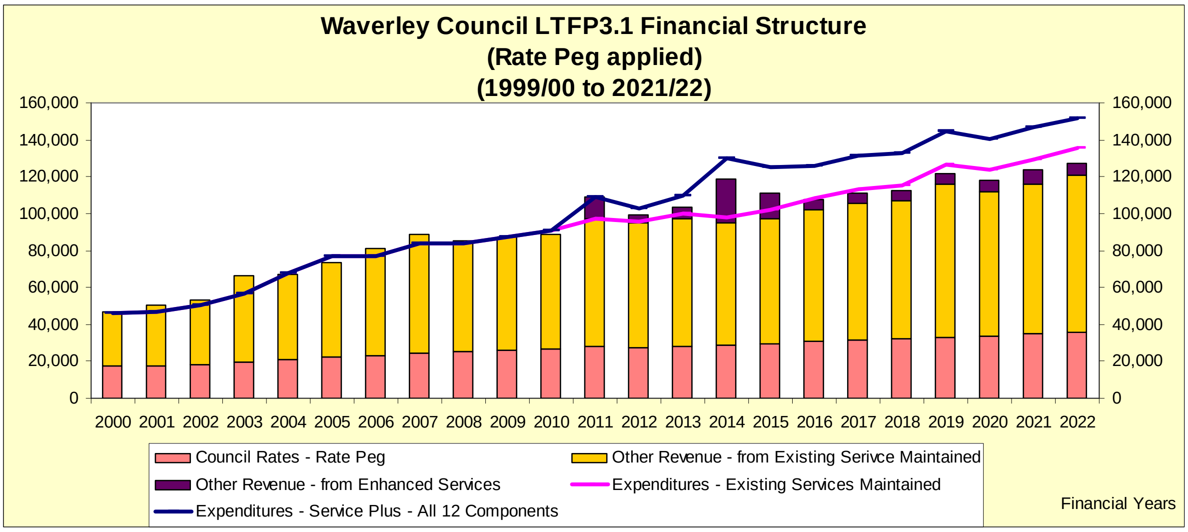
Note: There are some clarifications in this report on these figures. See Sections 9.1 and 9.2.7 below for full details.

1.9.1 Service Costs in the Next Decade

The momentum of service cost growth over the next decade can be curbed somewhat by efficiencies (see Chapter 9 below for more discussion on the capacity of Council to achieve efficiencies).

However, in its planning Council has now formally adopted a preference for assuming that any expected gains to be made from efficiency initiatives will be ploughed back into maintaining and enhancing service output. Efficiency gains are not expected therefore to result in quantum expenditure reductions. Instead, the efficiency gains are to be relied on as one of several sources of funding for services. This strategy has some associated risk. For instance, Council may find itself further burdened, as it has been in the past, with substantial cost shifting from other levels of government. Or it may see pessimistic income scenarios eventuate as reality. In these events Council will need above-average efficiency gains to help it absorb (partially) those future expected cost shifts or pessimistic scenarios. Given the rate of cost shifting from other levels of government to local government in the last two decades, the productivity/efficiency gains experienced at Waverley over the last 10 years (averaging between 1% and 1.5% per annum) would be sometimes likely to offset the cost shifts, but not always. In no way could they be expected to offset the entire quantum of expected shortfalls.

Assuming any efficiency gains are not booked as direct expenditure reductions, the following chart shows the projected increase in costs over the next 11 years to ensure continued delivery of **existing services** at their current levels (**represented by the pink line ------**). It also shows expected increases in costs should **enhanced services** be provided in line with what the community has demanded during consultation on *Waverley Together 2* (**represented by the dark blue line ------**).



As the chart 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 $14.3 million. The total shortfall to maintain existing services over the 11 years from 2011/12 to 2021/22 is $84.9 million.

The shortfalls have a relatively straightforward cause as stated above. It is that while revenues are still expected to grow, they will grow at a decidedly slower rate than they have in the last 10 years. Variable income cannot be expected to double like it has over the last decade. As such, the cost to deliver services at their existing levels will outstrip available revenues. The following tables show the difference in growth rates for revenue and expenditure between the last 10 years and the next 10 years.

Percentage Growth in Annual Revenues – Last 10 Years Actual and Expected in Next 10 Years at Waverley		
Revenue Source	**% Growth 1999/00 to 2009/10**	**% Growth 2010/11 to 2020/21**
Non-rates revenue	105%	32%
Rates revenue	57%	25%
Total revenue	**88%**	**30%**

Percentage Growth in Annual Expenditures – Last 10 Years Actual and Expected in Next 10 Years at Waverley for Existing Service Levels		
Expenditure	**% Growth 1999/00 to 2009/10**	**% Growth 2010/11 to 2020/21**
Growth in total expenditure* over 10 years	92%	35%

* excludes depreciation

Looked at on an average annual basis, growth in income and expenditure over the last ten years, compared to the next ten years, is as follows:

Annual Average Percentage Growth in Income and Expenditures – Last 10 Years Actual and Expected in Next 10 Years at Waverley for Existing Service Levels		
	Actual % Growth pa 1999/00 to 2009/10	**Expected % Growth pa 2010/11 to 2020/21**
Average growth in total income	8.8% per annum	2.6% per annum
Average growth in total expenditure*	9.2% per annum	3.4% per annum

* excludes depreciation

Total cost of provision of existing Council services over the next 12 years will exceed $1.34 billion. The shortfall over 12 years for these services, after all expected growth in revenues is taken into account, is $84.9 million or 6.91%. If demands for enhanced services are to be met it is estimated that service costs will rise to $1.55 billion leaving Council with an additional shortfall of $101.7 million and bringing the total shortfall to over $186.6 million or 11.12%.

Shortfalls outlined above have also been revised down gradually over 3 years from those anticipated in earlier Long Term Financial Plans via the use of good integrated planning for services and finance and a lot of community consultation, as required under the Integrated Planning & Reporting Framework within the Local Government Act. Over the three years since 2008 these detailed planning processes have helped Council to progressively identify savings and income to reduce expected net shortfalls to the levels shown below:

Foreshadowed Accumulated Budget Deficits for Existing and Enhanced Services Waverley Council Long Term Financial Plans – up to 2022			
Plan	**Date**	**Foreshadowed shortfalls for existing services to 2022**	**Foreshadowed shortfalls for existing and enhanced services to 2022**
Long Term Financial Plan 1 (LTFP1)	December 2008	$157,728,396	$224,324,782
Long Term Financial Plan 2 (LTFP2)	December 2009	$120,755,231	$247,117,350
Long Term Financial Plan 3 (LTFP3)	December 2010	$117,285,701	$219,141,793
Long Term Financial Plan 3.1 (LTFP3.1)	**March 2011**	**$84,901,750**	**$186,570,356**

The following *Long Term Financial Plan*, LTFP3.1, provides substantial detail on how these estimates of both income and expenditure have been derived and progressively refined to give a high degree of confidence that they reflect the most reasonable long run cost and income projections for efficient delivery of the strategies and vision of *Waverley Together 2*.

2. POLICY CONTEXT

2.1 Overview

Waverley Council has for some years had an integrated and well developed corporate planning and reporting framework. This framework accorded with the requirements in the *Local Government Act*, as it was, prior to 2009, as well as incorporating what were then regarded as discretionary best-practice features, such as an overarching Community Strategic Plan and a Strategic Asset Management Plan.

In October 2009 the NSW Government proclaimed the commencement of the Local Government Amendment (Planning and Reporting) Act 2009 which requires councils across New South Wales to undertake corporate planning and reporting within a specified framework – the Integrated Planning & Reporting (IP&R) framework.

Waverley Council was well placed to embrace the new IP&R framework and in November 2009 Council formally resolved to be included in the first group of councils to comply with the framework. By July 2010 Waverley Council achieved full compliance with the IP&R requirements by adoption of:

- a fully revised and compliant Community Strategic Plan – *Waverley Together 2* (adopted February 2010), which was:
    - based on the compulsorily required *Integrated Engagement Strategy* for community consultation, and which
    - addressed the expressed community requirements for social, environmental, economic/lifestyle and civic leadership outcomes to 2021/22 in a good governance framework;

- a four-year Delivery Program and one-year Operational Plan supporting and guiding progress towards delivery of the adopted targets of *Waverley Together 2* (adopted June 2010);

- all required Resourcing Strategy components (plus one discretionary one) including:
    - our 3rd Strategic Asset Management Plan – SAMP3, adopted December 2009;
    - our 2nd Environmental Action Plan – EAP2, adopted February 2010 (this is not a compulsory component of the Resourcing Strategy);
    - our 2nd Long Term Financial Plan – LTFP2, adopted December 2009; and
    - our 1st Workforce Plan, *Working Together – Workforce Plan 2010-2014*, published July 2010.

Council's full compliance with the IP&R framework has recently been acknowledged by the DLG (see **Appendix 15**) and Waverley is frequently requested to address councils in NSW and beyond to provide assistance in best practice compliance.

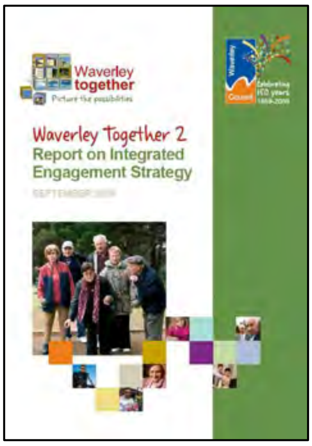
The service expenditures that have been included in the various layers of LTFP3.1 have been selected on the basis of the stated priorities of the community as expressed in the above suite of integrated plans. The extent to which each of the Council's services may contribute to achievement of the overall vision of the Community Strategic Plan has been assessed and is summarised in **Appendix 6**.

2.2 Waverley Together 2 Community Strategic Plan

Waverley's first Strategic Plan, *Waverley Together*, was adopted by Council in April 2006. The Plan covered a 12 year time period and contained Council's high level vision, directions and strategies.

Due to changes in the DLG IP&R framework and to the 'trigger event' of the September 2008 local government elections, the Strategic Plan has been reviewed. This reviewed plan, *Waverley Together 2*, was adopted by Council in February 2010.

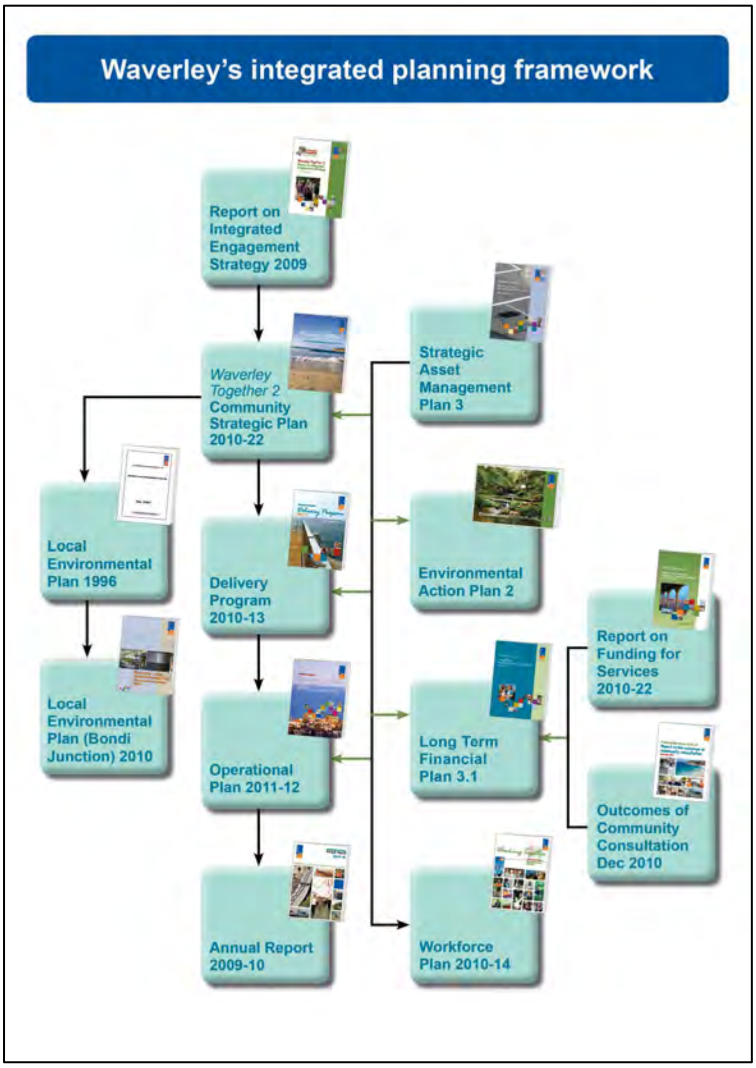
Waverley Together 2 is the result of substantial consultation with the community via an *Integrated Engagement Strategy*. This Strategy was designed especially for Waverley by external consultants experienced in the field of community engagement for social equity outcomes. It was implemented in a leading edge innovative manner and received highly complimentary feedback from participants. A full brief on the extensive methodology and the results of the consultation have been provided in a major report titled *Waverley Together 2: Report on Integrated Engagement Strategy, September 2009*. The report is available on Council's web site at the following link: http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0012/10047/ReportOnIntegratedEngagementStrategy.pdf



The entire suite of plans in Waverley Council's IP&R framework can be accessed in full on the Waverley Council website at:

http://www.waverley.nsw.gov.au/

or by clicking on this icon on the front web page.



Waverley Together 2 expands on the first *Waverley Together* by including a brand new governance chapter and by expanding on the original directions and strategies to reflect the changes that have occurred in community thinking and priorities since 2005.

These have been grouped into four main chapters which correspond with the four elements of the Quadruple Bottom Line for achieving sustainability (the QBL). The chapters or "quadrants" contain a series of 33 directions and strategies including:

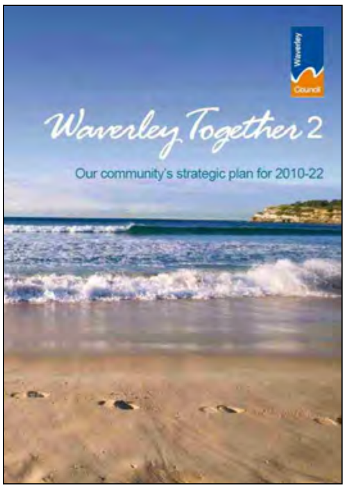
- **Sustainable Community**
  - social strategies for the LGA
  - cultural strategies for the LGA
  - safety strategies for the LGA
  - recreation and leisure strategies for the LGA
  - affordable housing strategies for the LGA.

- **Sustainable Living**
  - economic strategies for the LGA
  - neighbourhood wellbeing strategies for the LGA
  - planning strategies for the LGA
  - built form and urban design strategies for the LGA
  - transport strategies with mobility outcomes for the LGA.

- **Sustainable Environment**
  - natural environment and biodiversity management strategies for the LGA
  - greenhouse gas emission reduction and climate change adaptation strategies for the LGA and Council
  - water management strategies for the LGA and Council
  - waste management strategies for the LGA
  - community education and engagement strategies for the LGA and Council.

- **Sustainable Governance**
  - ethics strategies for Council
  - communication and consultation strategies for the LGA and Council
  - customer service strategies for Council
  - financial strategies for Council
  - human resources and organisational development strategies for Council
  - asset management strategies for Council
  - safety and risk management strategies for the LGA and Council.

Waverley Together 2 also expands the first plan by introducing a range of targets and indicators of progress that help in monitoring our progress towards sustainability. Some of these targets are quite challenging. Several of them are not entirely in Council's control.



It is most important to note that, in accordance with the requirements of the IP&R framework, the plan sets directions and targets that the community wants for the entirety of its aspirations, not just for the services that Council can provide.

Council requires partnership and active assistance from other levels of government, business and the community in implementation of 25 out of the 33 directions and strategies in *Waverley Together 2* if we are to meet the targets of the plan by 2022.

There are 60 targets in *Waverley Together 2*. In LTFP3.1 we have attempted to set out the cost of meeting these targets in so far as the costs relate to what *Council* must do to help the community realise the targets they have said they prefer. Other levels of government will need to budget to meet their obligations if the Waverley community is to achieve the targets of this plan.

By being integrated with a range of satellite resourcing plans including SAMP3, EAP2, *Workforce Plan 2010-2014* and several others, LTFP3.1 helps us understand the full cost of the resources we will need to assemble to ensure we can move towards our targets at the pace necessary to sustain the things we value most.

2.3 Delivery Program and Operational Plan

2.3.1 General

As required under the Local Government Act, Waverley Council has adopted a Delivery Program for the period 2010/13 and we annually adopt a one-year Operational Plan. These plans systematically translate the strategies adopted in *Waverley Together 2* into actions for Council (as opposed to actions required by partners). The Delivery Program is designed as the single point of reference for all principal activities undertaken by Council during its term of office.

Activities within the Delivery Program can be delivered within the resources available under Resourcing Strategy until the end of 2010/11. Thereafter there is a deficit unless alternative income can be found. If Council wishes to achieve the activities of the Delivery Program in 2011/12 and 2012/13, resourcing issues will need to be resolved. Processes for resolving these issues were undertaken during 2010 in consultation with the community under the "Funding the Future" Consultation Program (see Section 2.13 below).

The sections of the Delivery Program and Operational Plan which are particularly relevant to LTFP3.1 are detailed below.

2.3.2 Capital Works Program

The 2010/13 Draft Delivery Program shows that Council's Capital Works Program to 2012/13 contains more than 38 projects worth a combined total cost of $25.8 million. Specific projects include infrastructure renewal works and upgrades, building renewals and new capital such as a new child care centre.

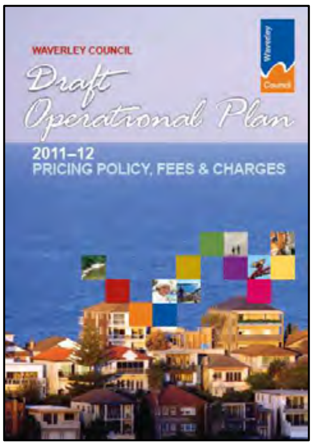
Funding for the program is anticipated to come from a range of sources including asset sales, reserves, grants and developer contributions. Loan funding may be utilised for cash flow if repayment over 10 years is considered feasible and intergenerational equity is improved. Depending on available interest rates, intergenerational equity may not be improved by debt financing of capital works.

2.3.3 Fleet Replacement Schedule and Policy

Council's Fleet Replacement Schedule is consistent with the Fleet Replacement Policy which determines that:

- **Passenger Fleet** - be replaced at 60,000km or 3 years or as determined by the General Manager.
- **Light Commercial Fleet** - be replaced at 3 years or as determined by the Fleet Manager having regard to condition and usage.
- **Truck Fleet** - be replaced at 7 years or as determined by the Director Public Works and Services having regard to condition and usage.
- **Major Fleet/Plant Items and Specialised Equipment** – Estimate of economic life made at time of purchase. Actual replacement determined by the Director Public Works and Services having regard to condition and usage.
- **Minor Plant and Equipment** – replacement determined by the Fleet Manager with consideration to environment, age and condition.

2.3.4 Pricing Policy



The way in which Council sets fees and charges for its wide range of services is known as the 'Pricing Policy' and is contained in Part 2 of the Operational Plan. The Pricing Policy is updated annually.

The Pricing Policy determines that all fees and charges levied by Council be set according to one of seven principles, ranging from full cost recovery to no charge. The specific fees and charges associated with each service, and the principles by which those fees and charges are set, are detailed in the schedule attached to the Pricing Policy.

2.4 Restrictions Policy

Council regularly builds and maintains reserves of funds for future use in capital and Operational Enhancements. It also maintains reserves to meet future liabilities such as employee leave entitlements, repayments of deposits and bonds, insurance liabilities, domestic waste liabilities, and plant and equipment replacement. Reserves are built using various funding sources such as surpluses from annual operations, developer contributions, domestic waste and other charges, grants and levies.

The purpose for which reserves can be used is in several cases restricted externally by legislation (section 409(3) of the *Local Government Act*, the *Local Government (Financial Management) Regulation* 1999, and other applicable legislation). This is the case for instance with:

- developer contributions made under Section 94 of the *Environmental Planning and Assessment Act*,
- funds raised under the Domestic Waste Charge imposed under Section 496 of the *Local Government Act*,
- funds received as grants, or
- funds raised under Section 508 (2) of the *Local Government Act* as levies or special variations to rates such as Council's current Environmental Levy.

In other cases, use of reserves may be also restricted by internal policy to the extent thought necessary by Council to ensure it can meet future liabilities, such as for employee leave entitlements or for return of deposits and bonds or for capital projects.

As at 30 June 2010, Council's current and non-current financial reserves totalled $48.22 million, of which $10.93 million is externally restricted. Internally restricted reserves totalled $36.245 million. Unrestricted reserves totalled $1.045 million.

Financial results shown in LTFP3.1 are affected by these restrictions, as is Council's flexibility with respect to the use of reserves to defray shortfalls. It is assumed that externally restricted reserves are not available for uses other than those permitted by legislation. There is some greater flexibility with respect to the use of internally restricted reserves but this varies depending on the nature of liabilities. Capacity to continue an expansionary capital works program or other discretionary activities is limited by these liabilities and these are regularly reviewed.

A detailed breakdown of the external and internal restrictions applicable for our reserves is provided in the Waverley Council *Annual Statements of Accounts for the year ended 30 June 2010* (Note 6(c), pages 39 to 40) and can be accessed at:
http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0008/18647/Annual_Statement_of_Accounts_2009-2010.pdf

2.5 Debt Policy

There is a general agreement that with total outstanding loans of $5.717 million as at 30 June 2010 and a debt service ratio of 2.09%, Waverley Council's level of debt is low. An increase in debt will therefore be considered from time to time if it will allow Council to spread the burden of costs more equitably across current and future generations and/or reduce the growth in renewal costs that may arise from delay in investment in assets. Assuming Council has capacity to service more debt, the use of debt financing is most likely to increase during the life of this plan:

- for investments which can generate sufficient financial returns to repay the debt, or
- where cash flow issues are holding up necessary works and can be reliably resolved by loans which can be repaid.

However, the use of debt is only likely to increase for other types of investments (ie., those that don't generate financial returns for Council such as backlog infrastructure renewals) if attractive reliable (ie., fixed) interest rates can be obtained for the life of the loan. This is because there is obviously a point of diminishing returns for the current generation (the generation of the next ten years) from debt financing. In Council's view this point of diminishing returns is arrived at when interest rates reach around 8%.

Unfortunately, interest rates on offer at the moment for fixed interest loans are in the order of 8%. This makes debt financing for works which do not generate a new income stream, such as road renewal works, quite unattractive at this time.

The following table shows the difference in cost to the community (this generation and the next) that arises when the cost of a notional $5 million 10 year works program is spread over 20 years via the use of loans:

Cost to Current and Future Generations of Spreading Burden Between Generations for Capital Works Via the Use of Debt Financing			
Example Amount Borrowed - $5 million for 20 Years			
Interest Rate	**Amount of repayments borne by this generation over the next 10 years***	**Amount of repayments borne by the next generation over the subsequent 10 years***	**Total cost of a $5 million program over 20 years using debt financing**
6%	$4,298,520	$4,298,520	$8,597,040
8%	$5,025,840	$5,025,840	$10,051,680

* Payments shown are for full repayment of principal and interest.

The above example shows that current generation:

- derives no relief by a strategy of borrowing when interest rates reach 8%, and
- is only marginally better off with lower interest rates.

Overall both generations suffer substantially at 8% and together they virtually pay the bill twice. Based on the above model it is therefore considered that, unless there is an emergency, there is at present no advantage to be accrued for this generation by attempting to share burden with the next generation via the use of loans.

In the event of prevailing high interest rates, a strategy of delaying or carefully staging works is considered to be the best alternative means of fairly distributing burden between generations. And indeed, this is what has already been planned. Council's SAMPs show that backlog infrastructure works can in fact be staged slowly over the next ten years without significantly increasing long run costs or exposing the community to significant risk of asset collapse. In fact, the targets of *Waverley Together 2* for asset condition can be met via this strategy without the need for borrowing for acceleration of works. By contrast, loans would significantly increase long run cost both at the present interest rates and at lower rates. The community is better off staging works to commence in a year when they can pay for them from recurrent income or from reserves that they have been building slowly to allow works to commence at the appropriately planned time.

It should be noted that there are some areas, such as backlog drainage works, where emergency works *may* be required during the time frame of *Waverley Together 2*. If this eventuates, a series of internal loans would be the first preferred alternative, financed by the delay of works in other areas and a drawdown on available working capital (which, as our auditors have confirmed, is considered to be sufficiently provided for at present – see Section 1.7 above). External loans would be considered the second option in this circumstance.

Obviously, debt is only to be considered by Council as a means of financing capital investments, not operational costs. Bearing in mind that approximately 90% Council's predicted future shortfalls are for the ongoing operational costs of existing services and routine infrastructure maintenance, rather than capital enhancements, increased debt is not likely to form a major part of the solution to shortfalls. Over the 12 years from 2010/11 to 2021/22 projected capital costs amount to $218 million. Some of these costs are intended for debt financing already. However, almost 70% of the capital program is really about maintenance of existing assets rather than creation of new capital or replacement capital. As such, about 70% of the capital program is not ideally suitable for debt financing, especially in the current interest rate climate, unless an emergency arises.

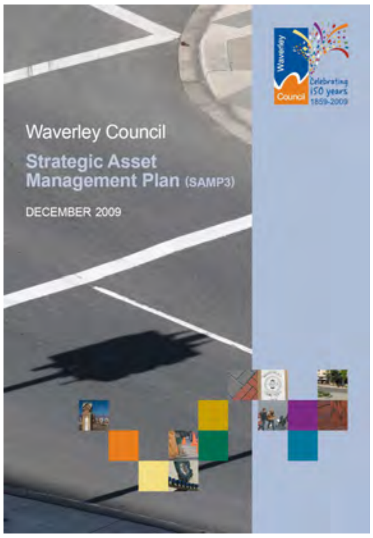
The following table shows a view of the capital works program in terms of the suitability and likelihood of some major categories of works being financed by loans over the next ten years:

Waverley Together 2 Capital Program Major Items – Suitability for Debt Financing				
Capital Project	**% of Total Capital Program Cost to 2022**	**Suitability for Debt Financing**	**Is debt financing likely?**	**Expected Financing Arrangement**
Waverley Pavilion*	5%	Not suitable	No	Insufficient income will be generated from this facility to support loan repayments. The facility is being financed by a combination of grants and sale of assets that are surplus to requirements. Temporary internal loans may be utilised for cash flow purposes if required.
Early Learning & Child Care Centre*	2%	Suitable	No	The facility is being financed by a combination of grants and disposal of assets earmarked for sale under the Investment Strategy. An internal loan from the Investment Strategy Reserve will be repaid by child care fees over approx. 12 years.
New Central Works Depot*	10%	Suitable	No	This inevitable new facility will be financed by the necessary sale of the current works depot. Loan financing is unattractive because the cost of borrowing would exceed the interest income foregone by using earnings from the sale to finance the next depot.
Waverley Cemetery Pavilion*	2%	Suitable	Possibly	Debt financing is expected if this project is approved, as the facility would be expected to generate returns sufficient to repay debts. This facility is unlikely to go ahead if debt funding cannot be financed by expected ongoing receipts from funerals.
Eastgate Car Park Office Conversion Project*	5%	Suitable	Possibly	The facility is being financed by disposal of assets earmarked for sale under the Investment Strategy. Bridging finance may be utilised if this project is approved for commencement, as this facility would generate returns sufficient to repay debts.
Backlog asset renewal works and maintenance to be capitalised	66%	Not suitable	No	The preferred financing strategy for this is to stage the works over the next ten years. There is no need to accelerate these works by borrowing.
Land acquisitions	2%	Suitable	Possibly	Loans for compulsory land purchases are favoured subject to a rate increase to repay the loans. Otherwise acquisitions would need to be financed by sale of surplus assets.
Local village and commercial centre street renewal*	2%	Suitable	Possibly	Debt could be used for these projects, repaid by developer contributions.
Energy and water efficiency programs*	1%	Suitable	Possibly	Internal loans may be considered for this to be repaid by savings in energy bills.
Parking access equipment*	5%	Suitable	No	Reserves are already set aside for this purpose.

*** Note:** These items are not intended to be funded via rates or via a rate variation application.

The above analysis shows that a maximum of approximately 12% of the total capital program may *theoretically* be suitable for debt financing. However, except for the Cemetery Pavilion and Land Purchases there is no real benefit to be offered by debt financing in terms of intergenerational equity. Cash flow benefits may arise from short term loans in some cases. Overall, at the current interest rates the use of debt to spread costs is highly inadvisable, especially if there is no reliable source on income for repayments.

2.6 Strategic Asset Management Plan



The DLG and several Ministers for Local Government have strongly advocated for the improvement of asset management practices by local government in NSW. Waverley has been a leader in this area, having published its first Strategic Asset Management Plan, SAMP1, in March 2006 and its second, SAMP2, in December 2007.

The third plan, SAMP3, December 2009, is available on Council's web site at:

http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0014/12380/StrategicAssetManagementPlan3.pdf

Unlike many other councils, Waverley's SAMP does not use depreciation to derive estimates of costs needed to bring assets to a satisfactory standard. Rather, to determine the resources required to manage and maintain assets, the SAMPs use condition assessments of assets and an understanding, derived through extensive community consultation, of the Waverley community's preferred minimum standards for, and service levels from, assets. This method has resulted in substantially lower assessed costs to bring assets to an acceptable standard compared to the costs previously published using valuation and depreciation as a guide. Based on views expressed by the community during the Integrated Engagement Strategy of 2009, it is considered that the standards that will be achieved for assets over the next 7 years by expenditures detailed in this plan will ensure that services can be delivered at a level acceptable to the community in a least cost total life cycle.

Use of this alternative method of estimating costs to bring assets to a satisfactory standard and keep them there has resulted in an 84% drop in the expected cost of backlog asset renewal for roads, footpaths, kerbs & gutters, drains and buildings, compared to the estimates published by Council in 2004. It has also resulted in a 35% drop in the estimate for ongoing annual maintenance costs. Additional benefits of the method include increased community satisfaction about the levels of service they can expect and when. This satisfaction arises from the transparency of the plans and the work schedules they provide as well as the consultation process which closely involves the community.

A final benefit is that because the process sets a floor for the minimum investment necessary it allows customer choice without increasing risk that may arise from continued asset degradation.

Waverley Council has spent five years cautiously verifying this method as a reliable way of accurately estimating the expenditure necessary to achieve minimum requirements and standards assets and is confident it provides a sound "risk based" and "service based" idea of the minimum asset renewal standard and cost. As a result we are not at risk of "over-servicing" or over-estimating reserves required for assets. This has substantially helped Council to ensure that funds can be freed up for investment in continuing services as demanded by the community. In recognition of the achievement in developing this estimating method, Waverley Council won the Federal Government's **National Award for Local Government in Asset and Financial Management** in 2010.

The SAMPs analyse groups of assets in the following categories:

- Category 1: Roads
- Category 2: Footpaths
- Category 3: Kerbs and gutters
- Category 4: Stormwater drainage
- Category 5: Buildings
- Category 6: Urban open spaces and malls
- Category 7: Coastal and retaining infrastructure
- Category 8: Parks infrastructure and landscapes
- Category 9: Cemeteries
- Category 10: Parking infrastructure
- Category 11: Street trees
- Category 12: Other infrastructure
- Category 13: Plant and equipment
- Category 14: Information technology

SAMPs 1 and 2 focused on Categories 1-5 and 9, while SAMP3 has incorporated the outcomes of the technical investigations for all categories of assets other than Category 6. Later iterations of SAMP will cover more detail about Category 6, updates of information for Categories 13 and 14, and other minor categories of assets not yet detailed.

SAMP3 sets out the detail of costs to achieve targets for asset service levels demanded by the community during the Integrated Engagement Strategy. These costs have been factored directly into the Base Layer and Sustainable Assets Layer of LTFP3.1 with the Sustainable Assets Layer showing the "top up" required over and above the Base Layer funding to reach the targets for asset renewal in the 12 year period of the plan. The targets of SAMP3 have also been integrated directly into *Waverley Together 2* under Direction G6 of the Sustainable Governance Quadrant – "Council assets are well maintained for their current purpose and for future generations". **Appendix 3** shows the full list of adopted targets for achieving sustainable asset management under Direction G6 of *Waverley Together 2*.

SAMPs 1, 2 and 3 can be accessed on Council's website under "Plans Policies and Publications" or by clicking on the *Waverley Together 2010 to 2022* icon on the website front page.

2.7 Environmental Action Plan

Waverley Council has for many years undertaken a range of significant environmental projects, guided by various mid level plans (such as the *Water Savings Action* Plan and the *Waste Avoidance and Resource Recovery Action Plan*). Since the commencement of the 2001/02 financial year, Waverley has also had a Special Rate for an Environmental Levy which funds a large variety of environmental projects. This levy is set to cease on 30 June 2011.

As part of its strategic planning framework, Council has been developing a consolidating *Environmental Action Plan*. This plan has been developed in two stages – EAP1 (December 2008) and EAP2 (February 2010). It has a 'community targets first' approach and is structured around the broad environmental outcome areas of greenhouse gas emissions, water, waste and biodiversity. Targets for these areas are set based on the best information regarding the minimum outcomes necessary to protect the environment for future generations.

EAP1 incorporated the first draft of the targets for environmental outcomes, as well as outlining a variety of technical investigations and modelling to be undertaken to determine the most effective, least cost environmental management solutions for the short, medium and long term. The intention was to scope strategies which will significantly contribute to the achievement of environmental outcomes for the whole local government area, not just the Council's operations. This is consistent with the requirements of the IP&R framework.

As a result of having completed the technical investigations and modelling required in EAP1, EAP2 now includes the actions necessary to work towards the targets. The actions are well thought through and measurable. They maximise our capacity to achieve all targets as long as we work together as a community. Where there is a perceived gap between the necessary target and the capacity of the community and the Council to achieve that target, the plan steers Council through a course to determine the actions required to bridge the gap over time.

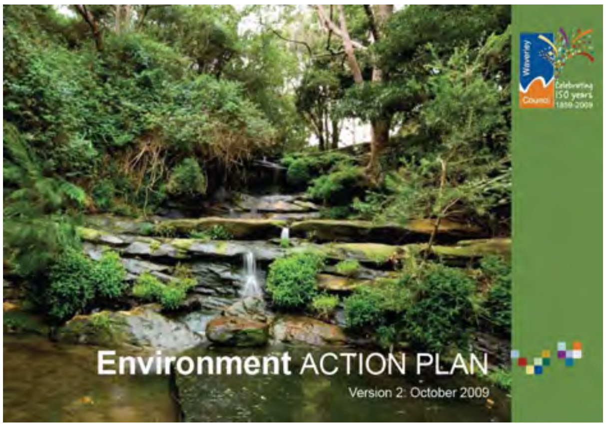
The funding requirements have been incorporated into the Base Layer and Sustainable Environment Layer of LTFP3.1, with the Sustainable Environment Layer showing the "top up" required over and above the Base Layer funding to maximise potential to reach the environmental targets in the 12 year period of the plan. The targets of EAP2 have also been integrated directly into *Waverley Together 2* under Directions E1 to E8 of the Sustainable Environment Quadrant.

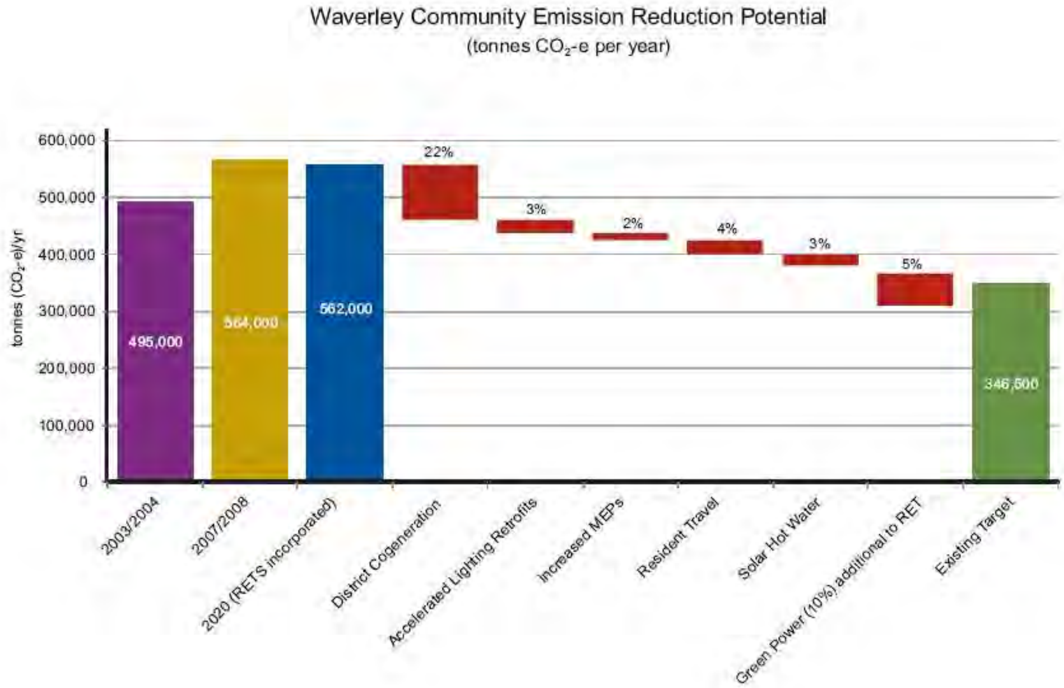
Appendix 4 shows the full list of adopted targets for achieving environmental sustainability under Directions E1 to E8 of *Waverley Together 2*.

EAP2 can be accessed on Council's web site under "Plans Policies and Publications" or by clicking on the *Waverley Together 2010 to 2022* icon on the website front page.

The direct link is:
http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0012/2262/EnvironmentActionPlan2.pdf

EAP2 offers some of the most significant efficiency benefits to the community in terms of reaching the desired greenhouse gas reduction targets of *Waverley Together 2* for the least overall investment by the community. Modelling of returns on investment in energy in financial terms and in terms of greenhouse gas reduction is accurate in the models underpinning the plan and is summarised in the graph below.





2.8 Investment Strategy - Property

Waverley Council has a significant portfolio of property assets which it owns or controls. Following a successful strategy implemented in the 1990s, Council began, in mid 2005, developing a new strategy to maximise the performance of these properties. This is consistent with the objectives of Council's Asset Management Policy contained within the SAMPs.

The result was the adoption in September 2007 of the current *Investment Strategy*. This is a flexible blueprint for dealing with key Council assets over a 10 year period. The Strategy aims to maximise the performance of Council's properties and to achieve a number of social, environmental, accommodation and financial objectives. The *Investment Strategy 2007* is still being progressively implemented. As at March 2011 all but one of the properties earmarked for sale under the Strategy had been sold. The remaining property for sale is the most significant – Council's depot site at Waterloo (Green Square). Sale of this and the other assets is set to finance significant initiatives adopted by Council in the current Delivery Program.

Key *Investment Strategy 2007* projects include:

- sale of the Waverley/Woollahra Processing Plant (completed);
- sale of industrial units at Burrows Road, Alexandria (completed);
- conversion of surplus spaces in the Hollywood Avenue Car Park for sub depot use (completed);
- sale of Arnold Street property to provide funding for the Green Links program and other programs (completed);
- construction of a sub depot under Syd Einfeld Drive (completed);
- preparation of a Waverley Park precinct master plan (adopted);
- construction of a new (replacement) Waverley Park Pavilion (in progress);
- redevelopment of the Bondi Junction family day care centre site and provision of additional child care facilities (in progress);

- construction of a sub depot under Hugh Bamford Reserve (planning and design was completed for this project but the project was withdrawn due to strong community opposition, meaning that alternative depot facilities will need to be found);
- purchase/leasing and construction of alternative sub depot facilities (in progress);
- sale of Council's current main depot at Green Square (pending);
- purchase of a new main depot in conjunction with other councils (pending sale of the old depot);
- conversion of a portion of Eastgate Car Park to office space (in planning and design);
- preparation of a Bondi Pavilion Asset Action Plan (complete) and delivery of associated works (in progress);
- renovation of Council Chambers to provide more efficient office space for staff (completed); and
- preparation of a Master Plan to set out the long term vision of a number of key Council sites in Spring/Ebley Street Precinct (yet to be commenced).

The *Investment Strategy* financial model, adopted in 2007, aimed to liquidate under-performing or surplus assets to finance the above projects and to ensure the overall portfolio of assets and investments provides an improved return in terms of social, environmental and local economic capacity. The Council is confident that the exchange of assets under this program will achieve this objective and establish better financial returns on investment for Council as well.

The success of the *Investment Strategy 2007* is dependent upon realising in excess of $50 million in sales of assets and up to a further $8 million over the planning period in improved returns from the newly created assets. The originally adopted *Investment Strategy 2007* can be read in full at:

http://www1.waverley.nsw.gov.au/council/meetings/2007Minutes/0709/documents/InvestmentStrategy.pdf

Updated costs and income from the *Investment Strategy 2007* have been factored into the Investment Strategy Layer of LTFP3.1, updated from LTFS1 and LTFP2. The Strategy is a vital piece of the financial model contributing substantially to the efficiency of service delivery via assets.

2.9 Investment Policy – Surplus Funds

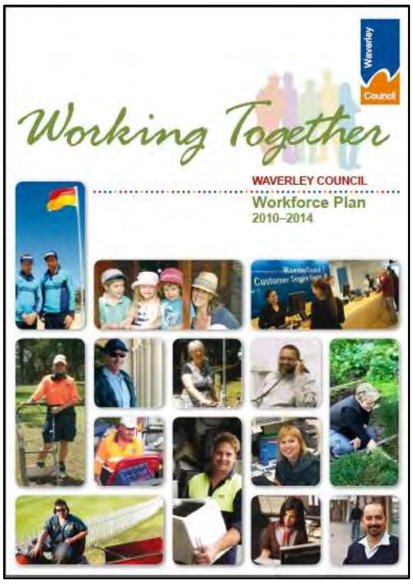
All cash investments made by councils in New South Wales are subject to Section 625 of the *Local Government Act* and to associated regulations and circulars. All such investments must also be in accordance with the Council's Investment Policy.

Waverley's Investment Policy limits the proportion of investments Council can make in various types of facilities by limiting:

- the overall credit exposure of the portfolio, and
- the credit rating of individual financial institutions, and
- the term to maturity of the overall portfolio.

Council's Investment Policy is reviewed on an annual basis and was last revised in June 2010. Monthly reports, prepared by independent financial advisors, on the performance of investments and compliance with the Policy are provided to Council's Finance, Ethics and Strategic Planning Committee. Waverley Council's investments yielded positive returns overall in 2009/10 and exceeded the benchmark return on an annual basis.

2.10 Working Together – Workforce Plan 2010-2014



As part of its IP&R framework, the DLG has included a workforce plan as one of the three resourcing documents which are intended to support delivery of the Strategic Plans, the others being asset management plans and long term financial plans.

Waverley Council previously worked to the *Human Resources Strategic Plan 2005-2008*. Our first workforce plan, *Working Together – Workforce Plan 2010-2014* was completed in June 2010.

Workforce Plan 2010-2014 analyses service capacity and gaps in resourcing that will need to be filled in order to deliver the targets of *Waverley Together 2*. It also analyses efficiency challenges and sets a program of organisational reviews required to improve organisational output, quality outcomes and productivity. See **Appendix 11** for this program.

Some human resource shortages have been identified that it will be necessary to fill if we are to meet targets in all four quadrants of *Waverley Together 2*. The costs for these resources and associated equipment, hardware and software, have been factored into the Operational Enhancements Layer of LTFP3.1. Costs to 2014 for the required staff increases are shown in *Workforce Plan 2010-2014* on page 26.

The *Workforce Plan 2010-2014* can be accessed in full at:
http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0018/17640/WaveleyWorkforcePlan.pdf

2.11 Review of Financial Structure 2010 to 2022

During the Integrated Engagement Strategy in 2009 for development of *Waverley Together 2* Council spent considerable time explaining to the community that financial shortfalls would be expected for continuation of our existing service array from 2011/12 onwards unless alternative sources of income could be found. As a result of this financial awareness the community was asked several times during the 2009 consultation process if they would prefer to cut services as a means of balancing the budget.

Regardless of whether participating community members were told nothing, a little, or a lot about this shortfall and its size, they unanimously rejected service cuts as a means of balancing the budget. This response is documented in the *Report on the Integrated Engagement Strategy September 2009*. Instead, the overwhelming message from the consultation was that people wanted to enhance services rather than decrease them.

Accordingly, Council adopted *Waverley Together 2* in February 2010 knowing that there were financial shortfalls for the services that would be necessary from Council for achievement of the targets of the plan but knowing also that the targets set in the plan were the minimum requested by the community. Attempts were made to ensure Council's costs were reduced as much as possible by setting targets only at the level thought necessary to achieve positive movement towards QBL sustainability over the 12 year period. This meant that Council in some cases ended up adopting targets that were less ambitious than the apparent preferences of many in the community.

It was not, however, possible to set targets so low that the financial shortfall could then be solved by simply cutting Council's services. In this situation, a second round of analysis and consultation was required to determine the preferred course of action by the Waverley community, including whether they preferred to move towards the targets:

- by relying more on other levels of government, local businesses or themselves as a community to deliver services in place of Council; or
- by increasing direct investment in Council's services.

In short, a question emerged as to which potential provider – government or private – sector service provider is likely to deliver services to meet the targets in the most efficient manner and therefore for the least cost over the long term.

Financial analyses were conducted to provide the councillors and the community with more detailed information necessary to make this judgement. In conducting these analyses it emerged that Council was indeed the most efficient service provider for the vast majority of quality of life services required by the community. However, it also emerged that:

- not only does Waverley Council have a significant financial shortfall for delivery of its existing services at the current levels of output over the next 12 years,
- *it has an inherent financial instability in its income structure.*

In 2010/11 Waverley's most reliable source of revenue – rates – is funding less than 28% of its services. This makes Waverley the council least able to rely on rates to fund services out of all the city councils.

Recognition of the unreliability of our income structure and how much it exposes Council to long term financial unsustainability prompted Council to complete for the first time a full ***Review of Waverley Council's Financial Structure***. This Review and its findings were adopted by Council in July 2010 alongside a resolution to conduct a further community engagement strategy about both:

- the preferred means of funding the future of Council's services, and
- the preferred level at which the community wishes the Council to deliver services that will contribute to their chances of achieving the targets for their vision for what life should be like in Waverley by 2022.

This second round of consultation was even more intensive and extensive in scope than the 2009 round. It consisted of:

- a large statistically valid, independently conducted survey of community preferences about:
    - each aspect of the vision of *Waverley Together 2*,
    - the importance of Council's services in achieving the vision,
    - the realistic role and perceived efficiency of other partners in potentially contributing to the community's chances of achieving the vision of *Waverley Together 2*,
    - the affordability of options,
    - the perceived impacts of loss of service, and
    - alternative means of funding services if service cuts are not preferred;

- a widely advertised web forum asking for responses to questions similar to those in the above statistically valid survey;
- other web-based dialogue on Facebook, Twitter and local media blogs;
- media interviews which gave the pros and cons of each option in a balanced way and facilitated further blogging;
- a full briefing of the local State Government Member of Parliament;
- detailed presentations by senior staff to every Precinct meeting;
- a full briefing to all staff;
- two community open days; and
- an open information evening.

All this was supported by distribution of summary information to every household, twice, and by the preparation of 11 Fact Sheets and an FAQ document.

The outcomes of the *Review of Financial Structure* and of this second round of consultation are reflected in adjustments to expenses included in various layers of LTFP3.1 compared to LTFP2.

Because this second round of consultation program did not result in a majority of participants switching to a preference for service cuts (in fact their preferences for expanding some services strengthened), and because Council's degree of discretion on services is limited due to the inevitable nature of most works and core services, it has not been possible to modify the results of financial models to produce a balanced budget and still deliver services sufficient to meet the targets of *Waverley Together 2*. The implications of this are discussed in Chapter 9 of this Plan.

The full Report of *Funding the Future: Waverley Council Review of Financial Structure 2010 to 2022* is available at::
http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0005/8771/Review_of_Financial_Structure_2010-22.pdf

2.11.1 Integrating the Review of Financial Structure and LTFP3.1

As stated above, the *Review of Financial Structure* led to Council's resolution to consult the community a second time on their preferred means of balancing Council's budget.

This consultation program was conducted under the title of *Funding the Future* (see Section 2.12 below). However, in structuring the community information materials to support this consultation, it was not considered feasible to talk with the community using the language of long term financial plans, like "Base Layer" or say "Operational Enhancements Layer". While the layer system and language was most useful for management purposes in organising decisions about various levels of income and expenditure, it was acknowledged that it would be unlikely to be meaningful for community consultation purposes. Accordingly it was necessary to transfer each of the expenditure items in the layers of LTFP2 into a different dissection of layers and group each of the items under new headings using language that would be more meaningful to the community.

The headings used in *Funding the Future* were organised under those suggested by the results of the 2009 consultation program which showed where people wanted more service, over and above the existing service array. This new dissection was called, for want of a better title, *Service Plus*. Within *Service Plus*, a new system of "layers" was created which we re-named "components".

Effectively, the six Layers of LTFP2 were translated into 12 Components of *Service Plus* for *Funding the Future*. The Layers corresponded to the components as summarised in the table below:

<table>
<tr><th colspan="2">LTFP3.1 Layers</th><th colspan="2">Service Plus Components</th></tr>
<tr><td>1. Base Layer</td><td>corresponded to …</td><td>Component 1:</td><td>Continuing Waverley Council’s existing services</td></tr>
<tr><td rowspan="11">2. Investment Strategy Layer

3. Sustainable Assets Layer

4. Sustainable Environment Layer

5. Operational Enhancements Layer

6. Capital Enhancements Layer</td><td rowspan="11">variously corresponded to …</td><td>Component 2:</td><td>Providing more opportunities for recreation, health and wellbeing</td></tr>
<tr><td>Component 3:</td><td>Providing more opportunities for artistic and cultural expression</td></tr>
<tr><td>Component 4:</td><td>Providing more and safer access to public places</td></tr>
<tr><td>Component 5:</td><td>Providing more and safer access to transport</td></tr>
<tr><td>Component 6:</td><td>Providing more and safer access to vital services</td></tr>
<tr><td>Component 7:</td><td>Providing more cleaning and greening of all the spaces we share</td></tr>
<tr><td>Component 8:</td><td>Providing more inviting streetscapes</td></tr>
<tr><td>Component 9:</td><td>Providing more restful local neighbourhoods</td></tr>
<tr><td>Component 10:</td><td>Providing a more sustainable environment with increased protection from global warming</td></tr>
<tr><td>Component 11:</td><td>Providing more preservation of natural resources and ecosystems</td></tr>
<tr><td>Component 12:</td><td>Partnering with a more engaged, connected and inspired community actively involved in decision making</td></tr>
</table>

A few modifications were made to some items in *Service Plus*, compared to the way they were shown in LTFP2, and some other items were added and deleted as a result of intense workshops with councillors that were held between February and June 2010 on balancing the budget. But essentially the expenditure items remained largely the same in *Service Plus* as they were in LTFP2 and the deficits predicted remained similar. The *Review of Financial Structure* detailed exactly how items were modified between the adoption of LTFP2 and the generation of *Service Plus*. (See Chapter 3 of the *Review of Financial Structure* on Quantifying and Controlling Future Shortfalls.)

Consideration has been given to whether the structure of Layers in the Long Term Financial Plan should be temporarily or permanently modified to reflect the *Service Plus* components instead of the original LTFP Layers. For a range of reasons this is not preferred at this time. As such, it is necessary, for the LTFP3.1 at least, to be able to reconcile the 6 Layers of the LTFP with the 12 Components of *Service Plus*.

The following tables provide a guide to where each of the *Service Plus* expenditure items is located in the Layers of the LTFP3.1.

Chapters 3 to 8 below deal with the expenditure items on a layer basis. As such they each show the reverse dissection. In other words they each include a breakdown which shows what *Service Plus* items are included in the Layer.

A full reverse dissection showing which expenditure items from Components 1 to 12 of *Service Plus* are included in each Layer of LTFP3.1 is also provided at **Appendix 12**.

Note that the expenditures listed below are shown as they were published during the 2010 *Funding the Future* consultation program. With the passage of time and Council resolutions, some estimates of expenditure may have changed. LTFP3.1 updates these expenditures in the attached **Financial Table 1**. Note also that these figures are expenditures only, not net results. Some items are partially or wholly offset by operating income.

***Service Plus* Component Items**		**Located in LTFP3.1 in …**
***Service Plus* Component 1** **Continuing Waverley Council's existing services**	**Cost 2010/11 to 2021/22 inclusive**	
a. Asset Management Services	$219,099,907	The Base Layer
b. Beach Services, Maintenance & Safety	$44,209,245	
c. Cemetery Services	$14,875,438	
d. Child Care Services	$61,865,139	
e. Community Services	$25,858,238	
f. Corporate Support Services	$150,422,652	
g. Cultural Services	$15,987,620	
h. Customer Services & Communication	$16,960,780	
i. Development, Building & Health Services	$109,271,908	
j. Emergency Management Services	$556,091	
k. Environmental Services	$18,629,053	
l. Governance, Integrated Planning & Community Engagement	$60,752,956	
m. Library Services	$67,982,141	
n. Parking Services	$158,207,927	
o. Parks Services & Maintenance	$72,708,916	
p. Place Management	$23,355,828	
q. Recreation Services	$23,077,782	
r. Regulatory Services	$14,180,324	
s. Social & Affordable Housing	$6,951,139	
t. Traffic & Transport Services	$6,395,048	
u. Urban Open Space Maintenance & Accessibility	$93,701,356	
v. Waste Services	$185,178,347	
Total	**$1,390,227,834**	

***Service Plus* Component Items**		**Located in LTFP3.1 in the …**
***Service Plus* Component 2** **Providing more opportunities for recreation, health and wellbeing**	**Cost 2010/11 to 2021/22 inclusive**	
a. A new Waverley Pavilion	$14,598,195**	Investment Strategy Layer
b. Playground upgrades	$450,000	Capital Enhancements Layer
c. Tamarama Park Plan of Management works	$630,000	Capital Enhancements Layer
d. Bronte Park Plan of Management works	$500,000	Capital Enhancements Layer
e. Waverley Park Plan of Management works	$790,000	Capital Enhancements Layer
f. Bondi Park Plan of Management works	$3,000,000	Capital Enhancements Layer
g. Rodney Reserve enhanced facilities	$1,400,000	Capital Enhancements Layer
h. Hugh Bamford Park upgrade to buildings and fields	$1,600,000	Capital Enhancements Layer
Total	**$22,968,195**	

** Includes capital and ongoing operating costs excluding revenues from operation.

***Service Plus* Component Items**		**Located in LTFP3.1 in the …**
***Service Plus* Component 3** **Providing more opportunities for artistic and cultural expression**	**Cost 2010/11 to 2021/22 inclusive**	
a. Bondi Pavilion works	$1,090,000	Investment Strategy Layer
Total	**$1,090,000**	

Service Plus Component Items			Located in LTFP3.1 in the …
Service Plus Component 4 **Providing more and safer access to public places**		**Cost 2010/11 to 2021/22 inclusive**	
a.	10% increase in proportion of footpaths kept in top condition	$3,683,634	Sustainable Assets Layer
b.	Structural renewal of Bondi & Bronte Beach Promenades	$5,000,000	Capital Enhancements Layer
c.	Retaining walls backlog renewals	$4,823,895	Sustainable Assets Layer
d.	Parks infrastructure backlog renewals	$8,105,024	Sustainable Assets Layer
e.	Cemetery infrastructure backlog renewals	$7,355,261	Sustainable Assets Layer
f.	Stairs, fences bus shelters backlog renewals	$513,315	Sustainable Assets Layer
g.	Build reserves to deal with planned renewals & expected failures in stormwater drainage systems	$8,669,150	Sustainable Assets Layer
h.	QED tunnels and storage space remediation	$3,750,000	Capital Enhancements Layer
i.	Implement Bondi Junction Pedestrian Access and Mobility Plan	$2,200,000	Capital Enhancements Layer
j.	Develop Bondi Beach Pedestrian Access and Mobility Plan	$200,000	Capital Enhancements Layer
k.	Implement Bondi Beach Pedestrian Access and Mobility Plan	$2,000,000	Capital Enhancements Layer
l.	Tamarama/Bronte 40km/hr zone	$550,000	Capital Enhancements Layer
m.	Bondi Junction 40km/hr zone	$750,000	Capital Enhancements Layer
n.	School zones safety program	$400,000	Capital Enhancements Layer
	Total	**$48,000,279**	

Service Plus Component Items			Located in LTFP3.1 in the …
Service Plus Component 5 **Providing more and safer access to transport**		**Cost 2010/11 to 2021/22 inclusive**	
a.	Traffic Engineer x 1	$1,293,115	Operational Enhancements Layer
b.	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	Investment Strategy Layer
	Total	**$10,797,661**	

Service Plus Component Items			Located in LTFP3.1 in the …
Service Plus Component 6 **Providing more and safer access to vital services**		**Cost 2010/11 to 2021/22 inclusive**	
a.	2nd person at Seniors' Centre	$873,629	Operational Enhancements Layer
b.	Outreach Worker x 1	$808,615	Operational Enhancements Layer
c.	Public toilets upgrade	$1,343,000	Capital Enhancements Layer
d.	New child care / family day care / early learning centre	$15,783,309**	Investment Strategy Layer
e.	Cemetery pavilion construction (offset by loan to be repaid by entry to funeral business)*	$3,905,574	Capital Enhancements Layer
f.	Cemetery funeral services (self funded)*	$20,709,539	Operational Enhancements Layer
	Total	**$43,423,666**	

** Includes capital and ongoing operating costs excluding revenues from operation.

Service Plus Component Items		Located in LTFP3.1 in the …
***Service Plus* Component 7** **Providing more cleaning and greening of all the spaces we share**	**Cost 2010/11 to 2021/22 inclusive**	
a. Extra landscape maintenance - plants & materials	$3,832,820	Operational Enhancements Layer
b. Three extra gardeners	$3,054,282	Operational Enhancements Layer
c. Extra tree maintenance	$680,191	Operational Enhancements Layer
d. Parks landscapes upgrades	$1,305,599	Sustainable Assets Layer
e. Increased graffiti removal	$652,800	Operational Enhancements Layer
f. Tree Compliance Officer x 1	$968,295	Operational Enhancements Layer
g. Depot/s within LGA for parks and street maintenance	$19,500,000	Investment Strategy Layer
h. Centralised depot outside LGA	$7,012,273	Investment Strategy Layer
i. Street trees improved	$1,305,599	Sustainable Assets Layer
j. Cost of acquisition of land for open space in Bondi Junction which Council is likely to be compelled to acquire	$5,002,427	Capital Enhancements Layer
Total	**$43,314,286**	

Service Plus Component Items		Located in LTFP3.1 in the …
***Service Plus* Component 8** **Providing more inviting streetscapes**	**Cost 2010/11 to 2021/22 inclusive**	
a. Local village improvements	$3,000,000	Capital Enhancements Layer
b. Eastgate façade upgrade	$1,600,000	Investment Strategy Layer
c. Boot Factory remediation	0*	Capital Enhancements Layer
d. Oxford Street East upgrade	$2,000,000	Capital Enhancements Layer
Total	**$6,600,000**	

* 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 additional to those assets already earmarked for sale under *Investment Strategy 2007*.

Service Plus Component Items		Located in LTFP3.1 in the …
***Service Plus* Component 9** **Providing more restful local neighbourhoods**	**Cost 2010/11 to 2021/22 inclusive**	
a. Two extra Rangers	$2,545,235	Operational Enhancements Layer
Total	**$2,545,235**	

Service Plus Component Items		Located in LTFP3.1 in the …
***Service Plus* Component 10** **Providing a more sustainable environment with increased protection from global warming**	**Cost 2010/11 to 2021/22 inclusive**	
a. Council buildings meet greenhouse reduction targets (more than offset by energy savings)	$670,371	Sustainable Environment Layer
b. Street lighting luminaires retrofitted	$246,133	Sustainable Environment Layer
c. Other greenhouse – climate change adaptation	$101,023	Sustainable Environment Layer
d. Other greenhouse – community targets, brokering retrofits / decentralised energy	$3,799,796	Sustainable Environment Layer
e. Other greenhouse – general	$3,501,429	Sustainable Environment Layer
f. Other greenhouse – transport (including bike paths)	$3,539,942	Sustainable Environment Layer
g. Waste targets – community	$45,000	Sustainable Environment Layer
Total	**$11,903,694**	

Service Plus Component Items		Located in LTFP3.1 in the …
***Service Plus* Component 11** **Providing more preservation of natural resources and ecosystems**	**Cost 2010/11 to 2021/22 inclusive**	
a. Water efficiency improvements on Council assets	$1,637,775	Sustainable Environment Layer
b. Water efficiency improvements by the community	$1,969,299	Sustainable Environment Layer
c. Flora and fauna enhancement	$7,276,615	Sustainable Environment Layer
d. Water quality improvements	$92,290	Sustainable Environment Layer
e. Environmental education	$37,256	Sustainable Environment Layer
Total	**$11,013,235**	

Service Plus Component Items		Located in LTFP3.1 in the …
***Service Plus* Component 12** **Partnering with a more engaged, connected and inspired community actively involved in decision making**	**Cost 2010/11 to 2021/22 inclusive**	
a. 2IC Computer Services x 1, Computer support x 1	$2,377,281	Operational Enhancements Layer
b. Governance and integrated planning x 1	$863,476	Operational Enhancements Layer
c. Support for BJ and BB Place Managers x 2	$1,617,229	Operational Enhancements Layer
d. Senior Records officer x 1, Records officers x 2	$3,080,336	Operational Enhancements Layer
e. Records compliance hardware and software	$33,000	Operational Enhancements Layer
f. Financial Accounting x 1	$1,057,453	Operational Enhancements Layer
g. ePlanning x 1, ePlanning x 1	$2,602,152	Operational Enhancements Layer
h. ePlanning hardware and software	$98,660	Operational Enhancements Layer
Total	**$11,729,587**	

2.12 Funding the Future Consultation Program

As noted above, Council determined in July 2010 to consult the community a second time about options for balancing its budget and achieving the vision of *Waverley Together 2* and QBL sustainability into the future. This was determined on the basis of the following general recognition:

> *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 cost of each choice – the cost in terms of a rate rise, in terms of the long run, and in terms of service loss.*
>
> *Preamble to Waverley Council Review of Financial Structure 2010 to 2022*

The *Funding the Future* consultation program was accordingly designed around providing the community with a range of comprehensive but accessible information and then asking some straightforward questions framed around 3 main choices of:

- reducing services, or
- maintaining services at existing levels, or
- enhancing services.

Respondents who preferred to maintain or enhance services were then presented with choices about whether they wished to fund the future by:

- either increasing rates, or
- increasing other forms of income, or
- increasing income from a combination of sources.

Respondents who preferred not to increase income were able to express preferences for service cuts or savings (eg., from efficiency) as they saw fit.

The program yielded a substantial amount of information about community preferences from two main groupings of respondents:

- a **self selected group** of approximately 1,150 of which 179 provided written comment; and

- a **randomly selected group** of 534 residents and ratepayers who were selected to participate in a **statistically valid community survey** of a fully representative demography (covering ages, genders, background, renters, residential property owners, business property owners, and low-end ratepayers through to high-end rate payers). This survey was independently conducted by the Hunter Valley Research Foundation (HVRF) and involved distribution of factual material prepared by HVRF to all respondents to ensure that the survey would yield information on the views of a population that had been adequately informed and had access to unbiased material.

The randomly selected statistically valid group were obliged to read the information distributed to them before the survey phone call. However, it is not known to what degree the self-selected group of respondents read Fact Sheets and other information to which they were directed. Suffice to say it was not compulsory for the self-selected group to read this information but for those responding to the statistically valid survey it was not possible to do the survey without having reference to the material provided by HVRF.

Factual information provided by Council to the general public included the following:

- an introductory high level brochure distributed to all households under the banner of *Funding the Future*;
- a web version of this same newsletter;
- a similar information item in Council's quarterly newsletter, *Waverley in Focus*, distributed to all households;
- a Frequently Asked Questions document;
- an 8-page summary version of *Waverley Together 2*;
- 11 Fact Sheets as follows:
  - Fact Sheet 1: Facts about *Service Plus*
  - Fact Sheet 2: Financial facts about *Service Plus*
  - Fact Sheet 3: Options for funding *Service Plus*
  - Fact Sheet 4: Effects of rate increases on households
  - Fact Sheet 5: Ten feature benefits of *Service Plus*
  - Fact Sheet 6: What you asked for in *Service Plus*
  - Fact Sheet 7: Life in Waverley without *Service Plus*
  - Fact Sheet 8: Effects of rate increases on businesses
  - Fact Sheet 9: Council's service obligations
  - Fact Sheet 10: How are council rates calculated?
  - Fact Sheet 11: Waverley Council's income and expenses
- a series of powerpoint presentations to precincts; and
- a powerpoint presentation on the pros and cons of every option for the Open Information Night held at the end of the consultation program.

See **Appendix 13** for a full list of the questions answered in the 11 Fact Sheets.

The *Funding the Future* consultation program ran from 21 July to 31 October 2010.

Results of the consultation are reported throughout Chapter 9 below and in the consolidated *Report on the Outcomes of Community Consultation on Funding the Future of Waverley Council's Services to 2022, December 2010*.

This report is available at the following link:

http://www.waverley.nsw.gov.au/have_a_say/funding_the_future_-_council_services_2010-22/report_on_outcomes_of_community_consultation

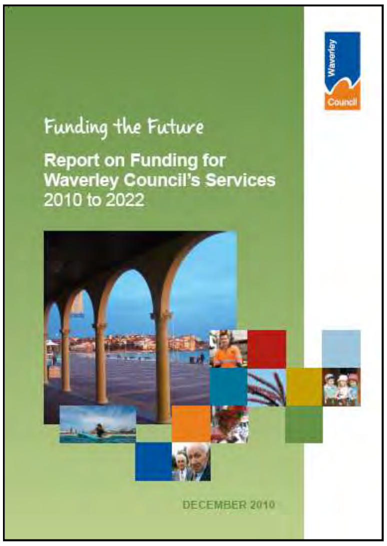
2.13 Report on Funding for Waverley Council's Services 2010 to 2022

The results of the *Funding the Future* consultation program were reported back to Council in December 2010. On the basis of those results and after significant deliberations Council acknowledged that community demand for services had remained constant (and had in some cases intensified) during the second round of consultation, even though it had been very clearly communicated that a rate increase in the order of 120% over seven years would be necessary to sustain services at the levels being demanded.

Council took a significant amount of detail into account in making a final decision about the most responsible way of putting the Council on a financially sustainable footing for delivery of quadruple bottom line sustainability to 2022. This included detail about both:

- community preferences for services and service levels; and
- the stability – or rather, instability – of Council's financial structure.

Detail on the full suite of factors taken into account is provided in the report titled *Funding the Future: Report on Funding for Waverley Council's Services 2010 to 2022* which is accessible at:
http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0018/20358/Funding_the_Future_Report_on_Funding_for_Waverley_Council_Services_Dec_2010.pdf



Based on the results of the *Funding the Future* consultation program and the advice provided about the significant vulnerability inherent in Waverley Council's current financial structure, Council resolved that the most appropriate way to place the Council on a sustainable financial footing sufficient to deliver the services being demanded by the community was to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a special variation to rates totalling 105% over 7 years. The full text of Council's resolution is included in **Appendix 14**.

It is worth noting that in late 2010 Council commissioned Morrison Low consultants to conduct an independent review of our Integrated Planning & Reporting Framework. Amongst other positive comments Morrison Low made favourable remarks about the consultation undertaken by Waverley for its Community Strategic Plan and Resourcing Strategy as follows:

Morrison Low have assisted and reviewed community engagement processes undertaken for the community strategic plans in both NSW and Queensland. The process adopted by Waverley Council is by far the most comprehensive we have seen. We believe it has provided some of the best community input and feedback to the community planning and subsequent delivery planning process.

We encourage Councils to create 'the right debate' in the community with a discussion around the main challenges, issues and options facing the area. The fully informed community debate and feedback on major challenges was a key feature of Waverley's engagement process.

Morrison Low Integration Review and LTFP Review
December 2010

2.13.1 Integrating LTFP3.1 with Council's Resolution on a Special Variation to Rates

Council's resolution of 14 December 2010 had the effect of reducing the funding shortfall for *Service Plus* that was expected when the *Report on Funding for Waverley Council's Services 2010 to 2022* was written. It reduced the shortfall by $17.65 million from $219,141,793 to $201,491,363. Council achieved this by:

- opting to accept some ongoing risks associated with a poor rates coverage ratio,
- assuming that ***all*** of the expected future efficiencies could be used to fund some services instead of providing a contingency against ongoing financial risks,
- choosing to delete some minor expenses which could be deleted without having a noticeable impact on our ability to meet the targets of *Service Plus*, and
- opting to expand the hardship scheme proposed by officers to provide greater support to ratepayers who may encounter stress associated with rate rises.

Since the December 2010 decision, however, Council has revised the draft budget for 2011/12. In this process, changes to employee costs have now been incorporated which have flowed right through the financial model and have had the effect of reducing the shortfalls compared to those expected when the December 2010 report was written. These changes to employee costs have come about due to announcement of Award increases for wages and salaries which are lower than those assumed in the December report. It has therefore been possible to reduce the shortfall for the full *Service Plus* even further to $186,570,356. This has in turn resulted in a corresponding lower required rate rise for *Service Plus*. The rate rise expected in December 2010 to fully cover *Service Plus* was 11.9% cumulative for 7 years. Incorporation of the lower Award increases has reduced this to 11.12% cumulative for 7 years.

The following Chapters 3 to 8 show the results of fully revised financial modelling per layer arising from the decision made by Council in December 2010 to fund all components of *Service Plus* in accordance with the Waverley community's wishes.

3. BASE LAYER

3.1 Introduction

The Base Layer of LTFP3.1 shows the financial results of delivering existing levels of service. This Layer corresponds with Component 1 of *Service Plus*. It is the "business as usual" layer.

3.2 Financial Assumptions

The assumptions in the Base Layer are as follows:

Base Layer – Operating Income	
Ordinary Rates ***Scenario 1***	That the State Government policy of rate capping will continue and that rates will continue to be indexed by a fixed amount (discounted by a productivity factor) determined annually by IPART – the Local Government Cost Index or LGCI. That this amount will be equal to the forecasted CPI – as indicated by Access Economics as at September 2010.
Ordinary Rates ***Scenario 2***	That Council's application for a Special Variation to Rates will be successful and that the approved rate rise will be sufficient to achieve a yield of rates which is equivalent to the yield that would be realised by rate rises of 11.12% per annum cumulative for 7 years plus 4 more years of CPI increases added to the upper yield realised in 2017/18. The assumed CPI is as indicated by Access Economics as at September 2010.
Environmental Special Rate	That the Environmental Special Rate in place in 2010/11 will cease to apply on 30 June 2011 and will not be reinstated.
Domestic Waste Management Charge	That the annual Domestic Waste Charge will be $380 in 2011/12 and then $390 in 2012/13, $400 in 2013/14, $415 in 2014/15 with increases at CPI thereafter.
General User Fees and Charges	That user fees and charges will rise annually by an amount equal to the forecasted CPI.
Parking User Fees and Charges	That income from *off street parking fees* and charges will rise annually by 5%. That income from *on-street parking meter fees* will rise by 5% per annum but that every 4 years there will be a 50 cent increase in the per hour fee (ie., an increase in excess of 5%).
Regulatory Services (including Parking Fines)	That income received from regulatory services will rise annually by an amount equal to the forecasted CPI. This, however, has been calculated from a reduced base of income compared to previous years due to reductions in parking infringement numbers.
Grants, Subsidies and Contributions	That operating income received from grants, subsidies and contributions will increase annually by an amount equal to the forecasted CPI.
Investments	That net positive yields on cash investments are factored into income with a return that equals the forecasted 90 day bank bill rate.

Base Layer – Operating Expenditure	
Employee Costs	That employee costs, inclusive of Award increases, compulsory salary progression, service margins, position regrades, market margins, superannuation and other associated employee costs such as workers compensation premiums, FBT and training expenses will increase by 4.9% per annum. This includes a discount of 0.1% per annum to reflect certain labour efficiency gains targeted by Council's resolution of December 2010. That there will be no net increase in staffing numbers (561 full time equivalent employees as per the Financial Accounts for 2009/10). Note: Subsequent Layers assume staff increases.
Environmental Services	That a base program of environmental services will continue at 2010/11 levels of expenditure indexed. (Note: Costs for optional enhancements to this base program are shown in the Sustainable Environment Layer.)
Asset Management Services	That a base program expenditure for asset maintenance and renewal services will continue at 2010/11 levels of expenditure indexed. (Note: Costs for optional enhancements to this base expenditure are shown in the Sustainable Assets Layer.)
Materials and Contracts	That costs associated with materials and contracts will increase annually by an amount equal to the forecasted CPI.
Operating Expenses	That operating expenses, including electricity, water and insurance, will increase annually by an amount equal to the forecasted CPI.
Cost shifting	That cost shifting from State and Federal Governments will continue to occur at a rate similar to rates of shifting that have occurred over the past 10 years – approximately $166,000 per annum.

Base Layer – Capital Income	
Loans	That no new loans for capital income will be taken. (Note: The Capital Enhancements Layer assumes loans.)
Plant & Equipment Sales	That plant and equipment will be sold as per the Fleet Replacement Strategy.
Property Sales	That no existing property assets will be sold. (Note: the Investment Strategy Layer assumes sale of property.)
Developer Contributions	That developer contributions will be levied as per Section 94 and 94A of the Environmental Planning & Assessment Act and that the rate of development applications on which the levy is applied will remain constant from 2011/12.

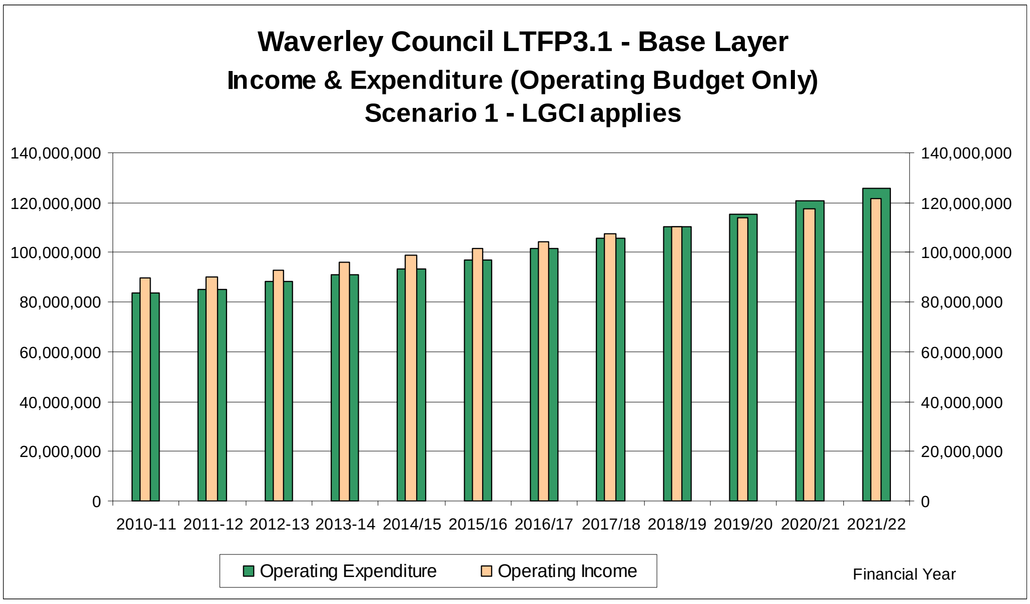
Base Layer – Capital Expenditure	
Loans	That the repayment of existing loans will continue based upon the existing repayment schedules.
Capital Works	That capital works will be undertaken as per the:

Base Layer – Capital Expenditure	
	▪ Delivery Program 2010/13, with revisions ▪ SAMP3 That from 2014/15 a minimum of $5 million will be spent on capital works projects.
Plant & Equipment Purchases	That plant and equipment will be purchased as per the Fleet Replacement Strategy.
Property Purchases	New property assets are planned to be purchased within the Affordable Housing portfolio from reserves. (Note: The Capital Enhancements Layer assumes the purchase of properties for the conversion to public open space.)

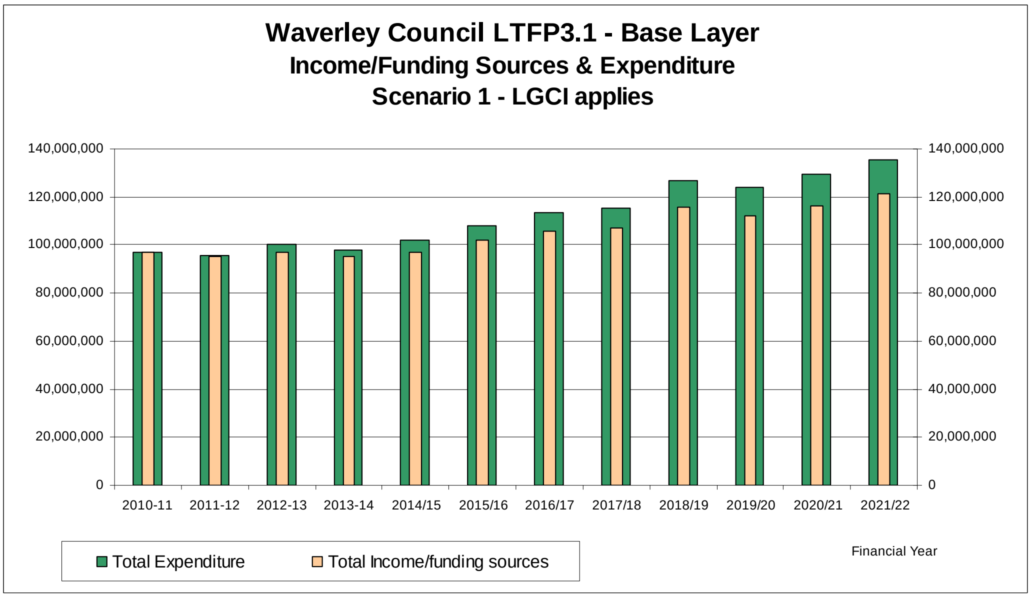
3.3 Financial Analysis and Result

3.3.1 Scenario 1 – The LCGI Applies

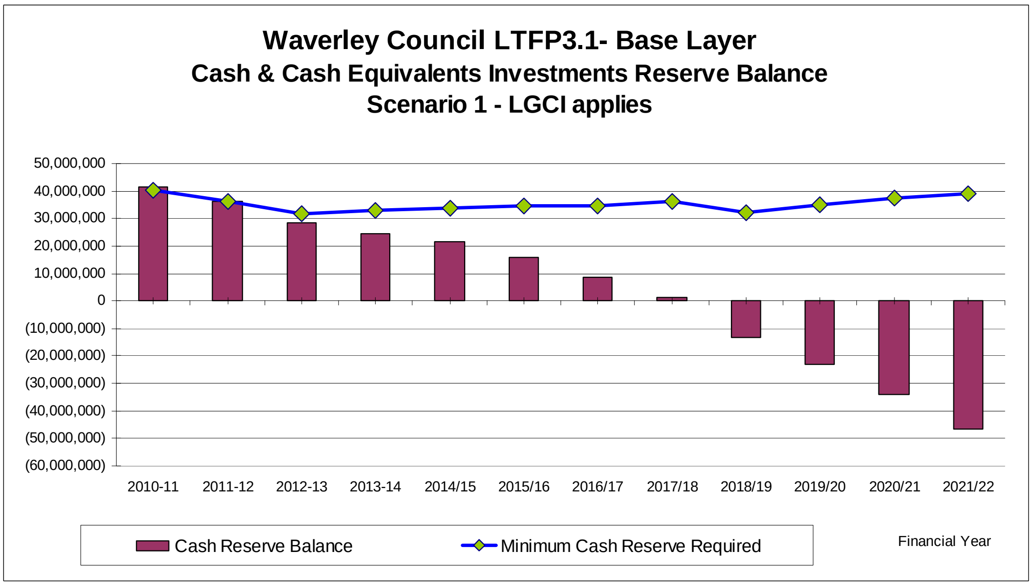
As illustrated in the graphs below, if the LGCI applies the Base Layer results in a favourable net financial result up to and including 2017/18, i.e., operating income is greater than operating expenditure. In 2018/19, the net operating result becomes negative and remains negative every year thereafter, projected to increase to a funding gap of $3.8 million in 2021/22.



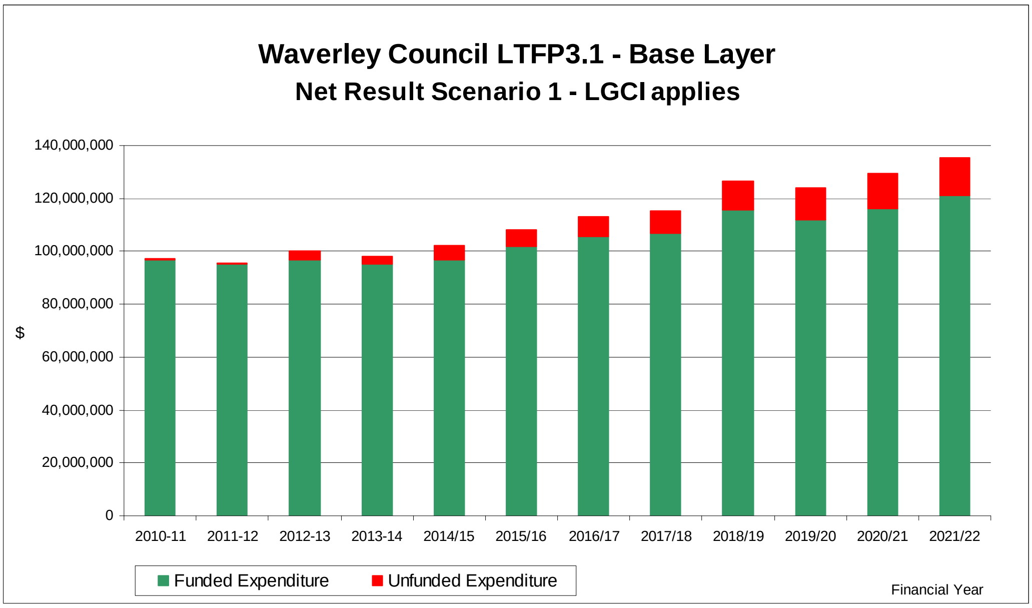
When the operating and capital projections are considered jointly, along with transfers to and from reserves and the repayment of loans, the deficit increases to $14.3 million by 2021/22.



In Scenario 1, all of Council's available cash reserves are consumed by 2018/19. In 2012/13 Council drops below the level of cash reserve required under the Restrictions Policy (see Section 2.4 above) and remains under that level in every year thereafter, as shown below.

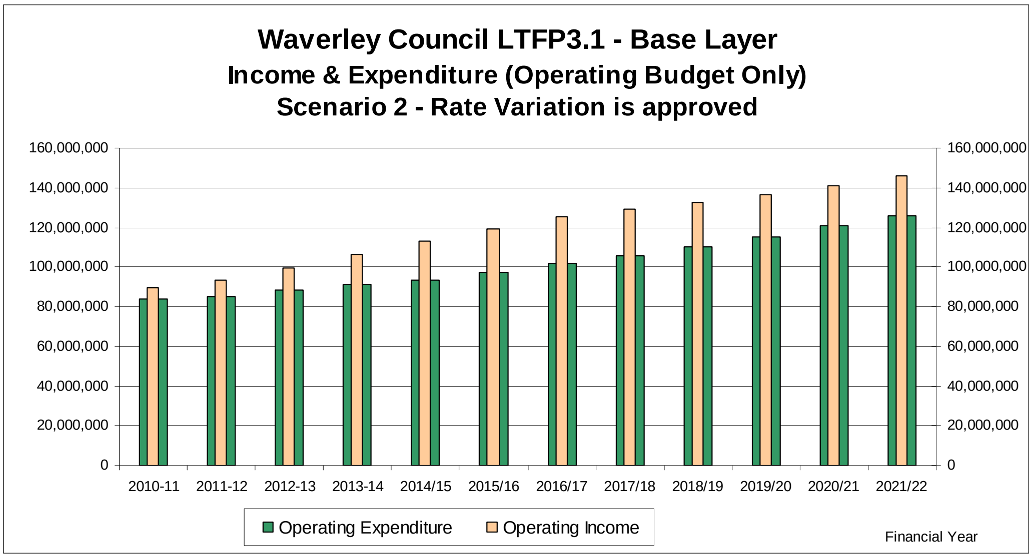


When the operating and capital expenditures and transfers from unrestricted reserves are included, the Base Layer predicts that Council will have a total unfunded expenditure of $84.9 million for the 11 years to 2021/22 as shown in the following graph.

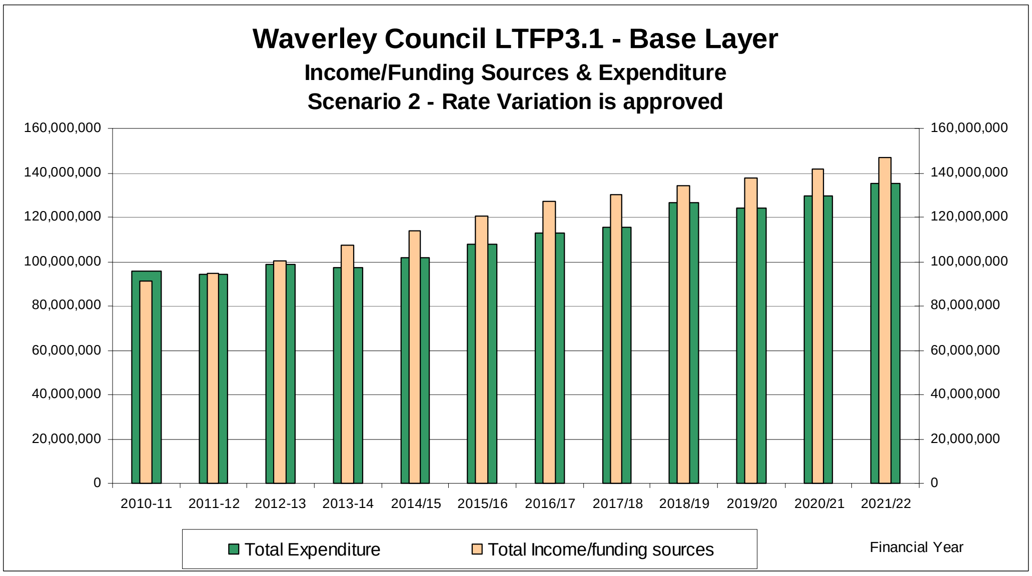

Waverley Council LTFP3.1 - Base Layer
Net Result Scenario 1 - LGCI applies
140,000,000
120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
0
$
2010-11
2011-12
2012-13
2013-14
2014/15
2015/16
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
Funded Expenditure
Unfunded Expenditure
Financial Year

3.3.2 Scenario 2 – Special Rate Variation Application is Approved

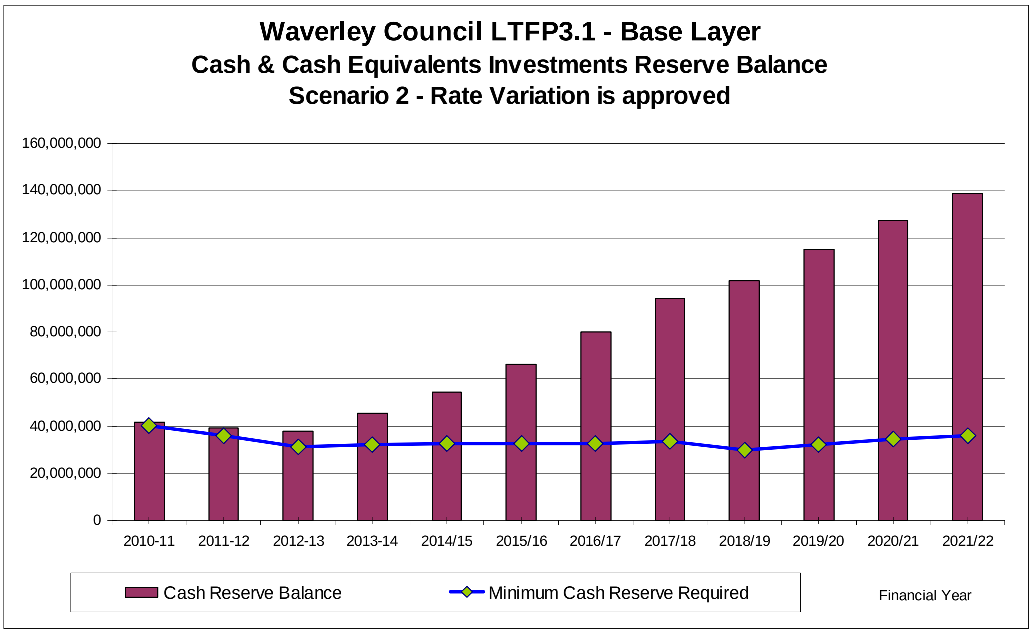
As illustrated in the graphs below, if the special rate variation is approved, financial sustainability is achieved and there are funds available for enhancements. Throughout the planning period operating income is greater than operating expenditure.



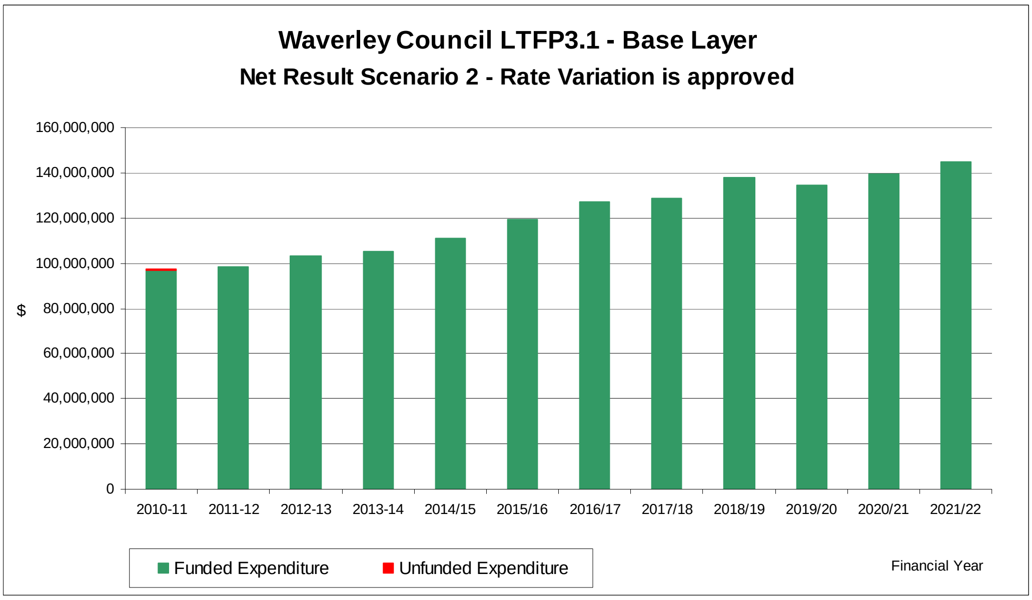
When the operating and capital projections are considered jointly, along with transfers to and from reserves and the repayment of loans, the total net result is favourable on a year by year basis from 2011/12 to 2021/22.



In Scenario 2, Council doesn't drop below the level of cash reserves required under the Restrictions Policy. Sufficient reserves are retained for the capital and operational requirements of the full *Service Plus*.



When the operating and capital expenditures and transfers from unrestricted reserves are included, the Base Layer in Scenario 2 predicts that Council will have unfunded expenditure of $188,917 in one year only, 2010/11 as shown in the following graph.



3.4 Opportunities and Threats

- **Rates income:** In December 2009 the Independent Pricing and Regulatory Tribunal (IPART) issued a ***Final Report - Review of the Revenue Framework for Local Government***. This Report drew a general conclusion that rate capping has not, *to date*, constrained the capacity of NSW councils to raise total revenues so that they can keep pace with total revenues of councils in other states that do not have rate capping. In that context, the IPART Report recommended that rate capping should continue in NSW and in 2010 the Minister for Local Government, the Hon. Barbara Perry MLA, generally accepted this recommendation. She also transferred responsibility for determining the rate cap and rate variations above the cap in the future to IPART. LTFP3.1 therefore assumes the State Government's policy of rate capping will continue, although the method of determining the cap will change in line with the development of a new Local Government Cost Index (LGCI) by IPART.

LTFP3.1 also assumes, however, that applications for variations to rates above the LGCI will be permissible and that success in such applications will be determined at least in part on the degree to which a council can demonstrate compliance with the requirements of the State Government's IP&R framework. Waverley Council has no particular difficulty with rate capping *per se* and views the IP&R framework as a sound approach to disciplined planning and to constructing and assessing defensible applications for rate variations above the cap. In other words we view the IP&R framework more as an opportunity than a threat, especially given that we have achieved a very high degree of compliance and best practice in implementation of the IP&R framework. (See Chapter 9 and **Appendix 15**)

However, it has been noted that the IPART Report provides data which shows that NSW councils' growth in income from the sale of goods and services (i.e., non-rates income) has slowed in the past 10 years. It suggests that from the 1970s NSW councils were spurred on by rate capping to raise more income than councils in other states from non-rates sources and that, as a result of this, total income for NSW councils kept pace with that of councils in other states for several years. However, this ability to keep pace with the total earning potential of councils in other states seems to have stopped from about 2004 or a little earlier. The IPART Report therefore includes an acknowledgement that councils in NSW may have reached the limit of their non-rates income opportunities. See IPART Finding No. 5 from the *Final Report - Review of the Revenue Framework for Local Government*:

> *5. Over the last 10 years, growth in NSW councils' revenue from sales of goods and services has slowed, which may indicate that councils have taken up available opportunities to increase their revenue from this source. If this were the case, NSW councils may not be in a position to maintain growth in total revenues in line with other states in the future. [IPART, page 55]*

This implies some level of recognition by IPART that the sustainability of some NSW councils into the future, including Waverley, is less likely to be achieved if they have to increase their dependence even further on non-rates income. In that context, it is reasonable to assume that if rate capping or rate variations are clamped too tightly or unreasonably, total income for NSW councils will decline relative to other states and the sustainability of councils like Waverley, that already have a very low dependence on rates, will decline quite quickly.

Attitudes to rate capping and to permissible rate variations above the cap can therefore pose a significant threat to the modelled financial outcomes if they have the effect of making councils more dependent on non-rates income sources that, from Waverley's experience, are very likely to have already entered a period of decline (see experience with parking fine income below).

- **Non-rates income:** As stated above, Waverley is heavily dependent on variable non-rates sources of income. We are particularly and quite unusually dependent on income from parking fees and fines. In 2009/10 actual gross income from parking fees and fines at $22.5 million almost equalled income from rates at $26.7 million. Two major reports in 2009/10 highlighted the unsustainability of this income structure over the medium to longer term. The first was the *Review of the Waverley Public Parking System*, adopted by Council in August 2009. The second was the *Review of Waverley Council's Financial Structure 2010-2022* already mentioned in Section 2.11 above. There are several threats to parking income as discussed below. But there are also threats to other non-rates sources of income such as Federal Assistance Grants which, for Waverley, have been trending towards decline and are expected to decline further in the coming decade as NSW's share of Federal Grant income declines and what remains is moved more towards country regions than the cities.

If, as stated above, IPART is foreshadowing that NSW councils' access to increases in variable income has reached its limit then this prediction resonates with Waverley Council. Threats to non-rates income in our case are manifest and community attitude to raising (and relying on) funds through this means – at least as far as parking income is concerned – is by no means supportive. (See results in relation to community attitudes about raising further funds from parking in responses to Question 13 of the 2010 Hunter Valley Research Foundation community survey included in the *Report on the Outcomes of Community Consultation on Funding the Future of Waverley Council's Services to 2022, December 2010*.)

- **Parking income:** In 2009/10 fees, charges and fines associated with public parking accounted for $22.5 million or 24% of Waverley's total income from operations. Should Council change its policies associated with public parking, it may have significant implications for Waverley's long term financial outlook. However, LTFP3.1 does not assume that policy changes would result in substantial or sustainable increases in income from parking above the increases already assumed in Section 3.2 above. If anything, the more realistic scenario in a sensitivity analysis is that income from fines would be expected to stagnate or drop. Income from fees, however, should rise at above CPI, say 5% per annum (as assumed in this plan), especially if off-street parking opportunities at Eastgate Car Park can be realised after August 2013. (See Chapter 9 below.)

  As stated above, in 2009 Waverley conducted a major review of its entire Parking System – on-street and off-street. This system is vital to the economic functioning and quality of life in Waverley and delivers parking opportunities per day at 8 to 13 times the rate on-street than would otherwise be accessible in the absence of the system. The Parking System review determined that there is a need to introduce pricing for parking that more effectively manages demand for the resource and that pricing policies should be followed which would reduce dependency on fine income **relative to** income from fees. This approach was generally supported recognising that it is likely to result in increased average parking prices until we move closer to equilibrium between demand and supply. Overall the approach is not expected to result in **total** parking revenue increases significantly above 5% per annum or drops in **total** income from parking. However, the Base Layer model is very sensitive to volatility in attitudes to parking policy and changing community attitudes about compliance and willingness to pay. Resistance to increasing income from parking is reasonably strong, especially income from fines and fine numbers themselves have dropped substantially (about 15%) since 2007.

  It has been suggested that further income from parking fines could be raised by employing more officers to patrol illegal parking in residential streets. This is reasonably likely to be implemented if sound policy reasons are apparent – ie., if it is apparent that it will result in more sustainable use of this scarce resource and/or improved safety and amenity for residents. Expectations that this would result in substantial and sustainable increases in fine revenue should, however, be treated with caution. It is not logical to expect that intensified policing of residential areas will be matched by a steady and ongoing supply of "fines for the picking".

  Overall, the expectation for parking income is that:

  - there is no way it will grow in the next ten years at the rate it did between 2000 and 2010 (ie., it will not grow by 428%);

- income from on-street meter fees will grow and demand should be generally inelastic to price (meaning that it is assumed that price rises will not result in an overall drop in demand and income);
- income from off-street parking will be quite elastic, especially to large price increases (eg., recent experience of doubling annual beach parking permit prices from $50 to $100 has resulted in a minimum 10% drop in permits being sold);
- total income from fines will remain high but will be reasonably likely to be subject to variability in a downward direction depending on a range of economic and other factors;
- income from parking fines is not a sustainable source of income and parking regulation should only be relied on as means of achieving community safety and pumping capacity back into dwindling parking supply, not as a mainstay of the budget.

- **Potential loss of Payroll Tax exemption:** In October 2008, the Independent Pricing and Regulatory Tribunal (IPART) recommended that the payroll tax exemption for local governments in NSW be removed. If the Minister for Local Government accepts this recommendation and passes payroll tax on to local councils, it will have significant negative implications for Council's long term financial outlook, regardless of whether the Minister permits the cost of the tax to be passed on to ratepayers. It will also have a negative effect on productivity as it will raise the cost of units of labour relative to non-labour costs and total output.

- **Volatility in the CPI:** In recent years, the CPI has varied significantly. According to the Australian Bureau of Statistics over the 2008/09 financial year the CPI increased by 1.5%. This is in contrast to the CPI increases of 4.5% during 2007/08 and 2.1% over 2006/07. As more than 50% of Waverley's operating budget relates to employee costs, which are particularly sensitive to changes in the CPI, this variability has significant implications for Waverley's financial outlook.

- **Interest rates:** Interest rates on investments and borrowings have also been relatively variable in recent years. According to the Reserve Bank of Australia, the official cash interest rate has fallen from a high of 7.25% in March 2008 to a low of 3% in April 2009. Rates have since then begun to increase again and at the March 2011 meeting of the RBA the cash rate remained unchanged at 4.75%. The expectation is that interest rates are likely to increase marginally towards the end of 2011. Future changes in interest rates will have an impact on Waverley's long term financial outlook.

- **Cost shifting from Federal and State Governments:** The issue of cost shifting has, in recent years, been of significant concern to councils in New South Wales and elsewhere in Australia. It is estimated in SSROC studies that Waverley Council's annual costs in 2010/11 are in excess of $6 million higher than they would otherwise have been if this cost shifting had not occurred. Notably IPART, in its Report on the *Revenue Framework for Local Government*, has indicated a different definition of "cost-shifting" compared to the definition most councils have used in recent studies on this. Based on this different definition, IPART has concluded that the impacts of cost shifting are not as great as councils have suggested. Instead, IPART has concluded that many of the cost increases cited by councils as "cost shifts" are simply cost increases which can be funded by increasing general revenue (rates) in consultation with the community.

  Councils are probably within their rights to be hesitant about assumptions that it will always be easy to offset ineluctable expenses with a rate rise. Suffice to say that should State and Federal Governments continue to transfer responsibilities, and thus costs, for the provision or services to Local Government, this will have negative implications for Waverley's long term financial outlook. LTFP3.1 assumes a small amount of growth in cost shifting resulting in a net increase in Council's costs of approximately $166,000 per annum. This is based on past patterns of cost shifting as we define it.

- **Energy prices:** Materials and contracts are subject to variations in the market, and particularly to petroleum prices. As an indicator of this variation, the Australian Bureau of Statistics reports that automotive fuel prices decreased 19% in the year to September 2009 compared to a 25.4% increase in the year to September 2008. Such fluctuations impact on the price of petroleum and petroleum-based products (such as asphalt) and makes forecasting difficult.

  Furthermore there is a general expectation that energy will be more expensive in the future as the world embarks upon carbon trading and/or carbon taxes. An early indicator of this is the prices offered by Energy Australia with their 777 contract with the NSW Department of Commerce increasing energy charges for on street lighting contracts by more than 40% effective July 2009.

  Note: The Sustainable Environment Layer assumes investment in energy saving technology on Council buildings and street lighting. However, this investment can't be made unless a means of funding up front capital is found. A special variation to rates would assist with cash flow.

- **Workers' compensation costs:** Given that staff costs are such a significant part of Council's expenditure (over 50%), performance in workforce safety poses a significant risk to the budget. Waverley has in recent years seen a steady increase in workers' compensation premiums. In 2007/08 the premium was $1.14 million. In 2008/09 it had increased by 91% to $2.18 million. In 2009/10 it increased a further 40% to $3.05 million. Council has undertaken a program of improvements in OH&S in an effort to reverse these premium increases. We have begun to see the benefit of this already in reduced incidents and injuries. Nevertheless. LTFP3.1 assumes that workers' compensation premiums will rise a bit more before they fall. It is expected that after 2013/14 current OH&S improvement initiatives will translate slowly to premium reductions and eventual self-insurance to keep costs lower. Threats to this may easily arise, however, from the inherent exposure of the Council to high injury rates due to our ageing outdoor workforce, our high exposure to manual handling problems (eg., in child care and garbage collection) and our high exposure to assaults on parking staff.

- **Developer contributions:** In 2005 the *Environmental Planning and Assessment Act* was amended to introduce, among other things, a system for the negotiation of planning agreements between developers and planning authorities. The increased use of planning agreements, as well as changes in the application of Section 94 contributions, may have positive implications for Waverley's long term financial outlook but these are not expected to be substantial. Waverley is not a new release area with a high expectation of developer contributions. Developer contributions represent only about 1% of Council's annual income.

- **Commercial business income:** Council operates several substantial commercial businesses built on maximising the natural advantage that comes from ownership and operation of infrastructure assets such as buildings, car parks, open space, roads, footpaths, waste collection plant and vehicles, cemeteries, bus shelters and the like. Council's ability to maximise the return to the community from these assets underpins the budget to a very substantial degree, minimising the proportion of the burden for assets and services that must be borne solely by ratepayers. Business income accounts for over 15% of Council's gross income and there is capacity to increase this to almost 20% within the next 10 years. Deviations from business plans such as the *Investment Strategy 2007* will therefore have a very substantial effect on Waverley's financial outlook.

- **General insurance costs:** Other insurance costs, such as property and public liability, may also vary due to global economic fluctuations. Waverley pays approximately $1 million for these insurances per annum. Instability in the insurance market can have a significant negative effect on the insurance costs for Waverley, notwithstanding the good claims record maintained by Council since 2000.

- **Local Government Superannuation Retirement Scheme:** Due to the global financial crisis, superannuation funds have suffered a significant fall in value over recent years. A portion of Council's employees belong to a closed Scheme where member entitlements are defined as a multiple of their salary (a "defined benefits" scheme). Councils are responsible for ensuring there are sufficient funds available to pay out this benefit when these employees cease employment. Contribution rates for these schemes have increased markedly since 2009 and they may increase again in the future. Should this occur there would be a negative impact on Waverley's long term financial forecasts.

4. INVESTMENT STRATEGY LAYER

4.1 Introduction

The Investment Strategy Layer incorporates the financial results of assets sales and reinvestment as per Council's *Investment Strategy 2007*, which was adopted in September 2007. The major sales and projects associated with the *Investment Strategy 2007* are detailed at Section 2.8.

4.2 Value Added by the Investment Strategy Layer

Value added by this Layer of asset sales and creation of new capital assets is substantial. The layer improves the bottom line result of the Base Layer by increasing returns from a range of assets which have been performing poorly financially, although the extent to which this layer improves the Base Layer result has been diminished recently compared to LTFP2 due to receipt of an adverse re-valuation of the current market value for Council's central depot site in Waterloo. Nevertheless, the net result of the layer is a financial surplus and it also creates new assets to improve the social, environmental and local economic returns. New assets being created under the Strategy, without burdening Base Layer results at all include:

Created Capital	Status	Reason for Choice
A new Waverley Park Pavilion	In construction	Replacement of original pavilion servicing the most important sporting fields in Waverley. The old pavilion was past its useful life and is now demolished.
A new early learning and child care centre combined with a new family day care centre	In construction	Catering for some of the excessive demand for affordable child care (waiting list in excess of 800). Construction costs to be fully repaid over 12 years by user fees.
Purchase/leasing of a new main depot or subdepots, likely to be in conjunction with other councils outside the Waverley LGA	Pending	Made necessary due to the need to vacate the current depot in Green Square which has been re-zoned residential.
Construction of a sub depots under Syd Einfeld Drive and in Hollywood Avenue Car Park	Completed	To provide more efficient service delivery, avoiding the need for storage of equipment and staff accommodation outside the LGA.
Conversion of under-utilised car parking space in Eastgate Car Park to office space	Pending	Optimising use of an asset currently yielding $0 (due to non-use of the car spaces), substantially improving recurrent returns and providing cost effective accommodation for staff.
Eastgate Car Park façade upgrade	Pending	To meet increased demand for streetscape improvement in Bondi Junction.
Works to upgrade Bondi Pavilion	In progress	To catch up with asset renewal backlog.
A new Customer Centre and offices in Bondi Junction	Completed	To accommodate staff and improve customer satisfaction.
Renovation of the Council Chambers to provide more efficient office space for staff	Completed	To improve utilisation of office space and facilitate better community access to Chamber facilities and Council meetings.

For estimates of the improved efficiency and return from assets as a result of reinvestment of realised capital on the above see Chapter 9 Section 9.2.4 below.

Components of *Service Plus* included in the Investment Strategy Layer are as follows. Costs shown are as per *Service Plus*. These costs have been updated for LTFP3.1 – see **Financial Table 1**.

	Service Plus Component Items in the Investment Strategy Layer Future Expenditure Items – Costs from 2010/11 to 2022 as shown in *Service Plus*	
	***Service Plus* Component 2**	**Cost to 2021/22**
2a	A new Waverley Pavilion	$14,598,195
	***Service Plus* Component 3**	**Cost to 2021/22**
3a	Bondi Pavilion works	$1,090,000
	***Service Plus* Component 5**	**Cost to 2021/22**
5b	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
	***Service Plus* Component 6**	**Cost to 2021/22**
6d	New child care / family day care / early learning centre	$15,783,309
	***Service Plus* Component 7**	**Cost to 2021/22**
7g	Depot/s within LGA for parks and street maintenance	$19,500,000
7h	Centralised depot outside LGA	$7,012,273
	***Service Plus* Component 8**	**Cost to 2021/22**
8b	Eastgate façade upgrade	$1,600,000

4.3 Financial Assumptions

The assumptions in the Investment Strategy Layer are as per the Base Layer, with the following alterations:

Investment Strategy Layer – Operating Income	
Rental income	That net positive yields from the rent of properties are returned to Council after capital and operating expenses have been met.
Investment income	That net positive yields on cash investments are returned to Council after capital and operating expenses have been met.

Investment Strategy Layer – Operating Expenditure	
Employee costs	That ongoing employee costs associated with creation of new capital remain in the layer.
Operating expenses	That ongoing operating costs associated with creation of new capital remain in the layer.

Investment Strategy Layer – Capital Income	
Asset sales	That property assets will be sold as per the *Investment Strategy 2007* (with the only property now remaining to be sold being the Works Depot at Waterloo).

Investment Strategy Layer – Capital Expenditure	
Capital works	That the capital works will be undertaken as per the ▪ Delivery Program 2010/13, with revisions ▪ SAMP3 (included in Base Layer) ▪ *Investment Strategy 2007*.
Asset	That property assets will be purchased as per the *Investment Strategy 2007*.
Investments	That new investments will be purchased as per the *Investment Strategy 2007*.

Note that rates do not form an income source for the Investment Strategy Layer and projects in this layer are not part of the special rates variation application.

Note: A new Investment Strategy will be developed over the next year to optimise future returns from other property holdings not covered by the *Investment Strategy 2007*. Results of that Strategy will be factored into future LTFPs to optimise funding sources for future works and investments not yet funded. They have not been factored into the current *Investment Strategy 2007* largely because, for various reasons, it was deemed during the preparation of *Investment Strategy 2007* that the optimum time to realise capital from these assets is some years off yet.

4.4 Financial Analysis and Result

The *Investment Strategy 2007* generates an improved financial result over the Base Layer, but only very slightly. After 2021/22 the created new capital in the Investment Strategy Layer begins to contribute significant improvements to the Base Layer. However, this is beyond the planning period of this LTFP.

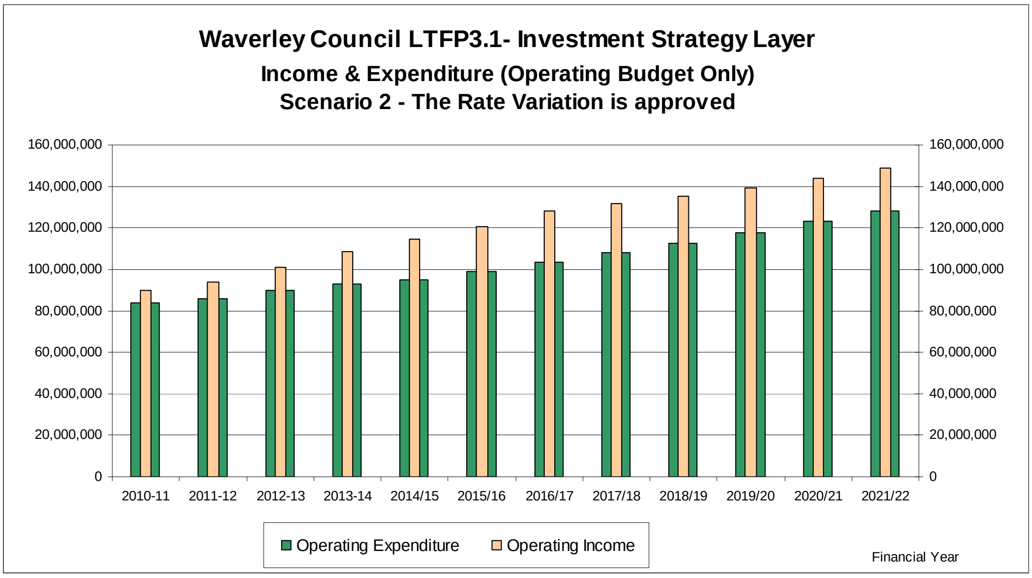
4.4.1 Scenario 1 – The LGCI Applies

In Scenario 1, where the LGCI applies, the addition of the Investment Strategy Layer improves the result of the Base Layer by $352,684. This brings the total shortfall for the Base and Investment Strategy Layers, without a rate rise, to $84,549,065.

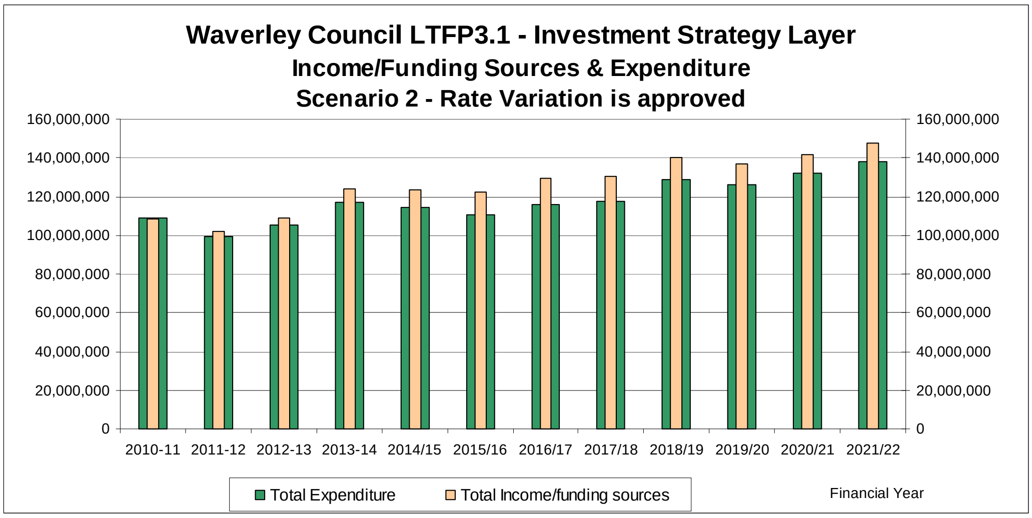
This means that during the period of LTFP3.1, the contribution of the Investment Strategy Layer, although positive, makes basically no difference to the results for the Base Layer shown in Section 3.3.1 above for Scenario 1 where the LGCI applies.

4.4.2 Scenario 2 – The Rate Variation is Approved

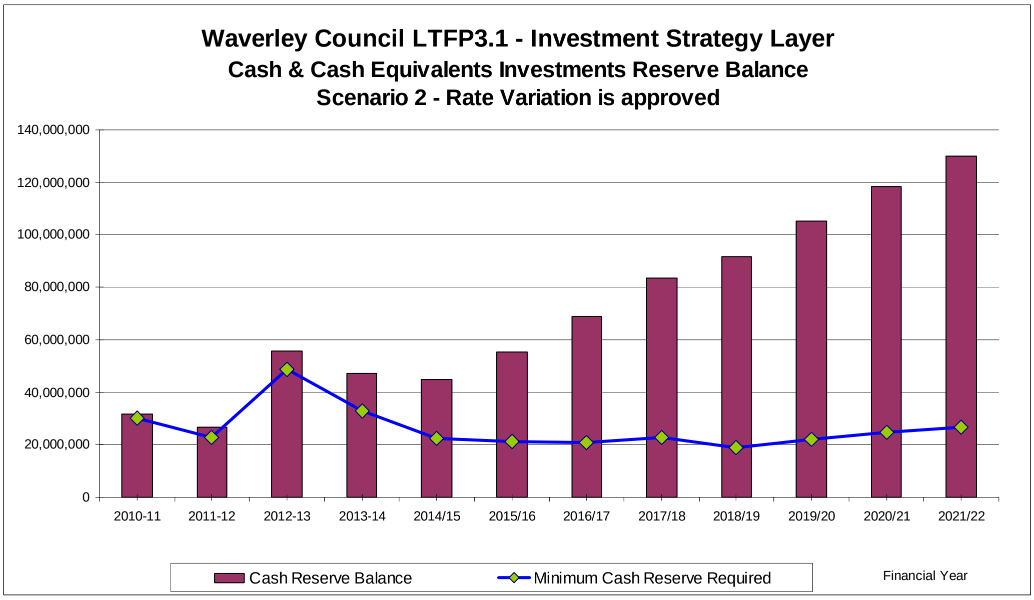
Results for the Investment Strategy Layer in Scenario 2, where the Rate Variation is approved are as follows. Throughout the 11 year plan period operating income is greater than operating expenditure.



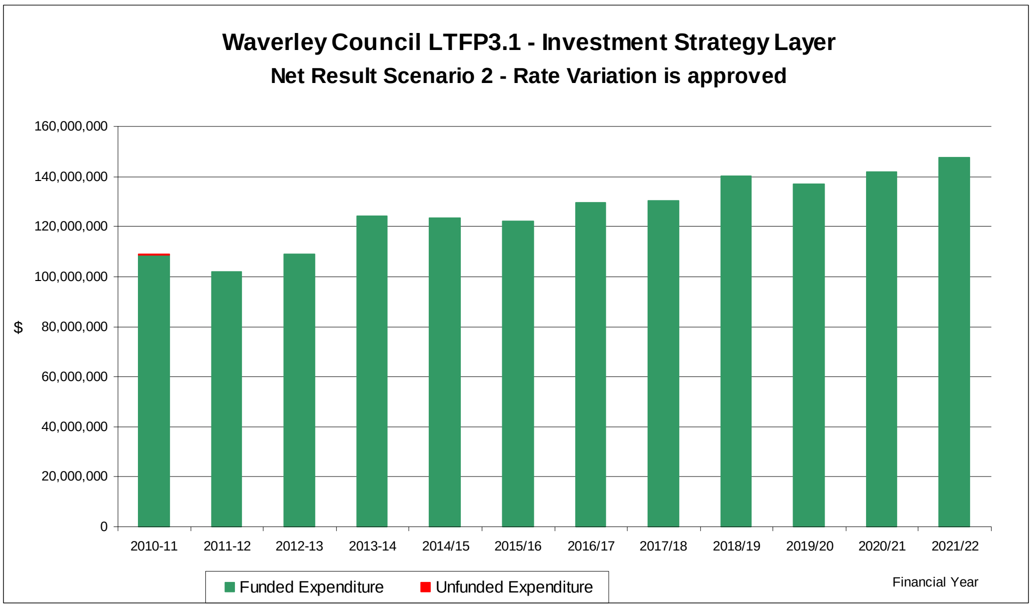
When the operating and capital projections are considered jointly, along with transfers to and from reserves and the repayment of loans, the total net result of the Base and Investment Strategy Layers is still favourable overall.



In Scenario 2 with the Investment Strategy Layer, Council doesn't drop below the level of cash reserves required under the Restrictions Policy. Sufficient reserves are retained for the capital and operational requirements of the full *Service Plus*.



When the operating and capital expenditures and transfers from unrestricted reserves are included, the addition of the Investment Strategy Layer in Scenario 2 results in unfunded expenditure of $188,917 in one year only, 2010/11 as shown in the following graph.



4.5 Opportunities and Threats

- **Property values:** The Investment Strategy Layer of the LTFP is heavily dependent upon the value of property. The recent international financial and economic crisis has added uncertainty to property values in NSW. During 2008/09 the value of Council's portfolio of investment properties reduced by $6.3 million or 5.3% having increased by $37.3 million or 46% during 2007/08. In 2009/10 it rose again by $3.3 million or 2.9%. Should volatility in the property market continue into the future, it will have significant implications for the financial outlook associated with the Investment Strategy Layer. The effect is most likely to be on the timing of investments on renewed infrastructure, buildings and services.

- **Eastgate Car Park**: As part of the *Investment Strategy 2007*, Council approved the conversion of part of the Eastgate Car Park to office space. The rents associated with this conversion are projected to result in significantly increased income to Council. Should Council change its policy regarding the Eastgate Car Park and not go ahead with the conversion proposal, it will have significant negative implications for the financial returns for Council.

- **Interest Rates:** As this layer includes the investment of cash for a financial return, it is particularly sensitive to changes in interest rates.

- **Rental Values:** As this layer includes the return of rent from investments in property assets, it is particularly sensitive to changes in rental values. It is also sensitive to changes in the commercial property market in Bondi Junction, and particularly the over or under supply of commercial properties for rent in the area.

- **Ongoing staff and asset maintenance costs:** As some of the investments in the Investment Strategy Layer necessitate staff increases and ongoing maintenance, changes in cost drivers for these items may have a significant effect on the net result of the Layer. This may to some extent be offset by changes in fees for services provided from these assets, but not entirely.

5. SUSTAINABLE ASSETS LAYER

5.1 Introduction

This layer incorporates the financial results of meeting adopted service standards for the maintenance of a wide range of Council assets as shown in **Appendix 3**. It is essentially based on the outcomes of the third iteration of the *Strategic Asset Management Plan 3*, SAMP3, an overview of which is given at Section 2.6. Expenditures in this Layer are the additional expenditures – over and above those for infrastructure in the Base Layer – that are necessary to meet the target service standards adopted in SAMP3 and *Waverley Together 2* for existing assets (see pages 42 and 43 of *Waverley Together 2* for a full listing of the targets or **Appendix 3**).

The following table provides a summary of the layers in which the costs for each asset category have been included.

Category	Asset Type	Comments
1	Roads	Costs as per SAMP3 incorporated into the Base Layer. No further top ups have been required in the Sustainable Assets Layer for this category of assets as a result of SAMP3 and consultation for *Waverley Together 2*. (This community consultation showed general satisfaction with the current standard being achieved for roads as long as the current level of investment is maintained.)
2	Footpaths	Costs as per SAMP3 incorporated into the Base Layer. Top ups required as a result of SAMP3 and *Waverley Together 2* have been included in the Sustainable Assets Layer. (This community consultation showed general dissatisfaction with the current standard being achieved for footpaths and suggested the current level of investment should be increased.)
3	Kerbs & Gutters	Costs as per SAMP3 incorporated into the Base Layer. No further top ups have been required in the Sustainable Assets Layer for this category of assets as a result of SAMP3 and consultation for *Waverley Together 2*. (This community consultation showed general satisfaction with the current standard being achieved for kerbs & gutters as long as the current level of investment is maintained.)
4	Stormwater Assets	First stage asset renewal costs as per SAMP3, which resolve flooding and drainage system capacity issues, incorporated into the Base Layer. Costs to resolve issues about the structural condition of drains, as per SAMP3 are included in this layer.
5	Buildings	Costs as per SAMP3 incorporated into the Base Layer. Top ups required as a result of SAMP3 and *Waverley Together 2* have been included in the Capital Enhancements Layer.

Category	Asset Type	Comments
6	Urban Open Spaces & Malls	This asset category will be included as part of SAMP4. Some provisions for the renewal of assets in this category have been included in subsequent layers of the LTFP. Top ups required as a result of SAMP3 and *Waverley Together 2* have been included in the Capital Enhancements Layer.
7	Coastal & Retaining Infrastructure	Costs as per SAMP3 have been included in this layer. Top ups required as a result of SAMP3 and *Waverley Together 2* have been included in the Capital Enhancements Layer.
8	Parks Assets	Costs as per SAMP3 have been included in this layer. Top ups required as a result of SAMP3 and *Waverley Together 2* have been included in the Capital Enhancements Layer.
9	Cemeteries	Costs as per SAMP3 have been included in this layer. Top ups required as a result of SAMP3 and *Waverley Together 2* have been included in the Capital Enhancements Layer.
10	Parking Infrastructure	Included in the Base Layer.
11	Street Trees	Funding for 200 trees per annum is included in the Base Layer. Top ups required as a result of SAMP3 and *Waverley Together 2* are included in this layer.
12	Other Infrastructure	Costs as per SAMP3 have been included in this layer. Costs for a small range of miscellaneous items such as sculptures and monuments are to be included in SAMP4 and are not funded as at LTFP3.1.
13	Plant & Equipment	Included in the Base Layer. A revision of the Plant & Equipment Replacement Schedule is to be included in SAMP4.
14	Information Technology	Included in Base Layer. This asset category will be included as part of SAMP4.

Components of *Service Plus* included in the Sustainable Assets Layer are as follows. Costs shown are as per *Service Plus*. These costs have been updated for LTFP3.1 – see **Financial Table 1**.

	Service Plus Component Items in the Sustainable Assets Layer Future Expenditure Items – Costs from 2010/11 to 2022 as shown in *Service Plus*	
	***Service Plus* Component 4**	**Cost to 2021/22**
4a	10% increase in proportion of footpaths kept in top condition	$3,683,634
4c	Retaining walls backlog renewals	$4,823,895
4d	Parks infrastructure backlog renewals	$8,105,024
4e	Cemetery infrastructure backlog renewals	$7,355,261
4f	Stairs, fences bus shelters backlog renewals	$513,315
4g	Build reserves to deal with planned renewals & expected failures in stormwater drainage systems	$8,669,150
	***Service Plus* Component 7**	**Cost to 2021/22**
7a	Parks landscapes upgrades	$1,305,599
7f	Street trees improved	$1,305,599

5.2 Value Added by the Sustainable Assets Layer

Value added by these programs is substantial. The above top ups, when added to Base Layer funding (assuming this can be maintained), provide benefits that help ensure achievement of *Waverley Together 2* targets for sustainable assets. These benefits include:

- a 10% increase in proportion of paths in Condition 1 and 2 (reaches 80% by 2021/22) for a top up on the Base Layer of approximately $3.7 million;
- provides an adequate reserve to deal with stormwater renewals (so both flooding and structures are covered with sufficient provisions by 2017/18) for a top up on the Base Layer of approximately $8 million (which is substantially less than estimates published before the asset condition studies for SAMP3) then smaller top ups to maintain;
- the retaining walls backlog resolved for a top up on the Base Layer of approximately $4.8 million;
- the parks infrastructure backlog resolved for a top up on the Base Layer of approximately $7.4 million, then smaller top ups to maintain;
- the parks landscapes improved for a top up on the Base Layer of approximately $1.3 million;
- Waverley Cemetery infrastructure backlog resolved for a top up on the Base Layer of approximately $7 million (as long as business plans funded for the Cemetery in other Layers can be implemented) then smaller top ups to maintain;
- street trees improved for a top up on the Base Layer of approximately $1.3 million; and
- safety and access infrastructure - stairs, fences, and bus shelters - backlog resolved for a top up on the Base Layer of approximately $400,000, then smaller top ups to maintain.

5.3 Financial Assumptions

The assumptions in the Sustainable Assets Layer are as per the Base and Investment Strategy Layers, with the following alterations:

Sustainable Assets Layer – Capital Expenditure	
Capital Works	That the capital works will be undertaken as per the: ▪ Delivery Program 2010/13, with revisions ▪ *Investment Strategy 2007* ▪ SAMP3.

5.4 Financial Analysis and Result

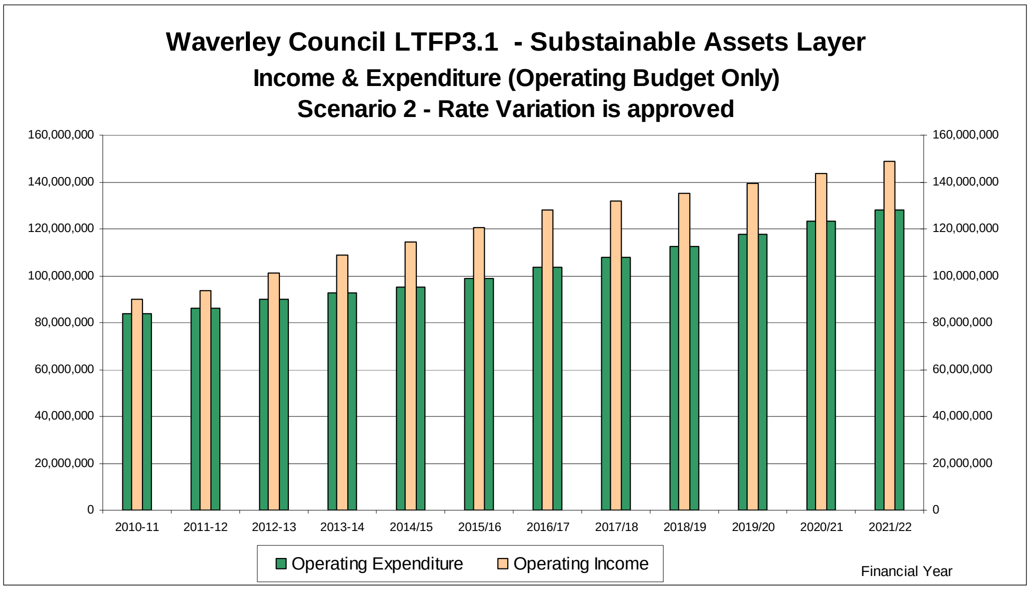
The Sustainable Assets Layer results in a significantly deteriorated financial result for Council if the Rate Variation is not approved. This result is due to the need for expenditure on asset renewal of $35 million in this layer, additional to asset expenditures in prior layers, if we are to meet the targets of *Waverley Together 2*.

5.4.1 Scenario 1 – The LGCI Applies

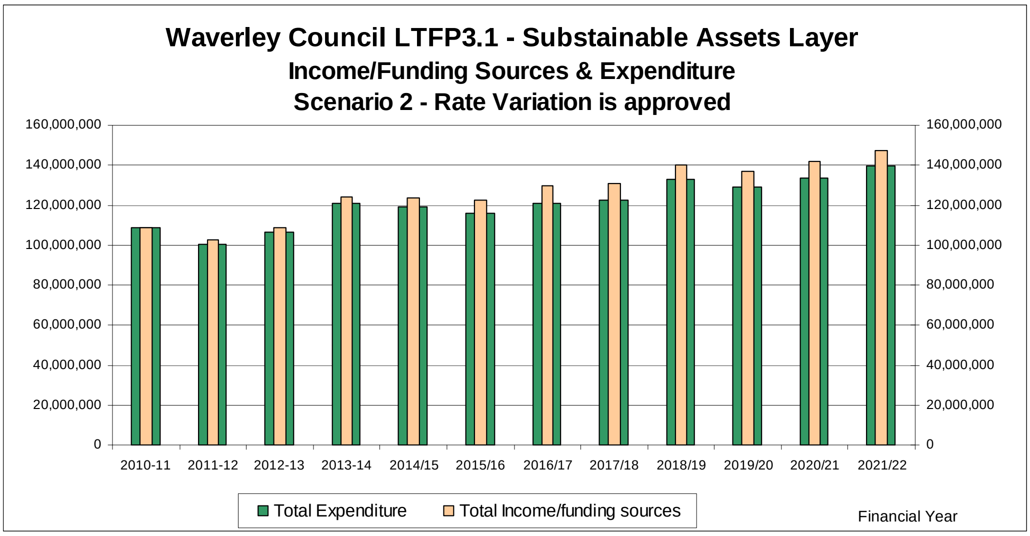
In Scenario 1, where the LGCI applies, the addition of the Sustainable Assets Layer worsens the combined results of the Base and Investment Strategy Layers by $35 million. This brings the total shortfall for the Base, Investment Strategy and Sustainable Assets Layers, without a rate rise, to $119,563,520.

5.4.2 Scenario 2 – The Rate Variation is Approved

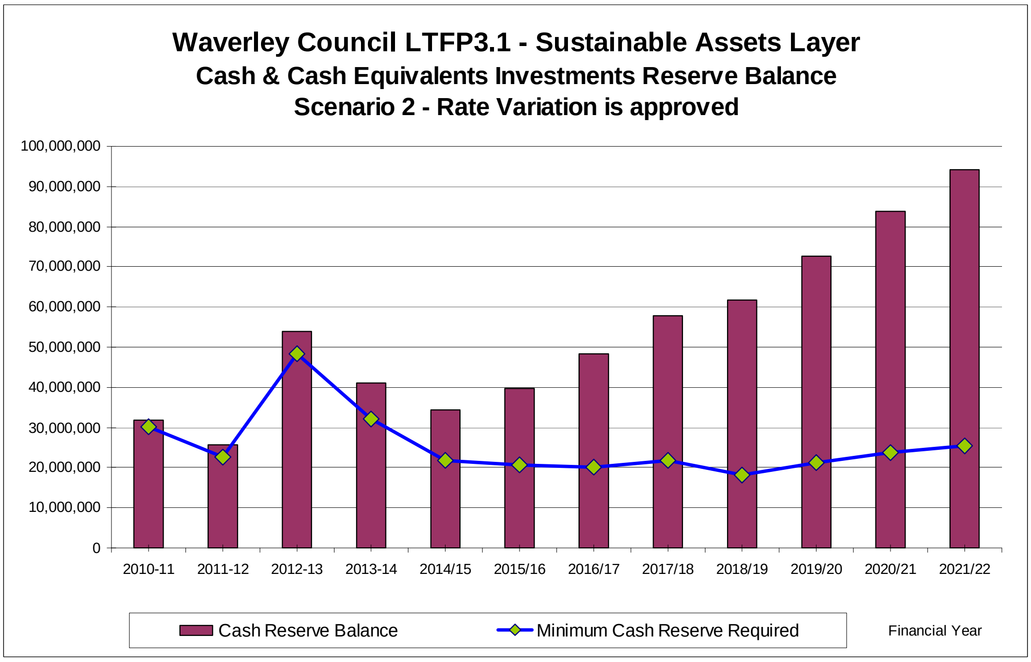
Results for the Sustainable Assets Layer in Scenario 2, where the Rate Variation is approved are as follows. Throughout the 11 year planning period to 2021/22 operating income is greater than operating expenditure.



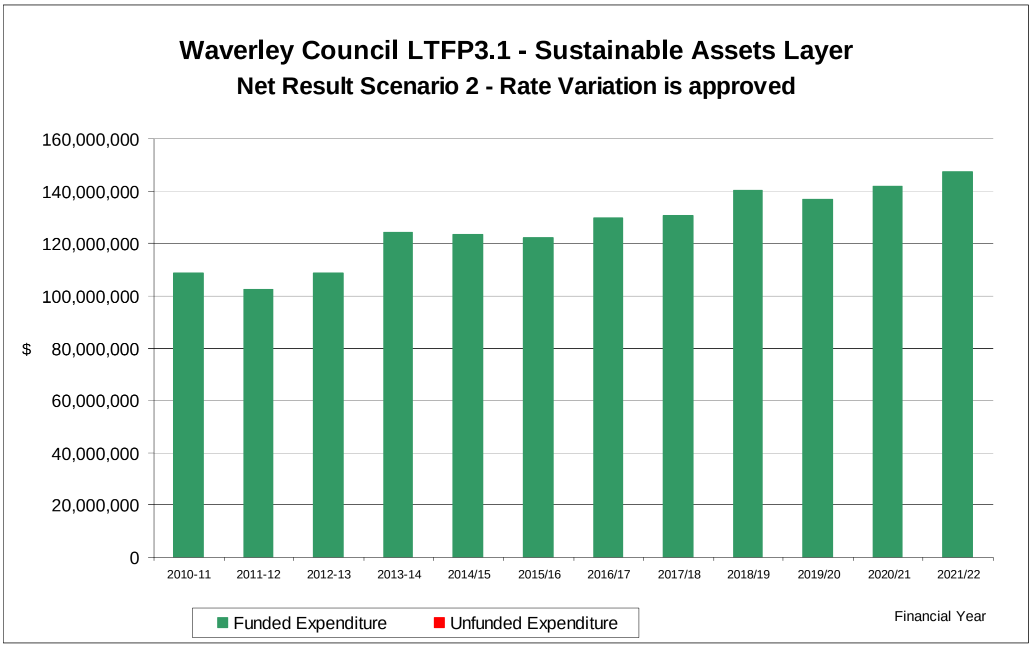
When the operating and capital projections are considered jointly, along with transfers to and from reserves and the repayment of loans, the total net result of the combined Base, Investment Strategy and Sustainable Assets Layers is still favourable overall.



In Scenario 2 with the Sustainable Assets Layer, Council doesn't drop below the level of cash reserves required under the Restrictions Policy. Sufficient reserves are retained for the capital and operational requirements of the full *Service Plus*.



When the operating and capital expenditures and transfers from unrestricted reserves are included, the addition of the Sustainable Assets Layer in Scenario 2 results in unfunded expenditure of $188,917 in one year only, 2010/11. This hardly registers on this graph but it is actually there.



5.5 Opportunities and Threats

- **Methodology for assessing costs to renew stormwater drainage:** Council's Sustainable Assets Management Unit has used CCTV inspection of critical sections of the drainage system to extrapolate a conservative estimate of the cost to bring drainage to an acceptable service level. In the survey for SAMP3 we have opted to survey approximately 8% of the length of drainage. A different section of the drainage network will be surveyed every 4 years thereafter. The decision on the length of drain to be surveyed has been taken in a risk based framework and the design of the assessment program is considered to be statistically valid. However, extrapolations of this kind may not, of course, reflect the reality. Council is reasonably confident that the provision for stormwater asset renewal in the Sustainable Assets Layer is adequate and indeed it represents a marked increase on expenditure patterns to date. But there will be a margin of error – probably a small one. A larger margin of error may arise if multiple uncontrollable collapses occur within the same ten year period. Costs associated with this will be significant if the affected drains undermine developed property. Third party liability insurance is in place for damage arising from this but costs for infrastructure repair may not necessarily be covered by this.

- **Timing and depth of asset condition surveys:** Asset condition surveys are conducted in varying degrees of depth in a cycle as set out in SAMP3. It is expected that detailed asset condition surveys may reveal faster deterioration in assets than is projected in SAMP3 due to things like tree root disturbance of footpaths or the proximity of assets that may be subject to corrosion or biodegradation to particularly harsh salt air environments prevalent in Waverley. Asset conditions surveys are done to keep pace with this as much as possible but the pace of deterioration can outstrip the assessment interval. If so, costs for renewal of deteriorated assets may be understated.

- **Funding for asset condition surveys:** Asset condition surveys are required at regular intervals to enable Council to report on performance against targeted service levels for assets as adopted in *Waverley Together 2*. Due to budgetary constraints some funding for the necessary surveys has recently been delayed. Should this funding not be replaced we will be unable to report fully on asset condition and performance against targets. This will introduce uncertainties for future long term financial planning.

- **Interest Rates:** As this layer may incorporate the borrowing of monies for capital works, it is particularly sensitive to changes in interest rates. Interest rates at or above 8% will make debt financing for infrastructure renewal unviable.

6. SUSTAINABLE ENVIRONMENT LAYER

6.1 Introduction

This layer reflects the financial impact of increasing the levels of service in environmental management throughout Waverley. Presently Waverley Council has an environmental levy which concludes in June 2011. From 2011/12 it is assumed that the existing level of environmental services is incorporated into the Base Layer. The Sustainable Environment Layer shows the top up required to deliver programs that have been developed from the community consultation for *Waverley Together 2*. These programs are detailed in *Environmental Action Plan* 2 (EAP2), which is outlined at Section 2.7.

The following table provides a summary of the high level programs which the Sustainable Environment Layer will help fund.

Program Area	Comments
Greenhouse Gas Emissions	Top up net costs of $10.6 million are included in the Sustainable Environment Layer (in addition to Base Layer costs) for greenhouse gas emission reduction and climate change adaptation programs.
Water	Top up net costs of $3 million are included in the Sustainable Environment Layer (in addition to Base Layer costs) for water efficiency and quality improvement programs.
Waste	No top costs are required in this Layer for waste management. Funding required under EAP2 for waste management and related environmental projects is provided in the Base Layer and is largely offset by Domestic Waste contributions.
Biodiversity	Top up costs of $7.2 million are included in the Sustainable Environment Layer (in addition to Base Layer costs) for biodiversity conservation and improvement programs.
Education & Engagement	Top up costs of $32,256 are included in the Sustainable Environment Layer (in addition to Base Layer costs) for environmental educations programs.

Components of *Service Plus* included in the Sustainable Environment Layer are as follows. Costs shown are as per *Service Plus*. These costs have been updated for LTFP3.1 – see **Financial Table 1**.

Service Plus* Component Items in the Sustainable Environment Layer Future Expenditure Items – Costs from 2010/11 to 2022 as shown in *Service Plus		
	***Service Plus* Component 10**	**Cost to 2021/22**
10a	Council buildings meet greenhouse reduction targets (more than offset by energy savings)	$670,371
10b	Street lighting luminaires retrofitted	$246,133
10c	Other greenhouse – climate change adaptation	$101,023
10d	Other greenhouse – community targets, brokering retrofits / decentralised energy	$3,799,796
10e	Other greenhouse – general	$3,501,429
10f	Other greenhouse – transport (including bike paths)	$3,539,942
10g	Waste targets – community	$45,000

Service Plus Component Items in the Sustainable Environment Layer Future Expenditure Items – Costs from 2010/11 to 2022 as shown in Service Plus		
	***Service Plus* Component 11**	**Cost to 2021/22**
11a	Water efficiency improvements on Council assets	$1,637,775
11b	Water efficiency improvements by the community	$1,969,299
11c	Flora and fauna enhancement	$7,276,615
11d	Water quality improvements	$92,290
11e	Environmental education	$37,256

6.2 Value Added by the Sustainable Environment Layer

Value added by these programs is substantial. The above top ups when added to Base Layer funding (assuming this can be maintained) provide benefits that meet *Waverley Together 2* targets for sustainable assets such as:

- Council buildings will meet greenhouse emission reduction targets for a capital top up of $670,000. However, this results in energy bill saving which mean that this program is net positive to council by $549,000.
- Street light fittings can be replaced for a further $246,000 which will further assist in meeting greenhouse gas reduction targets.
- Completing both of the above could reap a saving of approximately $1.2 million by 2021/22 in reduced energy consumption, depending on the price of energy (this saving has been included in the costs for the Sustainable Environment Layer as an offset for capital being expended on greenhouse gas reduction initiatives).
- Other greenhouse benefits included in the total $10.6 million top up for greenhouse:
  - some adaptation to climate change,
  - a shift to more active transport, and
  - brokering for retrofits and alternative/decentralised energy supply.
- Water efficiency improvements on Council assets can be achieved for a $1.6 million top up on the Base Layer. However, this likewise leads to savings on water bills of $700,000 by 2022.
- Water efficiency improvements by the community can be achieved for $1.9 million top up on the Base Layer.
- Water quality improvements can be met for a $90,000 top up on the Base Layer.
- Flora and fauna targets in *Waverley Together 2* can be met for a top up of $7.3 million.

If partnerships with the community, business and other levels of government are successfully established it is likely that the combination of funding in the Base and Sustainable Environment Layers would significantly improve environmental sustainability in Waverley. It would at least place the Waverley LGA on a firm course toward achievement of targets set in Directions E1 to E8 in *Waverley Together 2*.

6.3 Financial Assumptions

The assumptions in the Sustainable Environment Layer are as per the Base, Investment Strategy and Sustainable Assets Layers, with the following alterations:

Sustainable Environment Layer – Operating Income	
Environmental Special Rate	That the existing environmental special rate will cease on 30 June 2011. That the State Government policy of rate capping will continue.
Domestic Waste	That income from the Domestic Waste Charge will be applied to the extent applicable in order to offset greenhouse gas effects from the disposal of domestic waste to landfill.

Sustainable Environment Layer – Operating Expenditure	
Greenhouse program costs	Program operational costs from EAP2, not covered by the Base Layer funding are fully applied in the Sustainable Environment Layer.
Water program costs	Program operational costs from EAP2, not covered by the Base Layer funding are fully applied in the Sustainable Environment Layer.
Biodiversity program costs	Program operational costs from EAP2, not covered by the Base Layer funding are fully applied in the Sustainable Environment Layer.
Education and engagement costs	Program operational costs from EAP2, not covered by the Base Layer funding are fully applied in the Sustainable Environment Layer.

Sustainable Environment Layer – Capital Income	
Grants and contributions	That various new operations activities as they arise may be funded in whole or part by grants.

Sustainable Environment Layer – Capital Expenditure	
Capital works	That the capital works will be undertaken as per the: ▪ Delivery Program 2010/13, with revisions ▪ *Investment Strategy 2007* ▪ SAMP3 ▪ EAP2
Greenhouse program costs	Program capital costs from EAP2, not covered by the Base Layer funding are fully applied in the Sustainable Environment Layer.
Water program costs	Program capital costs from EAP2, not covered by the Base Layer funding are fully applied in the Sustainable Environment Layer.
Biodiversity program costs	Program capital costs from EAP2, not covered by the Base Layer funding are fully applied in the Sustainable Environment Layer.

6.4 Financial Analysis and Result

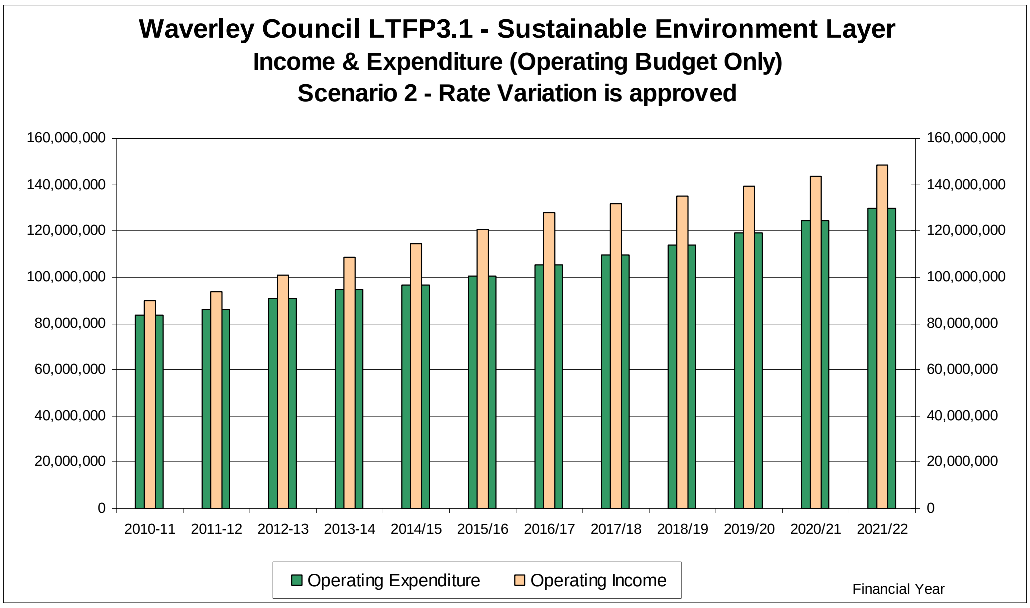
The Sustainable Environment Layer results in a significantly deteriorated financial result for Council if the Rate Variation is not approved. This result is due to the need for expenditure on environmental programs of $20.2 million in this layer, additional to expenditures in prior layers, if we are to meet the targets of *Waverley Together 2*.

6.4.1 Scenario 1 – The LGCI Applies

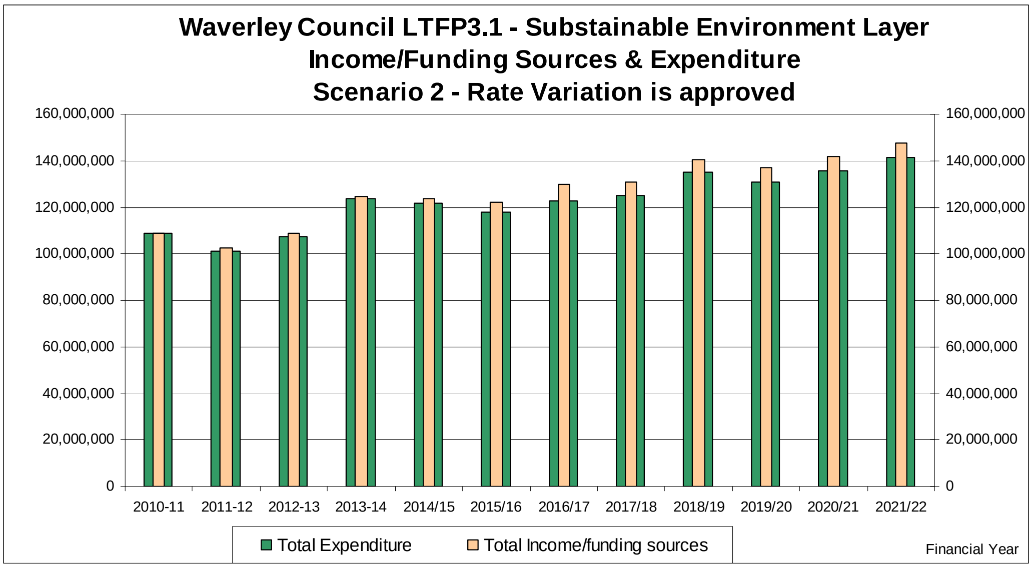
In Scenario 1, where the LGCI applies, the addition of the Sustainable Environment Layer worsens the combined results of the Base, Investment Strategy and Sustainable Assets Layers by $20.2 million. This brings the total shortfall for the Base, Investment Strategy, Sustainable Assets and Sustainable Environment Layers, without a rate rise, to $139,766,257.

6.4.2 Scenario 2 – The Rate Variation is Approved

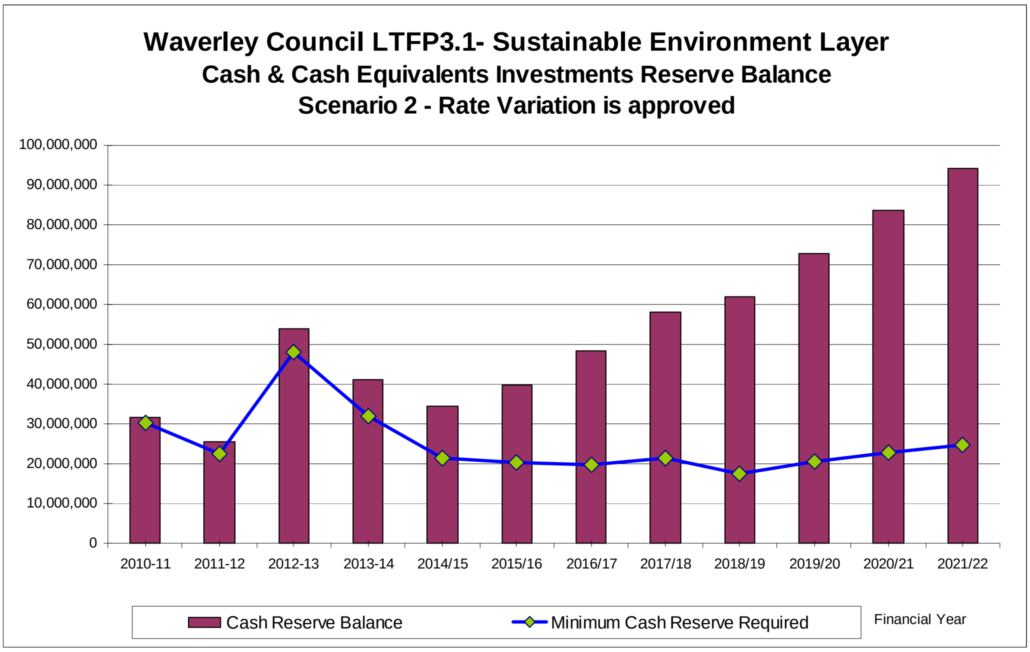
Results for the Sustainable Environment Layer in Scenario 2, where the Rate Variation is approved are as follows. Throughout the 11 year planning period to 2021/22 operating income is greater than operating expenditure.



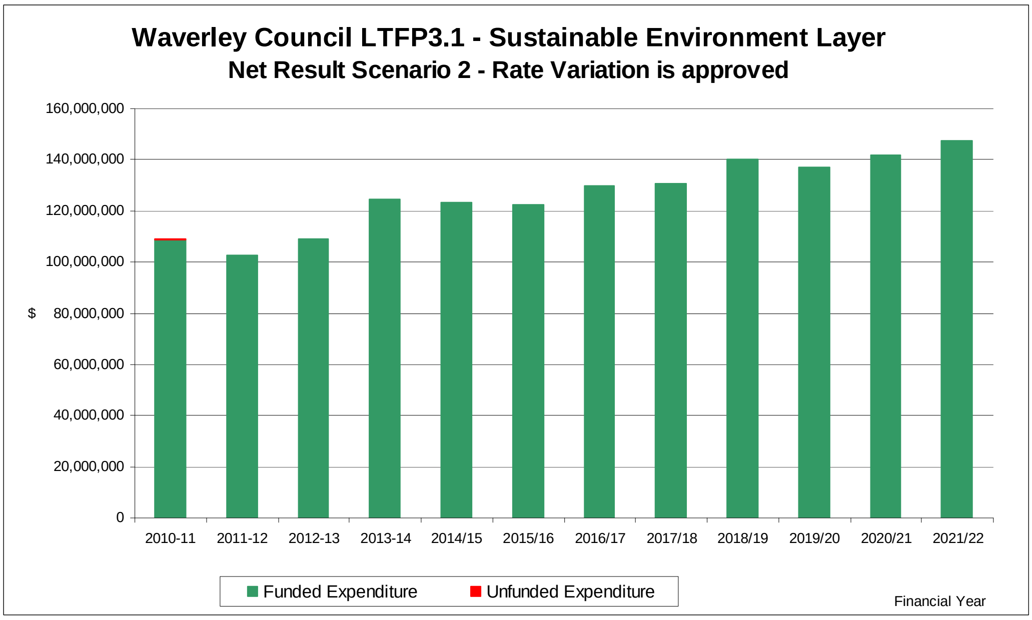
When the operating and capital projections are considered jointly, along with transfers to and from reserves and the repayment of loans, the total net result of the Base, Investment Strategy, Sustainable Assets and Sustainable Environment Layers is still favourable overall.



In Scenario 2 with the Sustainable Environment Layer, Council doesn't drop below the level of cash reserves required under the Restrictions Policy. Sufficient reserves are retained for the capital and operational requirements of the full *Service Plus*.



When the operating and capital expenditures and transfers from unrestricted reserves are included, the addition of the Sustainable Environment Layer in Scenario 2 results in unfunded expenditure of $188,917 in one year only, 2010/11. This hardly registers on this graph but it is actually there.



6.5 Opportunities and Threats

- **State and Federal Government policy on carbon emissions:** At present Australia, like much of the world, is considering a wide variety of initiatives to reduce the country's carbon emissions. The implementation of greenhouse gas reduction initiatives (such as emissions trading schemes, carbon pollution trading taxes or charges for discharge of waste to landfill) at a Federal and/or State Government level will have significant implications for this layer of the Long Term Financial Strategy. Depending on the price of carbon these impacts can be positive or negative in terms of financial outcomes for Council, possibly to a reasonably significant degree.

- **Institutional barriers:** The erection or maintenance of institutional barriers to greenhouse gas reduction and energy efficiency programs will also have significant, and negative, implications for this layer, not to mention the seriously negative effect this would have on QBL outcomes.

7. OPERATIONAL ENHANCEMENTS LAYER

7.1 Introduction

This layer shows the financial results of increased levels of service in Council operations arising from:

- *Waverley Together 2*,
- *Workforce Plan 2010-2014*, and
- identification of future business opportunities.

The following table provides a summary of the high level programs included in the Operational Enhancements Layer.

Program Area	Comments
Green space maintenance and streetscape cleaning	Consultation for *Waverley Together 2* showed intense demand for cleaner urban spaces, streetscape beautification and greening, and graffiti removal and dumped rubbish removal. Budget top ups of over $8 million for staff, supplies and equipment are included in the Operational Enhancements Layer for this program. This layer does not count costs for additional Bush Care workers. These are included in the Sustainable Environment Layer.
Community support for the aged, disabled and disadvantaged	Surveys for *Waverley Together 2* showed that there is increasing demand for access to services by the community to prevent the social isolation that comes with ageing and/or lack of mobility. The Operational Enhancements Layer includes funding for a second person at our Seniors Centre and an additional outreach worker.
Place management	In densely populated areas like Waverley, access to public open space and the community cohesion that comes from being able to meet and shop in these places is vital. Place Management brings together economic development, events management, space planning and maintenance, visitor management, regulation, targeted tenancy, and place branding and marketing to keep urban centres and villages at a standard capable of meeting the increasing demand for access to safe and vibrant spaces. *Waverley Together 2* consultation showed the need for Place Management as an ongoing service assisting us to achieve the targets of at least 8 of our “Top 12 Focus Areas” over the next 11 years. Ongoing costs for small staff increases in Place Management are included in the Operational Enhancements Layer.
Development approval processing	*Waverley Together 2* and other customer surveys show demand for more efficient processing of Development Applications and easier tracking of progress of a DA by customers. A budget top up of approximately $2.6 million for this program is included in the Operational Enhancements Layer.

Program Area	Comments
Corporate governance, communications & integrated long term planning	*Waverley Together 2* consultation showed that there is a strong demand for long term planning that in the community's view is currently not being met. It also showed demand for: ▪ more feedback about what Council is doing, ▪ improved recognition of how money is being spent, and ▪ improved opportunities for engagement in open and ethical decision making processes. Additionally, other levels of government have engaged in substantial cost shifting to local government. In Waverley's case, over $6 million of net ongoing costs are being incurred per annum from cost burdens that have been shifted to Council as at 2009/10. This has ongoing "multiplier" cost ramifications including needs for improved information and records management and improved internal audit and compliance. A conservative estimate of ongoing costs for staff increases in integrated planning, audit, records management, Governance, IT, financial management and communications is included in this Layer.
Regulatory compliance	Calls for attendance by Rangers at a variety of places in the LGA are constantly on the increase to resolve neighbourhood disturbances, anti-social behaviour, crowd management, pollution incidents, dumped rubbish, dogs off leash, smoking or drinking in open spaces and management of the homeless. The Operational Enhancements Layer includes funding for additional staff resources in regulatory compliance.
Traffic and transport management	*Waverley Together 2* showed that Waverley residents are particularly aggravated by increasing congestion on our roads. Efficiency of traffic flow is vital to improving this problem. There is a substantial backlog of works and requests for services in traffic planning and management at Waverley, with somewhere in the vicinity of 100 resolutions adopted by the Traffic Committee currently remaining unimplemented because of lack of funds and staff. Demand for access to major business centres via alternative transport is also increasing, some of which could be funded by developer contributions. The Operational Enhancements Layer includes funding for an additional staff resource in traffic and transport planning and management.

Program Area	Comments
Cemetery services	At 16 hectares, Waverley Cemetery is Waverley's largest open space. It has been providing burial and interment services for over 130 years. It has to date been operating entirely as a self-funding commercial operation and provides a valuable service to enable people who live in Waverley and beyond to remember and maintain their connection with those they have lost. The Cemetery is also the most remarkable historical atlas of our cultural heritage with strikingly beautiful monuments to 80,000 people, including some of the most famous Australians, perched in a magnificent and restful location. The Cemetery's capacity to support itself is fading due to the dwindling supply of vacant grave sites which are expected to run out in 10 years or less depending on the pace of sales. It has a massive backlog of necessary infrastructure renewal works, the total cost of which on its own equals the cost of backlog infrastructure renewal works for every other park in Waverley combined. Options to branch out into the funeral business, rather than just provide grave space, have been considered and these have potential to resolve much of this issue, so that the Cemetery will be able to continue to provide its highly valuable services for another 130 years without imposition of costs on Waverley ratepayers. Costs for entry into the funeral business have been modelled and that indicates that, based on very conservative projections of income, net results are financially positive from 2015/16 onwards. A conservative projection of costs and income from a potential funeral business in Waverley Cemetery has been included in the Operational Enhancements Layer.

Components of *Service Plus* included in the Operational Enhancements Layer are as follows. Costs shown are as per *Service Plus*. These costs have been updated for LTFP3.1 – see **Financial Table 1**.

Service Plus* Component Items in the Operational Enhancements Layer Future Expenditure Items – Costs from 2010/11 to 2022 as shown in *Service Plus		
	***Service Plus* Component 5**	**Cost to 2021/22**
5a	Traffic Engineer x 1	$1,293,115
	***Service Plus* Component 6**	**Cost to 2021/22**
6a	2nd person at Seniors' Centre	$873,629
6b	Outreach Worker x 1	$808,615
6f	Cemetery funeral services (self funded by income from operation of a funeral business)	$20,709,539
	***Service Plus* Component 7**	**Cost to 2021/22**
7a	Extra landscape maintenance - plants & materials	$3,832,820
7b	Three extra gardeners	$3,054,282
7c	Extra tree maintenance	$680,191
7e	Increased graffiti removal	$652,800
7f	Tree Compliance Officer x 1	$968,295
	***Service Plus* Component 9**	**Cost to 2021/22**
9a	Two extra Rangers	$2,545,235

Service Plus Component Items in the Operational Enhancements Layer Future Expenditure Items – Costs from 2010/11 to 2022 as shown in *Service Plus*		
	***Service Plus* Component 12**	**Cost to 2021/22**
12a	2IC Computer Services x 1, Computer support x 1	$2,377,281
12b	Governance and integrated planning x 1	$863,476
12c	Support for BJ and BB Place Managers x 2	$1,617,229
12d	Senior Records officer x 1, Records officers x 2	$3,080,336
12e	Records compliance hardware and software	$33,000
12f	Financial Accounting x 1	$1,057,453
12g	ePlanning x 1, ePlanning x 1	$2,602,152
12h	ePlanning hardware and software	$98,660

7.2 Value Added by the Operational Enhancements Layer

Value added by these programs is substantial. The above top ups when added to Base Layer funding (assuming this can be maintained) provide benefits that meet *Waverley Together 2* targets for sustainable QBL operations such as:

- **Landscape maintenance intervals** can be more frequent, i.e., they can be restored to the frequencies of five years ago, before the creation of increased green spaces and tree cover under Council's "Looking Good" Program, for a top up of approximately $5.6 million to 2021/22.
- **Graffiti removal response times** can be improved for a top up of $650,000.
- **E-planning** and more efficient development approval processing can be implemented for approximately $2.6 million (E-planning, despite its automated "look", is a deceptively staff hungry enhancement).
- In **corporate support services** an approximate 5% increase in equivalent full time staff resources, progressively increasing staff numbers slowly over 11 years would deliver substantial benefits at a cost of approximately $6.6 million in the areas of:
  - information and records management,
  - communications, web management and IT,
  - accounting and cost management,
  - good governance and ethical conduct,
  - access to decision making processes,
  - compliance with integrated planning and reporting legislative requirements and provision of excellence in community strategic planning.
- **Traffic congestion** could be reduced with additional staff for approximately $1.3 million over 11 years.
- **Services for the aged, disabled and disadvantaged** – A small increase in staff numbers (4) for initiatives in Place Management, Seniors Centre support and Outreach Services could be achieved for approximately $2.5 million by 2021/22 providing increased services to prevent social isolation.
- **Regulatory services** – Improved response times throughout the year to calls for assistance by Rangers would be achieved for an additional cost of about $2.5 million over 11 years.
- **Cemetery services** can be continued indefinitely with a zero dollar ($0) cost to Council or ratepayers. However, funds for backlog infrastructure renewal works would still need to be provided. The cost of this backlog is $7.1 million over 8 years, which has been reflected in the Sustainable Assets Layer, presumably to be entirely funded by Council/ratepayers unless business models are chosen which reduce the need for this assistance from Council. Income that could eventually offset up to $1.5 million of the Cemetery infrastructure backlog may become available in the last years of the decade if sales of niches in a new perimeter fence can be arranged. But this would require loan funding to the Cemetery and would be dependent on community support for fencing and access options.

7.3 Financial Assumptions

The assumptions in the Operational Enhancements Layer are as per the Base, Investment Strategy, Sustainable Assets and Sustainable Environment Layers, with the following alterations:

Operational Enhancements Layer – Operating Income	
Business income – Cemetery	That a new cemetery funeral business will be established with a pavilion, capable as a minimum of producing positive marginal returns above current returns by 2017/18, and remaining positive thereafter.

Operational Enhancements Layer – Operating Expenditure	
Employee and operational costs	That there will be an increase in services and costs in: ▪ IT - Assistant Manager and support person (2) ▪ Seniors' Centre support (1) ▪ Outreach worker (1) ▪ Gardeners (3) ▪ Tree maintenance and tree compliance (2) ▪ Support for the Place Managers (1) ▪ E-planning (2) ▪ Records compliance (2) ▪ Rangers (2) ▪ Traffic technician (1) ▪ Accounting services (1) ▪ Community & corporate planning / governance support (1) The above list does not count staff paid for by establishment of viable business operations or costed into other layers, eg.: ▪ Waverley Pavilion staff (Investment Strategy Layer) ▪ Child Care Centre Staff (Investment Strategy Layer) ▪ Funeral Business Staff (offset by income assumed for the Cemetery in the Operational Enhancements Layer) ▪ Bush Care / Biodiversity / Weed and Pest Management Staff (Sustainable Environment Layer)

7.4 Financial Analysis and Result

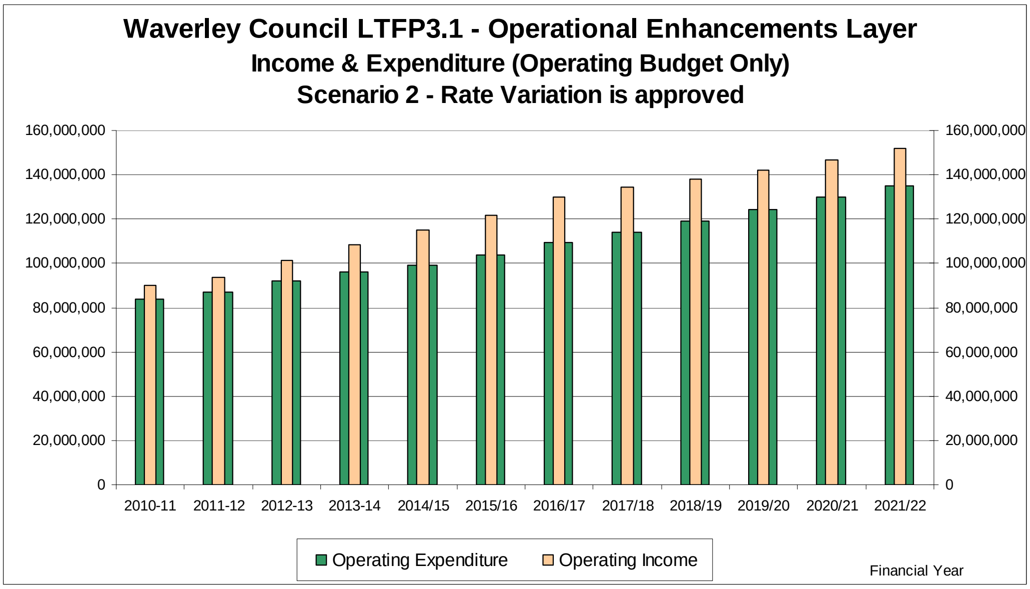
The Operational Enhancements Layer results in a significantly deteriorated financial result for Council if the Rate Variation is not approved. This result is due to the need for operational expenditure of $22.9 million in this layer, additional to operational expenditures in prior layers, if we are to meet the targets of *Waverley Together 2*.

7.4.1 Scenario 1 – The LGCI Applies

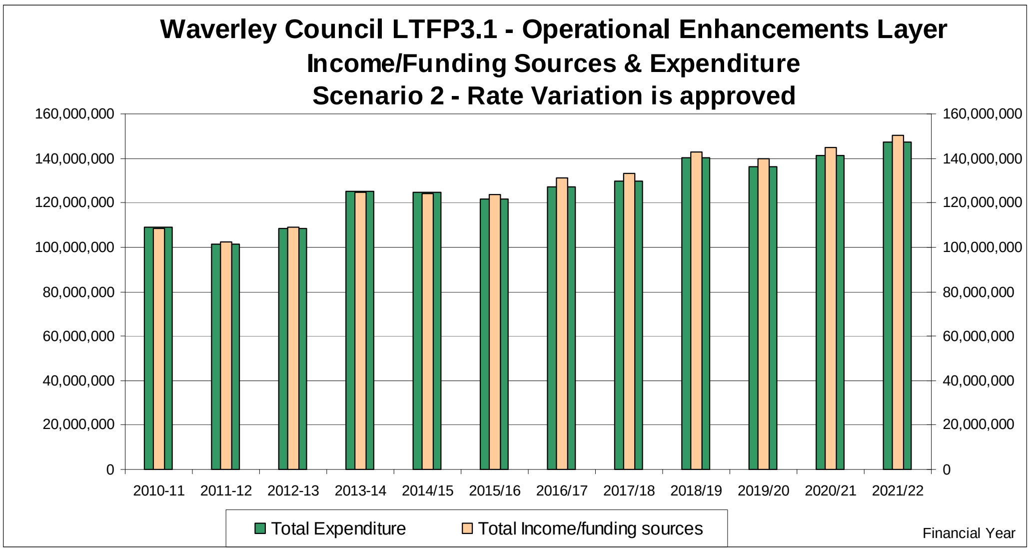
In Scenario 1, where the LGCI applies, the addition of the Operational Enhancements Layer worsens the combined results of the Base, Investment Strategy, Sustainable Assets and Sustainable Environment Layers by $22.9 million. This brings the total shortfall for the Base, Investment Strategy, Sustainable Assets, Sustainable Environment and Operational Enhancements Layers, without a rate rise, to $162,705,066.

7.4.2 Scenario 2 – The Rate Variation is Approved

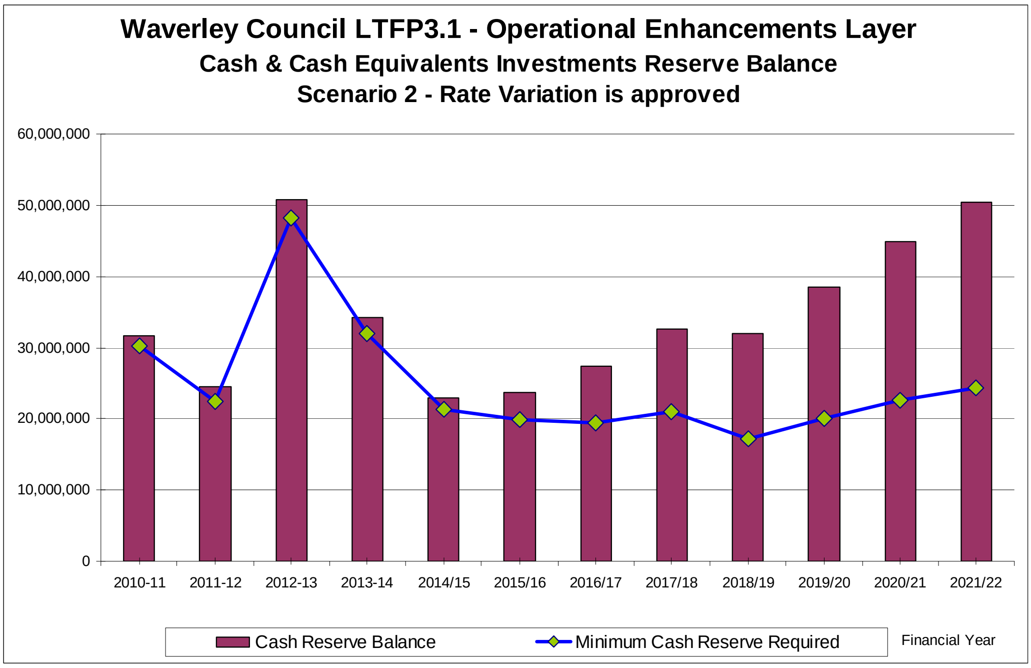
Results for the Operational Enhancements Layer in Scenario 2, where the Rate Variation is approved are as follows. Throughout the 11 year planning period to 2021/22 operating income is greater than operating expenditure.



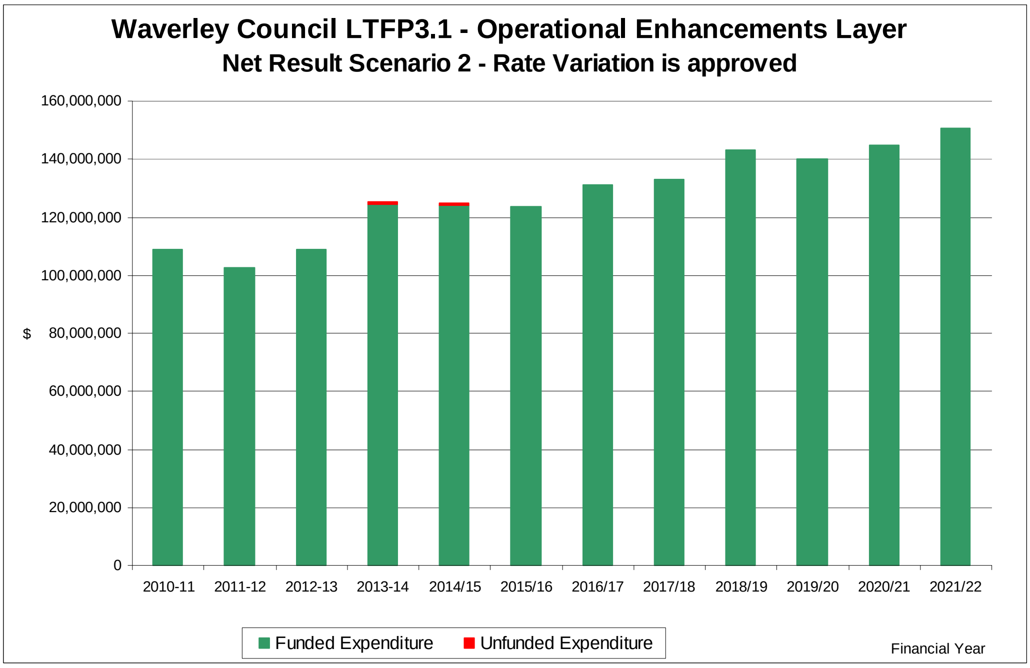
When the operating and capital projections are considered jointly, along with transfers to and from reserves and the repayment of loans, the total net result of the Base, Investment Strategy, Sustainable Assets, Sustainable Environment and Operational Enhancement Layers is still favourable overall.



In Scenario 2 with the Operational Enhancements Layer, Council doesn't drop below the level of cash reserves required under the Restrictions Policy. Sufficient reserves are retained for the capital and operational requirements of the full *Service Plus*.



When the operating and capital expenditures and transfers from unrestricted reserves are included, the addition of the Operational Enhancements Layer in Scenario 2 results in unfunded expenditure in 3 out of 12 years totalling $1,438,175. Overall, however, all expenditures in the Layer are funded.



7.5 Opportunities and Threats

- **Changes in revenue sources:** This layer is particularly sensitive to changes in existing sources of revenue, the most significant of which are rates, parking fees and fines, the Domestic Waste Charge, and grants. Grants are generally expected to decline as a proportion of total revenue. Parking fines are also considered unstable as a source of revenue and are expected to be level or may drop slightly over the period to 2022 if pessimistic scenarios prevail. Further drops in grants or fines present a significant threat to the modelled outcomes.

- **Volatility in CPI:** As noted in the Base Layer, the CPI has varied significantly in recent years. As increases in employee costs are related strongly to the CPI, this layer is particularly sensitive to such variations.

- **Business income and management:** The capacity of the Council to raise income from operation of businesses and to manage those businesses efficiently can have significant positive or negative effects on this layer:

    - **Waverley Cemetery: Positive effects** may be achieved as income projections for the assumed funeral business have been quite conservatively projected in the Layer. The positive effect of entry into the funeral industry has been almost entirely netted off in the Layer, so as not to distort the overall impression the Layer creates about other costed items which do not have any corresponding income source. Entry into the funeral industry, which is going on across right across the public sector in New South Wales at the moment, can be quite a competitive prospect for any public sector organisation that already owns a cemetery, including councils and those managing crown land cemetery trusts. Entry to the funeral industry at Waverley would require construction of a pavilion for funerals in the Cemetery. Council is currently developing cost estimates for a pavilion. If these do not seriously impact current marginal operational cost and income projections for the funeral business, entry into the funeral industry would be highly likely to produce higher marginal returns than those shown in the Operational Enhancements Layer.

    - **Waverley Cemetery: Negative effects** will be achieved if for some reason there is no entry into the funeral industry or if no other alternative source of income for the Cemetery can be found. Like most old cemeteries in New South Wales, the supply of grave space in Waverley Cemetery is dwindling and if current patterns of sales are maintained supply is expected to cease some time in the next 10 years. If demand increases, the supply will be exhausted sooner. If no alternative source of income for the Cemetery is found, sales of rights of burial and monumental works, which currently constitute the largest source of income for the cemetery will cease. However, costs to maintain and operate the Cemetery will remain the same as Council will still be required to honour obligations already entered into to inter remains for those who have bought rights of burial and landscape management must likewise continue. In this scenario the effect of continuing operations at Waverley Cemetery will have a substantial negative effect on **both** the Operational Enhancements Layer and the Base Layer.

- **Barriers to setting up new businesses:**

    - **Waverley funeral business:** There has been resistance from some quarters of the community to establishment of a pavilion in Waverley Cemetery. If this becomes pervasive the effect on the Operational and Base Layers would be negative, as noted above.

- **Volatility of interest rates:** Any loan funded business, eg., in the Cemetery, would be affected positively or negatively by volatility in interest rates. Council would take fixed loans to smooth this effect.

- **Increasing Government requirements/guidelines/regulations to hire particular skill sets:** In the past two years alone the State Government has imposed extra requirements on councils to introduce integrated planning, internal auditing, new information provision processes (GIPA), new quarterly budget reporting formats, and eplanning. This extends the trend of increasing requirements to improve governance in local councils that has been in place for some years. There are benefits to the introduction of all these governance improvements but there are also substantial costs, some up-front, some ongoing, but none of them recoverable. Compliance with the IP&R legislation alone has cost Waverley Council in excess of $1 million for technical investigations, not counting the cost of staff. Further increases in costs for improved governance will have substantial negative effects on the Operational Enhancements Layer as these costs will be recurrent and will not have corresponding income offsets.

- **Increased cost shifting from governments:** This could result in councils' having to pick up even more of the services that the community want but other spheres of government are no longer wanting/prepared/able to fund. In areas where demand is increasing, such as for access to services supporting the aging population, this would have a substantial negative effect on the Operational Enhancements Layer.

8. CAPITAL ENHANCEMENTS LAYER

8.1 Introduction

The Capital Enhancements Layer reflects expenditure on a range of different capital projects across the municipality including playground upgrades, 40km/hour zones, park upgrades, promenade upgrades, streetscape improvements and construction of facilities to undertake new business opportunities.

The following table provides a summary of the high level programs which the Capital Enhancements Layer would fund.

Program Area	Comments
Village streetscape upgrades	Consultation programs for both *Waverley Together* and *Waverley Together 2* showed that demand for more pleasant liveable neighbourhood villages and commercial centres has increased substantially in the last few years. Costs to improve the frequency of village streetscape renewals are included in the Capital Enhancements Layer.
Infrastructure upgrades	Demand for playground equipment upgrades has increased recently. Major infrastructure renewals to enhance recreational services at Bondi Beach are also required, such as upgrade of tunnels and groynes under Queen Elizabeth Drive at Bondi Beach and amenities blocks at various beaches. Top ups to achieve these higher levels of service are incorporated in the Capital Enhancements Layer.
Parks Plans of Management	Waverley has a number of Plans of Management for parks which have no funding for implementation of works arising. These include Waverley Park, Bondi Park, Tamarama Park and Bronte Park. New plans for some reserves are also in development including Rodney Reserve and Hugh Bamford Reserve. Costs to implement works arising from these plans are included in the Capital Enhancements Layer.
Building replacement	A number of Council-owned buildings in Waverley have been assessed in the past five years as being past their useful life, including the Waverley Pavilion, Tamarama Kiosk, various public toilet blocks and the Boot Factory in Bondi Junction. Capital costs for re-construction of the Waverley Pavilion have been included in the Investment Strategy Layer and for the Tamarama Kiosk in the Base Layer. In other words they are already funded by established reserves. Costs for public toilet upgrades are included in the Capital Enhancements Layer. Some small costs for a “make-safe” of the Boot Factory are included for the present in the Base Layer but these do not cover the total life cycle renewal cost of the building. The Boot Factory is a “Condition 5 – Unserviceable” asset under SAMP3 and Council is currently in the process of determining the feasibility of retaining/restoring it. If full restoration of the Boot Factory is preferred funding would need to be sourced, most likely from asset sales that may be programmed in a future Investment Strategy. No existing surplus reserves for this purpose have been identified in LTFP3.1.

Program	Comments
Active travel infrastructure	*Waverley Together 2* and EAP2 show a strong demand and need for a shift towards active transport and away from private car travel. Construction of new bike routes and pedestrian access improvements is included in the Capital Enhancements Layer along with works to make road use safer for pedestrians in high traffic commercial centres and around schools.
Land acquisition	Council may be compelled to acquire residential properties in central Bondi Junction which are affected by having been rezoned in the 1980s to open space. Cost estimates for this have been included in the Capital Enhancements Layer.
Major urban open space upgrades	SAMP4 will consider the cost to renew urban open spaces and malls. Condition assessments of assets in this category (see SAMP3 – Category 6) have not yet been completed. Most of the spaces in this category, such as Oxford Street Mall and Oxford Street West, have only recently been upgraded and their renewal would not be due within the planning period. However, some allowance in the Capital Enhancements Layer has been made for upgrade of spaces considered to be highly used, including but not limited to, Bondi and Bronte Beach Promenades, and Oxford Street East in Bondi Junction.
Cemetery Pavilion	Construction estimates for a pavilion are still being finalised. If these turn out to be too high to result in the establishment of a viable funeral business, the project will be discarded. Costs have been included in the Capital Enhancements layer but netted off to zero as they are assumed to be funded by loans to be repaid by the new Cemetery business. As such they have no net effect on the Capital Enhancements Layer.

Components of *Service Plus* included in the Capital Enhancements Layer are as follows. Costs shown are as per *Service Plus*. These costs have been updated for LTFP3.1 – see **Financial Table 1**.

Service Plus* Component Items in the Capital Enhancements Layer Future Expenditure Items – Costs from 2010/11 to 2022 as shown in *Service Plus		
	***Service Plus* Component 2**	**Cost to 2021/22**
2b	Playground upgrades	$450,000
2c	Tamarama Park Plan of Management works	$630,000
2d	Bronte Park Plan of Management works	$500,000
2e	Waverley Park Plan of Management works	$790,000
2f	Bondi Park Plan of Management works	$3,000,000
2g	Rodney Reserve enhanced facilities	$1,400,000
2h	Hugh Bamford Park upgrade to buildings and fields	$1,600,000
	***Service Plus* Component 3**	**Cost to 2021/22**
3b	Structural renewal of Bondi & Bronte Beach Promenades	$5,000,000
3h	QED tunnels and storage space remediation	$3,750,000
3i	Implement Bondi Junction Pedestrian Access and Mobility Plan	$2,200,000
3j	Develop Bondi Beach Pedestrian Access and Mobility Plan	$200,000
3k	Implement Bondi Beach Pedestrian Access and Mobility Plan	$2,000,000
3l	Tamarama/Bronte 40km/hr zone	$550,000
3m	Bondi Junction 40km/hr zone	$750,000
3n	School zones safety program	$400,000

	Service Plus* Component Items in the Capital Enhancements Layer** **Future Expenditure Items – Costs from 2010/11 to 2022 as shown in *Service Plus	
	***Service Plus* Component 6**	**Cost to 2021/22**
6c	Public toilets upgrade	$1,343,000
6e	Cemetery pavilion construction (fully offset by loan to be repaid by entry to funeral business)	$3,905,574
	***Service Plus* Component 7**	**Cost to 2021/22**
7j	Cost of acquisition of land for open space in Bondi Junction which Council is likely to be compelled to acquire	$5,002,427
8a	Local village improvements	$3,000,000
8c	Boot Factory remediation (anticipated funding from future asset sales not yet identified)	0
8d	Oxford Street East upgrade	$2,000,000

8.2 Value Added by the Capital Enhancements Layer

Value added by these programs is substantial. The above top ups when added to Base Layer funding (assuming this can be maintained) provide benefits that meet *Waverley Together 2* targets for sustainable QBL operations such as:

- Local village and Bondi Junction commercial centre streetscapes renewals can be achieved at more sustainable intervals than in the past for a top up of approximately $5 million.
- Playground upgrades can be achieved for a top up of $450,000.
- Queen Elizabeth Drive tunnels and groynes can be renewed for $3.75 million.
- Tamarama, Bronte, Waverley and Bondi Park Plans of Management can be implemented for $4.9 million.
- Upgraded sporting and support facilities at Rodney Reserve and Hugh Bamford Reserve can be achieved for approximately $3 million.
- Pedestrian Access Mobility Plans can be implemented in Bondi Junction and Bondi Beach for approximately $4.4 million.
- 40km zones in Bondi Junction and school safety zones can be implemented for $1.7 million.
- Public amenities at beaches can be upgraded for $1.3 million.
- Partial renewal of Bondi Beach Promenade and Bronte Beach Promenade can be achieved for $5 million.
- A Cemetery Pavilion could be established at no cost to ratepayers, funded by loans that would be repaid if Council entered the funeral industry.

8.3 Financial Assumptions

The assumptions in the Capital Enhancements Layer are as per the Base, Investment Strategy, Sustainable Assets, Sustainable Environment and Operational Enhancements Layers, with the following alterations:

Capital Enhancements Layer – Capital Income	
Loans	That a loan of $3.9 million will be taken to fund the construction of a pavilion at the Waverley Cemetery in 2011/12 if the facility is considered feasible and acceptable to the community and if loan repayments can be funded by income from funeral business operations. That the cost of loan repayments for any works other than the Cemetery Pavilion, should Council choose debt financing for these, is unfunded in this Layer. Nor is funding available for this purpose in the Base Layer.
Asset sales	That through the development of future Investment Strategies, asset sales may fund, in whole or part, expenditure on future capital projects such as reconstruction of the Council Chambers Building or successive upgrades of the Boot Factory if this is considered viable or perhaps upgrades of Campbell Parade North at Bondi Beach (currently unfunded in this LTFP). That the residual of the current *Investment Strategy 2007* as at 2021/22 will provide some contribution to future investment assets.

Capital Enhancements Layer – Capital Expenditure	
Capital works	That the capital works will be undertaken as per the: ▪ Delivery Program 2010/13, with revisions, ▪ *Investment Strategy 2007*, ▪ SAMP3, and ▪ EAP2. That, in addition, capital works will be undertaken as shown in Section 8.2 above.
Land acquisition	That costs for compelled purchase of residences zoned open space in Bondi Junction is provided in the Capital Enhancements Layer.

8.4 Financial Analysis and Result

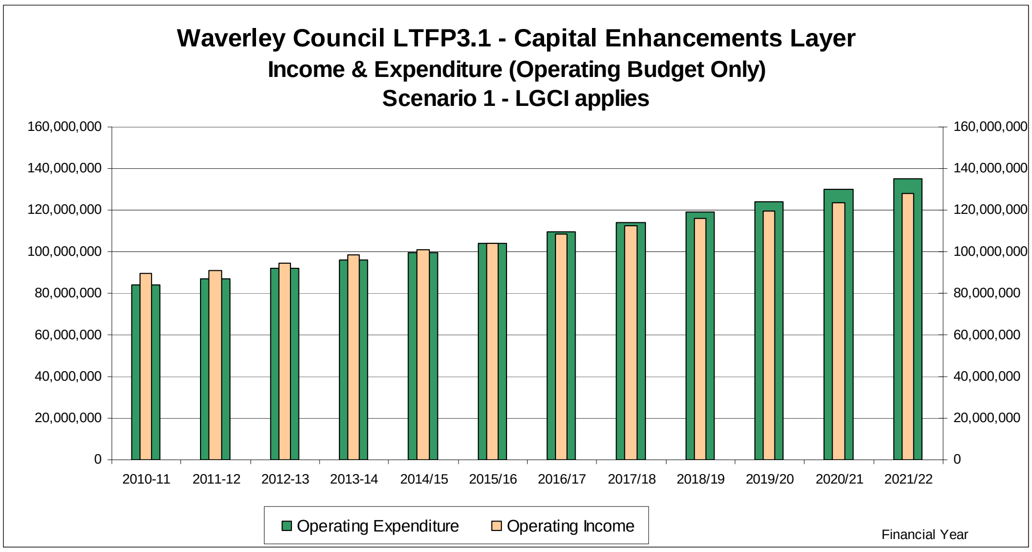
The Capital Enhancements Layer results in a significantly deteriorated financial result for Council if the Rate Variation is not approved. This result is due to the need for renewal of existing infrastructure at an estimated cost of $29.6 million plus some other capital associated with land acquisitions that Council may be compelled to make and potential investment in a Cemetery Pavilion for entry to the funeral industry (subject to feasibility). These expenditures are considered important if we are to meet the targets of *Waverley Together 2*. The net cost of the Layer after income is considered (eg., Section 94 and income from operation of facilities) is $23.9 million.

8.4.1 Scenario 1 – The LGCI Applies

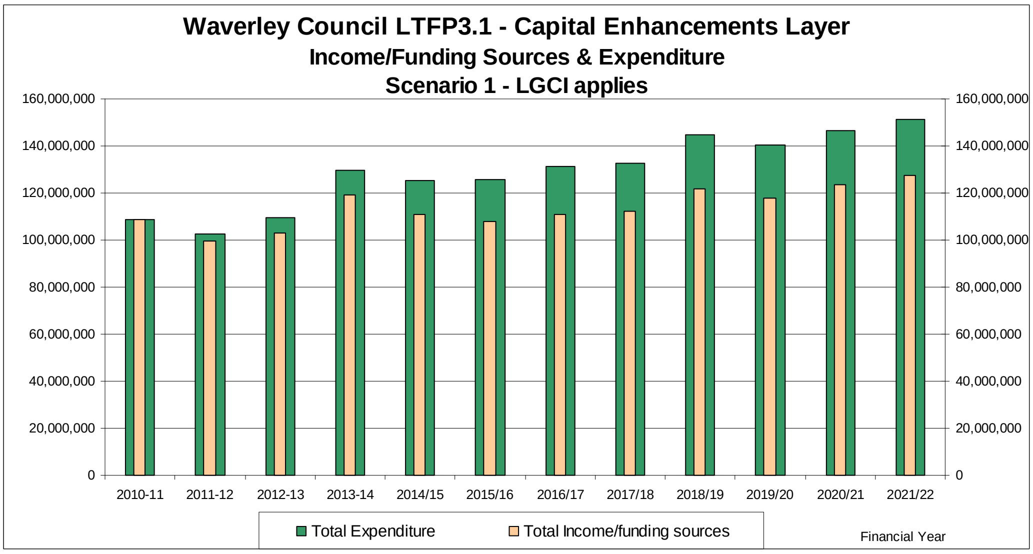
In Scenario 1, where the LGCI applies, the addition of the Capital Enhancements Layer worsens the combined results of the Base, Investment Strategy, Sustainable Assets, Sustainable Environment and Operational Enhancements Layers by $23.9 million. This brings the total shortfall for the Base, Investment Strategy, Sustainable Assets, Sustainable Environment, Operational Enhancements and Capital Enhancements Layers, without a rate rise, to $186,570,356.

Note that this shortfall of $186,570,356 is the accumulated shortfall for all 6 layers of the LTFP that would occur over the 11 years from 2011/12 onwards *only in the event that the Rate Variation is not approved* and the full *Service Plus* is implemented. In other words, it only happens in the scenario where the LGCI applies and the full *Service Plus* is implemented regardless – a scenario which is not being contemplated.

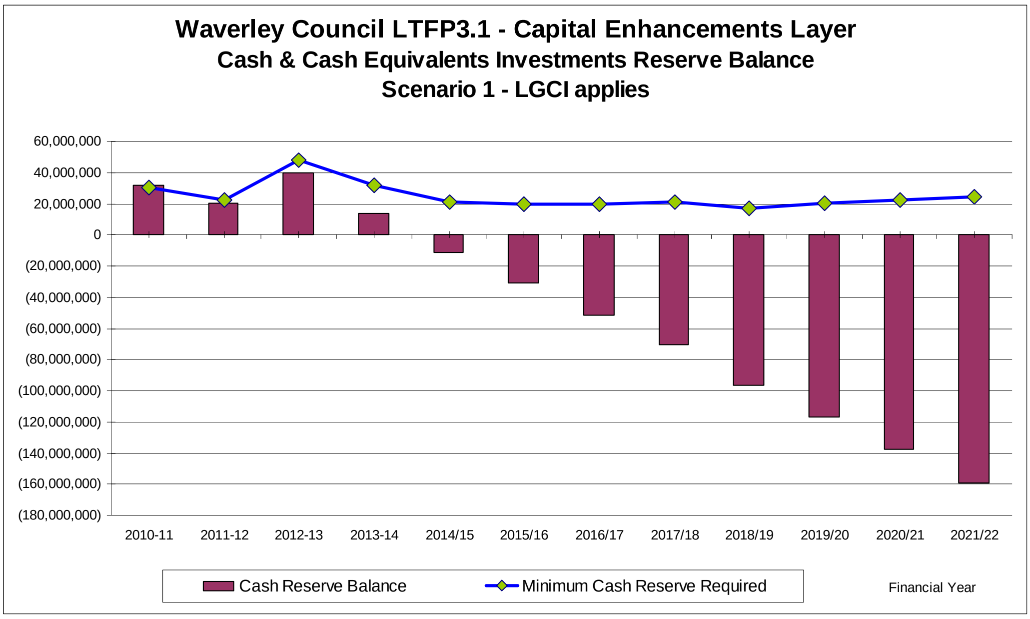
Results for the Capital Enhancements Layer in Scenario 1, where the LGCI applies, are as follows. If the LGCI applies the accumulated costs of all 6 layers of LTFP3.1 results in a net operating losses before capital from 2016/17 onwards. In the last year the funding gap is $7.4 million.



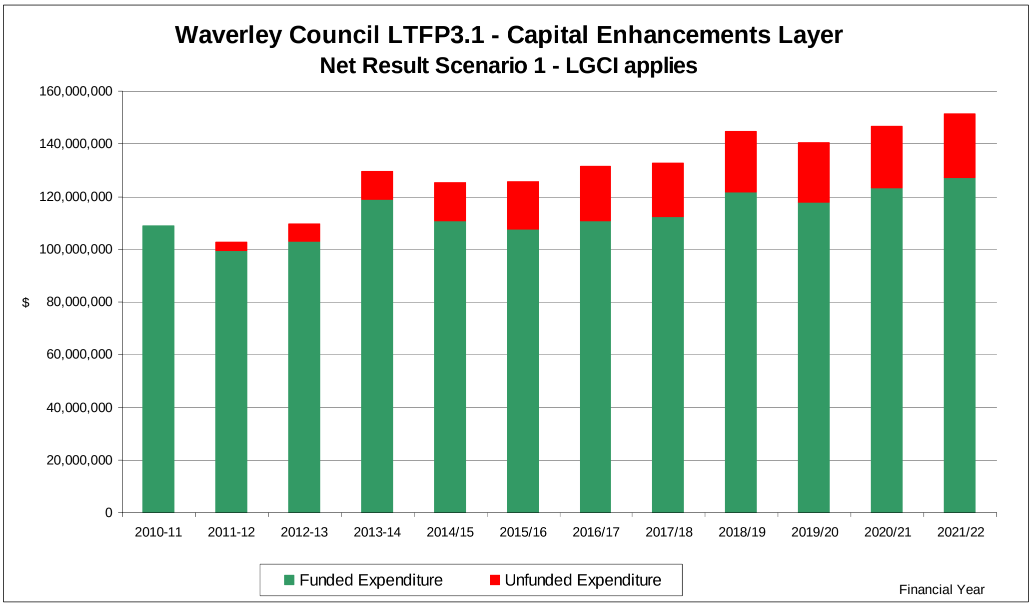
When the operating and capital projections are considered jointly, along with transfers to and from reserves and the repayment of loans, the annual deficit increases to $23.9 million by 2021/22.



In Scenario 1, with all 6 Layers of the LTFP3.1, all of Council's available cash reserves are consumed by 2014/15. In 2011/12 Council drops below the level of cash reserves required under the Restrictions Policy (see Section 2.4 above) and remains under that level in every year thereafter, as shown below.

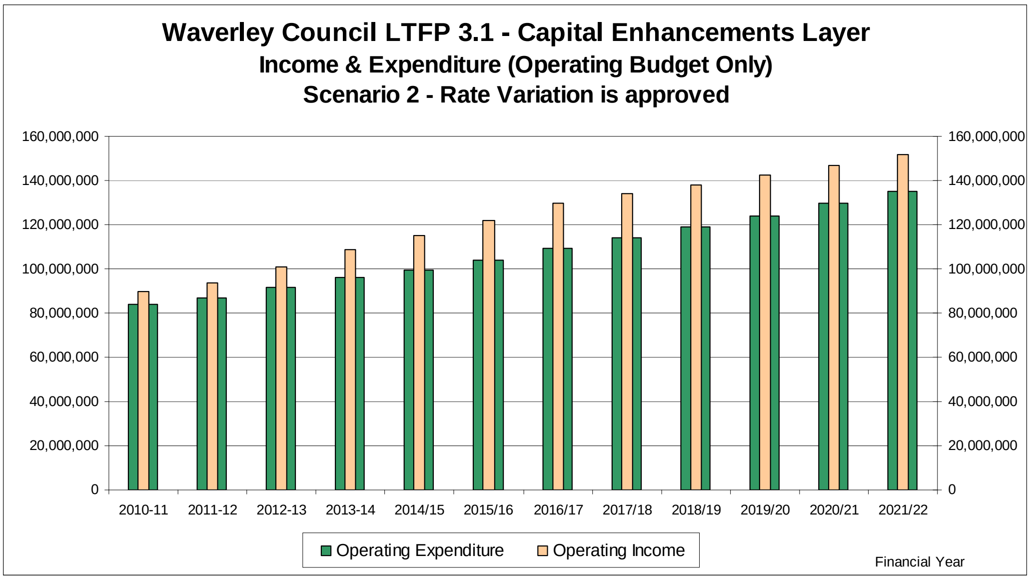


When the operating and capital expenditures and transfers from unrestricted reserves are included, the Base Layer predicts that Council will have a total unfunded expenditure of $186,570,356 for the remaining 11 years to 2021/22 of LTFP3.1.

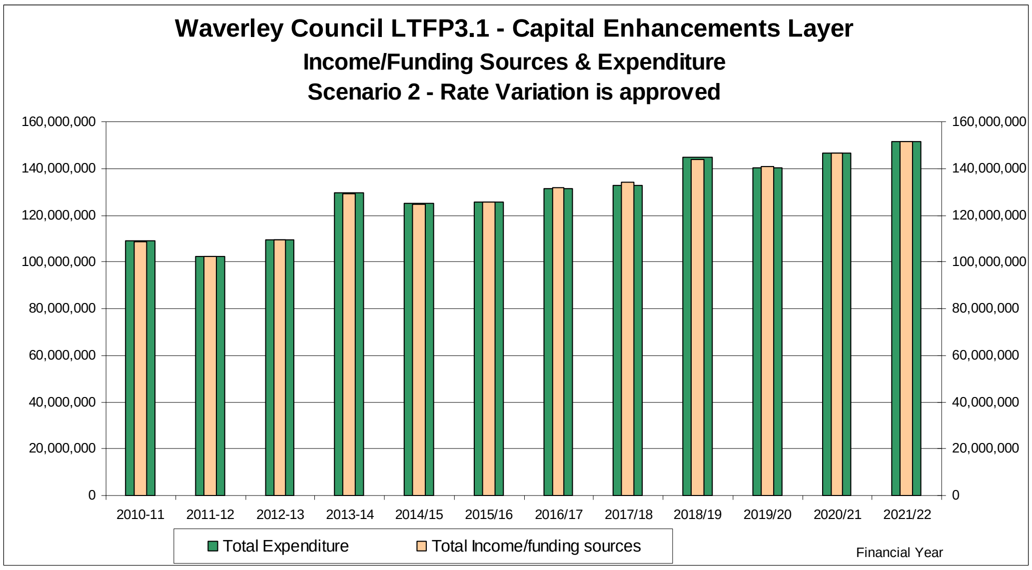


8.4.2 Scenario 2 – The Rate Variation is Approved

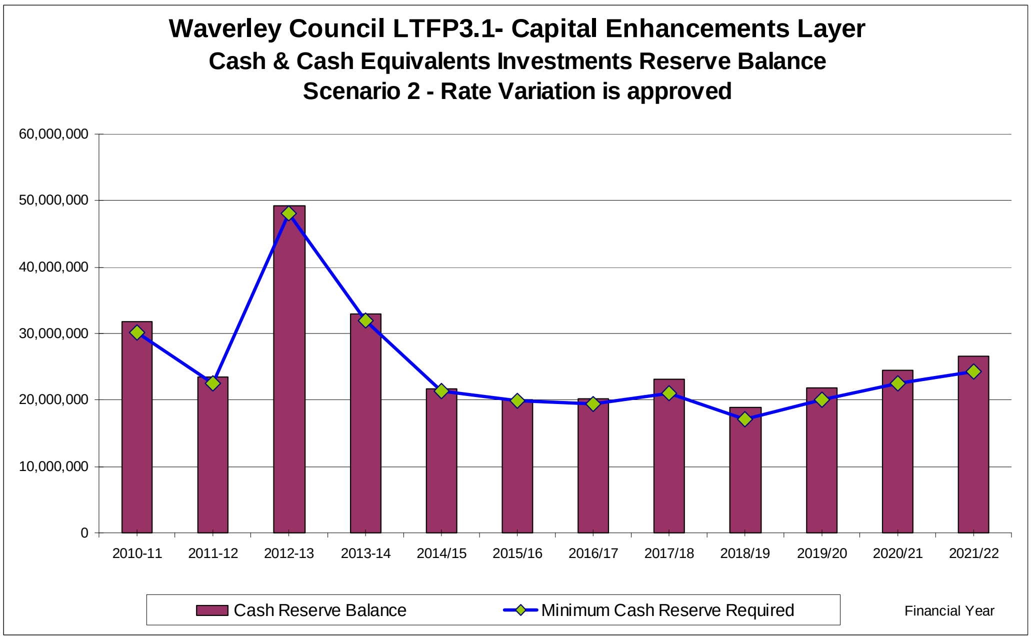
Results for the Capital Enhancements Layer in Scenario 2, where the Rate Variation is approved are as follows. Throughout the 11 year planning period to 2021/22 operating income is greater than operating expenditure.



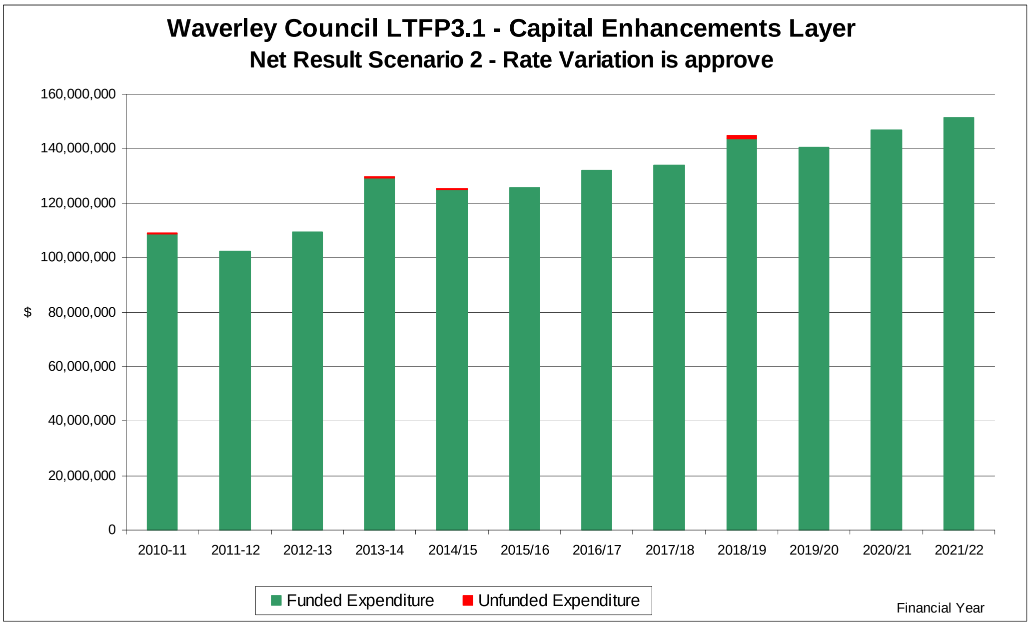
When the operating and capital projections are considered jointly, along with transfers to and from reserves and the repayment of loans, the total net result of the Base, Investment Strategy, Sustainable Assets, Sustainable Environment, Operational Enhancement and Capital Enhancement Layers is still favourable overall.



In Scenario 2 with the Capital Enhancements Layer, Council doesn't drop below the level of cash reserves required under the Restrictions Policy. Sufficient reserves are retained for the capital and operational requirements of the full *Service Plus*.



When the operating and capital expenditures and transfers from unrestricted reserves are included, the addition of the Capital Enhancements Layer in Scenario 2 results in unfunded expenditure in 7 out of 12 years totalling $2.14 million. Overall, however, all expenditures in the Layer are funded. Since this Layer expresses the accumulated income and expenses of all 6 layers of the LTFP, this means all expenditures are funded if the Special Rate Variation is approved. Funded expenditure over all the layers totals $1.55 billion.



8.5 Opportunities and Threats

- **Loan costs:** Should Council determine to fund any of the above projects by loans, this may worsen the cost of the layer, especially at current interest rates. See Section 2.5 above on Debt Policy.

- **Unforseen emergencies:** There is no capital provision in any of the layers for unforseen emergencies, other than the provisions suggested as necessary for drainage renewal in the Sustainable Assets Layer. Working funds are to be relied on as a provision for this purpose. Council's auditors have declared these provisions to be sufficient in their report on the 2009/10 Statements of Accounts.

- **Land acquisition costs:**

  - **Bondi Junction:** Costs for properties that Council may be compelled to acquire may be higher than amounts assumed.

  - **Other land acquisition – Birrell Street extending Tamarama Park:** Council has been investigating purchase of lands associated with the expansion of Tamarama Park for some time. Costs for such a purchase have not been factored into the Capital Enhancements Layer or any other Layer. Should Council resolve to expand the Park this will have a negative effect on all Layers. Alternative sources of funding will need to be sought for discretionary purchases of this nature.

- **Cost estimates generally:** Cost estimating activities for capital works are at various stages of refinement. There is a margin of error for estimates which may be in the order of plus or minus 15% for some projects which are scheduled to commence in later years. General infrastructure renewal costs, however, are based on strategic asset management planning estimating methods and targets and will have an error margin to the extent of variations in CPI. Labour costs are considered to be similarly accurate.

9. ANALYSIS AND STRATEGIES

LTFP3.1 forecasts a substantial shortfall in funds to sustain our current level of operations up to 2021/22 if Waverley Council's proposed Rate Variation application is unsuccessful. This shortfall applies to the Base Layer – the "business as usual" scenario where there is no assumption of an increase or decrease in service levels compared to the current service levels. Under the Investment Strategy Layer, the situation improves slightly but as subsequent layers are added the shortfall in funding worsens substantially compared to the Base Layer.

LTFP3.1 has analysed two future financial scenarios:

Scenario 1:	**Existing services are maintained at their current levels of output but *without* a Special Rates Variation**
The LGCI applies	Partial implementation of *Service Plus*: ▪ Component 1 of *Service Plus* / Base Layer of LTFP3.1 only

Scenario 2:	**Existing services are maintained at their current levels of output and services are enhanced as per the full *Service Plus* but *with* the requested full Special Rates Variation**
Council's application for a Special Rates Variation is approved	Full implementation of *Service Plus*: ▪ All 12 Components of *Service Plus* / All 6 Layers of LTFP3.1

Summary results for these two scenarios are:

Scenario 1:	**Result**	
The LGCI applies	A shortfall of $84,901,750 for the Base Layer will prevail	Existing services will need to be cut to achieve average annual savings equivalent to approximately 7% of current budget

Scenario 2:	**Result**	
Council's application for a Special Rates Variation is approved	A shortfall of $186,570,356 for all 6 layers of LTFP3.1 will be reduced to zero	Full implementation of *Service Plus* can be achieved

In short, after 2010/11 there is no scenario in which a balanced budget can be achieved without accessing further sources of income or achieving savings through service reductions. As shown in each of the chapters above, the use of unrestricted reserves does not improve the situation in any layer. In Scenario 1, reserve balances are expected to drop below the level required by the Restrictions Policy:

- in the Base Layer by 2012/13 and remain below the required level thereafter.
- in all 6 layers by 2011/12 and remain below the required level thereafter.

Were Council to choose to act outside its Restrictions Policy and consume all reserves, their capacity in Scenario 1 would be exhausted:

- in the Base Layer by 2018/19, and
- in the remaining layers by 2014/15.

Obviously Council isn't prone to choices requiring it to act outside its Restrictions Policy.

9.1 Analysis of Contributing Factors and Trends

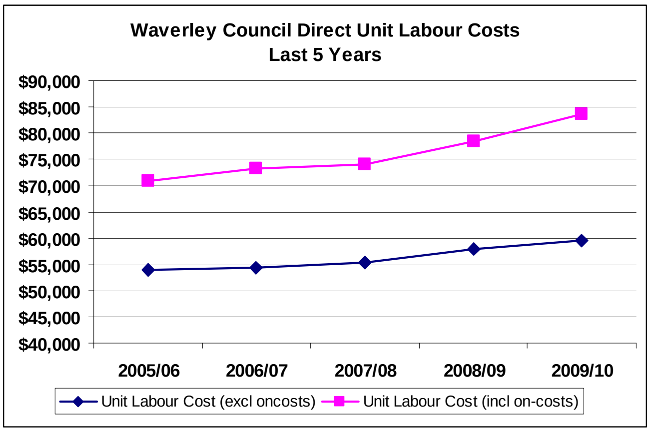
The biggest contributors to Waverley Council's financial difficulty are the cost of labour and the condition of assets. Significant effort has been put into controlling these two items with some considerable success in the last five years. However, the realistic prospect is that both items will continue to bear down heavily on future costs. This will occur **despite recent substantial achievements** in:

- reducing the assessed future cost of asset renewal, and
- reducing future labour costs through successful re-negotiation of industrial agreements (see Section 9.2.1 below).

9.1.1 Expectations of the Future Cost of Labour

As would be expected in a period of expanding income and demand, Waverley Council equivalent full time staff numbers (EFT) have grown by 28% since 2004/05. The total cost for directly employed staff has accordingly been escalating steeply in the last five years, although the **unit** cost of direct labour *excluding on-costs* has actually been quite well contained.

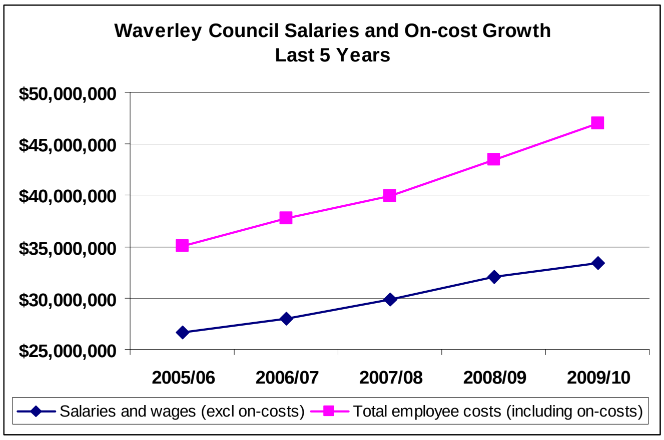
Aside from a heightened increase in the unit cost of labour excluding on-costs in 2008/09 (caused probably by Council's having taken on extra highly skilled staff in asset management and land use planning in an extremely expensive pre-GFC labour market period), growth in the *unit* cost of labour *before on-costs* has been reasonably flat, as shown opposite.



The above graph shows that all up, the unit cost of labour before on-costs has only increased by a total 8.5% over the last five years (compared to 2004/05), a good performance given that wage increases under the Local Government State Award have generally been above 2.5% per annum. Unit labour *on-costs*, however, have increased by 20% for the same 5 year period and this on-cost problem has contributed significantly to an increase in the pace of growth in total labour costs.

The combined effect of problems with on-costs and a 28% growth in staff numbers has resulted in a 43% increase in the total cost of direct labour since 2004/05 comprised of:

- a 39% increase in total salaries and wages (excluding on-costs), but
- a 55% increase in on-costs.

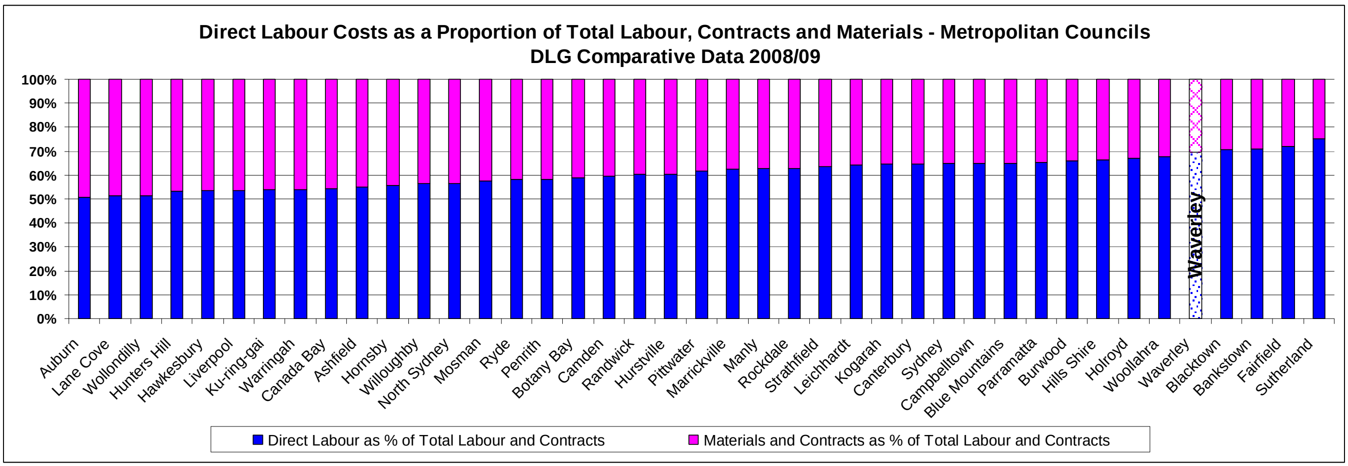


It should be emphasised that this does not mean that productivity has been poor. Nor does it mean that the Council is over-staffed. On the contrary as

Section 9.2.1 below shows, all indications are that productivity has improved and that the total labour cost (for combined direct employees and contractors) as a percentage of operational expenditure is right on the average for metropolitan councils.

However, this is a labour dependent industry. As such, anything which affects the price of labour is going to have an impact on all councils. It will have even more of an effect on Waverley than most councils, because in 2008/09 direct labour represents:

- 57% of Waverley's annual operational expenses (excluding depreciation) – as opposed to the 41.2% average figure assumed by IPART in their recent calculation of the Local Government Cost Index (LGCI); and
- 70% of the total combined cost of labour, materials and contracts, as shown in the following graph.



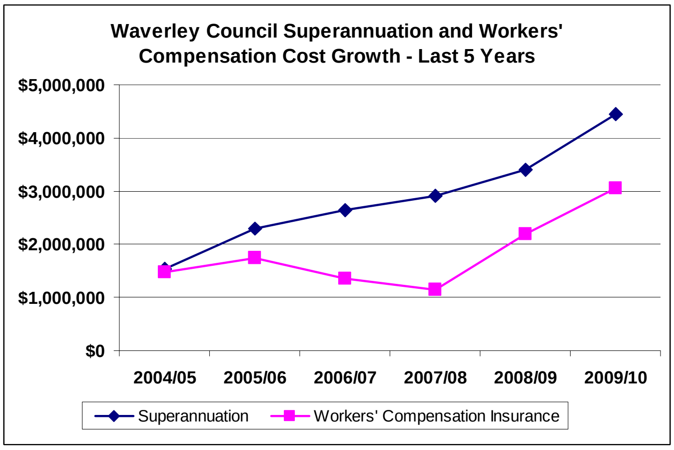
In terms of its labour profile, therefore, Waverley is not an "average" council. Uncontrollable movements in labour related costs, such as the significant movements experienced recently in superannuation, or excessive Award increases, will have a correspondingly significant effect on total operational costs and a greater effect on Waverley than the average council. Theoretically controllable movements in cost, such as those occasioned by assaults on parking officers, will also have a significant effect.

In the last five years, there have been two such effects on Waverley's labour costs, only one of which we expect to be able to control in the period of the current long term financial plan.

The two effects are:

- compulsory superannuation contributions have increased by 190% compared to 2004/05; and

- workers' compensation premiums have increased by 107% compared to 2004/05.



The workers' compensation issue should be controllable and initiatives have been taken to reduce this problem which are already having a positive effect (see Section 9.2.1 below). As such, LTFP3.1 does not assume workers' compensation premiums will trend further upward after 2012/13, and assumed total employee costs have not been inflated in the financial model to cover a continuation of poor performance in that area. Instead, LTFP3.1 assumes that workers' compensation premiums will trend downwards after 2012/13, albeit gradually. They are, however, destined to stay above $3 million.

With regard to superannuation it is not possible to be optimistic at this time due to the composition of the workforce, the type of superannuation schemes used by public sector staff and the non-discretionary nature of employer contributions to these schemes under the law. In LTFP3.1 we're therefore obliged to assume that compulsory employer superannuation contributions will grow from the current 9% until they reach 12% in 2019/20.

The way in which the Local Government State Award has been implemented at Waverley also needs to be taken into account in determining how direct labour costs might be controlled and/or predicted in financial modelling. Under the Award, councils are required to meet minimum wage requirements and provide a system of salary progression above that minimum. There are reputedly wide differences in the extent and accessibility of progression systems provided by councils under this Award requirement. Waverley's system provides for a 15% progression above the minimum over 7 years from the original date of commencement in a position (subject to conditions). This system has been in place unchanged since 1993 when the Award made such systems mandatory.

Although many councils have salary progression systems similar to Waverley's, it is uncertain whether Waverley's system drives up salary costs more than the systems used by other councils. Doubtless it has its pluses (in the form of the productivity benefits that come from retention of skilled staff and lower staff replacement costs) and its minuses. Suffice to say that with salary progression system requirements under the Award, total salary costs for councils in NSW are never going to be pegged at the Award increase (unless the requirement for progression systems is removed from the Award).

In this event, councils in very tight financial situations will seek to control their salary cost growth by simply holding vacancies open for as long as possible. This is what Waverley and other councils in similarly tight financial situations do. The practical downside of this is service quality deterioration and escalating customer complaint. Although Waverley staff numbers have grown in the past five years, they have not grown by as much as they should have to keep pace with demand for services in a variety of both front- and back-of-house areas. There is a "backlog", as it were, of staff requirements for existing services in the same way that there is a backlog of infrastructure renewals.

Taking all of the pressures on unit labour costs into account, LTFP3.1 therefore assumes that labour costs for existing services (ie., Base Layer costs for labour) will increase by 5% per annum (before productivity is factored in). This is above the labour price change of 4.1% assumed by IPART in its recent determination for the current LGCI. However, IPART, in developing a single LGCI for an "average" council, has assumed that labour will make up only 41.2% of total operational costs (excluding items which aren't funded by rates such as domestic waste and depreciation). Given that labour at Waverley makes up considerably more than 41.2% of recurrent costs, and that there is a backlog of labour requirements for existing services, it is not realistic to assume that labour costs will travel at the average cost index for labour in the LGCI. If anything, an assumption of a 5% annual increase is conservative. With the financial model being "light" or slightly under-weighted for the effect of labour costs, Council will need to be assertively targeting the efficiencies scoped in the *Workforce Plan 2010-2014*, and more, if we are to meet service output demands.

9.1.2 Expectations of the Future Cost of Asset Renewal

Waverley, being 151 years old, is the second oldest Local Government Area in Australia and a significant proportion of its assets is nearing or is already over 100 years old. Like every council, Waverley is now feeling the effects of prolonged under-investment in assets and is attempting to catch up with investment in order to ensure its assets can continue to support, as a minimum, the service delivery levels that they've been able to offer in the past.

Through its Strategic Asset Management Plans, SAMP1, SAMP2 and SAMP3, Waverley has been refining estimates of costs to bring assets to a satisfactory standard. This has resulted in a welcome:

- 84% reduction in earlier estimates of expenditure increases necessary to restore roads, footpaths, drainage, buildings, and kerbs and gutters to an acceptable service level, and
- 35% reduction in estimated ongoing maintenance costs.

Despite this achievement, budget allocations for asset maintenance have still required top ups in recent years to pull the condition of assets up to the community's requested service levels over time. Some of these top ups for roads, footpaths and kerbs and, to some extent, buildings, have been factored into the Base Layer of LTFP2 and subsequently LTFP3.1. This has shown that Council can deliver programs to keep pace with demand in relation to roads, and kerbs and gutters until the end of 2010/11 without an increase in income. We can also continue to deliver current environmental programs until June 2011.

By 2011/12, however, current service levels across the board will not be sustainable and this reduces the prospect of indefinitely continuing our recently increased level of investment in assets, let alone increasing that investment as the Sustainable Assets Layer and other Layers require.

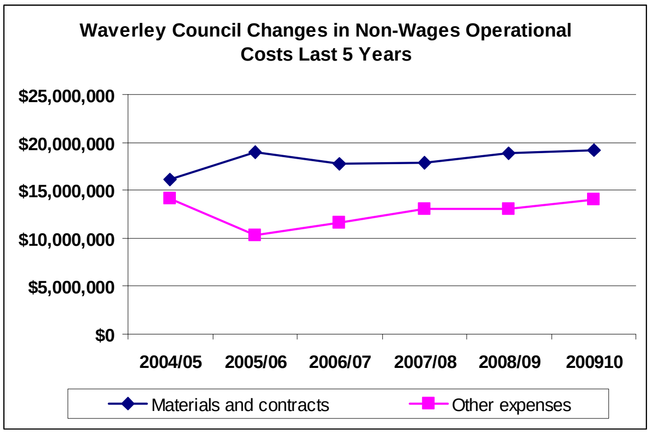
Ongoing increased investment in assets is without doubt a necessity, as our current investment in the Base Layer does not provide for the basics in drainage, retaining infrastructure and other major renewals of existing assets. Nor does it provide the desired level of improvement in footpaths called for in the consultation program for *Waverley Together 2*. The costs for these have been quantified in SAMP3 and factored into LTFP3.1 in the Sustainable Assets Layer at an estimated cost of $36 million between 2011/12 and 2021/22.

Costs for investment in assets that are distributed through other layers, particularly the Capital Enhancements Layer and the Sustainable Environment Layer, would be additional to this basic cost for renewal of existing infrastructure.

All up the expected capital investment needed for assets, above current levels of capital included in the Base Layer, totals approximately $115 million. This figure excludes the capital cost of the new Early Learning and Care Centre in Bondi Junction which is to be re-paid over 20 years by child care fees. About 60% of the total cost of enhancements in Layers 2 to 6 is capital expenditure and 40% is operational expenditure.

9.1.3 Expectations of Movement in Other Costs

Compared to expenditure on direct labour, Waverley Council's non-salary/wages expenses have grown at a relatively slow pace in the last 5 years, as shown in the graph opposite.



Over the five years since 2004/05:

- the cost of materials and contracts has increased by a total of 19% or by an average of under 3.8% per annum: and

- other operational expenses have dropped by 1% compared to 2004/05, although they have steadily increased again by a total of 36% since 2005/06.

LTFP3.1 assumes some increases for a small number of items in these expenditure classes. The biggest of these is an expense associated with an impending inevitable write-off of aged parking fine debt. The need to fund the write-off, assumed at a total of $2.4 million over the next 3 years, highlights the unsustainability of a financial strategy that relies on fining people. This write-off is in addition to a provision routinely made for abandonment of fines which is currently costing around $1 million per annum. Periodic write-offs of this magnitude should be factored in as an expense for any council heavily leveraging off parking income.

Other expenses expected to increase relatively sharply in the next few years obviously include energy costs (electricity and fuel), water costs, fire and emergency services costs, waste disposal costs, car park levies, land tax, and some other "cost shifts" from other levels of government such as those for administration of food and hygiene regulations, companion animals and access to public information. However, cost increases assumed for these items in LTFP3.1 have generally been pegged at CPI. LTFP3.1 is, if anything, a little too conservative in its cost estimates for these items.

9.2 Building a Solution to Financial Shortfalls

Waverley Council has the same array of cost control and budget balancing strategies open to it as any other Council including:

- efficiency initiatives,
- service cessation or reduction,
- optimisation of assets,
- utilisation of reserves, and
- expansion of:
  - borrowing,
  - variable income sources, and
  - rates income.

The intention of LTFP3.1 is that all of these (except service reduction) should be brought together into a coordinated long term Resourcing Strategy consistent with the intentions of the IP&R framework. The objective is to balance the budget without losing service effectiveness and efficiency. It is assumed, for reasons set out in Chapter 2 above and Sections 9.2.2 and 9.2.6 below, that *Service Plus* will need to be implemented in full if service efficiency and effectiveness are not to drop. The following sections outline the potential of each of these strategies to resolve the financial shortfalls expected for *Waverley Together 2*.

9.2.1 Strategy 1 – Improving Productivity

Waverley Council has made some reasonably significant productivity improvements on average over the last decade as shown in the tables below and in **Appendix 7**. Our monitoring and calculations of productivity movements in each of our LTFPs indicate that with average productivity gains of between 1% and 1.5% per annum, we have generally kept pace with the current Australian economy wide productivity gains of around 1.2%.

Council's efficiency gains are due, at least in part, to significant targeted efficiency programs and service reviews that have been conducted under organisational development plans and our adopted Business Excellence Framework (BEF) since 2003. (Waverley Council works within the Australian Business Excellence Framework to achieve continuous improvement in the efficiency and effectiveness of its operations – see for example our application of the BEF in Asset Management (SAMP3 Appendix A15), which is acknowledged as an industry best practice feature of our Asset Management Policy.

A list of approximately 100 of the most significant service reviews and negotiated efficiency programs/achievements conducted in the last decade is provided in **Appendix 7**. This covers examples of reviews across a wide spectrum of services with some of the most effective outcomes having been achieved as follows:

Waverley Council – Significant Efficiency and Service Utilisation Improvements 1999 to 2011	
▪ **Industrial agreement negotiations**	▪ Two major re-negotiations of the pre-2000 Conditions Enterprise Agreement for staff have resulted in cessation of future accruals of paid untaken sick leave and gratuities and a capping of liabilities for ELE. This has prevented future accruals of at least $20 million in ELE that would otherwise have occurred. ▪ In Public Places Cleansing, industrial agreement negotiations have resulted in cessation of the task (“do and finish”) system, expanded service coverage, and an extension of the hours worked by staff funded by re-distributing the way overtime is paid. ▪ In Domestic Waste Collection, industrial agreement negotiations resulted in a 25% increase in bins collected per truck and a reduction in staff and trucks required to service properties
▪ **Organisational development**	▪ Implementation of Business Excellence programs has improved the attractiveness of Council as an employer with improved staff retention rates – turnover dropped from 21% in 2005 to 9% in 2010 with attendant drops in the cost of staff replacement
▪ **Asset management**	▪ Development of an innovative alternative method for assessing the cost to renew assets has resulted in: o an 84% drop in the assessed costs of asset renewal, and o a 35% drop in the expected costs of ongoing asset maintenance compared to costs reported in 2004.
▪ **Off-street parking operations**	▪ By ceasing contracting out and progressively taking on operations of off-street car parks in-house, we have enhanced net returns by 230% since 2004, despite a drop in off-street parking demand and utilisation.
▪ **On-street parking operations**	▪ Through community consultation we have established an effective metered parking network for improved utilisation and sharing of Waverley’s most scarce resource – a parking spot. ▪ Turned a mere 2,115 on-street spaces in commercial areas into more than 20,000 opportunities per day to find a parking space, with significant financial benefit for Council – a 406% increase in gross income from parking meters and fines since 2000.
▪ **Cemetery operations**	▪ Income from gross sales has increased from $433,000 in 1999/00 to $1.36 million in 2009/10 – a 215% increase. ▪ Labour costs as a proportion of sales per annum have decreased by 43%.
▪ **Child care**	▪ Achievement of the highest rankings in accreditation processes has resulted in intense demand for Waverley’s high quality child care and no risk of under-utilisation. ▪ A >99% occupancy rate has achieved on an ongoing basis.
▪ **Development approvals**	▪ Total time taken to assess DAs has trended steadily downwards despite increasing urban density, increasing application number trends and complexity/dollar value of applications.
▪ **Urban and economic planning**	▪ Early adoption of the template and achievement of best practice in its use has enabled early gazettal of the Bondi Junction LEP and attendant release of improved economic potential of the land uses in this major regional centre.

Waverley Council – Significant Efficiency and Service Utilisation Improvements 1999 to 2011	
▪ **Investment planning**	▪ Agreement by councillors on proposals for sale of $50 million of under-performing property for re-investment in property development has secured substantially increased financial returns on assets and improved QBL outcomes
▪ **Long term integrated planning and resourcing**	▪ Successive Long Term Financial Plans since 2008 have reduced assessed shortfalls for future services up to 2022 by: o $52 million for existing services compared to the 2008 estimate in LTFS1; and o $21 million for enhanced services in compared to the 2008 estimate in LTFS1. ▪ This quality planning has reduced the potential rate rise required to cover shortfalls from 13.33% foreshadowed in LTFP2 to 11.12%.
▪ **Housing**	▪ Development of an innovative financing strategy has facilitated the creation of an affordable housing portfolio comprising more than 25 housing units, and a 27% growth in units of social housing, all financed by developer contributions. ▪ The portfolio is run at a small profit per annum and provides housing stock for the socio-economically disadvantaged in Waverley with no cost imposition on ratepayers.
▪ **Community services**	▪ Established the acknowledged industry benchmark for accreditation of programs imparting independent living skills to the intellectually disabled ▪ Attracted additional funding to improve case worker/client ratio ▪ Substantially eliminated cash handling ▪ Client numbers in this service have tripled since 2000

Notwithstanding the efficiency gains made, it needs to be recognised that Council is facing an average financial shortfall over the next decade of almost 7% or $8 million per annum **for existing services**. It would not be expected therefore that such a large shortfall could be reduced entirely or even significantly through efficiency/productivity improvements. Nevertheless efficiency gains can form, and are forming, an important part of a solution to the shortfalls. As such they are being assertively targeted and measured as a key part of our processes for implementing the IP&R framework.

9.2.1.1 Assessed Productivity Improvements in the Last 10 Years

Waverley Council is not aware of methods used by other councils to estimate and track changes in total efficiency over time. In the absence of agreed measures we have therefore, in each of our LTFPs, opted to measure efficiency gains since 2000 using a method and logic which assumes that productivity gains or losses can be measured by calculating growth in the units of labour as a proportion of growth in total non-labour expenditures discounted for inflation. We concentrate on labour efficiency because we are a service based industry and labour is the dominant cost driver.

Analyses using this method indicate that Waverley Council's productivity levels have varied quite widely on an annual basis from negative to positive over the last decade but on average have generally improved at somewhere between 1% and 1.5% per annum as shown below:

Waverley Council – Assessed Productivity Improvement 2000 to 2008	
Inputs / Outputs	**Change between 2000 and 2008**
Staff equivalent full time numbers	Increased by 30%
Value/cost of works and services delivered	Increased by 74%
Proportion of services delivered by contracting out	No change
Estimated increase in productivity 2000 to 2008	**9%***

* = % Change between A and B, where A. is the value of services delivered per staff member in 1999/2000 in today's $ (excluding employee costs) = $66,064; and B. is the value of services delivered per staff member in 2007/2008 (excluding employee costs) = $72,198. Hence ((B–A)/A)*100.

Waverley Council – Assessed Productivity Improvement 2000 to 2010	
Inputs / Outputs	**Change between 2000 and 2010**
Staff equivalent full time numbers	Increased by 35%
Value/cost of works and services delivered	Increased by 101%
Proportion of services delivered by contracting out	No change
Estimated increase in productivity 2000 to 2010	**15%***

* = % Change between A and B, where A is the value of services delivered per staff member in 1999/2000 in today's $ (excluding employee costs) = $68,864; and B is the value of services delivered per staff member in 2009/2010 (excluding employee costs) = $79,488. Hence ((B–A)/A)*100.

It's important to note that productivity movements from year to year are not uniform and may be negative. A negative movement for instance seems to have occurred in 2009/10 as shown below:

Waverley Council – Assessed Productivity Movement 2009 to 2010	
Inputs / Outputs	**Change between 2009 and 2010**
Staff equivalent full time numbers	Increased by 1.26%
Value/cost of works and services delivered	Increased by 4.26%
Proportion of services delivered by contracting out	No change
Estimated increase in productivity 2009 to 2010	**(3.57%)***

* = % Change between A and B, where A is the value of services delivered per staff member in 2008/2009 in today's $ (excluding employee costs) = $82,435; and B is the value of services delivered per staff member in 2009/2010 (excluding employee costs) = $79,488. Hence ((B–A)/A)*100.

It is thought that this negative movement is due to poor performance in workers' compensation claims in that year arising from:

- increased exposure in manual handling problems particularly for our ageing workforce, and
- increased exposure to assaults of parking officers.

Generally, however, the trend has been positive and on average at between 1% and 1.5% seems to have been in line with, or perhaps better than, the average annual Australian economy wide labour productivity gain over the last 5 years, which IPART quotes as "around 1.2% per annum"[1] (assuming of course that the estimating methods are comparable).

Based on the above variability of our experience it would seem prudent to assume continuing productivity improvements into the future at a rate of perhaps between 0.5% and 1.5% per annum in any one year, although, as the following section shows this may not be expected in the early years of the coming decade if current workers' compensation premiums persist.

[1] See IPART Report on Local Government Cost Index December 2010, page 9.

9.2.1.2 Efficiency of Directly Employed Labour

Labour is any council's biggest cost and Waverley Council is no different. The unit cost of directly employed labour for all councils has been rising steadily in the last decade, particularly since the Global Financial crisis when compulsory calls from certain superannuation funds were made for increased contributions from councils to cover losses in those funds. Waverley also experienced major increases in workers' compensation premiums in the last two years, as stated above.

Despite these two recent adverse effects on efficiency (i.e., in superannuation and workers' compensation bills), a number of efficiency improvements have been made in the last decade which to some extent may offset the above negative movements or certainly prevent further blow-outs in future in direct labour costs. The largest of these has come via enterprise agreement re-negotiations.

The table in Section 9.2.1 above shows that in the last six years there have been two major successful re-negotiations of the Waverley Council Conditions Enterprise Agreement for staff which have substantially reduced expected future liabilities for employee leave entitlements and gratuity benefits. This has ensured both that the unit cost of direct labour will be more effectively controlled and that whatever salary benefits are available will be more equitably shared among staff than they could have been had the pre-2000 Conditions Enterprise Agreements prevailed. In effect the two re-negotiations have pared back approximately $20 million in liabilities that would otherwise have accrued over the next decade under the old Agreement. The second re-negotiation pared back future liabilities by up to $5 million (based on an assumption that all those entitled to the benefits would stay with Council until retirement age of 65).

Further efficiencies and improvements in output per unit of labour have been achieved by re-negotiation of other enterprise agreements for outdoor staff in Public Places Cleansing and Domestic Waste Collection (see **Appendix 7** for more details).

Reform of workers' compensation and OH&S procedures has also led to some efficiency improvements in the last year, in as much as we have achieved a significant reversal of the trend in incidents and injuries for parking officers. This improvement, however, has not yet been reliably experienced in relation to other outdoor workforces in domestic waste and street cleaning. Further investment in procedure improvements in this area has been approved to improve the incident and injury rate.

9.2.1.3 Efficiency of Total Labour

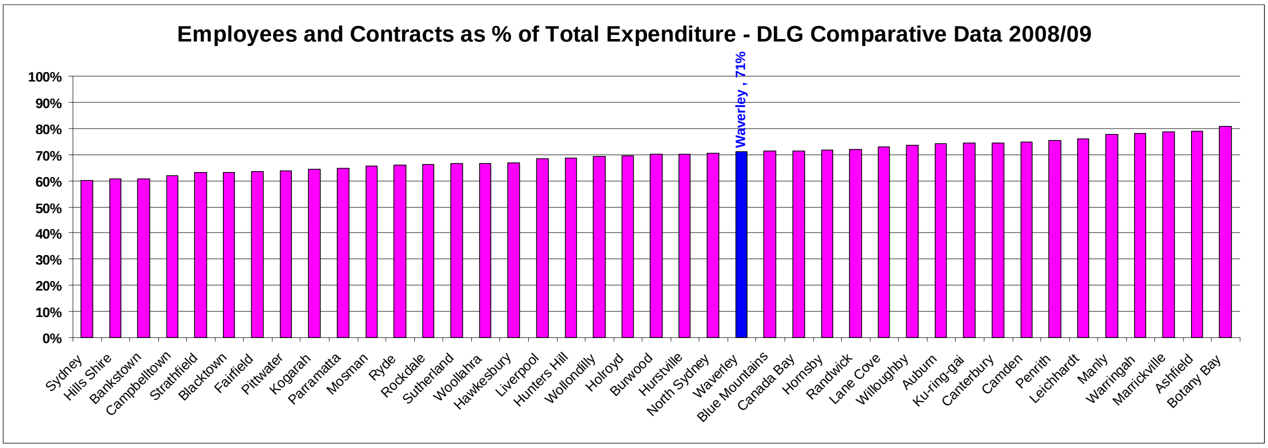
In the recent Funding the Future consultation process conducted in association with a potential rate rise for future services, various members of the community expressed the view that councils, particularly Waverley, have too many staff and are inherently inefficient.

Waverley is thought (mistakenly) by some to be especially inefficient compared to other levels of government in delivery of services such as child care and affordable housing. A fuller analysis of financial facts, however, shows that Waverley Council is able to deliver these services with no impost on ratepayers and is probably better placed than other levels of government and even other businesses to deliver these and a range of other services with relatively high efficiency and at the lowest cost (zero) to residents. LTFP3.1 assumes that Waverley will continue to provide these services without imposition on ratepayers.

As to whether Waverley Council has too many staff, it is certain that Waverley uses directly employed labour more than any other council in our group of councils to deliver services. We are the council in our group that is most dependent on direct labour and least dependent on contractors. Debate as to how labour should be sourced and whether the private sector is better placed to provide labour on contract has dominated consciousness about how efficiency can be achieved in government since the mid-1990s when large sections of state and local government shifted to contracting out. It's interesting to note that at least one of these councils, Bankstown, having contracted some significant sections of its outdoor operations, is now shifting back the other way. We might assume that they have discovered some disadvantages with heavy contracting out but to date we have not consulted them on the reasons behind their reversion to direct employment.

From Waverley's perspective both approaches – direct employment and contracting – have advantages and disadvantages. It is tempting to move to contracting out when workers' compensation bills rise. On the other hand, directly employed workforces have definite advantages in providing higher grade customer service as it is significantly easier to create a common culture, ethics, adherence to approved codes of conduct, and commitment to customer service levels. Given this we would be entitled to think that if we could get our workers' compensation bills under control again it would on balance be wiser to stay put with a heavier reliance on direct labour. This is especially the case in services like parking enforcement, although it is less clear for some other outdoor services such as domestic waste. Further analysis would be required to form a conclusion on this.

Very few if any reasonable measures are available to assess the relative efficiency of direct labour versus contractors, particularly when efficiency is viewed not just as "reduction in cost" but as "increase in output per unit of cost". However, the NSW Division of Local Government (DLG) provides comparative data on labour costs, contractor and materials costs, and total expenses of all NSW metropolitan councils as shown in the following graph:



Using these data we can get a picture of total labour costs for each council as a proportion of total expenditure. This shows that when costs for directly employed staff and contract labour are added together, Waverley Council could be said to be in the middle of the range of councils in terms of how much of our total funds are spent on labour and materials & contracts.

The above analysis might shed some light on the relative efficiency of labour, i.e. total cost of labour as a percent of total output. However, caution should be exercised. Councils can have very different expenditure profiles and may attract a range of quite different and unavoidable non-labour expenses. Views of single years like this may or may not be indicative of the efficiency of labour in relation to total output or, perhaps more accurately, to total cost. Trend data collected over a decade may be more useful.

9.2.1.4 Potential Productivity Improvements in the Next 10 Years

There will be opportunities to continue the overall trend of increasing output and we will continue targeting efficiencies through our Business Excellence programs and *Workforce Plan 2010-2014* – see **Appendix 11**. Nevertheless, it is not expected that in what is largely a service industry with human resource intensive services (such as child care, community services, waste collection, events management, planning, and parks and asset maintenance), it will be as easy to increase productivity as it would in, say, manufacturing industries which can more readily access efficiencies and economies of scale through technology improvements.

The maximum productivity improvement that should be targeted in any one year would, based on our experience, be 1.5%, unless there is some extraordinary event in say establishment of a business which is not labour intensive. This potential 1.5% per annum efficiency improvement obviously does not solve an approximate 7% per annum shortfall.

Caution should also be exercised in as much as past productivity improvement trends may actually be reversed if services are cut to balance the budget. This is because staff that currently deliver a multitude of services would still need to be retained but would end up delivering fewer services. Their output would accordingly be reduced. This would apply for both front line staff and corporate support staff.

Benchmarking of corporate costs (labour and non-labour overheads) with other councils in the Southern Sydney Region Organisation of Councils shows that unavoidable corporate overhead costs as a proportion of total costs at Waverley are already quite low compared to the other councils in a number of areas (the main exception is workers' compensation insurance premiums). This relatively high level of efficiency in corporate overhead costs would also drop with service cuts.

Important: It should be noted that in December 2010, when considering whether it should apply for a special variation to rates to cover shortfalls for the coming decade, Council resolved to assume that average efficiency gains of 1.4% per annum could be achieved. This is at the top end of what might be reasonably expected in efficiency gains, based on our past experience. Furthermore however, Council resolved that none of this assumed efficiency gain should be put aside as a contingency for adverse financial situations such as those that may arise from the continuing poor rates coverage ratio that is expected in the next 20 years[2]. Instead, councillors preferred to discount the required rate rise based on an assumption that efficiency gains of 1.4% per annum would form part of the funding strategy for enhancement of services in *Service Plus*. This is considered to be a reasonably high risk strategy. Efficiency gains of 1.4% per annum are by no means guaranteed. Nevertheless a program of service reviews has been scoped in the *Workforce Plan 2010-2014* to maximise Council's chances of achieving the required average efficiency gains.

Salary costs in the financial model for LTFP3.1 have been adjusted downwards to reflect this targeted efficiency gain. This means the assumption of a 5% per annum average increase in employee costs has been slightly lowered as stated in Chapter 3 above.

9.2.2 Strategy 2 – Making Savings Via Discontinuation of Services

Like any council, Waverley is continually reviewing services both for their efficiency and for their continued relevance to the community (see examples at **Appendix 7**). Our experience in reaping substantial benefits from these reviews confirms that service reviews can offer

[2] Income from rates in 2010/11 is covering less than 28% of service costs and is not expected to reach a point where it will cover 45% of service costs by 2022, even with a special rates variation. Without a special rates variation, the rates coverage ratio is set to drop to approximately 26% in the next 10 years.

efficiency improvement opportunities. Accordingly the practice of conducting service reviews will continue in the next decade as per normal business practice and service reviews are already identified and programmed in the *Workforce Plan 2010-2014* (see **Appendix 11**). However, as is shown above, the efficiency improvements these reviews might yield will not be sufficient in magnitude to bridge Council's large funding gap. To make any real inroads on the problem, without increasing income, we would have to resort to discontinuation of one or more whole services.

In fact, as it may be assumed that we have an average financial shortfall for existing services over the next 11 years of approximately $8 million per annum, it is apparent that **attempts to solve the shortfalls purely by service cuts could necessarily result in the deletion of 7 or more of our 22 service groupings including, say, <u>in their entirety</u>:**

- **Community Services,**
- **Cultural Services,**
- **Environmental Services,**
- **Library Services,**
- **Place Management Services,**
- **Recreation Services, and**
- **Governance, Integrated Planning & Community Engagement.**

This is obviously not a sustainable approach to the issue of balancing the budget and the following table illustrates why. This table shows the net savings to be made by deleting each of our 22 service groupings based on actual expenditures on those services in 2009/10. Where a service has a high proportion of support from non-rates income, then the full **net** saving to be made by reducing or deleting the service is proportionally reduced or may even be zero. If, as an example, we deleted all the services listed in the dot points above, it would add up to average annual net savings of $11.2 million. This would cover the shortfalls but push Council into inefficiencies, non-compliance with the law, a huge loss of service output, and all the ineffectiveness that implies. It would amount to a strategy of achieving financial sustainability at the expense of QBL sustainability.

The fact is that the above 7 services, which were among the more frequently cited by community members as services that they thought could be deleted, reduced or done more efficiently by some other level of government or business, actually consume only about 15% of Council's entire annual expenditure and because they are almost 20% funded by external sources, they would need to be deleted in their entirety to solve the full financial shortfall.

Note: Some services such as Parking Services, Cemetery Services, Social & Affordable Housing, and Commercial Waste are generally more than fully funded by non-rates income. They make a positive (as opposed to neutral or negative) contribution to Council's overall funding position, albeit in some cases marginal. In these cases their deletion would result in increased deficits.

Maximum net reductions in financial shortfalls that may be made by deletion of services Based on Waverley Council Services Actual Expenditure – 2009/10				
Service Category	Total Expenditure 2009/10	% Funded by Non-Rates Income	Source of the Non-Rates Income	Max savings to be made by deletion of service
Asset Management Services	$15,320,136	41%	User charges, rents, grants, developer contributions & reserves	$8,986,862
Beach Services, Maintenance & Safety	$2,520,722	16%	Rentals, filming fees & vendor/trading permits	$2,124,546
Cemetery Services	$2,114,812	100%	User fees	$0
Child Care Services	$4,125,471	100%	State/Federal funding & user fees	$0
Community Services	$1,596,365	46%	User fees, grants & contributions	$861,463
Corporate Support Services	$10,459,531	49%	Interest on investments, grants, user fees, rebates & insurance recovery	$5,304,742
Cultural Services	$976,103	40%	User fees, hall hire & grants	$586,557
Customer Services & Communication	$1,704,146	1%	User fees	$1,685,718
Development, Building & Health Services	$7,940,161	58%	Interest on investments, user fees, fines, developer contributions	$3,312,231
Environmental Services	$1,165,585	9%	Grants & contributions	$1,055,818
Governance, Integrated Planning & Community Engagement	$3,140,494	1%	User fees	$3,097,370
Library Services	$4,149,478	11%	Rents, fines, user fees grants & contributions	$3,682,875
Parking Services	$9,455,471	100%	Parking fees	$0
Parks Services & Maintenance	$4,730,257	7%	User fees, rents & grants	$4,376,491
Place Management	$1,376,722	60%	Sponsorship fees, rents, grants & contributions	$550,078
Recreation Services	$1,503,522	9%	Rents, hall hire, contributions & grants	$1,374,175
Regulatory Services & Emergency Services*	$1,431,153	97%	Fines, user fees, footpath lease fees, hoarding fees & contributions	$40,004
Social & Affordable Housing	$566,645	100%	Rents	$0
Traffic & Transport Services	$757,653	17%	Grants	$627,516
Urban Open Space Maintenance & Accessibility	$5,545,164	2%	Grants & contributions	$5,448,673
Waste Services	$12,629,194	100%	Domestic Waste Charge, user charges, interest & rebates	$0

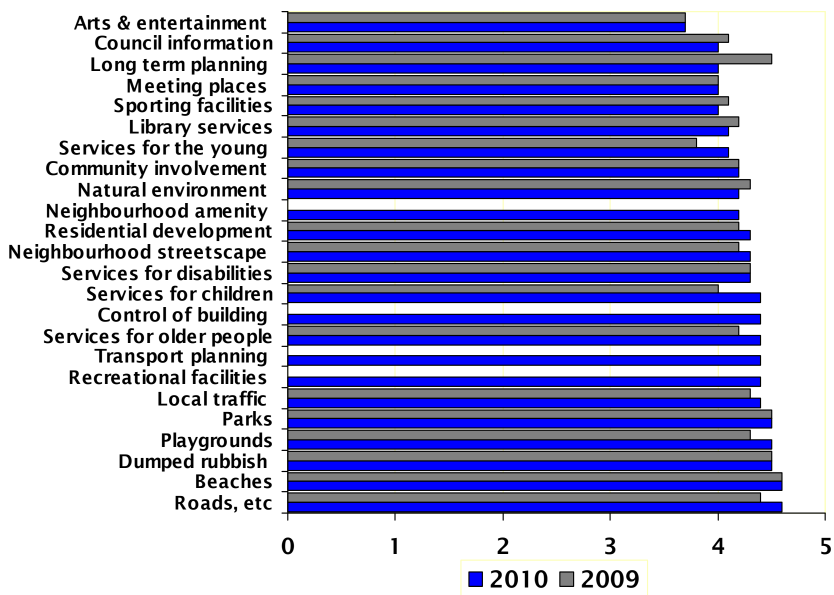
* Emergency Services is normally listed as a separate service. Due to its very small cost, however, it has been combined with Regulatory Services in this analysis.

Notwithstanding the unsustainability of the approach of deleting services, decisions on service deletions or service level reductions would be taken if they were absolutely necessary. Should such a decision be required now or at any time in the future, the decision would of course always be based on information about customer and community views of the relative value of services. Extensive information on this has been collected recently through the two separate statistically valid surveys of Waverley residents conducted for development of *Waverley Together 2* (see Section 1.8.1 above).

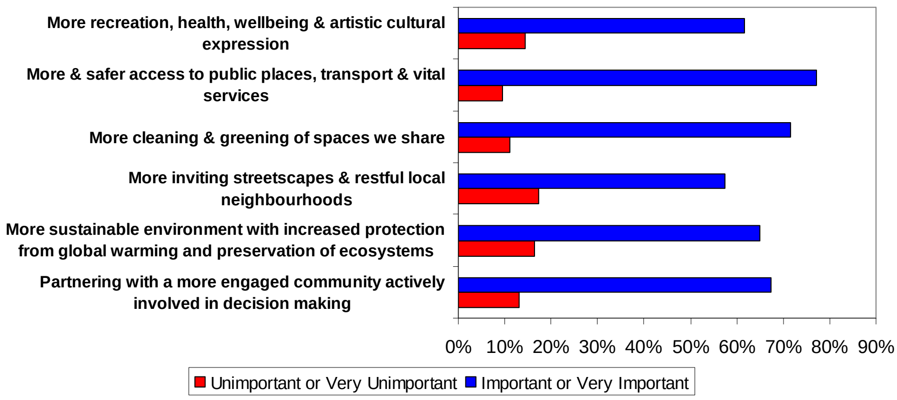
It should be noted that results of both these surveys are consistent in that they show that the Waverley community highly values all Waverley's Council's existing services without particularly distinguishing any as unimportant or unnecessary. If anything, a substantial majority of the community want Council's services to be delivered at a higher level rather than a reduced level, and this marked trend of increasing demand is evident in both surveys. As such the community is not giving much in the way of guidance about the priority of service cuts should they be necessary. On the contrary, the second community survey conducted in 2010 only provides significant reinforcement of the view that Council's services are not only highly valued but that they are currently being delivered at lower levels than the community is comfortable with. This reinforcement is particularly strong as the 2010 survey was conducted in the context of telling all respondents what it would cost them personally in rate rises to maintain and enhance service levels. The reinforcement is provided in responses which show for instance that:

1. Despite being told costs, the community's view of the importance of services didn't significantly change from the first survey to the second as shown below:

Hunter Valley Research Foundation
Comparison of 2009 and 2010 Surveys on Importance of Waverley Council's Services



2. In every case in the second survey when respondents were asked how important it was to have **more** services (in specified categories), a majority said it was either important or very important as follows:



Note: A different methodology was used in each of the HVRF surveys to assess the importance of services but the mean scores for both the 2009 and 2010 surveys still came out the same – indicating a high degree of integrity in the data on community views. In other words, there is indeed very strong support in the community for the view that Waverley Council's service array, unusually wide as it is, is nevertheless made up services that are considered very important and in many cases essential.

It is emphasised that the above results were provided by respondents in the context of a survey where they were clearly told how much it would cost them personally if the service improvement were to be funded by a rate rise. Taking this into account, LTFP3.1 does not assume that a strategy of service level reductions/deletions would be a preferable or viable option to resolve a funding shortfall. We would have to cut far more services than community feedback suggests would be acceptable. This is not to say that services deletions/reductions might not form part of a solution in an emergency; but when community opinion about service deletions is considered alongside a variety of factual information about the loss of efficiency, quality of life and overall community capacity that would result from reductions or deletions of Council's services, it is apparent that service deletions/reductions would be at the bottom of a hierarchy of solutions that would be consistent with achieving QBL sustainability. It would constitute a reversal of sustainability in all four quadrants of the quadruple bottom line.

9.2.3 Strategy 3 – Optimising Assets

Capacity to improve financial results by rationalising assets has been substantially increased through the *Investment Strategy 2007*. The Investment Strategy Layer results in:

- a small improvement in the Base Layer funding shortfall;
- a significant service level improvement from existing assets such as the Waverley Pavilion, Bondi Pavilion, the Council Chambers Building, Eastgate Car Park and our depots; and
- an increased capacity in child care service delivery (52 extra long day care places).

In other words the *Investment Strategy 2007* can deliver very good productivity improvements at less cost than the current services. This is a substantial efficiency achievement.

It is expected that by 2021/22 the Investment Strategy Layer should contribute somewhere between $53 million and $58 million, with asset sales and improved recurrent returns, to Council. It follows that without the *Investment Strategy 2007*, the shortfall on the Base Layer would be as much as $58 million higher than it is. This is because the *Investment Strategy 2007* is actually renewing existing assets that would otherwise have to be renewed in the Base Layer to ensure they can continue to contribute to the current service levels for open space, active recreation, staff accommodation and cultural and beach services. The *Investment Strategy 2007* makes it possible to renew these assets without burdening the Base Layer and at the same time gain some service enhancements in the form of child care, active recreation, economic and cultural services capacity.

All in all, the *Investment Strategy 2007* has increased capacity by up to 45% compared to the shortfall that might otherwise have resulted from necessary expenditure on existing assets under the Base Layer. As such, between the productivity increases outlined above and the positive contribution of the *Investment Strategy 2007*, Council has done a substantial amount to reduce the future burden for contributions to a continuation of current service levels.

The *Investment Strategy 2007* does not have capacity to contribute further to a reduction of the shortfall and its capacity to contribute is sensitive to a range of factors outlined in Section 4.5 above.

9.2.4 Strategy 4 – Utilising Reserves

As at the end of 2009/10 Waverley Council had a strong Unrestricted Current Ratio of 2.86:1 indicating that it has good liquidity and capacity to meet short term liabilities without resorting to drawing on externally restricted reserves. Bearing in mind that the benchmark for sustainability on this ratio is variously considered to be between 1.5:1 and 2:1, Waverley's strong liquidity ratio may imply that Council is holding excess liquidity and not converting funds efficiently into works and services. The fact that at year-end for 2009/10 we had cash reserves (including cash equivalents and investments) of $48.2 million may add to this impression.

These apparently substantial reserves will not, however, fully cover some extraordinary liabilities for this council. Council has commenced a borrowing strategy to fund the payout of liabilities for employee leave entitlements (paid untaken sick leave) and gratuities over a five year period from 2010 (see Section 9.2.1 above). Payout of these liabilities in cash is part of the outcome of recent re-negotiations of old Conditions Enterprise Agreements wherein staff agreed to cessation of all future accruals of these benefits and to capping the value of already accrued entitlements to reduce growth in the previously expected cost of paying out both past and future liabilities. Re-negotiation of the Agreements has effectively saved Council $20 million in liabilities that would have been expected if the old Agreements continued to prevail.

As to reserves set aside for capital works and infrastructure renewal, Waverley Council has been funding quite a lot of its increased capital works and infrastructure renewal from recurrent surpluses derived from parking income over the last 10 years. Top-ups of expenditure on the usual level of investment in infrastructure have been funded by this means. The top-ups have been necessary, and will continue to be necessary, to assist Council to meet the minimum targets set in consultation with the community in *Waverley Together 2* for asset condition. These reserves are, however, expected to be fully consumed in this purpose by 2013/14, leaving Council no capacity to keep up the top-ups going. Failure to replenish the reserves will lead directly to a decline in the proportion of assets meeting the agreed target.

Further reserves set aside for Investment Strategy projects will be fully expended by 2012 on construction of the Waverley Pavilion and the new Early Learning and Care Centre currently under construction.

Taking all this into account, utilisation of reserves to fund operating shortfalls is not an option that could be included as a sustainable solution.

9.2.5 Strategy 5 – Utilising Loans

Section 2.5 above on Debt Policy makes it apparent that loans will play a major role in financing certain types of future works but not a major role in reducing operational shortfalls and not a major role in funding asset maintenance backlogs (certainly not at the present interest rates). The financial model for LTFP3.1 does not assume that loans are a sustainable form of funding for operational shortfalls, except in so far as they might be used to bridge short term cash flow issues such as those that might arise from buying out employee leave entitlements. Nor does the model assume that taking on debt for backlog maintenance leaves either of the current or future generations better off.

Instead a strategy of delaying or carefully staging works is considered to be the best alternative means of fairly distributing burden between generations. As such LTFP3.1 assumes that with adequate risk management backlog infrastructure works can in fact be staged slowly over the next ten years without significantly increasing long run costs or exposing the community to significant risk of asset collapse and that increased debt is a more costly approach to funding asset maintenance.

Debt will be utilised for investments which generate sufficient income to repay the debt, consistent with the Debt Policy set out in Section 2.5.

9.2.6 Strategy 6 – Utilising Other Funding Sources

Councils may access funds through a variety of means including:

- rates,
- fees and charges,
- grants,
- developer contributions,
- parking services,
- fines, and
- commercial business operations.

LTFP3.1 assumes that all the non-rates sources of revenue listed above will grow in the coming decade, either at CPI or above it (see Chapters 3 to 8 above for specific assumptions). However, the size of the funding shortfall to meet the community's requirements in *Waverley Together 2* is quite extraordinary. Therefore to balance the budget, assuming no service discontinuation, we will need to assume:

- maintenance of, or an increase in, all of the above non-rates sources of income, ***plus***
- realisation of expected gains from optimisation of assets, ***plus***
- efficiency gains in excess of 1.4% per annum on average, ***plus***
- full utilisation of reserves set aside for capital, ***plus***
- loans to be serviced in accordance with the Debt Policy described in Section 2.5 above, ***plus***
- a 91% increase in rates over 7 years followed by 4 more years on increases in rates at CPI cumulative added to the yield achieved by 2017/18.

Plus, we will need to assume there will be no adverse budget impacts from items which in reality have quite a degree of potential variability attaching to them. Serious negative budget impacts will arise for instance **if we do not**:

- achieve a sale price for the Waterloo depot as predicted in the model;
- implement various other income generating initiatives such as charging for the first hour of parking in Eastgate Car Park after 2013;
- proceed with the conversion of unused car spaces in Eastgate Car Park to office space;
- find alternative funding sources before resolving to buy land for which there is currently no budget;
- find a satisfactory and profitable way to enter the funeral industry at Waverley Cemetery;
- keep parking fine numbers at the current levels as a minimum;
- retain parking fine income (i.e., if we lose half of it instead to the State Government *a la* City of Sydney and North Sydney);
- control direct labour costs; and
- solve our workers compensation problems.

See Section 9.4 below on the sensitivities of LTFP3.1.

9.2.6.1 Community Preferences on the Composition of Services and Funding

Given the tightness of the budget situation and the all too precarious dependency on variable sources of income, a rate rise is a necessity. This conclusion is predicated of course on the over-riding assumption that service cuts will not occur.

The *Report on Funding for Waverley Council's Services 2010 to 2022* (see Section 2.13 above) makes it very clear that service cuts are not preferred at all by the Waverley community and that, on the contrary, they prefer service enhancement. Everything in the recent extensive and collaborative consultation conducted in 2009 and 2010 for the development of *Waverley Together 2* and its attendant Resourcing Strategy strongly reinforces this. Full details of what the community said in those consultation programs are available in Sections 2 and 3 of *Funding the Future: Report on Funding for Waverley Council's Services 2010 to 2022*; but in summary what the Waverley community said about its preferred service levels and funding preferences in the future was this:

Preferences for Funding the Future
Summary of Results – Hunter Valley Research Foundation Survey 2010

Question	Response	
Whether the vision of *Waverley Together 2* reflects their ideal of life in Waverley	Yes it does – majority agreement	87.8%
How important Council is in making the vision a reality, compared to other partners (other levels of Government, local businesses and the community itself)	Council is the most important partner	88.8%
How optimistic they are that these partners can work together to achieve the vision;	Optimistic Not optimistic	55.4% 26.0%
How important Council's current services are to achievement of the vision	Important or very important: average across services	82.3%
Range of importance of services Ranking scale of 1 to 5 where 1 = very unimportant and 5 = very important	All services except one are important or very important[3]	Mean score of 4 or more out of 5 for all except one
How important enhancements to services may be in terms of achieving the vision	Important or very important: average across enhancements	66.7%
Whether they think the information provided means that if the community doesn't want to pay for services now, it will cost more in the long run	Strong majority agreement	74.5%
Whether they think, based on the information provided, that Council has done everything it can to identify alternative sources of income and cost savings	Agreement Disagreement	45.3% 41.0%
Whether proposed rate rises (for them personally) for existing services are a reasonable price to pay	Majority agreement Disagreement	63.3% 28.1%
Whether proposed rate rises (for them personally) for existing and enhanced services are a reasonable price to pay	Majority agreement Disagreement	52.3% 35.4%
Whether proposed rate rises (for them personally) for existing and enhanced services are affordable	Majority agreement Disagreement	54.1% 32.3%
Whether raising the necessary funds from other sources would be acceptable, i.e., from parking fees and fines	Majority disagreement Agreement	52.8% 35.3%

[3] The only service with an average rating of less than 4 out of 5 was "facilities for management of arts, entertainment and cultural events". This achieved a mean score of 3.7 out of 5. Nevertheless 64.5% of respondents still rated this service as important or very important, giving it scores of 4 or more out of 5.

Preferences for Funding the Future Summary of Results – Hunter Valley Research Foundation Survey 2010		
Question	**Response**	
Whether they would prefer to raise rates over 5, 7 or 10 years	Over 10 years Over 7 years Over 5 years	63.3% 21.3% 12.3%
Whether they would prefer to have rates rising at even $ amounts each year or start smaller and get bigger (i.e., uniform $ increases versus uniform % increases)	Strong majority for even $ amounts	70.0%
Whether service cuts in their view would result in a reduced quality of life	Same quality of life Worse quality of life Better quality of life	50.6% 45.7% 2.5%
Whether if Council's services had to be cut, they were confident that the other partners would step in to fill the gap in community capacity to achieve the vision	Not confident Confident Unable to decide	37.4% 34.1% 27.7%
Whether they were surprised by the information on Waverley's rates compared to other councils	Surprised by low rates Not surprised	57.3% 36.1%
Whether, as a result of the engagement and survey process, they were more positive or not about:		
▪ the importance of Council's services	More positive Same More negative	51.3% 40.6% 7.6%
▪ the importance of Council's role in delivering a better lifestyle for the community	More positive Same More negative	51.0% 39.1% 9.6%
▪ Council as a trusted partner with the community in delivering a better lifestyle	More positive Same More negative	45.7% 39.7% 13.3%
▪ the value for money of Council's services	More positive Same More negative	42.5% 43.4% 12.5%
▪ Council's performance in long term planning	More positive Same More negative	54.0% 31.5% 12.9%

These are the results of the statistically valid survey of Waverley residents and ratepayers, independently conducted by the Hunter Valley Research Foundation (HVRF), after two years of in-depth engagement on what our community members want for their future life in Waverley. In essence the results of the 2010 HVRF survey:

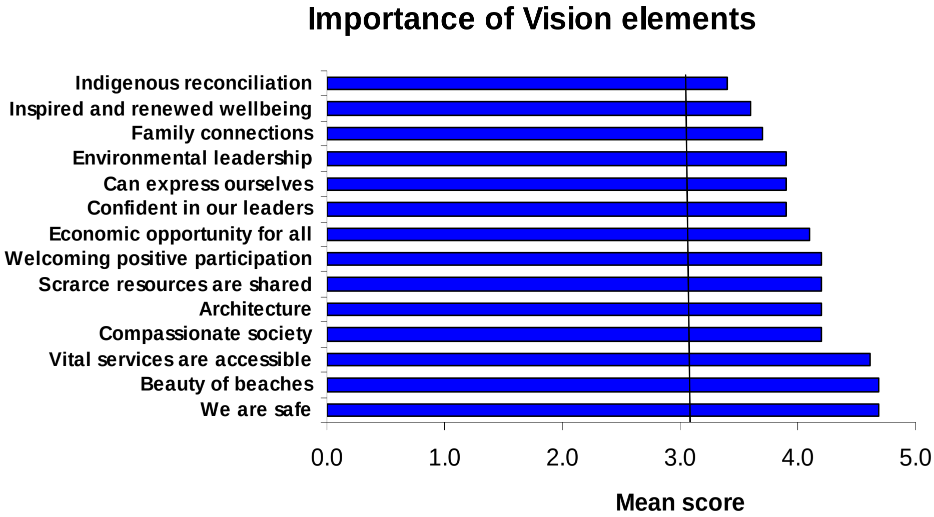
a. reinforced the views that had emerged in the 2009 survey and consultation program[4] about the importance of services – in other words all Council's services were still considered to be important or very important by the vast majority of residents and ratepayers (82.3% agreement on average across the services) and several services actually increased in importance (see graph in Section 9.2.2 above);

b. showed strong support for the adopted vision of Waverley in *Waverley Together 2* as a whole (87.8% agreement);

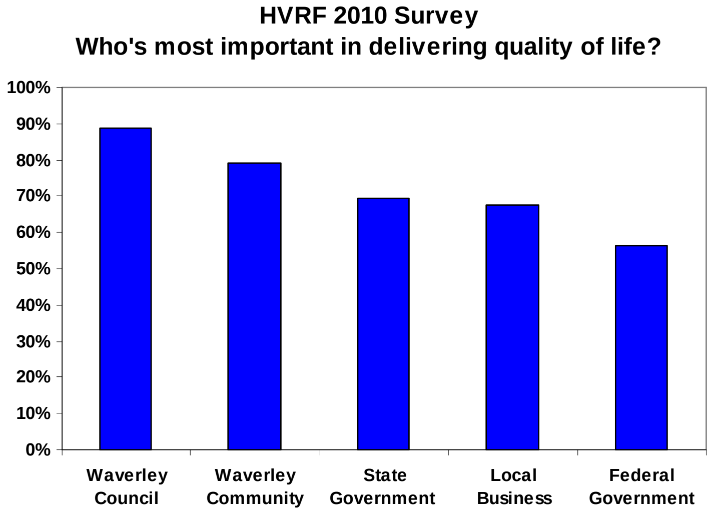
c. showed strong support for the 14 individual elements of the vision, in that a majority of respondents in every case rated each aspect of the vision as important or very important, i.e., a majority in every case gave each element of the vision a score of more than 4 out of 5 as shown in the next graph;

[4] HVRF also conducted the statistically valid survey in 2009 to assess the importance of and satisfaction with Council services. This survey was a major part of the consultation program undertaken in 2009 to develop *Waverley Together 2*.

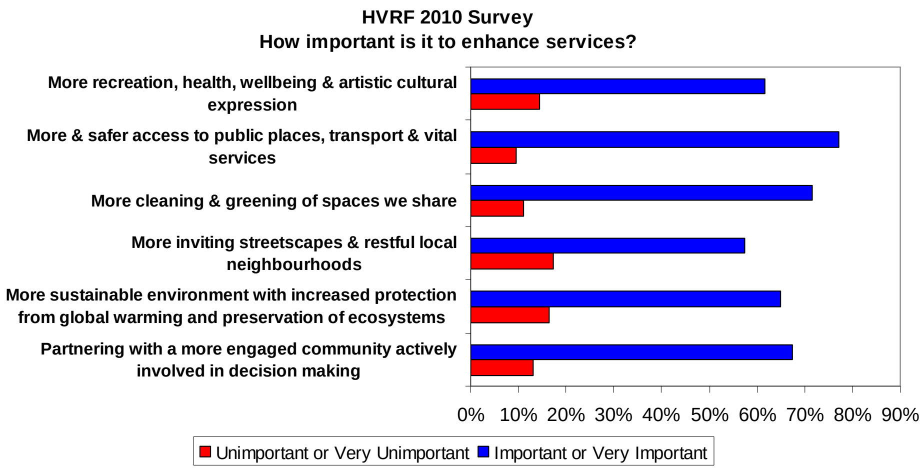
Hunter Valley Research Foundation
Importance of Aspects of the Vision for *Waverley Together 2*



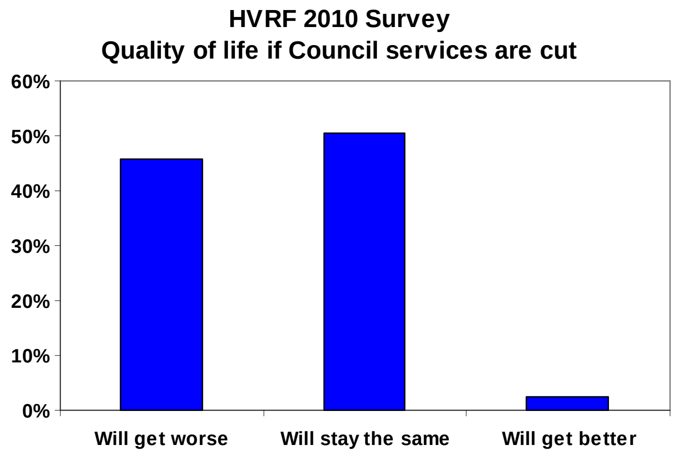
d. identified Council as the most important provider of services (88.8%) capable of making the vision a reality, over and above other players including State Government, Federal Government, businesses and the community itself;



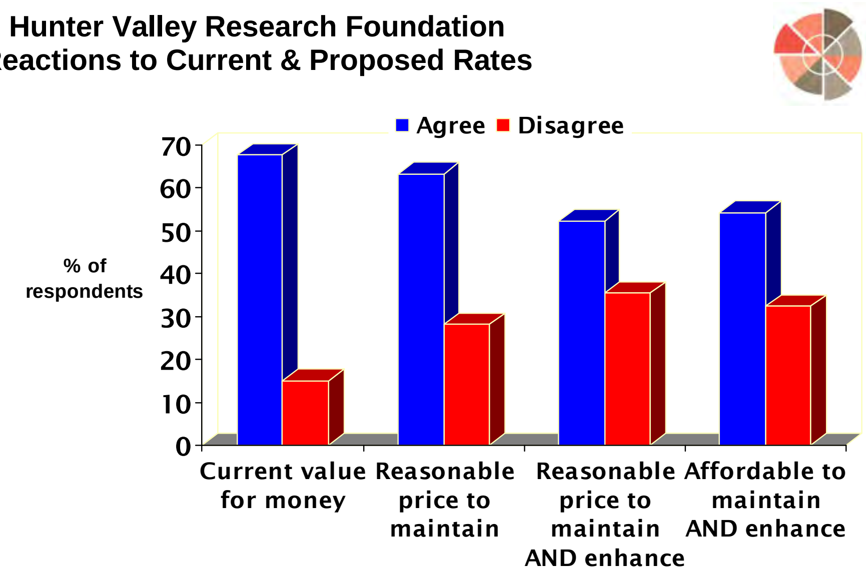
e. demonstrated strong majority support (66.7%) for enhanced service levels;



f. demonstrated near-majority (45.7%) support for the view that service cuts would lead to a worse quality of life in Waverley, with 50.2% holding the view that life would stay the same and very few (2.5%) saying it would get better;

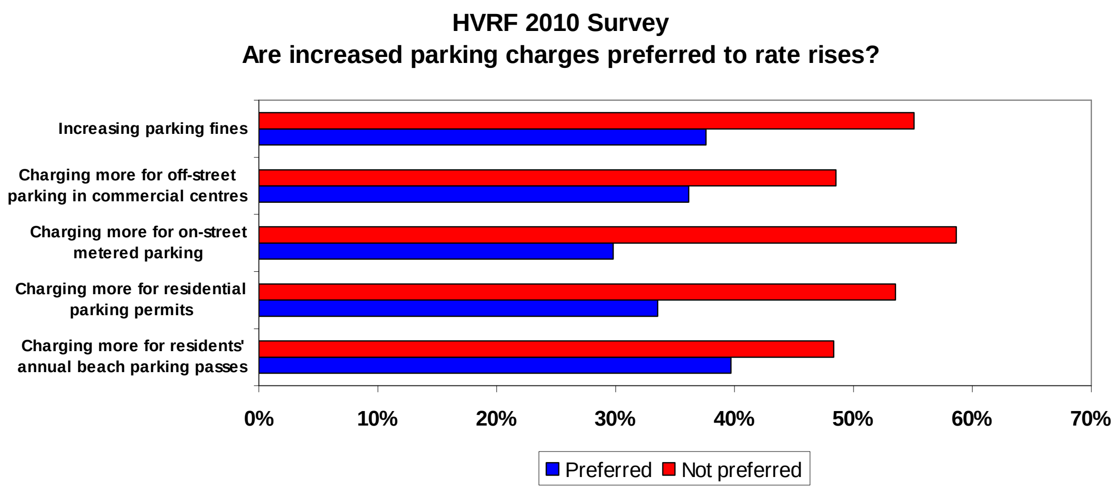


g. showed majority support for funding shortfalls for both existing services and enhanced services via a rate increase – in the sense that the rate rises necessary to fund the entirety of the shortfalls for both existing and enhanced services were considered by the majority of respondents to be both a reasonable price to pay and affordable; and



Depending on the magnitude of the rate rise, the number of people who preferred to raise rates outweighed those who didn't by a factor of anywhere between 1.7 and 2.3.

h. showed that a rate increase was on balance preferable to raising income by other means such as by raising parking fees and fines.



In interpreting these results, Council accepted in December 2010 that in a hierarchy of options for funding future services, the option of raising rates is preferable to the community, compared to both the options of:

- raising income from non-rates sources, and
- cutting services or delaying works on essential infrastructure,

as shown in the table below.

2010 Hunter Valley Research Foundation Waverley Community Survey Results *Apparent hierarchy of preferences*			
Raising income	Raising rates – is it reasonable value for money?	**Majority said yes** – between 52.3% and 63.3% said yes depending on the quantum of the rise	**Most preferable**
	Raising rates – is it affordable?	**Majority said yes** – 54.1%	
	Raising other income (from parking) – is it preferable?	**Majority said no** – 52.8% said no; 35.3% said yes	**Least preferable**
Changing service levels	Increasing services – do we want more?	**Majority said yes** – 66.7% support on average for more services in specified components.	**Most preferable**
	Reducing services – will it affect quality of life?	**Split on agreement** – 45.7% said quality of life would get worse; 50.6% said it would stay the same; 2.5% said it would get better.	**Least preferable**
	Delaying services/works – will it cost more?	**Majority agreement** – 74.5% recognised that delay of services would mean increased cost.	

Taking the above views into account Council concluded that the community's hierarchy of preferences for funding solutions is:

Top of the hierarchy	Raise rates to secure enhanced services assuming efficiency improvements will help fund some of the cost	**Pay more – get more**
Bottom of the hierarchy	Delete or reduce services and fund remaining shortfalls via increased parking charges	**Pay more – get less**

9.2.6.2 Community Preferences on Utilising Variable Funding Sources

In its December 2010 resolution, Council also acknowledged that the structure of revenue as it is at the moment is making the Council financially unsustainable. There is too much dependency by Council on variable income, particularly parking income. This conclusion was drawn based on analysis of the feasibility, effectiveness and risk associated with opting to rely even more in the future on variable non-rates income sources, compared to the feasibility of relying more on rate income.

The results of this feasibility assessment were published in *Funding the Future: Waverley Council Review of Financial Structure 2010 to 2022* and in Fact Sheet 3 for the community during the *Funding the Future* consultation program.

Broadly summarised, the results were that while we have good access to variable income sources and have already assumed increases in several cases above CPI, the feasibility of raising variable income even more for these services is relatively poor. The effectiveness of assuming higher variable income increases is likewise poor.

The only non-rates source of operational income of sufficient value to noticeably – or rather, somewhat – reduce an average $8 million annual shortfall would be parking income including:

- parking fees for on-street parking on meters,
- parking fees for off-street parking in public car parks,
- fees for annual concessional beach parking permits for residents, and
- increased parking fine numbers.

Some significantly smaller amounts can be raised by increasing grants, contributions and sponsorships, and increasing developer contributions. But these increases are very unreliable. In reality some, eg., grants, are more likely to go backwards for councils like Waverley (our share of Federal grants has been declining).

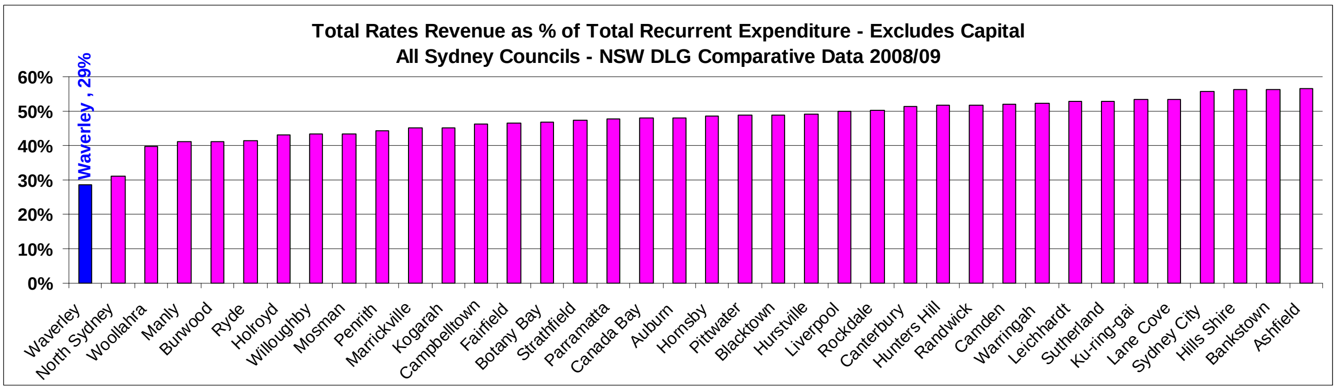
Steady increases in all the above sources of income are already factored into the financial plan. Overall parking fee income increases have been factored in at an average 6.3% per annum, i.e., at more than CPI, with some larger increases in on-street parking fees every 4 years. Otherwise the shortfalls for existing services would be much bigger than $85 million. However, the option of increasing parking charges further was deemed to be very unreliable as a means of balancing the budget for existing services, let alone for the full *Service Plus*. The following table shows why:

Alternative source of income	Increase necessary to raise $8 million per annum to fund shortfalls on Existing Services	Feasibility and effectiveness
▪ Parking fees for parking on-street at meters.	▪ Parking meter income would need to increase by at least 112% assuming no drop off in uptake of metered spaces. ▪ **Hourly meter rates would need to almost triple.**	Feasibility – Poor Effectiveness – Poor Desirability - Poor
▪ Parking fees for parking off-street in car parks.	▪ Off-street parking income would need to increase by 133% assuming no drop off in uptake of car park spaces. ▪ **Hourly rates would need to almost quadruple.**	Feasibility – Poor Effectiveness – Poor Desirability – Poor
▪ Fees for annual beach parking permits for residents.	▪ The current concessional rates for residents for annual **Beach Parking Permits of $100 would need to cease** entirely and residents would need to pay the same as visitors to park at the beach. ▪ **This would be unlikely to raise more than 20% of the required $8 million.**	Feasibility – Poor Effectiveness – Poor Desirability – Medium
▪ Increased parking fine numbers	▪ The number of parking fines has been dropping in the last two years. ▪ Financial projections assume they will stay steady. ▪ To meet a $8 million target the number of **fines issued annually would need to increase in number by at least 150% or an extra 150,000 fines a year.**	Feasibility – Poor to Nil Effectiveness – Poor Desirability – Poor to Nil
▪ Combination of all of the above	▪ Some combinations of the above would result in increased income for a time but they would have negative effects on the less well off and on businesses. ▪ They would also be very unreliable in the long term.	Feasibility – Poor Effectiveness – Poor Desirability – Poor

Taking this into account it was clear to the community that if we wished to fund **both existing and enhanced services** by these means we would need to raise almost $17 million a year. Clearly it is not feasible at all to raise this by alternative means.

Increasing our dependence on these variable sources of income might be helpful, at least to some extent, temporarily. In certain cases, for instance in relation to beach parking permits, it may also have some benefits in terms of achieving more optimal use of scarce resources, in as much as it would shift the structure of the income more towards a user pays system. There are a few hidden subsidies for users of some services that ratepayers who don't use those services are sharing the burden of at the moment. Notable among these are beach parking fees, parking fees at Eastgate (which can't be changed at present because they are controlled by a legal agreement struck in 1983), and development application assessment fees (which can't be changed because they are controlled by statute).

A shift towards more user pays mechanisms would reduce these cross-subsidies. But if relied on too much it would also expose the budget more to the vagaries of market based mechanisms, to which Waverley's budget is currently more heavily exposed than any other council in the Urban Medium group of councils in New South Wales. Waverley is at present the Council in this group (Group 2) that is least reliant on rates to balance its budget. Rates as a proportion of total income at Waverley is now so low that in 2010/11 it is actually funding less than 28% of the cost of services and capital works delivered annually. The latest comparative data from the DLG for 2008/09 tells the story:



This income structure is not a sustainable structure. Waverley Council relies too heavily on variable sources of income which when they shift downwards send fairly significant tremors through the whole service and works profile. This occurred recently during the global financial crisis when income from Waverley's biggest non-rates source of funds – parking – dropped with increased compliance with parking regulations. At over $22 million gross, combined parking fee and fine income at Waverley is almost as large as rates income. This sustained drop in parking fine income since 2008 has therefore impacted financial results right through the 12 years of the LTFP model to 2022, making it much harder to fund future capital works as we have done successfully for the last 10 years since the parking system was established.

It is important to note that the current income structure doesn't seem to resound with the community as a preferable thing to continue into the future. The 2010 Hunter Valley Research Foundation community survey results suggest quite strongly that on balance the community does not prefer to raise more income from this source than we do already, as shown in graph "h" in Section 9.2.6.1 above. At least they do not prefer to raise this income steeply for purposes of balancing the budget. (They may prefer it for managing excess demand for the resource but the jury is still out on that.)

However, even if the community did prefer to raise more income from this source than we are already planning to raise, there is substantial doubt about the feasibility of such a strategy, and it would seem that IPART might share that doubt. IPART's recent report on the *Revenue Framework for Local Government December 2009* concludes that while total revenue per capita in New South Wales kept pace well with other states between 1976 and 1996, from then on total revenue growth slowed significantly:

> *The real average annual growth rate over this time was 2.45% in NSW, compared to 5.2% in other states.*[5]

The slower growth is thought to relate to apparent depleting capacity to raise user charges:

> *Over the last 10 years, growth in NSW councils' revenue from sales of goods and services has slowed, which may indicate that councils have taken up available opportunities to increase their revenue from this source.*[6]

Waverley's experience with parking income resonates at least in part with this observation. Our capacity to take up slack in this market has slowed and there is no way that parking income is going to grow in the next 10 years as fast as it did in the past 10 years – 406%.

There is agreement that reasonable increases in parking charges are feasible and that in the case of on-street parking, demand is still fairly inelastic to price changes. Hence we have modelled price increases above CPI for on-street parking income and fully intend to set prices to manage demand for this most scarce resource. However, demand for parking is not inelastic everywhere. Off street-parking is underutilised even in our busiest commercial area of Bondi Junction and steep price hikes here can lead to total revenue reductions rather than increases. Nor have steep price rises in some other areas necessarily resulted in proportionally steep rises in total income. A recent doubling of the price for Beach Parking Permits from $50 to $100 in one go did not, for instance, result in a doubling of total income. Purchase of permits looks set to drop by 20% because of this rise (which is good for demand management but not so good for the budget). The whole view of parking as potential cash cow needs to be viewed with great caution. Demand is somewhat elastic in some areas and fine income in particular is precarious. This income stream should not be relied on as a sustainable income source.

In summary, total income is very sensitive at Waverley to variability in non-rates income. The sensitivity analyses in Section 9.4 below show the effect of variability in our major non-rates income prospects to increase or decrease the need to rely on rates as a means of funding shortfalls.

Taking the above into account in its December 2010 resolution, Council agreed that solutions which rely on increasing proportional dependency on variable sources of income, particularly parking income, must be reversed. This is not to say that parking income should not increase; merely that our dependency on it at the current proportion is not sustainable.

A funding structure was therefore devised and adopted which is aimed at gradually reducing proportional dependency on variable income, in favour of increasing rates as a proportion of total income. In this structure, the quantum of parking income will still increase at a pace above CPI.

[5] IPART, *Revenue Framework for Local Government, December 2009*, page 49.
[6] IPART, *Revenue Framework for Local Government, December 2009*, page 55.

9.2.7 Strategy 7 – Increasing Rates Over 7 Years

At its meeting of 14 December 2010, after considering community views on service priorities and affordability, Council resolved to apply to IPART for a 105% increase in rates over 7 years or, more specifically, for:

> **… a rate rise sufficient "to achieve a rate yield in 7 years which is *equivalent to* the yield that would be realised by rate rises of 11.9% per annum cumulative over 7 years".**

See **Appendix 14** for the full text of the resolution.

These rate rises were intended to cover shortfalls for delivery of the full *Service Plus* program including:

- maintenance of existing services and service levels, and
- enhancements of existing levels of service in several key services areas.

This resolution acknowledged a high level of demand from a very substantial majority of the community for:

- more recreation, health, well-being and artistic and cultural expression;
- more and safer access to public places, transport and vital services;
- more cleaning and greening of the spaces we share;
- more inviting streetscapes and restful local neighbourhoods;
- a more sustainable environment with increased protection from global warming and preservation of natural ecosystems; and
- more partnering with an engaged community actively involved in decision making.

See Section 9.2.6.1, graph "e.", above for the percentage of community support for enhancements in each of these service areas.

The December 2010 resolution also acknowledged:

- that it would be necessary to implement *Service Plus* **in full** if the targets of *Waverley Together 2* are to be met by 2022;
- that *Service Plus* is efficient in that the services included in it will maximise delivery of the targets of *Waverley Together 2* for the lowest long run cost; and
- that a rate rise is the most reasonable means of funding the shortfalls for *Service Plus*.

As noted in Section 2.13.1 above, however, announcement of Award increases which are lower than previously expected has had the effect of reducing shortfalls for the full *Service Plus* to $186,570,356. This has in turn made it possible to fund *Service Plus* fully, in accordance with Council's intention, by rate rises slightly lower than 11.9%.

The shortfall on Service Plus can now be reduced to zero over the 11 years by the imposition of rate rises equivalent to 7 lots of 11.12% cumulative per annum ***plus* 4 more lots of rate increases at the assumed CPI**. A rate revenue path of less than this will mean that components of *Service Plus* will remain unfunded and will need to be deleted.

It is important to note that these rate rises assume that Council's current Environmental Levy will cease on 30 June 2011 and that the yield of permissible ordinary rates will drop back by $972,799. It is assumed that the proposed rate rises would be applied to this reduced base of permissible ordinary rates and this would be sufficient to bridge the shortfall of $186.6 million. The reduced base yield, off which the increases would spring will be $27,341,207.

Should Council not be successful in a rate variation application at all, then it will not be a matter of simply deleting unfunded enhancements in *Service Plus*. Existing services will also need to be deleted. In that event Council will raise rates in 2011/12 by 2.8% on the reduced base yield. Having done this there will, however, still be a shortfall for existing services of $84.9 million.

It is important to repeat that to fully fund *Service Plus* at the lowest long run cost over the 11 years to 2022, it is necessary not merely to raise rates by 91% over 7 years, but to ensure that these increases are followed by 4 more years of rate rises of at least CPI added to the upper yield as at 2017/18. Otherwise there will be a shortfall for *Waverley Together 2*.

9.2.7.1 Preferred Annual Distribution of Rate Rises

In the 2010 HVRF survey a significant majority of respondents said:

1. they would prefer to pay rate rises over 10 years in preference to paying over 7 or 5 years, and
2. they would prefer to pay rate rise of the same $ amount each year rather than start with smaller amounts and get bigger. In other words they strongly preferred uniform $ rises per annum to uniform % rises.

2010 Hunter Valley Research Foundation Waverley Community Survey Results ***Do you prefer to pay over shorter or longer periods?***		
Over 10 years	**Over 7 years**	**Over 5 years**
63.3%	**21.3%**	**12.3%**

2010 Hunter Valley Research Foundation Waverley Community Survey Results ***Uniform $ increases or uniform % increases?***	
Same amount each year	**Start smaller and get bigger**
70.0%	**25.5%**

Note: The above results do not add to 100% because a proportion of respondents were unable to give a view either way or were indifferent.

Accordingly, although the December 2010 Council resolution was to raise rates by the equivalent of 7 lots of 11.9% cumulative, councillors qualified that resolution by accepting that a significant majority of the community preferred to flatten out increases if they could, either by pacing them over a longer period than 7 years or by levelling them out in $ terms over the 7 years.

In considering the matter, Council accepted that pacing out rate rises over 10 or 12 years did not work well, either for ratepayers or Council. (See Section 7.3 of *Funding the Future: Report on Funding for Waverley Council's Services 2010 to 2022*.) This option makes the whole program more expensive and leaves ratepayers with higher annual rates than they would otherwise have had at the end of the period of the above-average rate rises.

The better compromise was to flatten rises as much as possible to uniform $ increases over 7 years. This option has 2 big benefits:

- it is cheaper for ratepayers in the long run, and
- they will have to wait less time to see benefits.

With uniform $ increases over 7 years, Council should be able to catch up with backlog expenditures or enhance service levels somewhat sooner than would be possible with uniform % increases over 7 or 10 years.

Council has modelled various ways of flattening rises consistent with community preference and after taking a number of factors into consideration the proposed increases are:

Proposed Annual % Rate Increases for *Service Plus* – SRV Application						
2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
14.5%	13.5%	12.5%	11.5%	10.5%	8.67%	2.22%

These increases are not strictly uniform $ increases but they are close and they achieve the general community intent of avoiding big $ rises in the last 3 to 4 years of the 7 year period.

For residential ratepayers, maximum annual rate rises (excluding the effect of land re-valuations in 2013/14 and 2016/17) will be in the order of:

Maximum Average Annual $ Rate Increases for *Service Plus*				
Residential Land Value	**% of Residential Properties**	**2010/11 Total Annual Rates Including Environmental Levy**	**Expected Average Rate Rise – Next 7 Years**	**Total Rates in 2017/18**
Up to $341,850	50%	$405	$53	$774
$341,851 to $500,000	11%	$592	$77	$1,133
$500,001 to $633,000	6%	$750	$98	$1,434
$633,001 to $800,000	11%	$948	$124	$1,812
$800,001 to $884,000	3%	$1,047	$136	$2,002
$884,001 to $1,000,000	4%	$1,184	$154	$2,265
$1,000,001 to $1,500,000	9%	$1,777	$232	$3,398
$1,500,001 to $2,000,000	4%	$2,369	$309	$4,530

Maximum Annual $ Rate Increases for *Service Plus***							
Residential Land Value	**2011/12**	**2012/13**	**2013/14***	**2014/15**	**2015/16**	**2016/17***	**2017/18**
Up to $341,850	$38	$60	$63	$65	$66	$60	$17
$341,851 to $500,000	$56	$87	$92	$95	$97	$88	$25
$500,001 to $633,000	$71	$111	$116	$120	$123	$112	$31
$633,001 to $800,000	$89	$140	$147	$152	$155	$141	$39
$800,001 to $884,000	$99	$155	$163	$168	$171	$156	$44
$884,001 to $1,000,000	$112	$175	$184	$190	$194	$177	$49
$1,000,001 to $1,500,000	$168	$262	$276	$285	$291	$265	$74
$1,500,001 to $2,000,000	$223	$350	$368	$381	$388	$354	$98

* Land-revaluations may occur in these years which may result in higher or lower rate increases. Hardship schemes have been enhanced to assist ratepayers suffering hardship caused by this.
** Displays increases compared to total rates paid in previous year (including Environmental Levy).

This pace of increases was deemed by Council to accord with the rate increases suggested by the community as reasonable and affordable over the next 11 years. However, the pace of the increases is not fast enough to deliver Council much improvement in financial sustainability in that period, as Section 9.5 below shows. Nevertheless, it achieves a workable compromise between the two imperatives of improving sustainability and meeting the community's sense of what's affordable.

Generally it is concluded that with:

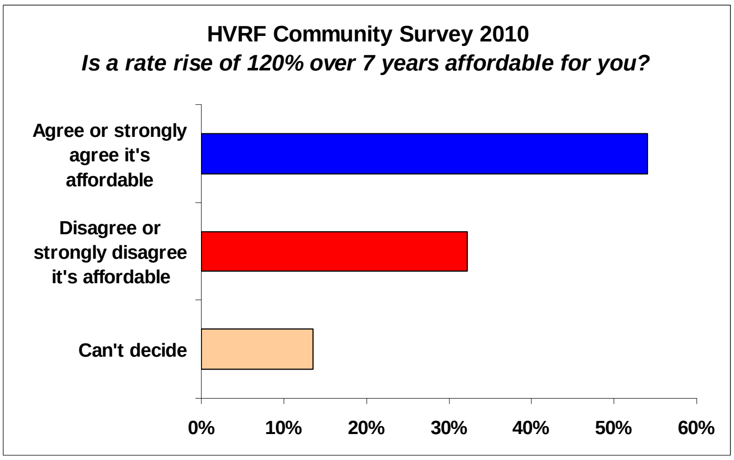
- diligent risk management,
- continued efficiency gains,
- determination to see major projects through to achieve their full QBL benefit potential, and

- some good management of macro-economic externalities by other levels of government,

the Resourcing Strategy chosen by Council – comprised of doubling rates over 7 years ***plus*** the other strategies outline in 9.2.6 above – should work to secure a sustainable financial future for Waverley Council.

9.2.7.2 Affordability of Proposed Rate Increases

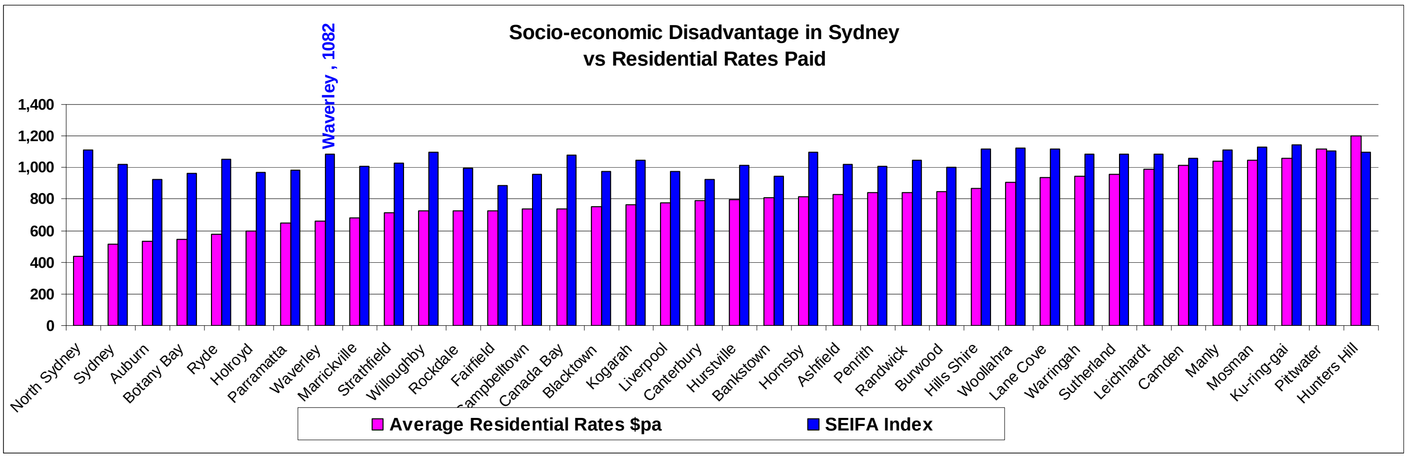
Section 9.2.6 above shows the results of the statistically valid survey of residents and ratepayers views on affordability of a 120% rate rise. Effectively for every respondent that held the view that a 120% rate rise was not affordable, 1.7 respondents said it was affordable. Similar proportions ranked this increase as a reasonable price to pay for the services to be provided. In other words it was deemed to be good value for money.



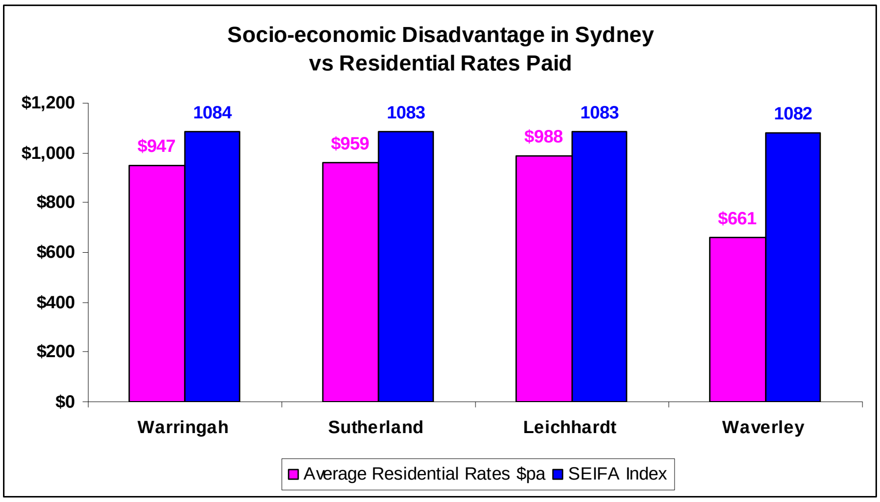
Detailed analysis of the HVRF survey results shows that those who were paying rates at the high end (above $930) were, not surprisingly, more inclined to disagree that a 120% increase was affordable.

In the end Council resolved to apply for a 105% increase, as opposed to a 120% increase, and to approve an expansion of Council's current hardship schemes as shown in Clause 11 of the December 2010 resolution (see **Appendix 14**). This resolution helped shave as much as $2,000 off the top of the total quantum of rate increase for high end ratepayers over 7 years and left them with a final annual rate at 2017/18 that is up to $330 lower than the 120% increase proposal.

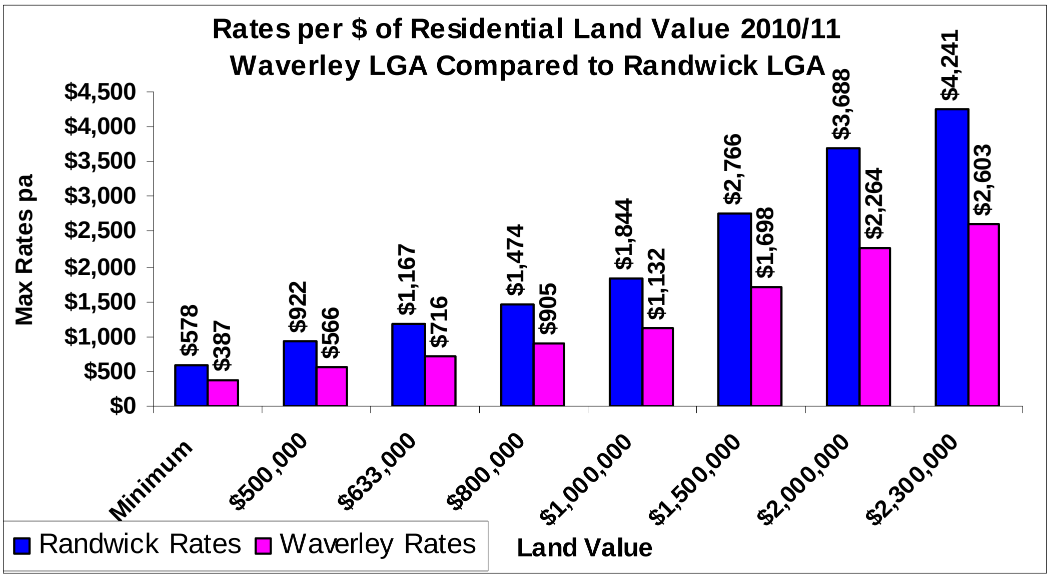
Council has intensely analysed affordability of rate rises for Waverley residents taking into account the LGA's socio-economic profile. See Section 7.4 of *Funding the Future: Waverley Council Review of Financial Structure 2010 to 2022*. Additionally we have analysed rates paid in Waverley compared to other LGAs which have lower socio-economic indices as per the SEIFA Index (see **Appendix 5**). Using the 2008/09 DLG Comparative Data, this analysis shows that there are 30 metropolitan LGAs with higher average residential rates than Waverley. Of those 30, 17 have lower SEIFA indices than Waverley, ie., they are more socio-economically disadvantaged than Waverley but they are paying higher rates, as shown in the graph below. Even Fairfield, with the lowest SEIFA Index in Sydney has higher average rates than Waverley:



A finer analysis shows that ratepayers in LGAs with SEIFA indices close to Waverley's are paying on average $300 per annum more in average rates than Waverley ratepayers, as shown opposite:



Ratepayers in the neighbouring Randwick LGA, which has a Minimum Rates System and high land values similar to Waverley's, are also paying considerably more than Waverley ratepayers for properties of identical land value as shown below:



Altogether this shows that residential rates in Waverley are very low compared to the land wealth and socio-economic capacity of the LGA on average.

In fact, more than a decade of suppression of rate increases at levels well below the pace of cost increases (while parking income filled the gap) has resulted in a situation where the rates have become completely disconnected from wealth, far more so than in other LGAs. Rates in Waverley are no longer a function of wealth at all, either as measured by land wealth or household wealth. There is in this case genuine capacity to increase rates to levels where they are comparable with other LGAs of similar land and socio-economic wealth. This capacity would seem to be acknowledged by the majority of ratepayers in the HVRF survey as shown above. For those that did feel stressed by the proposed increases, Council has taken steps to ameliorate the effects which should be quite effective in reducing hardship overall. See Clause 11 of the December 2010 Council resolution in **Appendix 14** for details of the approved enhanced hardship scheme that will apply in the event of approval of the requested special variation.

9.2.8 Strategy 8 – Pacing Rate Rises over Periods of Less Than 7 Years

It should be noted that IPART and the NSW DLG have both expressed a view that councils should consider submitting applications for rate rises applicable over periods that align with the length of term of an elected council. Given where we are in the election cycle at the moment, IPART is suggesting that councils in 2010 might consider confining their applications to 2 year or 6 year periods rather than the 7 years allowable under the Local Government Act. The DLG Guidelines for rate variation applications also state an expectation that applications should be for a maximum of 4 years.

Council infers that the intention of this is that Resourcing Strategies, or more particularly Long Term Financial Plans, should be designed to align with delivery of each council's adopted Delivery Program and that, to be consistent with the underlying intent of the IP&R framework, rate variation applications should similarly travel in 4 year blocks.

Waverley Council, however, doesn't agree that the restriction of rate variation applications to 4 year blocks is in fact consistent with the intention of the IP&R framework (at least not for Section 508A variations). It is arguable that confinement of applications to 4 year periods may lead to situations where long term planning is in effect replaced once more with short term planning.

Certainly, Delivery Programs are ideally designed for 4 year periods to keep each individual elected council clearly focussed on what it will have to do in a particular 4 year period to ensure that, over the entire 10 to 12 year period of a Community Strategic Plan, the originally intended QBL outcomes can be achieved.

But the intention and purpose of the IP&R reforms with respect to Long Term Financial Plans is different to the intention with respect to the Delivery Program – at least as far as the length of the planning timeframe is concerned. In the Resourcing Strategy part of the IP&R framework, councils must seek out the least cost expenditure and revenue paths over the longer 10 to 12 year term, not the shorter 4 year term. And they should attempt to establish a sustainable revenue and expenditure framework capable of delivering the CSP over the longer rather than the shorter term. The rate revenue path within the full revenue framework should be spread to secure funding to match neither more nor less than the smoothed minimum revenue requirement/shortfall.

Confining revenue path planning to shorter terms is apt to drive up costs unnecessarily by tempting councils to crunch revenue and expenditure increases into shorter periods than might be required. Or conversely it will be apt to tempt an individual elected council to push down their share of expenditures required for the CSP (and their corresponding rate variations) thus transferring the burden to the subsequent councils who will then have a much harder task of putting together a sustainable Resourcing Strategy to catch up.

The benefit of the IP&R framework is that it gets over much of this short-sightedness in planning, encourages the appropriate risk-based expenditure path, and smooths out the burden for ratepayers. But it will not provide this benefit if it doesn't also give councils confidence in the long term security of funding for the CSP. Without this confidence, distortions will be reintroduced to revenue pathway planning because the incentives will once again be focussed only on the short term planning horizon. Security of funding over a minimum 10 year period is a fundamental of IP&R and is essential to least cost expenditure and revenue path planning.

In Waverley's case, a 6 year application at this time would not provide an optimum revenue path and would increase the rate rise required over the next 6 years. Because the total cost of delivering Council's part of *Waverley Together 2* has been worked out over 12 years from 2010, it has been possible to design an optimum rate revenue path in which rate increases:

- commence neither too soon nor too late in the 12 year cycle (ie., by 2011/12);
- are flattened over the longest term possible to spread the burden more fairly; and
- provide for (partial) recovery from problems and risks associated with our poor rates coverage ratio at a sustainable pace (see Section 9.2.7 below).

Rate increases paced over 7 years are also supported more by the community than rate increases over shorter periods. See results of the HVRF survey in Section 9.2.7.1 above.

Taking all this into account Council does not agree that an optimum revenue path can be established by rate variations over a period shorter than 7 years in our case. If we are to deliver sustainable funding for the 12 years of expenditure required for *Waverley Together 2* via submission of a 6 year application, then that application would have to be for a higher amount per annum over 6 years than the amount proposed over 7 years in the application. The more sustainable application is for 7 years.

9.3 Proposals for Reporting on How Rate Increases Will Be Spent

Council understands that if the community is to commit to doubling rates over 7 years, the quality of reporting required on how that money is spent should be above the benchmark for reporting standards. However, *Waverley Together 2* has been designed with an in-built means of providing superior reporting, not just on what money has been spent on, but on whether quality of life improved at the quadruple bottom line as a result of that expenditure.

Accordingly, in addition to annual reporting on the Delivery Program and Operational Plan, Council and the community will get a report 3 months before the end of the elected Council's term on how well the Council delivered on the specific strategies of the *Waverley Together 2* and whether that service delivery translated to improved quality of life outcomes. This report will be based on movement towards or away from the targets of *Waverley Together 2*. As such the community will be able to see more clearly than they ever have before whether their money led to an improved lifestyle.

As stated above, *Waverley Together 2* has 60 targets for improved quality of life across 4 quadrants of the QBL:

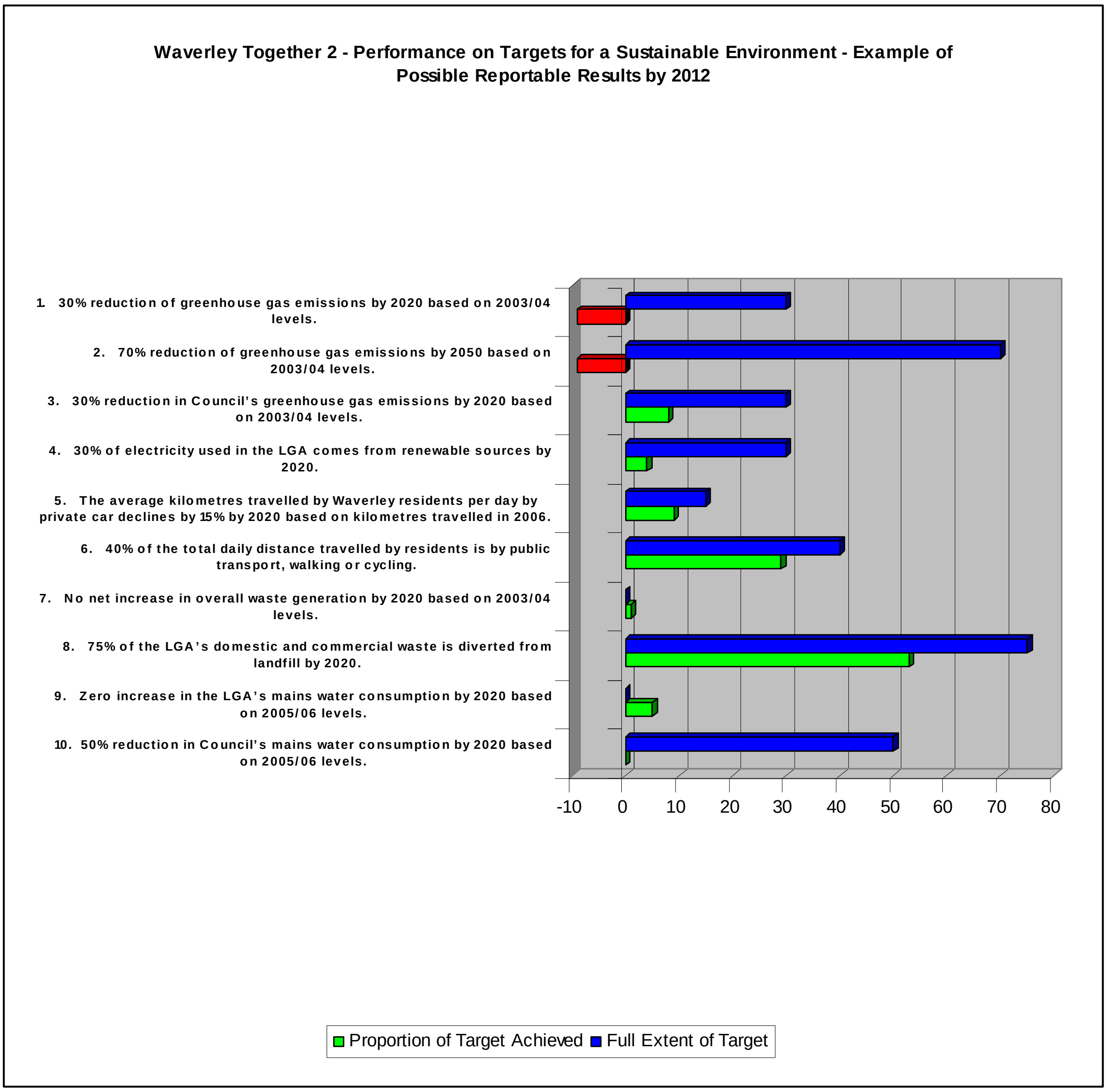
- 15 targets for achieving a **sustainable community**,
- 15 targets for achieving a **sustainable lifestyle and economy**,

- 20 targets for achieving a **sustainable environment**, and
- 10 targets for achieving **sustainable governance**, including good civic leadership, community engagement in decision making and sound asset management.

Data on the baseline position – in other words where we are now – are fully documented in *Waverley Together 2* so we will be able to measure movement forward or backward from the baselines at the end of each successive elected Council's term of office. This movement will be shown in 5 main pictures:

- one of **sustainable community**,
- one of **sustainable lifestyle and economy**,
- one of **sustainable environment**,
- one of **sustainable governance**, and
- one of **sustainable assets**.

There will also be a report on the assessed effectiveness of strategies implemented by Council and recommendations on adjusting strategies that don't appear to have been working well enough. This will mainly cover the Council's strategies but the report is also likely to comment on the contribution of partners and whether performance by other levels of government needs to be improved or not. The reports are likely to be a transparent picture of overall movement forward or backward from the baseline broken down into the sixty targets. An example of one of the possible pictures is provided in the following graph:



Data shown in the above graph for predicted performance are obviously not real data as no measures have been taken yet of the movement from the 2010 baseline. These should be taken closer to the end of the Council's term. However, the target and baseline data are correct.

The community of Waverley has spoken quite clearly about whether full implementation of *Service Plus* is desirable in terms of achieving QBL sustainability. They have strongly endorsed the vision of *Waverley Together 2* and the Council service levels necessary to meet that vision. They can clearly see a connection between Council's services and their ability to realise the lifestyle they want on a sustainable basis and would appear in the majority to have acknowledged full implementation of *Service Plus* as the most effective and efficient way to deliver that. It remains to be seen, of course, whether it's implemented properly by Council; but at the outset there is apparently more confidence in *Service Plus* than "Service Minus", as it were, and there is preparedness to invest in it via rate rises, as long as more service will be provided.

Reporting on expenditures for the 51 individual enhancement items in *Service Plus* will of course occur regularly via the Delivery Program and Operational Plan reporting processes or other processes as required. However, it should be noted that 20 of the 51 enhancements, representing over half of the $ value of the expenditures in Components 2 to 12 of *Service Plus*, are not intended to be funded by the rate rise. The proposed rate variation is not related to these items and they will proceed regardless of the outcome of the rate variation application as they are funded by other means. **Appendix 12** shows which enhancements in *Service Plus* are not dependent on the outcome of the rate rise.

9.4 Sensitivity Analyses

Opportunities and threats have been examined for each layer throughout LTFP3.1. Major opportunities and threats to which the financial model is quite sensitive include funding issues surrounding:

- the sale and/or purchase of land,
- rise and fall in parking demand trends and fines,
- Council's capacity to fully implement its adopted *Investment Strategy 2007*,
- Council's capacity to fund Waverley Cemetery operations after grave supplies are exhausted,
- Council's capacity to improve income opportunities from parking in off-street car parks,
- rise and fall in workers' compensation premiums, and
- rise and fall in other labour costs including State Award increases (centrally negotiated and beyond Council's control), payroll tax and superannuation.

The following information outlines the nature and extent of the effect that changes in these items would have on the modelled outcomes.

- **Land sales and purchases:**

  - **Waterloo central works depot –** Waverley Council owns a large amount of valuable land held for investment and/or operational purposes. Preferred land holdings have been reviewed and confirmed in the development of the *Investment Strategy 2007*. This has resulted in land at Council's central depot at Waterloo being earmarked for sale. (Other lands marked for sale in the *Investment Strategy 2007* have already been sold.) The depot site is a large one occupying a significant section of the area affected by the City of Sydney's Green Square town centre and residential area LEP. As the sale forms a central part of the Investment

Strategy Layer, the eventual sale price can have significant positive or negative bearing on the modelled outcomes.

- **Land extending Tamarama Park –** The western end of Tamarama Park is currently occupied by a section of unmade road. This section looks like it is part of the green open space of the park but technically it is at present a road, albeit an unmade one. Future demand to access private property via the road may affect the open space area of and access to the park. Council has resolved to investigate the feasibility of purchasing lands to potentially protect the park. Should this be deemed feasible and effective, the eventual purchase price would have a significant negative bearing on the modelled outcomes.

- **Rise and fall in parking demand trends and fines:**

  - **Parking fine numbers –** In the last three years, parking fines issued per annum in Waverley have dropped by 15,000. The recent major Parking System Review 2009 conducted by Council indicated a need to anticipate a possible reduction in dependency on parking fine income relative to fees for parking. This did not imply, however, an anticipation of an overall reduction of income from parking. It was more an anticipation of an adjustment to the composition of that income. Nevertheless, the model is highly sensitive to further drops in fines if price constraints on parking charges or drops in overall parking demand affect Council's ability to offset reduced income from fines. The model is also obviously highly sensitive to any State Government change in policy on retention of parking fine income.

  - **Parking fine outstanding debt** – Waverley currently makes provisions for a proportion of the aged debt in parking fine revenue. However, the parking fine debt, which is collected by the State Debt Recovery Office, has tended to increase each year since Council instituted the accrual accounting method in 2005. In the longer term, the Statute of Limitations in relation to this aging debt will impact on the ability to recover the overdue fines and the provision made by Council for abandonment.

- **Capacity to fully implement the adopted *Investment Strategy 2007*:**

  - **Eastgate office conversion –** The *Investment Strategy 2007* includes only two items which have prospects for increasing recurrent *financial* returns to Council (as opposed to social returns). One of these is an anticipated purchase of a new cash or property investment to produce both capital and recurrent returns in the future. The other is the conversion of parking spaces in Eastgate Car Park which are currently unused in average peak periods, to commercial office space for leasing on the open market. The space will also be partly used to solve accommodation shortages for Council staff operations until a more permanent solution for office accommodation can be found using a second Investment Strategy (due to be developed soon for commencement some time in the next 10 years). Despite the fact that the proposed conversion:

    - is entirely consistent with the objectives of the recently adopted Bondi Junction LEP (and indeed prior LEPs),
    - will enhance the commercial centre's economic outlook by bringing an extra 400 customers a day to work and shop in Bondi Junction, and
    - will turn completely dead space into income for ratepayers,

    there is resistance from some commercial property owners to the proposal to convert the parking space, even though it will deliver customers to their businesses at a higher rate than is being yielded or would be yielded from the parking spaces. The LTFP model is quite sensitive to the prospect of not implementing this aspect of the *Investment Strategy 2007*.

- **Capacity to fund Waverley Cemetery operations after grave supplies are exhausted:**

  - **Entry into the public sector funerals industry –** Entry by Waverley Council to this industry is currently under consideration. Financial modelling to date suggests that on conservative projections of income and costs that Waverley Cemetery would be a viable competitor in this industry and that positive returns would commence at least within the first four years of operation of the business and continue thereafter. Successful entry is dependent on a couple of as yet unresolved factors including:

    - community opinion about the compatibility of operating a pavilion and funeral business in the Cemetery with surrounding residential development and coastal recreation; and
    - the cost of a pavilion.

    If successful entry is not achieved, the situation for the Cemetery is significantly worsened compared to the situation modelled in the Base Layer.

    In the Base Layer it is currently assumed that income to be lost from reduction in sales of Rights of Burial will be offset by sales of funerals and increased sales of Rights to Inter Ashes. The Base Layer projects that the Cemetery will maintain its current margins and its current capacity to complete minor maintenance but not backlog infrastructure maintenance.

    Capacity to increase income from ashes interment (to the level where it will offset income losses from dwindling Rights of Burial) will be diminished if the Cemetery does not become a vertically integrated business capturing custom for the full chain of supply of funeral, interment, memorialisation and maintenance services. Customers will find the competitors (of which there are several) too attractive and the differentiating features of Waverley Cemetery – graves and striking monuments all with a spectacular view – will not be attractive enough to lure custom back to the level necessary when margins are reduced to being derived merely from ashes interment. In a scenario where lost income cannot be replaced by any means, the Cemetery will not only be dependent on Council for its backlog of infrastructure renewal of $7.1 million, it will actually contribute substantial losses as a business directly to Council's bottom line.

    As far as the Base Layer and Operational Layer are constructed above, the Cemetery neither worsens nor markedly improves the financial results for Council. At best it slightly improves the result after 2015/16 by avoiding imposition of a burden on Council for ongoing asset maintenance (assuming the asset renewal backlog is cleared by Council in the first place). In the pessimistic scenario, however, the burden on Council, compared to the Base Layer results, increases substantially because income drops but costs do not.

- **Capacity to improve income opportunities from parking in off-street car parks:**

  - **Eastgate Car Park income:** Capacity to raise income from parking in Eastgate Car Park is currently quite constrained by two means:

- sub-optimal demand which leaves a significant proportion of spaces vacant even in average peaks; and
- the existence of a lease struck in 1983 which severely constrains the potential income that can be derived from parking (it is not possible to charge for the 1st hour of parking under the terms of the lease).

In 2013, however, this lease expires, opening up the possibility of improving returns from the car park, improving utilisation rates and patterns and improving delivery of customers to the surrounding commercial centre. If Council is able to access these potential returns the effect on the modelled outcomes is highly positive. There are, however, a number of hurdles to be got over before positive benefits could be expected to arise from the termination of the 1983 lease.

◦ **Queen Elizabeth Drive Car Park:** Capacity to raise income from parking in Queen Elizabeth Drive Car Park is currently quite constrained by policies which provide Beach Parking Permits to residents at prices substantially below the value of the parking they consume. Residents with Beach Parking Permits currently pay approximately $750,000 per annum for permits but consume 80% of the total parking value sold, which in 2009/10 saw gross income receipts of $4.4 million foregone from the car park's potential revenues. The total subsidy provided by this policy to residents is in the order of $3 million to $3.6 million per annum.

The Policy on Beach Parking Permits will be reviewed when data can be collected to show how this subsidy is embedded, that is:

- whether the subsidy is shared by a high proportion of residents, in which case it would be considered reasonably equitable, albeit inconsistent with the objectives of the Transport Policy and *Waverley Together 2*, or
- whether the subsidy benefits a minority of users at the expense of a large number of non-users of the car park.

If Council is able to re-distribute the burden and benefit of this subsidy and thereby reduce its opportunity cost to ratepayers, the effect on the modelled outcomes is highly positive.

▪ **Workers' compensation premiums:**

Council has experienced a sudden and steep increase in its workers' compensation premiums in the last 5 years due to increased claims associated with manual handling in domestic waste and street cleaning and increased claims arising from assault of parking officers. Premiums have risen from $1.477 million in 2004/05 to $3.053 million in 2009/10.

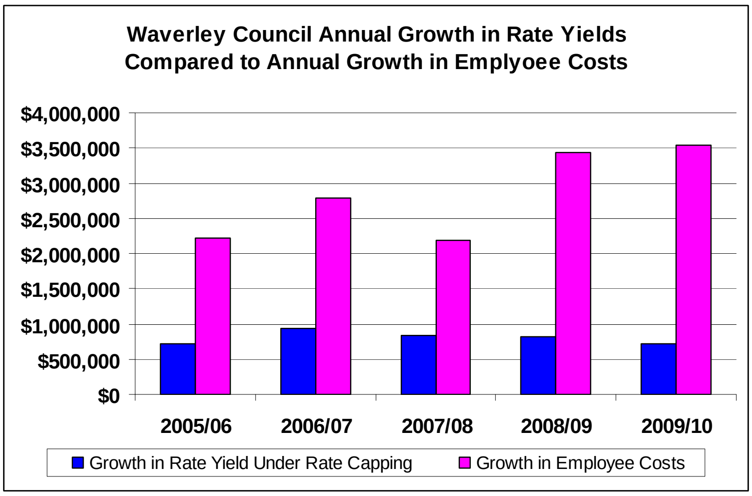
Fortunately, development of revised Safe Work Procedures and adoption of the Review of Waverley's Parking Systems in 2009 has led to abatement of incidents and claims in Parking Services. However, the exposure still exists and there has been little abatement in terms of manual handling claims despite the introduction of tightened procedures and changed industrial arrangements.

The financial model assumes that premiums will be consistent with achieving the targets set for a safe work force in *Waverley Together 2* (see target G7, page 43 of *Waverley Together 2* which states that the targeted lost time injury rate by 2020 is 28, which is a 57% reduction on the 2005/06 number of 65 lost time injuries). This is an ambitious target. Accordingly the financial model is quite sensitive to poorer performance than the target.

- **Direct labour costs:**

All councils in NSW, except City of Sydney, are covered by the Local Government State Award which is centrally negotiated and largely beyond Council's control. As employee costs currently comprise 59% of Waverley Council's total annual operating costs (excluding depreciation), salary/wage rates struck under the Award negotiations can have a significant impact on financial outcomes, the more so because annual rate increases cover only a relatively minor proportion of increases borne by Council for wages under the Award.

Over the 5 years to 2009/10 average rate increases of just over 3% per annum have resulted in an accumulated increase of $4.033 million in the yield of rates in Waverley. By contrast, labour costs have risen by an average of 7.44%, resulting in a total accumulated labour cost increase of $14.154 million for the same 5 year period. Even in years when there are no extra staff being taken on (eg., in 2009/10 and 2010/11) the increase in rate yield under rate capping failed to keep pace with even half of the increase labour costs as shown in the opposite graph.



Bearing in mind that labour is such a big part of Council's costs, anything which affects it, such as Award increases that travel above the rate cap, has the potential to significantly affect the reliability of the model, for the worse.

The following tables summarise the effect and likelihood of the above sensitivities, viewed in their most pessimistic and optimistic scenarios.

Item	Optimistic financial outcome	Pessimistic financial outcome
Waterloo central works depot	Land sale achieves higher price than the price modelled in the Investment Strategy Layer. **Effect:** Moderately to highly positive – modelled below. **Likelihood:** Medium.	Land sale achieves lower price than the price modelled in the Investment Strategy Layer. **Effect:** Moderately to highly negative – modelled below. **Likelihood:** Medium.
Land extending Tamarama Park	Purchase is not required. **Effect:** Neutral effect. Capital Enhancements Layer already assumes the purchase will not be required. **Likelihood:** Medium to high.	Purchase is required. **Effect:** Moderately to highly negative – modelled below. **Likelihood:** Medium to low.

Item	Optimistic financial outcome	Pessimistic financial outcome
Parking fines	Parking fines do not decrease and/or alternative income from on-street parking offsets losses from fines. **Effect:** Neutral effect. Base Layer already assumes fine numbers will remain constant. **Likelihood:** Medium.	Parking fine nos. decrease by 10% and alternative income from on-street parking does not offset losses from fines. **Effect:** Highly negative – modelled below. **Likelihood:** Medium.
Parking fine debt	Parking fine debt provisions do not need to be increased. **Effect:** Neutral effect. Base Layer already assumes debt provisions are sufficient. **Likelihood:** Medium to low.	Parking fine debt provisions do need to be increased. **Effect:** Moderately negative – modelled below. **Likelihood:** Medium to high.
Eastgate office conversion	The office conversion proceeds. **Effect:** Neutral effect. Investment Strategy Layer already assumes the office conversion will proceed. **Likelihood:** Medium to high.	The office conversion does not proceed. **Effect:** Highly negative – modelled below. **Likelihood:** Medium to low.
Entry by Council to the funeral industry	Entry to the funeral industry is successful. **Effect:** No effect beyond positive effects already modelled in Base and Operational Improvement Layers. Operational Enhancements Layer already assumes some additional surpluses for the Cemetery from 2017/18. Larger surpluses are likely but have not been assumed and are not modelled for purposes of this sensitivity analysis. **Likelihood:** Medium.	Entry to the funeral industry does not proceed. **Effect:** Moderately to highly negative – modelled below. **Likelihood:** Medium.
Eastgate Car Park income	Improved income opportunities are realised after 2013. **Effect:** Highly positive – modelled below. **Likelihood:** Medium to high.	Improved income opportunities are not realised after 2013. **Effect:** Neutral effect. Base Layer already assumes Car Park income patterns will be maintained. **Likelihood:** Medium to low.

Item	Optimistic financial outcome	Pessimistic financial outcome
Beach Car Park income	The current subsidy to residents for Beach Parking is reduced. **Effect:** Highly to extremely positive – modelled below. **Likelihood:** Medium to low.	The current subsidy to residents for Beach Parking is not reduced. **Effect:** Moderately negative – modelled below. **Likelihood:** Medium to high.
Workers' compensation premiums	Workers' compensation premiums track as per the financial model. **Effect:** Neutral effect. **Likelihood:** Medium.	Workers' compensation premiums track 10% above the financial model. **Effect:** Moderately to highly negative. **Likelihood:** Medium.
Direct labour costs	Direct labour costs for existing services at their current levels of service and enhanced service levels in *Service Plus* track as per the financial model. **Effect:** Neutral effect. Base and Operational Enhancements Layers already assume the most optimistic case. **Likelihood:** Medium.	Direct labour costs for existing services at their current levels of service and enhanced service levels in *Service Plus* track at 0.05% above the modelled cost. **Effect:** Highly negative. **Likelihood:** Medium.

The total effect of the modelled sensitivities outlined above over the 11 years of the planning period to 2021/22 is shown in the table below.

Assumptions are as shown, some of which reflect a conservative estimate of improved or reduced returns. Others reflect the maximum estimate of improved or reduced returns.

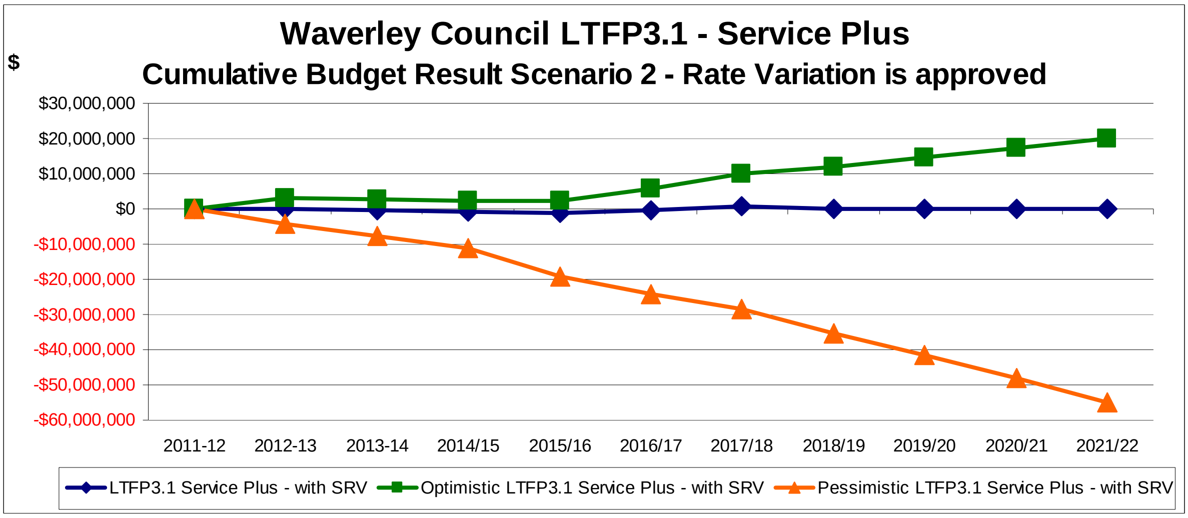
Assumptions about the magnitude of positive or negative effects have been selected mainly for illustrative purposes about the potential *relative* effect of changes in estimates that would apply an optimistic and pessimistic case.

Sensitivities have been to show the effect on the modelled financial outcomes of Scenario 2 – the Rate Variation is approved.

It should be noted that the sum of the positive effects that might be felt if the Optimistic Case prevailed is significantly lower than this same case as it was predicted in LTFP2. This is because in funding *Service Plus* Council eventually chose to take up most of the opportunities modelled in the Optimistic Case of LTFP2. That is, they took some risk in assuming that income opportunities would arise from future actions which are not entirely in their control. There is still some considerable doubt about the feasibility of some of the things Council has chosen to assume as funding sources at Eastgate and in beach parking permits. That being the case, it doesn't get much more optimistic than the Optimistic Case shown below and the Pessimistic Case is the more likely.

Positive and Negative Effects of Modelled Sensitivities On Financial Outcomes for LTFP3.1 Scenario 2 – The Rate Variation is Approved				
Item	**Optimistic Case**		**Pessimistic Case**	
	Positive effect on modelled results for full *Service Plus* $'000		**Negative effect on modelled results for full *Service Plus* -$'000**	
Waterloo central works depot	Land sale achieves higher price than the price modelled in the Investment Strategy Layer.	**$4,525**	Land sale achieves lower price than the price modelled in the Investment Strategy Layer.	**-$4,996**
Land extending Tamarama Park	Purchase is not required.	**$0**	Purchase is required.	**-$4,000**
Parking fines	Parking fines do not decrease and/or alternative income from on-street parking offsets losses from fines.	**$0**	Parking fine nos. decrease by 10% and alternative income from on-street parking does not offset losses.	**-$11,794**
Parking fine aged debt	Parking fine aged debt provisions do not need to be increased.	**$0**	Parking fine aged debt provisions do need to be increased.	**-$2,000**
Eastgate office conversion	The office conversion proceeds.	**$0**	The office conversion does not proceed.	**-$6,134**
Entry by Council to the funeral industry	Entry to the funeral industry is successful.	**$0**	Entry to the funeral industry does not proceed.	**-$3,558**
Eastgate Car Park income	Improved income opportunities are realised after 2013.	**$0**	Improved income opportunities are not realised after 2013.	**-$17,667**
Beach Car Park income	The current subsidy to residents for Beach Parking is eliminated.	**$15,654**	The current subsidy to residents for Beach Parking is not reduced.	**$0**
Workers' compensation premiums	Workers' compensation premiums track as per the financial model.	**$0**	Workers' compensation premiums track 10% above the financial model.	**-$2,269**
Direct labour costs	Direct labour costs for existing services at their current levels of service and enhanced service levels in *Service Plus* track as per the financial model.	**$0**	Direct labour costs for existing services at their current levels of service and enhanced service levels in *Service Plus* track at 0.05% above the modelled cost.	**-$2,460**
Total Potential Net Effects		**$20,179**		**-$54,878**

The effect of the major sensitivities on the Base Layer is shown in the graph below.



The above positive and negative effects all have a corresponding effect on the necessary degree of reliance on rates as a means of funding shortfalls. The following table shows the rate rises required to achieve a balanced net financial outcome in the Optimistic and Pessimistic Cases compared to the modelled outcome of Scenario 2 in LTFP3.1.

Rate Variation Required to Fund Full *Service Plus* Shortfalls in Optimistic and Pessimistic Scenarios			
Case	**Impact $'000**	**Cumulative Impact $'000**	**% Rate Rise Required pa for 7 years**
Modelled net shortfall on *Service Plus*	$0	$0	11.12%
Optimistic net financial result on *Service Plus*	**$20,179,733**	**$20,179,733**	10.35%
Pessimistic net financial result on *Service Plus*	**-$54,878,966**	**-$54,878,966**	13.08%

In the Optimistic Case there are some small grounds to assume that lower rate rises of 10.35% per annum would be sufficient to fund shortfalls for current services if:

- they were applied cumulatively for seven years and then followed by normal CPI increases, ***and***
- **all** items of positive effect were achieved at the optimistic projections, ***and***
- **no** items of negative effect were encountered.

The likelihood of achieving all Optimistic Case items is probably remote for reasons outlined above.

It should be noted that should a higher sale price be achieved for the depot than the one we have assumed, Council's financial management policies and practices to date would not normally permit this margin to be consumed for operational purposes. It would be used to defray the cost of creating new capital, which may or may not yield improved recurrent financial returns. In any case, it should be noted that a recent re-valuation of the depot resulted in a significant drop in the assessed value in the current market. This lower value has been incorporated into the financial model for LTFP3.1.

9.5 Achieving Financial Sustainability

Long term financial planning is obviously not just about whether the budget will balance on a year by year basis. It is about whether financial sustainability can be achieved over the longer term.

In the last 10 years, due largely to the fact that income from parking has increased by 406%, Waverley Council has been able to keep rates low and still:

- balance its budget on an annual basis except for one year (2008/09 – when some non-cash items of asset revaluations and depreciation bills combined to produce an operating deficit); and
- operate on what would be deemed to be a financially sustainable basis with sound ratios as shown in Chapter 1 above.

However, the question is whether, with its current structure of revenue and expenses, Waverley Council can continue as a financially sustainable council in the future.

Numerous reports have shown that the answer to this is clearly no. But that is not to say that the problem can't be fixed. We simply have to figure out the most appropriate and affordable way to fix the issue and make sure we are addressing the right issues to set up a sustainable financial structure.

In circumstances such as these, the simple alternatives are to either cut services or raise income.

However, LTFP3.1 and a range of other surveys and reports show that cutting services is neither desired, nor effective, nor reasonable, and both the community and Council have rejected this option. To balance the budget purely by this means we would need to cut a full third or more of the current service array. As such, service cuts could not be done on the scale that would be necessary to achieve financial sustainability without creating severe effects in terms of:

- increased inefficiency in service delivery,
- inevitable increased cost (due to delay on essential expenditure), and
- reduced effectiveness in the form of substantial derogation from the community's capacity to achieve the vision and targets of its own CSP.

The alternative course of raising income does, by contrast, present an effective means of maintaining QBL sustainability, as long as an affordable way of raising income can be identified. Raising rates makes most sense from a community perspective as the affordable means of achieving long term financial sustainability, even if it is not everyone's preference.

9.5.1 Financial Sustainability With and Without a Special Rates Variation

From its recent Final Report on the *Revenue Framework for Local Government*, it is clear that IPART places a high degree of importance on the need for councils to achieve and maintain financial sustainability. IPART is of the view that in determining whether councils are financially sustainable we need to take account of whether they are sustainable on both a recurrent and capital basis. Therefore IPART defines financial sustainability for councils as follows:

IPART's Definition of Financial Sustainability for a Council

Recurrent sustainability

Under our definition, if the costs of a council's recurrent operations are met from its recurrent revenues over the medium term (eg., 5 years) and not partly funded from its capital revenues (eg., proceeds from asset sales, developer contributions and capital grants), it is considered to be financially sustainable on a recurrent basis. But if it reports operating deficits greater than 10% of its operating revenues in any one year, it is considered financially unsustainable.

and

Capital sustainability

Under our definition, a council is considered to be financially sustainable when its service and infrastructure levels and standards are met over a ten year period according to a long term plan and consistent with key financial benchmarks – that is, where the council's long term financial requirements are matched by its long term financial capacity. A council is considered to be financially unsustainable on a capital basis if it is not able to meet its asset renewal requirements over a ten year period.

IPART Report on the Revenue Framework for Local Government, pages 78 & 80

Within the above definitions of financial sustainability IPART has gone on to develop financial performance indicators and benchmarks for determining the extent to which a council is financially sustainable, as shown in the following table.

Benchmarks for Assessing Financial Sustainability of Councils
IPART – *Final Report on the Revenue Framework for Local Government 2009*

	Ratio	Measures	Benchmark
Recurrent sustainability	Operating balance ratio	Measures the operating result (excluding capital) relative to operating revenue	> -10%
	Rates coverage ratio	Measures reliance on rates and annual charges (eg., waste charges) relative to other revenues (eg., user charges or grants)	> 40%
	Current ratio	Measures liquidity – current assets to current payables	< 1.5:1
Capital sustainability	Capital expenditure ratio	Measures whether depreciation covers changes in asset values	> 1.0
	Debt service ratio	Measures a council's ability to repay loans – loan repayments as a % of operating revenue	> 0 but < 20%
	Broad liabilities ratio	Measures total liabilities as a proportion of operating revenue	> 0 but < 60%

The table below shows that on one of the above ratios, the rates coverage ratio, Waverley Council would be deemed by IPART's definition to be exposed to becoming financially unsustainable.

Waverley Council – Current Performance on Benchmarks for Financial Sustainability				
	Ratio	**Benchmark to meet if a council is to be declared "sustainable"**	**Waverley's performance 2009/10**	**Do we meet the benchmark now?**
Recurrent Sustainability	Operating balance ratio	> -10%	-3.51%	Yes
	Rates coverage ratio	> 40%	39.9%*	No
	Current ratio	< 1.5:1	2.86:1	Yes
Capital Sustainability	Capital expenditure ratio	> 1.0	11.79	Yes
	Debt service ratio	> 0 but < 20%	2.09%	Yes
	Broad liabilities ratio	> 0 but < 60%	51%	Yes

* Ordinary rates and annual charges (excluding environmental levy which ceases in June 2011) divided by forecasted operating expenses.

Waverley's low rates coverage ratio is the only feature of its current financial structure which could be said to be poor at the moment from an ongoing sustainability point of view. But it is poor enough to present a substantial threat to our long term sustainability, if not completely undermine it. The average ratio being achieved by city councils according to IPART is 63.6 %. If Waverley doesn't improve this ratio we will continue to haemorrhage services over the next 10 years with a very noticeable detrimental effect on quality of life. And of course, if we don't improve it, it will drag all the other ratios down to a similarly poor level. In the case of the liquidity ratio this decline could be quite quick.

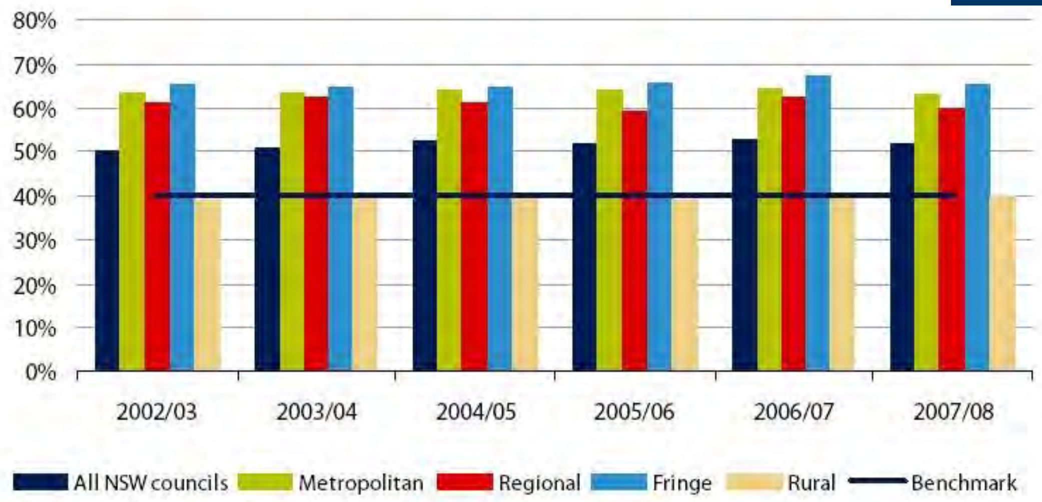
Fortunately it is not too late to fix the problem of the rates coverage ratio in an affordable manner because:

1. Backlog asset renewal and ongoing maintenance liabilities, while large, have not become so large that they cannot be mitigated by reasonably small increases in our current levels of expenditure on infrastructure renewal, annually over the next 7 to 10 years. By developing a proper methodology for assessing the real cost of backlog asset renewal and ongoing maintenance, we have made sure of this. As a result, we have a highly reliable *risk-based* and *service level-based* indication of the minimum investment necessary to achieve sustainable asset renewal over the coming decade and fortunately it is a lot lower than we might have thought we needed if we had continued with less accurate asset backlog estimating methodologies of valuation and depreciation. The rate increases necessary to cover this risk are reasonably low and affordable. They add only about 1.55% to the 6.91% rate rise necessary per annum to sustain assets and services at existing levels.

2. Rate increases necessary to bridge the gap between current services levels (including asset backlogs) and desired service levels for all services under *Waverley Together 2* are not overwhelming to the majority of the community's sense of what's affordable, if they are staged over 7 to 10 years.

As stated above, the average rates coverage ratio (**including** domestic waste charges) for city councils according to IPART is 63.6% (based on 2007/08 DLG Comparative Data for Councils). At 39.9% coverage in 2009/10, it would seem that in IPART's view, Waverley Council would be on a par with many rural councils that, because of their heavy dependency on non-rates income (in their case grants), are "at greater risk of becoming financially unsustainable" (IPART *Final Report on the Revenue Framework for Local Government*, page 87).

Figure 7.3 Average rates coverage ratio, NSW Councils 2002/03 to 2007/08



Data source: DLG, *Comparative Information on NSW Local Government Councils*, 2002/03 to 2007/08.

We have reached this position of imminent financial unsustainability obviously because of our increased dependence on parking income over the past decade. A decade ago rates used to fund almost half of our expenditure and increases in rates kept pace at least to some extent with increases in salary costs. Today rates fund less about half the cost of salaries and increases in rates fall seriously short of covering the annual increases in salary costs.

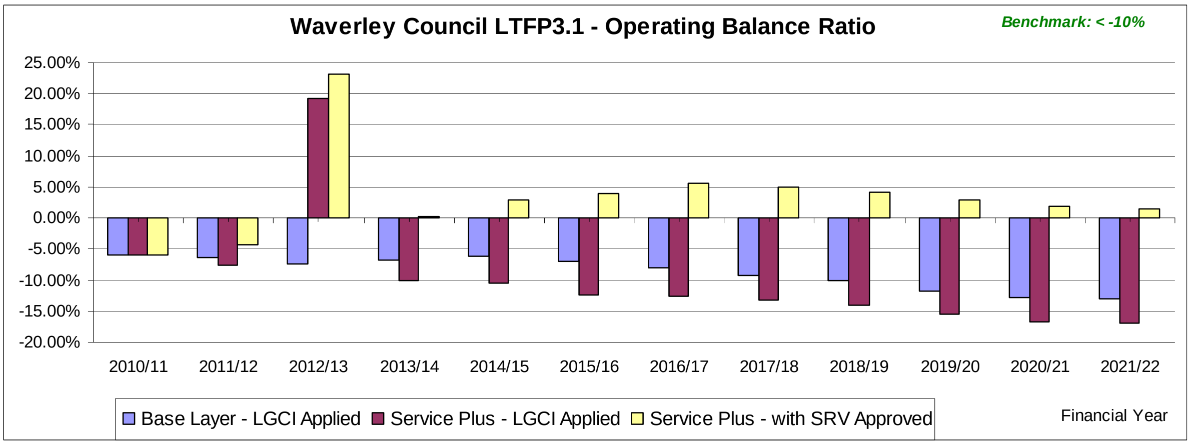
The average rates coverage ratio **excluding** annual charges (namely excluding domestic waste charges) for city councils in 2008/09 was 48%. For Waverley in that year the rates coverage ratio **excluding** domestic waste charges was 29% and it has continued to decline. Not surprisingly then, in Council's July 2010 *Report on Review of Financial Structure*, an increase in income from rates as a proportion of total income was strongly favoured.

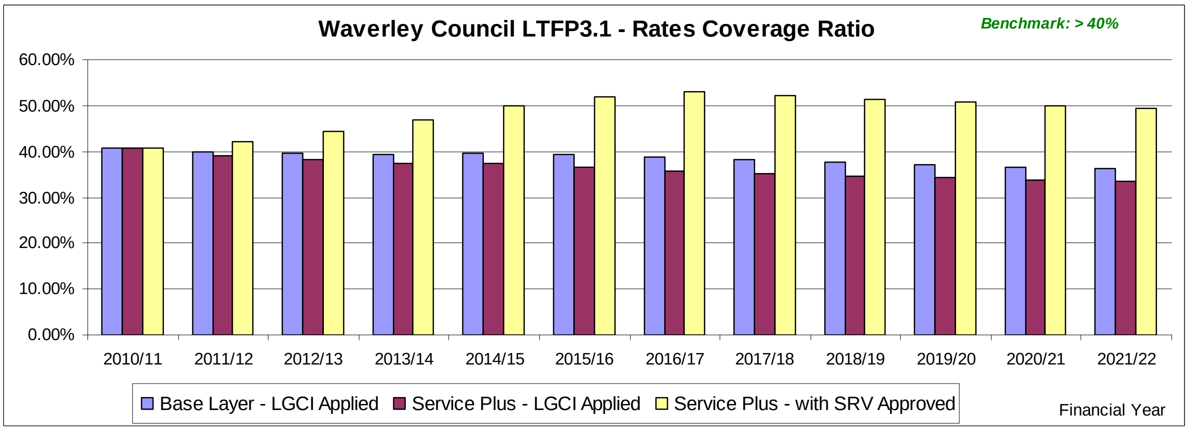
Nevertheless, it was not thought necessary in the *Review of Financial Structure* to raise the rates to a level that would be sufficient in 10 years to produce a rates coverage ratio on par with the average for city councils (ie., 63.6% including domestic waste and 48% excluding domestic waste). And it is still not thought necessary – at least it is not thought necessary to raise the rates high enough to achieve this average within 10 years.

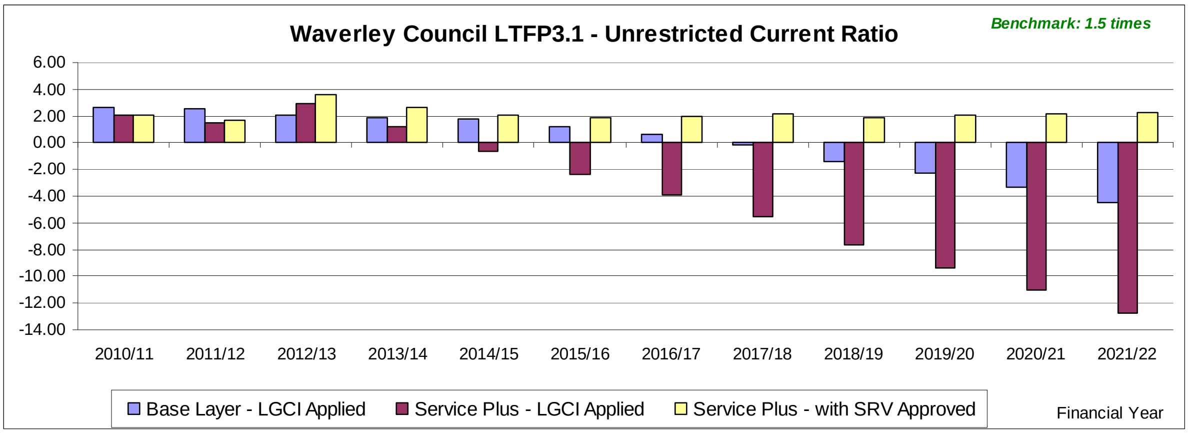
Rather than raise rates steeply enough to achieve a better rates coverage ratio over 10 years, LTFP3.1 results suggest (as did the *Review of Financial Structure*) that a sustainable future can be achieved in say 20 years with reasonable risk if we raise rates only to the extent necessary to cover the cost of the shortfall on *Service Plus*. This would mean raising rates by about half as much as would be necessary to achieve the average rates coverage ratio for city councils over 10 years.

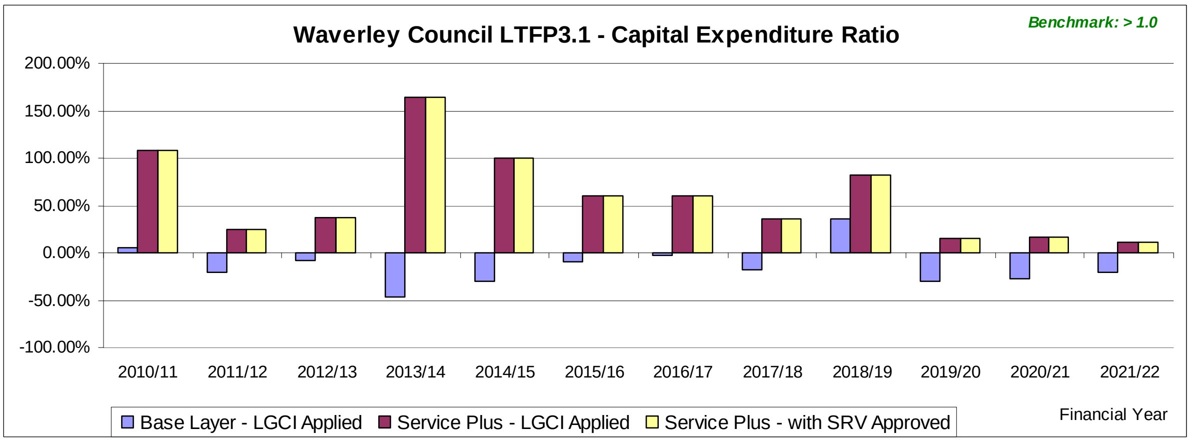
As stated above, the slower flatter rate rises assumed in this approach strike a compromise between achieving objectives of affordability for residents and ratepayers and achieving objectives of financial sustainability for Council. Council should ideally aim in the next ten years to achieve a minimum 50% dependency on rates (or minimum 60% rates coverage ratio including the domestic charge). However, the rate increases of the magnitude and pace suggested above are not sufficient to achieve a 50% dependency on rates (excluding domestic waste charges) over the next 10 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 39% dependency on rates (excluding domestic waste charges). So there will still be an element of financial vulnerability left to address at the end of the decade.

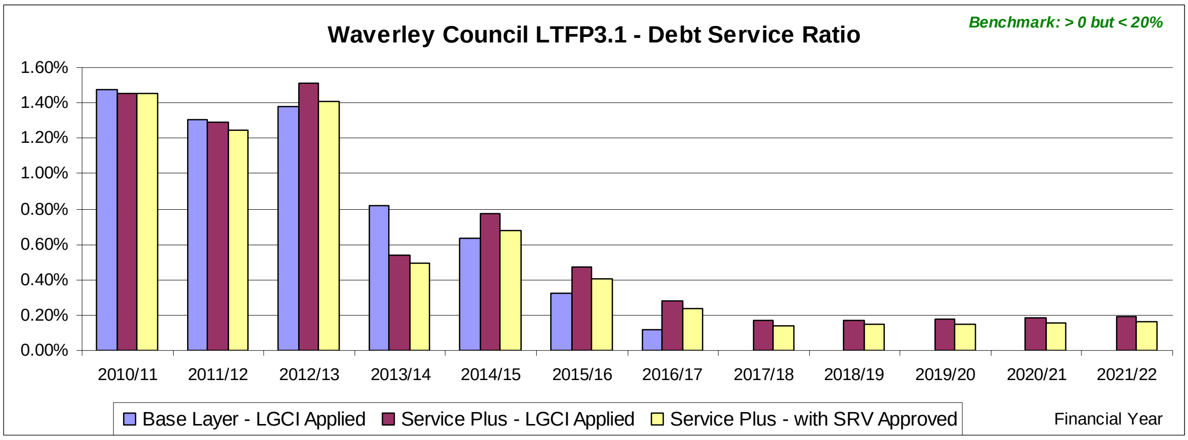
The special rate variations proposed in Section 9.2.7.1 above, if applied, should result in improvements in Waverley Council's sustainability over the next 11 years as measured by IPART's benchmarks. The following graphs show the comparative long term financial sustainability results of Scenarios 1 and 2 in terms of IPART's benchmarks. Clearly Scenario 2 performs well in improving and achieving Council's financial sustainability. Scenario 1 performs poorly.

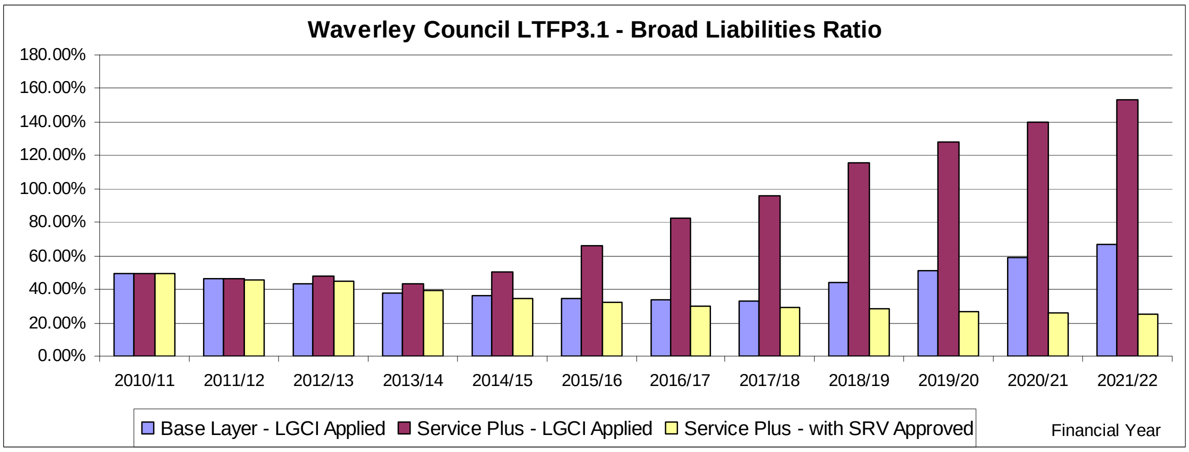







Waverley Council LTFP3.1 - Capital Expenditure Ratio
Benchmark: > 1.0
200.00%
150.00%
100.00%
50.00%
0.00%
-50.00%
-100.00%
2010/11 2011/12 2012/13 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22
Base Layer - LGCI Applied
Service Plus - LGCI Applied
Service Plus - with SRV Approved
Financial Year


Waverley Council LTFP3.1 - Debt Service Ratio
Benchmark: > 0 but < 20%
1.60%
1.40%
1.20%
1.00%
0.80%
0.60%
0.40%
0.20%
0.00%
2010/11 2011/12 2012/13 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22
Base Layer - LGCI Applied
Service Plus - LGCI Applied
Service Plus - with SRV Approved
Financial Year


Waverley Council LTFP3.1 - Broad Liabilities Ratio
180.00%
160.00%
140.00%
120.00%
100.00%
80.00%
60.00%
40.00%
20.00%
0.00%
2010/11 2011/12 2012/13 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22
Base Layer - LGCI Applied
Service Plus - LGCI Applied
Service Plus - with SRV Approved
Financial Year

10. CONCLUSION

In the last 3 years Waverley Council has engaged in what has been independently acknowledged as one of the most comprehensive and collaborative of consultation programs undertaken for development of a fully integrated suite of plans aimed at securing agreed QBL outcomes over a viable period at the lowest long run cost. Independent auditors, Morrison Low, have stated that:

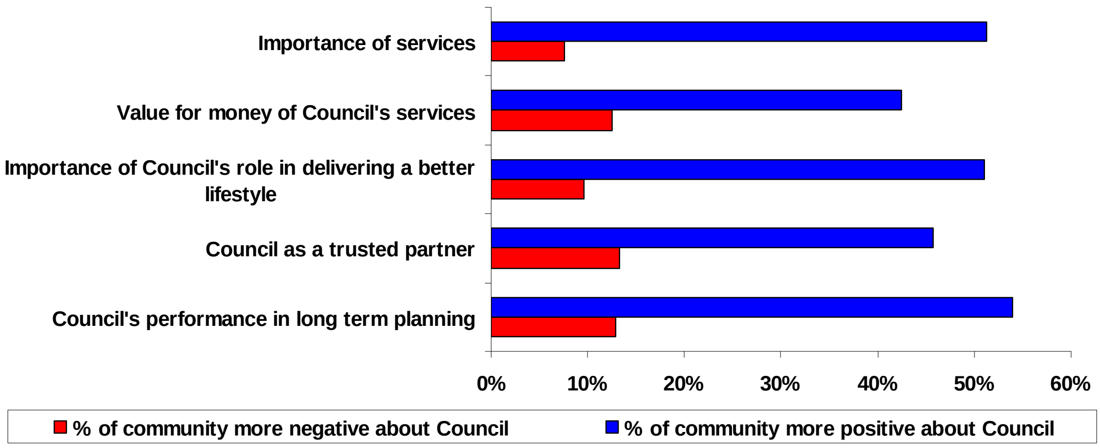
> *We congratulate Waverley Council on its integrated planning process. The Council's Integrated Plans are amongst the best we have reviewed. The Council has consulted extensively and creatively. The engagement results have been validated, are shared with the community and integrated through Community Strategic Plan, Delivery Plan and Resourcing Strategies. We have noted some suggested improvements for any future revisions of the Integrated Plan, although these improvements are relatively minor in nature.*
>
> *Morrison Low Integration Review and LTFP Review*
> *December 2010*

After such an extensive multi-level engagement process we can conclude that:

- Support within the Waverley community for the vision and strategies of *Waverley Together 2* is clear and coherent.
- The community has also unambiguously acknowledged the necessity of maintaining all of Council's current services at their current levels of output and enhancing some specific services if they are to reach their community targets for quality of life in *Waverley Together 2*.
- Thirdly, the community has shown a strong preference for securing funding for these services via a rate rise, as long as we make sure we realise efficiency opportunities and establish reasonable systems to support those who may encounter genuine hardship.

Waverley has a strong record of achievement in efficiency and a clear plan for continuing this track record. The hardship scheme, revised especially for the rate rise, is funded and well targeted. It is considered that the community has enough confidence in Council to deliver a very significant contribution to their targets for quality of life by 2022. They are indeed dependent on Council for realisation of the majority of that vision. The perception of the importance of Council's services and Council itself as a trusted planner and partner has been remarkably improved by this engagement process, despite the fact that we asked residents to pay 120% more for services, as shown in the graph below:

Improvement in Community Perceptions of Waverley Council from the "Funding the Future" Consultation Program and *Service Plus*



With these sorts of responses and results, failure to implement *Service Plus* in full would be a repudiation of a clear community mandate.

Accordingly an application for a special variation to rates as framed in LTFP3.1 for a 91% rate rise over 7 years fully meets the criteria set down by the DLG for approval of special rate variations as follows:

Waverley Council Special Rate Variation Application for Delivery of Services for *Waverley Together 2* – 2010 to 2022 Summary of Conformance to DLG Criteria for Assessment of Applications	
Criterion	**Performance of Rate Variation Application**
Criterion 1 Demonstrated need for the rate increases derived from Council's completed IP&R framework, highlighting one or more of the following: ▪ Service provision requirements, new demand for services, or community support for enhanced service standards ▪ Infrastructure backlogs that have adverse implications for the amenity, safety and health of the community. ▪ A special or unique cost pressure faced by Council.	Waverley's SRV application is made: 1. to secure long term funding for: ▪ continuation of all services deemed necessary by the community to achieve the targets of *Waverley Together 2* by 2022, ▪ enhancement of some services expressly called for by the community in consultation about Funding the Future, ▪ renewal of existing infrastructure to meet standards developed in detailed consultation with the Waverley community social, environmental and economic amenity, and 2. to secure the long term financial sustainability of the Council which is currently under threat due to excessive dependency on variable insecure forms of funding.
Criterion 2 Demonstrated community support for the special variation	Waverley's SRV application is made on the basis of strong community support shown for the rate variation in: ▪ detailed consultation programs conducted at the "collaborative" level of consultation as defined by the DLG, and ▪ statistically valid surveys of community support for services, the Community Strategic Plan, and the rate variation. Support for rate variation is clearly demonstrated in that the number of residents who supported a 120% rate increase over 7 years out-numbered those who didn't by a factor of 1.7 to 1. Council has resolved to apply for a variation that is lower than 120%.

Waverley Council Special Rate Variation Application for Delivery of Services for *Waverley Together 2* – 2010 to 2022 Summary of Conformance to DLG Criteria for Assessment of Applications	
Criterion	**Performance of Rate Variation Application**
Criterion 3 Reasonable impact on ratepayers	Waverley's SRV application is structured taking into account the socio-economic capacity of the community overall. Research on this shows that: 1. there is capacity within the community, in a socio-economic sense, to increase rates: ▪ currently rates are very low in Waverley, especially compared to other areas in Sydney with much poorer indices of socio-economic disadvantage than Waverley, 2. not raising rates would result in higher long run costs for essential services and works which would amount to an unreasonable burden on future ratepayers; and 3. an enhanced hardship scheme has been developed specifically responding to the concerns of the band of the community most concerned about the rate rises (those paying at that high end of the rating price range for Waverley).
Criterion 4 Sustainable financing strategy consistent with the principles of intergenerational equity	Waverley's Long Term Financial Planning includes a detailed analysis of the advantages and disadvantages of taking loans and using other funding strategies (alternative to rate rises) to spread financial burden more fairly between generations. It concludes that: 1. at the current interest rates for fixed term loans there is no advantage to the current or future generations from taking loans for infrastructure renewal or other capital items which do not generate operating returns sufficient to repay those loans; 2. a strategy of delaying or carefully staging any backlog infrastructure works over 7 to 10 years is the most feasible, effective and cheapest alternative means of fairly distributing burden between generations; and 3. slow flattened rate rises over 7 years will protect future ratepayers from steep rate rises and help ensure that a financially sustainable council will be able to secure service continuity and prevent long run cost increases.

Waverley Council Special Rate Variation Application for Delivery of Services for *Waverley Together 2* – 2010 to 2022 Summary of Conformance to DLG Criteria for Assessment of Applications	
Criterion	**Performance of Rate Variation Application**
Criterion 5 An explanation of the productivity improvements the Council has realised in past years and plans to realise over the period of the proposed special variation	Waverley Council's track record of productivity improvements has kept pace with or bettered the Australian economy wide productivity gains of around 1.2%. Over 100 initiatives in business review, organisation development, industrial agreement negotiation and other reforms have led to significant efficiency improvements over the past 10 years. Waverley's *Workforce Plan 2010-2014* includes a continuation of this successful program of efficiency reviews for the future.
Criterion 6 Implementation of the IP&R framework	Waverley's implementation of the IP&R framework has been independently reviewed by both external consultants and the NSW DLG. The framework of plans and the Engagement Strategy used to develop it has been endorsed as excellent. The Waverley community is likewise very supportive Council's approach to long term planning. Waverley's IP&R framework includes several best practice or even above-benchmark features such as: ▪ an Environmental Action Plan, the costs of which are fully integrated into our LTFP, and ▪ a Strategic Asset Management Plan which uses a verified alternative means of substantially reducing assessed costs to renew and maintain infrastructure – for which Waverley won the Federal Government's 2010 National Award for Asset and Financial Management.

The above analysis shows that a special rate variation of the magnitude and duration proposed by Waverley Council has the necessary capacity to secure the future demanded by the Waverley community, if it is implemented in combination with a range of efficiency programs and alternative financing strategies. LTFP3.1 describes an innovative program for bringing multiple sources of funding opportunities and efficiency programs together to deliver a large program of services in an affordable way.

This plan will form the basis of Waverley Council's application to IPART for a comprehensive change to the structure of Council's finances for ongoing financial and QBL sustainability, consistent with the intent of the Integrated Planning & Reporting reforms.

Performance reports to the community on the effect of their increased investment in Waverley will be provided as per the accountability requirements of the IP&R framework.

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APPENDIX 1: CPI & Interest Rate Assumptions used in LTFP3.1

Year	CPI	Interest Rate – Investments
2011/12	3.01%	5.54%
2012/13	2.77%	5.79%
2013/14	2.36%	5.40%
2014/15	2.49%	5.38%
2015/16	2.73%	5.87%
2016/17	2.60%	6.05%
2017/18	2.22%	5.41%
2018/19	2.44%	5.25%
2019/20	2.79%	5.85%
2020/21	2.79%	5.85%
2021/22	2.79%	5.85%

Notes:

- Headline CPI movements are based upon Access Economics September 2010 forecasts.

- Interest Rates on investments up to 2014/15 are as per the 2010/13 Delivery Program and thereafter based on Access Economics September 2010 forecasts relating to the 90 day bank bill rate.

APPENDIX 2: Council Services

Waverley Council runs a very wide array of services – 22 Services and 148 different sub-services. We are soon to run two more as we are currently building our 4th Child Care Centre and a new sport and active recreation facility at Waverley Pavilion.

Services	Sub-services
Asset management services	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	18. Lifeguard services 19. Beach cleaning & maintenance 20. Support to surf life saving clubs 21. Administration & customer services
Cemetery services	22. Waverley Cemetery services 23. South Head Cemetery services
Child care services	24. Waverley Child Care Centre services 25. Bronte Child Care Centre services 26. Gardiner Child Care Centre services 27. Bondi Junction Early Learning & Care Centre 28. Family Day Care services 29. Family support services
Community services	30. Community planning 31. Services for older people 32. Services for young people 33. Services for people with a disability 34. Services for indigenous people 35. Multicultural services 36. Community safety 37. Community support & grants
Corporate support services	38. Administration 39. Financial management 40. Human resources 41. IT & telecommunications 42. Purchasing 43. Risk & insurance management 44. Executive support & strategic projects

Services	Sub-services
Cultural services	45. Cultural services planning 46. Arts programs 47. Music rooms & programs 48. Theatres and theatre programs 49. Literary programs 50. Cultural festivals & events 51. Bondi Pavilion programs 52. Other cultural programs 53. Administration & customer services
Customer services & communication	54. Customer & Call Centre 55. Media & communications
Development, building & health services	56. Urban planning 57. Heritage conservation 58. Land information mapping services 59. Development assessments & approvals 60. Environmental health 61. Food hygiene & regulation 62. Building & fire safety regulation 63. Administration & customer services
Emergency management services	64. Local & state emergency management
Environmental services	65. Environmental sustainability planning 66. Environmental education programs 67. Energy management programs 68. Water management programs 69. Waste management planning 70. Air quality management 71. Biodiversity management programs 72. Bush care programs 73. Pollution control programs
Governance, integrated planning & community engagement	74. Long term integrated planning & consultation 75. Governance 76. Councillor support 77. Citizenship services 78. Precinct Committee facilitation services 79. Records & public information services 80. Civic pride programs 81. Volunteering programs 82. Advisory committees and forums 83. Internal audit
Library services	84. Library services 85. Community information 86. Local studies
Parking services	87. Parking system planning & management 88. On-street parking services 89. Off-street parking services 90. Road & parking safety programs

Services	Sub-services
Parks services & maintenance	91. Parks, reserves & open landscapes planning & design 92. Playground planning & design 93. Southern Area parks cleaning & maintenance 94. Bondi Area parks cleaning & maintenance 95. Northern Area parks cleaning & maintenance 96. Bondi Park cleaning & maintenance 97. Waverley Park cleaning & maintenance 98. Bronte Park cleaning & maintenance 99. Tamarama Park cleaning & maintenance 100. Marks Park cleaning & maintenance 101. Coastal & Cliff Walks cleaning & maintenance 102. Greenspace maintenance 103. Eruv cleaning & maintenance 104. Administration & customer services
Place management	105. Place development planning & strategy 106. Place maintenance & upgrade 107. Place amenity & access services 108. Place safety management 109. Place marketing 110. Place regulation 111. Business development & support services 112. Events management 113. Visitor management services 114. Administration & customer services
Recreation services	115. Recreation planning 116. Recreation facilities maintenance 117. Sporting facilities maintenance 118. Waverley Pavilion sports centre & field maintenance
Regulatory services	119. Pollution control programs 120. Animal control 121. Dumped rubbish & litter control 122. Waste regulation & education 123. Abandoned car control & removal
Social & affordable housing	124. Housing planning 125. Affordable housing program 126. Social housing program
Traffic & transport services	127. Transport planning 128. Pedestrian mobility programs 129. Cyclist mobility programs 130. Alternative transport programs 131. Traffic management services
Urban open space maintenance & accessibility	132. Streetscape enhancement strategy 133. Street cleaning services 134. Place cleaning services 135. Graffiti removal services 136. Nature strip mowing services 137. Tree management planning 138. Tree planting services 139. Tree maintenance services 140. Greenlinks maintenance 141. Public place access works & services 142. Street & place signage services

Services	Sub-services
Waste services	143. Domestic waste services 144. Recycling services 145. Green waste services 146. Clean up services 147. Dumped rubbish removal 148. Place cleaning services 149. Commercial waste services 150. Administration & customer services

APPENDIX 3: Targets for Sustainable Asset Management 2011 – 2022

The following table is an extract of the complete targets adopted in Council's Community Strategic Plan *Waverley Together 2* for Direction G6 – "Council assets are well maintained for their current purpose and for future generations". Costs to meet these targets have been factored into the Base Layer and Sustainable Assets Layer of LTFP2.

Targets and indicators of successful performance	… in the direction of …	Baseline data

Council assets are capable of delivering the desired levels of service as measured by achieving the following asset condition ratings on an annual basis:
 	
In condition 1 or 2
▪ 79% of roads
▪ 80% of footpaths
▪ 73% of kerbs/gutters
▪ 100% of stairs
▪ 100% of fences & bollards
▪ 100% bus shelters
▪ 100% bus seats
▪ 100% street seats
▪ In Parks
  ▪ 100% of fences & bollards
  ▪ 100% of footpaths
  ▪ 100% of stairs
  ▪ 100% of play equipment
  ▪ 100% of signs
▪ In Waverley Cemetery
  ▪ 100% of roads
  ▪ 100% of gutters
  ▪ 100% of paths
  ▪ 100% of drains
  ▪ 100% of fencing (internal)
  ▪ 100% of fencing (external)
	G6	Council has consulted the community on the condition that assets should be maintained in to ensure services can be delivered at the level desired by the community. Condition ratings are defined as:
		
		Condition 1 – Good Condition
		Condition 2 – Minor Deterioration
		Condition 3 – Medium Deterioration
		Condition 4 – Major Deterioration
		Condition 5 – Unserviceable
		
		In 2009, Council assets achieved the following condition ratings:
		
		In condition 1 or 2
		▪ 79% of roads
		▪ 73% of footpaths
		▪ 73% of kerbs/gutters
		▪ 72% of stairs
		▪ 72% of fences & bollards
		▪ 95% of bus shelters
		▪ 82% of bus seats
		▪ 83% of street seats
		▪ 80% of fences and bollards in parks
		▪ 87% of footpaths in parks
		▪ 85% of stairs in parks
		▪ 61% of play equipment in parks
		▪ 90% of signs in parks
		▪ 2% of Waverley Cemetery roads
		▪ 65% of Waverley Cemetery gutters
		▪ 52% of Waverley Cemetery paths
		▪ 57% of Waverley Cemetery drains
		▪ 39% of Waverley Cemetery fencing (internal) & 21% of fencing (external)
		
		Source: SAMP3

Targets and indicators of successful performance	… in the direction of …	Baseline data

The remaining Council assets are capable of delivering the desired levels of service as measured by achieving the following asset condition ratings on an annual basis:
 	
In condition 1, 2 or 3
▪ 100% of buildings
▪ 100% of pools
▪ 100% of drains length
▪ 100% of retaining walls in streets
▪ 100% of seawalls
▪ 100% of street bins
▪ 100% of parking signs
▪ In Parks
  ▪ 100% of furniture
  ▪ 100% lighting
  ▪ 100% of retaining walls
  ▪ 100% of irrigation
▪ 94% of street
▪ trees
▪ In Waverley Cemetery
  ▪ 100% of retaining walls
	G6	For the remaining Council assets, in 2009, Council achieved the following condition ratings:
		
		In condition 1, 2 or 3
		▪ 91% of buildings
		▪ 100% of pools
		▪ 88% of drains length
		▪ 93% of retaining walls in streets
		▪ 85% of seawalls
		▪ 95% of street bins
		▪ 90% of parking signs
		▪ 95% of furniture in parks
		▪ 95% of lighting in parks
		▪ 85% of retaining walls in parks
		▪ 97% of irrigation in parks
		▪ 94% of street trees
		▪ 90% of Waverley Cemetery retaining walls
		
		Source: SAMP3

Satisfaction with maintenance of Council assets is steady or increasing	G6	In 2009, there was: ▪ 35% satisfaction rating with Council's maintenance of the road network ▪ 32% satisfaction rating with Council's maintenance of footpaths ▪ 60% satisfaction rating with Council's maintenance of parks. *Source: Council's Community Survey (Q4b Roads and transport)*

APPENDIX 4: Targets for a Sustainable Environment 2011 – 2022

The following table is an extract of the complete targets adopted in Council's Community Strategic Plan *Waverley Together 2* for Directions E1 to E8. Costs to meet these targets have been factored into the Base Layer and Sustainable Environment Layer of LTFP2.

Targets and indicators of successful performance	… in the direction of …	Baseline data
30% reduction of greenhouse gas emissions by 2020 based on 2003/04 levels 70% reduction of greenhouse gas emissions by 2050 based on 2003/04 levels	E1, E2	In 2003/04, the Waverley community emitted some 495,000 tonnes of CO_2, which equates to about 8 tonnes per person. By 2007/08, this figure had increased to 564,000 in total, or about 9 tonnes per person. The targeted net emissions level for 2020 is 346,500 tonnes of CO_2, which equates to a 30% reduction on 2003/04 levels but a 38.6% reduction on 2007/08 levels. *Source: EAP2 and Kinesis CCAP Community Tool for Waverley Greenhouse Gas Emissions Modelling, October 2009*
30% reduction in Council's greenhouse gas emissions by 2020 based on 2003/04 levels	E1, E2	Council's greenhouse gas emissions equate to approximately 1% of total emissions generated in Waverley. Nevertheless it is desirable to ensure Council's emissions are reduced at least proportionally to reductions required in community emissions. In 2003/04, operations by Waverley Council resulted in emissions of some 8,433 tonnes of CO_2 equivalent. However, by 2007 this had decreased to 7,732 tonnes of CO_2 equivalent, which is a decline of approximately 8.4% per year. The targeted net emissions level from Council operations by 2020 is 5,910 tonnes of CO_2, which equates to a 30% reduction on 2003/04 levels but only a 23.5% reduction on 2007/08 levels. *Source: EAP2 and Kinesis CCAP Council Tool for Waverley Council Greenhouse Gas Emissions Modelling, September 2009*
30% of electricity used in the LGA is to come from renewable sources by 2020	E1, E2	In 2007 the proportion of greenpower purchased by the Waverley community was 1%. *Source: Kinesis CCAP Community Tool for Waverley Greenhouse Gas Emissions Modelling.*

Targets and indicators of successful performance	… in the direction of …	Baseline data
Average kilometres travelled by Waverley residents per day by private car declines by 15% by 2020 based on kilometres travelled in 2006. 40% of the total daily distance travelled by residents is by public transport, walking or cycling.	E1, E2	In 2006, the average Waverley resident drove 11 kilometres per day. A 15% reduction on this by 2020 would mean that, on average, Waverley residents should drive no more than 9.35 kilometres per day. In 2006, 25% of the total daily distance travelled by residents of Waverley was by public transport, walking or cycling. By 2020 this proportion should be 40%. *Source: Australian Bureau of Statistics and Transport Data Centre*
No net increase in overall waste generation by 2020 based on 2003/04 levels	E3	In 2003/04 the total amount of domestic waste generated in the LGA (including garbage, recycling and green waste) was 27,742 tonnes. The total amount of commercial waste was 5,183 tonnes. *Source: Waverley Council Monthly Waste Statistics, June 2008*
75% of the LGA's domestic and commercial waste diverted from landfill by 2020	E3	As a current indicator of progress, in 2007/08 the diversion rate for domestic waste was 51.2%. The diversion rate for commercial waste was 43.7%. *Source: Waverley Council Monthly Waste Statistics, June 2008*
Zero increase in the LGA's mains water consumption by 2020 based on 2005/06 levels	E4	In 2005/06, mains water consumption within Waverley was 6,208,915 kilolitres. *Source: EAP2*
50% reduction in Council's mains water consumption by 2020 based on 2005/06 levels	E4	Council's mains water consumption equates to approximately 2% of the total mains water consumption in the LGA. In 2005/06, Council used some 76,579 kilolitres of mains water in its operations. *Source: EAP2*
No more than 10% mains water consumption by Council for non-potable uses by 2050	E4	The volume of water currently used by Council for non-potable activities of toilet flushing, irrigation and street cleaning is yet to be confirmed. Monitoring of non-potable water use will be ongoing. Nevertheless the aim is that whatever the non-potable usage is by 2050, no more than 10% of it will come from the mains water supply. *Source: EAP2*

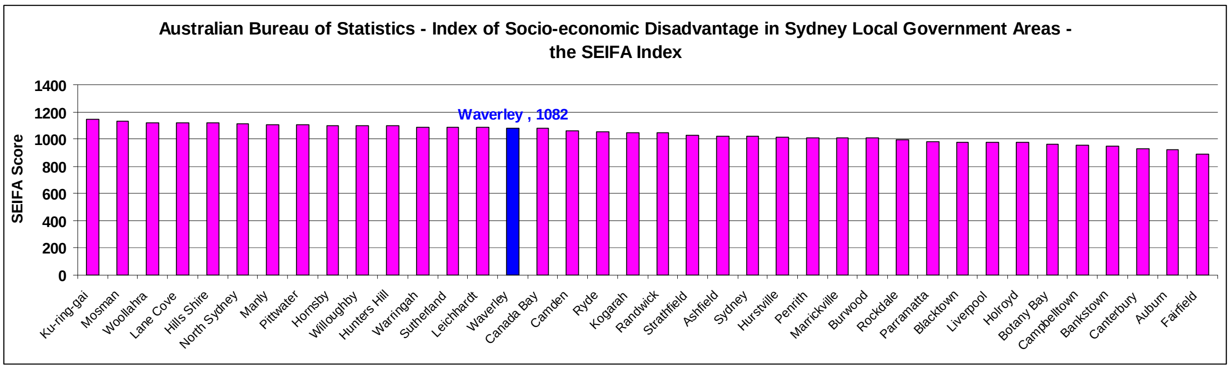
Targets and indicators of successful performance	… in the direction of …	Baseline data
More than 345 clean beach days per annum (>95%) based on DECCW Beachwatch Water Quality Results	E5	In 2008 Waverley beaches experienced 347 clean beach days. *Source: DECCW Beachwatch Water Quality Results 2008.*
The proportion of residents who rate the water quality in beaches and waterways as clean is steady or increasing	E5	In 2009, 76% of residents thought that the water was clean in beaches and waterways. *Source: Council's Community Survey (Q6 The natural environment)*
The connectivity of wildlife habitat corridors is increased by 2020 based on 2009/10 levels, measured as square metres of coverage	E6	The baseline square metre coverage and target % increase for coverage are to be confirmed by the Australian Museum / Sydney Bush Regeneration Company's Waverley Wildlife Habitat Corridor Study to be completed by April 2010. *Source: Australian Museum and Sydney Bush Regeneration Company, Waverley Wildlife Habitat Corridor Study 2010*
No localised flora and fauna extinctions based on 2009/10 levels	E6	The baseline flora and fauna species numbers are to be confirmed by the Australian Museum / Sydney Bush Regeneration Company's Waverley Flora and Fauna Study to be completed by April 2010. *Source: Australian Museum and Sydney Bush Regeneration Company, Waverley Flora and Fauna Study 2010*
Continually improve the quality and ensure no loss of native vegetation based on 2009/10 levels	E6	The current square metre coverage of native vegetation is to be confirmed by the Australian Museum / Sydney Bush Regeneration Company's Waverley Flora and Fauna Study to be completed by April 2010. *Source: Australian Museum and Sydney Bush Regeneration Company, Waverley Flora and Fauna Study 2010*
Reduce pests and weeds by 2020 based on 2009/10 levels	E6	The baseline levels of pests and weeds species is to be confirmed by the Australian Museum / Sydney Bush Regeneration Company's Waverley Flora and Fauna Study to be completed by April 2010. *Source: Australian Museum and Sydney Bush Regeneration Company, Waverley Flora and Fauna Study 2010*

Targets and indicators of successful performance	… in the direction of …	Baseline data
No localised extinction of marine inter-tidal species based on 1999 levels	E7	In 1999 the University of Sydney’s Centre for Research on Ecological Impacts of Coastal Cities (CEICC) completed a marine inter-tidal survey of Waverley’s rock platforms. 68 species were identified. *Source: University of Sydney’s Centre for Research on Ecological Impacts of Coastal Cities (CEICC) Marine Inter-tidal Survey 1999*
Our community rates the environment as an important issue Satisfaction with Council's environmental management and education is steady or increasing	E8	In 2009, 93% of residents rated environmental management and education provided by Council as critical, very or quite important. 34% of residents were satisfied with Council's environmental management and education. *Source: Council's Community Survey (Q4a&b Waste services and the environment)*

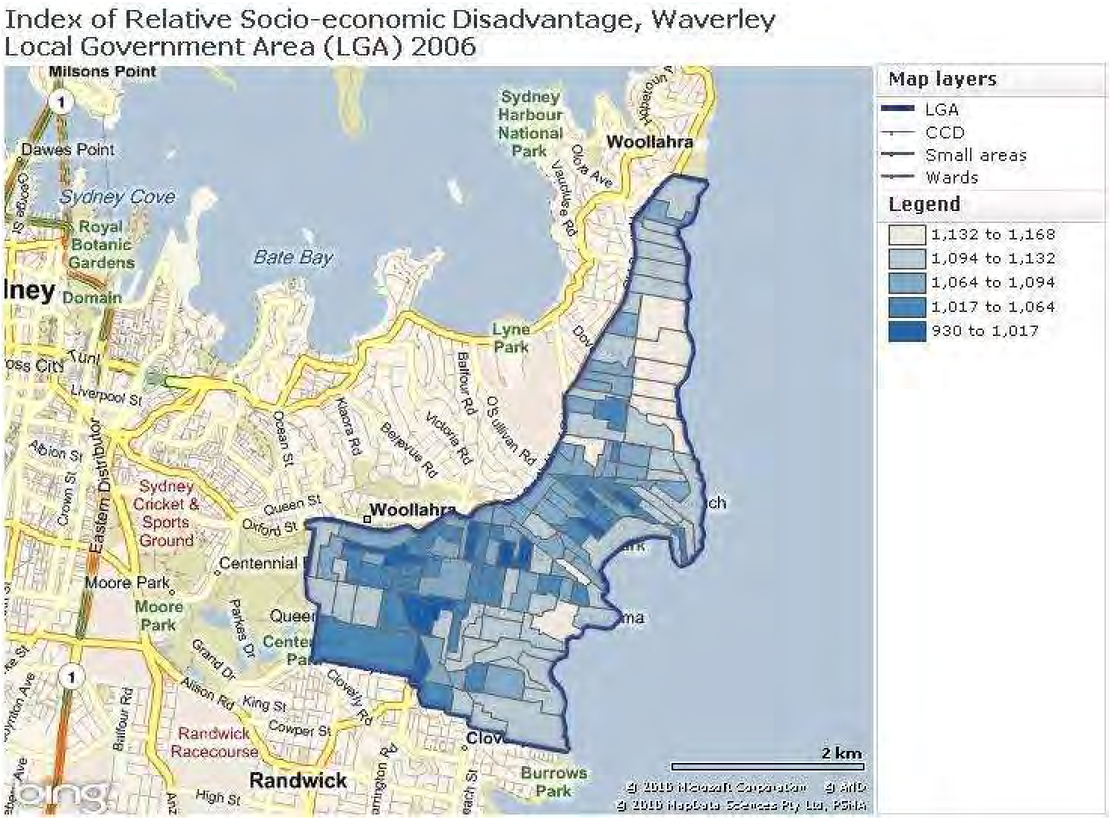
APPENDIX 5: Map of the socio-economic distribution of the Waverley population as at the 2006 Census – the SEIFA Index

The SEIFA Index of relative socio-economic disadvantage is an aggregate measure of general disadvantage derived from 2006 Census data. The lower the score, the greater the disadvantage.

Expressed as an average score, Waverley achieves a SEIFA score that is in the middle of the range of socio-economic disadvantage scores achieved by other city councils as shown in the following graph.



However, detailed analysis of the Index shows that significant numbers of the Waverley population can be found in every level of the Index from the highest to the lowest as shown in the map below.



Source: Australian Bureau of Statistics, Census of Population and Housing 2006,

http://atlas.id.com.au/DefaultMap.aspx?id=318&pg=2010&c=3080&t=10013

NOTES: Following are a few specific caveats about this data:

- SEIFA is an amalgam measure which draws together a number of different variables measuring disadvantage in an area. While mapping the data at CD level shows the spatial distribution of disadvantage very well, variation within collection districts may be masked. For instance, a CD with a very disadvantaged public housing area next to a very well off area may show up as having an average SEIFA score, masking two very disparate populations.
- SEIFA cannot be directly compared over time. The scores are only relevant in ranking geographic areas for the 2006 Census and cannot be compared to 2001.
- SEIFA cannot be used to make inferences about individuals living in an area.
- SEIFA is based on Census data and does not measure aspects of advantage/disadvantage which are not covered by the Census. Examples are wealth and locational disadvantage.

Index of Relative Socio-economic Disadvantage, Waverley Local Government Area (LGA) 2006

The Index of Relative Socio-Economic Disadvantage has *"…been constructed so that relatively disadvantaged areas have low index values".*

The Index of Relative Socio-Economic Disadvantage is derived from attributes such as low income, low educational attainment, high unemployment, jobs in relatively unskilled occupations and variables that broadly reflect disadvantage rather than measure specific aspects of disadvantage (e.g., Indigenous and Separated/Divorced).

High scores on the Index of Relative Socio-Economic Disadvantage occur when the area has few families of low income and few people with little training and in unskilled occupations. Low scores on the index occur when the area has many low income families and people with little training and in unskilled occupations. It is important to understand that a high score here reflects lack of disadvantage rather than high advantage, a subtly different concept.

To maintain consistency with the other indexes, the higher an area's index value for the Index of Relative Socio-Economic Disadvantage, the less disadvantaged that area is compared with other areas. For example, an area that has a Relative Socio-Economic Disadvantage Index value of 1200 is less disadvantaged than an area with an index value of 900. For more information on the Index of Relative Socio-Economic Disadvantage and all other SEIFA indexes, please see Australian Bureau of Statistics, 2006, Socio-Economic Indexes for Areas (SEIFA 2006) cat. no. 2033.0.55.001.

For Census Collection Districts (CCDs) across Australia, the average (population weighted) SEIFA score on the index of disadvantage is 1,000. Therefore areas with an index above 1,000 are above the Australian average and so relatively less disadvantaged, while index figures below 1,000 indicate areas of relatively greater disadvantage when compared to the nation.

Waverley Local Government Area (LGA)'s SEIFA score for 2006 is 1082.

The areas with the lowest SEIFA index scores (i.e. the areas of highest disadvantage in Waverley Local Government Area (LGA)), were:

- Waverley (1050)
- Bondi (1056)
- Bondi Junction (1059)

Source: Australian Bureau of Statistics, Census of Population and Housing 2006.

APPENDIX 6: Contribution of Waverley Council's Services to the Community's Vision for Life in Waverley by 2022

The following table shows which services can be expected to contribution to each aspect of the adopted vision of *Waverley Together 2*.

Waverley Council delivers 148 services in 22 main service categories. These work 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	✓									✓	✓		✓	

APPENDIX 7: Selected Service Reviews and Efficiency Programs Conducted in the Past 10 Years

The following tables show some of the service reviews and efficiency initiatives undertaken in the last 10 years. While some reviews resulted in increased investment in services rather than reduced costs, the yield in service outcomes is in most cases positive.

Asset Management	Outcome
▪ Review of work flow and organisational development required for delivery of annual infrastructure design program (external consultants – Abraxa) **2003**	▪ Resulted in a small improved capacity of Technical Services to deliver annual design programs up to a year earlier than was previously being achieved ▪ Further improvements in meeting deadlines for delivery of designs were achieved in 2009 after implementation of recommendations from the Morrison Low review of Asset Management (see next) ▪ Today the design program is generally produced a year ahead of schedule enabling maintenance teams to more efficiently organise annual maintenance programs
▪ Review of Organisational Capacity to Support Asset Management (external consultants – Morrison Low) **2007**	▪ Recommended increased staffing levels to achieve benchmarks in asset management and planning ▪ Established Council's Asset Management System and Policy within a Business Excellence Framework model ▪ Provided the format for our Asset Management Continuous Improvement Plans (the process for achieving cost effective asset renewal within a sustainable environmental and financial planning system)
▪ Asset Management Continuous Improvement Program – SAMP2 **2007** ▪ Asset Management Continuous Improvement Program (revised) – SAMP3 **2009**	▪ Enabled completion of SAMP2 and SAMP3, based on completion of condition assessment programs ▪ Enabled completion of work to verify Waverley's alternative method for assessing the cost to renew assets which resulted in: o an 84% drop in the assessed costs of asset renewal and o a 35% drop in the expected costs of ongoing asset maintenance compared to costs reported in 2004
▪ Development of alternative methodology for assessing the future cost of asset renewal and maintenance **2005 to 2010**	▪ See above for savings ▪ Waverley Council won the 2010 National Award for Local Government in Asset and Financial Management for development of this method
▪ Revised Protocols for Delivery of Capital Works **2007**	▪ Enabled establishment of Project Delivery and Project Control Groups and introduction of diversified procedures for efficient delivery of different types of capital works through cross-departmental partnerships ▪ Enabled closer monitoring of capital works costs and variations ▪ The procedures have substantially improved the proportion of projects being finalised on budget

Cemetery Operations	Outcome
▪ Business improvement processes for sale of Rights of Burial, memorial works and associated services – **continuous since 1997**	▪ Increase in income from gross sales from $433,000 in 1999/00 to $1.36 million in 2009/10 – a 215% increase
▪ Business improvement processes for operations – **continuous since 1997**	▪ Significantly higher return per unit of labour ▪ Labour costs as a proportion of sales per annum have decreased by 43% ▪ Waverley and South Head Cemeteries both now operated by one centralised operating team ▪ Skills development has ensured several staff can now each deliver various services – sales, asset maintenance, equipment maintenance, landscaping, cleaning, funeral operation, record keeping and customer service
▪ Systematic audit of grave availability and the status of Rights of Burial issued in the last 120 years **1998 and 1999**	▪ Freed up capacity in Waverley Cemetery Rights of Burial that were previously thought to have been exhausted ▪ Freed up capacity was worth approximately $5 million at the time ▪ This capacity is slowly being released on to the market to reap a return well in excess of the $5 million value
▪ Review of interment capacity **2000**	▪ Release of 200 new double interment memorials – minimum value approximately $715,000
▪ Horticultural review of landscape management (in-house cemetery operations expertise used) **2002**	▪ Introduction of gazania flower ground cover reduced mowing requirements across the 16 hectare site ▪ Provided acceptable more affordable service level for graves under “perpetual care” agreements made with Council before 1975
▪ Introduction of effective contractor management for monumental stone masonry works **2005**	▪ One-stop shop eliminated double and triple handling of applications for monumental work ▪ Established effective contractor management system providing increased income from project management
▪ Development and adoption of the Waverley Cemetery Plan of Management **2008**	▪ Confirmed the future of Waverley Cemetery as an operational cemetery with minimum drain on ratepayers ▪ Laid out asset renewal and land use plans to ensure ongoing viability of operations ▪ Set the blue print for continued operation of the cemetery alongside recreational uses ▪ Resolved problems associated with competing uses of the cemetery (heavy use of coastal walk facilities versus cemetery operations), thereby reducing future damages/costs in the cemetery
▪ Diversification of grave digging and funeral business to supply other LGAs with this service **2009 onwards**	▪ Waverley now provides Randwick Council’s and St Jude’s grave digging services on a commercial fee for service basis ▪ Waverley also provides business assistance to other LGAs through participation in peak industry forums such as the Cemeteries and Crematoria Association and the National Trusts Cemeteries Committee
▪ 2nd review of interment capacity **2010**	▪ Release of 65 new double interment memorials – minimum value $285,000

Community Services	Outcome
▪ Waverley Community Living Program Review **2010**	▪ Established the acknowledged industry benchmark for accreditation of programs imparting independent living skills to the intellectually disabled ▪ Attracted additional funding to improve case worker/client ratio ▪ Substantially eliminated cash handling ▪ Client numbers in this service have tripled since 2000

Child Care Services	Outcome
▪ Family Day Care Review **2005**	▪ Expanded the service into City of Sydney thereby increasing carers, income, cost savings and service output per staff member ▪ Enabled service expansion and reduction of some of the waiting list for child care services (currently 800 on the waiting list for long day care) without the need to invest in infrastructure
▪ Accreditation processes – **continuous cycle**	▪ High performance on accreditation is acknowledged in as much as accreditation is generally renewed for 3 year periods rather than short periods ▪ High scores in accreditation are frequently achieved (eg., Bronte Child Care Centre achieved the top ranking on all 180 criteria in a recent accreditation renewal) ▪ Resultant high quality child care attracts high demand for access to Waverley child care centres, eg. occupancy rates have exceeded both industry best practice and Council's own occupancy rate targets for child care centres ▪ >99% occupancy rate achieved on an ongoing basis

Commercial Waste Services	Outcome
▪ Commercial Waste Operations Review **2009**	▪ $300,000 per annum saving ▪ 3 less staff and 1 less truck

Cultural Services	Outcome
▪ Review of Bondi Pavilion service operations (external consultant – Peter Cranko) **2006** ▪ Asset condition survey of the Bondi Pavilion **2006**	▪ Identified inefficiencies in the coordination and provision of Council services in the Bondi Pavilion including infrastructure maintenance, building works, property maintenance, cleaning, waste management, parks liaison and planning requirements ▪ Establishment of a new Building Manager position to coordinate delivery of services and external contractors ▪ Establishment and publication of an agreed Bondi Pavilion Purpose Statement ▪ Establishment of an integrated capital works program to ensure the building will be capable of supporting service delivery consistent with the Purpose Statement – the Bondi Pavilion Asset Action Plan – based on an extensive asset condition survey
▪ Review of Bondi Pavilion Cultural Services staffing structure **2009**	▪ New staff structure implemented within existing budget to deliver a new management and programming format ▪ Facilitated incorporation of a new Resident Theatre Group at the Pavilion and a subsequently enhanced annual theatre program

Cultural Services	Outcome
▪ Community Cultural Centre Review **2005**	▪ Identified strategic development initiatives including: o an upgrade of the operational policy and procedures for setting fees and charges and making bookings o staffing structure and work plan improvements o revised maintenance and capital works plans o improved events coordination o liquor licence review and upgrade

Customer Services	Outcome
▪ Customer Services Review **2005**	▪ Development of Council's 1st Customer Service Strategy and Action Plan and consequent improvements in customer service standards
▪ Customer Service Benchmarking – **2005**	▪ Results showed staff were achieving high productivity with low cost per transaction rates per transaction o $3.06 per transaction at Waverley o $5.56 per transaction for peer councils
▪ Customer Service Centre Relocation from Council Chambers to a shop front in mid town Bondi Junction **2007**	▪ Substantially improved community access ▪ One-stop shop for DA and customer service functions ▪ Improved display and promotion of services ▪ Freed up space in Chambers for community access and staff accommodation
▪ Customer Services staff restructure **2009**	▪ Restructured the customer service function improved coordination of management of the back of house Call Centre and front of house Customer Centre ▪ 2 team leaders recruited within current staff establishment ▪ Creation of Concierge in Chambers without extra staff ▪ Up-skilling of Customer Centre staff to service both general inquiries/requests and planning/development service requests

Development Services	Outcome
▪ Review of processes for assessing Development Applications (external consultant – Peter Walsh Consulting) **2003**	▪ Days taken to assess applications have dropped steadily despite increasing urban density, increasing application number trends and complexity/dollar value of applications ▪ Numbers of staff per DA received remain lower than other similar councils
▪ Legal costs and systems review **2007**	▪ Dedicated committee now operates monthly to control and, where possible, avoid commencement of legal proceedings on development applications
▪ Implementation of State Government's compulsory LEP template **2009**	▪ Early adoption of the template and achievement of best practice in its use enabled early gazettal of the Bondi Junction LEP and attendant release of improved economic potential of the land uses in this major regional centre
▪ Introduction of on-line mapping services **2010**	▪ *Exponare* provides Council staff with access to digital mapping and information for faster rating assessments, planning development assessments and communications with the community ▪ *Waverley Maps* provides external customers with mapping information which was never available to our customers previously
▪ Introduction of on-line DA tracking **2011**	▪ Established a virtual customer centre for DAs ▪ Live-online services (eg., for provision of Section 149 Certificates) can be established now on this platform

Environmental Services	Outcome
▪ Development of “CCap” model for energy consumption from Council assets (external consultants – Kinesis) **2009**	▪ Provides the blueprint for which Council assets can be retro-fitted with energy saving technology ▪ Will lead to reduction in energy bills ▪ Will also give the biggest reduction in greenhouse gas emissions for the lowest capital investment
▪ Development of “CCap” model for energy consumption from community assets (external consultants – Kinesis) **2009**	▪ Provides the blueprint for which community assets can be retro-fitted with energy saving technology ▪ Will lead to reduction in energy bills for the community ▪ Also shows where the biggest reduction in greenhouse gas emissions can be achieved for the lowest capital investment – indicates which sectors of the distributed land uses can deliver the most in greenhouse gas reduction for the least cost and greatest savings ▪ Shows where Council should partner with the private sector and residents on energy management
▪ Water consumption reduction programs **2007 ongoing**	▪ Installations of bores, stormwater harvesting and other water saving procedures and retrofits has resulted in lower bills for water in various locations, eg., at Bronte Park, Barracluff Park, Waverley Park and, now under construction, Waverley Park (second system) and Bondi Park

Events management	Outcome
▪ Introduction of events management using a combined community safety and place management model – **continuous since 2000**	▪ Year-round planning for major events means riots and mayhem have ceased in the Bondi Beach area ▪ More events can be coped with, meeting demand for access to Bondi’s spaces with minimised impact on residents ▪ Safer streets and beaches ▪ Community partnership model has allowed significant increase in effectively managed events with very small staff increases ▪ Increased events such as the Bowl-a-rama international skate event, New Year’s Eve and Christmas events, Sculptures by the Sea, and Winter Magic can be catered for alongside long standing events such as Festival of the Winds, City to Surf, South American Festival, etc

Facilities Management	Outcome
▪ Asset condition reports **1997 - 2005**	▪ Detailed and systematic building condition surveys provided a blue print for a strategic approach to asset management which allowed for better planning and cash flow budgeting ▪ Also helped with developing SAMPs
▪ Re-structuring of Property Services Unit **2006**	▪ Allocation of additional resources permitted better service to stakeholders, preventing substantial asset degradation ▪ Refined procedures also provided better and more cost effective service to customers
▪ Creation of Facilities Management Unit **2007**	▪ Combining building maintenance and lease management roles in an integrated Facilities Management Unit ▪ Broadened the skills base and provided customers and sites with a one stop person who handled all matters in a more efficient and effective manner ▪ Provided a better career structure and role diversity to property staff to improve retention (prior to the restructure it had been difficult to keep talented staff for long periods)

Facilities Management	Outcome
▪ New processes and databases for leasing and facilities management **2008**	▪ Provided common access to leasing and facilities management information for Council properties
▪ Tenders for major service suppliers completed such as cleaning, security, handyman, painting, electrical etc. **2009**	▪ Cost and time saving and better service to customers ▪ Improved control of insurance risk and procurement
▪ Commercial property rental reviews – **annual**	▪ Average net return from rents from the current portfolio of Council owned commercial buildings has increased by 11.59% per annum over the last 4 years

Financial Management	Outcome
▪ Development of a best practice Investment Policy **2007**	▪ Developed ahead of the Cole Inquiry and Global Financial Markets collapse ▪ Enabled funds to be managed prudently during the Global Financial Crisis market collapses ▪ Positive returns were achieved on the value of Council's investment portfolio during the GFC ▪ Independent financial advisers have reported that Waverley Council's investments have continued to achieve "solid outperformance of the UBS Bank Bill Index".
▪ Development of an Investment Strategy (Property) **2007**	▪ Agreement by councillors on proposals for sale of $50 million of under-performing property for re-investment in property development for increased services and commercial returns ▪ Full implementation will substantially increase both social and recurrent financial returns over the next 20 years ▪ Has enabled asset replacement and capital expansion without increased burden on the ratepayer ▪ Prevented sub-optimal investment is assets that were past their useful economic life
▪ Long Term Financial Strategy 1 (LTFS1) **2008**	▪ Established the structure of Council's LTFPs (the six layer system) which has proved very effective through successive integrated planning updates ▪ Identified shortfalls of $157 million for existing services to 2022 and $224 million for enhanced services ▪ Accurately identified point of impending financial unsustainability of Council as 2011/12 ▪ Enabled commencement of processes to reduce those shortfalls with adequate time to resolve them before 2011/12
▪ Long Term Financial Plan 2 (LTFP2) **2009**	▪ Refined and reduced the assessed financial shortfalls compared to LTFS1 ▪ Reduced the shortfalls by $37 million for existing services compared to LTFS1 but identified increased shortfalls for enhancements compared to LTFS1 due to increased demand arising from consultation on *Waverley Together 2*
▪ Review of processes for management of outstanding rates debt – **periodically to 2009**	▪ Process review has resulted in progressive improvement in collection of rates debt and reduction of outstanding debt ▪ Rates debt in 2009/10 is 2.54%, one of the lowest outstanding rates debt ratios in NSW ▪ Waverley's rates debt ratio is approximately half the average ratio for Group 2 councils
▪ Re-negotiation of bank fees on behalf of SSROC councils **2010**	▪ Waverley Council led this project on behalf of SSROC ▪ Resulted in savings of $30,000 per annum for Waverley and >$400,000 per annum for other participating councils

Financial Management	Outcome
▪ Review of processes for debt management – **2008 onwards**	▪ Trade debtor reporting ensures early capture of debts ▪ Outstand debts for road restorations recovered from Utilities including Sydney Water and Energy Australia
▪ Long Term Financial Plan 3.1 (LTFP3.1) **2011**	▪ Further refined and reduced the assessed financial shortfalls compared to LTFP2 ▪ Reduced the shortfalls by $15 million for existing services compared to LTFP2 ▪ Reduced shortfalls for enhancements in *Service Plus* compared to LTFP2 by $44 million ▪ Reduced potential rate rise required to cover shortfalls from 13.33% foreshadowed in LTFP2 to 11.9%

Housing	Outcome
▪ Establishment of an Affordable Housing Portfolio and Program **2000**	▪ Significantly enhanced affordable housing capacity in Waverley, an area of low priority for state government affordable housing ▪ Creation of more than 25 units of affordable housing at any one time, all financed by developer contributions ▪ Creation of 15 extra units of social housing (total of 55 units in 2011), all financed by developer contributions ▪ Allows housing of qualifying tenants in Council-owned property without Council having to rent expensive residential space in the open market ▪ Assists in prevention of social dislocation and family breakdown for those living in more disadvantaged socio-economic strata (Waverley's population is very diverse, socio-economically)
▪ Contracting out of management of the Affordable Housing Portfolio and tenants **2006**	▪ Outsourced tenant management has contained costs ▪ Complex leasing issues and tenant management divested to an organisation better geared for provision of this service
▪ Asset condition report on social housing portfolio **2009 and 2010**	▪ Forward plan for maintenance and renewal of social housing stock ▪ Identified funding plan
▪ Affordable housing review (external consultant Alison Wannan) **2009**	▪ Established a Housing Advisory Committee with community partners and expert support – providing an effective business system and model to: o identify lowest long run cost programs for asset maintenance, renewal and disposal o maximise our means of increasing housing stock o review performance of individual units against service and cost criteria, ensuring continuing maximum efficiency of the portfolio in meeting housing needs

Insurance Management	Outcome
▪ Review of insurance arrangements for public liability, professional indemnity and general classes **2002**	▪ Decision to continue insurance on a "stand alone" basis rather than via local government "pool" insurance arrangements ▪ Led to progressive drops in premiums and significant predictability of premium costs – flattening peaks that occur when insurance markets harden ▪ Eliminated the risk of ad hoc "calls" on reserves to make up pool shortfalls ▪ Lower premiums generally arising from continued effectiveness of risk management programs and promotion of Council to underwriters as a well managed risk prospect

Integrated Planning	Outcome
▪ Implementation of an Integrated Engagement Strategy for development of a 12 year community strategic plan (*Waverley Together 1*) **2005**	▪ Council's first community strategic plan ▪ Used by the NSW DLG in its first Guidelines for the format of community strategic plans as an example of best practice
▪ Implementation of an Integrated Engagement Strategy for development of a 12 year community strategic plan (*Waverley Together 2*) **2009**	▪ The Waverley community's first full QBL community strategic plan ▪ Acknowledged by the NSW DLG as compliant highly effective plan fully integrated with a proper Resourcing Strategy. ▪ Used frequently as a benchmark for community strategic planning ▪ One of the few plans which includes published baseline data for QBL targets ▪ Positions Council to be able to report on quantum of movement towards or away from targeted QBL outcomes at regular intervals
▪ Expansion of the Resourcing Strategy required under the Integrated Planning & Reporting Framework – inclusion of an Environmental Action Plan **2008 to 2010**	▪ An additional plan for Environmental Action (EAP1 and then EAP2) included in Waverley Council's IP&R Resourcing Strategy, enabling costing of environmental programs to be incorporated into the Long Term Financial Plan – something the standard framework does not provide for at the moment ▪ Prevents underestimation of future costs ▪ Facilitates more accurate derivation of the lowest long run cost for QBL sustainability

Labour Efficiency – Council-wide	Outcome
▪ Renegotiation of the 1997 Conditions Enterprise Agreement **2005**	▪ Resulted in cessation of future accruals of paid untaken sick leave and capping of liabilities ▪ Resulted in partial cessation of future accruals of gratuity benefits and capping of liabilities ▪ Prevention of future accrual of at least $15 million in ELE
▪ Renegotiation of the 2005 Conditions Enterprise Agreement **2010**	▪ Resulted in full cessation of future accruals of gratuity benefits and capping of liabilities ▪ Prevention of future accrual of an extra $5 million in ELE
▪ Organisation development programs – various **2004 onwards**	▪ Successive re-structures to facilitate improved business partnering resulted in 10-15% improvements in internal customer satisfaction survey scores – indicating more efficient response times for requests ▪ A re-structure of staff training by ceasing contracting out and combining courses for delivery in-house resulted in an annual $100,000 saving
▪ Introduction of the Australian Business Excellence Framework for continuous improvement in operations – **2004 onwards**	▪ Implementation of Business Excellence programs has improved the attractiveness of Council as an employer with improved staff retention rates – turnover dropped from 21% in 2005 to 9% in 2010 with attendant drops in the cost of staff replacement ▪ Staff surveys structured along the lines of the Business Excellence Framework provide feedback to management about preferred systems for rewarding staff and area for organisational improvement

Labour Efficiency – Council-wide	Outcome
▪ Major review of OH&S performance and systems – **2009 onwards**	▪ Provided systems to address significant OH&S, injury and workers' compensation issues that had arisen due mainly to over-exposure to risk in manual handling (for an ageing day labour workforce) and parking operations ▪ Resulted so far in a significant reduction in incidents and injuries in the Parking Services team ▪ Gradual improvement in other areas ▪ Substantial drop in time spent on rehabilitation ▪ Expected drops in insurance premiums if performance can be maintained

Library Services	Outcome
▪ New Library construction **1999**	▪ Resulted in substantial increase in Library visits and utilisation ▪ Waverley Library currently receives approximately 650,000 user visits per annum ▪ Enabled closure of a relatively inefficient Branch Library with no loss in service satisfaction
▪ Library management software systems implemented **progressively since 2000**	▪ Virtual customer centres have enabled more customer requests to be dealt without staff increases
▪ Library Services restructure for weekend work **2001**	▪ 7-day roster introduced with no extra staff ▪ Funded by removal of overtime payments and replacement of them with cheaper annualised penalty allowances for weekend work
▪ Library Review – including both an internal review and extensive benchmarking against performance of other NSW public libraries **2009/10**	▪ Library opened daily for half an hour longer with no extra cost ▪ Staff restructure that addressed gaps in service delivery and improved the focus on training to ensure currency of staff skills

Lifeguard Services	Outcome
▪ Review of staff structure and seasonal employment programs **2007**	▪ Introduction of contract employment arrangements for summer peaks funded by savings in time in lieu payments ▪ Cessation of loadings and penalty arrangements associated with use of casual staff

Meals on Wheels	Outcome
▪ Meals on Wheels Service Review **2005**	▪ Reviewed current operations and identified issues to meet changing needs and demands ▪ Identified a series of recommendations to improve operations and increase client numbers within existing budget allocation
▪ Meals on Wheels Service Review **2010 – currently underway**	▪ Expected to identify revised service models to be implemented by existing staff with possible changing roles for improved efficiencies and increased client numbers ▪ Will combine Meals on Wheels Function with other current services for the housebound with direct cost savings ▪ Will also re-align the service to meet changing funding body criteria and service delivery structures ▪ To be achieved within existing budget allocations

Mechanical Workshop Services	Outcome
▪ Mechanical Workshop Review **2007**	▪ 1 less staff ▪ $30,000 per annum net saving

Parks Operations	Outcome
▪ Parks Operations Review **1999**	▪ Established mobile parks teams with truck and trailer support ▪ Greater efficiency – Parks staff were able to absorb increased workloads for additional parks and at a large number of extra landscaped Traffic Control Devices ▪ Improved OHS issues ▪ Cost saving estimated is at least one gardener position for the last 10 years
▪ Parks Operations Review **2008**	▪ Development of plan to speed up parks maintenance intervals (previously reduced due to the creation of additional green open space) ▪ Purchase of additional grass cutting equipment ▪ Small re alignment of staff ▪ Main recommendations regarding extra staff have not been implemented due to lack of funding

Parking Services – Off-street	Outcome
▪ Re-negotiation of aspects of a 1983 30-year Agreement and Lease affecting Eastgate Car Park **2002**	▪ Introduced charges for the 2nd hour of parking in Eastgate Car Park where previously we were not able to charge at all (due to onerous conditions applicable under the 1983 lease) ▪ Improved revenues significantly ▪ Provided a funding source for infrastructure and access equipment upgrades ▪ Improved net returns to Council
▪ Take over of off-street parking operations at Eastgate Car Park that were previously contracted out **2005**	▪ 135% improvement in 2010 net financial returns ($2.004 million) compared to net achieved in 2004 using contractor ($853,830) ▪ Increased parking efficiencies with better site management and access/egress arrangements ▪ Much better customer service
▪ Take over of parking operations at Queen Elizabeth Drive, Bondi Beach Car Park that were previously contracted out **2006**	▪ 68% improvement in 2010 net financial returns ($1,110,657) compared to net achieved in 2005 using contractor ($662,659) ▪ Increased parking efficiencies with better site management and access/egress arrangements ▪ Much better customer service
▪ Take over of off-street parking operations at Hollywood Ave Car Park that were previously contracted out **2007**	▪ 155% improvement in 2010 net financial returns ($173,818) compared to net achieved in 2006 using contractor ($68,074) ▪ Increased parking efficiencies with better site management and access/egress arrangements ▪ Much better customer service ▪ Diversification of use of the asset – eg., a new "late bird" overnight parking service was introduced in 2010
▪ Automation projects – introduction of Automatic Pay Machines in various car parks **2006 to date**	▪ Reduced staff numbers and improved revenues and customer service at Eastgate and the Library ▪ A new APM is also to be installed in Hollywood Avenue in 2011

Parking Services – Off-street	Outcome
▪ Confirmation of classification of land for Eastgate Car Park as Operational via amendments to the Bondi Junction LEP **2010**	▪ Removal of perceived potential impediments to future re-development of the car park to optimise it for modern uses ▪ Prevents potential substantial loss of return on and income from assets ▪ Enables re-development of the asset for substantial increase in financial returns to Council and economic returns to the commercial businesses in Bondi Junction
▪ Development of investment proposal for re-development of unused car spaces in Eastgate Car Park as commercial space for leasing and for staff accommodation **2007 to date**	▪ Major negotiation with surrounding businesses to participate in a partial re-development of the Car Park to improve its capacity to deliver customers into the commercial centre of Bondi Junction and improve returns for Council as well ▪ This project, if successfully negotiated, will inject substantial economic capacity into Bondi Junction, consistent with the aims of the LEP

Parking Services – On-street	Outcome
▪ Review of on-street parking services **1998/1999**	▪ Resulted in establishment of the metered parking network ▪ Turned a mere 2,115 on-street spaces into more than 20,000 opportunities per day to find a parking space
▪ Reviews of Parking Services **2006** and **2007**	▪ Development of programs aimed at reducing costs by reducing exposure of parking officers to stress and assaults in the field ▪ Development of Waverley specific parking infringement protocols ▪ Substantially quelled community concern about “over-zealous” parking enforcement but did not result in reduced cost due to continuation of violence against parking officers (which persisted at heightened levels until 2009)
▪ Pilot Performance Excellence Scheme for Implementation of the Transport Plan **2006 to 2007**	▪ Provided an integrated incentive program to reward parking, engineering, and traffic planning staff for achievement of specified targets of Council’s adopted Transport Plan including vehicle and pedestrian accident reduction, reduction in growth of registered vehicles, officer health and safety and customer service standards ▪ Accident reduction rates were achieved along with officer health and safety and customer service targets ▪ Private vehicle registration reduction targets were not achieved (registrations grew and continue to grow at an unsustainable pace)
▪ Review of Safe Work Method Procedures for Parking Officers **2007 to 2009**	▪ Resulted in development of industry best practice safe work manual, communications procedures and work methods ▪ Led to reduction in incidents and injuries, workers’ compensation claims and cost ▪ Significantly improved the risk profile of the parking service ▪ Provided the benchmark on safety in regulation for local government in NSW
▪ Expansion of services in Residential Parking **2000 to 2010 and ongoing**	▪ Expansion of the land area serviced by residential parking schemes from 10% to 30% over 10 years providing increased parking opportunities for residents for a relatively small incremental cost in labour and materials

Parking Services – On-street	Outcome
▪ Review of the Parking Systems and Services **2009**	▪ Major review of entire parking system configuration (on- and off-street) to re-inject capacity into the depleted over-used system and provide increased access to parking opportunities ▪ Increased capacity in the current system by an estimated 10% ▪ Obviated the need for investment in constructed car parks ▪ Substantially increased future financial returns ▪ Established an accepted policy on sustainable income structures from parking services ▪ Established commitment to a progressive (as opposed to regressive) charging system for parking aimed at discouraging sub-optimal use and overconsumption of the resource ▪ Vastly increased community and councillor understanding of how to operate a scarce parking supply in an optimal manner – encouraged commitment to fair sharing ▪ Reduced future potential environmental damage from excessive resource consumption ▪ Laid the basis for further consultation between councillors and the community on the means of solving remaining parking, car ownership and urban/transport planning issues ▪ Improved the prospects for front-line safety of parking officers

Place management	Outcome
▪ Introduction of place management – **continuous since 2005**	▪ Significantly contributed to the economic viability of our two major town centres and smaller villages with: o improved street cleaning service levels o targeted tenancy programs o access works o seasonal fairs and events o market and vendor operation o place branding and marketing o regulation and safety services o visitor management programs ▪ Strengthened the economic viability of Bondi Junction to enable traders to compete with and survive the expansion of Westfield ▪ Created a distinct character for Bondi Beach differentiating it to compete with Westfield including via programs to stimulate business in Winter

Procurement	Outcome
▪ Participation in SSROC Procurement Management – **continuous**	▪ Savings made by Waverley Council on bulk/joint purchase with SSROC of labour and materials are estimated at between 5% and 7% per annum
▪ Establishment of contractor panels – **continuous**	▪ Reduced cost and risk arising from standardising the contractor base to ensure suppliers meet standards on OH&S, insurance, environmental management, quality assurance and fair trading
▪ Incorporation of sustainable purchasing into Council's Procurement Policy **2009**	▪ Environmental factors are considered when making procurement decisions. ▪ "Fair trade" and "fair wear" principles are also incorporated to ensure that Council uses suppliers that do not exploit child labour or other through non-Award rates of pay

Public Places Cleansing	Outcome
▪ Public Places Cleansing Enterprise Agreement renegotiation **2010**	▪ Cessation of the task ("do and finish") system ▪ Extended the hours worked by staff and expanded the service coverage ▪ 3 extra staff engaged funded by re-distributing the way overtime was paid ▪ Contractors introduced to save costs on staff and disposal
▪ Review of processes and organisational structure for removal of dumped rubbish **2007** ▪ Community education for prevention of dumping **2007**	▪ Efficiency of removal has increased and dumping has decreased ▪ Reduction of use of overtime – services delivered in ordinary hours at ordinary rates ▪ Utilisation of the on-call clean up service has increased with tonnage collected through this process progressively and consistently increasing from under 1,000 tonnes per month in February 2008 to almost 1,400 tonnes per month in January 2011 ▪ Concomitantly, instances of dumped rubbish and associated collection costs have dropped with tonnage collected through this process progressively and consistently decreasing from over 400 tonnes per month in February 2008 to under 400 tonnes per month in May 2010, although this has trended upward again recently

Recreation Services	Outcome
▪ Review of service delivery and restructure to create an integrated planning team for community, cultural, recreation and open space management **2005**	▪ Separation of the planning team from direct delivery of operational community and cultural services led to capacity for far higher levels of planning in the community, cultural, recreation and open space areas ▪ Outcomes included highly improved, integrated planning across divisions: o delivery of more integrated plans (Rec Needs Study, Plans of Management, Masterplans) o focus on design for large high profile projects in open space (eg., Coastal Walk, Waverley Pavilion, new Child Care Centre, Tamarama Park projects) o efficiencies in project delivery using a consultative integrated process through Project Delivery Groups

Regulatory Services	Outcome
▪ Review of processes for deployment of ranger services **2003**	▪ Optimised systems for managing monitoring and closing off service requests – by introducing use of palm pilots in the field ▪ Establishment of, and compliance with, Service Level Agreements with Place Managers to ensure prompt response to requests for attendance at sites and events
▪ Restructure of the compliance function and creation of a proper division for this purpose **2007**	▪ Health services and inspections expanded ▪ Hoardings, cranes and other activities requiring permits are managed and monitored to achieve compliance with the conditions of permits

Systems and business processes	Outcome
▪ Records management reviews (external consultant – Siller Systems) **2008**	▪ External review found: o the Records function is “generally sound and well developed, especially in the light of resourcing levels” o the central function is under-resourced o decentralised records management is operating as viable approach but increasing standards will mean a heightened need for support from dedicated qualified personnel ▪ There are no funds to implement the recommendations of this review
▪ Introduction of internal trainer in technology use **2008**	▪ Internal training service achieved without increasing staff establishment ▪ Improved utilisation of software applications and systems
▪ Improvement program for Council meeting administration (external consultants – Blackadder Associates) **2009**	▪ Introduced a number of measures to train and support councillors to chair meetings more effectively

Waste Services	Outcome
▪ Domestic Waste – Resource Recovery Enterprise Agreement renegotiation **2005**	▪ Daily average bin recovery increased from 600 to 750 bins per 19.5 tonne truck ▪ Reduced number of staff and trucks required to service properties ▪ Activities undertaken by relay staff were transferred to drivers leading to reduced staffing requirements by 2 FTE

APPENDIX 8: Waverley Council Services Growth – Last 10 Years and Next 10 Years

The following table describes the change in service level or output in Council's services over the last 10 years and the expected change required over the next 10 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 10 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 10 years see Section 9.2.1 of LTFP3.1 above.

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 10 years, Council's Employment Service, Waverley Works. This service operated very successfully for over 10 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 10 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.

Two new services are to commence 2012, the Bondi Junction Early Learning and Care Centre and the Waverley Pavilion Sport and Active Recreation Facility. These facilities are currently under construction.

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

Services		Service Level Change			
Service	**Sub-service**	**Last 10 Years**		**Expected Next 10 Years**	
	26. Gardiner Child Care Centre services	⇔		⇔	
	27. Bondi Junction Early Learning and Care Centre	New in 2012		↑	100%
	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	⇔		⇔	

Services		Service Level Change			
Service	Sub-service	Last 10 Years		Expected Next 10 Years	
	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%	⇔	
	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	⇔		⇔	

Services		Service Level Change			
Service	Sub-service	Last 10 Years		Expected Next 10 Years	
	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	⇔		⇔	
	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%	⇔	

Services			Service Level Change			
Service	Sub-service		Last 10 Years		Expected Next 10 Years	
	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%
Recreation services	115.	Recreation planning	↑	50%	⇔	
	116.	Recreation facilities maintenance	↑	25%	↑	100%
	117.	Sporting facilities maintenance	↑	25%	↑	100%
	118.	Waverley Pavilion sports centre & field maintenance	New in 2012		↑	100%
Regulatory services	119.	Pollution control programs	↑	25%	⇔	
	120.	Animal control	↑	50%	↑	25%
	121.	Dumped rubbish & litter control	↑	200%	↑	25%
	122.	Waste regulation & education**	↑	200%	↑	25%
	123.	Abandoned car control & removal	↑	50%	↑	50%
Social & affordable housing	124.	Housing planning**	↑	50%	↑	100%
	125.	Affordable housing program	↑	300%	↑	50%
	126.	Social housing program	↑	50%	↑	50%
Traffic & transport services	127.	Transport planning**	↑	200%	↑	200%
	128.	Pedestrian mobility programs**	↑	50%	↑	200%
	129.	Cyclist mobility programs**	↑	200%	↑	50%

Services			Service Level Change			
Service	Sub-service		Last 10 Years		Expected Next 10 Years	
	130.	Alternative transport programs**	↑	100%	↑	200%
	131.	Traffic management services	↑	200%	↑	200%
Urban open space maintenance & accessibility	132.	Streetscape enhancement strategy**	↑	200%	↑	100%
	133.	Street cleaning services	↑	200%	↑	50%
	134.	Place cleaning services**	↑	200%	↑	25%
	135.	Graffiti removal services**	↑	200%	↑	50%
	136.	Nature strip mowing services	↑	200%	⇔	
	137.	Tree management planning**	↑	200%	⇔	
	138.	Tree planting services	↑	200%	↑	25%
	139.	Tree maintenance services	↑	25%	↑	25%
	140.	Greenlinks maintenance**	↑	200%	↑	25%
	141.	Public place access works & services	↑	25%	↑	50%
	142.	Street & place signage services	↑	25%	↑	25%
Waste services	143.	Domestic waste services	↑	25%	⇔	
	144.	Recycling services	↑	50%	⇔	
	145.	Green waste services	↑	50%	⇔	
	146.	Clean up services	↑	50%	↑	25%
	147.	Dumped rubbish removal	↑	100%	↑	25%
	148.	Place cleaning services**	↑	100%	↑	25%
	149.	Commercial waste services	↑	50%	⇔	
	150.	Administration & customer services	↑	50%	↑	25%

APPENDIX 9: Contribution of Strategies in *Waverley Together 2* Toward Achievement of Targets

In *Waverley Together 2* there are 60 targets or indicators of progress that will help the community of Waverley track movement towards their 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. 2. The proportion of residents who volunteer to help in the community is 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 are yet 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 steading 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 of 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. The 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 is diverted from landfill by 2020.
E4	Water is used carefully and sparingly in	39. Zero increase in the LGA's mains water

	Strategies for a Sustainable Environment	Targets
	Waverley's buildings, gardens, businesses and Council operations.	consumption by 2020 based on 2005/06 levels. 40. 50% reduction in Council's mains water consumption by 2020 based on 2005/06 levels. 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.	

APPENDIX 10: Effects of Reductions in Council Services on Community Capacity to Achieve the Vision of *Waverley Together 2*

In the Report on the Review of Waverley Council's Financial Structure adopted in July 2010, analyses were undertaken of the effect on quality of life in Waverley if Council's Services are reduced or deleted. This showed that if existing services are not maintained there will be a noticeable loss of quality of life and costs will increase down the track if the community is to achieve the vision. The following table provides some direct examples of how service loss will affect our lives.

<table>
<tr><th colspan="3">The vision for Waverley in reverse</th></tr>
<tr><th>We cut back expenditure in …</th><th>What happens?</th><th>How does the vision fade?</th></tr>
<tr><td>… assets like roads and footpaths</td><td>Social isolation is significantly increased for the aged as they are too concerned to leave home for fear of falling over on poor pavements.</td><td rowspan="4">We are safe? No.</td></tr>
<tr><td>… lifeguard hours</td><td>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.</td></tr>
<tr><td>… activity programs for young people and grants for community youth groups</td><td>Kids have nothing productive to do, resulting in an increase in social disturbances.</td></tr>
<tr><td>… place management and ranger services</td><td>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.</td></tr>
<tr><td>… ATSI forums and other multicultural committees and events</td><td>We see slowed or halted efforts towards inclusiveness and reduced recognition of indigenous cultural heritage, health and community cohesion.</td><td>We are reconciled with and value our indigenous past? No.</td></tr>
<tr><td>… family day care services</td><td>Young families are forced to move away from the area.</td><td>Connections within families and between generations can remain unbroken? No.</td></tr>
<tr><td>… services for seniors and library services</td><td>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.</td><td rowspan="2">We are inspired and able to renew our physical and spiritual wellbeing? No.</td></tr>
<tr><td>… active recreation facilities</td><td>We see lower rates of community health and wellbeing. Recreation and sporting groups get frustrated and go elsewhere.</td></tr>
<tr><td>… place management and ranger services</td><td>The places we meet fail to function as a ground upon which to establish social connections. Visitors become unwelcome and we become more insular, unfriendly and closed.</td><td rowspan="2">Everyone is welcomed to participate positively in community life? No.</td></tr>
<tr><td>… services for the disadvantaged</td><td>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.</td></tr>
<tr><td>… grants for artists, writers, musicians and film makers</td><td>Facilities for cultural expression, like the Bondi Pavilion become moribund due to Council's inability to maintain the building and equipment and to support users financially. Programs like the Bondi Wave cease.</td><td rowspan="2">We can express our essential selves through our traditions, our arts, our cultures, and our lifestyles? No.</td></tr>
<tr><td>… grants for surf clubs</td><td>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.</td></tr>
</table>

The vision for Waverley in reverse

We cut back expenditure in …	What happens?	How does the vision fade?
… support services for the aged	Dignity of independence for the aged is reduced due to decline in services like meals on wheels, home shopping and transport assistance for visits to doctors.	We act together as a compassionate society? No.
… events	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.	
… outreach services for the homeless	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.	
… cleaning and greening	The most visited parklands and villages look almost constantly grotty and unkempt due to Council's inability to keep up with greenspace maintenance when demand for use is escalating.	The beauty of our beaches, cliffs and coastal lands endures? No.
… bush care support	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.	
… coastal infrastructure	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.	
... staff in development assessment	Development approval times slow.	The architectural landscape is cared for and developed at a human scale and design is sensitive to the natural historical and social contexts? No.
… legal fees	Council's ability to contest development applications that are detrimental to the landscape or to community preferences about appropriate land use and scale of development will be removed completely. The character of the suburbs, villages and town centres completely changes with history being lost and large scale development taking over.	
… traffic planning	Because Council hasn't taken leadership in resolving transport problems, there are so many cars that no-one who really needs to travel by car can park within cooee of our services.	Vital services are fully accessible? No.
… parking staff hours	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 and fairer sharing of limited road space, especially in residential areas.	Scarce resources are conserved and fairly shared? No.
… social and affordable housing programs	Those in housing need to wait years longer for help due to Council's inability to raise funds for and/or efficiently administer housing stock and access.	
… water conservation programs	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.	
… place management and parking planning	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.	Local economic prosperity provides opportunity for all? No.

<table>
<tr><th colspan="3">The vision for Waverley in reverse</th></tr>
<tr><th>We cut back expenditure in …</th><th>What happens?</th><th>How does the vision fade?</th></tr>
<tr><td>… environmental management</td><td>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.</td><td>As a local community we have the courage to take a leading place in achieving the environmental aims of a global society? No.</td></tr>
<tr><td>… long term integrated community, environmental, asset and financial planning</td><td>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 failing to employ high calibre staff capable of developing integrated plans for their future and organising funds and people for efficient delivery of services.</td><td rowspan="2">We are confident our leaders will reflect thoughtfully on our views and best interests when making decisions for our future? No.</td></tr>
<tr><td>… customer service and communications</td><td>We fail to communicate to residents and businesses the things they need to know to be able participate effectively in decision making and we disappoint customers with excessive response times to their requests.</td></tr>
</table>

APPENDIX 11: Working Together – Workforce Plan 2010-2014 – Program of Business Reviews and Improvements 2010 to 2014

Workforce Plan 2010-2014 contains a schedule of business reviews designed to improve efficiency and help re-gear various businesses to deal with change and/or increasing demand. The schedule (see page 33 of *Workforce Plan 2010-2014*) outlines a minimum program of reviews, including efficiency initiatives to be undertaken from time to time by re-negotiation of industrial agreements and enterprise bargaining. The schedule will be revised and added to on an as needs basis. The schedule as per the plan is as follows:

Waverley Council *Workforce Plan 2010-2014* Program of Business Reviews and Improvements				
Dept	**2010/11**	**2011/12**	**2012/13**	**2013/14**
GM's Unit	▪ Undertake Internal Audit ▪ Develop contingency plan for future service delivery and staff establishment based on outcome of rate variation application	▪ Review and implement improvements stemming from Internal Audits ▪ Risk process and strategies are reviewed to minimise the impact on Council's operations	▪ Undertake organisational structure review ▪ Ongoing review of SSROC strategic alliance opportunities	▪ Implement outcomes from organisational review
Recreation Customer & Community Services	▪ Re-location project – Ebley Street Family Day Care Centre to new location ▪ Review state-wide standards and impact/solutions on child care centres ▪ Job re-design at Bondi Pavilion to respond to the creation of the Resident Theatre Company ▪ Implement coordinated program planning sessions for cultural services ▪ Affordable Housing – Create a fully functional Advisory Committee that augments the internal skill set and provides invaluable technical assistance	▪ Seek to work with SSROC councils to undertake a job share with our homeless persons outreach worker ▪ Review Meals on Wheels ▪ Review Home Library Service ▪ Review impact of Federal standards and impact/solutions on child care centres ▪ Review models for effective support and public place management ▪ Explore opportunities for event partnerships ▪ Source sponsorship and grant opportunities	▪ Review and update family support needs for child care services including impact of DoCs Keeping Children Safe initiative ▪ Identify partnership programs for disability programs and services ▪ Expand external partnerships for delivery of Seniors Centres programs ▪ Undertake a review of Place Management resourcing requirements ▪ Bondi Beach Place Management – explore opportunities for revenue raising programs and events	▪ Provide a status report on CSGP funding trends including threats and opportunities ▪ Volunteer opportunities for cultural events and venues

Waverley Council *Workforce Plan 2010-2014* Program of Business Reviews and Improvements				
Dept	**2010/11**	**2011/12**	**2012/13**	**2013/14**
Planning & Environmental Services	▪ Develop and implement a business and community partnering strategy to assist with the implementation of EAP2	▪ Undertake a review of the Ranger resources and community expectations from customers surveys to confirm resource gap	▪ Review Rangers' Enterprise Agreement	
Corporate & Technical Services	▪ Review the function of corporate planning and governance in the light of Integrated Planning & Reporting reforms ▪ Implement recommended actions for image of and morale in Parking Services ▪ Cemetery business planning – review findings to determine final staffing requirements ▪ Establish an IT system and software control group to monitor system changes, usage and skill development strategies	▪ Revise Asset Management Continuous Improvement Program and monitor through SAMPG ▪ Continue review of Cemetery business planning and review findings to determine final staffing requirements ▪ Review structure of Parking Services ▪ IT system and software control group continues to monitor and improve system changes, usage and skill development strategies	▪ Revise structure and funding of integrated planning and governance ▪ IT system and software control group continues to monitor and improve system changes, usage and skill development strategies	▪ IT system and software control group continues to monitor and improve system changes, usage and skill development strategies
Public Works & Services	▪ Create a team to maintain landscaping of traffic calming devices in Parks and Open Space Operations	▪ Review the structure and operational effectiveness of the Maintenance & Construction Division ▪ Review operations in bush care, grass and tree maintenance units ▪ Prepare functional and related plans for depot relocation		

APPENDIX 12: Correspondence of Expenditures in *Service Plus* to the Layers in LTFP3.1

Note that the expenditures listed below are shown as they were published during the 2010 *Funding the Future* consultation program. With the passage of time and Council resolutions, some estimates of expenditure may have changed. LTFP3.1 updates these expenditures in the attached **Financial Table 1**. Note also that these figures are expenditures only, not net results. Some items are partially or wholly offset by operating income.

LTFP Layer	*Service Plus* Component 1	Cost 2010/11 to 2021/22 inclusive
The Base Layer includes all expenditures of Component 1 of *Service Plus*	a. Asset Management Services	$219,099,907
	b. Beach Services, Maintenance & Safety	$44,209,245
	c. Cemetery Services	$14,875,438
	d. Child Care Services	$61,865,139
	e. Community Services	$25,858,238
	f. Corporate Support Services	$150,422,652
	g. Cultural Services	$15,987,620
	h. Customer Services & Communication	$16,960,780
	i. Development, Building & Health Services	$109,271,908
	j. Emergency Management Services	$556,091
	k. Environmental Services	$18,629,053
	l. Governance, Integrated Planning & Community Engagement	$60,752,956
	m. Library Services	$67,982,141
	n. Parking Services	$158,207,927
	o. Parks Services & Maintenance	$72,708,916
	p. Place Management	$23,355,828
	q. Recreation Services	$23,077,782
	r. Regulatory Services	$14,180,324
	s. Social & Affordable Housing	$6,951,139
	t. Traffic & Transport Services	$6,395,048
	u. Urban Open Space Maintenance & Accessibility	$93,701,356
	v. Waste Services	$185,178,347
	Total	**$1,390,227,834**

Service Plus Component Items in the Investment Strategy Layer Future Expenditure Items		Cost 2010/11 to 2021/22 inclusive
	***Service Plus* Component 2**	
2a	A new Waverley Pavilion*	$14,598,195**
	***Service Plus* Component 3**	
3a	Bondi Pavilion works*	$1,090,000
	***Service Plus* Component 5**	
5b	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
	***Service Plus* Component 6**	
6d	New child care / family day care / early learning centre*	$15,783,309**
	***Service Plus* Component 7**	
7g	Depot/s within LGA for parks and street maintenance*	$19,500,000
7h	Centralised depot outside LGA*	$7,012,273
	***Service Plus* Component 8**	
8b	Eastgate façade upgrade*	$1,600,000

* Denotes an item not intended to be funded by the proposed Special Rate Variation outlined in Chapter 9 above.
** Includes capital and ongoing operating costs excluding revenues from operation.

	***Service Plus* Component Items in the Sustainable Assets Layer Future Expenditure Items**	**Cost 2010/11 to 2021/22 inclusive**
	***Service Plus* Component 4**	
4a	10% increase in proportion of footpaths kept in top condition	$3,683,634
4c	Retaining walls backlog renewals	$4,823,895
4d	Parks infrastructure backlog renewals	$8,105,024
4e	Cemetery infrastructure backlog renewals	$7,355,261
4f	Stairs, fences bus shelters backlog renewals	$513,315
4g	Build reserves to deal with planned renewals & expected failures in stormwater drainage systems	$8,669,150
	***Service Plus* Component 7**	
7a	Parks landscapes upgrades	$1,305,599
7f	Street trees improved	$1,305,599

	***Service Plus* Component Items in the Sustainable Environment Layer Future Expenditure Items**	**Cost 2010/11 to 2021/22 inclusive**
	***Service Plus* Component 10**	
10a	Council buildings meet greenhouse reduction targets (more than offset by energy savings)*	$670,371
10b	Street lighting luminaires retrofitted	$246,133
10c	Other greenhouse – climate change adaptation	$101,023
10d	Other greenhouse – community targets, brokering retrofits / decentralised energy	$3,799,796
10e	Other greenhouse – general	$3,501,429
10f	Other greenhouse – transport (including bike paths)	$3,539,942
10g	Waste targets – community*	$45,000
	***Service Plus* Component 11**	
11a	Water efficiency improvements on Council assets	$1,637,775
11b	Water efficiency improvements by the community	$1,969,299
11c	Flora and fauna enhancement	$7,276,615
11d	Water quality improvements	$92,290
11e	Environmental education	$37,256

* Denotes an item not intended to be funded by the proposed Special Rate Variation outlined in Chapter 9 above. Savings made will offset costs. However, up-front investment will need to be supported by the SRV in the first instance.

	***Service Plus* Component Items in the Operational Enhancements Layer Future Expenditure Items**	**Cost 2010/11 to 2021/22 inclusive**
	***Service Plus* Component 5**	
5a	Traffic Engineer x 1	$1,293,115
	***Service Plus* Component 6**	
6a	2nd person at Seniors' Centre	$873,629
6b	Outreach Worker x 1	$808,615
6f	Cemetery funeral services (self funded by income from operation of a funeral business) *	$20,709,539
	***Service Plus* Component 7**	
7a	Extra landscape maintenance - plants & materials	$3,832,820
7b	Three extra gardeners	$3,054,282
7c	Extra tree maintenance	$680,191
7e	Increased graffiti removal	$652,800
7f	Tree Compliance Officer x 1	$968,295
	***Service Plus* Component 9**	
9a	Two extra Rangers	$2,545,235
	***Service Plus* Component 12**	
12a	2IC Computer Services x 1, Computer support x 1	$2,377,281

Service Plus Component Items in the Operational Enhancements Layer Future Expenditure Items		Cost 2010/11 to 2021/22 inclusive
12b	Governance and integrated planning x 1	$863,476
12c	Support for BJ and BB Place Managers x 2	$1,617,229
12d	Senior Records officer x 1, Records officers x 2	$3,080,336
12e	Records compliance hardware and software	$33,000
12f	Financial Accounting x 1	$1,057,453
12g	ePlanning x 1, ePlanning x 1	$2,602,152
12h	ePlanning hardware and software	$98,660

* Denotes an item not intended to be funded by the proposed Special Rate Variation outlined in Chapter 9 above.

Service Plus Component Items in the Capital Enhancements Layer Future Expenditure Items		Cost 2010/11 to 2021/22 inclusive
	***Service Plus* Component 2**	
2b	Playground upgrades	$450,000
2c	Tamarama Park Plan of Management works	$630,000
2d	Bronte Park Plan of Management works	$500,000
2e	Waverley Park Plan of Management works	$790,000
2f	Bondi Park Plan of Management works	$3,000,000
2g	Rodney Reserve enhanced facilities	$1,400,000
2h	Hugh Bamford Park upgrade to buildings and fields	$1,600,000
	***Service Plus* Component 3**	
3b	Structural renewal of Bondi & Bronte Beach Promenades	$5,000,000
3h	QED tunnels and storage space remediation	$3,750,000
3i	Implement Bondi Junction Pedestrian Access and Mobility Plan*	$2,200,000
3j	Develop Bondi Beach Pedestrian Access and Mobility Plan*	$200,000
3k	Implement Bondi Beach Pedestrian Access and Mobility Plan*	$2,000,000
3l	Tamarama/Bronte 40km/hr zone*	$550,000
3m	Bondi Junction 40km/hr zone*	$750,000
3n	School zones safety program*	$400,000
	***Service Plus* Component 6**	
6c	Public toilets upgrade*	$1,343,000
6e	Cemetery pavilion construction (fully offset by loan to be repaid by entry to funeral business) *	$3,905,574
	***Service Plus* Component 7**	
7j	Cost of acquisition of land for open space in Bondi Junction which Council is likely to be compelled to acquire	$5,002,427
8a	Local village improvements	$3,000,000
8c	Boot Factory remediation (anticipated funding from future asset sales not yet identified)	$0
8d	Oxford Street East upgrade*	$2,000,000

* Denotes an item not intended to be funded by the proposed Special Rate Variation outlined in Chapter 9 above.

APPENDIX 13: Full List of Questions Answered in Fact Sheets for the 2010 Funding the Future Consultation Program

List of Brochures and Fact Sheets

- ### What is Waverley Together 2?
  - What's in *Waverley Together 2*?
  - What are the strategies and targets of *Waverley Together 2*?
  - How well will the strategies of help us all achieve a better lifestyle?
  - How will we maximise our chances of achieving the vision for Waverley?
  - How will Waverley Council's services help achieve the vision?
  - How can you become involved in decisions about ***Service Plus***?
  - Our community's vision for life in Waverley by 2022.
- ### Fact Sheet 1: Facts about Service Plus
  - What is ***Service Plus***?
  - What's included in ***Service Plus***?
  - How can ***Service Plus*** help you achieve the vision for Waverley?
- ### Fact Sheet 2: Financial facts about Service Plus
  - What are the financial shortfalls for ***Service Plus***?
  - What choices do you have about investing in ***Service Plus***?
  - What's the comparative total cost of each choice?
  - What would it cost you to fund ***Service Plus*** by rates?
- ### Fact Sheet 3: Options for funding Service Plus
  - What are the options for funding ***Service Plus***?
  - How much would rates need to rise to fully fund ***Service Plus***?
  - How much would other income need to increase to fund ***Service Plus***?
  - Could ***Service Plus*** be funded by asset sales?
  - Could ***Service Plus*** be funded by efficiencies?
- ### Fact Sheet 4: Effects of rate increases on households
  - What would you pay if ***Service Plus*** is funded by raising rates?
  - What are Waverley residents paying in rates in 2010/11?
  - How do rates in Waverley compare to the rest of Sydney?
  - How do rates in Waverley compare with our neighbours?
  - How would rate rises for ***Service Plus*** impact you?
- ### Fact Sheet 5: Ten feature benefits of Service Plus
  - Ten feature benefits
  - How many of our services could you use in a day?
- ### Fact Sheet 6: What you asked for in Service Plus
  - What you said about our current service levels
    - *You said … So we …*
  - What you said about enhancements to services
    - *You said … So we …*

- *Fact Sheet 7: Life in Waverley without Service Plus*
  - What happens if we don't want to support ***Service Plus***?
  - Will all services be affected if we don't support ***Service Plus***?
  - Will there be job losses if ***Service Plus*** is not supported?
  - Will there be other negative effects if we don't support ***Service Plus***?
  - If service cuts are necessary, who will make the final decision?
  - How might our quality of life be affected without ***Service Plus***?

- *Fact Sheet 8: Effects of rate increases on businesses*
  - How might rate increases for ***Service Plus*** affect businesses?
  - What do businesses pay in rates now?
  - What services do businesses receive for their rates?
  - Are businesses bearing their fair share of responsibility for rates?
  - Will ***Service Plus*** provide enhanced benefits for businesses?
  - Could ***Service Plus*** be funded without raising business rates?
  - Could big businesses pay more to help support smaller businesses?

- *Fact Sheet 9: Council's service obligations*
  - What services do councils provide?
  - The *Charter for Councils.*
  - How does Waverley Council fulfil the *Charter for Councils?*
  - Are a council's services optional?
  - Could Waverley Council cut services to fulfil the *Charter*

- *Fact Sheet 10: How are council rates calculated?*
  - What are rates?
  - How many rating systems can councils choose from?
  - Which rating system does Waverley Council use?
  - How can changes in land value in Waverley affect your rates?
  - Do the high land values in Waverley mean you pay high rates?
  - Who pays more in rates – businesses or residents?

- *Fact Sheet 11: Waverley Council's income and expenses*
  - What does Waverley Council earn and spend now?
  - Where does our income come from?
  - What are Waverley Council's expenses?
  - How do our revenues and expenses compare with other city councils?
  - What is our income and expenditure per head of population?
  - What is Waverley Council's biggest expense?
  - How does our total labour cost compare with that of other councils?
  - What savings could be made by efficiency improvements?
  - What savings could be made by cutting services?

APPENDIX 14: Council Resolution and Minute Extract – Decision to Apply for Special Variation to Rates – December 2010

1012.12.1
Funding the Future: Proposed Application for a Special Variation to Rates to Fund *Service Plus* – Council's Contribution to *Waverley Together 2* (A07/1073)

Report dated 6 December 2010 from the Director, Corporate & Technical Services about the outcomes of recent consultation with the community on preferred options for funding Council's services into the future, and proposals for adjusting the structure of sources of revenue and costs gradually over the next 12 years, including via a special variation to rates.

MOTION (Betts / Kay) That Council:

1. Note that the recently approved consultation program on "Funding the Future" of Waverley Council's services has been completed, including:
   - a wide ranging information, discussion and feedback campaign, and
   - a statistically valid independent survey of community views on raising rates to fund existing and enhanced services as described in Council's *Service Plus* program.

2. Note the community feedback and survey results, which in summary have:

   a. reinforced the views that emerged during the 2009 survey and consultation program for development of *Waverley Together 2*, namely that all Council's services are considered to be important or very important by the vast majority of residents and ratepayers (82.3% agreement across the services);

   b. showed there is strong support for the adopted vision for Waverley in *Waverley Together 2* as a whole (87.8% agreement);

   c. showed strong support for the 14 individual elements of the vision, in that a majority of respondents in every case rated each aspect of the vision as important or very important (75.6% agreement across the elements);

   d. identified that Council is seen as the most important provider of services capable of making the vision a reality (88.8% agreement), over and above other players including State Government, Federal Government, businesses and the community itself;

   e. demonstrated strong majority support (66.7%) for enhanced services as described in *Service Plus*;

   f. demonstrated near-majority (45.7%) support for the view that service cuts would lead to a worse quality of life in Waverley, with 50.2% holding the view that life would stay the same and very few (2.5%) saying it would get better if services were cut;

   g. showed majority support for:
      - raising rates to fund shortfalls on existing services (63.3% thought the proposed rate rises were a reasonable price to pay),
      - raising rates to fund existing plus enhanced services (52.3% thought the proposed rate rises were a reasonable price to pay), and

- the affordability of proposed rate rises (54.1% thought the proposed rate rises for existing and enhanced services were affordable);

h. showed that depending on the magnitude of the rate rise, the number of people who did prefer to raise rates outweighed those who didn't by a factor of between 1.7 and 2.3;

i. indicated that there is a difference in the support for a rate rise between those currently paying higher rates (above $930 per annum) and those currently paying below $930, with the group paying above $930 being somewhat polarised on the issue and that as a result there may be a concern about affordability for the group paying higher rates who are on fixed or limited incomes;

j. showed that a rate increase was on balance preferable to raising income by other means such as by raising parking fees and fines (52.8% disagreed that it would be acceptable to fund shortfalls by raising income from parking fees and fines and 35.3% agreed it would be acceptable).

3. Note that based on the above there would appear to be a mandate for implementing *Service Plus* in full and a preference for funding it via raising rates rather than increasing dependency on variable income.

4. Note that this support appears to have been forthcoming notwithstanding the fact that the magnitude of the proposed rate rise over 7 years was clearly stated as being a total of 120%.

5. Note that despite the magnitude of the requested rate rise, just on half of the respondents nevertheless said that as a result of the engagement process and the survey they were more positive about both the importance of Council's services and Council itself as a trusted partner and long term planner.

6. Note also that that throughout the consultation program concern was expressed about whether Council had done everything it could to reduce funding shortfalls by achieving efficiencies but that there was a reasonably high level of understanding (74.5%) that delays in investment in services will drive up costs in the long run.

7. Note that:

   a. the shortfall for the full *Service Plus* program has been modified slightly downward from $224,324,782 estimated in July 2010 to $219,141,793 as a result of revised financial projections.

   b. notwithstanding the above, further assessment of the potential for Council to achieve:
      - certain targeted efficiency improvements,
      - cost savings through service modifications, and
      - additional income from the sale of advertising,

      has made it possible to further reduce the shortfall of $219,141,793 anticipated in Clause 7a to $201,491,363.

8. Note that rate rises required for the full *Service Plus* program can accordingly be modified from the quantum anticipated during consultation for Funding the Future (12.59% per annum for 7 years) and reduced slightly to 11.85% per annum for 7 years.

9. **That taking the above into account, Council resolve to:**

   a. proceed with implementation of the full *Service Plus* program as the most efficient means of maximising the Waverley community's chances of achieving the vision and targets of the adopted Community Strategic Plan, *Waverley Together 2*.

   b. make an application to the Independent Pricing & Regulatory Tribunal (IPART) for a special variation to rates under Section 508A of the Local Government Act 1993 to fund remaining shortfalls on *Service Plus* by raising rates sufficiently to achieve a rate yield in 7 years which is equivalent to the yield that would be realised by rate rises of 11.9% per annum cumulative over 7 years to cover the following:
      - funding for a slightly modified *Service Plus* program as described in clause 10.
      - funding for a further enhancement of the originally recommended terms of the hardship relief scheme in clause 11.

   c. Notify IPART of its intention to apply for a special rate variation consistent with the Division of Local Government's *Guidelines for the Preparation of an Application for a Special Variation to General Income 2011/12*.

10. Note that this rate rise of 11.9% per annum cumulative for 7 years is lower than the originally recommended 12.41% per annum cumulative for 7 years for *Service Plus* because:

   a. savings on the total cost of *Service Plus* can be achieved by assuming efficiency gains can be made without service level loss via the following activities:

      i. reducing use of consultants and contractors,
      ii. reducing sustenance expenses,
      iii. re-configuring Council's vehicle fleet,
      iv. reviewing boarding house rebate costs,
      v. reducing purchases of green power,
      vi. rationalising meals on wheels and delivery of services to the housebound,
      vii. achieving other labour-related efficiencies such that total productivity improvements (including the above efficiencies) are assumed to amount to approximately 1.4% per annum – above the NSW average; ***and***

   b. further savings can be achieved by assuming some services can be modified in delivery as follows with nil or only minor service level loss:

      viii. ceasing the Global Table annual event which has been in effect overtaken by development of similar services by private sector operators in the Bondi Junction Mall,
      ix. reducing contractors in tree planting, bush care and environmental programs,
      x. reducing allocations to the road renewal program by about 2% annually and assuming more cost competitive materials contracts may be negotiated,
      xi. reducing use of contractors in staff training,
      xii. reducing expected enhancements of landscaping and gardening in streets and parks,
      xiii. reducing expected increases in staff in place management and records management; ***and***

   c. additional income can be raised via the sale of advertising space in certain areas; ***but***

d. the cost of an enhanced financial hardship scheme should be added back on to the rate rise to create an equitable cross-subsidy for those that may suffer genuine hardship as a result of rate rises and that this has resulted in an additional 0.05% per annum being added back on to the rate rise with the net effect of all the above changes being to bring the total rate rise from 11.85% to 11.9%.

11. Contingent on Council's adoption of the rate rise recommended in 9b above, the proposed enhanced financial hardship scheme would comprise:

    a. a $50 per annum increase to the pensioner rate rebate bringing it to $300 per annum, and

    b. a rate write-off of up to $150 in the financial years where rate rises, due to re-valuations of land by the Valuer-General, cause financial hardship – i.e., for non-pensioner ratepayers who experience a rate increase of more than $200 in a re-valuation year, Council may, on application, abandon the portion of the increase that is over $200 up to a maximum of $150, if financial hardship is demonstrated.

    c. Additionally, Council develop a comprehensive Rate Hardship Policy to be adopted by Council before the first year of any potential increase. The charter of the Policy looks explicitly at the impact on pensioners.

    d. Requesting the NSW State Government enter into a partnership with Waverley Council where the State Government provides rate relief for first home-buyers, in a rate moratorium, for the first two years after purchase.

12. Note that during the consultation for Funding the Future, a marked majority of the community (70%) expressed a preference for paying rate rises in uniform $ increases, rather than starting smaller and getting bigger via uniform % increases.

13. That taking this into account, Council reflect in its application to IPART that requested rate variations will necessarily be expressed as variable percentages declining annually, commencing at a percentage that will be higher than 11.9% but finishing lower than 11.9% in 7 years, and that thereafter total rate yields will be annually escalated by the assumed CPI in order to achieve the total rate revenue path necessary to fund the shortfall of $201,491,363 on *Service Plus*.

14. Note that overall this would lead to a result where instead of raising rates by 120% over 7 years, as discussed with the community, rates would rise instead by 105% with no loss of output from *Service Plus*, unless we failed to achieve the efficiency margin assumed in 10a above.

15. Note that the proposed rate rises are considered sufficient to improve Council's current position of financial unsustainability somewhat but that they will not resolve this issue within the coming decade. Council's rates coverage ratio at the end of 10 years will still be about 10% below the average for metropolitan councils. Risk associated with this will need to be offset by efficiencies and carefully managed by sound financial planning. Increased dependence on variable income should be viewed with caution.

16. Establish a councillor / officer working party, with professional assistance where appropriate, to address but not be limited to the following terms of reference:

    a. improve performance indicator reporting systems
    b. develop more user friendly presentation of performance measures

c. identify models of performance reporting from other councils and businesses and in accordance with industry best practice to clarify and add transparency of reporting
d. identify effectiveness of service delivery and opportunities to improve, reduce, expand or manage targeting of resources in a changing environment
e. develop base line measures
f. provide financially informed choices in community consultation processes

And that a report on the findings of the above and the implications for WT2 be presented to Council for consideration before June 2011.

AMENDMENT (Main / Cancian)

That the Motion be adopted subject to the following amendments:

1. Clause 9b be amended such that rate rises of 11.9% cumulative be increased to 12.48% cumulative.

2. Clause 10a and 10b be deleted and replaced with the following:
   "Note that this recommended rate rise of 12.48% cumulative for 7 years is required to fully fund *Service Plus*, and with efficiency gains of 1% per annum, is to include provision for:
   - hardship funding scheme as set out in clauses 11a and 11b, and
   - all remaining funds to be set aside as an Open Space future fund to increase open space provision and quality".

3. Clause 13 be amended such that wherever the figure of 11.9% is mentioned, it be replaced with 12.48%.

THE AMENDMENT WAS PUT AND DECLARED LOST.
A FURTHER AMENDMENT WAS THEN MOVED:

AMENDMENT (Kanak / Cancian)

That the Motion be adopted subject to the deletion of clause 10b.
THE AMENDMENT WAS PUT AND DECLARED LOST.
A FURTHER AMENDMENT WAS THEN MOVED:

AMENDMENT (Cancian / Kanak)

That the Motion be adopted subject to the deletion of clauses 10bi and 10biv.
THE AMENDMENT WAS PUT AND DECLARED LOST.
THE MOTION WAS THEN PUT AND DECLARED CARRIED ON THE CASTING VOTE OF THE CHAIR.

Division
For the Motion: Crs Betts, Clayton, Coburn, Guttman-Jones, Kay and Sloan.
Against the Motion: Crs Cancian, Jackson, Kanak, Main, Strewe and Wakefield.

DECISION: That the Motion be adopted.

APPENDIX 15: Letter from NSW DLG acknowledging Waverley Council's compliance with the requirements of the Integrated Planning & Reporting Framework – December 2010

dlg

R Hogan

Department of Local Government
5 O'Keefe Avenue NOWRA NSW 2541
Locked Bag 3015 NOWRA NSW 2541

OUR REFERENCE A229387
YOUR REFERENCE
CONTACT Integrated Planning & Reporting Team 02 4428 4220

Mr Tony Reed
General Manager
Waverley Council
PO Box 9
Bondi Junction NSW 1355

7 December 2010

Dear Mr Reed

I am writing regarding Council's commencement under the Integrated Planning and Reporting legislation as a Group 1 council.

Council's suite of planning documents was reviewed as part of the Division's commitment to ensuring the effective implementation of the Integrated Planning and Reporting reforms. Attached is a summary of the findings from that review. I trust that Council will find this feedback useful, and will use this information to inform future reviews of these planning documents.

If you have any further questions relating to the Integrated Planning and Reporting reforms, please contact the Division on telephone 02 4428 4220 or by email to ipr@dlg.nsw.gov.au.

Yours sincerely

Ross Woodward

Ross Woodward
Chief Executive, Local Government
A Division of the Department of Premier and Cabinet

FILE No: A10/0189
ACTION OFFICER: Rob Hogan
RECORDS No: D10/47301

Delivery Prog File

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Summary of the review of Council's Integrated Planning and Reporting documentation

Waverley Council

Community Strategic Plan

- The Community Strategic Plan complies with the requirements of the Integrated Planning and Reporting legislation and Guidelines and includes many elements of good practice
- The Plan is a comprehensive, well-developed document that has a clear community vision, mission and values
- The Plan is easy to navigate and understand and has been informed by the outcomes of the community engagement process
- Strategies are organised under a quadruple bottom line framework
- Information is provided about the relationship of State and regional planning to the development of the Community Strategic Plan
- Identified targets are designed to monitor progress towards specific aspects of the Vision
- The Plan's targets set out quantifiable service levels for assets, the environment, and other services. These were developed in detailed consultation with the community.

Community Engagement Strategy

- Council has developed an effective Community Engagement Strategy, and provides a report which demonstrates how the community engagement process informed the development of the Community Strategic Plan
- Council's website is very user friendly and makes it easy for the community to understand what the integrated planning and reporting process aims to achieve
- Council may wish to consider making clearer the alignment with the social justice principles and how it has targeted specific hard-to-reach groups in future community engagement activities.

Resourcing Strategy – overall comments

- The three elements of the Resourcing Strategy meet all requirements of the legislation
- Each element provides detailed information that is likely to be readily understood by the community
- The Resourcing Strategy clearly relates to the objectives of the Community Strategic Plan and Delivery Program.

Workforce Management Plan

- The Workforce Plan addresses the workforce changes required to deliver the relevant 'Directions' outlined in the Community Strategic Plan and Delivery Program.

Asset Management Plan

- Council has developed a comprehensive Asset Management Plan and Strategy that complies with the legislation
- Information contained in the asset management documents is clear and easily understood and the service levels have been informed by the community engagement
- There is a clear link between the asset management documents and the Community Strategic Plan, Delivery Program and Long-Term Financial Plan.

Long-Term Financial Plan

- Council has developed a Long-Term Financial Plan that is well-structured and clearly shows assumptions, policies and sensitivity analysis outcomes
- The relationship between the Long-Term Financial Plan and the Community Strategic Plan and Delivery Program is clear
- The Long-Term Financial Plan is developed in layers (related to plans and policies), each with its own assumptions and financial outcomes, clearly showing the impacts of each
- The Long-Term Financial Plan includes positive and negative effects of modelled sensitivities and shows the financial impacts of different levels of service.

Delivery Program

- Council's Delivery Program complies with the requirements of the Integrated Planning and Reporting legislation and Guidelines
- The Delivery Program is a comprehensive, well-developed document that has information about all programs and activities Council will undertake during the current Council term
- There are clear demonstrated links between the strategies and actions of the Community Strategic Plan, Delivery Program and Operational Plan
- The Delivery Program also includes key responsibilities, timeframes and performance indicators for each activity and program.

Operational Plan

- Council's Operational Plan complies with the requirements of the Integrated Planning and Reporting legislation and Guidelines
- The Operational Plan is a comprehensive, well-developed document that has detailed information about the programs and activities Council will undertake during the current financial year, both the ongoing activities and programs and the capital works program that will be implemented during 2010/11
- Clear information is included that links each program and activity to the strategies in the Community Strategic Plan
- The Operational Plan includes key responsibilities, timeframes and funding sources for each activity and program
- Output measures for the Operational Plan strategies exist
- The Statement of Revenue Policy includes a detailed schedule, encompassing all fees and charges and the pricing method for each

- An appropriate rating map should be considered as an attachment which identifies which rates apply where in the area.

Overall Integration of Plans

- Good integration across the suite of plans has been achieved
- The asset management documents support the Community Strategic Plan and Delivery Program, and were used to inform the Long-Term Financial Plan
- There are direct links between the Community Strategic Plan, Delivery Plan and Operational Plan, and the Resourcing Strategy
- The Community Strategic Plan links to the State Plan
- A direct link can be discerned between the Vision and the targets and strategies identified in the plans.

Summary of Strengths

- Council has developed a comprehensive set of documents that reflect the community engagement that has been conducted and sets out a clear vision for the future of the Waverley area
- All documents are well-designed to show direct links between the vision, targets and strategies
- Council's integrated planning and reporting website is a good example of communicating the integrated planning and reporting framework to the community
- Council's Asset Management Planning is to be commended
- The Long-Term Financial Plan is well-developed and easily understood
- All plans are easy to understand and integrate well together.

Summary of areas for further development

- Council may wish to consider making clearer the alignment with the social justice principles and how it has targeted specific hard-to-reach groups in future community engagement activities.

Financial Table 1 - Waverley Council LTFP3.1 - Summary of Income, Funding and Expenditure - Enhanced Layers

Investment Strategy Layer - LTFP3.1

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Proceeds from Sales	0	0	-34,000,000	0	0	0	0	0	0	0	0	0
Capital Costs	11,684,587	3,184,623	3,421,000	17,217,000	10,717,582	795,000	545,000	0	0	0	0	0
Revenue - Capital Grant	-1,525,000	-495,000	0	0	0	0	0	0	0	0	0	0
Operating Expenses	20,000	675,808	1,716,271	1,636,845	1,695,374	1,843,465	1,984,022	2,033,619	2,109,107	2,190,532	2,275,520	2,364,235
Operating Revenue	0	-488,320	-1,783,948	-2,246,501	-1,585,741	-1,367,435	-2,444,747	-2,484,672	-2,558,976	-2,652,942	-2,747,023	-2,883,898
Investment asset purchase	0	0	1,400,000	0	0	0	0	0	0	0		1,600,000
Domestic Waste Reserve Monies	0	0	0	-2,075,000	-925,000	0	0	0	0	0	0	0
Unexpended Grant Reserve Monies	-1,338,637	0	0	0	0	0	0	0	0	0	0	0
Investment Strategy Reserve Monies	-8,840,950	-2,877,111	28,943,428	-14,532,343	-9,902,215	-1,271,031	-84,275	451,053	449,869	462,410	471,503	-1,129,775
Total	**0**	**0**	**-303,249**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-49,437**

SAMP3 - Sustainable Assets Layer - LTFP3.1

		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Category 1	**Roads**		0	0	0	0	0	0	0	0	0	0	0
Category 2	**Footpaths**		416,662	352,172	361,820	371,604	383,195	395,963	408,517	235,059	243,730	252,757	262,155
Category 3	**Kerbs & Gutters**		0	0	0	0	0	0	0	0	0	0	0
Category 4	**Stormwater**		0	639,145	1,077,939	1,104,817	1,373,100	1,408,863	1,440,169	1,036,687	191,070	196,393	201,863
Category 5	**Buildings**		0	0	0	0	0	0	0	0	0	0	0
Category 6	**Urban Open Space & Malls**		SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4
Category 7	**Coastal & Retaining Infra**		0	0	534,912	548,250	563,235	577,905	590,747	605,175	622,033	516,615	265,024
Category 8.1	**Parks Infrastructure**		0	0	843,138	1,031,850	1,060,054	1,087,664	1,111,832	1,138,987	1,170,543	325,938	335,018
Category 8.2	**Parks Landscapes**		0	0	110,626	230,000	181,348	139,517	122,173	125,157	128,643	132,227	135,910
Category 9	**Waverley Cemetery**		560,185	0	902,778	1,172,200	1,204,240	1,235,605	1,263,061	721,797	212,261	218,174	224,251
Category 9	**Waverley Cemetery Reserve**		-360,185	0	-231,181	-115,578	-64,384	-64,384	-64,384	-64,384	-64,384	-64,384	-13,962
Category 10	**Parking Infrastructure**		0	0	0	0	0	0	0	0	0	0	0
Category 11	**Street Trees**		0	0	110,626	213,000	130,000	133,386	136,350	139,680	143,571	147,570	151,416
Category 12	**Other - Fences, Stairs, Bus Shelters, Street Furniture & Signages**		0	57,500	58,857	60,324	61,973	63,587	65,000	35,044	36,020	37,023	37,987
Category 13	**Plant & Equipment**		0	0	0	0	0	0	0	0	0	0	0
Category 14	**Information Technology**		SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4	SAMP 4
	Total	**0**	**616,662**	**1,048,817**	**3,769,514**	**4,616,467**	**4,892,760**	**4,978,106**	**5,073,465**	**3,973,201**	**2,683,487**	**1,762,313**	**1,599,662**

EAP2 (Top Ups) - Sustainable Environment Layer - LTFP3.1

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Biodiversity		10,000	396,140	473,715	655,557	732,611	654,023	909,138	815,432	845,192	876,222	908,584
Engagement		3,000	3,076	3,139	3,201	3,281	3,372	3,458	3,546	3,635	3,727	3,820
Greenhouse Gas-CCAdaptation		0	50,000	51,023	0	0	0	0	0	0	0	0
Greenhouse Gas-Comm		5,000	80,000	531,655	509,472	488,041	493,605	503,937	374,085	260,127	284,966	268,907
Greenhouse Gas-CounBld		235,000	20,507	227,926	21,340	21,876	22,483	23,056	23,637	24,233	24,843	25,469
Greenhouse Gas-CounBld (saving resulted)		0	-73,800	-115,310	-117,592	-120,542	-123,888	-127,044	-130,248	-133,530	-136,894	-140,344
Greenhouse Gas-General		0	0	357,380	364,839	372,486	380,328	388,368	396,612	405,065	413,732	422,619
Greenhouse Gas-StLights		0	0	80,000	82,027	84,105	0	0	0	0	0	0
Greenhouse Gas-Trans		57,000	58,444	299,950	472,291	373,817	375,548	377,180	378,837	380,535	382,275	384,065
Waste-Comm		10,000	0	5,000	10,000	0	0	10,000	0	0	10,000	0
Water Qual		0	2,000	72,051	2,093	2,134	2,188	2,248	2,306	2,364	2,423	2,484
Water-Comm		70,000	158,633	305,183	155,892	176,565	178,691	180,696	182,731	184,815	186,952	189,143
Water-Council		125,000	158,167	460,790	260,000	112,466	115,163	65,832	97,495	69,196	100,939	72,727
Water-Council (saving resulted)			-70,000	-70,000	-70,000	-70,000	-70,000	-70,000	-70,000	-70,000	-70,000	-70,000
DWM Reserve Monies		-140,000	-90,000	-85,000	-60,000	-60,000	-60,000	-60,000	-60,000	-60,000	-60,000	-60,000
Total	**0**	**375,000**	**693,167**	**2,597,502**	**2,289,120**	**2,116,842**	**1,971,513**	**2,206,870**	**2,014,432**	**1,911,631**	**2,019,186**	**2,007,474**

Operational Enhancements Layer - LTFP3.1

(CPI)	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Landscape Maintenance Plant & Materials (CPI)		125,000	62,000	62,000	62,000	152,606	427,605	95,906	311,665	107,616	112,430	313,992
Graffiti Removal (CPI)		0	0	0	0	86,500	88,753	90,725	92,941	95,530	98,191	100,160
Cemetery Funeral & Function Business (revenue)		0	0	0	-664,348	-1,137,837	-1,648,685	-2,618,983	-2,843,868	-2,929,184	-3,017,060	-3,107,571
Waverley Cemetery Reserve		0	0	0	0	-358,359	0	0	0	0	0	0
Cemetery Funeral & Function Business (Expenses)		0	0	0	1,282,579	1,594,602	1,933,706	2,484,571	2,665,985	2,749,634	2,836,625	2,927,101
WFP1 C&TS staff increases		207,134	465,300	488,565	679,623	713,604	795,863	833,328	872,665	913,969	957,339	1,002,877
WFP1 RCCS staff increases		0	69,458	72,930	76,577	80,406	84,426	88,647	93,080	97,734	102,620	107,751
WFP1 P&ES staff increases		179,156	319,077	422,846	443,988	466,188	489,497	513,972	539,670	566,654	594,987	624,736
WFP1 PW&S staff increases		214,988	225,737	237,024	248,875	261,319	274,385	288,104	302,509	317,634	333,516	350,192
WFP1 RCCS staff stage 2		0	0	146,667	154,000	161,700	169,785	178,274	187,188	196,547	206,375	216,693
WFP1 P&ES staff stage 2		0	0	0	100,000	105,000	110,250	115,763	121,551	127,628	134,010	140,710
WFP1 PW&S staff stage 2		0	0	0	0	0	100,000	105,000	110,250	115,763	121,551	127,628
Records Equipment Purchases		0	33,000	0	0	0	0	0	0	0	0	0
Total	**0**	**726,278**	**1,174,572**	**1,430,032**	**2,383,294**	**2,125,728**	**2,825,584**	**2,175,306**	**2,453,636**	**2,359,526**	**2,480,583**	**2,804,270**

Capital Enhancements Layer - LTFP3.1

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Local Village DCP Improvement		0	0	0	0	1,000,000	0	0	1,000,000	0	0	1,000,000
Sec 94 (additional 2% increase on the BJ area)		0	-650,000	-829,542	-739,771	-739,771	-739,771	-739,771	-739,771	-739,771	-739,771	-739,771
Playground Upgrades		300,000	150,000	0	0	0	0	0	0	0	0	0
Structural renewal of Bondi & Bronte Beach Promenades		0	0	0	0	0	0	0	0	0	3,000,000	2,000,000
QED Tunnels Remediation and Storage Space		0	0	0	0	0	0	0	1,750,000	2,000,000	0	0
Tamarama PoM Works		60,000	120,000	250,000	100,000	100,000	0	0	0	0	0	0
Rodney Reserve		0	0	0	0	300,000	500,000	600,000	0	0	0	0
Bronte Park PoM		0	0	0	0	100,000	100,000	100,000	100,000	100,000	0	0
Waverley Park		200,000	0	100,000	100,000	390,000	0	0	0	0	0	0
Bondi Park PoM		0	0	0	0	428,571	428,571	428,571	428,571	428,571	428,571	428,571
Hugh Bamford, Park Upgrade to building and fields		0	0	0	0	200,000	800,000	600,000	0	0	0	0
Boot Factory Remediation		0	0	0	0	0	0	0	0	0	0	0
BJ PAMP implementation		0	550,000	0	0	0	0	550,000	550,000	0	550,000	0
BB PAMP development		0	0	0	0	200,000	0	0	0	0	0	0
BB PAMP Implementation		0	0	0	0	0	500,000	0	500,000	0	500,000	500,000
Tamarama/Bronte 40km/hr zone		0	0	0	0	550,000	0	0	0	0	0	0
Bondi Junction 40km/hr zone		0	0	0	0	0	0	750,000	0	0	0	0
School Zones safety program		0	100,000	0	0	100,000	0	0	100,000	0	0	100,000
Oxford Street East Upgrade		0	0	0	0	1,000,000	0	0	0	0	1,000,000	0
Oxford Street East Upgrade (offset by developer contribution)		0	0	0	0	-1,000,000	0	0	0	0	-1,000,000	0
Public Toliets Upgrade		353,000	330,000	330,000	330,000	0	0	0	0	0	0	0
Land Acquisition for Open Space		0	0	0	0	0	1,850,000	0	0	1,850,000	0	0
Cemetery Pavilion Loan		0	0	-3,905,574	0	0	0	0	0	0	0	0
Cemetery Pavilion Construction		0	0	3,905,574	0	0	0	0	0	0	0	0
Total	**0**	**913,000**	**600,000**	**-149,542**	**-209,771**	**2,628,800**	**3,438,800**	**2,288,800**	**3,688,800**	**3,638,800**	**3,738,800**	**3,288,800**

Financial Table 2 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied												
Base Layer												
	2010-11 Q2 Budget $	**2011-12 Draft Budget $**	**2012-13 Projection $**	**2013-14 Projection $**	**2014/15 Projection $**	**2015/16 Projection $**	**2016/17 Projection $**	**2017/18 Projection $**	**2018/19 Projection $**	**2019/20 Projection $**	**2020/21 Projection $**	**2021/22 Projection $**
INCOME STATEMENT												
Income from Continuing Operations												
Revenue:												
Notional General Rates Income/Permissable Income	*27,341,207*	*28,005,146*	*28,780,888*	*29,460,117*	*30,193,674*	*31,017,962*	*31,824,429*	*32,530,931*	*33,324,686*	*34,254,445*	*35,210,144*	*36,192,154*
Internal Council Rates, Pensioner Rebate, Abandonments	*(600,294)*	*(569,072)*	*(586,243)*	*(660,903)*	*(618,030)*	*(616,013)*	*(613,241)*	*(611,089)*	*(609,295)*	*(609,224)*	*(608,819)*	*(599,032)*
Rates (net of internal council rates, pensioner rebates, abandonments)	**26,740,913**	**27,436,074**	**28,194,645**	**28,799,215**	**29,575,644**	**30,401,949**	**31,211,188**	**31,919,842**	**32,715,391**	**33,645,221**	**34,601,325**	**35,593,122**
Domestic Waste Charges (net of internal charges)	11,081,070	11,131,040	11,423,638	11,717,043	12,159,534	12,456,108	12,752,682	13,049,256	13,367,966	13,740,349	14,123,104	14,516,521
Environmental levy	945,170	0	0	0	0	0	0	0	0	0	0	0
User Charges & Fees (excl. parking fees)	18,690,993	18,928,996	19,552,673	19,986,923	20,456,749	21,015,894	21,503,871	22,042,423	22,580,780	23,209,797	23,856,336	24,520,885
Interest & Investment Revenue (excl. FV adjustment)	2,400,000	2,150,000	2,148,009	1,600,000	1,450,000	1,187,496	1,164,170	1,066,288	972,926	1,064,339	1,225,011	1,312,072
Off Street Parking Income	3,820,000	3,840,000	3,739,833	5,393,539	5,586,082	5,865,386	6,158,655	6,466,588	6,789,918	7,129,413	7,485,884	7,860,178
Parking Meter Income	7,172,000	7,530,600	7,850,000	8,400,000	8,800,000	9,240,000	9,702,000	10,641,100	11,173,155	11,731,813	12,318,403	13,388,324
Parking Fines Income	10,218,000	10,799,985	11,300,000	11,700,000	12,100,000	12,430,729	12,754,499	13,037,913	13,356,347	13,728,405	14,110,828	14,503,903
Other Revenues	1,408,687	952,958	979,357	1,002,465	1,027,423	1,055,506	1,082,997	1,107,062	1,134,101	1,165,692	1,198,164	1,231,541
Grants & Contributions provided for Operating Purposes	7,239,772	7,519,788	7,663,798	7,563,235	7,694,057	7,859,806	8,022,067	8,164,103	8,323,690	8,510,151	8,701,807	8,898,801
Grants & Contributions provided for Capital Purposes	1,140,499	720,106	733,023	746,263	746,263	746,263	746,263	746,263	746,263	746,263	746,263	746,263
Other Income:												
Asset Sales	204,769	713,365	25,744	92,518	115,206	209,958	754,653	145,949	784,939	138,977	182,596	130,026
Asset Sales - WDV	0	0	0	0	0	0	0	0	0	0	0	0
Total Income from Continuing Operations	91,061,873	91,722,912	93,610,720	97,001,200	99,710,958	102,469,095	105,853,046	108,386,788	111,945,475	114,810,421	118,549,721	122,701,637
Expenses from Continuing Operations												
Employee Costs	44,028,378	46,633,716	48,821,680	51,385,199	54,058,044	57,003,536	60,108,437	63,381,324	66,831,234	70,467,687	73,991,776	77,692,105
Other Employment Costs	4,633,131	4,381,894	4,399,094	4,053,030	3,669,287	3,783,581	3,900,561	4,018,480	4,141,608	4,271,078	4,404,606	4,542,319
Borrowing Costs	317,000	251,251	177,291	95,349	58,550	22,060	3,436	0	0	0	0	0
Materials & Contracts	16,837,185	16,034,036	16,000,927	16,489,500	16,831,745	17,063,236	17,513,616	17,907,861	18,350,819	18,868,372	19,400,342	19,947,131
Depreciation & Amortisation	11,388,326	11,487,781	11,535,708	11,633,689	11,682,256	11,750,522	11,818,744	11,887,397	11,967,916	12,082,812	12,152,868	12,223,526
Other Expenses	18,003,654	17,926,090	18,875,403	19,066,278	18,760,023	19,272,791	20,149,403	20,426,969	21,096,280	21,863,031	22,995,518	23,488,771
Total Expenses from Continuing Operations	95,207,674	96,714,768	99,810,103	102,723,045	105,059,905	108,895,725	113,494,197	117,622,031	122,387,856	127,552,980	132,945,110	137,893,851
Operating Result from Continuing Operations - Surplus/(Deficit)	**(4,145,801)**	**(4,991,856)**	**(6,199,383)**	**(5,721,845)**	**(5,348,947)**	**(6,426,630)**	**(7,641,151)**	**(9,235,243)**	**(10,442,381)**	**(12,742,560)**	**(14,395,389)**	**(15,192,215)**
Capital Purchases												
Operating Plant & Equipment	1,512,686	3,761,269	200,880	759,711	696,475	1,090,615	3,904,080	961,030	4,073,622	769,421	972,556	592,575
Furniture & Equipment	349,152	368,275	378,378	388,784	399,503	410,423	421,112	430,470	440,984	453,268	465,894	478,872
Library Resources	230,800	230,800	230,800	230,800	230,800	237,108	243,284	248,690	254,764	261,861	269,155	276,653
Social & Affordable Housing Program	0	0	0	0	0	1,988,252	0	0	0	0	0	1,244,105
Capital Works Program	9,945,456	4,792,794	9,798,036	4,856,729	6,826,546	6,822,219	6,865,361	8,051,879	11,489,596	7,005,571	7,065,781	7,127,778
Total Capital Purchases	**12,038,094**	**9,153,138**	**10,608,094**	**6,236,023**	**8,153,324**	**10,548,617**	**11,433,838**	**9,692,069**	**16,258,966**	**8,490,120**	**8,773,387**	**9,719,983**
Sources of Funding												
Reserves												
Transfer to Reserve - Operating Expenses	4,780,550	5,242,233	6,145,772	6,189,860	6,883,496	5,278,245	5,283,188	5,287,515	5,729,881	5,298,056	5,303,895	5,154,575
Transfer to Reserve - Capital Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Total transfer to Reserve	4,780,550	5,242,233	6,145,772	6,189,860	6,883,496	5,278,245	5,283,188	5,287,515	5,729,881	5,298,056	5,303,895	5,154,575
Transfer from Reserve - Operating Expenses	1,729,270	2,024,911	1,316,596	1,018,815	2,047,255	2,376,587	722,024	407,303	417,251	428,874	776,242	1,697,206
Transfer from Reserve - Capital Expenses	9,003,572	6,676,519	8,147,119	3,220,992	1,941,269	2,240,656	4,509,427	3,325,081	9,191,183	1,990,444	2,149,960	1,822,549
Total transfer from Reserve	10,732,842	8,701,431	9,463,714	4,239,807	3,988,524	4,617,243	5,231,452	3,732,384	9,608,434	2,419,318	2,926,202	3,519,755
Net Reserve Movements to/(from)	**(5,952,292)**	**(3,459,198)**	**(3,317,942)**	**1,950,053**	**2,894,971**	**661,002**	**51,736**	**1,555,130**	**(3,878,553)**	**2,878,738**	**2,377,693**	**1,634,821**
Loan												
Loan - External	0	0	0	0	0	0	0	0	0	0	0	0
Loan repayment	1,345,640	1,194,650	1,288,599	793,950	635,450	331,484	127,227	0	0	0	0	0
Loan Balance	**(1,345,640)**	**(1,194,650)**	**(1,288,599)**	**(793,950)**	**(635,450)**	**(331,484)**	**(127,227)**	**0**	**0**	**0**	**0**	**0**
Net Result for the Year - Surplus/(Deficit)	**(11,577,243)**	**(11,880,446)**	**(14,778,134)**	**(14,701,871)**	**(17,032,692)**	**(17,967,733)**	**(19,253,952)**	**(20,482,442)**	**(22,822,794)**	**(24,111,418)**	**(25,546,468)**	**(26,547,019)**
Net Budget Result for the Year - Surplus/(Deficit) (excl. Depreciation & Amortisation & WDV of asset sales)	**(188,917)**	**(392,665)**	**(3,242,426)**	**(3,068,182)**	**(5,350,436)**	**(6,217,211)**	**(7,435,208)**	**(8,595,044)**	**(10,854,878)**	**(12,028,606)**	**(13,393,600)**	**(14,323,493)**

Financial Table 2 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied

Base Layer

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
BALANCE SHEET												
CURRENT ASSETS												
Cash & Cash Equivalents	12,770,338	11,616,343	7,999,036	3,021,565	(697,770)	(7,103,472)	(14,584,826)	(23,387,571)	(34,143,266)	(46,501,927)	(59,851,294)	(74,026,564)
Investments	18,461,516	16,507,114	11,802,442	12,312,424	13,308,049	12,470,900	13,459,710	14,182,953	10,338,603	12,759,729	13,873,875	14,180,209
Receivables	6,546,829	6,618,876	6,746,576	6,858,216	6,973,083	7,073,004	7,191,425	7,310,563	7,428,057	7,579,186	7,739,836	7,913,347
Inventories	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000
Other	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	38,468,683	35,432,333	27,238,054	22,882,205	20,273,361	13,130,432	6,756,309	-1,204,055	(15,686,606)	(25,473,012)	(37,547,582)	(51,243,009)
NON-CURRENT ASSETS												
Investments	10,394,425	8,048,154	8,607,171	9,233,292	9,025,151	10,523,302	9,586,228	10,418,115	10,383,912	10,841,524	12,105,071	13,433,558
Receivables	2,666,969	2,675,166	2,696,233	2,713,756	2,729,333	2,743,560	2,756,304	2,768,126	2,779,844	2,793,288	2,807,978	2,823,077
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	1,168,767,768	1,166,433,125	1,165,505,511	1,160,107,846	1,156,578,913	1,155,377,009	1,154,992,103	1,152,796,774	1,157,087,824	1,153,495,132	1,150,115,651	1,147,612,108
Investment Property	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000
Non-current assets classified as "held for sale"	44,955,000	44,955,000	44,955,000	44,955,000	44,955,000	44,955,000	44,955,000	44,955,000	44,955,000	44,955,000	44,955,000	44,955,000
Total Non-Current Assets	1,342,423,162	1,337,750,445	1,337,402,915	1,332,648,894	1,328,927,397	1,329,237,871	1,327,928,634	1,326,577,014	1,330,845,580	1,327,723,944	1,325,622,700	1,324,462,744
Total Assets	**1,380,891,845**	**1,373,182,778**	**1,364,640,969**	**1,355,531,099**	**1,349,200,758**	**1,342,368,303**	**1,334,684,943**	**1,325,372,959**	**1,315,158,974**	**1,302,250,932**	**1,288,075,117**	**1,273,219,735**
CURRENT LIABILITIES												
Payables	9,927,861	9,609,707	9,738,269	9,579,554	9,538,405	9,721,188	9,978,847	10,060,019	10,471,347	10,483,549	10,803,969	11,036,688
Borrowings	1,346,000	1,346,000	1,346,000	1,094,161	458,711	127,227	0	0	0	0	0	0
Provisions	18,430,426	17,226,018	16,043,629	13,608,270	13,303,473	13,046,348	12,873,708	12,715,795	12,532,862	12,355,178	12,254,333	12,358,446
Total Current Liabilities	29,704,286	28,181,725	27,127,898	24,281,984	23,300,590	22,894,764	22,852,555	22,775,814	23,004,210	22,838,728	23,058,302	23,395,134
NON-CURRENT LIABILITIES												
Payables	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings	3,025,360	1,830,710	542,111	0	0	0	0	0	0	0	0	0
Provisions	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000
Total Non-Current Liabilities	3,669,360	2,474,710	1,186,111	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000
Total Liabilities	**33,373,646**	**30,656,435**	**28,314,009**	**24,925,984**	**23,944,590**	**23,538,764**	**23,496,555**	**23,419,814**	**23,648,210**	**23,482,728**	**23,702,302**	**24,039,134**
NET ASSETS	**1,347,518,199**	**1,342,526,343**	**1,336,326,960**	**1,330,605,115**	**1,325,256,168**	**1,318,829,539**	**1,311,188,388**	**1,301,953,145**	**1,291,510,764**	**1,278,768,204**	**1,264,372,816**	**1,249,180,601**
EQUITY												
Retained Earning	1,111,053,000	1,106,907,199	1,101,915,343	1,095,715,960	1,089,994,115	1,084,645,168	1,078,218,539	1,070,577,388	1,061,342,145	1,050,899,764	1,038,157,204	1,023,761,816
Revaluation Reserves	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000
Retained Earning	1,351,664,000	1,347,518,199	1,342,526,343	1,336,326,960	1,330,605,115	1,325,256,168	1,318,829,539	1,311,188,388	1,301,953,145	1,291,510,764	1,278,768,204	1,264,372,816
Surplus/(Deficit) Operating & Capital Revenue	(4,145,801)	(4,991,856)	(6,199,383)	(5,721,845)	(5,348,947)	(6,426,630)	(7,641,151)	(9,235,243)	(10,442,381)	(12,742,560)	(14,395,389)	(15,192,215)
TOTAL EQUITY	**1,347,518,199**	**1,342,526,343**	**1,336,326,960**	**1,330,605,115**	**1,325,256,168**	**1,318,829,539**	**1,311,188,388**	**1,301,953,145**	**1,291,510,764**	**1,278,768,204**	**1,264,372,816**	**1,249,180,601**
Total Cash, Cash Equivalents & Investment Securities attributable to:												
- External Restrictions	9,403,889	7,057,617	7,616,635	8,242,756	8,034,615	9,532,766	8,595,692	9,427,578	9,393,376	9,850,988	11,114,534	12,443,022
- Internal Restrictions	30,940,189	28,985,786	24,281,114	24,791,096	25,786,721	24,949,572	25,938,382	26,661,626	22,817,275	25,238,402	26,352,547	26,658,881
- Unrestricted	1,282,202	128,207	(3,489,100)	(8,466,571)	(12,185,906)	(18,591,608)	(26,072,961)	(34,875,707)	(45,631,402)	(57,990,063)	(71,339,430)	(85,514,700)
	41,626,280	**36,171,611**	**28,408,650**	**24,567,281**	**21,635,429**	**15,890,729**	**8,461,112**	**1,213,497**	**(13,420,751)**	**(22,900,674)**	**(33,872,348)**	**(46,412,797)**

Financial Table 2 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied

Base Layer

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
CASH FLOW STATEMENT												
Cash Flows from Operation Activities												
Receipts												
Rates	26,710,505	27,414,784	28,171,414	28,780,700	29,551,866	30,376,644	31,186,405	31,898,139	32,691,027	33,616,745	34,572,044	35,562,748
Domestic Waste Charge	11,048,942	11,129,510	11,414,677	11,708,057	12,145,983	12,447,025	12,743,599	13,040,173	13,358,206	13,728,944	14,111,382	14,504,473
Enviromental Levy	944,430	28,946	0	0	0	0	0	0	0	0	0	0
User Charges & Fees	29,499,549	30,276,168	31,116,565	33,699,279	34,810,137	36,081,935	37,326,266	39,095,160	40,500,960	42,024,024	43,611,703	45,704,490
Investments Income	2,382,250	2,170,833	2,148,175	1,645,667	1,462,500	1,209,371	1,166,114	1,074,445	980,706	1,056,722	1,211,622	1,304,817
Grants & Contributions	8,414,501	8,242,957	8,391,992	8,312,185	8,436,294	8,600,968	8,763,336	8,905,995	9,065,042	9,250,676	9,442,172	9,639,002
Other Operating Receipts	11,813,128	11,666,105	12,193,386	12,633,629	13,058,530	13,429,044	13,781,508	14,095,966	14,435,382	14,829,760	15,242,862	15,667,472
	90,813,306	90,929,303	93,436,209	96,779,518	99,465,310	102,144,988	104,967,229	108,109,879	111,031,323	114,506,871	118,191,785	122,383,001
Payments												
Employee Benefits & On-Costs	44,847,952	47,838,124	50,004,069	53,820,558	54,362,840	57,260,661	60,281,076	63,539,237	67,014,166	70,645,371	74,092,622	77,587,992
Materials & Contracts	21,714,890	20,580,688	20,402,781	20,517,807	20,508,231	20,786,828	21,315,750	21,837,489	22,394,220	23,027,202	23,689,495	24,370,700
Borrowing Costs	404,233	319,870	254,308	180,740	96,888	60,080	22,840	3,580	0	0	0	0
Other Operating Expenses	17,319,549	17,924,318	18,710,712	19,033,164	18,813,153	19,183,834	19,997,325	20,378,815	20,980,165	21,730,012	22,799,050	23,403,199
	84,286,624	86,663,000	89,371,870	93,552,269	93,781,113	97,291,404	101,616,992	105,759,122	110,388,551	115,402,585	120,581,166	125,361,891
Net Cash provided by (or used in) Operating Activities	**6,526,682**	**4,266,303**	**4,064,339**	**3,227,249**	**5,684,197**	**4,853,584**	**3,350,238**	**2,350,758**	**642,772**	**(895,714)**	**(2,389,381)**	**(2,978,890)**
CASH FLOW FROM INVESTING ACTIVITIES												
Receipts												
Proceeds from sale of Infrastructure, Property, Plant and Equipment	204,769	713,365	25,744	92,518	115,206	209,958	754,653	145,949	784,939	138,977	182,596	130,026
Proceeds from sale of Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of Investment Securities	6,830,058	4,300,674	4,704,672	0	208,141	837,149	937,074	0	3,878,553	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0	0	0
Distribution received from associated entities	0	0	0	0	0	0	0	0	0	0	0	0
	7,034,827	5,014,039	4,730,416	92,518	323,347	1,047,108	1,691,727	145,949	4,663,492	138,977	182,596	130,026
Payments												
Purchase of Infrastructure, Property, Plant & equipment	11,979,531	9,239,687	10,564,446	6,367,185	8,095,805	10,476,758	11,407,281	9,744,322	16,061,959	8,723,186	8,764,889	9,691,586
Purchase Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of Investment Securities	0	0	559017.3875	1136102.555	995624.9187	1498151.039	988809.9949	1555130.262	0	2878738.007	2377692.691	1634820.918
Loans to Deferred Debtors	0	0	0	0	0	0	0	0	0	0	0	0
	11,979,531	9,239,687	11,123,463	7,503,288	9,091,430	11,974,909	12,396,091	11,299,452	16,061,959	11,601,924	11,142,581	11,326,406
Net Cash provided by (or used in) Investing Activities	**(4,944,704)**	**(4,225,648)**	**(6,393,047)**	**(7,410,770)**	**(8,768,083)**	**(10,927,802)**	**(10,704,364)**	**(11,153,503)**	**(11,398,467)**	**(11,462,947)**	**(10,959,985)**	**(11,196,380)**
CASH FLOW FROM FINANCING ACTIVITIES												
Receipts												
Proceeds from Borrowings and Advances	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
Payments												
Repayments of Borrowings & Advances	1,345,640	1,194,650	1,288,599	793,950	635,450	331,484	127,227	0	0	0	0	0
	1,345,640	1,194,650	1,288,599	793,950	635,450	331,484	127,227	0	0	0	0	0
Net Cash provided by (or used in) Financing Activities	**(1,345,640)**	**(1,194,650)**	**(1,288,599)**	**(793,950)**	**(635,450)**	**(331,484)**	**(127,227)**	**0**	**0**	**0**	**0**	**0**
Net Increase (Decrease) in cash held	**236,338**	**(1,153,995)**	**(3,617,307)**	**(4,977,471)**	**(3,719,335)**	**(6,405,702)**	**(7,481,353)**	**(8,802,746)**	**(10,755,695)**	**(12,358,661)**	**(13,349,367)**	**(14,175,270)**
Cash Assets & Investments at the beginning of the reporting period	**12,534,000**	**12,770,338**	**11,616,343**	**7,999,036**	**3,021,565**	**(697,770)**	**(7,103,472)**	**(14,584,826)**	**(23,387,571)**	**(34,143,266)**	**(46,501,927)**	**(59,851,294)**
Cash at the end of the reporting period	**12,770,338**	**11,616,343**	**7,999,036**	**3,021,565**	**(697,770)**	**(7,103,472)**	**(14,584,826)**	**(23,387,571)**	**(34,143,266)**	**(46,501,927)**	**(59,851,294)**	**(74,026,564)**
Plus Other Current Investments	18,461,516	16,507,114	11,802,442	12,312,424	13,308,049	12,470,900	13,459,710	14,182,953	10,338,603	12,759,729	13,873,875	14,180,209
Plus Other Non-Current Investments	10,394,425	8,048,154	8,607,171	9,233,292	9,025,151	10,523,302	9,586,228	10,418,115	10,383,912	10,841,524	12,105,071	13,433,558
Total Cash & Investment Securities	**41,626,280**	**36,171,611**	**28,408,650**	**24,567,281**	**21,635,429**	**15,890,729**	**8,461,112**	**1,213,497**	**(13,420,751)**	**(22,900,674)**	**(33,872,348)**	**(46,412,797)**

Financial Table 2 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied

Base Layer

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
RESERVE BALANCE												
External Restriction												
Voluntary Planning Agreement	130,607	430,607	730,607	1,030,607	1,330,607	1,630,607	1,930,607	2,230,607	2,530,607	2,830,607	3,130,607	3,430,607
SEPP 10	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513
Clause 18	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388
Section 94A	0	0	0	0	0	0	0	0	0	0	0	0
Affordable Housing	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415
Unexpended Grants/Subsidy	1,678,395	1,678,395	1,678,395	1,678,395	1,678,395	1,678,395	1,678,395	1,678,395	1,678,395	1,678,395	1,678,395	1,678,395
Environmental Levy	59	59	59	59	59	59	59	59	59	59	59	59
Domestic Waste Reserve	6,025,513	3,379,242	3,638,259	3,964,380	3,456,239	4,654,390	3,417,316	3,949,203	3,615,000	3,772,612	4,736,159	5,764,646
Total External Restricted Reserve	**9,403,889**	**7,057,617**	**7,616,635**	**8,242,756**	**8,034,615**	**9,532,766**	**8,595,692**	**9,427,578**	**9,393,376**	**9,850,988**	**11,114,534**	**12,443,022**
Internal Restriction												
Employees Leave Entitlements	3,917,667	4,003,524	4,092,066	4,183,292	3,996,429	4,246,429	4,496,429	4,746,429	4,996,429	5,246,429	5,496,429	5,746,429
Replacement - Plant & Vehicles	1,390,246	1,295,968	1,592,832	1,397,639	1,288,370	905,314	678,597	1,008,412	158,272	1,025,428	915,186	950,237
Computer	209,961	264,961	319,961	374,961	429,961	484,961	539,961	594,961	649,961	704,961	759,961	814,961
Centralised Reserve	5,274,397	3,855,782	1,193,799	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Election Reserve	208,996	283,996	58,996	133,996	208,996	283,996	35,421	110,421	185,421	260,421	0	75,000
DA Digitising Reserve	33	33	33	33	33	33	33	33	33	33	33	33
Looking Good	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080
State Government Taxes Crown Land	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Sculpture by the Sea	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Deposits & Bonds	5,695,718	4,695,718	5,195,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718
Insurance Risk	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745
Parking Meters	2,458,549	3,208,549	8,549	758,549	1,508,549	2,258,549	3,008,549	3,758,549	(33,951)	716,049	1,466,049	2,216,049
Off-Street Parking Facilities	701,725	1,725	151,725	301,725	451,725	601,725	751,725	(248,275)	(98,275)	51,725	201,725	351,725
Housing Stock	1,016,516	1,205,340	1,399,106	1,596,729	1,798,477	(0)	194,718	393,762	597,669	807,255	1,022,679	(0)
Street Tree (Sewer)/Bundling Cables	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479
Unexpended Loans	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074
Carry Overs	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072
Waverley Cemetery	924,492	1,028,302	1,126,441	1,206,565	1,266,574	1,330,958	1,395,342	1,459,726	1,524,110	1,588,494	1,652,878	1,666,840
Investment Strategy	7,859,438	7,859,438	7,859,438	7,859,438	7,859,438	7,859,438	7,859,438	7,859,438	7,859,438	7,859,438	7,859,438	7,859,438
Total Interal Restriction	**30,940,189**	**28,985,786**	**24,281,114**	**24,791,096**	**25,786,721**	**24,949,572**	**25,938,382**	**26,661,626**	**22,817,275**	**25,238,402**	**26,352,547**	**26,658,881**
Total Restricted Reserve Balance	**40,344,078**	**36,043,404**	**31,897,749**	**33,033,852**	**33,821,335**	**34,482,337**	**34,534,074**	**36,089,204**	**32,210,651**	**35,089,389**	**37,467,082**	**39,101,903**

Financial Table 2 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied

Base Layer - analysis

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
Revenue												
Permissable/Notional Rates	27,341,207	28,005,146	28,780,888	29,460,117	30,193,674	31,017,962	31,824,429	32,530,931	33,324,686	34,254,445	35,210,144	36,192,154
$ Change		663,939	775,743	679,229	733,557	824,287	806,467	706,502	793,755	929,759	955,699	982,011
% Change		2.43%	2.77%	2.36%	2.49%	2.73%	2.60%	2.22%	2.44%	2.79%	2.79%	2.79%
Net Rates (net of internal rates & abandonments)	26,740,913	27,436,074	28,194,645	28,799,215	29,575,644	30,401,949	31,211,188	31,919,842	32,715,391	33,645,221	34,601,325	35,593,122
$ Change		695,161	758,571	604,570	776,429	826,305	809,239	708,654	795,549	929,830	956,104	991,797
% Change		2.60%	2.76%	2.14%	2.70%	2.79%	2.66%	2.27%	2.49%	2.84%	2.84%	2.87%
Net Rates as % Total Revenue	29%	31%	31%	30%	30%	30%	30%	30%	30%	30%	30%	29%
Enviro Levy	945,170	0	0	0	0	0	0	0	0	0	0	0
		(945,170)	0	0	0	0	0	0	0	0	0	0
		(100.00%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Domestic Waste	11,081,070	11,131,040	11,423,638	11,717,043	12,159,534	12,456,108	12,752,682	13,049,256	13,367,966	13,740,349	14,123,104	14,516,521
$ Change		49,970	292,598	293,405	442,491	296,574	296,574	296,574	318,710	372,382	382,755	393,417
% Change		0.45%	2.63%	2.57%	3.78%	2.44%	2.38%	2.33%	2.44%	2.79%	2.79%	2.79%
User Charges	18,690,993	18,928,996	19,552,673	19,986,923	20,456,749	21,015,894	21,503,871	22,042,423	22,580,780	23,209,797	23,856,336	24,520,885
$ Change		238,003	623,677	434,250	469,826	559,145	487,978	538,552	538,356	629,017	646,539	664,549
% Change		1.27%	3.29%	2.22%	2.35%	2.73%	2.32%	2.50%	2.44%	2.79%	2.79%	2.79%
Investments	2,400,000	2,150,000	2,148,009	1,600,000	1,450,000	1,187,496	1,164,170	1,066,288	972,926	1,064,339	1,225,011	1,312,072
$ Change		(250,000)	(1,991)	(548,009)	(150,000)	(262,504)	(23,326)	(97,882)	(93,362)	91,414	160,672	87,061
% Change		(10.42%)	(0.09%)	(25.51%)	(9.38%)	(18.10%)	(1.96%)	(8.41%)	(8.76%)	9.40%	15.10%	7.11%
Parking - off street	3,820,000	3,840,000	3,739,833	5,393,539	5,586,082	5,865,386	6,158,655	6,466,588	6,789,918	7,129,413	7,485,884	7,860,178
$ Change		20,000	(100,167)	1,653,706	192,543	279,304	293,269	307,933	323,329	339,496	356,471	374,294
% Change		0.52%	(2.61%)	44.22%	3.57%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Parking - meters	7,172,000	7,530,600	7,850,000	8,400,000	8,800,000	9,240,000	9,702,000	10,641,100	11,173,155	11,731,813	12,318,403	13,388,324
$ Change		358,600	319,400	550,000	400,000	440,000	462,000	939,100	532,055	558,658	586,591	1,069,920
% Change		5.00%	4.24%	7.01%	4.76%	5.00%	5.00%	9.68%	5.00%	5.00%	5.00%	8.69%
Parking - fines	10,218,000	10,799,985	11,300,000	11,700,000	12,100,000	12,430,729	12,754,499	13,037,913	13,356,347	13,728,405	14,110,828	14,503,903
$ Change		581,985	500,015	400,000	400,000	330,729	323,769	283,414	318,433	372,058	382,423	393,075
% Change		5.70%	4.63%	3.54%	3.42%	2.73%	2.60%	2.22%	2.44%	2.79%	2.79%	2.79%
Other Revenue	1,408,687	952,958	979,357	1,002,465	1,027,423	1,055,506	1,082,997	1,107,062	1,134,101	1,165,692	1,198,164	1,231,541
$ Change		(455,729)	26,399	23,107	24,958	28,083	27,492	24,065	27,038	31,592	32,472	33,376
% Change		(32.35%)	2.77%	2.36%	2.49%	2.73%	2.60%	2.22%	2.44%	2.79%	2.79%	2.79%
Grants	8,380,271	8,239,894	8,396,821	8,309,498	8,440,320	8,606,069	8,768,330	8,910,366	9,069,953	9,256,414	9,448,070	9,645,064
$ Change		(140,377)	156,927	(87,323)	130,822	165,749	162,261	142,036	159,587	186,461	191,656	196,994
% Change		(1.68%)	1.90%	(1.04%)	1.57%	1.96%	1.89%	1.62%	1.79%	2.06%	2.07%	2.09%
Asset Sales	204,769	713,365	25,744	92,518	115,206	209,958	754,653	145,949	784,939	138,977	182,596	130,026
$ Change		508,596	(687,621)	66,774	22,688	94,753	544,695	(608,704)	638,990	(645,962)	43,619	(52,570)
% Change		248.38%	(96.39%)	259.37%	24.52%	82.25%	259.43%	(80.66%)	437.82%	(82.29%)	31.39%	(28.79%)

Financial Table 2 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied

Base Layer - analysis

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
Revenue												
(ex rates, enviro levy and domestic waste)	52,294,720	53,155,798	53,992,437	56,484,942	57,975,780	59,611,038	61,889,176	63,417,690	65,862,118	67,424,851	69,825,293	72,591,993
$ Change		861,078	836,639	2,492,505	1,490,837	1,635,258	2,278,138	1,528,514	2,444,428	1,562,733	2,400,442	2,766,701
% Change		1.65%	1.57%	4.62%	2.64%	2.82%	3.82%	2.47%	3.85%	2.37%	3.56%	3.96%
Total Operating Revenue	91,061,873	91,722,912	93,610,720	97,001,200	99,710,958	102,469,095	105,853,046	108,386,788	111,945,475	114,810,421	118,549,721	122,701,637
$ Change		661,039	1,887,809	3,390,480	2,709,758	2,758,137	3,383,951	2,533,742	3,558,687	2,864,946	3,739,301	4,151,915
% Change		0.73%	2.06%	3.62%	2.79%	2.77%	3.30%	2.39%	3.28%	2.56%	3.26%	3.50%
Expenditure												
Employee Costs	44,028,378	46,633,716	48,821,680	51,385,199	54,058,044	57,003,536	60,108,437	63,381,324	66,831,234	70,467,687	73,991,776	77,692,105
		2,605,338	2,187,964	2,563,519	2,672,845	2,945,492	3,104,901	3,272,887	3,449,910	3,636,453	3,524,089	3,700,329
		5.92%	4.69%	5.25%	5.20%	5.45%	5.45%	5.44%	5.44%	5.44%	5.00%	5.00%
Other Employee Costs	4,633,131	4,381,894	4,399,094	4,053,030	3,669,287	3,783,581	3,900,561	4,018,480	4,141,608	4,271,078	4,404,606	4,542,319
$ Change		(251,237)	17,200	(346,064)	(383,743)	114,294	116,981	117,919	123,128	129,470	133,528	137,713
% Change		(5.42%)	0.39%	(7.87%)	(9.47%)	3.11%	3.09%	3.02%	3.06%	3.13%	3.13%	3.13%
Total Employee Costs	48,661,509	51,015,610	53,220,774	55,438,229	57,727,331	60,787,116	64,008,998	67,399,804	70,972,841	74,738,765	78,396,382	82,234,424
$ Change		2,354,101	2,205,164	2,217,455	2,289,102	3,059,785	3,221,881	3,390,806	3,573,038	3,765,924	3,657,617	3,838,042
% Change		4.84%	4.32%	4.17%	4.13%	5.30%	5.30%	5.30%	5.30%	5.31%	4.89%	4.90%
Borrowing Costs	317,000	251,251	177,291	95,349	58,550	22,060	3,436	0	0	0	0	0
$ Change		(65,749)	(73,961)	(81,941)	(36,799)	(36,490)	(18,624)	(3,436)	0	0	0	0
% Change		(20.74%)	(29.44%)	(46.22%)	(38.59%)	(62.32%)	(84.42%)	(100.00%)	0.00%	0.00%	0.00%	0.00%
Materials & Contracts	16,837,185	16,034,036	16,000,927	16,489,500	16,831,745	17,063,236	17,513,616	17,907,861	18,350,819	18,868,372	19,400,342	19,947,131
$ Change		(803,149)	(33,109)	488,573	342,245	231,491	450,381	394,245	442,958	517,553	531,970	546,789
% Change		(4.77%)	(0.21%)	3.05%	2.08%	1.38%	2.64%	2.25%	2.47%	2.82%	2.82%	2.82%
Depreciation & Amortisation	11,388,326	11,487,781	11,535,708	11,633,689	11,682,256	11,750,522	11,818,744	11,887,397	11,967,916	12,082,812	12,152,868	12,223,526
$ Change		99,455	47,928	97,980	48,567	68,265	68,222	68,654	80,519	114,896	70,056	70,658
% Change		0.87%	0.42%	0.85%	0.42%	0.58%	0.58%	0.58%	0.68%	0.96%	0.58%	0.58%
Other Expenses	18,003,654	17,926,090	18,875,403	19,066,278	18,760,023	19,272,791	20,149,403	20,426,969	21,096,280	21,863,031	22,995,518	23,488,771
$ Change		(77,564)	949,313	190,875	(306,255)	512,768	876,612	277,566	669,311	766,751	1,132,487	493,252
% Change		(0.43%)	5.30%	1.01%	(1.61%)	2.73%	4.55%	1.38%	3.28%	3.63%	5.18%	2.14%
Total Operating Expenditure	95,207,674	96,714,768	99,810,103	102,723,045	105,059,905	108,895,725	113,494,197	117,622,031	122,387,856	127,552,980	132,945,110	137,893,851
$ Change		1,507,094	3,095,335	2,912,942	2,336,860	3,835,820	4,598,472	4,127,834	4,765,825	5,165,124	5,392,130	4,948,741
% Change		1.58%	3.20%	2.92%	2.27%	3.65%	4.22%	3.64%	4.05%	4.22%	4.23%	3.72%

Financial Table 3 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied

Service Plus - All Layers

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
INCOME STATEMENT												
Income from Continuing Operations												
Revenue:												
Rates (net of internal council rates & abandonments)	26,740,913	27,436,074	28,194,645	28,799,215	29,575,644	30,401,949	31,211,188	31,919,842	32,715,391	33,645,221	34,601,325	35,593,122
Domestic Waste Charges (net of internal charges)	11,081,070	11,131,040	11,423,638	11,717,043	12,159,534	12,456,108	12,752,682	13,049,256	13,367,966	13,740,349	14,123,104	14,516,521
Environmental levy	945,170	0	0	0	0	0	0	0	0	0	0	0
User Charges & Fees (excl. parking fees)	18,690,993	19,417,316	20,697,396	21,173,255	22,351,379	23,430,822	24,478,056	26,013,892	26,828,274	27,597,369	28,389,016	29,203,895
Interest & Investment Revenue (excl. FV adjustment)	2,400,000	2,150,000	2,787,233	2,660,169	1,805,459	1,277,839	1,257,372	1,149,628	1,053,813	1,154,500	1,321,257	1,453,753
Off Street Parking Income	3,820,000	3,840,000	3,739,833	5,393,539	5,586,082	5,865,386	6,158,655	6,466,588	6,789,918	7,129,413	7,485,884	7,860,178
Parking Meter Income	7,172,000	7,530,600	7,850,000	8,400,000	8,800,000	9,240,000	9,702,000	10,641,100	11,173,155	11,731,813	12,318,403	13,388,324
Parking Fines Income	10,218,000	10,799,985	11,300,000	11,700,000	12,100,000	12,430,729	12,754,499	13,037,913	13,356,347	13,728,405	14,110,828	14,503,903
Other Revenues	1,408,687	952,958	979,357	1,002,465	1,027,423	1,055,506	2,109,043	2,155,908	2,208,563	2,270,085	2,333,321	2,398,319
Fair Value Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Grants & Contributions provided for Operating Purposes	7,239,772	7,519,788	7,663,798	7,563,235	7,694,057	7,859,806	8,022,067	8,164,103	8,323,690	8,510,151	8,701,807	8,898,801
Grants & Contributions provided for Capital Purposes	2,665,499	1,215,106	1,383,023	1,575,805	1,486,034	2,486,034	1,486,034	1,486,034	1,486,034	1,486,034	2,486,034	1,486,034
Other Income:	0	0	0	0	0	0	0	0	0	0	0	0
Asset Sales	204,769	713,365	34,025,744	92,518	115,206	209,958	754,653	145,949	784,939	138,977	182,596	130,026
Asset Sales - WDV	0	0	(44,955,000)	0	0	0	0	0	0	0	0	0
Total Income from Continuing Operations	92,586,873	92,706,232	85,089,668	100,077,243	102,700,818	106,714,138	110,686,249	114,230,214	118,088,090	121,132,317	126,053,575	129,432,876
Expenses from Continuing Operations												
Employee Costs	44,028,378	47,718,754	51,229,470	54,144,603	57,565,845	60,855,336	64,526,075	68,260,229	72,009,099	75,890,946	79,672,417	83,642,706
Other Employment Costs	4,633,131	4,381,894	4,399,094	4,053,030	3,669,287	3,783,581	3,900,561	4,018,480	4,141,608	4,271,078	4,404,606	4,542,319
Borrowing Costs	317,000	251,251	177,291	95,349	293,047	246,628	217,459	202,826	190,936	178,310	164,902	150,664
Materials & Contracts	16,857,185	16,526,084	17,105,980	18,545,494	19,067,668	19,715,152	20,679,064	21,033,857	21,679,812	21,915,054	22,584,199	23,345,132
Depreciation & Amortisation	11,388,326	11,699,982	12,020,948	12,469,111	12,580,499	13,304,743	13,493,033	13,663,541	13,858,246	14,073,596	14,253,229	14,407,166
Other Expenses	18,003,654	17,926,090	18,875,403	19,066,278	18,760,023	19,272,791	20,149,403	20,426,969	21,096,280	21,863,031	22,995,518	23,488,771
Total Expenses from Continuing Operations	95,227,674	98,504,055	103,808,185	108,373,865	111,936,369	117,178,231	122,965,595	127,605,903	132,975,980	138,192,015	144,074,871	149,576,758
Operating Result from Continuing Operations - Surplus/(Deficit)	**(2,640,801)**	**(5,797,824)**	**(18,718,517)**	**(8,296,622)**	**(9,235,552)**	**(10,464,093)**	**(12,279,346)**	**(13,375,689)**	**(14,887,891)**	**(17,059,697)**	**(18,021,295)**	**(20,143,882)**
Capital Purchases												
Operating Plant & Equipment	1,512,686	3,761,269	233,880	759,711	696,475	1,090,615	3,904,080	961,030	4,073,622	769,421	972,556	592,575
Furniture & Equipment	349,152	368,275	378,378	388,784	399,503	410,423	421,112	430,470	440,984	453,268	465,894	478,872
Library Resources	230,800	230,800	230,800	230,800	230,800	237,108	243,284	248,690	254,764	261,861	269,155	276,653
Social & Affordable Housing Program	0	0	0	0	0	1,988,252	0	0	0	0	0	1,244,105
Capital Works Program	21,630,043	10,207,264	15,646,021	31,593,978	23,759,671	17,686,536	17,143,229	16,913,262	20,535,024	14,718,033	14,963,987	13,370,009
Total Capital Purchases	**23,722,681**	**14,567,608**	**16,489,079**	**32,973,273**	**25,086,449**	**21,412,934**	**21,711,706**	**18,553,452**	**25,304,393**	**16,202,582**	**16,671,592**	**15,962,214**
Sources of Funding												
Reserves												
Transfer to Reserve - Operating Expenses	4,780,550	5,242,233	6,145,772	6,189,860	6,883,496	5,278,245	5,283,188	5,738,568	6,179,750	5,760,466	5,775,398	5,624,800
Transfer to Reserve - Capital Expenses	0	0	30,343,428	0	0	0	0	0	0	0	0	0
Total transfer to Reserve	4,780,550	5,242,233	36,489,200	6,189,860	6,883,496	5,278,245	5,283,188	5,738,568	6,179,750	5,760,466	5,775,398	5,624,800
Transfer from Reserve - Operating Expenses	1,729,270	2,164,911	1,406,596	1,103,815	2,107,255	2,794,946	782,024	467,303	477,251	488,874	836,242	1,757,206
Transfer from Reserve - Capital Expenses	19,183,159	9,913,815	8,147,119	20,059,516	12,884,062	3,576,071	4,658,086	3,389,465	9,255,567	2,054,828	2,214,344	1,836,511
Total transfer from Reserve	20,912,429	12,078,727	9,553,714	21,163,331	14,991,317	6,371,017	5,440,111	3,856,768	9,732,818	2,543,702	3,050,586	3,593,717
Net Reserve Movements to/(from)	**(16,131,879)**	**(6,836,494)**	**26,935,486**	**(14,973,471)**	**(8,107,822)**	**(1,092,772)**	**(156,923)**	**1,881,799**	**(3,553,068)**	**3,216,764**	**2,724,812**	**2,031,084**
Loan												
Loan - External	0	0	0	3,905,574	0	0	0	0	0	0	0	0
Loan repayment	1,345,640	1,194,650	1,288,599	793,950	795,865	501,830	308,117	192,087	203,977	216,603	230,011	244,249
Loan Balance	**(1,345,640)**	**(1,194,650)**	**(1,288,599)**	**3,111,624**	**(795,865)**	**(501,830)**	**(308,117)**	**(192,087)**	**(203,977)**	**(216,603)**	**(230,011)**	**(244,249)**
Net Result for the Year - Surplus/(Deficit)	**(11,577,243)**	**(14,723,587)**	**(63,431,681)**	**(23,184,800)**	**(27,010,044)**	**(31,286,084)**	**(34,142,246)**	**(34,003,028)**	**(36,843,194)**	**(36,695,647)**	**(37,647,710)**	**(38,381,429)**
Net Budget Result for the Year - Surplus/(Deficit) (excl. Depreciation & Amortisation & WDV of asset sales)	**(188,917)**	**(3,023,605)**	**(6,455,733)**	**(10,715,688)**	**(14,429,545)**	**(17,981,341)**	**(20,649,213)**	**(20,339,486)**	**(22,984,948)**	**(22,622,051)**	**(23,394,482)**	**(23,974,263)**

Financial Table 3 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied

Service Plus - All Layers

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
BALANCE SHEET												
CURRENT ASSETS												
Cash & Cash Equivalents	13,041,334	9,633,413	3,298,356	(6,874,415)	(21,358,177)	(39,323,272)	(59,620,448)	(79,986,236)	(102,594,317)	(125,367,645)	(148,451,945)	(172,076,364)
Investments	9,620,566	4,428,868	29,617,624	14,934,082	5,511,914	2,600,991	3,101,142	3,951,054	242,189	2,781,341	4,022,606	4,585,203
Receivables	6,593,532	6,649,137	6,855,077	7,008,602	7,083,778	7,208,394	7,345,065	7,494,775	7,621,348	7,778,481	7,975,826	8,127,947
Inventories	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000
Other	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	29,945,433	21,401,419	40,461,057	15,758,269	-8,072,486	-28,823,887	-48,484,242	-67,850,407	-94,040,781	-114,117,822	-135,763,513	-158,673,214
NON-CURRENT ASSETS												
Investments	9,055,788	6,569,517	7,038,534	5,504,655	4,311,514	5,749,665	4,752,591	5,524,478	5,430,275	5,827,887	7,031,434	8,299,921
Receivables	2,666,969	2,675,166	2,696,233	2,713,756	2,729,333	2,743,560	2,756,304	2,768,126	2,779,844	2,793,288	2,807,978	2,823,077
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	1,180,452,355	1,183,319,981	1,187,788,112	1,208,292,273	1,220,798,223	1,228,906,414	1,237,125,086	1,242,014,997	1,253,461,145	1,255,590,131	1,258,008,494	1,259,563,542
Investment Property	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000
Non-current assets classified as "held for sale"	44,955,000	44,955,000	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	1,352,769,112	1,353,158,663	1,313,161,879	1,332,149,685	1,343,478,070	1,353,038,639	1,360,272,981	1,365,946,600	1,377,310,264	1,379,850,306	1,383,486,906	1,386,325,541
Total Assets	**1,382,714,545**	**1,374,560,083**	**1,353,622,936**	**1,347,907,954**	**1,335,405,584**	**1,324,214,751**	**1,311,788,739**	**1,298,096,194**	**1,283,269,483**	**1,265,732,484**	**1,247,723,393**	**1,227,652,327**
CURRENT LIABILITIES												
Payables	10,281,851	9,857,504	10,106,408	10,738,353	10,678,626	10,741,162	11,059,332	11,079,498	11,519,176	11,429,257	11,765,077	11,970,433
Borrowings	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000
Provisions	18,394,135	17,656,493	16,477,559	15,315,630	12,904,404	12,616,957	12,460,238	12,315,303	12,140,782	11,970,003	11,876,399	11,988,108
Total Current Liabilities	30,021,986	28,859,997	27,929,967	27,399,983	24,929,030	24,704,119	24,865,570	24,740,801	25,005,958	24,745,260	24,987,476	25,304,541
NON-CURRENT LIABILITIES												
Payables	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings	3,025,360	1,830,710	542,111	3,653,735	2,857,869	2,356,040	2,047,923	1,855,836	1,651,858	1,435,255	1,205,244	960,995
Provisions	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000
Total Non-Current Liabilities	3,669,360	2,474,710	1,186,111	4,297,735	3,501,869	3,000,040	2,691,923	2,499,836	2,295,858	2,079,255	1,849,244	1,604,995
Total Liabilities	**33,691,346**	**31,334,707**	**29,116,078**	**31,697,718**	**28,430,899**	**27,704,159**	**27,557,493**	**27,240,637**	**27,301,817**	**26,824,514**	**26,836,719**	**26,909,536**
NET ASSETS	**1,349,023,199**	**1,343,225,375**	**1,324,506,858**	**1,316,210,237**	**1,306,974,685**	**1,296,510,592**	**1,284,231,246**	**1,270,855,557**	**1,255,967,666**	**1,238,907,969**	**1,220,886,674**	**1,200,742,792**
EQUITY												
Retained Earning	1,111,053,000	1,108,412,199	1,102,614,375	1,083,895,858	1,075,599,237	1,066,363,685	1,055,899,592	1,043,620,246	1,030,244,557	1,015,356,666	998,296,969	980,275,674
Revaluation Reserves	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000
Retained Earning	1,351,664,000	1,349,023,199	1,343,225,375	1,324,506,858	1,316,210,237	1,306,974,685	1,296,510,592	1,284,231,246	1,270,855,557	1,255,967,666	1,238,907,969	1,220,886,674
Surplus/(Deficit) Operating & Capital Revenue	(2,640,801)	(5,797,824)	(18,718,517)	(8,296,622)	(9,235,552)	(10,464,093)	(12,279,346)	(13,375,689)	(14,887,891)	(17,059,697)	(18,021,295)	(20,143,882)
TOTAL EQUITY	**1,349,023,199**	**1,343,225,375**	**1,324,506,858**	**1,316,210,237**	**1,306,974,685**	**1,296,510,592**	**1,284,231,246**	**1,270,855,557**	**1,255,967,666**	**1,238,907,969**	**1,220,886,674**	**1,200,742,792**
								(0)				
Total Cash, Cash Equivalents & Investment Securities attributable to:												
- External Restrictions	8,065,252	5,578,980	6,047,998	4,514,119	3,320,978	4,759,129	3,762,055	4,533,941	4,439,739	4,837,351	6,040,897	7,309,385
- Internal Restrictions	22,099,239	16,907,540	42,096,296	27,412,754	17,990,586	15,079,663	15,579,814	16,429,727	12,720,861	15,260,014	16,501,278	17,063,875
- Unrestricted	1,553,198	(1,854,722)	(8,189,780)	(18,362,550)	(32,846,313)	(50,811,408)	(71,108,584)	(91,474,371)	(114,082,453)	(136,855,780)	(159,940,081)	(183,564,499)
	31,717,689	**20,631,799**	**39,954,515**	**13,564,322**	**-11,534,749**	**(30,972,616)**	**(51,766,716)**	**(70,510,703)**	**(96,921,853)**	**(116,758,416)**	**(137,397,905)**	**(159,191,240)**

Financial Table 3 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied

Service Plus - All Layers

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
CASH FLOW STATEMENT												
Cash Flows from Operation Activities												
Receipts												
Rates	26,710,505	27,414,784	28,171,414	28,780,700	29,551,866	30,376,644	31,186,405	31,898,139	32,691,027	33,616,745	34,572,044	35,562,748
Domestic Waste Charge	11,048,942	11,129,510	11,414,677	11,708,057	12,145,983	12,447,025	12,743,599	13,040,173	13,358,206	13,728,944	14,111,382	14,504,473
Enviromental Levy	944,430	28,946	0	0	0	0	0	0	0	0	0	0
User Charges & Fees	29,499,549	30,749,460	32,241,088	34,884,331	36,682,968	38,480,852	40,283,239	43,035,938	44,739,959	46,407,286	48,139,918	50,382,873
Investments Income	2,382,250	2,170,833	2,734,131	2,670,758	1,876,685	1,321,808	1,259,078	1,158,607	1,061,798	1,146,109	1,307,360	1,442,711
Grants & Contributions	9,892,798	8,769,427	9,037,221	9,136,202	9,178,828	10,309,964	9,533,882	9,645,766	9,804,813	9,990,447	11,151,168	10,409,548
Other Operating Receipts	11,813,128	11,666,105	12,193,386	12,633,629	13,058,530	13,429,044	14,775,978	15,144,110	15,509,056	15,933,231	16,377,072	16,833,277
	92,291,603	91,929,065	95,791,917	99,813,676	102,494,860	106,365,336	109,782,181	113,922,733	117,164,859	120,822,763	125,658,944	129,135,630
Payments												
Employee Benefits & On-Costs	44,884,243	48,456,396	52,408,404	55,306,532	59,977,071	61,142,782	64,682,794	68,405,164	72,183,620	76,061,725	79,766,021	83,530,998
Materials & Contracts	21,731,437	20,990,827	21,401,487	22,408,828	22,712,940	23,366,577	24,392,108	24,970,329	25,687,996	26,122,860	26,849,554	27,731,550
Borrowing Costs	404,233	319,870	254,308	180,740	87,055	295,000	247,847	218,074	203,324	191,465	178,872	165,499
Other Operating Expenses	17,319,549	17,924,318	18,710,712	19,033,164	18,813,153	19,183,834	19,997,325	20,378,815	20,980,165	21,730,012	22,799,050	23,403,199
	84,339,463	87,691,410	92,774,912	96,929,264	101,590,219	103,988,193	109,320,074	113,972,383	119,055,106	124,106,063	129,593,496	134,831,246
Net Cash provided by (or used in) Operating Activities	**7,952,140**	**4,237,655**	**3,017,006**	**2,884,413**	**904,641**	**2,377,144**	**462,107**	**(49,650)**	**(1,890,246)**	**(3,283,300)**	**(3,934,552)**	**(5,695,616)**
CASH FLOW FROM INVESTING ACTIVITIES												
Receipts												
Proceeds from sale of Infrastructure, Property, Plant and Equipment	204,769	713,365	34,025,744	92,518	115,206	209,958	754,653	145,949	784,939	138,977	182,596	130,026
Proceeds from sale of Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of Investment Securities	17,009,645	7,677,970	0	16,217,421	10,615,309	2,910,923	997,074	0	3,803,068	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0	0	0
Distribution received from associated entities	0	0	0	0	0	0	0	0	0	0	0	0
	17,214,414	8,391,335	34,025,744	16,309,939	10,730,515	3,120,882	1,751,727	145,949	4,588,007	138,977	182,596	130,026
Payments												
Purchase of Infrastructure, Property, Plant & equipment	23,313,581	14,842,260	16,431,434	32,478,747	25,323,053	21,523,139	21,702,743	18,648,200	25,101,865	16,475,636	16,657,522	15,983,495
Purchase Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of Investment Securities	0	0	25,657,773	0	0	1,438,151	500,151	1,621,799	0	2,936,764	2,444,812	1,831,084
Loans to Deferred Debtors	0	0	0	0	0	0	0	0	0	0	0	0
	23,313,581	14,842,260	42,089,208	32,478,747	25,323,053	22,961,290	22,202,894	20,269,999	25,101,865	19,412,400	19,102,334	17,814,579
Net Cash provided by (or used in) Investing Activities	**(6,099,166)**	**(6,450,926)**	**(8,063,464)**	**(16,168,808)**	**(14,592,538)**	**(19,840,409)**	**(20,451,167)**	**(20,124,050)**	**(20,513,858)**	**(19,273,424)**	**(18,919,737)**	**(17,684,553)**
CASH FLOW FROM FINANCING ACTIVITIES												
Receipts												
Proceeds from Borrowings and Advances	0	0	0	3,905,574	0	0	0	0	0	0	0	0
	0	0	0	3,905,574	0	0	0	0	0	0	0	0
Payments												
Repayments of Borrowings & Advances	1,345,640	1,194,650	1,288,599	793,950	795,865	501,830	308,117	192,087	203,977	216,603	230,011	244,249
	1,345,640	1,194,650	1,288,599	793,950	795,865	501,830	308,117	192,087	203,977	216,603	230,011	244,249
Net Cash provided by (or used in) Financing Activities	**(1,345,640)**	**(1,194,650)**	**(1,288,599)**	**3,111,624**	**(795,865)**	**(501,830)**	**(308,117)**	**(192,087)**	**(203,977)**	**(216,603)**	**(230,011)**	**(244,249)**
Net Increase (Decrease) in cash held	**507,334**	**(3,407,921)**	**(6,335,057)**	**(10,172,771)**	**(14,483,762)**	**(17,965,095)**	**(20,297,177)**	**(20,365,787)**	**(22,608,082)**	**(22,773,327)**	**(23,084,300)**	**(23,624,418)**
Cash Assets & Investments at the beginning of the reporting pe	**12,534,000**	**13,041,334**	**9,633,413**	**3,298,356**	**(6,874,415)**	**(21,358,177)**	**(39,323,272)**	**(59,620,448)**	**(79,986,236)**	**(102,594,317)**	**(125,367,645)**	**(148,451,945)**
Cash at the end of the reporting period	**13,041,334**	**9,633,413**	**3,298,356**	**(6,874,415)**	**(21,358,177)**	**(39,323,272)**	**(59,620,448)**	**(79,986,236)**	**(102,594,317)**	**(125,367,645)**	**(148,451,945)**	**(172,076,364)**
Plus Other Current Investments	9,620,566	4,428,868	29,617,624	14,934,082	5,511,914	2,600,991	3,101,142	3,951,054	242,189	2,781,341	4,022,606	4,585,203
Plus Other Non-Current Investments	9,055,788	6,569,517	7,038,534	5,504,655	4,311,514	5,749,665	4,752,591	5,524,478	5,430,275	5,827,887	7,031,434	8,299,921
Total Cash & Investment Securities	**31,717,689**	**20,631,799**	**39,954,515**	**13,564,322**	**(11,534,749)**	**(30,972,616)**	**(51,766,716)**	**(70,510,703)**	**(96,921,853)**	**(116,758,416)**	**(137,397,905)**	**(159,191,240)**

Financial Table 3 - Waverley Council LTFP3.1 - Scenario 1 - LGCI is Applied

Service Plus - All Layers

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
RESERVE BALANCE												
External Restriction												
Voluntary Planning Agreement	130,607	430,607	730,607	1,030,607	1,330,607	1,630,607	1,930,607	2,230,607	2,530,607	2,830,607	3,130,607	3,430,607
SEPP 10	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513
Clause 18	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388
Section 94A	0	0	0	0	0	0	0	0	0	0	0	0
Affordable Housing	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415
Unexpended Grants/Subsidy	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758
Environmental Levy	59	59	59	59	59	59	59	59	59	59	59	59
Domestic Waste Reserve	6,025,513	3,239,242	3,408,259	1,574,380	81,239	1,219,390	(77,684)	394,203	0	97,612	1,001,159	1,969,646
Total External Restricted Reserve	**8,065,252**	**5,578,980**	**6,047,998**	**4,514,119**	**3,320,978**	**4,759,129**	**3,762,055**	**4,533,941**	**4,439,739**	**4,837,351**	**6,040,897**	**7,309,385**
Internal Restriction												
Employees Leave Entitlements	3,917,667	4,003,524	3,642,066	3,303,292	2,716,429	2,586,429	2,496,429	2,486,429	2,486,429	2,456,429	2,426,429	2,476,429
Replacement - Plant & Vehicles	1,390,246	1,295,968	1,592,832	1,397,639	1,288,370	905,314	678,597	1,008,412	158,272	1,025,428	915,186	950,237
Computer	209,961	264,961	319,961	374,961	429,961	484,961	539,961	594,961	649,961	704,961	759,961	814,961
Centralised Reserve	4,292,885	(2,841)	1,193,799	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Election Reserve	208,996	283,996	58,996	133,996	208,996	283,996	35,421	110,421	185,421	260,421	0	75,000
DA Digitising Reserve	33	33	33	33	33	33	33	33	33	33	33	33
Looking Good	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080
State Government Taxes Crown Land	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Sculpture by the Sea	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Deposits & Bonds	5,695,718	4,695,718	5,195,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718
Insurance Risk	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745
Parking Meters	2,458,549	3,208,549	8,549	758,549	1,508,549	2,258,549	3,008,549	3,758,549	(33,951)	716,049	1,466,049	2,216,049
Off-Street Parking Facilities	701,725	1,725	151,725	301,725	451,725	601,725	751,725	(248,275)	(98,275)	51,725	201,725	351,725
Housing Stock	1,016,516	1,205,340	1,399,106	1,596,729	1,798,477	(0)	194,718	393,762	597,669	807,255	1,022,679	(0)
Street Tree (Sewer)/Bundling Cables	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479
Unexpended Loans	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074
Carry Overs	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072
Waverley Cemetery	924,492	668,117	766,256	615,199	559,630	201,271	201,271	201,271	201,271	201,271	201,271	201,271
Investment Strategy	0	0	26,484,805	11,952,462	2,050,247	779,216	694,941	1,145,994	1,595,863	2,058,273	2,529,776	3,000,001
Total Interal Restriction	**22,099,239**	**16,907,540**	**42,096,296**	**27,412,754**	**17,990,586**	**15,079,663**	**15,579,814**	**16,429,727**	**12,720,861**	**15,260,014**	**16,501,278**	**17,063,875**
Total Restricted Reserve Balance	**30,164,491**	**22,486,521**	**48,144,294**	**31,926,873**	**21,311,563**	**19,838,791**	**19,341,869**	**20,963,668**	**17,160,600**	**20,097,364**	**22,542,176**	**24,373,260**

Financial Table 4 - Waverley Council LTFP3.1 - Scenario 2 - Rate Variation is Approved

Service Plus - All Layers

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
INCOME STATEMENT												
Income from Continuing Operations												
Revenue:												
Rates (net of internal council rates & abandonments)	26,740,913	30,455,385	34,650,378	39,002,693	43,627,454	48,208,337	52,387,815	53,551,912	54,859,845	56,388,037	57,958,799	59,573,317
Domestic Waste Charges (net of internal charges)	11,081,070	11,131,040	11,423,638	11,717,043	12,159,534	12,456,108	12,752,682	13,049,256	13,367,966	13,740,349	14,123,104	14,516,521
Environmental levy	945,170	0	0	0	0	0	0	0	0	0	0	0
User Charges & Fees (excl. parking fees)	18,690,993	19,417,316	20,697,396	21,173,255	22,351,379	23,430,822	24,478,056	26,013,892	26,828,274	27,597,369	28,389,016	29,203,895
Interest & Investment Revenue (excl. FV adjustment)	2,400,000	2,150,000	2,787,233	2,660,169	1,805,459	1,277,839	1,257,372	1,149,628	1,053,813	1,154,500	1,321,257	1,453,753
Off Street Parking Income	3,820,000	3,840,000	3,739,833	5,393,539	5,586,082	5,865,386	6,158,655	6,466,588	6,789,918	7,129,413	7,485,884	7,860,178
Parking Meter Income	7,172,000	7,530,600	7,850,000	8,400,000	8,800,000	9,240,000	9,702,000	10,641,100	11,173,155	11,731,813	12,318,403	13,388,324
Parking Fines Income	10,218,000	10,799,985	11,300,000	11,700,000	12,100,000	12,430,729	12,754,499	13,037,913	13,356,347	13,728,405	14,110,828	14,503,903
Other Revenues	1,408,687	952,958	979,357	1,002,465	1,027,423	1,055,506	2,109,043	2,155,908	2,208,563	2,270,085	2,333,321	2,398,319
Fair Value Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Grants & Contributions provided for Operating Purposes	7,239,772	7,519,788	7,663,798	7,563,235	7,694,057	7,859,806	8,022,067	8,164,103	8,323,690	8,510,151	8,701,807	8,898,801
Grants & Contributions provided for Capital Purposes	2,665,499	1,215,106	1,383,023	1,575,805	1,486,034	2,486,034	1,486,034	1,486,034	1,486,034	1,486,034	2,486,034	1,486,034
Other Income:	0	0	0	0	0	0	0	0	0	0	0	0
Asset Sales	204,769	713,365	34,025,744	92,518	115,206	209,958	754,653	145,949	784,939	138,977	182,596	130,026
Asset Sales - WDV	0	0	(44,955,000)	0	0	0	0	0	0	0	0	0
Total Income from Continuing Operations	92,586,873	95,725,543	91,545,401	110,280,722	116,752,628	124,520,526	131,862,876	135,862,283	140,232,543	143,875,133	149,411,049	153,413,071
Expenses from Continuing Operations												
Employee Costs	44,028,378	47,718,754	51,229,470	54,144,603	57,565,845	60,855,336	64,526,075	68,260,229	72,009,099	75,890,946	79,672,417	83,642,706
Other Employment Costs	4,633,131	4,381,894	4,399,094	4,053,030	3,669,287	3,783,581	3,900,561	4,018,480	4,141,608	4,271,078	4,404,606	4,542,319
Borrowing Costs	317,000	251,251	177,291	95,349	293,047	246,628	217,459	202,826	190,936	178,310	164,902	150,664
Materials & Contracts	16,857,185	16,526,084	17,105,980	18,545,494	19,067,668	19,715,152	20,679,064	21,033,857	21,679,812	21,915,054	22,584,199	23,345,132
Depreciation & Amortisation	11,388,326	11,699,982	12,020,948	12,469,111	12,580,499	13,304,743	13,493,033	13,663,541	13,858,246	14,073,596	14,253,229	14,407,166
Other Expenses	18,003,654	17,926,090	18,875,403	19,066,278	18,760,023	19,272,791	20,149,403	20,426,969	21,096,280	21,863,031	22,995,518	23,488,771
Total Expenses from Continuing Operations	95,227,674	98,504,055	103,808,185	108,373,865	111,936,369	117,178,231	122,965,595	127,605,903	132,975,980	138,192,015	144,074,871	149,576,758
Operating Result from Continuing Operations - Surplus/(Deficit)	**(2,640,801)**	**(2,778,512)**	**(12,262,784)**	**1,906,857**	**4,816,258**	**7,342,295**	**8,897,281**	**8,256,380**	**7,256,563**	**5,683,119**	**5,336,179**	**3,836,313**
Capital Purchases												
Operating Plant & Equipment	1,512,686	3,761,269	233,880	759,711	696,475	1,090,615	3,904,080	961,030	4,073,622	769,421	972,556	592,575
Furniture & Equipment	349,152	368,275	378,378	388,784	399,503	410,423	421,112	430,470	440,984	453,268	465,894	478,872
Library Resources	230,800	230,800	230,800	230,800	230,800	237,108	243,284	248,690	254,764	261,861	269,155	276,653
Social & Affordable Housing Program	0	0	0	0	0	1,988,252	0	0	0	0	0	1,244,105
Capital Works Program	21,630,043	10,207,264	15,646,021	31,593,978	23,759,671	17,686,536	17,143,229	16,913,262	20,535,024	14,718,033	14,963,987	13,370,009
Total Capital Purchases	**23,722,681**	**14,567,608**	**16,489,079**	**32,973,273**	**25,086,449**	**21,412,934**	**21,711,706**	**18,553,452**	**25,304,393**	**16,202,582**	**16,671,592**	**15,962,214**
Sources of Funding												
Reserves												
Transfer to Reserve - Operating Expenses	4,780,550	5,242,233	6,145,772	6,189,860	6,883,496	5,278,245	5,283,188	5,738,568	6,179,750	5,760,466	5,775,398	5,624,800
Transfer to Reserve - Capital Expenses	0	0	30,343,428	0	0	0	0	0	0	0	0	0
Total transfer to Reserve	4,780,550	5,242,233	36,489,200	6,189,860	6,883,496	5,278,245	5,283,188	5,738,568	6,179,750	5,760,466	5,775,398	5,624,800
Transfer from Reserve - Operating Expenses	1,729,270	2,164,911	1,406,596	1,103,815	2,107,255	2,794,946	782,024	467,303	477,251	488,874	836,242	1,757,206
Transfer from Reserve - Capital Expenses	19,183,159	9,913,815	8,147,119	20,059,516	12,884,062	3,576,071	4,658,086	3,389,465	9,255,567	2,054,828	2,214,344	1,836,511
Total transfer from Reserve	20,912,429	12,078,727	9,553,714	21,163,331	14,991,317	6,371,017	5,440,111	3,856,768	9,732,818	2,543,702	3,050,586	3,593,717
Net Reserve Movements to/(from)	**(16,131,879)**	**(6,836,494)**	**26,935,486**	**(14,973,471)**	**(8,107,822)**	**(1,092,772)**	**(156,923)**	**1,881,799**	**(3,553,068)**	**3,216,764**	**2,724,812**	**2,031,084**
Loan												
Loan - External	0	0	0	3,905,574	0	0	0	0	0	0	0	0
Loan repayment	1,345,640	1,194,650	1,288,599	793,950	795,865	501,830	308,117	192,087	203,977	216,603	230,011	244,249
Loan Balance	**(1,345,640)**	**(1,194,650)**	**(1,288,599)**	**3,111,624**	**(795,865)**	**(501,830)**	**(308,117)**	**(192,087)**	**(203,977)**	**(216,603)**	**(230,011)**	**(244,249)**
Net Result for the Year - Surplus/(Deficit)	**(11,577,243)**	**(11,704,276)**	**(56,975,948)**	**(12,981,321)**	**(12,958,234)**	**(13,479,696)**	**(12,965,619)**	**(12,370,958)**	**(14,698,740)**	**(13,952,831)**	**(14,290,236)**	**(14,401,234)**
Net Budget Result for the Year - Surplus/(Deficit) (excl. Depreciation & Amortisation & WDV of asset sales)	**(188,917)**	**(4,294)**	**(0)**	**(512,210)**	**(377,735)**	**(174,953)**	**527,414**	**1,292,583**	**(840,494)**	**120,765**	**(37,008)**	**5,932**

Financial Table 4 - Waverley Council LTFP3.1 - Scenario 2 - Rate Variation is Approved

Service Plus - All Layers

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
BALANCE SHEET												
CURRENT ASSETS												
Cash & Cash Equivalents	13,041,334	12,560,258	12,575,694	12,491,626	11,941,819	11,668,127	12,444,365	13,696,699	13,217,379	13,168,543	13,422,893	13,759,599
Investments	9,620,566	4,428,868	29,617,624	14,934,082	5,511,914	2,600,991	3,101,142	3,951,054	242,189	2,781,341	4,022,606	4,585,203
Receivables	6,593,532	6,741,604	7,052,784	7,321,084	7,514,115	7,753,714	7,993,599	8,157,257	8,299,521	8,474,980	8,691,149	8,862,340
Inventories	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000
Other	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000	526,000
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	29,945,433	24,420,730	49,936,102	35,436,792	25,657,847	22,712,832	24,229,105	26,495,010	22,449,090	25,114,864	26,826,648	27,897,142
NON-CURRENT ASSETS												
Investments	9,055,788	6,569,517	7,038,534	5,504,655	4,311,514	5,749,665	4,752,591	5,524,478	5,430,275	5,827,887	7,031,434	8,299,921
Receivables	2,666,969	2,675,166	2,696,233	2,713,756	2,729,333	2,743,560	2,756,304	2,768,126	2,779,844	2,793,288	2,807,978	2,823,077
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	1,180,452,355	1,183,319,981	1,187,788,112	1,208,292,273	1,220,798,223	1,228,906,414	1,237,125,086	1,242,014,997	1,253,461,145	1,255,590,131	1,258,008,494	1,259,563,542
Investment Property	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000	115,639,000
Non-current assets classified as "held for sale"	44,955,000	44,955,000	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	1,352,769,112	1,353,158,663	1,313,161,879	1,332,149,685	1,343,478,070	1,353,038,639	1,360,272,981	1,365,946,600	1,377,310,264	1,379,850,306	1,383,486,906	1,386,325,541
Total Assets	**1,382,714,545**	**1,377,579,394**	**1,363,097,980**	**1,367,586,477**	**1,369,135,916**	**1,375,751,471**	**1,384,502,087**	**1,392,441,611**	**1,399,759,354**	**1,404,965,170**	**1,410,313,554**	**1,414,222,683**
CURRENT LIABILITIES												
Payables	10,281,851	9,857,504	10,106,408	10,738,353	10,678,626	10,741,162	11,059,332	11,079,498	11,519,176	11,429,257	11,765,077	11,970,433
Borrowings	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000
Provisions	18,394,135	17,656,493	16,477,559	15,315,630	12,904,404	12,616,957	12,460,238	12,315,303	12,140,782	11,970,003	11,876,399	11,988,108
Total Current Liabilities	30,021,986	28,859,997	27,929,967	27,399,983	24,929,030	24,704,119	24,865,570	24,740,801	25,005,958	24,745,260	24,987,476	25,304,541
NON-CURRENT LIABILITIES												
Payables	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings	3,025,360	1,830,710	542,111	3,653,735	2,857,869	2,356,040	2,047,923	1,855,836	1,651,858	1,435,255	1,205,244	960,995
Provisions	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000	644,000
Total Non-Current Liabilities	3,669,360	2,474,710	1,186,111	4,297,735	3,501,869	3,000,040	2,691,923	2,499,836	2,295,858	2,079,255	1,849,244	1,604,995
Total Liabilities	**33,691,346**	**31,334,707**	**29,116,078**	**31,697,718**	**28,430,899**	**27,704,159**	**27,557,493**	**27,240,637**	**27,301,817**	**26,824,514**	**26,836,719**	**26,909,536**
NET ASSETS	**1,349,023,199**	**1,346,244,687**	**1,333,981,903**	**1,335,888,759**	**1,340,705,017**	**1,348,047,312**	**1,356,944,594**	**1,365,200,974**	**1,372,457,537**	**1,378,140,656**	**1,383,476,834**	**1,387,313,147**
EQUITY												
Retained Earning	1,111,053,000	1,108,412,199	1,105,633,687	1,093,370,903	1,095,277,759	1,100,094,017	1,107,436,312	1,116,333,594	1,124,589,974	1,131,846,537	1,137,529,656	1,142,865,834
Revaluation Reserves	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000	240,611,000
Retained Earning	1,351,664,000	1,349,023,199	1,346,244,687	1,333,981,903	1,335,888,759	1,340,705,017	1,348,047,312	1,356,944,594	1,365,200,974	1,372,457,537	1,378,140,656	1,383,476,834
Surplus/(Deficit) Operating & Capital Revenue	(2,640,801)	(2,778,512)	(12,262,784)	1,906,857	4,816,258	7,342,295	8,897,281	8,256,380	7,256,563	5,683,119	5,336,179	3,836,313
TOTAL EQUITY	**1,349,023,199**	**1,346,244,687**	**1,333,981,903**	**1,335,888,759**	**1,340,705,017**	**1,348,047,312**	**1,356,944,594**	**1,365,200,974**	**1,372,457,537**	**1,378,140,656**	**1,383,476,834**	**1,387,313,147**
Total Cash, Cash Equivalents & Investment Securities attributable to:												
- External Restrictions	8,065,252	5,578,980	6,047,998	4,514,119	3,320,978	4,759,129	3,762,055	4,533,941	4,439,739	4,837,351	6,040,897	7,309,385
- Internal Restrictions	22,099,239	16,907,540	42,096,296	27,412,754	17,990,586	15,079,663	15,579,814	16,429,727	12,720,861	15,260,014	16,501,278	17,063,875
- Unrestricted	1,553,198	1,072,123	1,087,558	1,003,491	453,683	179,992	956,229	2,208,563	1,729,243	1,680,407	1,934,757	2,271,463
	31,717,689	**23,558,644**	**49,231,852**	**32,930,363**	**21,765,246**	**20,018,783**	**20,298,097**	**23,172,231**	**18,889,844**	**21,777,771**	**24,476,933**	**26,644,723**

Financial Table 4 - Waverley Council LTFP3.1 - Scenario 2 - Rate Variation is Approved

Service Plus - All Layers

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
CASH FLOW STATEMENT												
Cash Flows from Operation Activities												
Receipts												
Rates	26,710,505	30,341,629	34,521,906	38,869,403	43,485,821	48,068,047	52,259,819	53,516,261	54,819,789	56,341,236	57,910,695	59,523,872
Domestic Waste Charge	11,048,942	11,129,510	11,414,677	11,708,057	12,145,983	12,447,025	12,743,599	13,040,173	13,358,206	13,728,944	14,111,382	14,504,473
Enviromental Levy	944,430	28,946	0	0	0	0	0	0	0	0	0	0
User Charges & Fees	29,499,549	30,749,460	32,241,088	34,884,331	36,682,968	38,480,852	40,283,239	43,035,938	44,739,959	46,407,286	48,139,918	50,382,873
Investments Income	2,382,250	2,170,833	2,734,131	2,670,758	1,876,685	1,321,808	1,259,078	1,158,607	1,061,798	1,146,109	1,307,360	1,442,711
Grants & Contributions	9,892,798	8,769,427	9,037,221	9,136,202	9,178,828	10,309,964	9,533,882	9,645,766	9,804,813	9,990,447	11,151,168	10,409,548
Other Operating Receipts	11,813,128	11,666,105	12,193,386	12,633,629	13,058,530	13,429,044	14,775,978	15,144,110	15,509,056	15,933,231	16,377,072	16,833,277
	92,291,603	94,855,910	102,142,410	109,902,380	116,428,815	124,056,740	130,855,595	135,540,855	139,293,621	143,547,254	148,997,594	153,096,754
Payments												
Employee Benefits & On-Costs	44,884,243	48,456,396	52,408,404	55,306,532	59,977,071	61,142,782	64,682,794	68,405,164	72,183,620	76,061,725	79,766,021	83,530,998
Materials & Contracts	21,731,437	20,990,827	21,401,487	22,408,828	22,712,940	23,366,577	24,392,108	24,970,329	25,687,996	26,122,860	26,849,554	27,731,550
Borrowing Costs	404,233	319,870	254,308	180,740	87,055	295,000	247,847	218,074	203,324	191,465	178,872	165,499
Other Operating Expenses	17,319,549	17,924,318	18,710,712	19,033,164	18,813,153	19,183,834	19,997,325	20,378,815	20,980,165	21,730,012	22,799,050	23,403,199
	84,339,463	87,691,410	92,774,912	96,929,264	101,590,219	103,988,193	109,320,074	113,972,383	119,055,106	124,106,063	129,593,496	134,831,246
Net Cash provided by (or used in) Operating Activities	**7,952,140**	**7,164,500**	**9,367,498**	**12,973,116**	**14,838,596**	**20,068,547**	**21,535,521**	**21,568,472**	**20,238,516**	**19,441,191**	**19,404,098**	**18,265,508**
CASH FLOW FROM INVESTING ACTIVITIES												
Receipts												
Proceeds from sale of Infrastructure, Property, Plant and Equipment	204,769	713,365	34,025,744	92,518	115,206	209,958	754,653	145,949	784,939	138,977	182,596	130,026
Proceeds from sale of Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of Investment Securities	17,009,645	7,677,970	0	16,217,421	10,615,309	2,910,923	997,074	0	3,803,068	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0	0	0
Distribution received from associated entities	0	0	0	0	0	0	0	0	0	0	0	0
	17,214,414	8,391,335	34,025,744	16,309,939	10,730,515	3,120,882	1,751,727	145,949	4,588,007	138,977	182,596	130,026
Payments												
Purchase of Infrastructure, Property, Plant & equipment	23,313,581	14,842,260	16,431,434	32,478,747	25,323,053	21,523,139	21,702,743	18,648,200	25,101,865	16,475,636	16,657,522	15,983,495
Purchase Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of Investment Securities	0	0	25,657,773	0	0	1,438,151	500,151	1,621,799	0	2,936,764	2,444,812	1,831,084
Loans to Deferred Debtors	0	0	0	0	0	0	0	0	0	0	0	0
	23,313,581	14,842,260	42,089,208	32,478,747	25,323,053	22,961,290	22,202,894	20,269,999	25,101,865	19,412,400	19,102,334	17,814,579
Net Cash provided by (or used in) Investing Activities	**(6,099,166)**	**(6,450,926)**	**(8,063,464)**	**(16,168,808)**	**(14,592,538)**	**(19,840,409)**	**(20,451,167)**	**(20,124,050)**	**(20,513,858)**	**(19,273,424)**	**(18,919,737)**	**(17,684,553)**
CASH FLOW FROM FINANCING ACTIVITIES												
Receipts												
Proceeds from Borrowings and Advances	0	0	0	3,905,574	0	0	0	0	0	0	0	0
	0	0	0	3,905,574	0	0	0	0	0	0	0	0
Payments												
Repayments of Borrowings & Advances	1,345,640	1,194,650	1,288,599	793,950	795,865	501,830	308,117	192,087	203,977	216,603	230,011	244,249
	1,345,640	1,194,650	1,288,599	793,950	795,865	501,830	308,117	192,087	203,977	216,603	230,011	244,249
Net Cash provided by (or used in) Financing Activities	**(1,345,640)**	**(1,194,650)**	**(1,288,599)**	**3,111,624**	**(795,865)**	**(501,830)**	**(308,117)**	**(192,087)**	**(203,977)**	**(216,603)**	**(230,011)**	**(244,249)**
Net Increase (Decrease) in cash held	**507,334**	**(481,076)**	**15,435**	**(84,067)**	**(549,808)**	**(273,691)**	**776,237**	**1,252,335**	**(479,320)**	**(48,836)**	**254,350**	**336,706**
Cash Assets & Investments at the beginning of the reporting peric	**12,534,000**	**13,041,334**	**12,560,258**	**12,575,694**	**12,491,626**	**11,941,819**	**11,668,127**	**12,444,365**	**13,696,699**	**13,217,379**	**13,168,543**	**13,422,893**
Cash at the end of the reporting period	**13,041,334**	**12,560,258**	**12,575,694**	**12,491,626**	**11,941,819**	**11,668,127**	**12,444,365**	**13,696,699**	**13,217,379**	**13,168,543**	**13,422,893**	**13,759,599**
Plus Other Current Investments	9,620,566	4,428,868	29,617,624	14,934,082	5,511,914	2,600,991	3,101,142	3,951,054	242,189	2,781,341	4,022,606	4,585,203
Plus Other Non-Current Investments	9,055,788	6,569,517	7,038,534	5,504,655	4,311,514	5,749,665	4,752,591	5,524,478	5,430,275	5,827,887	7,031,434	8,299,921
Total Cash & Investment Securities	**31,717,689**	**23,558,644**	**49,231,852**	**32,930,363**	**21,765,246**	**20,018,783**	**20,298,097**	**23,172,231**	**18,889,844**	**21,777,771**	**24,476,933**	**26,644,723**

Financial Table 4 - Waverley Council LTFP3.1 - Scenario 2 - Rate Variation is Approved

Service Plus - All Layers

	2010-11 Q2 Budget $	2011-12 Draft Budget $	2012-13 Projection $	2013-14 Projection $	2014/15 Projection $	2015/16 Projection $	2016/17 Projection $	2017/18 Projection $	2018/19 Projection $	2019/20 Projection $	2020/21 Projection $	2021/22 Projection $
RESERVE BALANCE												
External Restriction												
Voluntary Planning Agreement	130,607	430,607	730,607	1,030,607	1,330,607	1,630,607	1,930,607	2,230,607	2,530,607	2,830,607	3,130,607	3,430,607
SEPP 10	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513	338,513
Clause 18	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388	213,388
Section 94A	0	0	0	0	0	0	0	0	0	0	0	0
Affordable Housing	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415	1,017,415
Unexpended Grants/Subsidy	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758	339,758
Environmental Levy	59	59	59	59	59	59	59	59	59	59	59	59
Domestic Waste Reserve	6,025,513	3,239,242	3,408,259	1,574,380	81,239	1,219,390	(77,684)	394,203	0	97,612	1,001,159	1,969,646
Total External Restricted Reserve	**8,065,252**	**5,578,980**	**6,047,998**	**4,514,119**	**3,320,978**	**4,759,129**	**3,762,055**	**4,533,941**	**4,439,739**	**4,837,351**	**6,040,897**	**7,309,385**
Internal Restriction												
Employees Leave Entitlements	3,917,667	4,003,524	3,642,066	3,303,292	2,716,429	2,586,429	2,496,429	2,486,429	2,486,429	2,456,429	2,426,429	2,476,429
Replacement - Plant & Vehicles	1,390,246	1,295,968	1,592,832	1,397,639	1,288,370	905,314	678,597	1,008,412	158,272	1,025,428	915,186	950,237
Computer	209,961	264,961	319,961	374,961	429,961	484,961	539,961	594,961	649,961	704,961	759,961	814,961
Centralised Reserve	4,292,885	(2,841)	1,193,799	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Election Reserve	208,996	283,996	58,996	133,996	208,996	283,996	35,421	110,421	185,421	260,421	0	75,000
DA Digitising Reserve	33	33	33	33	33	33	33	33	33	33	33	33
Looking Good	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080	359,080
State Government Taxes Crown Land	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Sculpture by the Sea	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Deposits & Bonds	5,695,718	4,695,718	5,195,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718	5,695,718
Insurance Risk	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745	187,745
Parking Meters	2,458,549	3,208,549	8,549	758,549	1,508,549	2,258,549	3,008,549	3,758,549	(33,951)	716,049	1,466,049	2,216,049
Off-Street Parking Facilities	701,725	1,725	151,725	301,725	451,725	601,725	751,725	(248,275)	(98,275)	51,725	201,725	351,725
Housing Stock	1,016,516	1,205,340	1,399,106	1,596,729	1,798,477	(0)	194,718	393,762	597,669	807,255	1,022,679	(0)
Street Tree (Sewer)/Bundling Cables	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479	252,479
Unexpended Loans	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074	188,074
Carry Overs	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072	33,072
Waverley Cemetery	924,492	668,117	766,256	615,199	559,630	201,271	201,271	201,271	201,271	201,271	201,271	201,271
Investment Strategy	0	0	26,484,805	11,952,462	2,050,247	779,216	694,941	1,145,994	1,595,863	2,058,273	2,529,776	3,000,001
Total Interal Restriction	**22,099,239**	**16,907,540**	**42,096,296**	**27,412,754**	**17,990,586**	**15,079,663**	**15,579,814**	**16,429,727**	**12,720,861**	**15,260,014**	**16,501,278**	**17,063,875**
Total Restricted Reserve Balance	**30,164,491**	**22,486,521**	**48,144,294**	**31,926,873**	**21,311,563**	**19,838,791**	**19,341,869**	**20,963,668**	**17,160,600**	**20,097,364**	**22,542,176**	**24,373,260**

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