

Rate pegging and IPART

Council is facing the challenge of balancing community expectations with future financial sustainability and we need your help to make some important decisions.

Like many other NSW councils, our roads, footpaths, drainage and other community assets require ongoing maintenance and upgrades to ensure they meet the level of service expected by the community.

As things currently stand, Council's revenue is regulated under rate pegging. The Independent Pricing and Regulatory Tribunal (IPART) sets a rate peg which limits the amount by which councils can increase their rate revenue from one year to the next. For many years, the rate peg has not kept pace with the cost to maintain infrastructure and provide services to the community.

We are seeking your feedback on a proposal to apply to IPART for a special rate variation (SRV). Without this, Council will not be able to sustain the community service delivery and infrastructure needs.

While we understand a rate rise is never welcome, we believe a SRV is necessary to meet the short and long-term needs of the community.

We will be seeking community feedback through public meetings on Monday 4 February in Casino and Wednesday 6 February in Evans Head, as well as via a community survey.

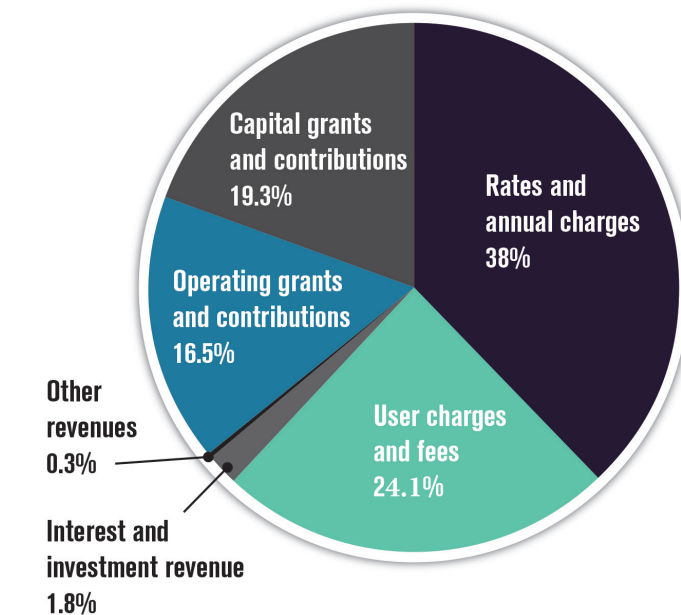
Our priority is to ensure a vibrant future for the Richmond Valley. You are encouraged to take the time to read this newsletter.

More in-depth information is available at our website richmondvalley.nsw.gov.au and at Council's Casino and Evans Head offices, as well as our local libraries.

What are the challenges we face?

- Dispersed population and rates income of \$12.4 million, which is only 21.76% of expenditure
- Government operating grants not keeping pace with expenditure needs
- Funding increasing asset renewal and depreciation expenses

Combined rates and annual charges make up less than half of Council's revenue, which is why it is important we are always on the front foot when it comes to seeking other sources of funding and finding efficiencies in how we operate.



Did you know?



Council has around 80,000 assets to maintain, which in 2017-2018 attracted depreciation of \$10 million, excluding water, sewer and waste.

The main types of assets paid by your general rates include roads, bridges and footpaths, plant and equipment, buildings, stormwater drainage, parks, gardens and cemeteries. Other Council assets which currently require maintenance and renewal include: the Casino Drill Hall site; the Casino Indoor Sports Stadium; the Casino Community and Cultural Centre; the Casino Civic Hall; the Casino, Coraki and Evans Head libraries; the Casino Showground and Racecourse; the Casino, Coraki, Woodburn and Evans Head public swimming pools; the Casino Visitor Information Centre; the Coraki Riverside Caravan Park and Camping Grounds; the Coraki and Woodburn SES buildings, the Casino-Evans Head Surf Club, Stan Payne Oval facilities, Broadwater-Rileys Hill Hall, Rappville Hall and open spaces infrastructure.



Richmond Valley Council

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How our rates compare with other Northern Rivers councils

Rates are a tax on land based on a property's unimproved capital value. How we allocate our rate revenue is determined by our Community Strategic Plan, Delivery Program and annual operational plans.

Councils in NSW are required to make decisions and set their revenue policies in the best interests of the whole local government area. This is a challenge for all councils when there are limited funds available.

Richmond Valley Council continues to have the lowest or second lowest rates across the Northern Rivers, per head of population, as demonstrated in the latest Office of Local Government data

(see graphs below).

Even after the higher proposed rate increase of seven percent, residents will still be paying significantly less in rates than other Northern Rivers councils.

As the local government area grows, we are faced with many necessary changes and challenges and your Council will lead and respond.

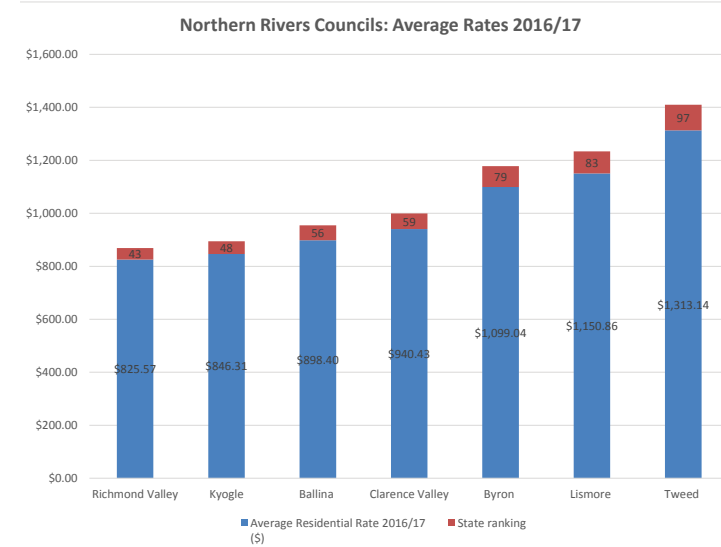
However, Council is determined not to go down the path of financial non sustainability. We must meet our operational spend with appropriate rating levels and our current rating levels are comparatively low and insufficient to continue to deliver our current service levels.

Specific challenges for Council include:

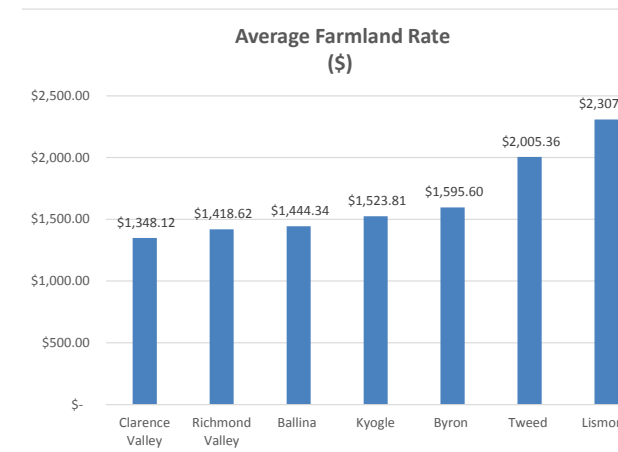
- maintaining the current economic base
- retaining the friendly, relaxed atmosphere in our towns and villages while ensuring adequate amenities are developed
- fostering appropriate investment and development
- meeting competing infrastructure demands generated by increased population and visitation levels

At Richmond Valley Council we are committed to delivering excellent services for our communities.

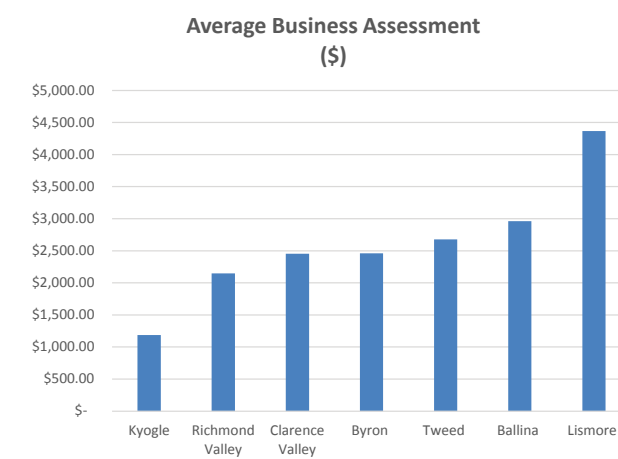
This is why we will be having conversations with our ratepayers to achieved a balance between how much you are willing to contribute to your future and how much it is necessary for Council to deliver on its promises, become sustainable and meet the community's expectations.



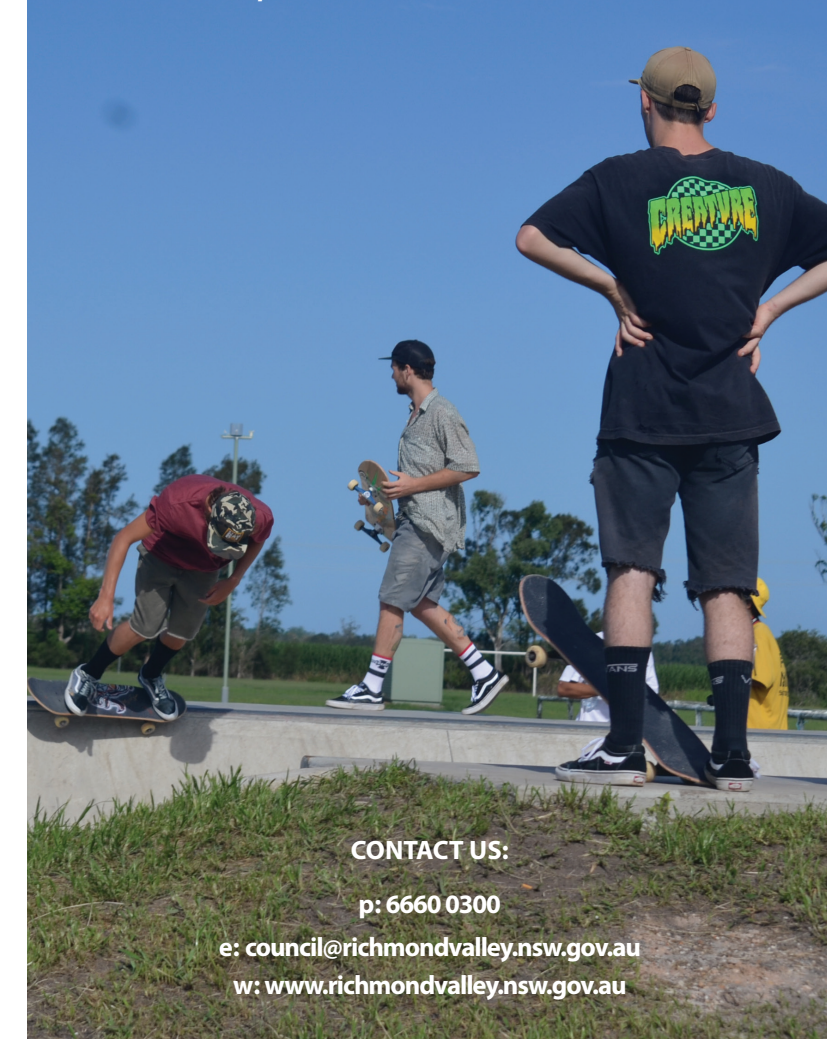
The Richmond Valley has the second lowest average rates for farmland on the Northern Rivers.



The Richmond Valley has the second lowest average business assessment for the Northern Rivers.



Woodburn skate park



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Mayor, GM message: ‘planning for our future together’



Over the past five years Council has delivered many significant capital projects, has increased service levels and added additional services, and increased our capacity to deliver for the community.

This fresh approach came about after the development of our Community Strategic Plan, which outlines the community’s priorities and highlights residents’ desires for better services and facilities.

As residents would be aware, Council is currently in its last year of a five-year special rate variation. This has allowed Council to invest an extra \$5.5 million in our road network, around \$3.7 million in capital upgrades including Casino, Woodburn and Coraki riverfronts, and Casino, Evans Head and Woodburn skate parks, as well as various other projects.

The current variation also allowed Council to increase the renewals of public toilets and other facilities in our parks with an extra \$700,000. There

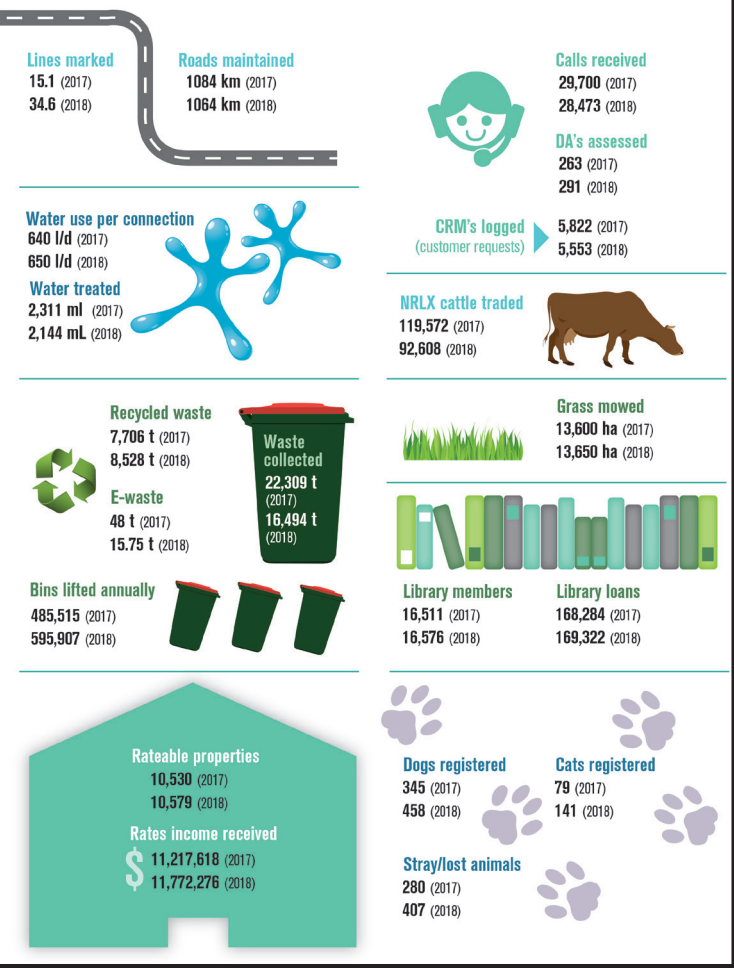
was also an extra \$400,000 of improved maintenance, namely playgrounds, road drainage and public toilet maintenance.

Along with all the projects Council has delivered from the current special rate variation, we have also been successful in gaining additional grant funding from both the Federal and NSW governments. Out of these grants we are delivering a \$14 million upgrade to the Northern Rivers Livestock Exchange, constructed a \$1 million cycleway from Broadwater to Broadwater Beach, a youth space at the Broadwater Rileys Hill Hall, new tennis courts and clubhouse for Evans Head, upgrading the Rappville Road, received extra funding for the Woodburn riverfront upgrade and the Casino Drill Hall and Amphitheatre projects, added \$1.4 million to the Federal Government’s \$1 million investment to upgrade the Woodburn-Coraki Road.

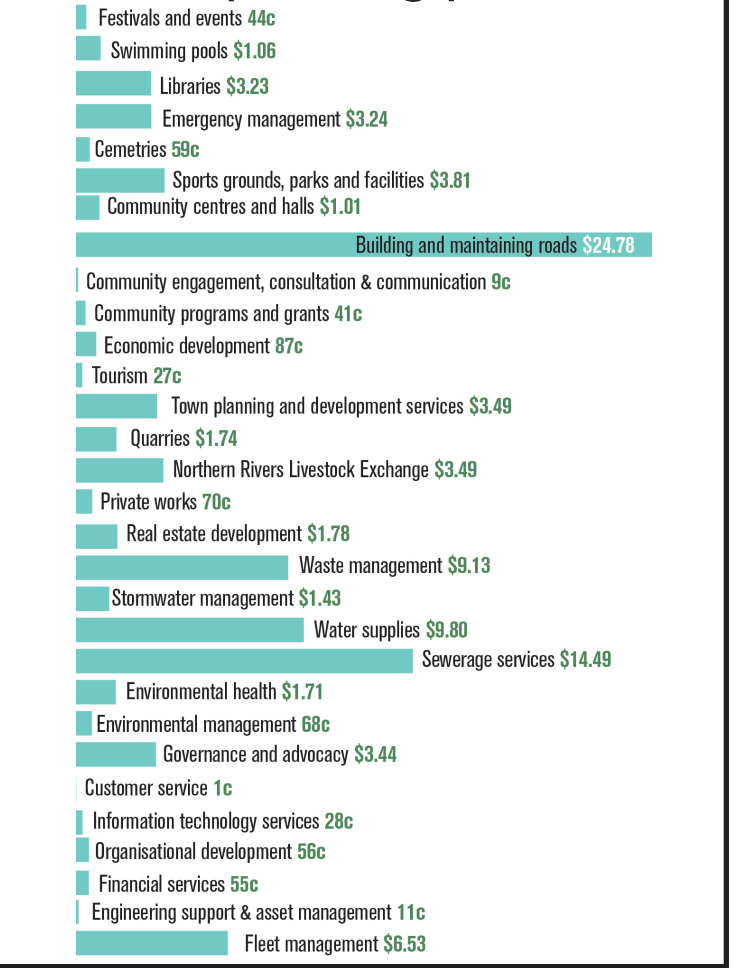
With the addition of new assets there is an ongoing maintenance and renewal expense, as well as increased depreciation to fund. While achieving cash surplus budgets in the past five years and driving efficiency across its operations, Council’s revenues are not enough to maintain its infrastructure at an acceptable level, nor able to proceed with new projects.

Being this is the last year of the current special rate variation, it is both prudent and timely that Council goes back to the community to discuss what has been delivered from the past rate variation, what the cost is to continue to deliver our current service levels as well as keeping our assets in good shape, and test the community’s appetite for a further special rate variation. While we are mindful of the cost of living pressures being felt by all of our ratepayers we, as a community, need to invest in our assets and our future as we agreed in our current Community Strategic Plan.

RVC Stats & Facts



Council spending per \$100



How will the SRV be spent?

A 5.5% SRV will generate \$2.97 million over a four-year period from 2019-2020 to 2022-2023, and a 7% SRV \$3.86 million.

- Roadwork and renewal of urban streets
- Grading unsealed local roads to meet existing service levels
- Additional maintenance of the rural road network: bitumen maintenance; drainage; patching; roadside slashing; gravel maintenance; and vegetation management
- Increased funding to maintain existing services across Council operations including emergency services
- Additional bitumen resealing and gravel re-sheeting to keep our roads at a good a standard and prevent them from deteriorating
- Culverts, causeways, drainage and footpath renewal
- Community assets renewal

The SRV applies to your general rates only and does not apply to the waste management, water and sewerage charges on your rates notices.



SRV will keep the Valley’s investment momentum going

As Council is coming to the end of its current special rate variation, it is timely to go to the community and have a discussion regarding the current costs of service levels and asset maintenance.

To start the discussion with the community, RVC’s Finance team has modelled three different scenarios (featured below) which shows the yearly and weekly increase. Scenario one is what the future looks like without a further special variation; but includes a 2.7% increase in next year’s rate peg as advised by the Independent Pricing and Regulatory Tribunal. Scenario two is continuing with a 5.5% variation, including the rate peg, and scenario three increases the variation to 7%, including the rate peg.

2.7% Rate Peg		Ave Rate	Ave Rate @ 2.7%	Yearly Increase	Weekly Increase		Ave Rate @ 2.5%	Yearly Increase	Weekly Increase
Category	2018/19	2019/20				2020/21			
Residential	\$ 969.43	\$ 998.16	\$ 28.73	\$ 0.55		\$ 1,022.01	\$ 23.85	\$ 0.46	
Rural Residential	\$ 846.29	\$ 870.12	\$ 23.83	\$ 0.46		\$ 895.54	\$ 25.42	\$ 0.49	
Business	\$ 2,860.44	\$ 2,940.58	\$ 80.14	\$ 1.54		\$ 3,015.92	\$ 75.34	\$ 1.45	
Farmland	\$ 1,606.77	\$ 1,647.39	\$ 40.62	\$ 0.78		\$ 1,691.90	\$ 44.51	\$ 0.86	
5.5% SRV		Ave Rate	Ave Rate @ 5.5%	Yearly Increase	Weekly Increase		Ave Rate @ 5.5%	Yearly Increase	Weekly Increase
Category	2018/19	2019/20				2020/21			
Residential	\$ 969.43	\$ 1,022.64	\$ 53.21	\$ 1.02		\$ 1,079.34	\$ 56.70	\$ 1.09	
Rural Residential	\$ 846.29	\$ 895.54	\$ 49.25	\$ 0.95		\$ 943.21	\$ 47.67	\$ 0.92	
Business	\$ 2,860.44	\$ 3,027.14	\$ 166.70	\$ 3.21		\$ 3,200.24	\$ 173.10	\$ 3.33	
Farmland	\$ 1,606.77	\$ 1,701.43	\$ 94.66	\$ 1.82		\$ 1,790.44	\$ 89.01	\$ 1.71	
7.0% SRV		Ave Rate	Ave Rate @ 7.0%	Yearly Increase	Weekly Increase		Ave Rate @ 7.0%	Yearly Increase	Weekly Increase
Category	2018/19	2019/20				2020/21			
Residential	\$ 969.43	\$ 1,038.13	\$ 68.70	\$ 1.32		\$ 1,109.31	\$ 71.18	\$ 1.37	
Rural Residential	\$ 846.29	\$ 908.25	\$ 61.96	\$ 1.19		\$ 974.98	\$ 66.73	\$ 1.28	
Business	\$ 2,860.44	\$ 3,055.99	\$ 195.55	\$ 3.76		\$ 3,277.18	\$ 221.19	\$ 4.25	
Farmland	\$ 1,606.77	\$ 1,726.86	\$ 120.09	\$ 2.31		\$ 1,850.83	\$ 123.97	\$ 2.38	

Community meetings

Council will be holding community meetings in:

- **Casino on Monday 4 February; and**
- **Evans Head Wednesday 6 February**

We will also be conducting a community telephone survey, managed by Sydney-based company Micromex Research, which has undertaken previous surveys for RVC.

Around 400 residents will be called and asked to participate. Those receiving a call will be representative of our population.

Your feedback is important and we would appreciate hearing your thoughts.

More information

Council’s website has a dedicated page with all the information you need to make an informed decision. Please visit richmondvalley.nsw.gov.au Documents are available for viewing and downloading.

Information will also be available at:

- The Casino administration building
- Casino Community and Cultural Centre
- Council’s Evans Head office and library
- Casino Library
- Coraki Library
- Mobile library

Should you wish to discuss the contents of this newsletter with a Council officer, please call 6660 0300.