Dear Resident

Investing in our Road and Bridge Infrastructure
Community Forums to discuss a Special Rate Variation

Roads and bridges are vital infrastructure that connect and support our communities on the mountains, in our valleys, and on the seaboard. Bellingen Shire has approximately 636km of roads and 153 bridges and of this we maintain and renew 567km of roads and 136 bridges as assets. However, Bellingen Shire Council, like all NSW Local Governments, is faced with an infrastructure backlog in relation to roads and bridges at the same time as being restricted in our ability to match revenue to funding needs.

We have been working for the past two and a half years on a process of major organisational reforms which have aimed at improving our effectiveness and efficiency, and importantly our service to our community. This has involved a major structural review, reform of a series of processes and programs, embarking on a process of service reviews and most recently the adoption of a Customer Service Charter and establishment of an Internal Audit Committee.

Our Service Review Process to date has looked in detail at a number of areas of Council services including pools, weeds, roads and bridges. The process will continue in 2014 to ensure ongoing process improvement and reform. Each of these reviews aims to critically evaluate the services we provide to you in terms of standards of service and value for money.

Through Council’s Integrated Planning and Reporting framework, we will be engaging with you over the coming months in developing new delivery programs and long term financial plans to address our infrastructure backlog. The first stage will see a series of three community forums where Councillors and staff will provide information on our financial position, road and bridge infrastructure requirements, and options to address the infrastructure backlog including an application for a Special Rate Variation. We will be seeking feedback at these sessions from you in terms of priorities and options, so please come along and have your say.

Community forums are scheduled for the following locations, dates, and times:

**Dorrigo** - Monday 25 November 2013, from 6.00–7.00pm at Dorrigo Public Hall, Hickory Street Dorrigo

**Bellingen** - Tuesday 26 November 2013, from 6.00–7.00pm at Bellingen Uniting Church Hall, Hyde Street Bellingen

**Urunga** - Wednesday 27 November 2013, from 6.00–7.00pm at Urunga Senior Citizens’ Centre, Bowra Street Urunga
A range of engagement initiatives using various media are being utilised to ensure you are informed about this important issue and have the opportunity to have your say. Councillors and Council staff are actively seeking the opportunity to meet with individuals and community groups, so if you would like a council representative to address your community group or an informal information session, or require more information please contact Council by telephone on 02 6655 7300, email council@bellingen.nsw.gov.au, or use the “Have Your Say” feedback form which can be accessed from the home page at www.bellingen.nsw.gov.au.

If you can’t make it to one of the community forums, fact sheets and additional information will be available via Council’s website and at locations across the Shire including our libraries and administration centres. To assist you to provide us with your feedback an online survey will be in place on our website following the community forums and available in printed format if you require one.

Our first round of engagement will be occurring from mid-November to mid-December 2013. Following this, and incorporating community feedback, we will be redrafting our Delivery Program and Long Term Financial Plan which will be subject to further community consultation in January and February 2014. Council will then meet to consider adoption of the new program and plan, as well as determine whether to apply for a Special Rate Variation.

We understand that seeking your involvement at this time of year is not ideal, however time frames that are not our own constrain us.

There are important, long term decisions to be made on infrastructure priorities and how to fund them. Please attend a community forum, write a letter, send an email, fill out our survey, or speak with staff or your Councillors. Above all, be informed and get involved.

Yours sincerely

Liz Jeremy
General Manager
November 2013
Improving Services to the Community – the Need to Invest in Road and Bridge Infrastructure

Roads and bridges are vital infrastructure that connect and support our communities on the mountains, in our valleys, and on the seaboard. Bellingen Shire has approximately 636km of roads and 153 bridges and of this we maintain and renew 567km of roads and 136 bridges as assets.

“We have been working for the past two and a half years on a process of major organisational reforms which have aimed at improving our effectiveness and efficiency, and importantly improving our service to our community. This has involved a major structural review, reform of a series of processes and programs, embarking on a process of service reviews and most recently the adoption of a Customer Service Charter and establishment of an Internal Audit Committee” said Liz Jeremy, General Manager.

“Our Service Review Process to date has looked in detail at a number of Council services including pools, weeds, roads and bridges. The process will continue in 2014 to ensure ongoing process improvement and reform. Each of these reviews aims to critically evaluate the services we provide to our community in terms of standards of service and value for money” Liz added.

In parallel with our Service Review Process, in 2012 Council commissioned a customer satisfaction survey. This indicated that our community rates the following services as highly important:

- Maintenance of sealed roads
- River water quality
- Flood management
- Bridge maintenance
- Maintenance of unsealed roads
- Footpaths/cycle ways

Our ongoing reforms and Service Review Processes are addressing these priority issues and our reform but we, like all Local Governments, are faced with infrastructure backlogs as a result of underspending on certain assets over many years. NSW Local Governments have been restricted in their ability to match revenue to funding needs for a number of reasons, primarily rate pegging which has been in place for over 30 years. Although significant progress has been made over the past couple of years in terms of financial efficiencies and discipline to support long term financial sustainability, there is an urgent need for capital funding for road and bridge projects.

To assist in addressing these issues Council is considering an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation, i.e. a rate increase above the standard peg rate, to fund capital works on roads and bridges. As this affects our entire community we will be talking with our community over the coming months in developing new delivery programs and long term financial plans to address our infrastructure backlog.
The first stage will see a series of three community forums where Councillors and staff will provide information on our financial position, road and bridge infrastructure requirements, and options to address the infrastructure backlog including an application for a Special Rate Variation.

“As part of this process we will be seeking feedback from our community” said Councillor Mark Troy, Mayor.

Community forums are scheduled for the following locations, dates, and times:

**Dorrigo** - Monday 25 November 2013, from 6.00–7.00pm at Dorrigo Public Hall, Hickory Street Dorrigo

**Bellingen** - Tuesday 26 November 2013, from 6.00–7.00pm at Bellingen Uniting Church Hall, Hyde Street Bellingen

**Urunga** - Wednesday 27 November 2013, from 6.00–7.00pm at Urunga Senior Citizens’ Centre, Bowra Street Urunga

In addition we will be meeting with our local Chambers of Commerce and a range of community groups.

Our first round of engagement will be occurring from mid-November to mid-December 2013. Following this, and incorporating community feedback, we will be redrafting our Delivery Program and Long Term Financial Plan which will be subject to further community consultation in January and February 2014. Council will then meet to consider adoption of the new program and plan, as well as determine whether to apply for a Special Rate Variation.

“These are important and long term decisions that will determine our infrastructure priorities and the means to fund them, so I encourage the community to be involved and have your say” said Mayor Troy

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Authorised by   Liz Jeremy   File No.:

Date: November 2013

FOR FURTHER INFORMATION PLEASE CONTACT: Liz Jeremy on 02 6655 7300
ALL COMMUNICATIONS TO BE ADDRESSED TO THE GENERAL MANAGER, PO BOX 117, BELLINGEN NSW 2454, TELEPHONE (02) 66557300, FAX (02) 66552310
Investing in our Road and Bridge Infrastructure – Special Rate Variation Community Forums

Three community forums were held this week in Dorrigo Bellingen and Urunga to discuss future investment in Council’s road and bridge infrastructure and in particular the option of a Special Rate Variation.

Around 50 community members attended each forum along with Councillors and Council staff with proceedings involving a briefing by Council staff and feedback from those present.

Information was provided around:

- The significant changes occurring in the local government sector which have a key focus on the financial realities facing local government, the need to change the funding formula and bolster the revenue base, tackling the infrastructure backlog, building stronger regions and keeping the ‘local’ in local government.
- Reviews underway by the NSW Government in relation to both the Planning Act and the Local Government Act.
- The impact of cost shifting from other levels of government which for rural Council’s has a 3.88% impact and for Bellingen in particular, a cost impost of $1.085 million.
- The assessment carried out by TCorp of all Council’s in NSW in terms of their financial health which rated Bellingen Council as moderate with a negative outlook and noted 25% of Councils were rated as moderate, with 48% having a negative outlook. Only 2 Council’s in NSW rated as strong.
- The infrastructure audit carried out by the NSW Government which confirmed the asset backlog at $7.4 billion in 2011, noting that in 2011 Council’s collectively across the state raised $6.8 billion in total rates to fund all works and services.
- The impact on Bellingen Council by the State Government of the removal of financial assistance in the form of the timber bridge program and re-categorisation of roads.
- Collaboration between Council’s in the mid north coast region and in particular work being undertaken regarding efficiencies and shared servicing.
- Major reform initiatives being implemented at Bellingen Shire Council which have the objective of improving our efficiency and effectiveness.
- The results of our 2012 community satisfaction survey which indicated that sealed and unsealed roads and bridges are of high importance but attract a low satisfaction rating, and that if Council had additional funding these programs were seen as a priority for a large number of respondents.
- The Road and bridge review program which has been implemented over the past 12 months and the results of that review.
- The consequent need to provide increased investment in our asset base with the objective of addressing our asset backlog.
- The reality that 53% of our shire is not rateable due to it being State Forest or National Park.
The SRV scenarios that are being considered by Council, as follows:

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Additional annual rate revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.4% increase</td>
<td>$494 800</td>
</tr>
<tr>
<td>11.9% increase</td>
<td>$700 900</td>
</tr>
<tr>
<td>17.4%</td>
<td>$1 024 900</td>
</tr>
</tbody>
</table>

The leverage opportunities that are being considered by Council including potential loan borrowings, interest rate subsidies from the NSW government’s Local Infrastructure Renewal Scheme and other external grant funding.

The community engagement program for the SRV.

The next steps in the process which involve receiving feedback from residents via the community survey, various procedural steps and council’s consideration of feedback from the community as part of its consideration of the SRV options at an Extraordinary Meeting of Council to be held on 13 January 2014.

Community members at the forum provided Councillors and staff with their feedback via various means which has been collected and will be presented to Council in January 2014.

In addition a range of background information was provided to those present at the forums along with advice about how to access further information. Specifically Council has established a Special Rate Variation Information Centre on its website which contains fact sheets and other information to assist the community in making informed comments in relation to this issue. Hard copy information is also available at the Council offices and Shire Libraries.

All Community members are strongly encouraged to complete a survey regarding the option of a Special Rate Variation which is available online at Council’s website – www.bellingen.nsw.gov.au at the Special Rate Variation Information Centre. For those not able to access the internet, hard copies of the survey are available at the Council offices in Hyde Street Bellingen and at our three libraries at Dorrigo, Urunga and Bellingen.
SPECIAL RATE VARIATION UPDATE – 6 DECEMBER 2013

Council is conducting a range of community engagement initiatives in relation to the option of a Special Rate Variation (SRV). Council is considering four rate variation options including restricting the increase to the “rate peg” which is the legislated increase applied annually by IPART.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Additional annual rate revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3% increase (rate peg, annual)</td>
<td>$135,474</td>
</tr>
<tr>
<td>8.3% increase (one off, permanent)</td>
<td>$488,886</td>
</tr>
<tr>
<td>11.8% increase (one off, permanent)</td>
<td>$695,043</td>
</tr>
<tr>
<td>17.3% increase (one off, permanent)</td>
<td>$1,019,003</td>
</tr>
</tbody>
</table>

As part of the process Council has modelled outcomes regarding what can be achieved on the basis that Council leverages outcomes via loan funding as well as accessing the Local Infrastructure Renewal Scheme which is a State Government Scheme designed to subsidise interest rates to enable infrastructure investment by local government.

The modelling shows the funding strategy would facilitate the following investment:

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Reseals</th>
<th>Reconstruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3%</td>
<td>70km</td>
<td>4km</td>
</tr>
<tr>
<td>8.3%</td>
<td>84km</td>
<td>6km</td>
</tr>
<tr>
<td>11.8%</td>
<td>100km</td>
<td>8km</td>
</tr>
<tr>
<td>17.3%</td>
<td>150km</td>
<td>14km</td>
</tr>
</tbody>
</table>

For bridge infrastructure major investments would occur in terms of the immediate restoration of Newry Island Bridge, in addition to 5 other bridges across the shire which are currently subject to load limits. This is in addition to major work that has been carried out on 7 other bridges this financial year.

The SRV community engagement initiatives include writing to all residents to provide information regarding the options being considered by Council, holding community forums in the towns of Dorrigo Bellingen and Urunga as well as a separate forum for the three Chambers of Commerce, providing detailed information on Council’s website at the section titled “SRV Information Centre” (including a series of fact sheets and responses to frequently asked questions), providing an opinion survey via Council’s website for individual community response, providing information via email to those who regularly subscribe to Council newsletters, providing a variety of hard copy documents including fact sheets, frequently asked questions and a community survey which can be obtained from the Council Administration Office and libraries for those unable to access the web, in addition to providing individualised responses to those corresponding directly to Council on the matter.
These community engagement activities are designed to inform the community and capture community opinion so that this information can be included in a report to be considered by Council in January 2014 regarding the option of a special rate variation and which, if any, will be applied for. A further consultative process will be undertaken post Council’s decision in January 2013.

The 3 community forums were hosted by a facilitator for the purpose of ensuring that the sessions were as independent and productive as possible. The timing of the forums was set to ensure those who wished to attend could do so with minimal disruption to work and personal schedules, noting that for those who could not attend there are a range of other opportunities for people to have their say. Councillors were in attendance as well as Council staff who were then available after each forum to speak with individual community members.

The forums were designed to include detailed information to residents, time for questions and answers and an opportunity for small group discussion from which further feedback could be provided to Council representatives. This approach was framed to obtain feedback from as many participants as possible including those who are not comfortable to speak in front of large groups. At two of the three community forums the opportunity for small group discussion did not transpire due to the number of questions and the facilitator accommodated this. The questions and answers form part of a range of information that is, or will shortly be, available on Councils website.

The Chambers of Commerce forum was productive with representatives providing a range of questions for Council to address and undertaking to provide further feedback.

In particular, the forums provided detailed information regarding the challenges currently faced by Council, the outcome and implications of the recent roads and bridges assessment, and the special rate variation options currently being considered by Council. In Urunga, Council staff also provided more detailed information in relation to the Newry Island Bridge.

A broad range of information was provided at the forums and in particular around:

- The significant changes occurring in the local government sector which have a key focus on the financial realities facing local government, the need to change the funding formula and bolster the revenue base, tackling the infrastructure backlog, building stronger regions and keeping the ‘local’ in local government.
- Reviews underway by the NSW Government in relation to both the Planning Act and the Local Government Act.
- The impact of cost shifting from other levels of government which for rural Council’s has on average a 3.88% impact which for Bellingen translates to a cost impost of around $1.085 million.
- The assessment carried out by NSW Treasury (TCorp) of all Council’s in NSW in terms of their financial health which rated Bellingen Council as moderate with a negative outlook and noted 25% of Councils were rated as moderate, with 48% having a negative outlook. Only 2 Council’s in NSW rated as strong.
- The infrastructure audit carried out by the NSW Government which confirmed the asset backlog of $7.4 billion in 2011, noting that in 2011 Council’s collectively across the state raised $6.8 billion in total rates to fund all works and services.
- The impact on Bellingen Council of the State Government’s removal of financial assistance in the form of the timber bridge program and recategorisation of roads.
- Collaboration between Council’s in the mid north coast region and in particular work being undertaken regarding efficiencies and shared servicing.
- The results of our 2012 community satisfaction survey which indicated that sealed and unsealed roads and bridges are of high importance but attract a low satisfaction rating, and that if Council had additional funding these programs were seen as a priority for a large number of respondents.
• The Road and bridge review program which has been implemented over the past 12 months and the results of that review.
• The consequent need to provide increased investment in our asset base with the objective of addressing our asset backlog.
• The reality that 53% of our shire is not rateable due to it being State Forest or National Park or Crown Land.

What has been apparent at the forums is a level of concern over the perceived level of administration costs, the management of ratepayer funds, including the expenditure on the Raleigh Depot and, for some, the view that Council services should be restricted to the more traditional.

These issues, and more, will be addressed in the additional information Council will shortly publish on Q&A feedback from the forums.

However in brief:

1. STAFFING MATTERS

Post the organisation re-structure in May 2012, Council has published information regarding the number of staff involved in the various functions and services it currently provides. As an overview Council is currently working off position numbers of 146.

53.5% (78) of the permanent roles are engaged in outdoor operations with 46.5% (68) engaged in “indoor roles”.

Of the indoor roles at Council, 60% (41) are roles that are directly involved in providing services or support to our community including:

• Community planning
• Aged and disability support via our Dorrigo Support Centre
• Library staff
• Youth Centre management
• Visitor Information Services
• Engineers and Planners
• Health and Building Surveyors
• Sustainability and Natural Resource Management
• Economic & Business Development including sourcing grant funding
• Front office customer service staff

The remaining “indoor roles” (27) are primarily related to fulfilling Council’s regulatory and legislative requirements such as the management and reporting of Council’s finances, the collection of rates, technical and records management services, corporate governance, procurement, human resources and workplace health and safety.

79% of our staff are residents of our Shire.

With regard to executive costs, the restructure saw the removal of 3 Director positions and the creation of 2, new Deputy General Manager positions with broader portfolios. This has resulted in an approximate reduction of 28% in salary costs at this level. In addition, the draw-down on reserves to fund non-recurrent $270,000 implementation costs related to the organisation restructure was not required primarily as a direct consequence of the cost management and efficiency initiatives undertaken over the last 18 months.
2. A SNAPSHOT OF OUTCOMES FROM OUR REFORM PROCESSES

- Draw down on reserves to fund non recurrent ($270 000) implementation costs related to the organization review has not been required primarily as a direct consequence of cost management and efficiency initiatives
- During last FY Council achieved a comparative reduction in temporary and day labour staff costs of around 11.75%
- Recruitment managed in house resulting in savings of $95 000 in external recruitment fees in 2011/12
- Reduction in overtime hours by approximately 20% since June 2011
- 43% reduction in workers compensation claims since 2010
- 55% reduction in days lost to injury since 2010 both of which impact on our premium
- In 2013 we increased the library hours of Dorrigo and Urunga Libraries without any additional costs, by rearranging staffing
- Our youth Centre in the first quarter of 2013/14 has increased its income by 33%
- We are focusing on customer service and are actively managing our correspondence with outstanding tasks reduced by 60% since the beginning of the year
- We are measuring our customer response via telephone as we have a target of first contact resolution of 80%. Our average to date has been 50% and for November 63%
- We are number 2 in the state for waste diversion and whilst this has involved investment over a number of years, it is also ensuring that we are not paying a section 88 levy (state tax) of $52 per ton for that material diverted
- We have resumed the operation of our waste facilities so they can operate as a business and are putting in place a range of initiatives designed to improve their financial viability. By way of example we have entered into a contract arrangement with MIDROC for the sale of metal which we expect to return $285,000 over 3 years. Recent changes to the opening hours for our waste facilities for next year are projected to save around $165 000

Moving forward we will continue to implement and further quantify these initiatives along with others such as reviewing our property portfolio, with the objective of addressing our operating deficit.

Authorized by Liz Jeremy – General Manager

Date: 6/12/13

FOR FURTHER INFORMATION PLEASE CONTACT: Liz Jeremy

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