



DUNGOG SHIRE COUNCIL

All Communications to be addressed to:

The General Manager

Telephone: (02) 4995 7777

Dungog Shire Council

Facsimile: (02) 4995 7750

PO Box 95

Email: shirecouncil@dungog.nsw.gov.au

DUNGOG NSW 2420

Website: www.dungog.nsw.gov.au

ABN

62 610 350 056

Ref: EF08/367

30 January 2019

«Name_1» «Name_2»

«Address_1»

«Address_2»

«Address_3»

Dear Ratepayer

SPECIAL RATE VARIATION – UPDATE FROM DUNGOG SHIRE COUNCIL

I write to update you on Dungog Shire Council's application for a Special Rate Variation.

Specifically, Council is seeking a rate increase in order to address Council's financial sustainability and maintain essential community infrastructure including Council's road network, timber bridges and community buildings.

At the December, 2018 Ordinary Meeting Council resolved to make an application for a permanent Special Rate Variation to the NSW Independent Pricing and Regulatory Tribunal (IPART). Council's application, which will be independently reviewed and assessed in accordance with the NSW Office of Local Government guidelines by three (3) IPART panel members appointed by the NSW Premier, will be as follows:-

- Year 1 & 2 – 15% (2.5% rate cap plus 12.5% SRV)
- Years 3, 4 & 5 – 10% (2.5% rate cap plus 7.5% SRV)
- Year 6 & 7 – 6% (2.5% rate cap plus 3.5% SRV)

NB: This represents a cumulative increase in rates of 97.8% over 7 years, including the cumulative increase of 18.9% from the rate peg increase.

With a Special Rate Variation Council will look to:-

- Increase the roads maintenance budget to reduce the gap between required annual maintenance and funded annual maintenance by 25%. The additional annual maintenance budget will be \$451,000 in the first year.
- Increase loan borrowings to leverage additional capital grants to address Council's infrastructure backlog – in particular to leverage capital grant funding from the State and Federal Governments that require a 50:50 co-contribution.
- Continue its program to renew its timber bridge infrastructure utilising loan borrowings. Council will renew timber bridges with new structures in either concrete or steel. The significant cost of maintenance associated with timber bridge assets will be reduced and the bridge infrastructure upgrades will address the need to have load limits, thereby providing economic benefit to the region's agriculture sector.



COUNCIL'S VISION:

A vibrant, united community, with a sustainable economy. An area where rural character, community safety and lifestyle are preserved.

A Special Rate Variation is only one of Council's strategies aimed at enhancing the Council and the Shire's financial sustainability, albeit an essential component. The Mayor and Council are also committed to the following approaches to ensure a productive future;

- Lobbying State and Federal Government to assist with additional funding for the Shire's road and timber bridge network;
- Review of developer contribution plans (Section 94) to ensure that funding is put aside for the increased demands in public amenities and public services that are associated with future development;
- Preparing a Rural Lands Strategy to inform better decisions on highest and best land use for agriculture purposes and to assist with planning for the more marginal land for other uses, allowing an opportunity to increase council's rates base
- Review of fees and charges to identify any revenue stream opportunities to increase Council's revenue base;
- Exploring business opportunities that may result in additional revenue for Council;
- Continue the implementation and refinement of Council's asset management plans to better define asset conditions, service levels, useful lives and required annual maintenance, taking into account community expectations;
- Continue to explore strategic alliance and shared service opportunities with neighbouring Councils and the Hunter Joint Organisation;
- Implementation of a program of service reviews to improve efficiency and potential for transition of non-core services to external service providers;
- Sale of Council owned assets that are surplus to need; and
- Lobbying and representations to Government regarding inequities in road funding, reclassification of Dungog Shire Council's road network and the impost of unrateable land under the tenure of State-owned corporations such as Hunter Water Corporation and Forestry NSW.

In considering a Special Rate Variation Council has reviewed its policy framework for the assessment of applications from ratepayers who are experiencing genuine financial hardship with the payment of Council rates and charges. Council acknowledges that there are cases of genuine financial hardship requiring respect and compassion in special circumstances. A circumstance that could be considered special is the potential adverse impact that a Special Rate Variation may have on some community members. If you are concerned about the impact of the Special Rate Variation and your capacity to pay, please pick up a copy of Council's adopted Financial Hardship Policy. It can be accessed on Council's website at <https://www.dungog.nsw.gov.au/council/council-documents/council-policies/hardship-policy>

Also available to view on Council's website <https://www.dungog.nsw.gov.au/council/special-rate-variation> are the following documents that contain information relating to Council's Special Rate Variation:-

- Community Strategic Plan 2030
- Resourcing Strategy 2018-2022
- Delivery Program 2018-2022
- Council's December 2018 Ordinary Meeting Agenda – Special Rate Variation Report and Minutes
- Long Term Financial Plan
- Asset Management Plans
- Morrison Low Assessment of Capacity to Pay Report
- Micromex SRV Research Phone Survey results
- Special Rate Variation Estimator Calculator to assess the impact of the Special Rate Variation on your property.

Since the adoption of Council's IP&R documents in December 2018 new information such as the Morrison Low Assessment of Capacity to Pay Report has been added as an addendum to Council's Resourcing Strategy 2018-2022 and the Delivery Program 2018-2022 forward commentary has been updated to reflect the special rate variation cumulative increase.

While Council appreciates that rate rises are never welcome, unfortunately they are necessary to fund ongoing service delivery and the renewal and replacement of assets without imposing excessive debt or unplanned rate increases on future generations. We know from feedback received at Council during the consultation phase for the proposed Special Rate Variation, that the community places a very high level of importance on the repair and maintenance of roads and timber bridges. Dungog Shire Council's Special Rate Variation application does not put us out of step with our surrounding Council's rates and we are committed to ensuring that monies raised via the increase will also ensure that our roads, bridges and other community assets are maintained in a condition comparable to our neighbouring Councils.

Council will be submitting its Special Rate Variation application to IPART on 11 February, 2019. Determinations will be announced by IPART in May 2018, allowing for the proposed increases if approved to be built into Council's 2019/2020 budget.

The completed IPART application will be available on Council's website post 11 February, 2019. At this time the application can also be viewed on the IPART webpage which can be found at <https://www.ipart.nsw.gov.au/Home/Industries/Local-Government>.

As part of the application process, IPART will accept submissions from ratepayers from 11 February 2019 until 11 March 2019. IPART will accept submissions using the electronic submission facility located on IPART's website, www.ipart.nsw.gov.au.

You are also welcome to contact Council via email at shirecouncil@dungog.nsw.gov.au or via phone on 4995 7777 if you would like additional information regarding the Special Rate Variation application.

Yours sincerely



CORALIE NICHOLS
General Manager

