

# Special Rate Variation Ratepayer Information

## A Message from Your Councillors

At its September meeting, Gilgandra Shire Council resolved to begin the consultation process with our community to enable it to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a special variation to general rate income of 7% above the anticipated rate pegging level of 3% each year for the next three years, commencing in July 2014. Your current Council is conscious of making a decision that it can see through to implementation and therefore this application aligns with the remaining three years of this Council's term of office.

Since our election in 2012, the current Council has been considering Council's long term financial sustainability and its ability to continue to deliver the services expected of it by our ratepayers. As part of the work Council has completed to date, it has established that in our major area of expenditure, being rural roads, we have a current shortfall in maintenance expenditure of \$600,000 each year. This was highlighted in community consultations held in May 2013 regarding the setting of Council's Strategic Plans and associated budgets.

In addition to this Gilgandra Shire Council, like the majority of Councils in NSW, is challenged in having the capital to ensure that its ageing infrastructure is replaced when required. With transport infrastructure assets valued at in excess of \$340 million, there is a need to ensure money is put aside each year to renew or replace these assets.

The proposed rate increase of 7% above rate pegging each year for three years will, on current figures, raise some additional \$246k in year one, \$518k in year two and \$816k in year three. This money will be used to progressively meet the current \$600k shortfall in rural road maintenance and start to increase funding of Council's transport asset renewal program, particularly rural road bitumen resealing and gravel resheeting works.

The financial model adopted by Council which includes the Special Rate Variation also includes an ongoing commitment by Council to reduce current expenditure by 3% over the next three years. This commitment is consistent with savings that Council has achieved over the last 12 months by the ongoing systematic review of its service delivery and joint projects/tendering within the OROC group of Councils.

As your elected representatives, we look forward to engaging with you on this Special Rate Variation application and its importance to the future financial sustainability of our Shire.



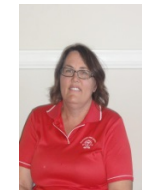
Cr Doug Batten  
Mayor



Cr Ash Walker  
Deputy Mayor



Cr Susan Baker



Cr Amber Bunter



Cr John Collison



Cr Stephen Horan



Cr Gina Johnson



Cr Laurie McGrath



Cr Greg Peart

## Details of the Special Rate Variation

Council is applying to IPART for an increase to the general rates of 7% above rate pegging (estimated at 3%) each year for the next three years. This application aligns with the remaining three years of this Council's term of office.

Based on an estimated rate peg of 3% per annum this equates to a total increase of 10% per annum for the next three years 2014/15-2016/17. All Councils in NSW are required to have a Long Term Financial Plan (LTFP) for a minimum 10 year period. Our current LTFP covers the period from 2013/14 to 2022/23 and includes annual rate pegging increases only (estimated at 3% per annum) from 2017/18 onwards. This increase will be a permanent addition to Councils rate base. It will allow Council to address long term financial sustainability issues and in particular the need for increased maintenance and renewal of our local rural road network.

Council will make application to IPART who review the submission against the following criteria :

- Need for the variation
- Community awareness and engagement
- Impact on ratepayers
- Assumptions in delivery program and long term financial plan
- Productivity improvements and cost containments

Information relating to this process is available on the IPART web site [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

## Financial Sustainability

When we're talking about financial sustainability we're talking about ways to make sure Council can fund its services and public asset responsibilities in the future. Each year we have to balance the books on a \$25 million budget and with much of our infrastructure particularly roads infrastructure starting to show its age, we need to find a balance between funding our services and meeting the cost of the maintenance and renewal of assets.

Financial sustainability is a key challenge facing Gilgandra Shire and most other Councils in NSW. Council's Long Term Financial Planning confirms that for Council to remain financially sustainable in the medium to longer term, its level of income must be increased.

Earlier this year, a financial review of each Council in NSW was carried out by The NSW Treasury Corporation on behalf of the Local Government Review Panel. The report confirmed that many NSW Local Councils are not financially sustainable given current income levels. Gilgandra Shire Council's financial sustainability rating was assessed as "weak" with an outlook of "neutral".

This situation needs to be addressed now.

## Maintenance and Renewal of Assets

Maintenance and renewal of community assets is one of the major challenges facing Gilgandra Shire Council and most other Councils in NSW.

Put simply, when Council replaces a washer on a tap to stop it dripping, it is maintenance. When Council replaces the whole tap as it is rusted out, this is renewal.

In relation to our transport network, when Council grades an unsealed road it is maintenance and when Council put a new layer of gravel on the road, this is renewal.

## How Additional Funds Will Be Used

Council has identified a need to increase maintenance and renewal on its rural road network to meet community expectations and ensure the future sustainability of these road assets. The additional revenue raised as a result of the Special Rate Variation will be used to:

- Increase the annual maintenance expenditure level on rural roads by 40% (\$600k) from \$1.5m annually to \$2.1m annually progressively over a 3 year period commencing 2014/15
- Increase the amount set aside for asset renewal works, particularly our transport assets from 2017/18 onwards
- Work towards ensuring Council's Long Term Financial Sustainability

## Cost Reductions and Increased Efficiency

Your Council is committed to increasing efficiency and reducing its operating costs. Council has given an undertaking to reduce operating costs by 3% progressively over this term of Council (the next three years).

Since the 2012 Local Government Election savings already made include the following:

- Reduction in Administration staff costs - Annual savings \$50k
- Reduction in stationery, postage, printing and staff costs following Introduction of Ipads for Councillors and Senior Staff - Annual savings \$5k
- Delivery of all transaction and financial services from the Government Access Centre - Annual savings \$10k
- Withdrawal of involvement in the CENTROC Weight of Loads Group - Annual Savings \$40k
- Bulk purchase of electricity with surrounding councils - Annual savings \$60k
- Outsourcing of Councils information technology support operations - Annual savings \$20k

This totals \$185,000 in ongoing operational savings achieved since September 2012.

In addition Council is undertaking a complete service review of all aspects of our operations. This process is providing the opportunity to assess every service and review the level of service provided to the community and the effectiveness and efficiency of service delivery. So far following services are in the process of being reviewed:

- Culture
- Tourism
- Parks & Gardens
- Sporting Facilities

As part of the review, Council is looking at comparisons with delivery of similar services by other local Councils to ensure we are achieving best practice outcomes for our community.

## Gilgandra Shire Council 2013/14 General Rating Structure

Category	Assessments on Cents in \$	Rate	Amount	Assessment on Minimum	Minimum	Amount	Total
Farmland	778	0.713506	\$2,745,941	33	\$397	\$13,101	\$2,759,042
Residential Gilgandra	177	1.98059	\$115,415	844	\$455	\$384,020	\$499,435
Residential	142	1.221614	\$100,888	155	\$408	\$63,240	\$164,128
Business Gilgandra	96	2.97002	\$109,564	58	\$457	\$26,506	\$136,070
Business	14	1.691969	\$24,029	40	\$406	\$16,240	\$40,269
<b>Total</b>	<b>1207</b>		<b>\$3,095,837</b>	<b>1130</b>		<b>\$503,107</b>	<b>\$3,598,944</b>

### How Much Extra Will You Have To Pay

The current average general rates in Gilgandra Shire by rate category are listed below along with the average annual increase that the proposed rate increase (estimated rate peg and special variation) will deliver over the next 3 years

Average General Rate Increases Including Rate Peg & Special Variations over next 3 years					
Rating Category	Average Rate	Annual Increase Including Special Variation	Total Yield	Total Accumulated Increase % Including Special Rate Variation	Accumulated Increase % Without Special Rate Variation
<b>Farmland</b>					
2013/14	\$3,402		\$2,759,042		
2014/15	\$3,742	\$340	\$3,034,946	10.00%	3.00%
2015/16	\$4,116	\$374	\$3,338,441	21.00%	6.10%
2016/17	\$4,528	\$412	\$3,672,285	33.10%	9.30%
<b>Residential - Gilgandra</b>					
2013/14	\$489		\$499,435		
2014/15	\$538	\$49	\$549,379	10.00%	3.00%
2015/16	\$592	\$54	\$604,316	21.00%	6.10%
2016/17	\$651	\$59	\$664,748	33.10%	9.30%
<b>Business - Gilgandra</b>					
2013/14	\$848		\$136,070		
2014/15	\$933	\$85	\$149,677	10.00%	3.00%
2015/16	\$1,026	\$93	\$164,645	21.00%	6.10%
2016/17	\$1,128	\$103	\$181,109	33.10%	9.30%
<b>Residential – Outside Gilgandra</b>					
2013/14	\$553		\$164,128		
2014/15	\$608	\$55	\$180,541	10.00%	3.00%
2015/16	\$669	\$61	\$198,595	21.00%	6.10%
2016/17	\$736	\$67	\$218,454	33.10%	9.30%
<b>Business - Outside Gilgandra</b>					
2013/14	\$746		\$40,269		
2014/15	\$820	\$75	\$44,296	10.00%	3.00%
2015/16	\$902	\$82	\$48,725	21.00%	6.10%
2016/17	\$993	\$90	\$53,598	33.10%	9.30%

The Special Rate Variation will increase Councils general rate base by 23.8% above rate pegging (assumed at 3%p.a) progressively over a three year period.

## General Rate Comparison with adjoining Councils

The table below sets out the 2013/14 rate revenues for Gilgandra Shire and its neighbouring Shire Councils

Adjoining Councils Rates and Annual Charges Comparison 2013/14				
Category	Number of Assessments	Average Rates	Total Yield	% of Total Rates Collected
<b>Farmland</b>				
Gilgandra	811	\$3,402	\$2,759,042	76.66%
Coonamble	798	\$4,335	\$3,459,634	82.78%
Narromine	873	\$3,133	\$2,735,122	57.67%
Warren	678	\$5,183	\$3,514,237	81.90%
Warrumbungle	1,741	\$2,642	\$4,600,110	64.10%
<b>Residential / Ordinary</b>				
Gilgandra	1,021	\$489	\$499,435	13.88%
Coonamble	1,356	\$380	\$514,803	12.32%
Narromine	1,865	\$603	\$1,124,343	23.71%
Warren	882	\$510	\$449,637	10.48%
Warrumbungle	2,964	\$477	\$1,414,995	19.72%
<b>Business</b>				
Gilgandra	208	\$848	\$176,339	4.90%
Coonamble	207	\$713	\$147,585	3.53%
Narromine	290	\$1,611	\$467,081	9.85%
Warren	127	\$1,528	\$194,016	4.52%
Warrumbungle	384	\$1,443	\$554,189	7.72%
<b>Rural Residential</b>				
Gilgandra	297	\$553	\$164,128	4.56%
Coonamble	120	\$477	\$57,223	1.37%
Narromine	321	\$585	\$187,938	3.96%
Warren	206	\$646	\$133,071	3.10%
Warrumbungle	867	\$689	\$596,990	8.32%
<b>Small Rural Holdings</b>				
Coonamble	92	\$1,130	\$103,973	2.49%
<b>Mining</b>				
Narromine			\$228,409	4.82%
Warrumbungle			\$10,000	0.14%
<b>Total General Rates</b>				
Gilgandra	2,337	\$1,540	\$3,598,944	100%
Coonamble	2,573	\$1,624	\$4,179,245	100%
Narromine	3,349	\$1,416	\$4,742,893	100%
Warren	1,893	\$2,267	\$4,290,961	100%
Warrumbungle	5,956	\$1,205	\$7,176,284	100%

These figures were sourced from the 2013/14 published revenue policy for each Council

## Capital Works Renewal Program

While this Special Variation Application relates particularly to transport assets, Council remains committed to all services it provides to meet our community demands. The whole Council capital renewal program over the next 10 years reflects this commitment and includes the following:

Description	Year	Total 10 Year Cost	Renewals	Upgrades/New
Bushfire	From 2013/14	\$ 917,110	\$800,000	\$117,110
Plant Fleet	From 2013/14	\$7,873,500	\$7,479,825	\$393,675
Library Resources	From 2013/14	\$111,051	\$111,051	
Warren Road Medical Centre	2013/14	\$135,000	\$135,000	
Office Furniture and Equipment	From 2013/14	\$24,500	\$24,500	
Offices and Chambers	From 2013/14	\$65,000	\$65,000	
Miller Street CBD Master Plan	2016/17	\$300,000	\$100,000	\$200,000
Gilgandra Waste Facility Upgrade	From 2014/15	\$400,000	\$200,000	\$200,000
Villages Waste Facilities Upgrade	From 2016/17	\$175,000	\$100,000	\$75,000
Shire Hall	From 2013/14	\$50,000	\$50,000	
IT Purchases	From 2013/14	\$610,000	\$610,000	
Cootee March Centenary 2015	2015/16	\$10,000		\$10,000
Gilgandra Youth and Citizens Club	2016/17	\$100,000		\$100,000
Aero Park Residential Subdivision	From 2013/14	\$610,000		\$610,000
Gilgandra Industrial Precinct	From 2013/14	\$650,000		\$650,000
McGrane Oval Lighting	2022/23	\$150,000	\$150,000	
McGrane Oval Canteen	2015/16	\$70,000	\$70,000	
Parks Playground Equipment	2016/17	\$50,000	\$50,000	
Terrabile Creek Bridge	2013/14	\$1,200,000	\$1,000,000	\$200,000
Gumin Bridge	2022/23	\$845,000	\$845,000	
Webb's Crossing Bridge	2017/18	\$660,000	\$660,000	
Lucas Bridge	2019/20	\$200,000	\$200,000	
Works Depot	2016/17	\$100,000	\$100,000	
Disabled Access Gilgandra Pool	2013/14	\$15,000		\$15,000
Gilgandra Swimming Pool	2019/20	\$200,000	\$200,000	
Stormwater and Kerb and Gutter	From 2013/14	\$ 620,000	\$620,000	
Columbarium Gilgandra Cemetery	2013/14	\$10,000		\$10,000
Noonan Park Irrigation System	2013/14	\$ 12,000		\$12,000
Footpaths and Walk Ways	From 2013/14	\$ 500,000	\$400,000	\$100,000
Gilgandra Aerodrome Resheeting	2013/14	\$ 55,000	\$55,000	
General Building Renewals	From 2013/14	\$1,873,000	\$1,873,000	
General Swimming Pool Renewals	From 2013/14	\$121,500	\$121,500	
General Parks Gardens and Sporting Ground Renewals	From 2013/14	\$814,000	\$814,000	
General Transport Renewals	From 2013/14	\$4,812,000	\$4,812,000	
Roads to Recovery	From 2013/14	\$6,551,000	\$6,551,000	
Water Supply	From 2013/14	\$3,215,000	\$3,215,000	
Sewerage	From 2013/14	\$1,765,000	\$1,765,000	
Orana Lifestyle Directions	From 2013/14	\$1,212,153	\$1,000,000	\$212,153
Carlinda Enterprises	From 2013/14	\$ 171,958	\$171,958	
Cootee Self Care Villa Units	From 2013/14	\$1,077,605	\$1,077,605	
Cootee Lodge Aged Care Hostel	From 2013/14	\$1,044,658	\$1,044,658	
Jack Towney Aged Care Hostel	From 2013/14	\$ 336,156	\$336,156	

## Other Rates and Charges

The Special Rate Variation only relates to your General Rates. Other charges relating to Water, Sewer, Waste and Stormwater are set by Council annually, taking account of best practice pricing, annual budget requirements and long term asset renewal plans. Council's current delivery program is based on the following increases over the period 2014/15-2016/17.

- Water - 3.5% per annum
- Sewer
  - 6% access charge per annum
  - 10% usage charge per annum
- Waste - 3% per annum
- Stormwater - nil increase

## Measuring What We Deliver

Council will measure and report its progress in delivering additional maintenance and renewal to its road assets as a result of a successful Special Variation Application.

Our performance will be measured in the following ways:

- Level of additional expenditure budgeted for rural road maintenance from 2014/15 onwards –increasing progressively by 40% over a three year period and retained at that level.
- Monitoring road condition ratings to assess improvements being made.
- Annual road renewal program reporting on length and location of bitumen reseals and gravel resheeting scheduled and achieved during the period.
- Annual reporting of renewal of other transport assets such as bridges and culverts.

## Public Meetings – We Are Seeking Your Input and Feedback

Public meetings where you can hear from your Council ask questions and provide your input will be held at:

Location	Date	Time
Armatree CWA Hall	Monday, 2 December 2013	6pm
Tooraweenah Hall	Tuesday, 3 December 2013	6pm
Curban Community Hall	Wednesday, 4 December 2013	6pm
Bearbung Hall	Monday, 9 December 2013	6pm
Coboco Hall	Tuesday, 10 December 2013	6pm
Gilgandra Shire Hall	Wednesday, 11 December 2013	6.30pm

You are also encouraged to provide your written comments and feedback

Email: [council@gilgandra.nsw.gov.au](mailto:council@gilgandra.nsw.gov.au)

Postal: The General Manager  
Gilgandra Shire Council  
PO Box 23 Gilgandra NSW 2827