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Funding our future

Council has voted to notify the Independent Pricing and Regulatory Tribunal that it intends to apply for a special rate variation.

The proposal is to fund a package of community and transport infrastructure projects, and renewal and maintenance works through a [special rate variation \(http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/special-rate-variation\)](http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/special-rate-variation).

The funding proposal

The special rate variation funding proposal is a way of delivering some of the new projects our community has asked for, and for Council to be able to look after our infrastructure at a standard that meets community expectations. In addition, the proposal will address some of the financial challenges we face in funding the backlog of infrastructure works that grows each year, and the increasing ongoing costs of maintaining and renewing infrastructure in the future.

Please note: In this rate variation proposal, new and upgraded assets are allocated funding for their whole of life costs. This means that the ongoing maintenance, operation and depreciation costs of these assets would not be added to the current unfunded infrastructure backlog.

In addition to some new community and transport infrastructure projects that our community has asked for, the unfunded backlog of renewal and maintenance works that could be completed in the next four years if this rate variation proposal went ahead include:

- Road reseals, gravelling unsealed road and upgrading bridges to improve road safety
- Maintaining the standard of our parks and reserves by renewing older playgrounds, park furniture, BBQs and stairs
- Renewing our sporting ovals through topdressing and field refurbishment and maintaining the standard of amenities
- Maintaining the current standard of our community centers, public halls, libraries, pathways, pools, and public toilets
- Renewing pathways.

What is a special rate variation?

A special rate variation is a way for the NSW Government's Independent Pricing and Regulatory Tribunal to allow a council to increase its rates above the rate peg for a set period. To be eligible for a special rate variation, a council needs to show it is unable to provide infrastructure and services at a standard that is acceptable to the community with current revenue. It must also show how it will use the extra funds and that it has consulted ratepayers about the need, purpose and impact of any proposal to increase rates.

Why would Council consider a rate variation?

You have told us that our current infrastructure and services, and the package of community and transport infrastructure projects we are now seeking your feedback on, are important.

[View the projects we are seeking your feedback on. \(http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/what-is-a-special-rate-variation/?a=29510\)](http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/what-is-a-special-rate-variation/?a=29510)

Financially, we face a number of challenges about how we continue to maintain and renew this infrastructure at an acceptable standard because:

- Eurobodalla rates are on average 20 per cent lower than similar sized NSW councils
- the costs of maintaining and renewing infrastructure and providing services are increasing more than Council's income each year
- we need to upgrade existing infrastructure and keep or expand our current services to meet community needs and expectations
- we are paying more for electricity, water and gas
- the cost of telecommunications and street lighting as well as materials such as fuel, concrete, bitumen and steel are also rising faster than our annual rate peg increase
- our infrastructure is ageing and needs to be upgraded to remain safe and operational in the future
- we have less income from decreasing Federal Assistance Grants
- Despite making considerable savings, securing grants and external funds, Council is still not able to meet the needs of the community in the years ahead with its current rates income.

Council's current situation

Your rates are Council's main source of income and help to pay for the maintenance and renewal of our community infrastructure as it ages. The NSW Government through the Independent Pricing and Regulatory Tribunal sets a limit on how much these rates can increase every year and this amount (the rate peg) is usually capped between 3 and 3.5 per cent. Unfortunately, the rate peg is not enough to cover the increasing costs of looking after infrastructure which includes roads, libraries, swimming pools, sportsgrounds, community halls, parks, playgrounds and much more.

Related links

[Fit for the Future](#)

Key dates

October 2014

Telephone survey

November - December :

Community feedback

9 December 2014

Council meeting

23 January 2015

Public Exhibition ends

10 February 2015

Council meeting

[Proposed projects list](#)

[Related media releases](#)

Our long term financial planning shows that we will not be able to meet the cost of maintaining and renewing this infrastructure to meet your needs and expectations. A special rate variation is one way that we could fund this.

Your rates make up 55% of Council's annual revenue

Why are we considering a rate variation proposal now?

The possibility that we may need to consider a special rate variation to address our infrastructure shortfall was first raised with our community in 2012 when we were developing Council's budget: the [2013-2017 Delivery Program](http://www.esc.nsw.gov.au/inside-council/community-and-future-planning/delivery-program-and-operational-plan) (<http://www.esc.nsw.gov.au/inside-council/community-and-future-planning/delivery-program-and-operational-plan>) and [Resourcing Strategy](http://www.esc.nsw.gov.au/inside-council/community-and-future-planning/delivery-program-and-operational-plan) (<http://www.esc.nsw.gov.au/inside-council/community-and-future-planning/delivery-program-and-operational-plan>).

The decision to consider a rate variation was put on hold later that year when the last local government elections were held but Council retained the option to consider it again at a later date within the life of the budget.

Community consultation

We first raised that we may need to apply for a rate variation in 2011 during the community consultation phases that informed the development of our first [community strategic plan](http://www.esc.nsw.gov.au/inside-council/community-and-future-planning/community-strategic-plan) (<http://www.esc.nsw.gov.au/inside-council/community-and-future-planning/community-strategic-plan>).

Later, during our budget consultations in 2012, we also asked residents and non-residents to provide feedback on a possible rate variation. In surveys, submissions and public information sessions we were told that 62 per cent of residents and 68 per cent of non-residents would support a rate variation above the rate peg amount set by the NSW Government.

What would a proposal to increase rates look like?

If Council decided to apply for a special rate variation to fund this package of community and transport infrastructure projects, the proposal would be to increase the general rate by 5 per cent above the rate peg amount each year for the next three financial years. The rate peg amount, set by the Independent Pricing and Regulatory Tribunal, is estimated to be around 3 per cent per year (last year it was 2.3 per cent). So the total annual rate would increase each year by around 8 per cent.

The increase would be phased in over three years: 2015-2016, 2016-2017 and 2017-2018.

Rate rise scenarios

The following scenarios show how the 8 per cent rate variation increase would be applied accumulatively every year for 3 years to residential, business or farmland rates:

[Average residential rate rise scenario](http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/rates-increase-proposal/average-residential-rate-rise-scenario) (<http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/rates-increase-proposal/average-residential-rate-rise-scenario>)

[Average farmland rate rise scenario](http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/rates-increase-proposal/average-farmland-rate-rise-scenario) (<http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/rates-increase-proposal/average-farmland-rate-rise-scenario>)

[Average business rate rise scenario](http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/rates-increase-proposal/average-business-rate-rise-scenario) (<http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/rates-increase-proposal/average-business-rate-rise-scenario>)

[No rate variation scenario \(rate peg only\)](http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/rates-increase-proposal/no-rate-variation-scenario-rate-peg-only) (<http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/rates-increase-proposal/no-rate-variation-scenario-rate-peg-only>)

The rate variation would be applied to general rates only - that is not to other charges on your rates and charges notice such as the environmental levy, water, sewerage, waste, stormwater and garbage collection.

Cost tables 2015 - 2018

The tables below are another way of showing the total average increase to Council's general rates over the three years, with and without a rate variation.

If Council applies for a special rate variation, the condition of our roads, footpaths, community buildings, parks and sports grounds would be maintained. Without it, we will have an infrastructure gap that will see the condition of some of our transport and community infrastructure decline over time.

Average* residential rate - estimates only	2015-2016	2016-2017	2017-2018
Annual increase to rates with the current ratepeg of 3% only	\$24.55	\$25.28	\$26.05
Annual cost of an additional 5% rate rise only	\$40.91	\$45.43	\$50.30
Total annual increase if a 3 year rate rise of 8% is applied (3% plus 5%)	\$65.46	\$70.71	\$76.35
Weekly increase if a 3 year rate rise of 8% is applied	\$1.25	\$1.36	\$1.47

*based on average annual residential rate - \$818.30

Average* farmland rate - estimates only	2015-2016	2016-2017	2017-2018
Annual increase to rates with the current ratepeg of 3% only	\$38.39	\$39.54	\$40.73
Annual cost of an additional 5% rate rise only	\$63.99	\$71.03	\$78.68
Total annual increase if a 3 year rate rise of 8% is applied (3% plus 5%)	\$102.38	\$110.57	\$119.41
Weekly increase if a 3 year rate rise of 8% is applied	\$1.97	\$2.12	\$2.29

*based on average annual farmland rate - \$1279.72

Average* business - estimates only	2015-2016	2016-2017	2017-2018
Annual increase to rates with the current ratepeg of 3% only	\$87.97	\$90.61	\$93.32
Annual cost of an additional 5% rate rise only	\$146.61	\$162.74	\$180.30
Total annual increase if a 3 year rate rise of 8% is applied (3% plus 5%)	\$234.58	\$253.35	\$273.62
Weekly increase if a 3 year rate rise of 8% is applied	\$4.51	\$4.87	\$5.26

*based on average annual business rate - \$2932.27

What savings have we made?

In recent years, Council has made significant savings. Despite this, we still do not have sufficient funds to continue to provide the current standard of infrastructure and services.

We will continue to focus on efficiencies and on reducing costs by:

- improving our procurement and asset management practices
- improving productivity
- regularly reviewing our service delivery and safety practices
- using better work practices and technologies
- collaborating with neighboring councils, the ACT, NSW and Commonwealth Governments, and building regional partnerships.

NSW Treasury Corporation has assessed Council's current financial sustainability as moderate, meaning we will not have sufficient funds to address our infrastructure backlogs.

If a rate increase went ahead, how would the money be used?

Every dollar of the rate increase would be used to pay for community and transport infrastructure projects that deliver broad economic and social benefits. These projects have already been identified as important to our community and include:

- upgrades to sporting facilities, community halls and playgrounds, parks, roads and bridges and pathways.

To make sure that everyone in Eurobodalla can enjoy an active and healthy life, we would also be able to use the additional income to:

- improve the accessibility of our playgrounds, viewing platforms and toilets
- extend Moruya Library to include a multi-use exhibition space with meeting rooms to support the arts
- upgrade the Batemans Bay CBD around North and Orient Streets to support business growth
- repay bank loans that would fund the initial capital costs of the major infrastructure projects.

These community and transport infrastructure projects are in addition to the ones we've already planned and budgeted for in Council's 2013–2017 Delivery Program and those that could be funded from the sale of Council land.

Recurrent funds would also be allocated to:

- important bridge and culvert upgrades
- renewing local roads

new pathways
 renewing community building infrastructure
 renewing sports fields
 upgrading our pools
 renewing playgrounds, park furniture, stairs and barbeques.

Read more about projects to be funded with recurrent funds (<http://www.esc.nsw.gov.au/inside-council/project-and-exhibitions/proposals/funding-our-future/projects/information-sheets/community-infrastructure-and-renewal-projects>)

What your rates pay for

The role of local councils has come a long way since the days of roads, rates and rubbish. Today, we now fund many more services to meet our community's needs and expectations. Some of these include:

parks, foreshores, sports grounds, playgrounds, community halls
 services for youth, families, older people and people living with disability
 libraries, arts, culture
 public and environmental health
 environmental sustainability projects and invasive species management
 transport
 business development, events and tourism
 development services
 land use and natural environment planning
 stormwater and flood management
 emergency management
 community and council strategic plans
 executive, communication and support services.

We also provide water, sewer and waste services but they are funded separately.

Did you know?

The main types of infrastructure paid for by your rates are roads, bridges, parks and recreation, buildings and stormwater.

Eurobodalla Shire Council provides:

36 playgrounds
 12 sports grounds
 1426 parks, reserve, and parcels of public land
 6 community halls
 3 libraries
 117 bridges
 54 public toilets
 3 swimming centres
 178.5 kilometres of storm water pipes
 336 kilometres of urban roads
 748 kilometres of rural roads
 178.5 kilometres of storm water pipes
 38.5 kilometres of shared paths
 69.4 kilometres footpaths.

Related media releases

10-12-2014 - **Council supports financially responsible rate rise**
<http://www.esc.nsw.gov.au/home/news-and-events/media-releases/media-releases/council-supports-financially-responsible-rate-rise>
 04-12-2014 - **Special rate variation on next week's Council Agenda**
<http://www.esc.nsw.gov.au/home/news-and-events/media-releases/media-releases/special-rate-variation-on-next-weeks-council-agenda>
 10-11-2014 - **Council provides more information on proposed rate variation**
<http://www.esc.nsw.gov.au/home/news-and-events/media-releases/media-releases/council-provides-more-information-on-proposed-rate-variation>
 28-10-2014 - **Rates proposal information sessions** (<http://www.esc.nsw.gov.au/home/news-and-events/media-releases/media-releases/rates-proposal-information-sessions>)
 28-10-2014 - **Come and hear about rates proposal** (<http://www.esc.nsw.gov.au/home/news-and-events/media-releases/media-releases/community-invited-to-hear-about-rates-proposal>)
 14-10-2014 - **Information on a proposed rate rise on its way**
<http://www.esc.nsw.gov.au/home/news-and-events/media-releases/media-releases/information-on-a-proposed-rate-rise-on-its-way>
 30-09-2014 - **Council considers rate rise** (<http://www.esc.nsw.gov.au/home/news-and-events/media-releases/media-releases/council-considers-rate-rise>)
 18-09-2014 - **Council to consider how to fund priorities** (<http://www.esc.nsw.gov.au/home/news-and-events/media-releases/media-releases/council-to-consider-how-to-fund-priorities>)
 24-07-2014 - **Eurobodalla infrastructure priorities on the agenda**
<http://www.esc.nsw.gov.au/home/news-and-events/media-releases/media-releases/eurobodalla-infrastructure-priorities-on-the-agenda>

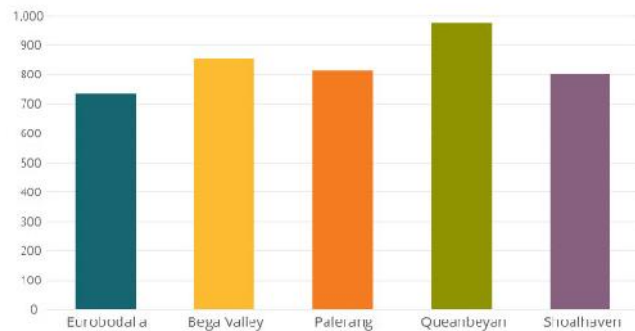
How do our rates compare?

Eurobodalla's average residential rates are lower than some similar sized councils across NSW. This presents challenges for how we continue to fund the maintenance and renewal of infrastructure in the future.

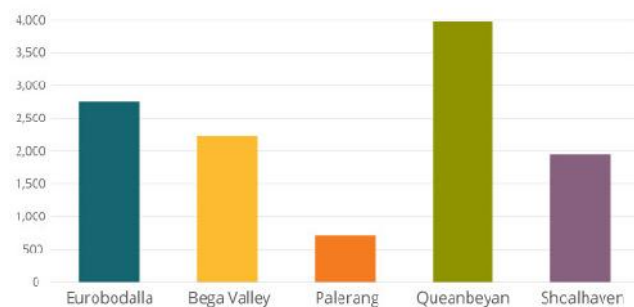
Eurobodalla's rates have not increased more than the annual IPART ratepeg that has been less than CPI since 2006. In 2014-2015, the ratepeg was 2.3%.

These charts show how our rates compare our neighbours in Bega, Palerang, Queanbeyan and Shoalhaven.

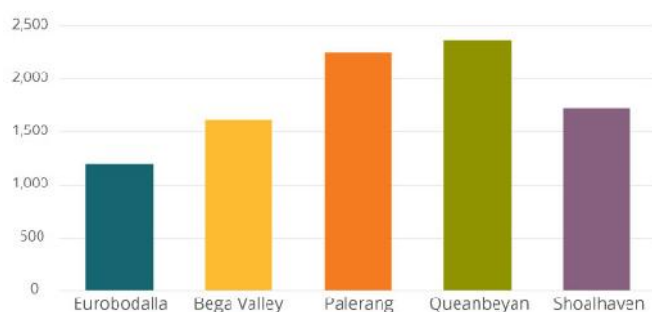
2012-13 Average Residential Rates



2012-13 Average Business Rates



2012-13 Average Farmland Rates



	Average Ordinary Residential Rate (\$)	Average Ordinary Farmland Rate (\$)	Average Ordinary Business Assessment (\$)
Bega Valley Shire Council	852.21	1,611.63	2,236.63
Eurobodalla Shire Council	736.77	1,199.30	2,746.32
Palerang Council	814.54	2,253.44	702.38
Queanbeyan City Council	973.95	2,360.00	3,981.08

	Average Ordinary Residential Rate (\$)	Average Ordinary Farmland Rate (\$)	Average Ordinary Business Assessment (\$)
Shoalhaven City Council	803.29	1,727.18	1,955.04

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You have told us that our current infrastructure and services, and the package of community and transport infrastructure projects we are now seeking your feedback on are important.

- Eurobodalla rates are on average 20 per cent lower than similar sized NSW councils
- the costs of maintaining and renewing infrastructure and providing services are increasing more than Council's income each year
- we need to upgrade existing infrastructure and keep or expand our current services to meet community needs and expectations
- we are paying more for electricity, water and gas
- the cost of telecommunications and street lighting as well as materials such as fuel, concrete, bitumen and steel are also rising faster than our annual rate peg increase
- our infrastructure is ageing and needs to be upgraded to remain safe and operational in the future
- we have less income from decreasing Federal Assistance Grants
- Despite making considerable savings, securing grants and external funds, Council is still not able to meet the needs of the community in the years ahead with its current rates income.

Your rates are Council's main source of income and help to pay for the maintenance and renewal of our community infrastructure as it ages. The NSW Government through the Independent Pricing and Regulatory Tribunal sets a limit on how much they can increase every year and this amount is usually capped between 3 and 3.5 per cent. Unfortunately, this rate peg amount is not enough to cover the increasing costs of looking after this infrastructure which includes roads, libraries, swimming pools, sportsgrounds, community halls, parks, playgrounds and much more.

We are seeking your feedback on a

If a rate increase went ahead, how would the money be used?

Every dollar of the rate increase would be used to pay for community and transport infrastructure projects that could deliver broad economic and social benefits. These projects have already been identified as priorities by our community.

The proposed package includes upgrades to sporting facilities, community halls and playgrounds, parks, roads and bridges and pathways. To make sure that everyone in Eurobodalla can enjoy an active and healthy life, we could also improve the accessibility of our playgrounds, viewing platforms and toilets.

Moruya Library could be extended to include a multi-use exhibition space with meeting rooms to support the arts and the Batemans Bay CBD upgraded around North and Orient Streets to support business growth.

Some of the extra income could be used to repay bank loans that would fund the initial capital costs of the major infrastructure projects and their ongoing maintenance.

We are seeking your feedback on a new package of community and transport infrastructure projects. These projects are in addition to the ones we've already planned and budgeted for in Council's 2013–2017 Delivery Program and those that could be funded from the sale of Council land.

What your rates pay for

The role of local councils has come a long way since the days of roads, rates and rubbish. Today, we now fund many more services to meet our community's needs and expectations. Some of these include:

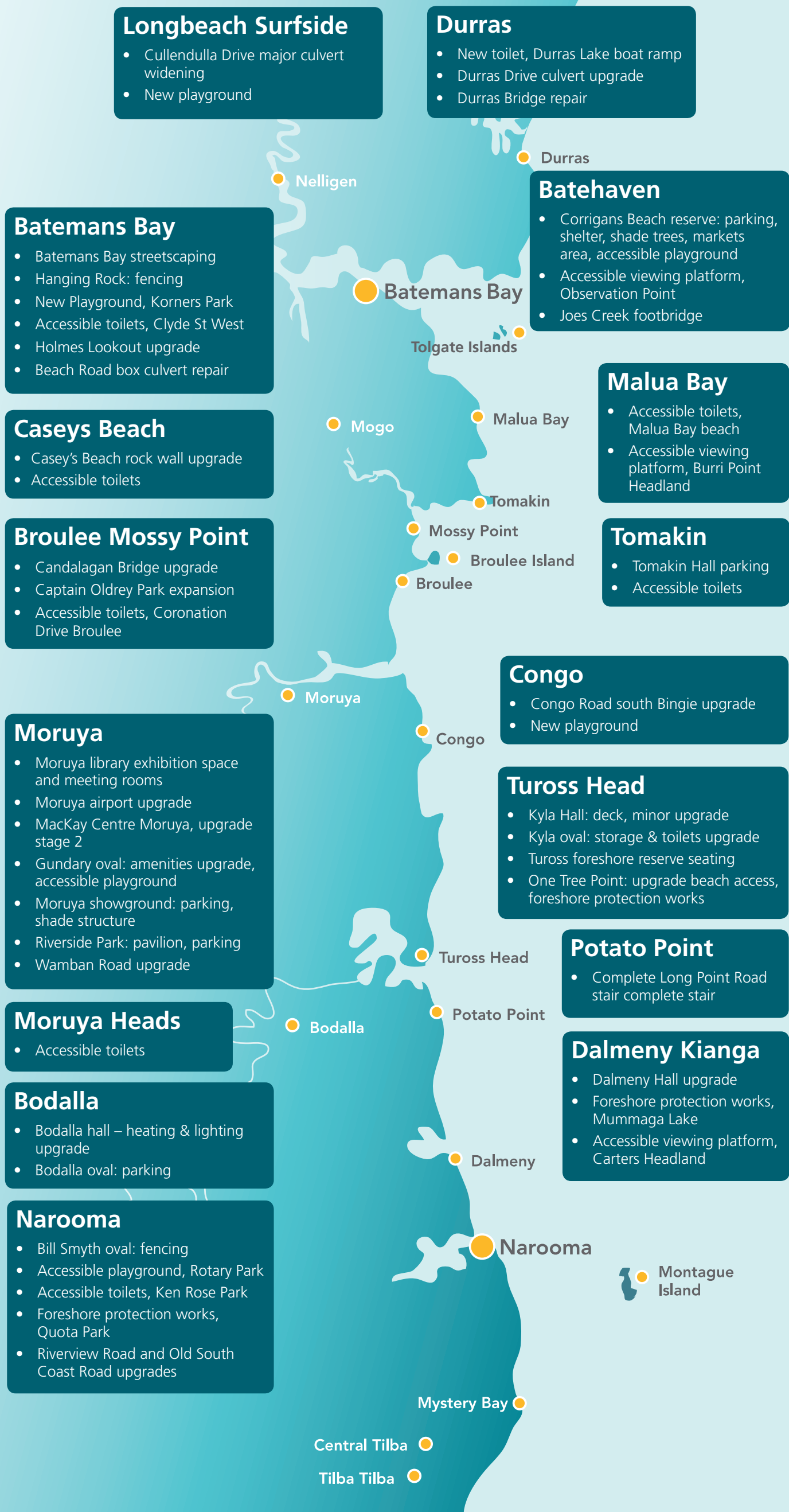
- parks, foreshores, sports grounds, playgrounds, community halls
- services for youth, families, older people and people living with disability
- libraries, arts, culture
- public and environmental health
- environmental sustainability projects and invasive species management
- transport
- business development, events and tourism
- development services
- land use and natural environment planning
- stormwater and flood management
- emergency management
- community and council strategic plans
- executive, communication and support services.

We also provide water, sewer and waste services but they are funded separately.

Did you know?

The main types of infrastructure paid for by your rates are roads, bridges, parks and recreation, buildings and stormwater. Eurobodalla Shire Council provides:

- 36 playgrounds
- 12 sports grounds
- 1426 parks, reserve, and parcels of public land
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- 3 libraries
- 117 bridges
- 54 public toilets
- 3 swimming centres
- 178.5 kilometres of storm water pipes
- 336 kilometres of urban roads
- 748 kilometres of rural roads
- 178.5 kilometres of storm water pipes
- 38.5 kilometres of shared paths
- 69.4 kilometres footpaths.



Recurrent funds would also be allocated to:

- important bridge and culvert upgrades
- renewing local roads
- new pathways
- renewing community building infrastructure
- renewing sports fields
- upgrading our pools
- renewing playgrounds, park furniture, stairs and barbeques

We may call you



about funding
our future?

Council is currently seeking feedback from the community on a proposal to help fund our future through a special rate variation.

Council has engaged Micromex Research to conduct a community survey of 600 Eurobodalla ratepayers on a proposal for a special rate variation. Details of the proposal are outlined in the enclosed brochure.

During the last week of October 2014, you may be contacted by a Micromex representative and asked if you would like to participate in a telephone survey.

The survey will take approximately 15 minutes. It will ask a number of questions about your awareness of the need for and extent of a rate increase.

Your feedback will help Council decide whether or not to apply for a special rate variation.

The survey is just one of the ways the community will be able to provide feedback to Council on the special rate variation proposal.

You can find more information on Council's website, in our Batemans Bay, Moruya and Narooma libraries and customer service centre in Moruya.

For more information please call **02 4474 7377**



Council supports a financially responsible rate rise

Council has voted to progress the proposal to apply for a special rate variation and notified the Independent Pricing and Regulatory Tribunal that it intends to apply for the variation next year.

This flyer explains in brief:

- why Council has made this decision
- how the proposal may affect you
- where you can find more detailed information
- how you can provide feedback.

Why Council has made this decision

On behalf of the community, Council is responsible for ensuring that it is financially sustainable and able to generate sufficient funds to deliver the services and infrastructure that meet our community's needs and expectations. Our community has clearly identified the services and infrastructure they want Council to deliver during the extensive community consultation that took place when we were developing the community strategic plan and other key plans and policies.

Despite making considerable savings and securing grants and external funds, Council is still not able to meet the needs of the community in the years ahead with its current rates income.

A successful rate variation application is an important step towards being able to meet key financial criteria required in the NSW Government's new *Fit for the Future* funding reform package for local government. If we do not increase our rate income, we will be required to significantly cut current service levels, including the maintenance and renewal of community and transport infrastructure. Information and links to the NSW Government's *Fit for the Future* program are on Council's website.

Increasing revenue through a rate variation is proposed as a financially responsible way to:

- support economic growth by funding a \$21.4 million package of community and transport infrastructure projects that the community has asked for
- deliver a broad range of social and economic benefits
- fund the increasing costs of infrastructure renewal and maintenance works on roads, bridges, sport and community facilities, playgrounds, pathways, and public toilets
- respond to the NSW Government's new *Fit for the Future* financial criteria
- address the funding shortfall resulting from decreasing Federal Assistance Grants
- address the impact of the Independent Pricing and Regulatory Tribunal's rate pegging amount that has not kept up with inflation or the increasing cost of building and construction materials for several years.

How the proposal may affect you

If the application is successful, the special rate variation would start in July 2015. The application proposed is for an increase of about 8% on your general rate every year, for three years. Your annual Rates and Charges include a general rate which is an environmental levy plus either a residential, farm land or business rate; and charges for water, sewerage, waste management and stormwater.

A special rate variation is only applied to your general rate. Using the current average residential rate of \$818.30 as an example, the accumulative increase at the end of year three on the average residential rate would be \$212.52, or \$4.09 per week. This is approximately 26% over three years. At the end of year three, your rates would stay at this new higher level, and increase every year by the annual rate peg amount set by the Independent Pricing and Regulatory Tribunal.

We understand that there may be ratepayers in our community who could experience hardship as a result of a rate increase and we are reviewing our Rate and Debtors Hardship policy so that we can offer assistance.

Where to find more information, and how you can provide feedback

In October this year, Council sent ratepayers a brochure that explained:

- what a special rate variation is
- our current financial situation
- what a proposal to increase rates would look like
- what savings have already been made
- how the money would be used.

To help you understand Council's decision and so that you can make an informed decision about this proposal, a new draft Long Term Financial Plan and our revised draft Delivery Program 2013–2017, which show how a special rate variation could improve our financial position, are now on public exhibition. We welcome your feedback and invite you to consider all the information available before making a submission.

You can view these plans on exhibition and learn how to make a submission by visiting the Public Exhibition page of our website www.esc.nsw.gov.au, the Batemans Bay, Moruya and Narooma libraries, and Council's Moruya customer service centre. Submissions close on Friday 23 January 2015.

If you have any questions about the special rate variation proposal, please contact Council on our special rate variation proposal hotline 4474 7377 or email council@eurocoast.nsw.gov.au.