



GilgandraShireCouncil
meeting community needs

Application for Special Variation of General Rates 2014/15 -2016/17

Background – 2011/12

- Special Rate Variation Application 3.2% above rate pegging for 7 years starting 2012/13
 - Increase Maintenance on Rural Roads
 - Increase Asset Renewals
 - Achieve Financial Sustainability
- IPART determination – 3.2% above rate pegging for 1 year only 2012/13

Background – 2012/13

- New Council elected September 2012
- Review of 10 Year Community Strategic Plan
- Delivery Program for 4 Year Term of Council developed including 4 year budgets
- 10 year Long Term Financial Plan reviewed
- Operational Plan and budget for 2013/14 adopted
- Review of services / operations commenced
- Decision to apply for Special Variation September 2013

Special Rate Variation Details

- 7% above rate pegging (3%) Total of 10% per Annum
- 33.1 % total over 3 years
- 23.8% above Rate Pegging
- Applies to General Rates only
- 3 Year period 2014/15 -2016/17
- Permanent addition to Councils Rate Base

Why This Special Variation is Needed

- Increase Maintenance of Rural Roads
- Increase Asset Renewals (10 year capital program)
- Long Term Financial Sustainability

What the Special Variation will Fund

- A 40% increase in annual Rural Road Maintenance Budget over 3 year period 2014/15 – 2016/17
- Additional renewal of aging assets particularly Transport Assets
(Resheeting/Resealing/Timber Bridges / Footpaths / Kerb & Gutter etc)
- Improved operating results

Maintenance and Renewal of Assets

- Maintenance and renewal of community assets is one of the major challenges facing our Council and most other Councils in NSW
- Replacing a washer on a tap to stop it dripping is maintenance
- Replacing the whole tap when it is rusted out is renewal
- Grading an unsealed road is maintenance
- Putting a new layer of gravel on the road is renewal

Less of This



More of This

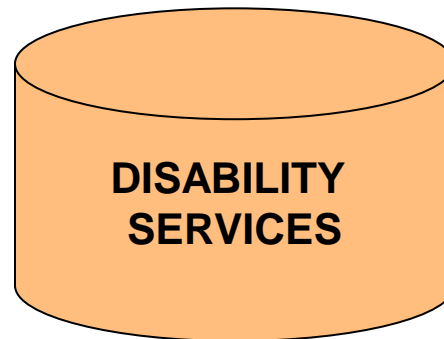
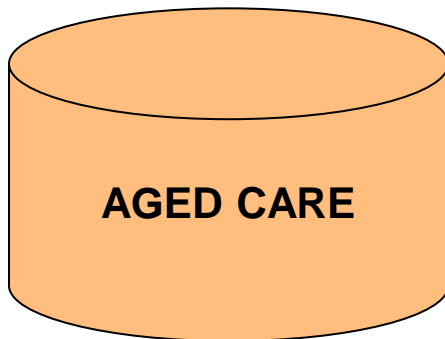
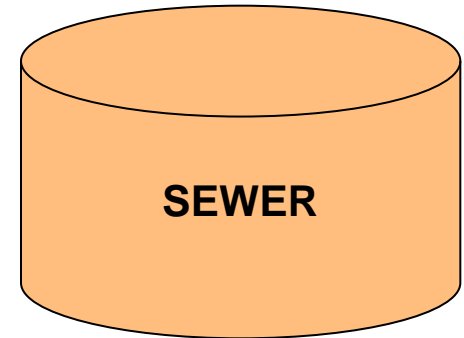
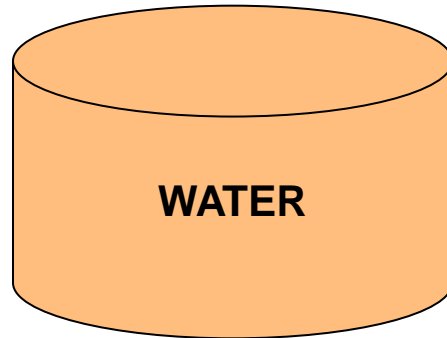
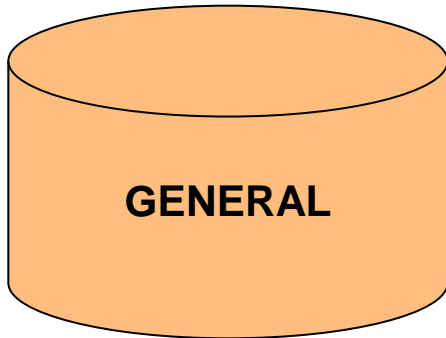


Financial Sustainability

- T Corp Assessment of Financial Sustainability
Current- “WEAK” Outlook “NEUTRAL”
- Local Government Independent Review Panel
identified need for increased revenue levels
- Recent review of Councils Strategic & Financial
Plans confirms revenue must increase to
ensure our future

Funding structure

5 “buckets”



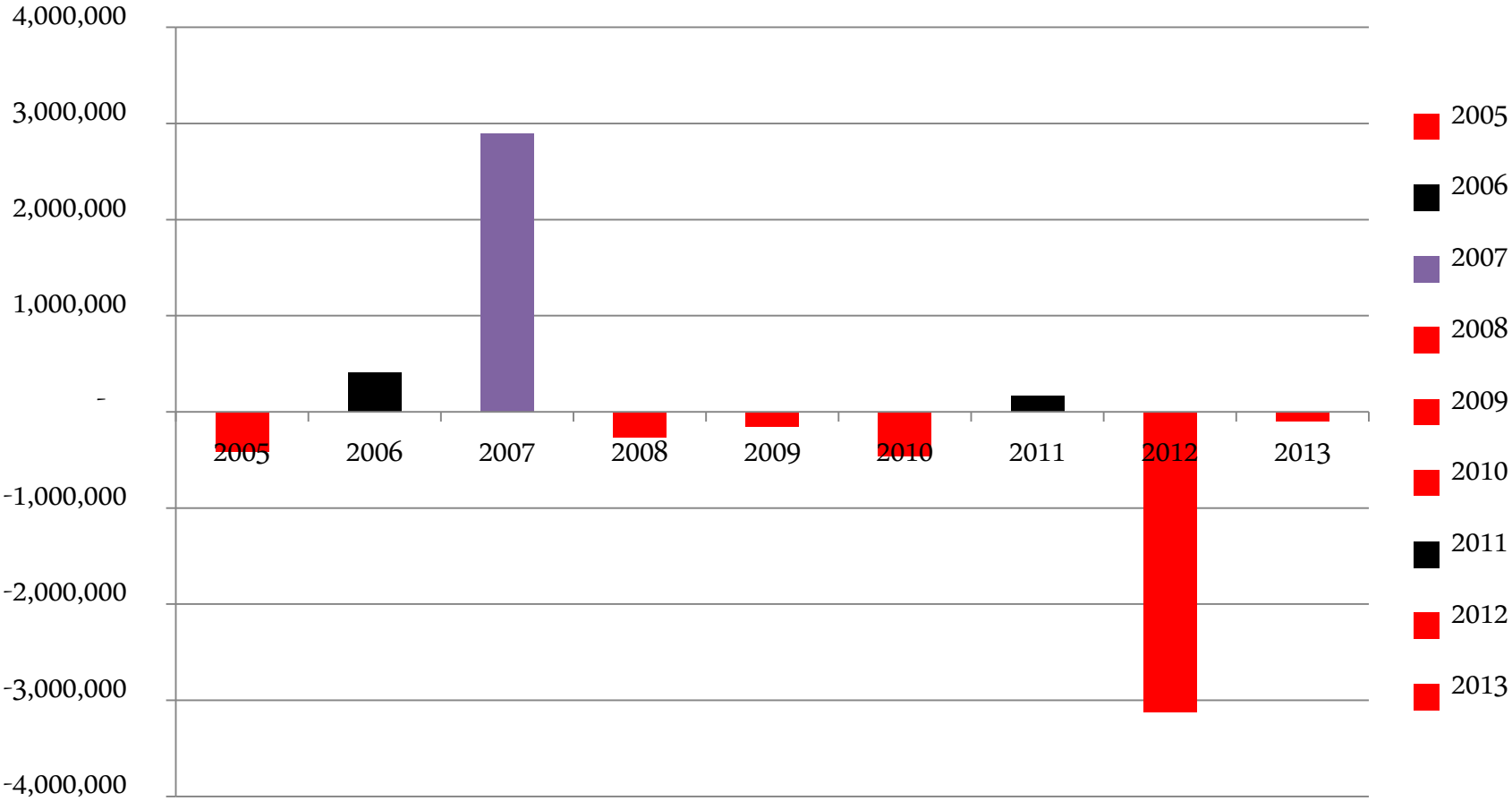
Long Term Financial Plan 2013/14-2022/23

- Operations/Services reduced by 1% per year for next 3 years (\$2.4m over 10 years)
- Rural Roads maintenance increased by \$600k plus CPI over next 3 years (\$5.6m over 10 years)
- Capital Works Program of \$39.7m including \$36.8m asset renewals over next 10 years
- Borrowings sourced for Capital Projects with intergenerational benefits

Long Term Financial Plan 2013/14-2022/23

- General Rate Revenue increased by 7% above rate pegging (forecast at 3% per annum) for a three year period from 2014/15 to 2016/17 (this term of Council) and by rate pegging thereafter.
- General Fund cash position / ability to increase asset renewals improved by \$3.2m over next 10 years

Operating Results



Asset Renewal/Upgrade Program

Description	Year	Total 10 Year Cost
Bushfire Issues – Non Cash	From 2013/14	\$ 917,110
Plant Fleet	From 2013/14	\$7,873,500
Library Resources	From 2013/14	\$ 111,051
Warren Road Medical Centre	2013/14	\$ 135,000
Office Furniture and Equipment	From 2013/14	\$ 24,500
Offices and Chambers	From 2013/14	\$ 65,000
Miller Street CBD Master Plan	2016/17	\$ 300,000
Gilgandra Waste Facility Upgrade	From 2014/15	\$ 400,000
Villages Waste Facilities Upgrade	From 2016/17	\$ 175,000
Shire Hall	From 2013/14	\$ 50,000
IT Purchases	From 2013/14	\$ 610,000
Cooee March Centenary 2015	2015/16	\$ 10,000
Gilgandra Youth and Citizens Club	2016/17	\$ 100,000
Aero Park Residential Subdivision	From 2013/14	\$ 610,000
Gilgandra Industrial Precinct	From 2013/14	\$ 650,000
McGrane Oval Lighting	2022/23	\$ 150,000
McGrane Oval Canteen	2015/16	\$ 70,000
Parks Playground Equipment	2016/17	\$ 50,000

Asset Renewal/Upgrade Program

Terrabile Creek Bridge	2013/14	\$1,200,000
Gumin Bridge	2022/23	\$ 845,000
Webb's Crossing Bridge	2017/18	\$ 660,000
Lucas Bridge	2019/20	\$ 200,000
Works Depot	2016/17	\$ 100,000
Disabled Access Gilgandra Pool	2013/14	\$ 15,000
Gilgandra Swimming Pool	2019/20	\$ 200,000
Stormwater and Kerb and Gutter	From 2013/14	\$ 620,000
Columbarium Gilgandra Cemetery	2013/14	\$ 10,000
Noonan Park Irrigation System	2013/14	\$ 12,000
Footpaths and Walk Ways	From 2013/14	\$ 500,000
Gilgandra Aerodrome Resheeting	2013/14	\$ 55,000
General Building Renewals	From 2013/14	\$1,873,000
General Swimming Pool Renewals	From 2013/14	\$121,500
General Parks Gardens and Sporting Ground Renewals	From 2013/14	\$814,000
General Transport Renewals	From 2013/14	\$4,812,000
Roads to Recovery	From 2013/14	\$6,551,000
Water Supply	From 2013/14	\$3,215,000
Sewerage	From 2013/14	\$1,765,000
Orana Lifestyle Directions	From 2013/14	\$1,212,153
Carlginda Enterprises	From 2013/14	\$ 171,958
Cooee Self Care Villa Units	From 2013/14	\$1,077,605
Cooee Lodge Aged Care Hostel	From 2013/14	\$1,044,658
Jack Towney Aged Care Hostel	From 2013/14	\$ 336,156

Impact on Your Rates

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
Farmland					
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%
Residential - Gilgandra					
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%

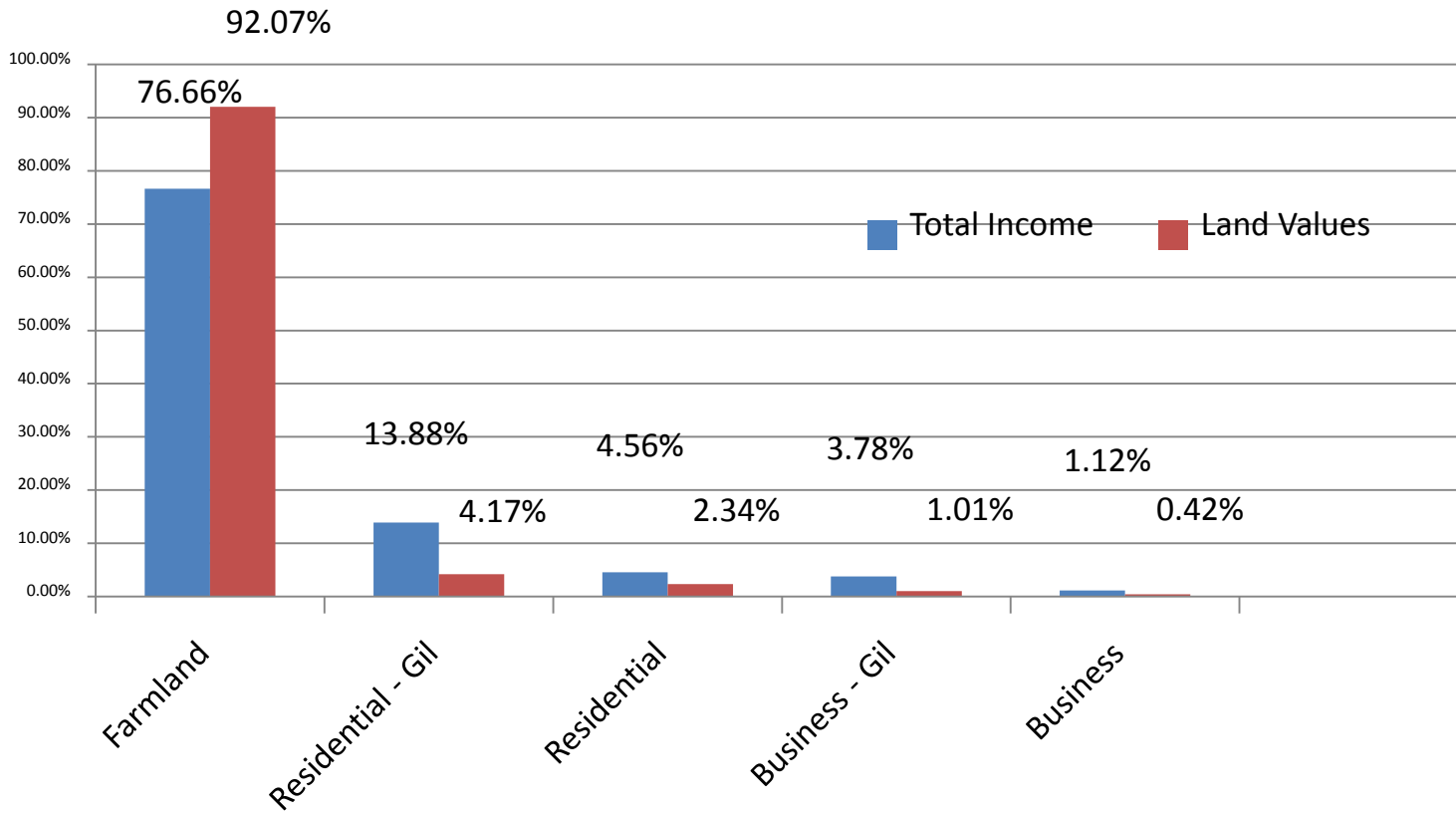
Impact on Your Rates

Business - Gilgandra					
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%
Residential – Outside Gilgandra					
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%

Impact on Your Rates

Residential – Outside Gilgandra					
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%
Business - Outside Gilgandra					
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%

General Rates and Land Values



Rating Examples – Farmland

Ad Valorem	0.713506	0.7846	0.8631	0.9494
Minimum	\$397	\$436	\$480	\$528
Land Value	Current	Year 1	Year 2	Year 3
\$300,000	\$2,141	\$2,354	\$2,589	\$2,848
\$500,000	\$3,568	\$3,923	\$4,316	\$4,747
\$1,000,000	\$7,135	\$7,846	\$8,631	\$9,494
\$2,000,000	\$14,270	\$15,693	\$17,262	\$18,988
\$5,000,000	\$35,675	\$39,232	\$43,155	\$47,471

Residential Gilgandra

Ad Valorem	1.980590	2.152307	2.367538	2.604291
Minimum	\$455	\$499	\$549	\$604
Land Value	Current	Year 1	Year 2	Year 3
\$20,000	\$455	\$499	\$549	\$604
\$40,000	\$792	\$861	\$947	\$1,042
\$60,000	\$1,188	\$1,291	\$1,421	\$1,563
\$100,000	\$1,981	\$2,152	\$2,368	\$2,604

Business Gilgandra

Ad Valorem	2.970020	3.250522	3.575574	3.933132
Minimum	\$457	\$502	\$552	\$607
Land Value	Current	Year 1	Year 2	Year 3
\$20,000	\$594	\$650	\$715	\$787
\$40,000	\$1,188	\$1,300	\$1,430	\$1,573
\$60,000	\$1,782	\$1,950	\$2,145	\$2,360
\$100,000	\$2,970	\$3,251	\$3,576	\$3,933

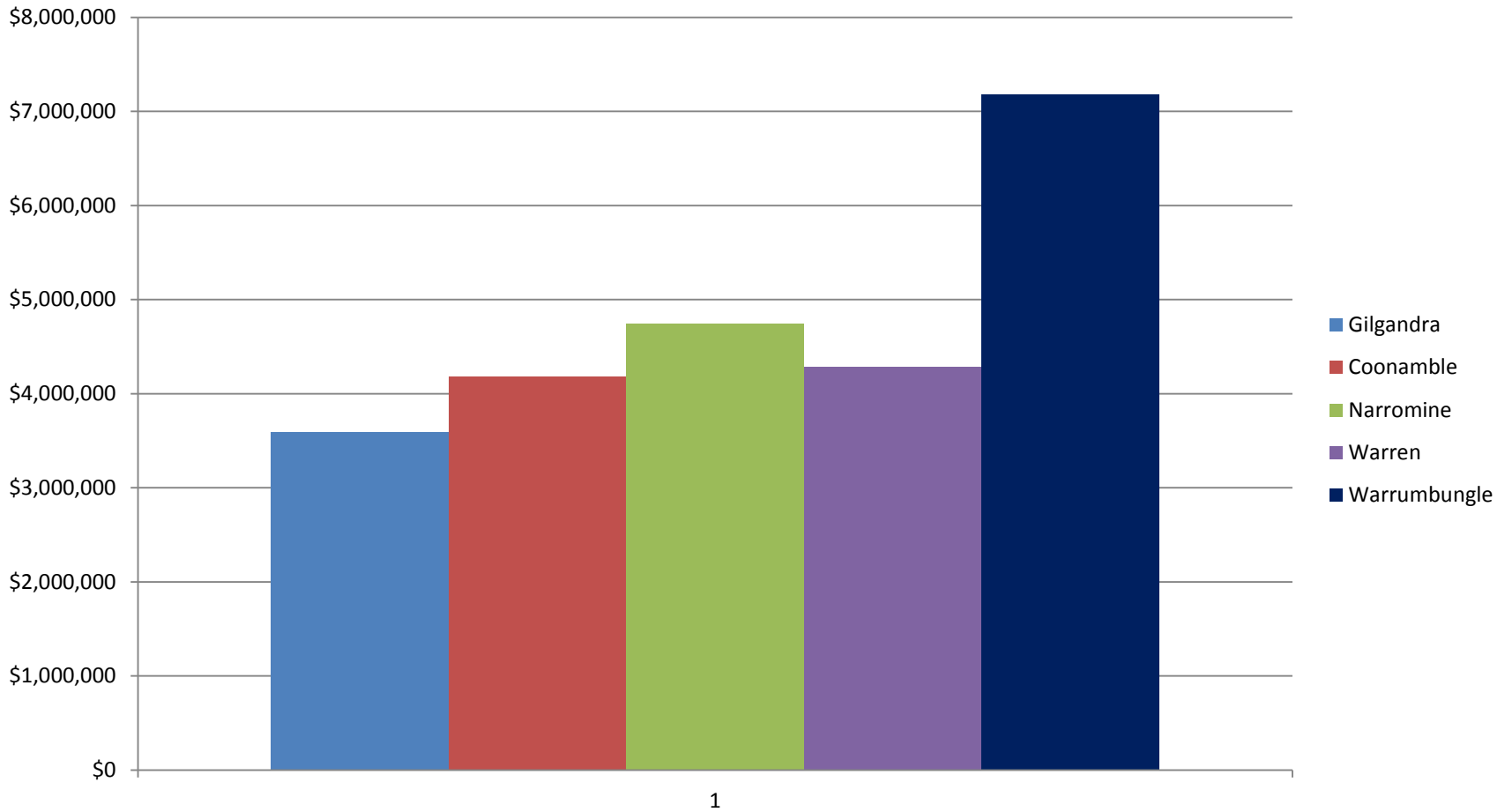
Residential Outside Gilgandra

Ad Valorem	1.221614	1.374386	1.511825	1.663007
Minimum	\$408	\$449	\$494	\$543
Land Value	Current	Year 1	Year 2	Year 3
\$20,000	\$408	\$449	\$494	\$543
\$40,000	\$489	\$550	\$605	\$665
\$60,000	\$733	\$825	\$907	\$998
\$100,000	\$1,222	\$1,374	\$1,512	\$1,663
\$200,000	\$2,443	\$2,749	\$3,024	\$3,326

Business Outside Gilgandra

Ad Valorem	1.691969	1.843738	2.028112	2.230923
Minimum	\$406	\$442	\$486	\$535
Land Value	Current	Year 1	Year 2	Year 3
\$20,000	\$406	\$442	\$486	\$535
\$40,000	\$677	\$737	\$811	\$892
\$60,000	\$1,015	\$1,106	\$1,217	\$1,339
\$100,000	\$1,692	\$1,844	\$2,028	\$2,231
\$200,000	\$3,384	\$3,687	\$4,056	\$4,462

General Rate Comparison Adjoining Councils



Other Rates and Charges

- Water - 3.5% pa
- Sewer - 6% access charge pa
 - 10% usage charge pa
- **Above increases in line with best practice pricing to ensure future asset maintenance and renewal requirements can be met**
- Waste - 3% pa
- Storm water – nil increase

Cost Reductions/Efficiency Improvements

- Reduction in Administration Staff Costs \$50k pa
- Introduction of Councillor I pads \$5k pa
- Consolidation of Revenue Functions \$10k pa
- Outsourcing Information Technology \$20k pa
- Withdrawal from CENTROC Weight of Loads Group \$40k pa
- Bulk Electricity Purchase with surrounding Councils \$60k pa

Review of Services

Your Councillors are currently reviewing :

- Cultural Services
- Tourism
- Parks & Gardens
- Sporting Facilities
- Urban Services

We are committed to reviewing all services during this term of Council

Measuring and Reporting Our Progress

- Increased Budgets for Rural Road Maintenance – Progressively increasing by 40% over 3 years from 2014/15
- Regular Road Inspections /Improved condition ratings
- Annual Reporting of Road Renewal Program (Length and Location of Resealing and Resheeting)
- Annual Reporting of Asset Renewal (10 year capital program)

In Summary

Your Councillors are Committed to :

- Maintaining our current services
- Reviewing the cost effectiveness of our services/operations
- Improving our rural roads
- Renewing our assets as they fall due
- Ensuring our Shire is Financially Sustainable into the future

Where to from here

- IPART application due 24 February 2014
- IPART decision expected by end of April 2014
- Review / Implement LTFP with 2014/15 budget subject to IPART decision.
- Information relating to this process available at www.ipart.nsw.gov.au

Questions and Answers

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Submissions / Comments / Feedback

- Presentation and information package available on Gilgandra website

www.gilgandra.nsw.gov.au

- Submissions in writing by **Friday 17 January 2014**

Email: council@gilgandra.nsw.gov.au

Postal: The General Manager

PO Box 23 Gilgandra NSW 2827

**Thank you for your
time**

