

Information Session  
Securing our Future  
Special Rate Variation Proposal  
2016/17



Welcome and opening remarks

# Local Government Financial Sustainability

TCorp (April 2013) assessed Council's current Financial Sustainability Rating (FSR) as MODERATE with a short term Outlook rating of NEUTRAL

TCorp definition of financial sustainability is:

*“A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community”*

# Local Government Financial

To improve Council's position TCorp recommended Council:

1. DEVISE programs and strategies to contain rising costs and improve efficiencies
2. USE debt funding (loan borrowings)
3. SOURCE additional revenue, such as Special Rate Variations (SRV) to improve financial flexibility and to assist in reducing the infrastructure backlog

# Local Government Financial Sustainability

To improve Council's position TCorp recommended Council:

- IMPROVE Asset Management Plans and integration into the 10 Year Long Term Financial Plan
- INCREASE spending on maintenance and infrastructure renewal, balancing this with the need for capital expenditure on new assets

# Fit for the Future (FFTF)

- Singleton Council was assessed by the Independent Local Government Review Panel (ILGRP) having sufficient scale and capacity with out any structural change.
- Council was required by 30 June 2015 to lodge a Council Improvement Plan (CIP) focusing on how it meets the other three FFTF criteria – ‘sustainability’, ‘effective infrastructure and service management’ and ‘efficiency’.
- Council was required to report its projected performance to 2019-20 against each of the criteria measures.

# Becoming Fit for the Future

## Criteria and benchmarks for being Fit



### SUSTAINABILITY

- Operating Performance Ratio (greater or equal to break-even average over 3 years)
- Own Source Revenue Ratio (greater than 60% average over 3 years)
- Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)



### EFFECTIVE INFRASTRUCTURE AND SERVICE MANAGEMENT















- Infrastructure Backlog Ratio (less than 2%)
- Asset Maintenance Ratio (greater than 100% average over 3 years)
- Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)



### EFFICIENCY

- Real Operating Expenditure per capita over time

# Fit for the Future (FFTF)

Government indicator	Definition	Benchmark to meet	Now	2020
<b>Sustainability</b>				
<b>Operating Performance Ratio</b>	$\frac{\text{Total continuing operating revenue (exc. capital grants and contributions) less operating expenses}}{\text{Total continuing operating revenue (exc. capital grants and contributions)}}$	Greater than or equal to break-even -average over 3 years		
<b>Own Source Revenue Ratio</b>	$\frac{\text{Total continuing operating revenue less all grants and contributions}}{\text{Total continuing operating revenue inclusive of capital grants and contributions}}$	Greater than 60% - average over 3 years		
<b>Building and Asset Renewal Ratio</b>	$\frac{\text{Asset renewals (building and infrastructure)}}{\text{Depreciation, amortisation and impairment (building and infrastructure)}}$	Greater than 100% - average over 3 years		
<b>Infrastructure and Service Management</b>				
<b>Infrastructure Backlog Ratio</b>	$\frac{\text{Estimated cost to bring assets to a satisfactory condition}}{\text{Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets}}$	Less than 2%		
<b>Asset Maintenance Ratio</b>	$\frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$	Greater than 100% - average over 3 years		
<b>Debt Service Ratio</b>	$\frac{\text{Cost of debt service (interest expense & principal repayments)}}{\text{Total continuing operating revenue (exc. capital grants and contributions)}}$	Greater than 0% and less than or equal to 20% - average over 3 years		
<b>Efficiency</b>				
<b>Real Operating Expenditure</b>	$\frac{\text{Operating expenditure}}{\text{Population}}$	A decrease in Real Operating Expenditure per capita over time		



Does not meet indicator



Meets indicator



Trending to meet indicator



# Fit for the Future (FFTF)

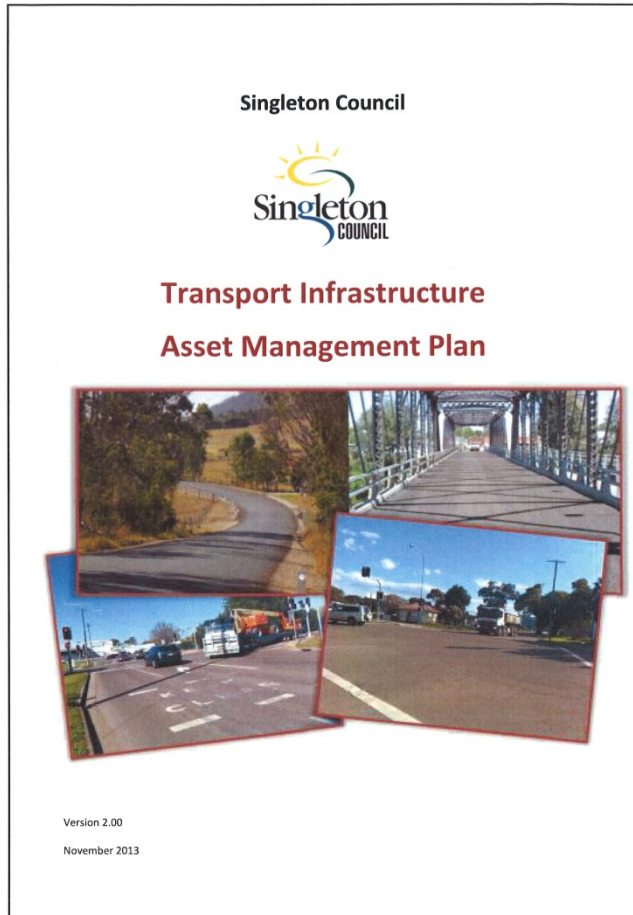
- The Independent Pricing and Regulatory Tribunal (IPART) presented its final assessment of councils' Fit for the Future proposals to the NSW Government on Friday 16 October.
- Singleton Council was one of 32 non-metropolitan councils assessed as being 'fit'.
- Council must now deliver on it's CIP to meet the seven financial indicators within five years to ensure that Singleton Council remains a fit Council.



# Fit for the Future (FFTF)

- At the time of the release of the ILGRP final report, Singleton Council was part way through a 3 year focus on reviews of its key strategies, policies and services with a view to identifying future needs.
- Council has also undertaken extensive work to develop new Asset Management Plans.
- A major focus on gaining external funding.
- Taken on extra debt via the Local Government Infrastructure Renewal Scheme.
- A new Special Rate Variation (SRV) to address backlog for roads and culverts and also identified the need for a further SRV to address financial sustainability.

# Asset Management Plans (AMPs)



Council's Asset Management Plans (AMPs) have all been reviewed and updated to inform Council's Long Term Financial Plan.

AMPs' includes:

- Transport Infrastructure
- Urban Stormwater Drainage
- Buildings
- Parks and other Structures

# Transport Infrastructure AMP

The Transport Infrastructure network comprises of:

- 655.62km sealed roads,
- 81.3km unsealed roads,
- 83.03km regional roads,
- 60 bridges, 54 major culverts and 66 causeways,
- 21.93km minor culverts and drainage structures,
- 38,077 sq.m. of footpaths & other paved areas,
- 180.0km kerb & gutter,
- 16 bus shelters, and
- 6 sealed car parks
- 14.72km guardrail

Total replacement value of \$535.599 million as at 30 June 2015

# 1. Singleton's productivity & efficiency improvements

- Revised organisation structure and reduced number of staff resulting in savings of up over \$2 million.
- New recycling contract saving \$4 million over 10 years.
- Extended life of waste landfill by increasing recycling and diversion rates. Saving \$6 to \$12 million in closure costs and \$15 million in new site establishment
- New technology eg. website, e-planning, tablets devices.
- Rationalisation of assets including land disposal and plant and equipment.
- Sharing services with other Hunter Councils, including outsourcing of services.

# 1. Singleton's productivity & efficiency improvements

- A significant focus on gaining external funding including \$31.92 million from Resources to Regions, \$5.71 million from Hunter Infrastructure Investment Funds and new loan borrowings of \$6.2 million under the Local Infrastructure Renewal Scheme.
- LED street lighting
- Service levels review
- Appropriateness of services, identify service gaps and opportunities for improvements
- Review of and increases in User Fees and Charges to recovery the true costs of services being provided.

## 2. NSW Government initiatives to reduce infrastructure backlog

NSW Local Infrastructure Renewal Scheme (LIRS)

Provides interest subsidies on council borrowings over a 10 year period.

### **Round One 2012/13**

\$2.2 million loan for the replacement of Bourkes Crossing Bridge @ 5.35%.

### **Round Two 2013/14**

\$4.0 million loan for road and culvert works @ 5.06%.

# 3. What is a Special Rate Variation

- A special rate variation allows councils to increase general income above the rate peg
- There are two types of special rate variations that a council may apply for:
  - a single year variation or
  - a multi-year variation for between two to seven years



# Example rate notice



12-14 Queen Street  
PO Box 314  
SINGLETON NSW 2330  
Phone: 02 6578 7290  
Fax: 02 6572 4197  
Email: [sco@singleton.nsw.gov.au](mailto:sco@singleton.nsw.gov.au)  
Website: [www.singleton.nsw.gov.au](http://www.singleton.nsw.gov.au)  
ABN: 52 877 492 306



Mr A Ratepayer  
33 Nowhere Inparticular  
SINGLETON NSW 2330

## RATES AND CHARGES NOTICE 01 July 2015 to 30 June 2016

ASSESSMENT NO 910820  
POSTING DATE 17/07/2015  
DUE DATE 31/08/2015  
VALUATION BASE DATE 01/07/2013  
CLASSIFICATION  
Residential Singleton

Please deduct  
payments made after: 08/07/2015

**PROPERTY LOCATION AND DESCRIPTION**  
33 Nowhere Inparticular  
SINGLETON NSW 2330  
Lot 33 DP 8269633

Particulars of Rates and Charges	Rate in \$	Rateable Value	Amount
Residential Singleton - Ad Valorem Rate	0.41650000	208000.00	\$866.32
Singleton Residential Sewerage Charge		1.00	\$495.00
DWM Urban Occ Res 240lt waste/recycling		1.00	\$387.00
Hunter Catchment Contribution	0.01310000	208000.00	\$27.25
Residential Singleton - Base Amount		1.00	\$205.14
Stormwater Management Chg - Res		1.00	\$25.00
Singleton Residential Water Charge - 20mm		1.00	\$153.50

Please note, payment will be deducted from your nominated bank account as arranged via Direct Debit on 31/08/2015  
Interest accrues daily at 8.5% per annum on arrears balances until paid.

ARREARS PAYABLE IMMEDIATELY	1ST INSTALMENT	2ND INSTALMENT	3RD INSTALMENT	4TH INSTALMENT	TOTAL AMOUNT DUE
	\$542.21	\$539.00	\$539.00	\$539.00	\$2,159.21
	31/08/2015	30/11/2015	28/02/2016	31/05/2016	



### RATE PAYMENT ADVICE

RATEPAYER Mr A Ratepayer

ASSESSMENT NO 910820

TOTAL DUE \$2,159.21

AMOUNT PAID



Bill Code: 39933  
Ref: 109108206

BPAY® this payment via internet or phone banking.  
BPAY View® - View and pay this bill using internet banking.  
BPAY View Registration No.: 109108206



Billpay Code: 0578  
Ref: 1091 08206

Pay in person at any Post Office, by  
phone 13 18 16 or go to [postbillpay.com.au](http://postbillpay.com.au)

\*578 109108206



SRV only applies to the  
General Rate (Ad Valorem  
Rate and Base Amount)

Singleton Council

What is the impact of the Proposed Special Rate Variation on your rate assessment?

Assessment No:

910820

(The assessment no. appears on the top right hand side of the Rates/Instalment Notice)

Property Address:

33 Nowhere inparticular

Rateable Land Valuation (Base dated 1 July 2013):

\$ 208,000

Rate Classification:

Residential Singleton

2015/16 General Rate (Ad Valorem + Base Amount)

\$ 1,071.46

	Annual	Annual Impact	Weekly Impact
Proposed General Rate 2016/17	\$ 1,125.57	\$ 54.11	\$ 1.04
2017/18	\$ 1,196.40	\$ 70.83	\$ 1.36
2018/19	\$ 1,213.05	\$ 116.65	\$ 2.24
2019/20	\$ 1,441.20	\$ 128.15	\$ 2.46

Cumulative Increase

369.74

34.51%

(between 2015/16 and 2019/20 General Rate)

Please note that these are indicative estimates based upon current information utilising Land Valuations base dated 1 July 2013. The actual rate amount will be dependent upon future valuation changes, categorisation changes and land value movements. The special rate variation is applicable to the general rate only and does not include annual charges for Council services such as stormwater, water supply, sewer supply waste services or government levies.

The proposed special rate variation includes an estimated 2.50% rate peg limit increase per year which equates to a cumulative increase of 10.38% over the four year period, which is included in the calculations above.

Council's notional rate income will be reduced by an estimated \$501,000 from 1 July 2017 due to the expiration of an existing Special Rate Variation.

# Rate income calculation

## PERMISSIBLE GENERAL INCOME CALCULATION

Prior year Notional General Income 15,574,458

**Less:** Decrease from expiry of a prior special variation

Adjusted first year Notional General Income \$ 15,574,458

**Plus:** Rate-peg % increase  389,361

**Plus:** Additional special variation % increase  1,129,148

**Plus:** Crown Land adjustment

**Total special variation %**

**Other First Year Adjustments:** 1,518,509

(If known - Refer to advice from the Office of Local Government)

**Plus/Minus:** Prior year Catchup/Excess

**Minus:** Prior year Valuation Objections

Total Adjustments (excluding Crown land adjustments) -

**2016/17 Permissible General Income** \$ 17,092,967

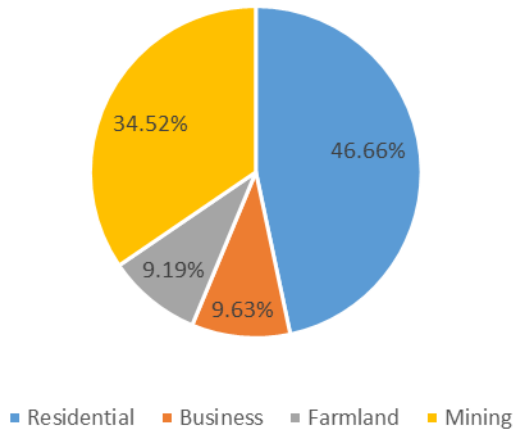
# General rate income mix

## Calculation of Notional General Income - Ordinary Rates

Rating Category (s514-518)	Name of sub-category	Number of Assessments	Ad Valorem Rate	Base Amount \$	Base Amount %	Minimum \$	Number on Minimum	Land Value at start of year	Land Value of Land on Minimum	Notional General Income
Residential	Singleton	5,466.25	0.4329	225.14	26.31%			796,389,550		4,678,242
Residential	Rural Residential	888.00	0.4113	216.09	18.29%			208,463,140		1,049,297
Residential	Village	327.00	0.3463	216.09	37.61%			33,844,880		187,866
Residential	Ordinary	2,037.00	0.2251	233.22	27.28%			562,645,340		1,741,584
Business	Singleton	530.75	0.7443	249.38	10.76%			147,542,620		1,230,518
Business	Mount Thorley	87.00	0.7443	249.38	8.64%			30,832,000		251,179
Business	Village	30.00	0.7443	249.38	22.95%			3,374,500		32,598
Business	Ordinary	232.00	0.2977	249.38	20.67%			74,597,613		279,933
Farmland	Ordinary	944.00	0.2635	204.16	12.27%			522,837,015		1,570,403
Mining	Coal Mine	55.00	2.7301					222,204,160		6,066,395
Mining	Coal Rights	76.00	0.5135					26,350		135
Total Assessments:		10,673.00		Total Rateable Land Value:				2,602,757,168	Sub-Total:	17,088,150

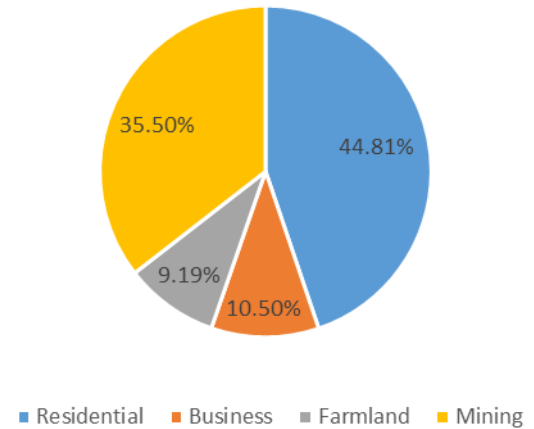
# General rate income mix

2015/16 Rate Structure



Council has revised the rate mix which changes the way that the total rate income is distributed between the rate categories.

2016/17 Rate Structure



# General rate income mix

The General Ordinary Rate mix for the 2016/17 financial year has been set at:

- Residential 44.81% representing a reduction of 1.85% on the current rate mix for 81.69% of ratepayers.
- Business 10.50% an increase of 0.87% on the current rate mix for 8.24% of ratepayers.
- Farmland 9.19% no change on current rate mix for 8.84% of ratepayers.
- Mining 35.50% an increase of 0.98% on the current rate mix for 1.23% of ratepayers.

# The Breakdown of the SRV

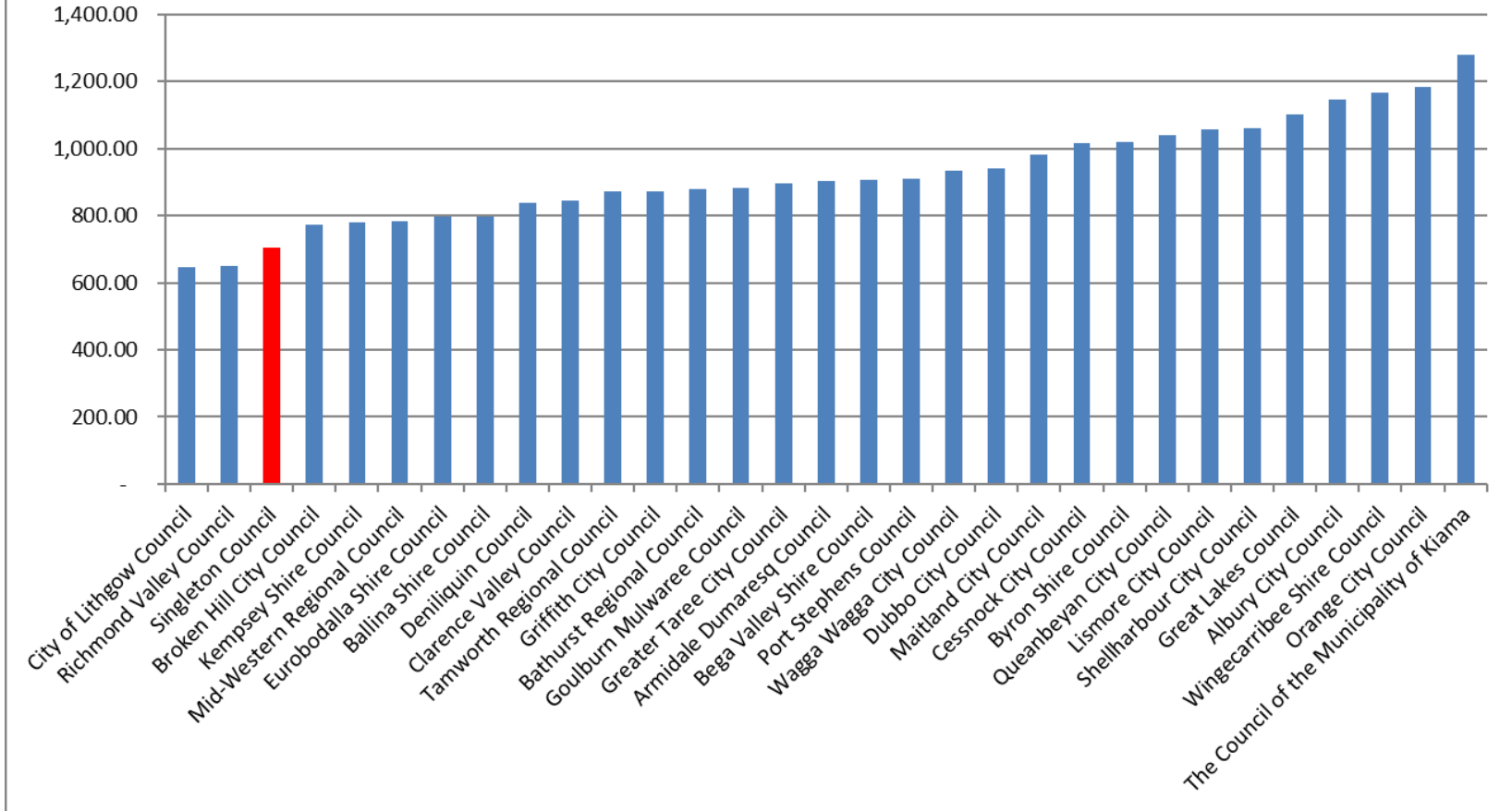
Year	Rate Peg Limit	Proposed SRV	Expiring SRV	Total Increase Proposed
2016/2017	2.50%	7.25%	0.00%	9.75%
2017/2018	2.50%	7.25%	-3.10%	6.65%
2018/2019	2.50%	7.25%	0.00%	9.75%
2019/2020	2.50%	7.25%	0.00%	9.75%
Total Movement	10.00%	29.00%	-3.10%	35.90%
Cumulative Movement	10.38%	32.31%	-3.10%	39.59%

Movement over the current future rate movements

	2016/2017	2017/2018	2018/2019	2019/2020
Residential Urban	\$ 56.54	\$ 93.08	\$ 161.58	\$ 238.27
Residential Village	\$ 37.98	\$ 62.58	\$ 108.73	\$ 160.42
Farmland Ordinary	\$ 109.86	\$ 180.86	\$ 313.98	\$ 462.94

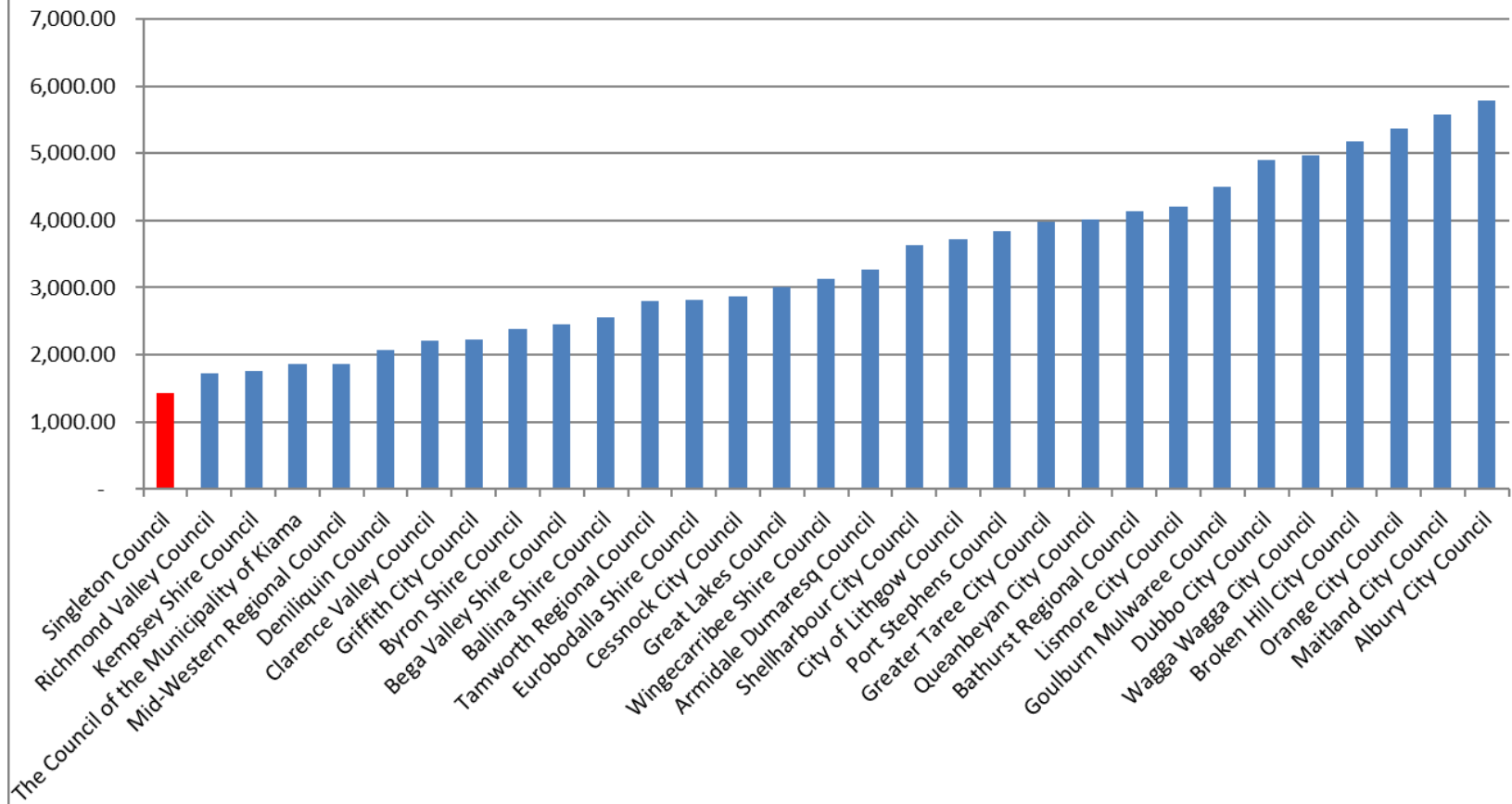
# Average rate comparison

**Group 4 - Average Ordinary Residential Rate (\$) 2013/14 Financial Year**



# Average rate comparison

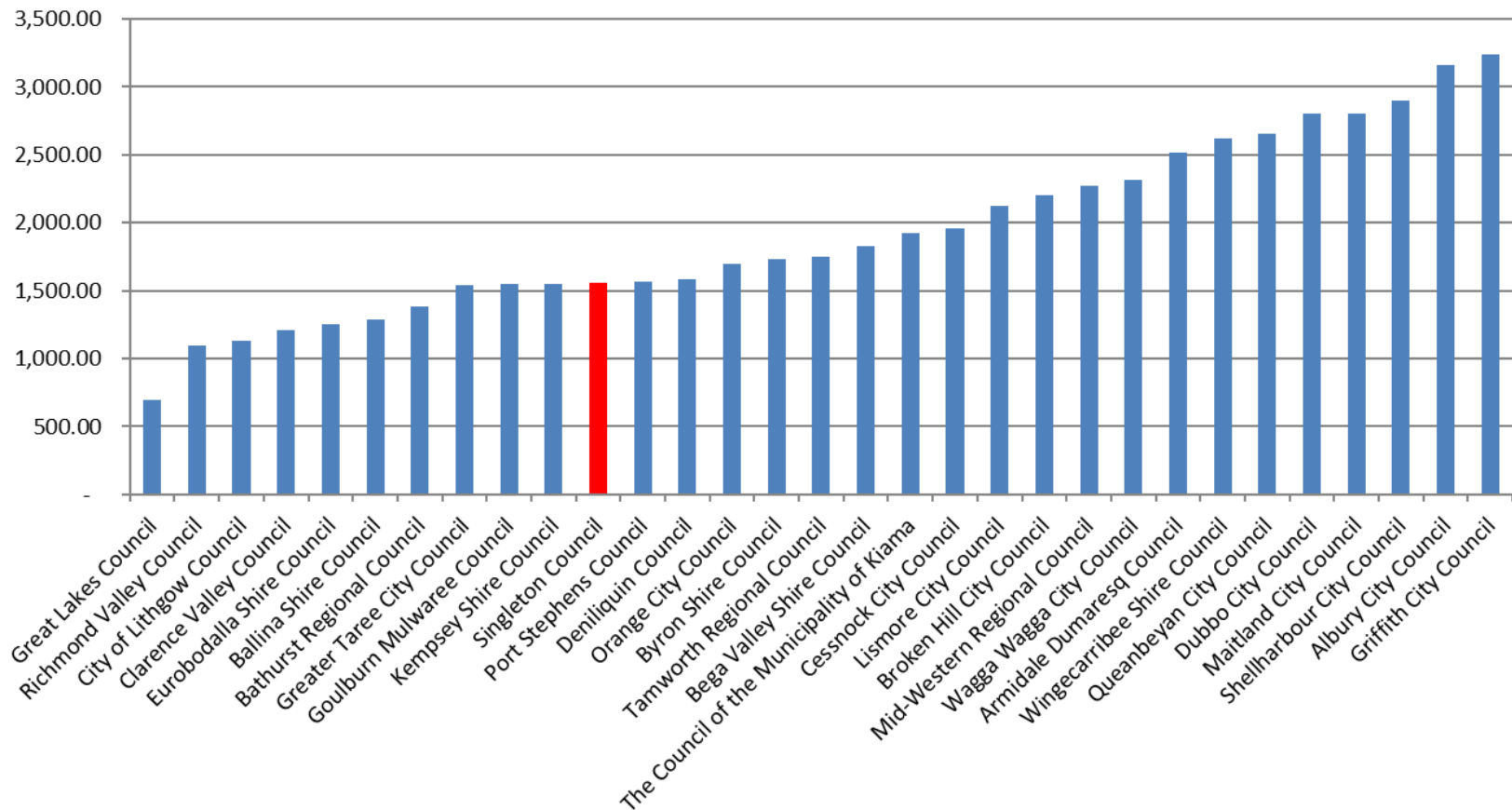
**Group 4 - Average Ordinary Business Rate (\$) 2013/14 Financial Year**





# Average rate comparison

**Group 4 - Average Ordinary Farmland Rate (\$) 2013/14 Financial Year**



# Average rate comparison 2015/16 – neighbouring councils

<b>Council</b>	<b>Average Residential Rate</b>	<b>Average Farmland Rate</b>	<b>Average Business Rate</b>
Cessnock City	\$1,131.00	\$2,080.81	\$3,468.09
Maitland City	\$1,186.71	\$3,027.60	\$5,812.02
Muswellbrook Shire	\$752.18	\$2,811.04	\$2,369.58
Singleton	\$833.51	\$1,516.37	\$1,704.66
Upper Hunter	\$763.22	\$3,225.81	\$1,061.32

# Impact of SRV on ratepayers

Rate Category	2015/16 Financial Year	2016/17 Financial Year	2017/18 Financial Year	2018/19 Financial Year	2019/20 Financial Year	Cumulative Increase %
Residential Urban	\$ 811.95	\$ 855.84	\$ 912.03	\$ 1,000.95	\$ 1,098.64	35.31%
Residential Rural Residential	\$ 1,125.82	\$ 1,181.64	\$ 1,255.08	\$ 1,377.48	\$ 1,511.79	34.28%
Residential Village	\$ 541.76	\$ 574.51	\$ 615.04	\$ 675.01	\$ 740.86	36.75%
Residential Ordinary	\$ 810.78	\$ 854.97	\$ 911.41	\$ 1,000.45	\$ 1,098.00	35.43%
Percentage of Rate Income	46.66%	44.81%	44.81%	44.81%	44.81%	
Rate Yield	\$ 7,266,742.45	\$ 7,656,988.75	\$ 8,157,538.77	\$ 8,953,310.80	\$ 9,826,775.24	
Business Singleton	\$ 1,934.92	\$ 2,318.45	\$ 2,468.89	\$ 2,709.42	\$ 2,973.61	53.68%
Business Mount Thorley	\$ 2,404.25	\$ 2,887.11	\$ 3,071.96	\$ 3,371.52	\$ 3,700.27	53.91%
Business Village	\$ 918.22	\$ 1,086.59	\$ 1,161.86	\$ 1,275.15	\$ 1,399.49	52.41%
Business Ordinary	\$ 1,017.26	\$ 1,206.61	\$ 1,289.12	\$ 1,414.83	\$ 1,552.80	52.65%
Percentage of Rate Income	9.63%	10.50%	10.50%	10.50%	10.50%	
Rate Yield	\$ 1,499,676.77	\$ 1,794,227.85	\$ 1,911,449.09	\$ 2,097,843.71	\$ 2,302,403.59	
Farmland Ordinary	\$ 1,516.37	\$ 1,663.56	\$ 1,772.09	\$ 1,945.14	\$ 2,134.72	40.78%
Percentage of Rate Income	9.19%	9.19%	9.19%	9.19%	9.19%	
Rate Yield	\$ 1,431,457.39	\$ 1,570,402.57	\$ 1,672,851.54	\$ 1,836,212.44	\$ 2,015,177.83	
Coal Mine	\$ 97,753.67	\$ 110,298.10	\$ 117,509.64	\$ 128,975.37	\$ 141,552.13	44.80%
Coal Rights	\$ 1.70	\$ 1.78	\$ 1.84	\$ 1.93	\$ 2.03	19.41%
Percentage of Rate Income	34.52%	35.50%	35.50%	35.50%	35.50%	
Rate Yield	\$ 5,376,581.03	\$ 6,066,531.08	\$ 6,463,169.72	\$ 7,093,792.32	\$ 7,785,521.75	
	100.00%	100.00%	100.00%	100.00%	100.00%	
Total Rate Yield	\$ 15,574,457.64	\$ 17,088,150.24	\$ 18,205,009.12	\$ 19,981,159.26	\$ 21,929,878.40	

Includes an allowance for a rate peg increase of 2.50% pa which equates to a 10.38% over the 4 years.

# Impact of SRV on ratepayers

- Number of rate assessments – 10,673
- The new rate structure will benefit 81.69% of rate assessments with an lower increase in rates compared with the existing rate structure
- Number of pensioner concessions – 1,069
- Pensioner rebates
- Hardship Relief Policy

# Community consultation undertaken to date

## What we've done so far:

- Website information ([www.singleton.nsw.gov.au/future](http://www.singleton.nsw.gov.au/future))
- Facebook
- Twitter
- Media releases and interviews
- Paid advertisements in the Singleton Argus
- Unpaid articles in local media
- Information brochure mail out to all ratepayers

# Community consultation undertaken to date

## **What we've done so far:**

- Copies also available online, at Council's Customer Service Centre, Singleton Public Library, Singleton Youth Venue, Singleton Out of School Hours (OOSH) and Colleen Gale Children's Service

# Community consultation undertaken to date

- Phone survey underway
- Online survey on Council's website
- Invited written submissions
- Community forums
- Qualitative Follow-up of survey data

# How you can still have your say

- Comments from the community forums will be recorded for consideration by Council.
- Information brochure to take home for consideration.
- Complete online survey on Council's website  
[www.singleton.nsw.gov.au/future](http://www.singleton.nsw.gov.au/future)
- Email – [ssc@singleton.nsw.gov.au](mailto:ssc@singleton.nsw.gov.au)
- Write – PO Box 314, Singleton NSW 2330
- Telephone enquiries to – (02) 6578 7290

















# Where to next?

- 30<sup>th</sup> November – Community Consultation closes.
- 21<sup>st</sup> December – Council meeting to consider community feedback and to determine whether to proceed with an application for a Special Rate Variation.
- 11<sup>th</sup> February – Application to IPART



Questions and Comments

# Fit for the Future (FFTF)

Government indicator	Definition	Benchmark to meet	Now	2020
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Does not meet indicator



Meets indicator



Trending to meet indicator