

# Communications & Engagement Plan

Special Rate Variation Consultation Nov 2-Dec 10, 2020



*Unleash the opportunities*

[www.armidaleregional.nsw.gov.au](http://www.armidaleregional.nsw.gov.au)

## 1. Communication Aim

To inform and engage with Armidale Region ratepayers to seek feedback on maintaining an existing temporary (7 years) Special Rate Variation (SRV) of 10% applied for by the former Armidale Dumaresq Council and a further option to increase the SRV by a further 10%. The option of no SRV will also be consulted on.

To inform ratepayers that Council is required to harmonise rates from the former Armidale Dumaresq and Guyra Shire Councils into one rating structure. Demonstrate the likely impact of harmonisation to existing rates for the 2021/2022 financial year.

## 2. Target Audiences

### Ratepayers

- Ratepayer in the Armidale region are categorised into a rating structure that includes Residential, business and farmland categories (Mining has little impact in the Armidale Regional LGA)

### Stakeholder groups are identified from within ratepayer categories including:

- Seniors
- People with Disability
- Business owners
- Residential property owners
- Farmers
- Commercial property owners
- Community organisations eg. Business Chambers, Neighbourhood Centres, ratepayer advocacy groups, Local Area Committees/Progress Associations, Farming advocacy groups

### Media

- Local and Federal Members

## 3. Key messages

### Special Rate Variation

Armidale Regional Council wants to continue to talk to the community about how we fund future assets and services to remain financially sustainable and meet the NSW Government's Fit for the Future benchmarks.

In 2016 the NSW Government merged the former Armidale Dumaresq and Guyra Shire Councils. Both Councils were identified by the NSW Government as financially unsustainable.

Since the merger the leadership of Armidale Regional Council has been committed to improving the new Council's short and long term financial sustainability. This hasn't been an easy task however

significant gains in productivity and efficiencies across the organisation have yielded positive results. This has included:

- A focus on minimising non-essential spend;
- Inclusion and achievement of a significant staff vacancy factor in budgets since 2018/19;
- A thorough annual review of fees and charges to identify where opportunities exist to increase user pays resulting in increases in fees and charges across a range of areas;
- Investment in parking technology to enable a higher incidence of parking infringements to be issued within available resources resulting in an additional possible \$200k in revenue per annum although this has been impacted by Covid-19;
- A complete review and recast of the capital works program to align it with available resources and organisational capacity;
- Seeking grant funding opportunities for capital projects already in the capital works pipeline rather than identifying new projects;
- Implementation of a Transformation Program incorporating a service review, review of business options and organisation restructure; and
- Progression of a land divestment strategy and disposal of surplus land assets resulting in net proceeds of \$1.7 million in 2018/19 and 2019/20.

Despite these productivity gains Council still has a significant asset backlog that must be addressed. Council is the custodian of community assets like roads, bridges, parks, buildings, footpaths, cycle ways and storm water drainage. Council is focused on becoming sustainable and managing the maintenance of these assets responsibly so that they do not deteriorate to a point where they become a burden for future generations.

Like many Councils across NSW Armidale Regional Council is struggling to continue to provide the broad range of services without increased revenue. At present Council's revenue is regulated by IPART. IPART sets a rate peg that limits the amount Councils can increase rates from one year to the next. Unfortunately the rate peg has not kept pace with the increasing cost of maintaining our assets and providing services to the community.

The former Councils were successful in applying for SRVs in the 2014/15 financial year. Guyra Shire Council secured a permanent 5.7% increase and Armidale Dumaresq a temporary seven year 10% increase. In 2021 the Armidale Dumaresq temporary SRV is scheduled to be removed reducing Council's overall rates income by \$1.5 million annually. Income generated from the temporary SRV has been directed towards roads renewal and maintenance and to reducing Council's asset backlog. To maintain current levels of service Council must apply this year to have the temporary SRV extended or permanently applied. In addition Council will also explore through consultation with ratepayers different options being proposed to allow Council to invest further to improve service delivery and new assets being proposed.

### **Rates Harmonisation**

As a result of the merger in 2016 Armidale Regional Council inherited two rating structures. The NSW Government imposed a three year rates freeze which did not allow the new Armidale Regional Council to adjust rates during the last three years. The NSW Government has extended this rates freeze for an additional year to 2021. As required by the NSW Government, Council is moving towards a single rates structure by 1 July 2021.

Harmonisation of rates is a complicated process which will inevitably result in changes for some property owners. **This process does not generate more income from rates.** What it does mean is a redistribution of the total rates income so that all ratepayers in their respective categories have their rates calculated in the same way. Councils in NSW are mandated by the NSW Government to only increase rates by the rate peg set annually by the NSW Independent Pricing and regulatory Tribunal (IPART).

### Proposed SRV scenarios

The options to ratepayers can be categorised into three scenarios: improve services, maintain services or decrease services. **Rates harmonisation will be implemented from 1 July 2021 regardless of which scenario for the SRV is decided by Council.**

## 1. Increase Services

### Continuation of the temporary SRV plus an additional SRV increase

Council will apply for a permanent Special Rate Variation of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum.

This option will result in our current level of assets and services maintained and Council will also be able to fund additional asset renewals and reduce our medium to long term financial risk. Roads, bridges, buildings and community facilities maintenance and renewal will be the focus of additional funds raised.

## 2. Maintain Services

### Continuation of the temporary SRV – Does not address future growth

Council will apply for a permanent Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current SRV which is due to stop in 2021.

This option will result in current levels of service maintained in the short term; however our asset renewal backlog will increase. This will increase costs in the medium to long term placing a financial burden on future generations. Council will have limited options to fund new assets as the region grows.

## 3. Decrease Services

### Discontinuation of the temporary SRV – Financially unsustainable

Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum.

This option will see a significant reduction in the services provided by Council and our asset renewal backlog will increase. Roads, buildings and public spaces would deteriorate placing a significant financial burden on future generations and threaten Council's medium and long term financial sustainability. Even though there would be a reduction in individual rates assessments, harmonisation may result in an increase in some rates.

## Consultation Period

During the five week consultation period Council will seek feedback from ratepayers and demonstrate the impacts of the three options presented to the community.

It is important that ratepayers are fully informed and understand the options Council is presenting to them so that ratepayers understand the impact these scenarios, both good and bad may have on the future prosperity of our region.

Council will adopt numerous methods of communications to engage meaningfully with ratepayers to allow every opportunity for feedback. This is an important decision for our region and as a Council we do not take this lightly and understand any additional cost to ratepayers may be a burden. Council must weigh up the needs of our region now against the needs of the next generation. It is important that we do not place too great a burden on future generations and provide a sustainable financial position.

## 4. Communications & engagement tactics and channels

(engagement tactics modified for COVID-19 social distancing requirements)

- Planning for our future – yoursay.armidale engagement hub
- Mail out letter to all ratepayers (including DL A4 fact sheet)
- Newspaper and radio advertising announcing consultation period
- Media releases – identified milestones
- Random phone survey (conducted by Jetty Research)
- Online forum – hosted on the yoursay.armidale engagement hub
- Physical displays in the customer service areas and libraries of everything available on the online yoursay.armidale hub
- Utilise fortnightly e-news and Printed Council News
- Social media (FB, Twitter and Instagram)
- FAQs hosted on the yoursay.armidale engagement hub
- Fact sheets including ‘How this will affect my rates’ for each rate category comparing 3 proposed options and how it will affect what a property owner will pay
- Customer service information packs (digital)
- Staff information packs (digital on the intranet)
- Media information packs (either hardcopy or digital)
- Pop-ups. Armidale markets and Guyra Main Street for 2 hour manned sessions.
- Webinar
- Face-to-face meetings: Armidale Ratepayers Association, NSW Farmers Association, Armidale Guyra and village locations
- Village meetings: comprising representatives from Guyra, Wollomombi, Hillgrove, Ebor, Black Mountain, Ben Lomond and Wards Mistake

- Individual submissions open via email through the [yoursay.armidale](https://yoursay.armidale.nsw.gov.au) page or in person at the Customer Service offices in Armidale and Guyra, or emailed to [council@armidale.nsw.gov.au](mailto:council@armidale.nsw.gov.au) or mailed to PO Box 75A, Armidale 2350

## 5. Resources

- Communications team
- Finance staff
- IT as required
- External specialist to conduct phone survey and produce report (Budgeted)
- External engagement specialist to conduct face-to-face sessions as per schedule, produce a summary report from the feedback (Budgeted)
- ELT and managers as required to attend engagement sessions
- Budget for production and printing of communications material identified in this plan

## 6. Risks

- Physical distancing restrictions due to the Coronavirus pandemic have eased, however economic impacts are still being felt and will continue to have a major impact on household and business expenditure.
- Political volatility may cause disruption and have an impact on ratepayers and the community's ability to have a meaningful conversation about maintaining the existing SRV or asking for an increase.
- Consulting on proposed SRV scenarios and rates harmonisation (both complex issues for ratepayers to understand) at the same time may cause confusion and be information overload for the average ratepayer.
- A lot in a year for the community to digest. Just had the conversation about the harmonisation of some charges in the Budget and Operational Plan.
- Council is seen as unsympathetic during severe hardship across the country due to Coronavirus. Council brand significantly damaged.
- Increase in rates expected to be proportionally higher in the Guyra area and in particular in the Farmland category. Unavoidable with rates harmonisation

## 7. Timeline and major milestones

**Proposed date for consultation to commence is Monday 2 November to Thursday 10 December, 2020.**

NOTE: Production and delivery

6 weeks is required for communications to produce and have ready for commencement of consultation communications and engagement tactics. This is with the expectation that all information required from Finance and Asset Planning including scenario examples for each SRV option are ready and information showing examples of prior spend on existing SRV have been completed.

## Communications activities for SRV

Activity	Message	Date of release	Status
<b>Letter (Including DL fact sheet)</b> from Acting General Manager to ratepayers	Introduction to SRV, scenario options, changes ahead and links to further information and engagement opportunities	Distributed week commencing Mon 9 November	Complete
Establish an SRV –Planning for our Future <b>hub on yoursay.armidale</b>	An online resource for all info, fact sheets, forums, FAQs, videos	Live Monday 2 Nov	Complete
<b>Media releases</b> – announcing consultation commencement. From Council Meeting on 28 October  Ongoing - announcing key activities including:  Phone survey  Village meetings & webinars  Pops up	Introduction to SRV scenarios, rates harmonisation consultation for media opportunities and media pack	<b>MR</b> – Council meeting <b>28 October</b>  <b>MR</b> – <b>Monday 2 November</b> – mailout and community meetings  <b>MR</b> – phone survey – commences <b>16 November</b>  <b>MR</b> – webinar and pop-ups	Complete
<b>Newspaper ad</b> in Guyra Gazette and Express	Advertising consultation period and online hub resources	Week commencing Mon 2 Nov	Complete
<b>Fortnightly E-news</b>	Advertising consultation period and online hub resources	Wednesday 4 Nov	Complete
<b>Radio</b> – 2AD regular councillor spot (Thursday)	Advertising consultation period and online hub resources	Week commencing Mon 2 Nov	Complete
<b>Hardcopy display</b> in customer service areas, libraries Armidale & Guyra	Hardcopies of everything available on the online hub	Mon 2 Nov	Complete
<b>FAQs</b>	Online and hardcopy	Approved by 29 Oct	Complete
<b>Fact sheet</b>	Detailing the what, why, how of the SRV	Approved by 29 Oct	Complete
Briefing and communications pack to customer service teams	Key messages, engagement activity timeline, communications material and links to online	Approved by 29 Oct	Complete
Internal comms – key messages and links to resources	Key messages, engagement activity timeline, communications material and links to online	Approved by 29 Oct	Complete
<b>Social media</b>	As required and identified through major milestone media releases	Commence 2 Nov – ongoing with milestone MRs	Complete

## Engagement activities for SRV

Activity	Message	Date	Status
<b>Phone survey</b>	<b>Conducted by external provider.</b> Views of community re. tolerance for SRV, preferred scenarios etc	Week commencing Monday <b>9 November</b>	Complete
<b>Online forum</b> – questions and answers online hub yoursay.armidale	Community can ask questions directly to council	From Monday <b>2 November</b>	Complete
<b>Village meetings</b>	<b>Run by external facilitator</b> – presentation and Q&A	Week commencing Mon 16 Nov	Complete
Ben Lomond	Soldiers Memorial Hall	Tues 17 Nov 6pm-7.30pm	Complete
Wollomombi/ Lower Creek	Sauer Memorial Hall	Wed 18 Nov 6pm-7.30pm	Complete
Hillgrove	Hillgrove Hall	Thurs 19 Nov 6pm-7.30pm	Complete
Wards Mistake	Guyra Chambers	Tues 24 Nov 6pm-7.30pm	Complete
Black Mountain	Black Mountain RFS Shed	Wed 25 Nov 6pm-7.30pm	Complete
Ebor	Sportsground	Thurs 26 Nov 6pm-7.30pm	Complete
<b>Pop ups</b> Guyra main street outside IGA Farmers' Market Armidale Markets in the Mall	Display and promote SRV applications and options and answer questions	Wed 11 Nov 10-12pm & Wed 18 Nov 10-12pm Sunday 15 Nov 8.30am-12.30pm Sun 29 Nov 8.30am-12.30pm	Complete
<b>Webinar</b> – SRV explanation and why Open to anyone who registers	Presentation to the community – as per village presentation with Q&A session	Mon 30 Nov 6-7.30pm	Complete
<b>Community meetings</b>	<b>Run by external facilitator</b> – presentation and Q&A		Complete
<b>Face-to-face meeting</b> - Presentations to NSW Farmers'	Presentation to the community – as per village presentation with Q&A session.	Guyra Chambers (Max 16) Wed 11 Nov 2-3.30pm	Complete
<b>Face-to-face meeting – Ratepayers Association</b> Armidale	Presentation to the community – as per village presentation with Q&A session	Armidale Town Hall (Max 30) Wed 11 Nov 6-7.30pm	Complete



Activity	Message	Date	Status
<b>Face-to-face meeting</b> –Guyra community	Presentation to the community – as per village presentation with Q&A session.	Guyra Multipurpose Centre (Max 30) (Showground) Thurs 12 Nov 1-2.30pm	Complete
<b>Face-to-face meeting</b> - Armidale	Presentation to the community – as per village presentation with Q&A session.	Armidale Town Hall (Max 30) Thurs 12 Nov 6-7.30pm	Complete
<b>Face-to-face meeting</b> - Armidale	Presentation to the community – as per village presentation with Q&A session.	Armidale Town Hall (Max 30) Mon 16 Nov 1-2.30pm	Complete
<b>Face-to-face meeting</b> –Guyra community	Presentation to the community – as per village presentation with Q&A session.	Guyra Multipurpose Centre (Max 30) (Showground) Mon 16 Nov 6-7.30pm	Complete

<Date>

Your ref:

Our ref: <TRIM file number(s)>

Address line one

Address line two

Address line three

Dear <Name>

## **Changes to your rates – Special Rate Variation (SRV) consultation. Rates Harmonisation implementation**

### **Special Rate Variation (SRV)**

In June 2021 a temporary Special Rate Variation (SRV) of 10 percent (above the rate peg) applied by the former Armidale Dumaresq Council over a seven year period will expire, reducing Council's overall rates income by \$1.5 million annually. Income generated from the temporary SRV has paid for the maintenance and renewal of community assets including roads, bridges, storm water drainage and facilities like the Armidale Town Hall, village halls, parks and gardens and other buildings managed by Council.

To maintain current levels of service Council must apply this year to the NSW Independent Pricing & Regulatory Tribunal (IPART) to have the temporary SRV made permanent. Before making a submission, Council will consult the community on three options for an SRV including a higher SRV amount to allow for further investment in maintaining our infrastructure, in particular renewal works on our roads, bridges and community buildings and facilities.

Like many Councils across the State, Armidale Regional Council is struggling to continue to provide the broad range of services without increased revenue. At present Council's revenue is regulated by the Independent Pricing and Regulatory Tribunal. IPART sets a rate peg that limits the amount Councils can increase their total rate collection by each year. Unfortunately the rate peg has not kept pace with the increasing cost of maintaining our assets and providing services to the community.

It has been a difficult few years for the Armidale region and like many rural areas, Council revenue has been heavily impacted by drought and now Covid-19.

Our priority now is to get back to basics in delivering important essential services to ratepayers and the community. Ensuring that we have enough revenue to continue to deliver services to the community is essential in this rebuilding phase.

### **Consultation**

During the next five weeks we will be engaging with the community on three SRV options for consideration in our final proposal to IPART and provide further clarity on the mandatory process for harmonisation of rates.

The enclosed brochure provides the three options for the SRV for your consideration as well as further information and a link to our [yoursay.armidale.nsw.gov.au](https://yoursay.armidale.nsw.gov.au) **online engagement hub** that will help you in making an informed decision. Our [yoursay.armidale.nsw.gov.au](https://yoursay.armidale.nsw.gov.au) page will also provide a schedule of engagement opportunities and how you can provide feedback to Council through a formal submission.

This is a lot of information to digest and understand so please take this opportunity to engage with Council. If you are not online, information displays will also be available in our customer service areas in the Armidale and Guyra Civic Administration Buildings and in our libraries. A dedicated SRV and rates harmonisation hotline on **1300 364 366** has also been established to assist you with any enquiry you may have during the consultation period.

### **Rates Harmonisation**

Since amalgamation of Armidale Dumaresq and Guyra Shire Council in 2016 Council has been required to maintain two rating systems for the local government area. This was due to a four year rate freeze imposed by the NSW Government. This meant that Council could not adjust rates beyond the rate peg in the first four years after amalgamation which saw different rates being paid in the former local government areas.

Under current legislation Council must maintain one consistent rating structure to ensure a fairer and more equitable system across all rating categories within the Armidale Regional Local Government Area. This will take effect from July 1 2021 and will only affect general rates. There will be no increase in total rates collected by Council due to harmonisation, but the distribution between rate categories needs to be made more equitable. It is a complex process to find the fairest outcome and your understanding will be much appreciated.

The challenge in harmonising rates is recognised by Councils across NSW and by the State Government. The Minister for Local Government has committed to taking a bill to the Parliament early next year which would provide options for Council to implement rates harmonisation more gradually. There is no guarantee that the bill will be passed by Parliament so we must continue under the current law and current date of July 1 2021. Council has focused on creating the most equitable rate structure for all ratepayers.

Council welcomes and values feedback and is acutely aware it must ultimately make the fairest decision which will impact some ratepayers positively and others negatively.

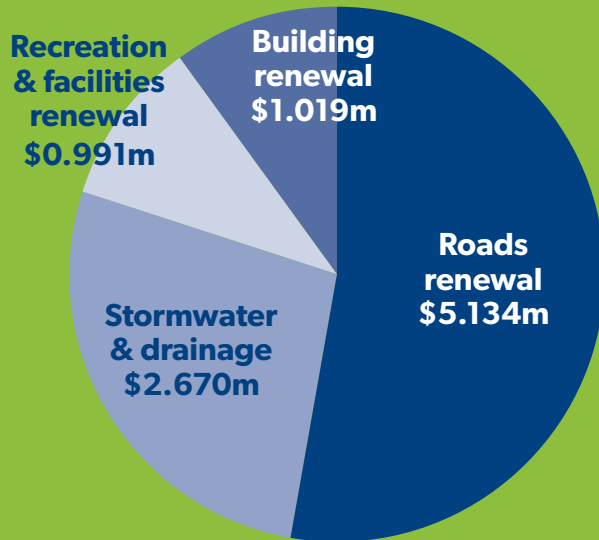
Yours sincerely

John Rayner  
**Acting General Manager**

## What has the temporary SRV been spent on?

Income generated from the temporary SRV has paid for the maintenance and renewal of community assets including roads, bridges, storm water drainage and facilities like the Armidale Town Hall, village halls, parks and gardens and other buildings managed by Council.

Further information on actual projects completed with SRV funds over the last seven years is available online at [yoursay.armidale.nsw.gov.au](http://yoursay.armidale.nsw.gov.au)



## Productivity & efficiency gains across the organisation

The leadership of Armidale Regional Council is committed to improving Council's short and long term financial sustainability. This isn't going to be an easy task, however significant gains in productivity and efficiencies across the organisation have yielded positive results. For further information visit [yoursay.armidale.nsw.gov.au](http://yoursay.armidale.nsw.gov.au)

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## Community consultation Ends Thursday 10 December 2020

Council has developed an SRV proposal for the community to consider. Ratepayers now have three options for consideration.

Feedback from the community is encouraged via a formal submission to Council.

Address submissions as  
**Submission SRV and Rates Harmonisation**

**By email:** [council@armidale.nsw.gov.au](mailto:council@armidale.nsw.gov.au)

**By Post:** Armidale Regional Council PO Box 75A, Armidale 2350

**Drop-off:** Armidale Civic Administration Building, 135 Rusden Street or at the Guyra Civic Administration Building 158 Bradley Street.

Visit Council's online engagement hub at [yoursay.armidale.nsw.gov.au](http://yoursay.armidale.nsw.gov.au) for further information and for a detailed schedule of engagement opportunities planned by Council.

These include:

- Village sessions (COVID Safe - limited attendance)
- Guyra and Armidale sessions (COVID Safe - limited attendance)
- Webinar
- Phone survey
- Pop-up stalls

For people not online, information will be on display at the Armidale and Guyra civic admin buildings and in the libraries.

## Your rates are changing

Proposed Special Rate Variation



**ARMIDALE**  
Regional Council

[yoursay.armidale.nsw.gov.au](http://yoursay.armidale.nsw.gov.au)

# Special Rate Variation

## 1. Improve services

### Continuation of the temporary SRV plus an additional SRV increase

Council will apply for a Special Rate Variation (SRV) of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum.

This option will result in our current level of assets and services maintained and Council will also be able to fund additional asset renewals and reduce our medium to long term financial risk. Roads, bridges, buildings and community facilities maintenance and renewal will be the focus of additional funds raised.

Ratepayer impacts					
Residential - Armidale Average	SRV Adjustment	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$1,126.00	
2021-22	\$104.72	2%	\$24.61	\$129.33	\$1,255.33
2022-23		2.5%	\$31.38	\$31.38	\$1,286.71
Residential - Guyra Average	SRV Adjustment	Rate Peg*	Annual Change	Average**	
Harmonised Rate effective 1 July 2021				\$529.00	
2021-22	\$49.20	2%	\$11.56	\$60.76	\$589.76
2022-23		2.5%	\$14.74	\$14.74	\$604.50
Residential - Non-Urban	SRV Adjustment	Rate Peg*	Annual Change	Average**	
Harmonised Rate effective 1 July 2021				\$1,082.00	
2021-22	\$100.63	2%	\$23.65	\$124.28	\$1,206.28
2022-23		2.5%	\$30.16	\$30.16	\$1,236.44
Farmland	SRV Adjustment	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$3,228.00	
2021-22	\$300.20	2%	\$70.56	\$370.76	\$3,598.76
2022-23		2.5%	\$89.97	\$89.97	\$3,688.73

## 2. Maintain services

### Continuation of the temporary SRV - Does not address future growth

Council will apply for a Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current SRV which is due to stop in 2021. This option will result in current levels of service maintained in the short term; however our asset renewal backlog will increase. This will increase costs in the medium to long term placing a financial burden on future generations. Council will have limited options to fund new assets as the region grows.

Ratepayer impacts					
Residential - Armidale Average	SRV Adjustment	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$1,126.00	
2021-22	\$-	2%	\$22.52	\$22.52	\$1,148.52
2022-23		2.5%	\$28.71	\$28.71	\$1,177.23
Residential - Guyra Average	SRV Adjustment	Rate Peg*	Annual Change	Average**	
Harmonised Rate effective 1 July 2021				\$529.00	
2021-22	\$-	2%	\$10.58	\$10.58	\$539.58
2022-23		2.5%	\$13.49	\$13.49	\$553.07
Residential - Non-Urban	SRV Adjustment	Rate Peg*	Annual Change	Average**	
Harmonised Rate effective 1 July 2021				\$1,082.00	
2021-22	\$-	2%	\$21.64	\$21.64	\$1,103.64
2022-23		2.5%	\$27.59	\$27.59	\$1,131.23
Farmland	SRV Adjustment	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$3,228.00	
2021-22	\$-	2%	\$64.56	\$64.56	\$3,292.56
2022-23		2.5%	\$82.31	\$82.31	\$3,374.87

## 3. Decrease services

### Discontinuation of the temporary SRV - Financially unsustainable

Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum.

This option will see a significant reduction in the services provided by Council and our asset renewal backlog will increase. Roads, buildings and public spaces will deteriorate placing a significant financial burden on future generations and threaten Council's medium and long term financial sustainability. Even though there would be a reduction in individual rates assessments, harmonisation may result in an increase in some rates.

Ratepayer impacts					
Residential - Armidale Average	SRV Adjustment	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$1,126.00	
2021-22	-\$87.83	2%	\$20.76	-\$67.07	\$1,058.93
2022-23		2.5%	\$26.47	\$26.47	\$1,085.41
Residential - Guyra Average	SRV Adjustment	Rate Peg*	Annual Change	Average**	
Harmonised Rate effective 1 July 2021				\$529.00	
2021-22	-\$41.26	2%	\$9.75	-\$31.51	\$497.49
2022-23		2.5%	\$12.44	\$12.44	\$509.93
Residential - Non-Urban	SRV Adjustment	Rate Peg*	Annual Change	Average**	
Harmonised Rate effective 1 July 2021				\$1,082.00	
2021-22	-\$84.40	2%	\$19.95	-\$64.45	\$1,017.55
2022-23		2.5%	\$25.44	\$25.44	\$1,042.99
Farmland	SRV Adjustment	Rate Peg*	Annual Change	Average**	
Harmonised Rate effective 1 July 2021				\$3,228.00	
2021-22	-\$251.78	2%	\$59.52	-\$192.26	\$3,035.74
2022-23		2.5%	\$75.89	\$75.89	\$3,111.63

\* The rate peg for 2021-22 has been determined by IPART (Independent Pricing and Regulatory Tribunal) at 2.0%. For 2022-23 Council has included an estimate of the annual rate peg. \*\* Based on average land values below. Excludes domestic waste charge and levies as applicable. Residential Armidale \$134,120; Residential Guyra \$60,198; Residential Non-Urban \$254,854; Farmland \$1,300,328.



# Special Rate Variation options (Average impact - Business categories)

## 1. Improve services

### Continuation of the temporary SRV plus an additional SRV increase

Council will apply for a Special Rate Variation (SRV) of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum. This option will result in our current level of assets and services maintained and Council will also be able to fund additional asset renewals and reduce our medium to long term financial risk. Roads, bridges, buildings and community facilities maintenance and renewal will be the focus of additional funds raised.

#### Ratepayer impacts

Business - Armidale	SRV	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$4,605.00	
2021-22	\$428.27	2.0%	100.67	\$528.93	\$5,133.93
2022-23		2.5%	128.35	\$128.35	\$5,262.28
Business - Guyra	SRV	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$915.00	
2021-22	\$85.10	2.0%	20.00	\$105.10	\$1,020.10
2022-23		2.5%	25.50	\$25.50	\$1,045.60
Business - Non-Urban	SRV	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$1,141.00	
2021-22	\$106.11	2.0%	24.94	\$131.06	\$1,272.06
2022-23		2.5%	31.80	\$31.80	\$1,303.86

## 2. Maintain services

### Continuation of the temporary SRV - Does not address future growth

Council will apply for a Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current SRV which is due to stop in 2021. This option will result in current levels of service maintained in the short term; however our asset renewal backlog will increase. This will increase costs in the medium to long term placing a financial burden on future generations. Council will have limited options to fund new assets as the region grows.

#### Ratepayer impacts

Business Armidale	SRV	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$4,605.00	
2021-22		2%	\$92.10	\$92.10	\$4,697.10
2022-23		2.5%	\$117.43	\$117.43	\$4,814.53
Business - Guyra	SRV	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$915.00	
2021-22		2%	\$18.30	\$18.30	\$933.30
2022-23		2.5%	\$23.33	\$23.33	\$956.63
Business - Non-Urban	SRV	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$1,141.00	
2021-22		2%	\$22.82	\$22.82	\$1,163.82
2022-23		2.5%	\$29.10	\$29.10	\$1,192.92

## 3. Decrease services

### Discontinuation of the temporary SRV - Financially unsustainable

Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum. This option will see a significant reduction in the services provided by Council and our asset renewal backlog will increase. Roads, buildings and public spaces will deteriorate placing a significant financial burden on future generations and threaten Council's medium and long term financial sustainability. Even though there would be a reduction in individual rates assessments, harmonisation may result in an increase in some rates.

#### Ratepayer impacts

Business Armidale	SRV	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$4,605.00	
2021-22	-\$359.19	2%	\$84.92	-\$274.27	\$4,330.73
2022-23		2.5%	\$108.27	\$108.27	\$4,439.00
Business Guyra	SRV	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$915.00	
2021-22	-\$71.37	2%	\$16.87	-\$54.50	\$860.50
2022-23		2.5%	\$21.51	\$21.51	\$882.01
Business - Non Urban	SRV	Rate Peg*	Annual Change	Average **	
Harmonised Rate effective 1 July 2021				\$1,141.00	
2021-22	-\$89.00	2%	\$21.04	-\$67.96	\$1,073.04
2022-23		2.5%	\$26.83	\$26.83	\$1,099.87

\* Council has included an estimate of the annual rate peg determined by IPART (Independent Pricing and Regulatory Tribunal) which reflects the increase in costs to Council such as materials and labour. \*\* Based on an average land values of Business Armidale - \$285,700; Business Guyra - \$56,800; Business Rural - \$168,700. Excludes domestic waste charge and levies as applicable.

## SRV and Rates Harmonisation - What Would I Pay?

**Option 1: Improve Services**      **Continuation of the temporary SRV plus an additional SRV increase**  
 Council will apply for a Special Rate Variation (SRV) of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum.

**Option 2: Maintain Services**      **Continuation of the temporary SRV - Does not address future growth**  
 Council will apply for a Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current SRV which is due to stop in 2021.

**Option 3: Decrease Services**      **Discontinuation of the temporary SRV - Financially unsustainable**  
 Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum.

**This information is an estimate of 2021/22 annual general rates only and may be subject to change.**

The figures below include rates harmonisation, SRV plus rate peg of 2%.

The figures below do not include annual charges such as waste, water and sewerage, or the pension rebate.

### Rating Category: Residential - Armidale

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 25,000	\$ 658	\$ 602	\$ 555
\$ 50,000	\$ 795	\$ 727	\$ 670
\$ 75,000	\$ 931	\$ 853	\$ 786
\$ 100,000	\$ 1,068	\$ 978	\$ 901
\$ 125,000	\$ 1,205	\$ 1,103	\$ 1,017
\$ 150,000	\$ 1,341	\$ 1,228	\$ 1,132
\$ 175,000	\$ 1,478	\$ 1,353	\$ 1,247
\$ 200,000	\$ 1,615	\$ 1,478	\$ 1,363
\$ 250,000	\$ 1,888	\$ 1,728	\$ 1,594
\$ 300,000	\$ 2,161	\$ 1,978	\$ 1,824
\$ 400,000	\$ 2,708	\$ 2,478	\$ 2,286
\$ 500,000	\$ 3,255	\$ 2,978	\$ 2,747
\$ 1,000,000	\$ 5,989	\$ 5,479	\$ 5,055

### Rating Category: Residential - Guyra

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 25,000	\$ 400	\$ 366	\$ 337
\$ 50,000	\$ 534	\$ 489	\$ 451
\$ 75,000	\$ 669	\$ 612	\$ 564
\$ 100,000	\$ 803	\$ 735	\$ 678
\$ 125,000	\$ 938	\$ 858	\$ 792
\$ 150,000	\$ 1,072	\$ 981	\$ 905
\$ 200,000	\$ 1,341	\$ 1,227	\$ 1,133
\$ 300,000	\$ 1,879	\$ 1,720	\$ 1,587

### Rating Category: Residential - Ebor

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 25,000	\$ 377	\$ 344	\$ 317
\$ 50,000	\$ 529	\$ 484	\$ 447
\$ 75,000	\$ 681	\$ 624	\$ 576
\$ 100,000	\$ 833	\$ 764	\$ 705

**Rating Category: Residential - Hillgrove**

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 25,000	\$ 705	\$ 646	\$ 595
\$ 50,000	\$ 1,186	\$ 1,088	\$ 1,003
\$ 75,000	\$ 1,668	\$ 1,529	\$ 1,411
\$ 100,000	\$ 2,149	\$ 1,971	\$ 1,819

**Rating Category: Residential - Wollomombi**

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 25,000	\$ 680	\$ 622	\$ 574
\$ 50,000	\$ 1,135	\$ 1,041	\$ 960

**Rating Category: Residential - Village**

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 25,000	\$ 332	\$ 303	\$ 279
\$ 50,000	\$ 461	\$ 422	\$ 389
\$ 75,000	\$ 589	\$ 542	\$ 500
\$ 100,000	\$ 718	\$ 661	\$ 610

**Rating Category: Residential Non-Urban**

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 50,000	\$ 470	\$ 430	\$ 396
\$ 100,000	\$ 649	\$ 594	\$ 548
\$ 150,000	\$ 829	\$ 759	\$ 700
\$ 200,000	\$ 1,009	\$ 924	\$ 852
\$ 225,000	\$ 1,099	\$ 1,006	\$ 927
\$ 250,000	\$ 1,189	\$ 1,088	\$ 1,003
\$ 275,000	\$ 1,279	\$ 1,170	\$ 1,079
\$ 300,000	\$ 1,369	\$ 1,253	\$ 1,155
\$ 325,000	\$ 1,459	\$ 1,335	\$ 1,231
\$ 350,000	\$ 1,549	\$ 1,417	\$ 1,307
\$ 375,000	\$ 1,638	\$ 1,500	\$ 1,383
\$ 400,000	\$ 1,728	\$ 1,582	\$ 1,458
\$ 500,000	\$ 2,088	\$ 1,911	\$ 1,762



**Rating Category: Business - Armidale**

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 50,000	\$ 1,605	\$ 1,469	\$ 1,354
\$ 100,000	\$ 2,329	\$ 2,131	\$ 1,965
\$ 150,000	\$ 3,052	\$ 2,794	\$ 2,576
\$ 200,000	\$ 3,776	\$ 3,456	\$ 3,186
\$ 250,000	\$ 4,500	\$ 4,119	\$ 3,797
\$ 300,000	\$ 5,223	\$ 4,781	\$ 4,408
\$ 350,000	\$ 5,947	\$ 5,443	\$ 5,019
\$ 400,000	\$ 6,671	\$ 6,106	\$ 5,629
\$ 500,000	\$ 8,118	\$ 7,430	\$ 6,851
\$ 600,000	\$ 9,566	\$ 8,755	\$ 8,072
\$ 700,000	\$ 11,013	\$ 10,080	\$ 9,294
\$ 800,000	\$ 12,460	\$ 11,404	\$ 10,515
\$ 900,000	\$ 13,908	\$ 12,729	\$ 11,737
\$ 1,000,000	\$ 15,355	\$ 14,054	\$ 12,958

**Rating Category: Business - Armidale Industrial**

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 50,000	\$ 1,702	\$ 1,557	\$ 1,436
\$ 100,000	\$ 2,420	\$ 2,215	\$ 2,042
\$ 150,000	\$ 3,138	\$ 2,872	\$ 2,648
\$ 200,000	\$ 3,857	\$ 3,530	\$ 3,255
\$ 250,000	\$ 4,575	\$ 4,188	\$ 3,861
\$ 300,000	\$ 5,294	\$ 4,845	\$ 4,467
\$ 350,000	\$ 6,012	\$ 5,503	\$ 5,073
\$ 400,000	\$ 6,730	\$ 6,160	\$ 5,680
\$ 500,000	\$ 8,167	\$ 7,475	\$ 6,892
\$ 600,000	\$ 9,604	\$ 8,791	\$ 8,105
\$ 700,000	\$ 11,041	\$ 10,106	\$ 9,318
\$ 800,000	\$ 12,478	\$ 11,421	\$ 10,530
\$ 900,000	\$ 13,914	\$ 12,736	\$ 11,743
\$ 1,000,000	\$ 15,351	\$ 14,051	\$ 12,956

**Rating Category: Business - Guyra**

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 25,000	\$ 705	\$ 645	\$ 595
\$ 50,000	\$ 953	\$ 872	\$ 804
\$ 75,000	\$ 1,200	\$ 1,099	\$ 1,013
\$ 100,000	\$ 1,448	\$ 1,326	\$ 1,222
\$ 200,000	\$ 2,439	\$ 2,233	\$ 2,059
\$ 300,000	\$ 3,431	\$ 3,140	\$ 2,895
\$ 400,000	\$ 4,422	\$ 4,048	\$ 3,732

**Rating Category: Business - Non-Urban**

Rateable Value	Rates Option 1	Rates Option 2	Rates Option 3
\$ 25,000	\$ 588	\$ 537	\$ 495
\$ 50,000	\$ 707	\$ 646	\$ 596
\$ 75,000	\$ 826	\$ 755	\$ 696
\$ 100,000	\$ 944	\$ 864	\$ 796
\$ 200,000	\$ 1,420	\$ 1,299	\$ 1,198
\$ 300,000	\$ 1,895	\$ 1,735	\$ 1,600
\$ 400,000	\$ 2,370	\$ 2,171	\$ 2,002

**Rating Category: Farmland**

<b>Rateable Value</b>	<b>Rates Option 1</b>	<b>Rates Option 2</b>	<b>Rates Option 3</b>
\$ 50,000	\$ 1,478	\$ 1,466	\$ 1,352
\$ 100,000	\$ 1,563	\$ 1,539	\$ 1,419
\$ 200,000	\$ 1,732	\$ 1,685	\$ 1,554
\$ 300,000	\$ 1,902	\$ 1,831	\$ 1,688
\$ 400,000	\$ 2,071	\$ 1,977	\$ 1,823
\$ 500,000	\$ 2,241	\$ 2,123	\$ 1,958
\$ 600,000	\$ 2,410	\$ 2,269	\$ 2,092
\$ 700,000	\$ 2,580	\$ 2,415	\$ 2,227
\$ 800,000	\$ 2,749	\$ 2,562	\$ 2,362
\$ 900,000	\$ 2,918	\$ 2,708	\$ 2,496
\$ 1,000,000	\$ 3,088	\$ 2,854	\$ 2,631
\$ 1,500,000	\$ 3,935	\$ 3,584	\$ 3,304
\$ 2,000,000	\$ 4,783	\$ 4,314	\$ 3,978
\$ 2,500,000	\$ 5,630	\$ 5,044	\$ 4,651
\$ 3,000,000	\$ 6,477	\$ 5,774	\$ 5,324
\$ 4,000,000	\$ 8,172	\$ 7,234	\$ 6,671
\$ 5,000,000	\$ 9,866	\$ 8,694	\$ 8,018
\$ 10,000,000	\$ 18,339	\$ 15,996	\$ 14,751
\$ 15,000,000	\$ 26,812	\$ 23,297	\$ 21,485

# Council Rating Comparison 2018/19

Table 1. Regional Cities Rating Comparison

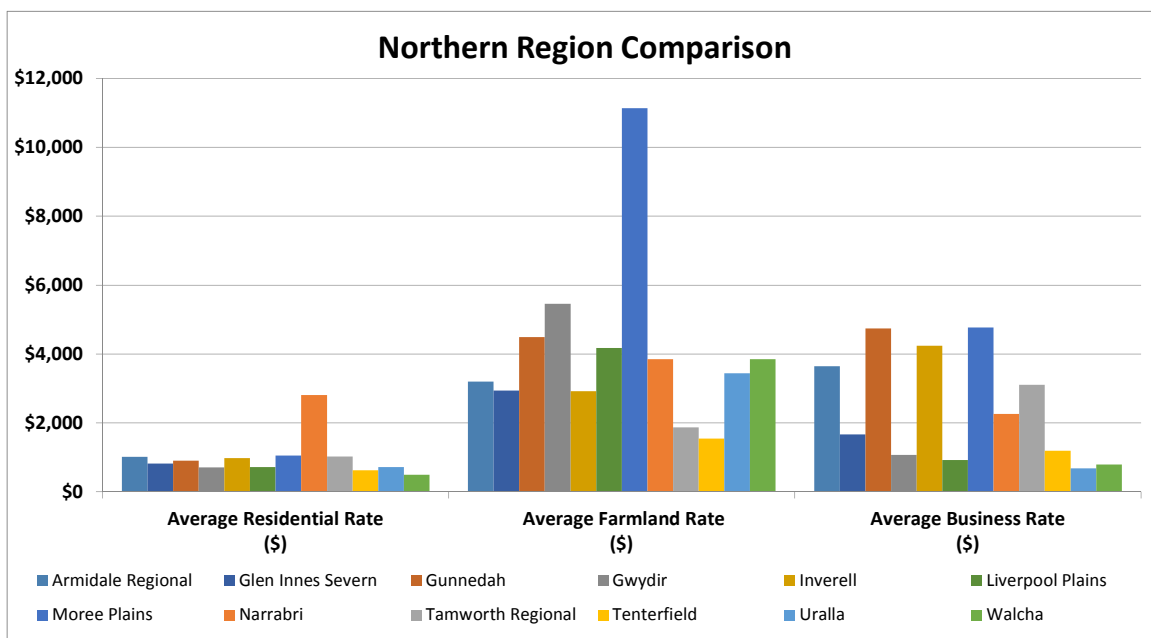
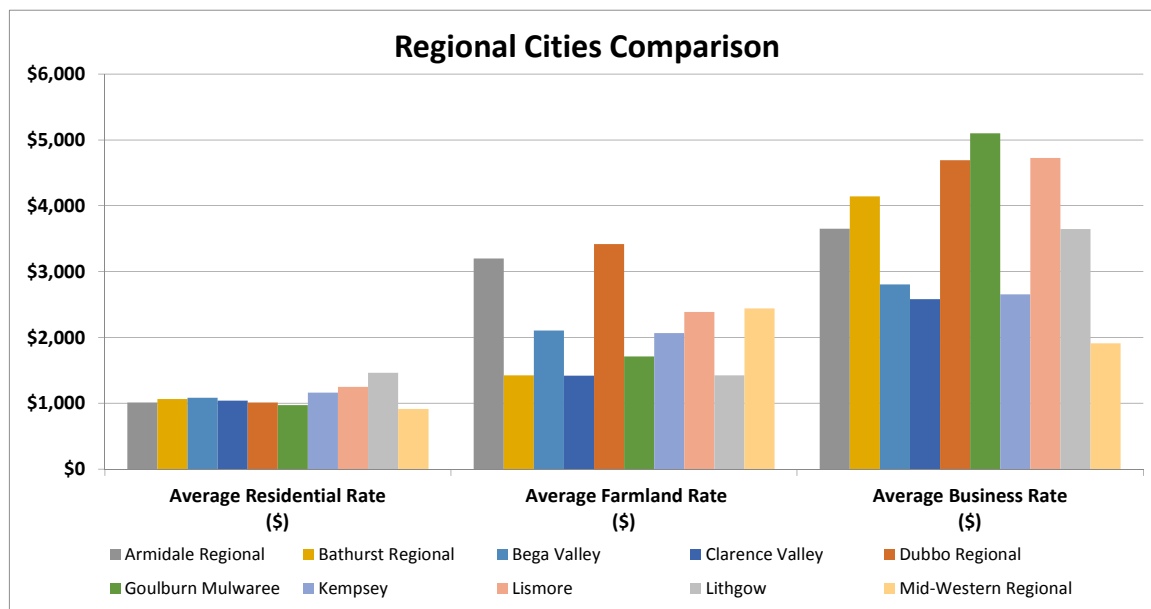
Council	Council Area (km2)	Population	Average Residential Rate (\$)	Average Farmland Rate (\$)	Average Business Rate (\$)	SEIFA* Rank Within NSW
Armidale Regional	8,621	30,707	1,014	3,202	3,649	87
Bathurst Regional	3,818	43,206	1,064	1,425	4,141	84
Bega Valley	6,279	34,348	1,086	2,105	2,806	57
Clarence Valley	10,429	51,647	1,042	1,419	2,581	16
Dubbo Regional	7,535	53,240	1,014	3,419	4,691	60
Goulburn Mulwaree	3,220	30,852	972	1,711	5,102	52
Kempsey	3,376	29,665	1,160	2,067	2,653	4
Lismore	1,288	43,843	1,250	2,389	4,724	45
Lithgow	4,512	21,636	1,464	1,423	3,648	17
Mid-Western Regional	8,752	25,086	917	2,441	1,912	44

Table 2. Northern Region Rating Comparison

Council	Council Area (km2)	Population	Average Residential Rate (\$)	Average Farmland Rate (\$)	Average Business Rate (\$)	SEIFA* Rank Within NSW
Armidale Regional	8,621	30,707	1,014	3,202	3,649	87
Glen Innes Severn	5,480	8,908	819	2,943	1,665	18
Gunnedah	4,987	12,661	907	4,493	4,740	46
Gwydir	9,260	5,349	706	5,459	1,075	38
Inverell	8,597	16,844	976	2,922	4,236	11
Liverpool Plains	5,082	7,893	722	4,180	926	15
Moree Plains	17,907	13,350	1,055	11,134	4,769	24
Narrabri	13,015	13,231	2,812	3,849	2,265	41
Tamworth Regional	9,884	62,156	1,027	1,872	3,109	53
Tenterfield	7,323	6,638	628	1,545	1,193	10
Uralla	3,227	6,062	720	3,446	684	76
Walcha	6,261	3,132	495	3,852	797	80

\*SEIFA (Socio - economic Indexes for Areas )

Source : <https://www.olg.nsw.gov.au/public/about-councils/comparative-council-information/your-council-report/>  
[http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS\\_SEIFA\\_LGA](http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_SEIFA_LGA)



# Rates Harmonisation & Special Rate Variation Community Meetings

Armidale Regional Council

November 2020



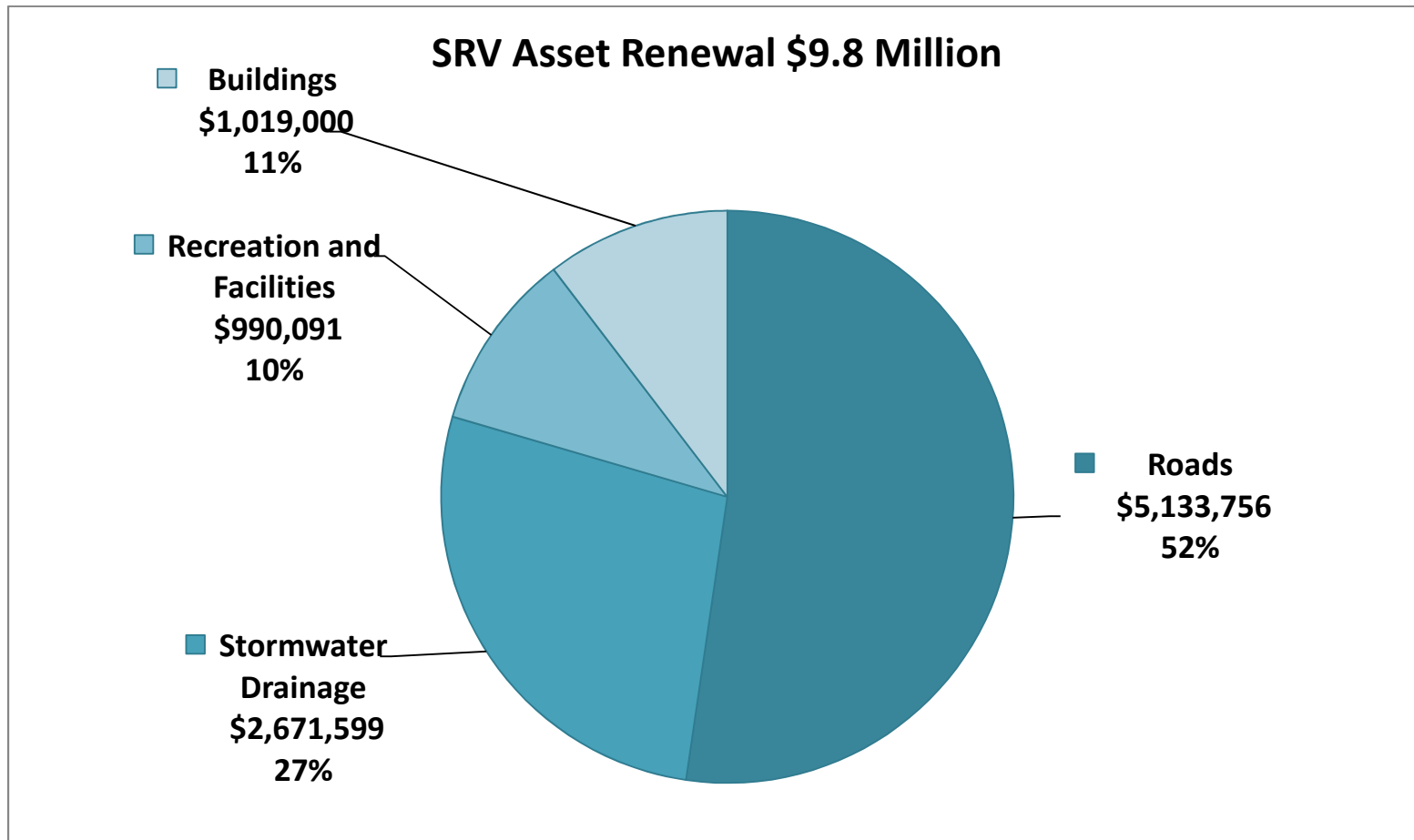
# PROPOSED SPECIAL RATES VARIATION

# The importance of financial sustainability

- NSW Local Government Act – Chapter 3 and principles
- This means:
  - Council must achieve a **fully funded operating position**.
  - Council must **maintain sufficient cash reserves**.
  - Council must have an appropriately **funded capital program**.
  - Council must **maintain its asset base** ‘fit for purpose’.
  - Council must have adequate resources to meet ongoing **compliance obligations**.

# What was temporary SRV spent on?

- Temporary 10% SRV great help but is expiring June 2021. It has funded so far



# Continuous Improvement

- Council has been making savings
- \$2m of ongoing savings and \$3m of one off savings.
- Revenue increases
  - fine revenue.
- Cost reductions/savings
  - Staff restructures and recruitment freeze.
  - Outsourcing Kolora Aged Care Facility.



# Continuous Improvement

- Cost reductions/savings
  - Procurement
    - contract consolidation
    - flexi purchase system
    - insurance
    - electricity and
    - environmental monitoring.
- Disposal of property surplus to need reducing maintenance costs and returning cash to reserves.
- More to come - it must be ongoing

# Impacts on Councils Sustainability

- Merger impacts
  - Merging two financially stressed councils makes a larger financially stressed council.
  - No new tools to be more efficient.
  - Staff protected.
  - Both councils already shared services
  - Equalisation of service levels.
  - Little appetite to cut services or standards. Pressure to increase.
- Government Grants and co-contributions

## Impacts on Councils Sustainability

- New Assets to maintain with same revenue
- Cost shifting e.g. NSWFS Levy \$300k
- Led to very little unrestricted cash
- COVID impact – short to medium term, i.e. loss of airport revenue.
- Asset condition has deteriorated
- Landfill rehab program still to fund

## So the Issues for Armidale's Sustainability

- To a ***fully funded operating position***:
  - Loss of SRV.
  - Reduced revenue and increased costs
  - Costs to fund and operate new assets.
- To ***sufficient cash reserves***:
  - Insufficient reserves to use internal and external cash reserves appropriately.
  - Underfunded developer contributions
  - No cash build up to fund asset renewals.

## So the Issues for Armidale's Sustainability

- To a ***funded capital program***:
  - Currently Council assets are under funded to sustain assets to required service levels.
  - No fully funded 10 year capital works program.
- To an asset base that is ***'fit for purpose'***:
  - New asset spend 4m p.a.
  - Additional asset renewals \$6.3m pa for 10 years.

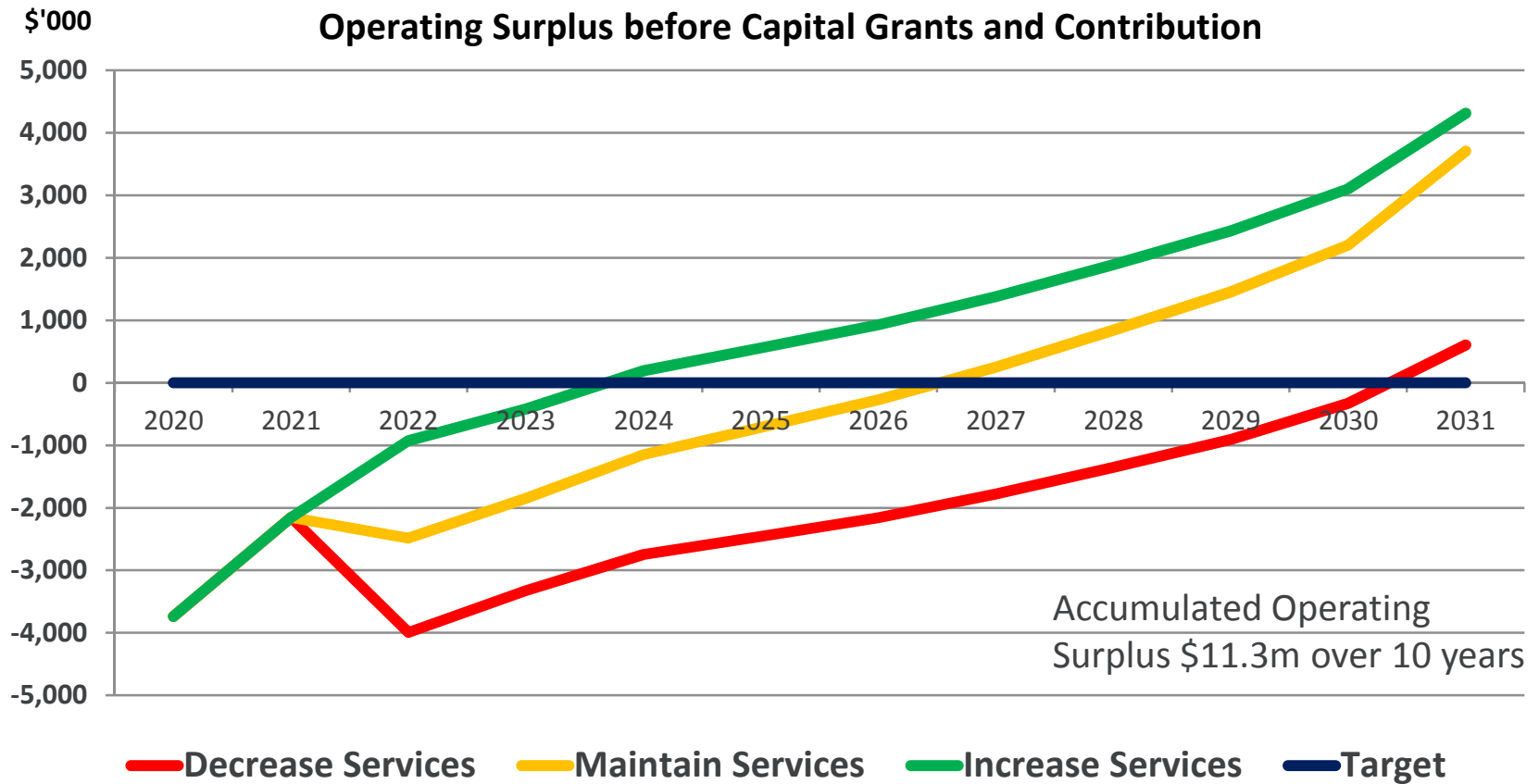
# Sustainability options considered

<b>Scenario 1 Improve Services</b>	<b>Scenario 2 Maintain Services</b>	<b>Scenario 3 Decrease Services</b>
Become sustainable	Remain Unsustainable	Remain Unsustainable
Retain temp SRV (8.5% permanent) Additional SRV 10% permanent Plus rate peg	Retain temp SRV (8.5% permanent) Plus rate peg	Plus rate peg
Rates increase by 9.3% plus rate peg (average)	No rates increase	Rates reduce
Spend \$3.6m on asset renewal program per year	Spend \$2.7m on asset renewal program per year	Expenditure on asset renewal decreases

# SRV Option Rating Impacts

Average SRV Increase/ (Decrease) SRV Only	1. Improve Services		2. Maintain Services	3. Decrease Services	
	Per Year	Per Week	Per Year	Per Year	Per Week
Residential – Armidale	\$105	\$2.01	\$0	(\$88)	(\$1.69)
Residential – Guyra	\$49	\$0.95	\$0	(\$41)	(\$0.79)
Residential – Non-urban	\$101	\$1.94	\$0	(\$84)	(\$1.62)
Farmland	\$300	\$5.77	\$0	(\$252)	(\$4.84)
Business – Armidale	\$428	\$8.24	\$0	(\$359)	(\$6.91)
Business – Guyra	\$85	\$1.64	\$0	(\$71)	(\$1.37)
Business – Non-Urban	\$106	\$2.04	\$0	(\$89)	(\$1.71)

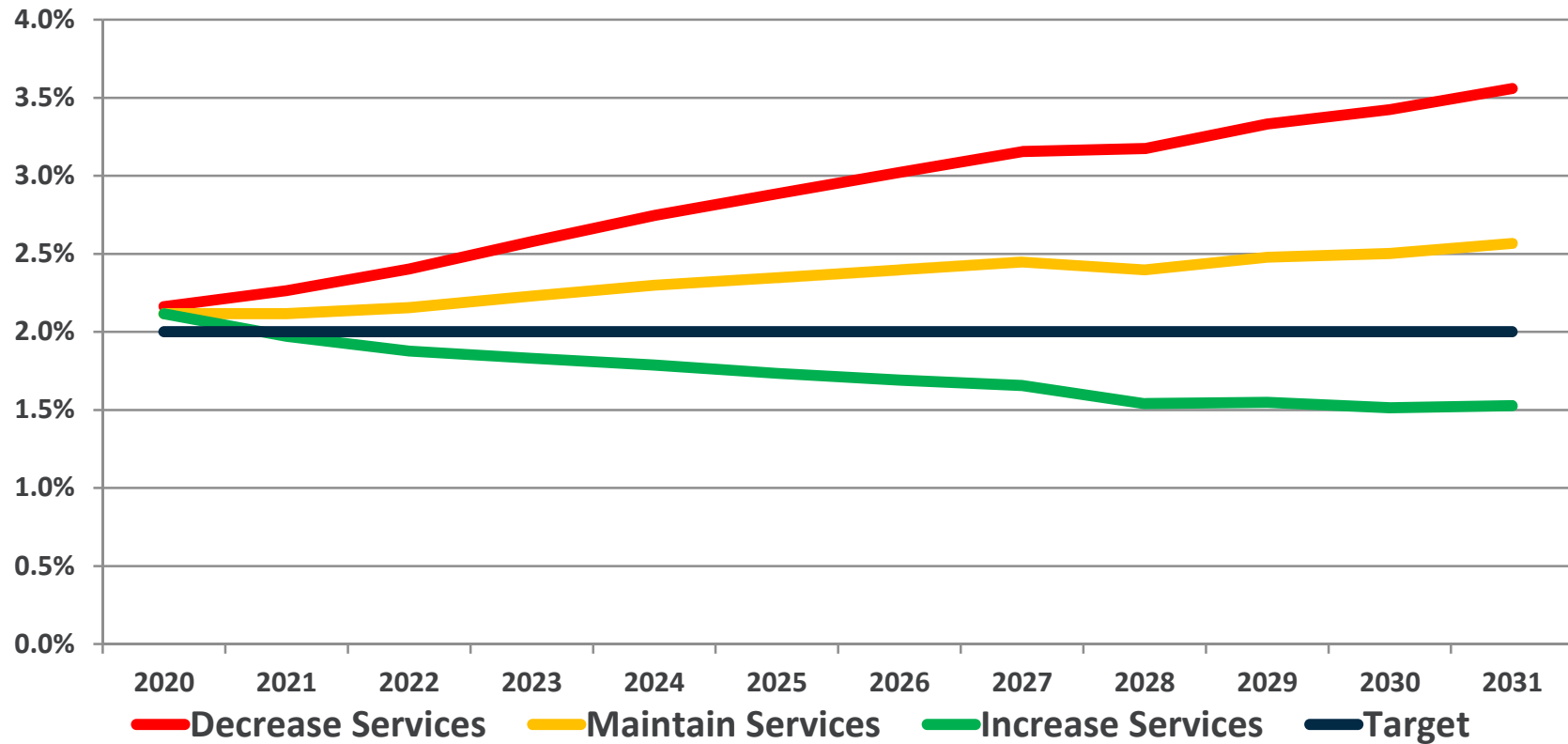
# Impact on Financial position





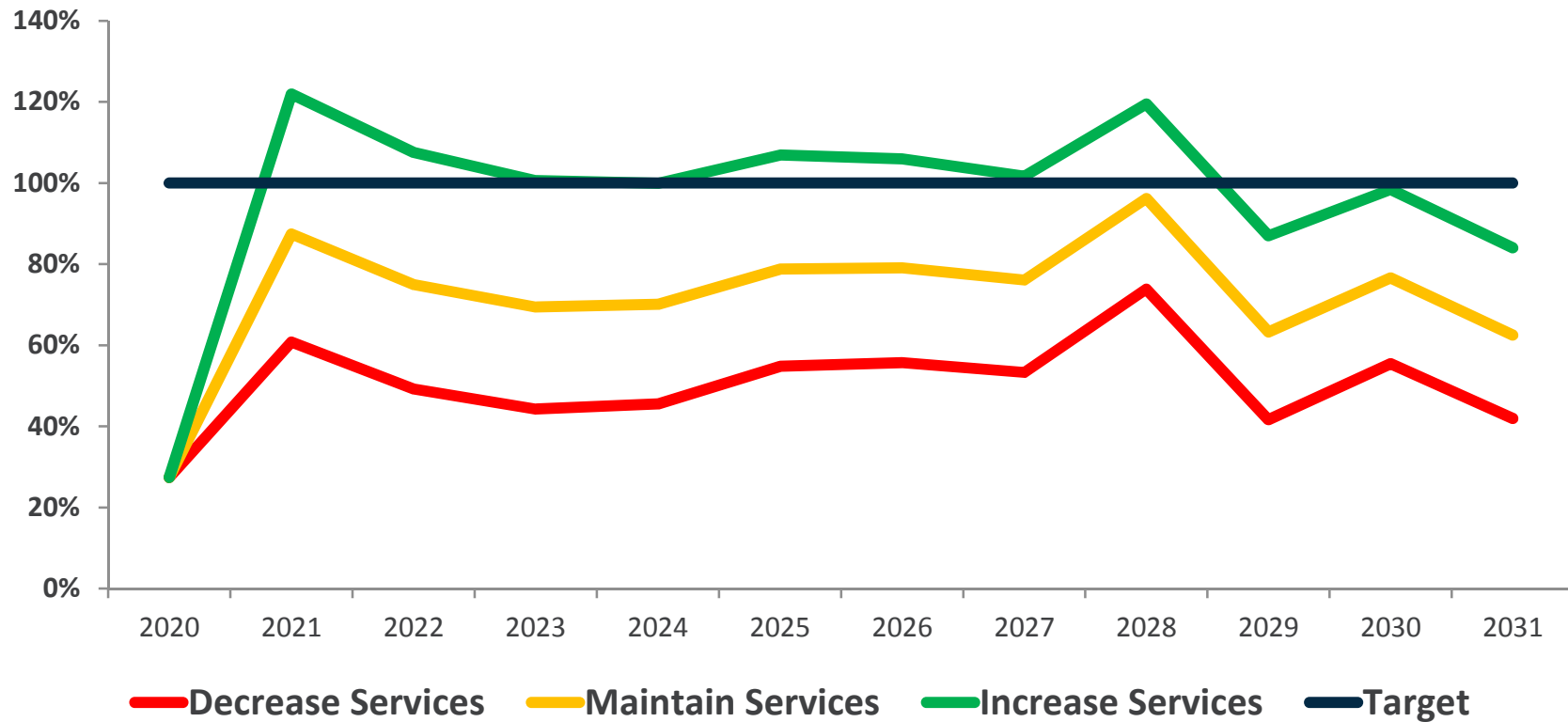
# Impact on Infrastructure backlog ratio

## Building and Infrastructure Backlog Ratio



# Impact on asset renewal

## Building and Infrastructure Asset Renewal Ratio



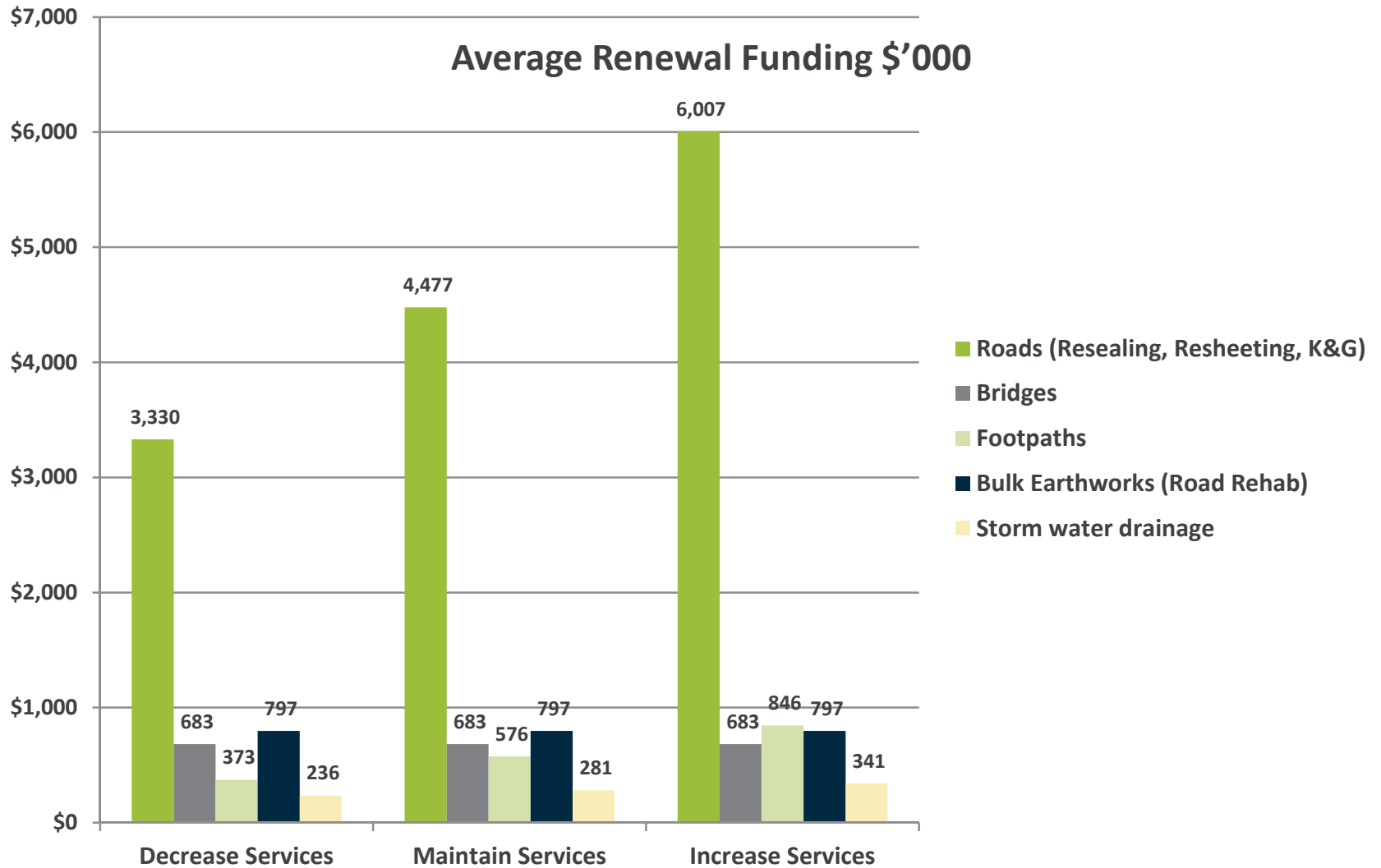
## State of the Assets

- Council has just over \$1 billion in **infrastructure** assets (roads, bridges, stormwater, footpaths, buildings, water, sewer)
- Total assets are \$1.2 billion (including land, landfills, plant & equipment)
- Depreciation on **infrastructure** assets was \$14.8 million FY19/20
- Depreciation on all assets was \$17.6 million in FY19/20
- Depreciation is an indicator of required asset renewal spend

# Transport Infrastructure

Asset Sub Class	Volume	Replacement Cost \$'000	Depreciation FY19/20 \$'000
Sealed Roads	779km	\$158,031	\$2,749
Unsealed Roads	1,078km	\$31,133	\$1,253
Bulk Earthworks	2,027km	\$142,101	\$0
Bridges & Culverts	112	\$64,962	\$775
Stormwater Drainage	119km	\$60,393	\$630
Footpaths	132km	\$14,219	\$262
Kerb and Gutter	252km	\$21,844	\$243
Traffic Furniture (Roundabouts, etc)	307	\$10,289	\$147
<b>Total</b>		<b>\$502,972</b>	<b>\$6,059</b>

# Transport Infrastructure



# Transport Infrastructure

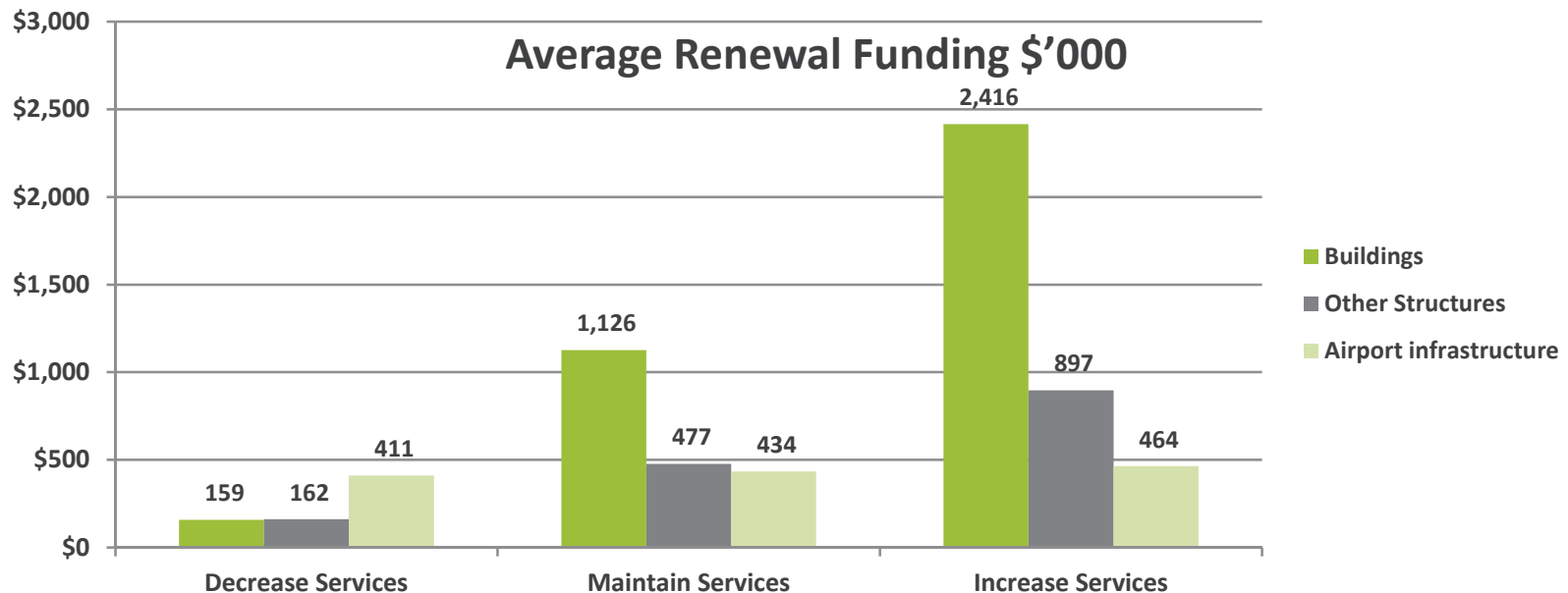
Renewal Frequency	1. Improve Services	2. Maintain Services	3. Decrease Services
Urban Reseals	10-15 Years	15-20 Years	20+ Years
Rural Reseals	10-15 Years	15-20 Years	20+ Years
Gravel Resheeting	20-25 Years	25-30 Years	35+ Years
Kerb and Gutter	1.68km Replaced	1.26km Replaced	420m Replaced
Footpaths	3.69km Replaced	2.35km Replaced	1.34km Replaced

- Option 1 is the recommended service level to avoid future expensive rehabilitation costs
- Option 2 will not keep up with the required asset renewal frequency and assets will deteriorate further – this will cost more in the long run
- Option 3 is unsustainable and will result in a significant deterioration in asset condition

## Other Infrastructure

Asset Class	Volume	Replacement Cost \$'000	Depreciation FY 19/20 \$'000
Buildings	264	\$118,483	\$2,149
Other Structures (Pools, parks infrastructure, playgrounds, etc)	300	\$40,800	\$995
Airport Infrastructure	16	\$9,545	\$370
<b>Total</b>		<b>\$168,828</b>	<b>\$3,514</b>

# Other Infrastructure



- Option 1 is the recommended service level to avoid future expensive rehabilitation costs
- Option 2 would not cover the depreciation amount; this would be problematic given the age and condition of buildings and other structures (20% building 12% other structures in poor or very poor condition)
- Option 3 is unsustainable and will result in a significant deterioration in asset condition



# Option comparison over 10 years

	<b>Improve Services</b>	<b>Maintain Services</b>	<b>Reduce Services</b>
Operating Deficit	Until 2022/23 and eventually a surplus of \$11.3M	Until 2026/27 and eventually breaking even	Until 2030/31 and eventually breaking even
Asset Renewal	Sufficient funds to fund asset renewals	Insufficient funds to fund asset renewals by \$36M	Insufficient funds to fund asset renewals by \$63M
Asset Backlog	Trends downwards and flattens	Trends upwards	Trends upwards
Financial Capacity	None in the short term but accumulates over the longer term enabling an adequate spend on assets and ability to improve services	None in the short term but accumulates over the longer term due to underspend on assets and SRV	None in the short term but accumulates over the longer term due to underspend on assets

## Summary

- Council decisions to improved its financial position
- Improvement will continue
- The Reduce and Maintain Options will lead to the community assets continuing to deteriorate.
- Council can only improve its cash position to a surplus by not maintaining assets.
- Council will not comply with the principles of financial sustainability.

## Summary cont.

- Only Improve Option provides a path to financial sustainability and
  - maintains and renews the community's assets to the required standard
  - creates sufficient funds over the longer term to improve services and maintain new assets
  - creates the ability to respond to changes in the community or national economy.

## Next steps

- **Where can you find more information?**
  - <https://yoursay.armidale.nsw.gov.au/planning-for-our-future-proposed-special-rate-variation-and-rates-harmonisation>
  - A dedicated SRV and rates harmonisation hotline on 1300 364 366 has also been established to assist you with any enquiry you may have during the consultation period.

## Next steps cont.

- **Where can you express your views?**
  - Address submissions as 'Submission SRV and Rates Harmonisation'
    - By email: [council@armidale.nsw.gov.au](mailto:council@armidale.nsw.gov.au)
    - By post: Armidale Regional Council, PO Box 75A, Armidale 2350
    - Drop-off: Armidale Civic Administration Building, 135 Rusden Street or at the Guyra Civic Administration Building, 158 Bradley Street.
- **Key date**
  - Submissions close midnight on Thursday 10 December 2020.

# Rates Harmonisation & Special Rate Variation Community Meetings

Armidale Regional Council

November 2020





# RATES HARMONISATION

# Background

- The rating structures of the previous councils (Armidale Dumaresq and Guyra) were different and apportioned total rates differently between rates categories
- The Local Government Act requires that one rates structure is implemented on 1 July 2021
- Eighteen other merged councils have also been required to harmonise rates, so Council is not alone



## Background cont.

- There is no change in assessment categories or change in total rating income within categories but there will be some changes to sub categories
- This means that similar categorised properties must be rated on the same basis
- The categories councils can use are prescribed in the Local Government Act
- The Act does not allow for a phase-in or transition period

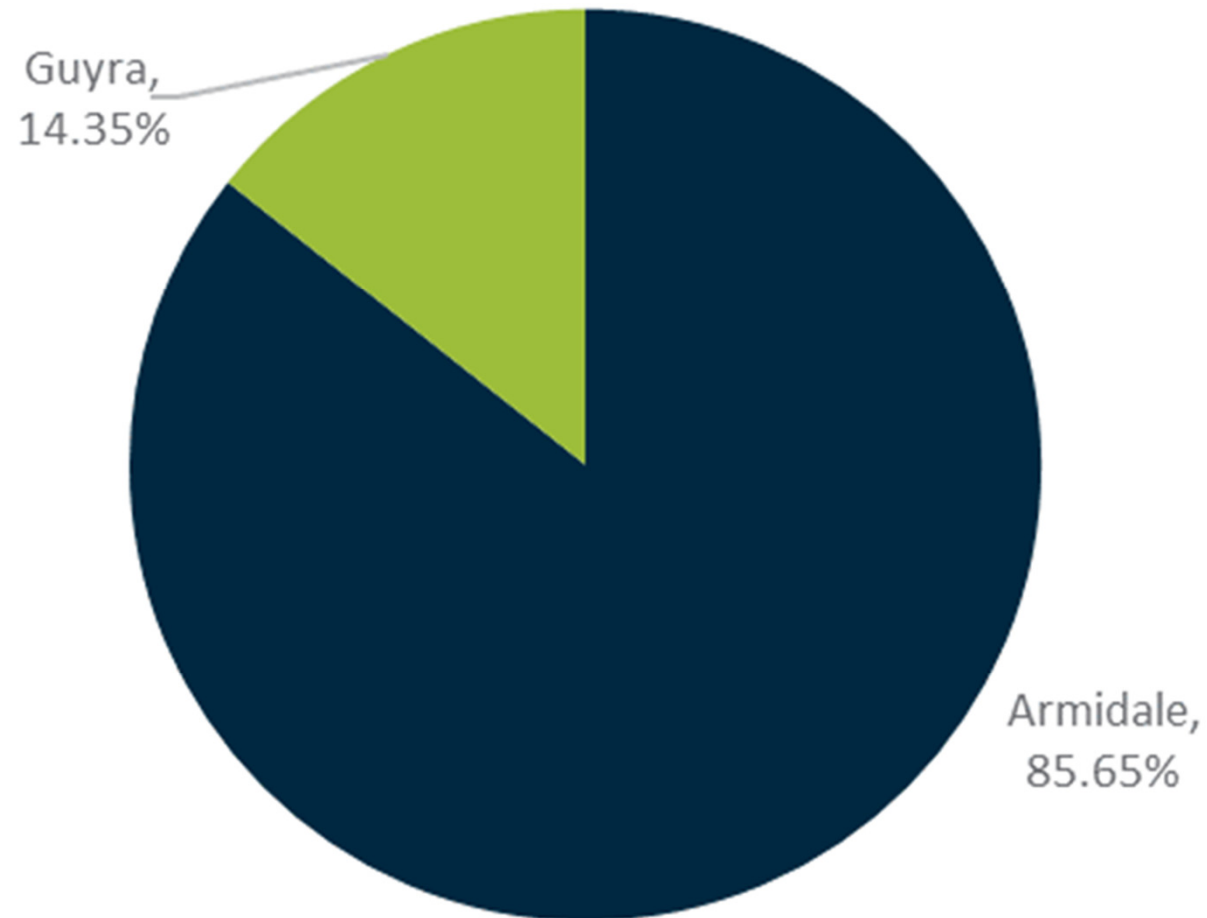
## Rating categories/sub categories

Category	Subcategories may be determined:
<b>Residential</b>	according to whether the land is rural residential, or according to a centre of population
<b>Business</b>	according to a centre of activity
<b>Farmland</b>	according to intensity of land use, or economic factors affecting the land or irrigability of land
<b>Mining</b>	according to the kind of mining involved

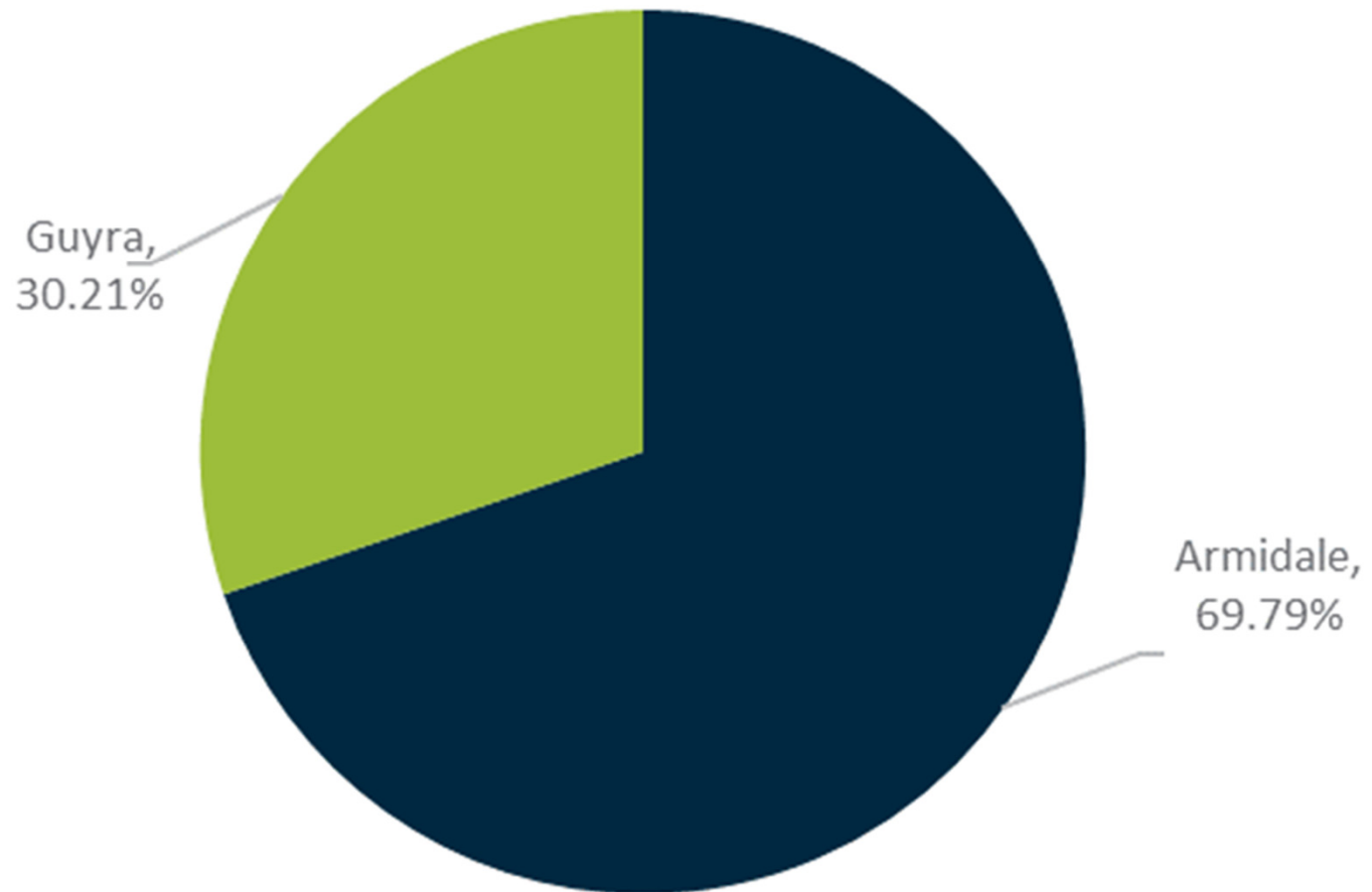
# Rates according to the Local Government Act 1993

- Rates may consist of:
  - An ad valorem component (may have a minimum)
  - A fixed amount and an ad valorem component
- The fixed amounts can be minimum or base amount (both Guyra and Armidale currently use base amounts)
- The fixed amount of a rate helps to smooth the rate distribution
- The ad valorem is calculated with reference to the unimproved land value

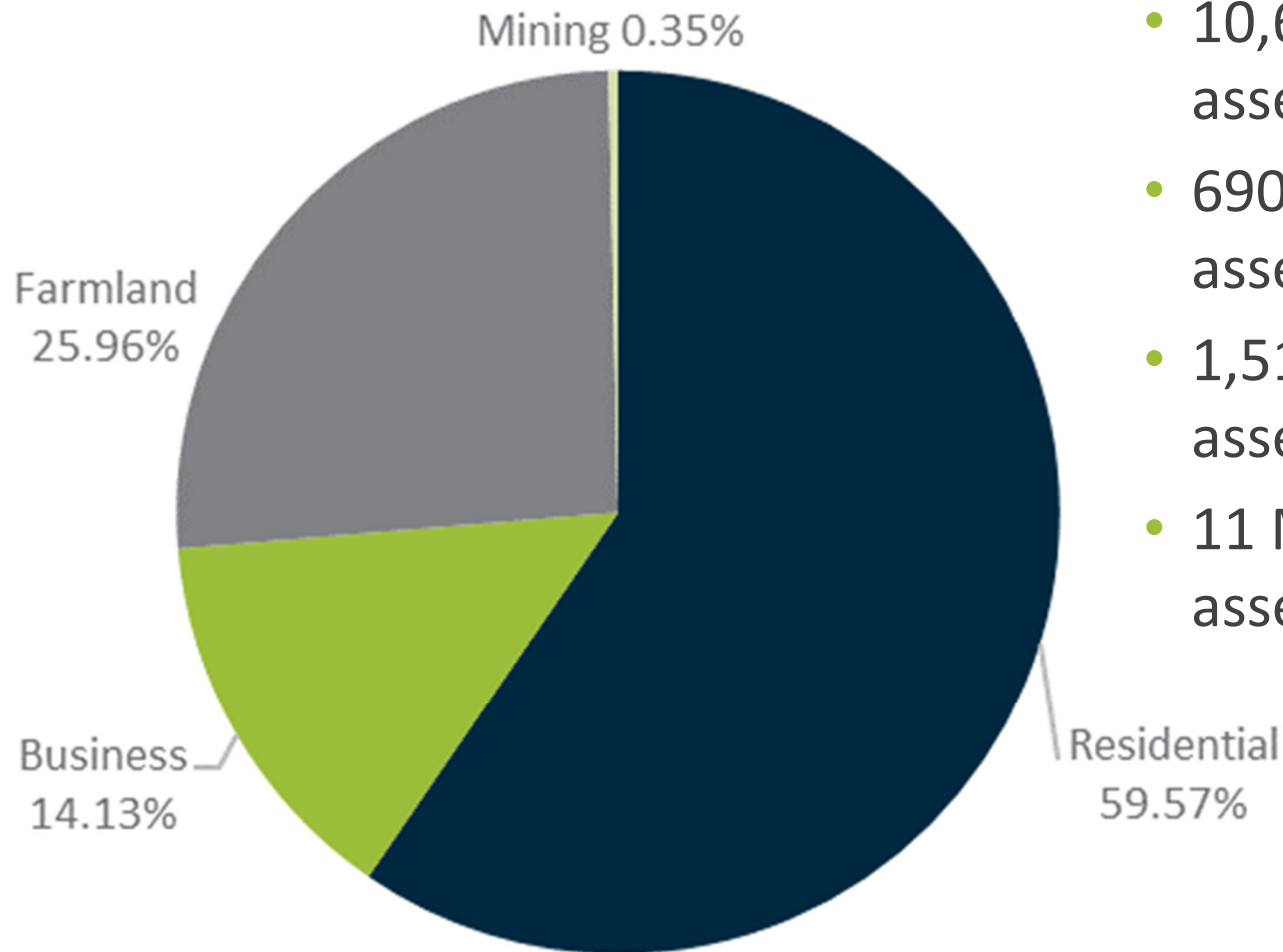
# Share of rates % - by former council



# Share of land value % - by former council

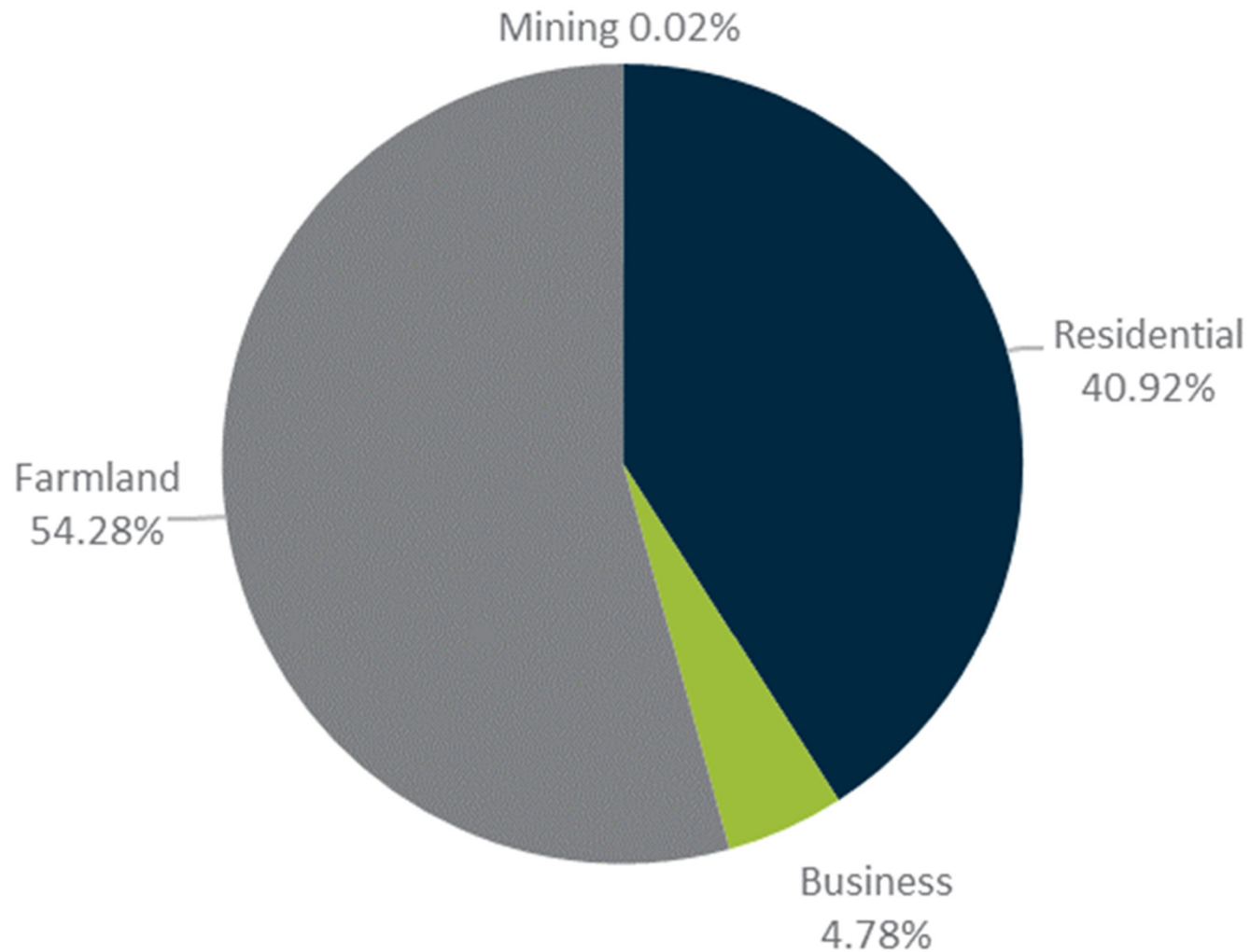


# Share of rates % - by categories



- 10,622 Residential assessments
- 690 Business assessments
- 1,512 Farmland assessments
- 11 Mining assessments

# Share of land value % - by categories

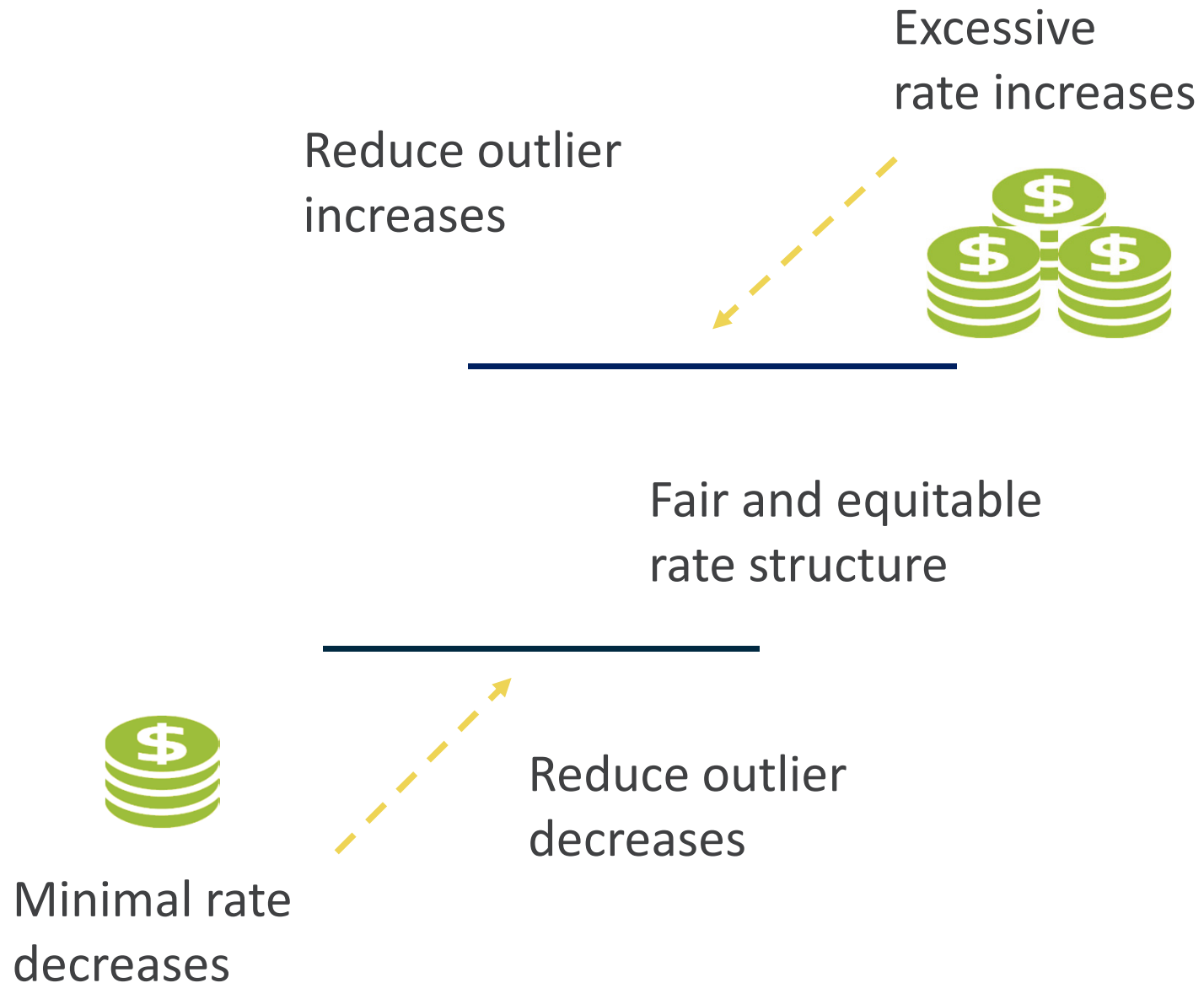


## Harmonisation facts

- The total amount of rates collected remains the same, harmonisation changes the way the total amount is allocated between rating categories and subcategories
- Because of differences in land values the harmonised single structure impacts individual ratepayers differently
- A “silver bullet” solution is not possible, but Council has been working to minimize the impact so that the result are the fairest and most equitable for all ratepayers

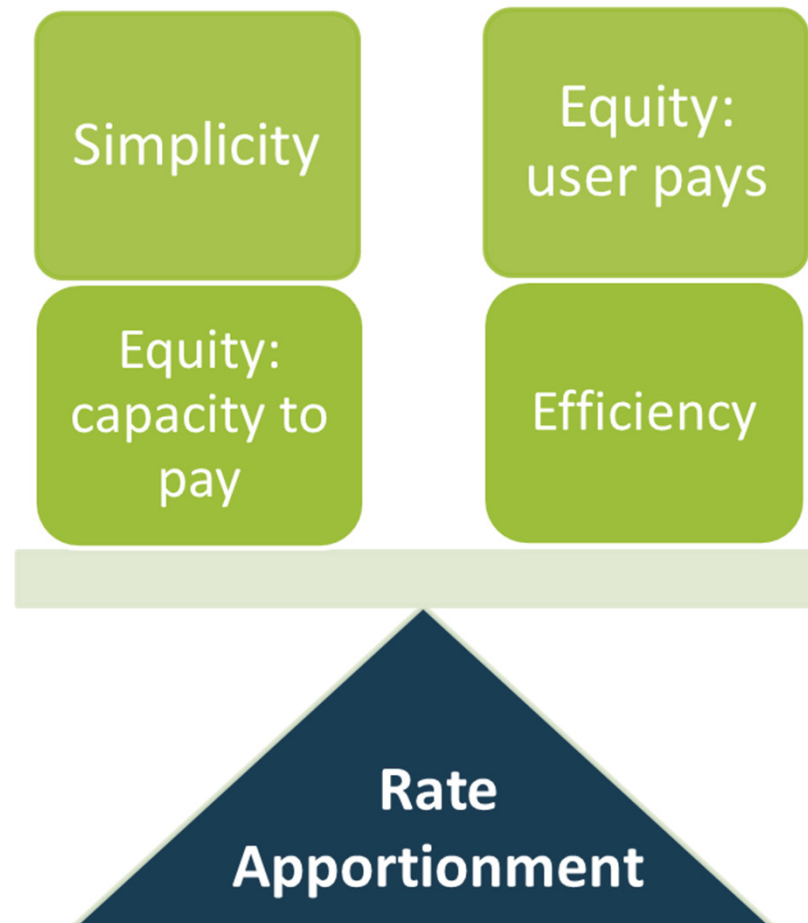


# Objective of harmonisation



# What must Council consider?

- In considering different options to harmonise rates Council has had to balance a number of principles:



# Objectives

- Rates harmonisation deadline is 1<sup>st</sup> July 2021 with:
  - no further extension
  - no transition options at this stage\*
  - compliance with current legislation
- Develop an equitable rating structure that distributes the rates burden fairly across the new LGA
- Balanced with the need to reduce the extent of a sudden, unexpected impact for the majority of ratepayers

## Preferred rate structure

- Four options considered including different sub category options
- Option 2 has the lowest impact and is considered the most equitable

Category	Current Structure Subcategory	Option 2	Option 2 Base Amount
Residential	Guyra	Guyra	\$ 238
Residential	Village	Village	\$ 180
Residential	Non-Urban	Non-Urban	\$ 260
Residential	Armidale City	Armidale	\$ 468
Residential	Armidale (Non Urban)	Non-Urban	\$ 260
Residential	Wollomombi	Wollomombi	\$ 200
Residential	Ebor	Ebor	\$ 200
Residential	Hillgrove	Hillgrove	\$ 200

## Preferred rate structure cont.

Category	Current Structure Subcategory	Option 2	Option 2 Base Amount
Business	Guyra	Guyra	\$ 410
Business	Village	Non-Urban	\$ 420
Business	Armidale City	Armidale	\$ 791
Business	Armidale Industrial	Industrial	\$ 882
Business	Non-Urban	Non-Urban	\$ 420
Farmland	Guyra	Farmland	\$ 1,366
Farmland	Guyra Intensive	Farmland Intensive	\$ 1,147
Farmland	Armidale	Farmland	\$ 1,366
Mining	Armidale	Mining	\$ 995

# Rating impact of preferred structure

- Most residential properties will not see a change in their rates due to rates harmonisation
- “Non-Urban” residential properties (i.e. rural residential) will see impacts as the Armidale and Guyra categories must combine

Residential \$ Rate Increase Range	ARC		Guyra		Armidale	
	# of Assessment	% of Assessment	# of Assessment	% of Assessment	# of Assessment	% of Assessment
Below \$-400	-	0.0%	-	0.0%	-	0.0%
\$-400 to \$-200	70	0.7%	7	0.6%	63	0.7%
\$-200 to \$-75	181	1.7%	1	0.1%	180	1.9%
\$-75 to \$0	4,683	43.9%	513	40.8%	4,170	44.3%
\$0 to \$75	5,513	51.7%	632	50.3%	4,880	51.9%
\$75 to \$200	172	1.6%	72	5.7%	100	1.1%
\$200 to \$400	41	0.4%	31	2.5%	10	0.1%
Above \$400	2	0.0%	-	0.0%	2	0.0%
	<b>10,662</b>	<b>100%</b>	<b>1,256</b>	<b>100%</b>	<b>9,405</b>	<b>100%</b>

# Rating impact of preferred structure cont.

- Most business properties will not see a change in their rates due to rates harmonisation
- “Non-Urban” business properties will see impacts as the Armidale and Guyra categories must combine

Business \$ Rate Increase Range	ARC		Guyra		Armidale	
	# of Assessment	% of Assessment	# of Assessment	% of Assessment	# of Assessment	% of Assessment
Below \$-400	-	0.0%	-	0.0%	-	0.0%
\$-400 to \$-200	10	1.4%	-	0.0%	10	1.7%
\$-200 to \$-75	12	1.7%	-	0.0%	12	2.1%
\$-75 to \$0	305	44.2%	34	30.4%	271	46.9%
\$0 to \$75	348	50.4%	66	58.9%	282	48.8%
\$75 to \$200	1	0.1%	-	0.0%	1	0.2%
\$200 to \$400	14	2.0%	12	10.7%	2	0.3%
Above \$400	-	0.0%	-	0.0%	-	0.0%
	<b>690</b>	<b>100%</b>	<b>112</b>	<b>100%</b>	<b>578</b>	<b>100%</b>

# Rating impact of preferred structure cont.

- Under rates harmonisation Armidale and Guyra Farmland categories must combine into one
- Over 80% of Guyra Farmland assessments will increase by significant amounts
- Guyra LV \$1B and revenue \$1.9M vs Armidale LV \$0.9B and revenue \$2.9M

Farmland	ARC		Guyra		Armidale	
	# of Assessment	% of Assessment	# of Assessment	% of Assessment	# of Assessment	% of Assessment
Below \$-400	266	17.6%	26	4.0%	240	28.1%
\$-400 to \$-200	217	14.4%	12	1.8%	205	24.0%
\$-200 to \$-75	273	18.1%	17	2.6%	256	30.0%
\$-75 to \$0	67	4.4%	5	0.8%	62	7.3%
\$0 to \$75	52	3.4%	14	2.1%	38	4.4%
\$75 to \$200	16	1.1%	16	2.4%	-	0.0%
\$200 to \$400	47	3.1%	45	6.8%	2	0.2%
Above \$400	574	38.0%	523	79.5%	51	6.0%
	<b>1,512</b>	<b>100%</b>	<b>658</b>	<b>100%</b>	<b>854</b>	<b>100%</b>