

# Fit for the Future

Have a say in Kyogle's long term financial plan

Kyogle  
Australia

Which way would you like Council to go?

What are the possible ways forward?

What factors led to this situation?

What's the good news?

What work has taken place so far?

How much will rates go up?

Isn't there a third option of amalgamation?

Stable Future

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Find out how Kyogle Council is rising to its financial challenges over the next 20 years.

[kyogle.nsw.gov.au](http://kyogle.nsw.gov.au)



# Kyogle Council is facing some tough decisions as it aims to achieve financial sustainability and a prosperous future.

## What factors led to this situation?

**The cost of delivering services to the community is increasing faster than its ability to collect rates.** The NSW Government has pegged Council's rate increases for over 30 years (currently to 2.3% per year), and has also shifted costs to Council for which they were previously responsible.

**The funding to maintain Council's \$460 million worth of public assets has reduced in real terms.** This means non-safety related maintenance is being deferred, with assets deteriorating and reduced levels of service.

**There is a backlog of \$48 million worth of works** that need to be carried out, and this is growing by \$4 million each year, so doing nothing is not an option, at least not if we want to stay independent and show the NSW Government that we are indeed **fit for the future**.

## What's the good news?

As identified in its Community Strategic Plan, Council is looking to:

- Improve rural local roads and replace most timber bridges across the local government area over the next 30 years.
- Implement a priority road-sealing program and double regional roads funding.
- Implement new sewerage schemes for Tabulam, Mallanganee and Wiangaree.
- Improve urban stormwater and flood management, including flood studies at Bonalbo and Tabulam.
- Improve energy efficiency at community facilities.
- Upgrade Kyogle Memorial Institute Hall.

For more detail see Attachment A of the draft Long Term Financial Plan (LTFP).

Kyogle Council is preparing for a long haul to financial recovery, and is calling on your help to decide which option or mix of options to take.

## What work has taken place so far?

In 2013 Council asked the community to identify its priorities regarding infrastructure and service provision. The consultation expanded in 2014 through ***Bridging the Gaps***, part of a review of Council's Community Strategic Plan and Long Term Financial Plan.

Kyogle Council commissioned an independent review of the current LTFP in April 2014. The review found that Council's financial outlook is **unsustainable** in its present form.

Council then revised its Financial Management Policy, reduced its minimum cash reserve levels and established a set of financial sustainability indicators and targets. In September 2014 the NSW Government released its reform package called ***"Fit for the Future: a modern system of local government"***. It set financial sustainability targets that were similar to Council's, and in some cases higher.





# What are the possible ways forward?

In reviewing its Long Term Financial Plan, Council considered a number of possibilities, including;

- Changing the way services are delivered
- Reducing levels of service
- New revenue opportunities
- Additional borrowings
- Rate increases above the 2.3% peg
- Asset disposals

The draft Long Term Financial Plan examined six basic scenarios. They ranged from keeping the status quo, to drastically cutting services, to dramatically increasing rates. The proposals now up for discussion balance levels of service with the need to generate significantly increased revenue, whether it is mainly from ratepayers or supplemented by increased State and Australian Government sources.

Information on all six scenarios is included in the draft Long Term Financial Plan, which you'll find on Council's website [kyogle.nsw.gov.au](http://kyogle.nsw.gov.au) and in hard copies kept at Council's administration centre and libraries. Scenario 6 (Balanced Service Levels) presented a case where Council could meet all the criteria set down by the NSW Government in its Fit for the Future reform package. This scenario required an increase in rates of 46% above the rate pegging limits. The scenario adopted by Council for the draft Long Term Financial Plan is based on Scenario 6, but replaces some of the own source revenue with increased external funding, reducing the rate increases required to 22% above the pegging limit.

The adopted scenario will require Kyogle Council to get approval to proceed with the proposed above pegging rate increases from the Independent Pricing and Regulatory Tribunal (IPART). This scenario does not completely satisfy the NSW Government's criteria to show that Council is financially fit for the future, but will allow Council to argue a case to remain independent based on increased funding from other levels of government:

## Key features of the draft LTFP

The following features are common to both Option One and Option Two:

- Additional borrowings of \$10M in 2016 repaid over 10 years under the NSW Government's proposed subsidised cheaper finance program.
- Clearing the infrastructure backlog by 2034.
- A significant capital renewal program and increased service levels in key areas identified by the community.
- Eliminating all timber bridges over 30 years.
- Not replacing some lower-order bridges.
- Reviewing the road network with some roads becoming sealed and others reverting to gravel.
- Rationalisation of the waste transfer stations servicing the Bonalbo, Tabulam and Mallanganee areas, with a single facility to service all areas.
- Closure of the Woodenbong landfill and conversion of the site to a waste transfer station.
- Disposal of Cedar Point Hall, Grove House and Horseshoe Creek Hall.

### Option One: 46% self-funded solution

- A fully self-sufficient model not reliant on additional State or Federal funding.
- Meets all financial sustainability targets in seven years, except for the operating balance ratio (achieved in 2034).
- Rates are projected to increase at 9% above the rate peg for the first three years, 8% in the next year, then increases of 7% for the next three years, reducing to the 2.3% rate pegging limit in 2023.
- 46 % increase in general rates above rate pegging levels by 2022, or an extra \$10.23 per week.
- 7% increase in fees and charges for water, sewerage, and waste above CPI indexation by 2022, or an extra \$2.63 per week.

### Option Two: 22% mixed funding solution

- A model requiring some rate increases plus additional State or Federal funding.
- Meets all financial sustainability targets in seven years, except for the operating balance ratio (trending towards target).
- Rates are projected to increase at 10.34% above the rate peg for the first year, then increases of 5.5% for the next four years, reducing to the 2.3% rate-pegging limit in 2021.
- 22 % increase in general rates above rate pegging levels in 2020, or an extra \$4.69 per week, and pegged after that.
- 7% increase in fees and charges for water, sewerage, and waste above CPI indexation by 2022, or an extra \$2.63 per week.

## Further information

- Details of the proposed expenditure levels in the adopted Scenario, and comparison between Scenarios, can be found in Attachment A of the draft LTFP.
- A summary of the Scenarios assessed can be found in the Introduction section of the draft LTFP.
- Details of the assumptions made in the development of Scenarios can be found in the draft LTFP under Planning Assumptions and Attachment C.

## How much will rates go up by?

The average rate currently paid is \$1,002 per assessment. Under the draft LTFP this would rise to \$1,103 in 2016, or an increase of \$1.54 per week.

With the proposed above rate pegging increases in the draft LTFP, the average rate would increase to \$1,352 by the year 2020. This represents a rise of \$244 above rate pegging, or an extra \$4.69 per week.

## Isn't there a third option of amalgamation?

Yes. As part of the NSW Government's \$1billion Fit for the Future local government reforms, they are offering financial incentives for councils to amalgamate of \$5million for each merge. Considering Council's annual shortfall of \$4million and infrastructure backlog of \$48million, this amount is not sufficient to solve Council's financial sustainability issues.

Kyogle Local Government Area is faced with considerable challenges. One third of the land area is not rateable as it is State Forest or National Park, and the number of timber bridges is high. We are also below the critical population size of 10,000 that the NSW Government sees as the minimum for independent Councils.

Kyogle Council understands from surveys in 2009 and 2012 that our local community wants to remain an independent council rather than merge with Lismore City Council or Richmond Valley Council for the following reasons:

- Potential loss of services.
- Reduced sense of being involved in the decision-making process.
- Increased isolation and detachment.
- Loss of the ward system under a merger.
- No guarantee that rates won't rise.

A more detailed comparison between the existing and projected rates and charges for neighbouring Councils is available on the Kyogle Council web site. These Councils are also required to show that they can meet the NSW Governments Fit for the Future criteria.

**The NSW Government also welcomes public submissions on its proposed local government reform package. For more information go to:**

[fitforthefuture.nsw.gov.au](http://fitforthefuture.nsw.gov.au).

Council's response to the NSW Government is due by mid-2015.

# Now is the time to speak up if you want to have your say about the future of Kyogle Council.

## Where can I get more information?

The first place you can go to is **[kyogle.nsw.gov.au](http://kyogle.nsw.gov.au)**

There you will find the Draft Long Term Financial Plan, the Community Strategic Plan and comprehensive fact sheets covering:

- **Income**
- **Asset Management Strategy**
- **Roads and Streets**
- **Bridges**
- **Amalgamation**

### Listening Posts

Council staff would be happy to discuss any matters relating to our financial plan at the following community Listening Post sessions:

**25 October**

Woodenbong Market

**28 October**

Bonalbo Community Hall, 2-6pm

**1 November**

Kyogle Farmers Markets

### Community Survey

A random telephone survey will be carried out, so please be aware that if you receive a call in the next few weeks, it will be genuine.

You will also be able to fill in a survey on our website or call in to Council's offices and pick up a hard copy.

## Submissions close 24 November 2014

Kyogle Council  
1 Stratheden Street  
Kyogle NSW 2474  
Tel 02 6632 1611  
Fax 02 6632 2228

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





# Fit for the Future

## Have a say in Kyogle's Long Term Financial Plan Community Survey



Kyogle Council is proposing a 22% rate rise above the pegged limit over the next five years as part of its draft Long Term Financial Plan. The draft plan which also proposes significant increases in expenditure on Council's road and bridge network and some cuts to services, aims to put Council on the path to financial sustainability. To help the community provide feedback on the draft Long Term Financial Plan, the Council has put together this questionnaire. The Council is keen to hear what the community thinks and is encouraging all ratepayers and residents to provide feedback on the draft plan. Submissions close on 24 November 2014.

### Complete the Survey on-line

This survey can be completed on line using Survey Monkey by going to the following link;

<https://www.surveymonkey.com/s/ST72YJM>

Or you can access a link to the survey on Council's web site by going to;

Learn More

About the Council

Draft Long Term Financial Plan

### Complete the Survey in Hard Copy

You can also complete the survey on this hard copy and return it to Councils offices in Stratheden Street Kyogle, or post to;

PO Box 11, Kyogle NSW 2474

**1. Are you over 18?** ☐ Yes ☐ No

**2. Are you a resident?** ☐ Yes ☐ No

**3. Are you a ratepayer?** ☐ Yes ☐ No

**4. What rate category does your property come under?**

☐ Farmland

☐ Rural Residential

☐ Residential – Kyogle

☐ Residential

☐ Business – Kyogle

☐ Business

**5. The Council has had its proposed Long Term Financial Plan on public exhibition for a number of weeks. Have you had the opportunity to read it?** ☐ Yes ☐ No

**6. Do you understand the Long Term Financial Plan?** ☐ Yes ☐ No

**7. If yes, do you believe that Council's proposed Long Term Financial Plan as printed is achievable?** ☐ Yes ☐ No

**8. Do you think that the various information sources provided by Council adequately explained the proposed rate rises and how they would be applied?** ☐ Yes ☐ No



9. Council have made a 4 page brochure available outlining the long term issues. Have you had the opportunity to read that brochure?

☐ Yes ☐ No

That brochure (is on Council's website) lays out the challenge that faces Kyogle local government area to be sustainable in the long term and to be able to demonstrate to the state government that it has a plan to become fit for the future. The state government has asked councils to consider amalgamations as a way to become financially more sustainable or else to tackle the changes in spending and rates needed to become sustainable without amalgamation. So there are three areas that Council would like to seek feedback from the community; maintenance of roads and bridges, the rates needed to make the council sustainable and amalgamation of councils.

Maintenance of roads and bridges

This is the most challenging area for council. The cost to fix this problem is \$48 million and is growing by \$4 million a year, so there are insufficient funds to maintain our infrastructure. Obviously you will be impacted by what happens in your own location but we need to understand how you see council's performance across the whole local government area.

10. Do you agree that council needs to find additional funds to fix this problem.

☐ Yes ☐ No

11. Looking ahead, do you have confidence that the council will be able to make the necessary trade-offs between services provided within the money available?

☐ Yes ☐ No



### Rates

Regardless of amalgamation or maintenance trade-offs, our financial resources will not be sufficient to meet future needs. Information provided to the community includes a comparison between the pegged rate rises and proposed rate rises over the next six years.

Refer to the attached Supplementary Information Sheet for your relevant category.

12. Would this rate Increase be affordable for you? ☐ Yes ☐ No

13. Do you understand why council is hoping to apply to the Independent Pricing and Regulatory Tribunal for rate rises above the pegged limit of 2.3%? ☐ Yes ☐ No

14. Based on what you understand about the Long Term Financial Plan are you in favour of Council applying to the Independent Pricing And Regulatory Tribunal for an above pegging rate increase? ☐ Yes ☐ No

### Amalgamation

The Independent Local Government Review Panel has suggested Kyogle Council should consider amalgamation with either Richmond Valley or Lismore City Council. The NSW State Government supports that recommendation and to that end has provided for some financial incentives.

15. Should council explore this option and provide the community with further information? ☐ Yes ☐ No

Thank you for helping council to plan for the future.

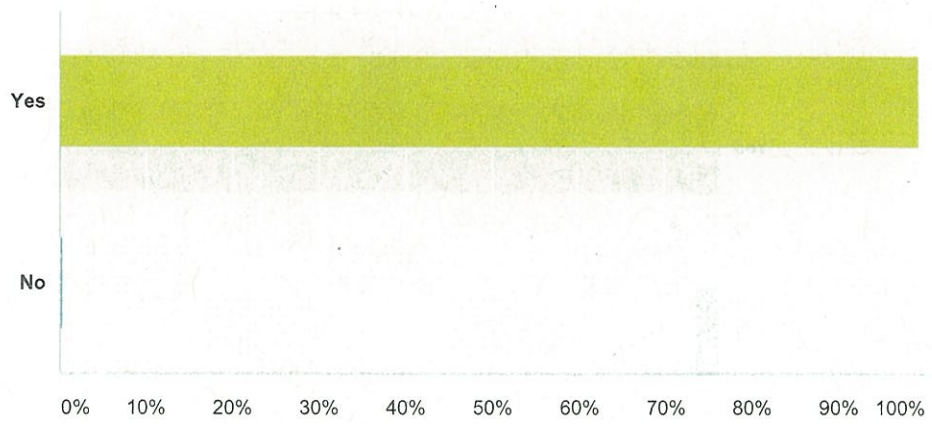




## Q1 Are you over 18?

Item 13F.2 (1)

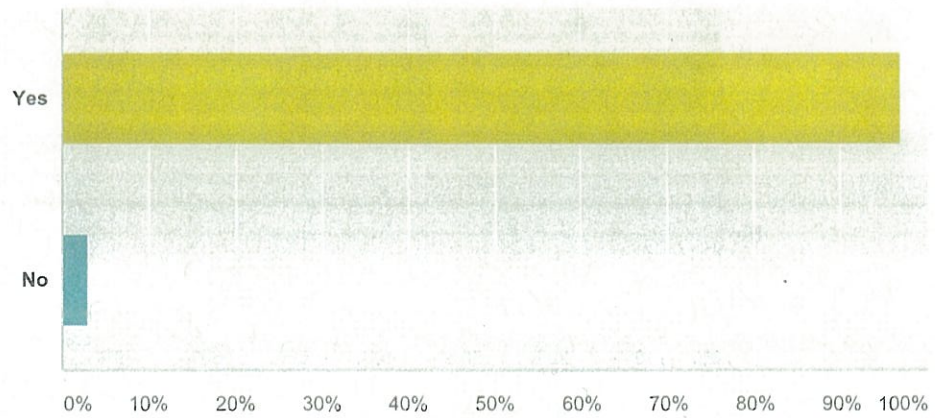
Answered: 266 Skipped: 0



Answer Choices	Responses
Yes	99.62%265
No	0.38%1
Total	266

## Q2 Are you a resident of the Kyogle Council area?

Answered: 266 Skipped: 0

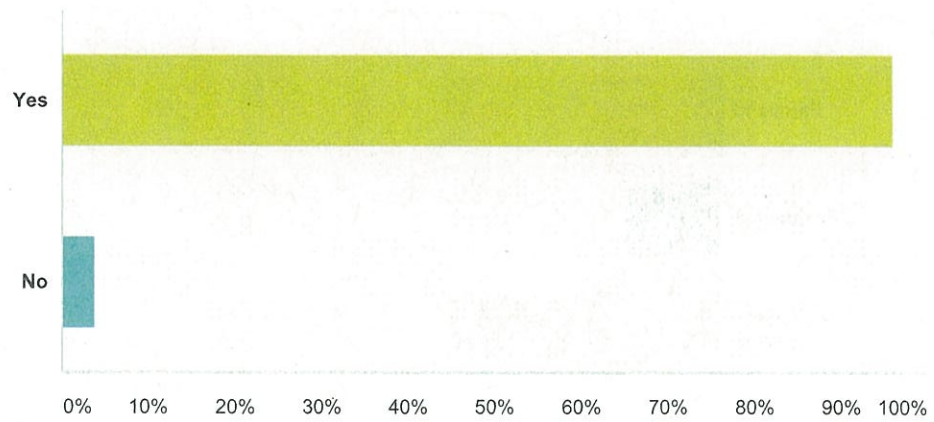


Answer Choices	Responses	
Yes	96.99%	258
No	3.01%	8
Total		266



### Q3 Are you a Kyogle Council ratepayer?

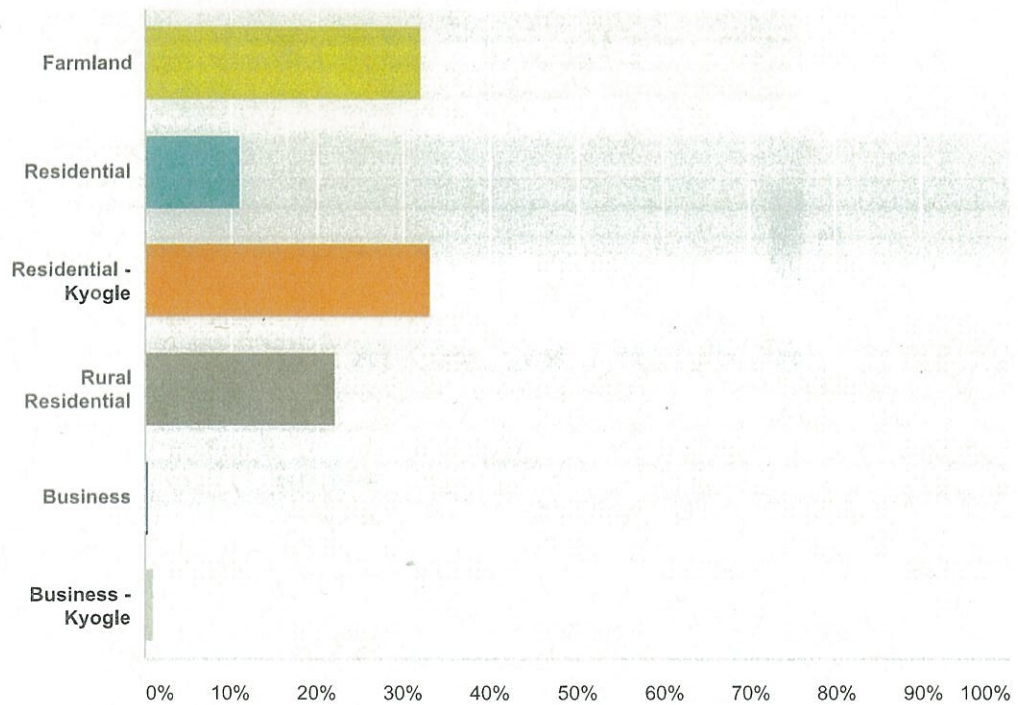
Answered: 266 Skipped: 0



Answer Choices	Responses	
Yes	96.24%	256
No	3.76%	10
Total		266

## Q4 What rate category does your property come under?

Answered: 262 Skipped: 4

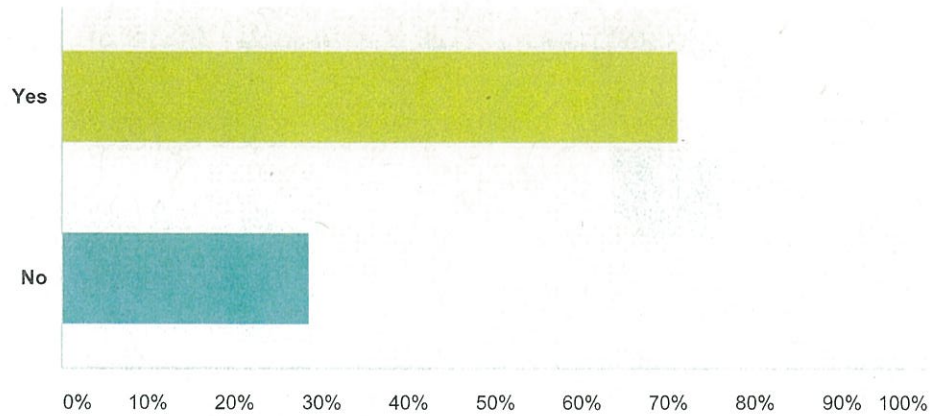


Answer Choices	Responses	
Farmland	32.06%	84
Residential	11.07%	29
Residential - Kyogle	33.21%	87
Rural Residential	22.14%	58
Business	0.38%	1
Business - Kyogle	1.15%	3
<b>Total</b>		<b>262</b>



**Q5 The Council has had its proposed Long Term Financial Plan on public exhibition for a number of weeks. Have you had the opportunity to read it?**

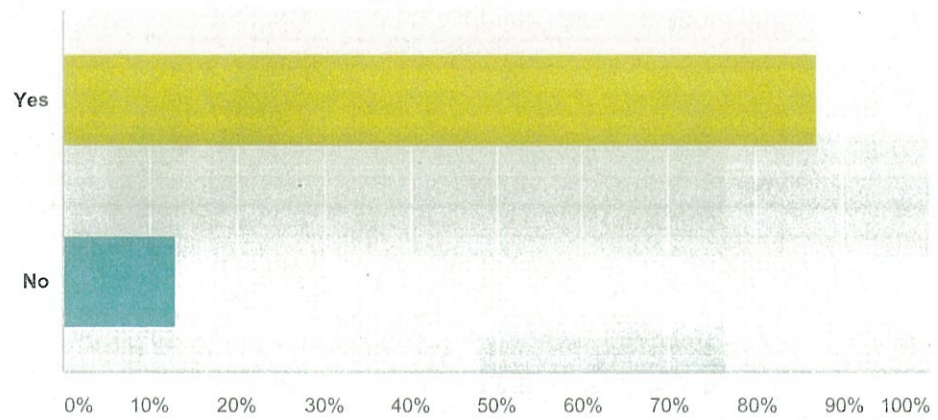
Answered: 262 Skipped: 4



Answer Choices	Responses	
Yes	71.37%	187
No	28.63%	75
Total		262

## Q6 Do you understand the Long Term Financial Plan?

Answered: 253 Skipped: 13

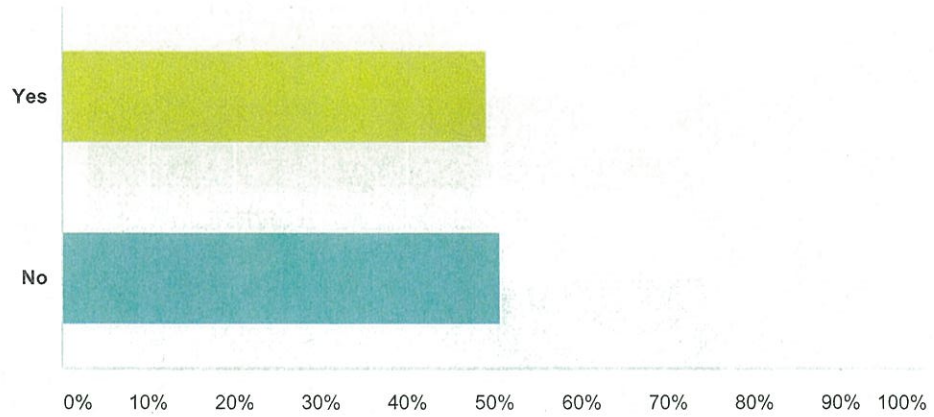


Answer Choices	Responses	
Yes	86.96%	220
No	13.04%	33
Total		253



**Q7 If yes, do you believe that Council's proposed Long Term Financial Plan as printed is achievable?**

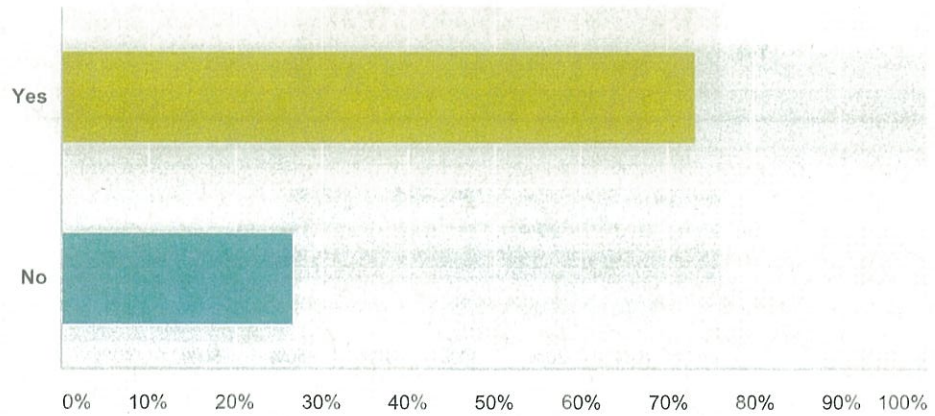
Answered: 223 Skipped: 43



Answer Choices	Responses	
Yes	49.33%	110
No	50.67%	113
Total		223

**Q8 Do you think that the various information sources provided by Council adequately explained the proposed rate rises and how they would be applied?**

Answered: 251 Skipped: 15

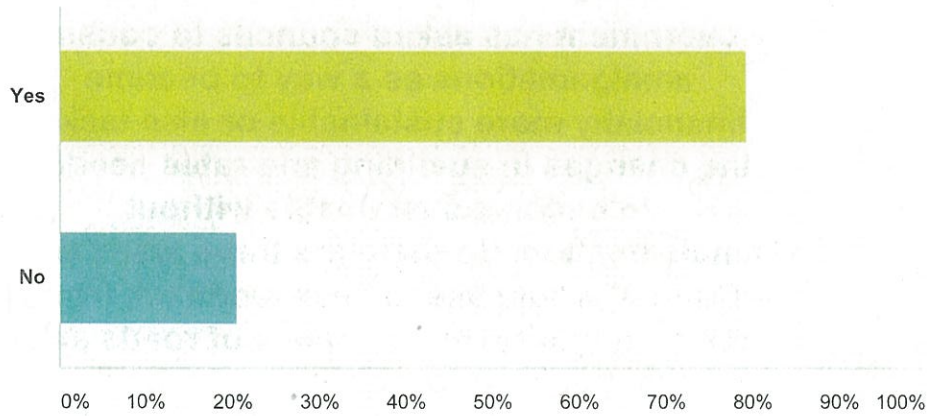


Answer Choices	Responses	
Yes	73.31%	184
No	26.69%	67
Total		251



**Q9 Council has made a four-page brochure available outlining the long-term issues. Have you had the opportunity to read this brochure?**

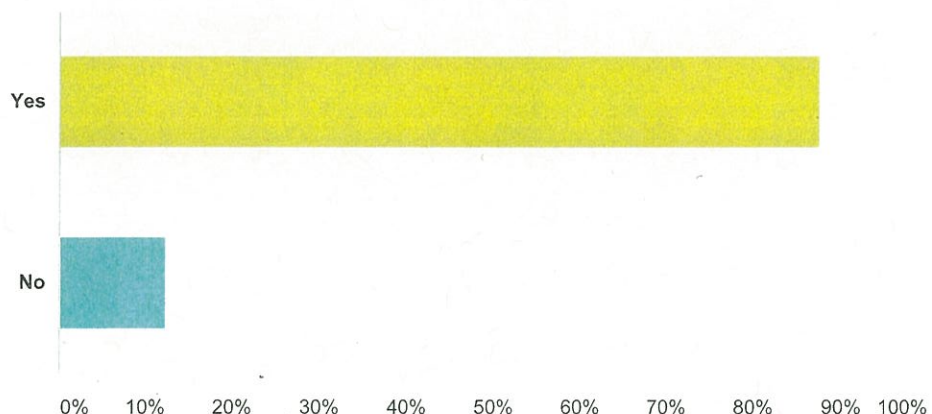
Answered: 259 Skipped: 7



Answer Choices	Responses	
Yes	79.54%	206
No	20.46%	53
Total		259

**Q10 The brochure (on Council's website) lays out the challenge that faces Kyogle local government area to be sustainable in the long term and to be able to demonstrate to the State Government that it has a plan to become Fit for the Future. The State Government has asked councils to consider amalgamations as a way to become financially more sustainable or else tackle the changes in spending and rates needed to become sustainable without amalgamation. So there are three areas that Council would like to seek feedback from the community: maintenance of roads and bridges; the rates needed to make the council sustainable; and amalgamation of councils. Maintenance of roads and bridges is the most challenging area for Council. The cost to fix this problem is \$48 million and is growing by \$4 million a year, so there are insufficient funds to maintain our infrastructure. Obviously you will be impacted by what happens in your own location but we need to understand how you see Council's performance across the whole local government area. Do you agree that Council needs to find additional funds to fix this problem?**

Answered: 261 Skipped: 5



#### Answer Choices

Yes

No

#### Responses

87.74%

12.26%

229

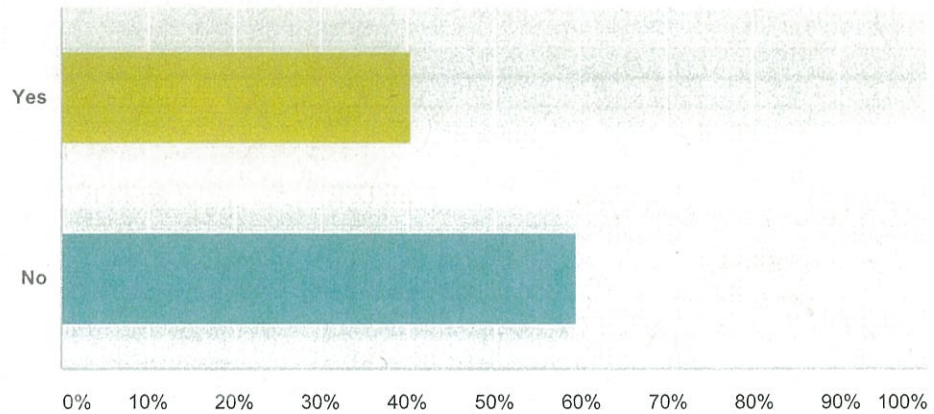
32





**Q11 Looking ahead, do you have confidence that the Council will be able to make the necessary trade-offs between services provided within the money available?**

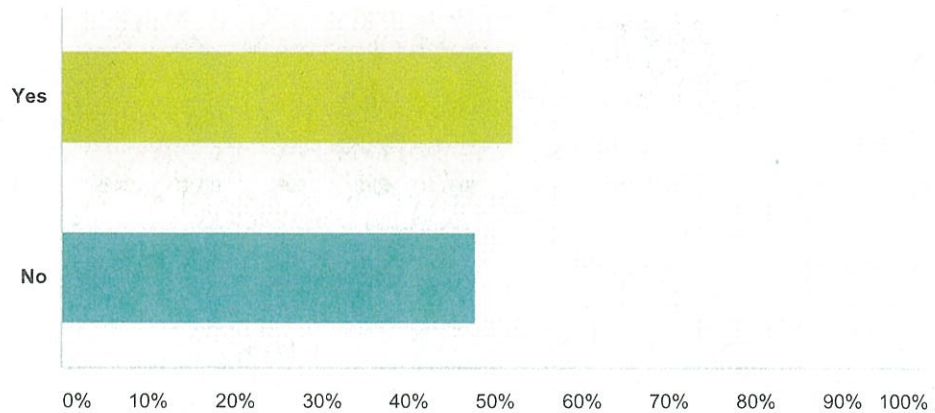
Answered: 245 Skipped: 21



Answer Choices	Responses	
Yes	40.41%	99
No	59.59%	146
Total		245

**Q12 Rates** Regardless of amalgamation or maintenance trade-offs, our financial resources will not be sufficient to meet future needs. Information provided to the community includes a comparison between the pegged rate rises over the next seven years and proposed rate rises over seven years. Would the rate increase under LTFP Option 2 be affordable for you?

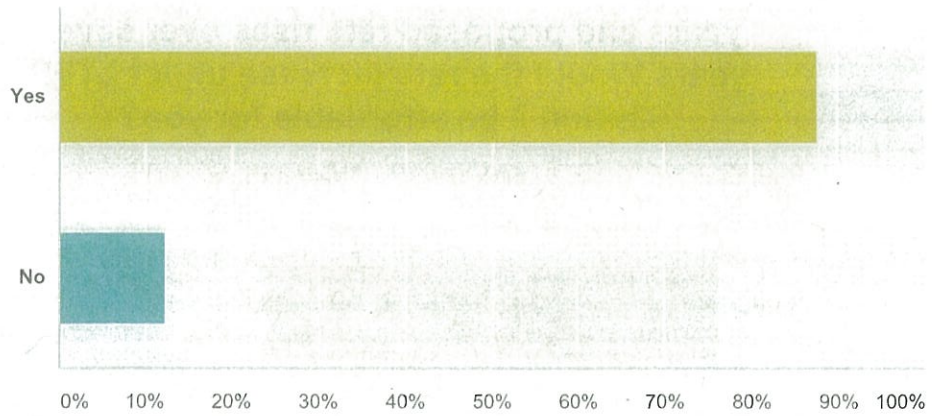
Answered: 255 Skipped: 11



Answer Choices	Responses	
Yes	52.16%	133
No	47.84%	122
Total		255

**Q13 Do you understand why Council is hoping to apply to the Independent Pricing and Regulatory Tribunal for rate rises above the pegged limit of 2.3%?**

Answered: 260 Skipped: 6

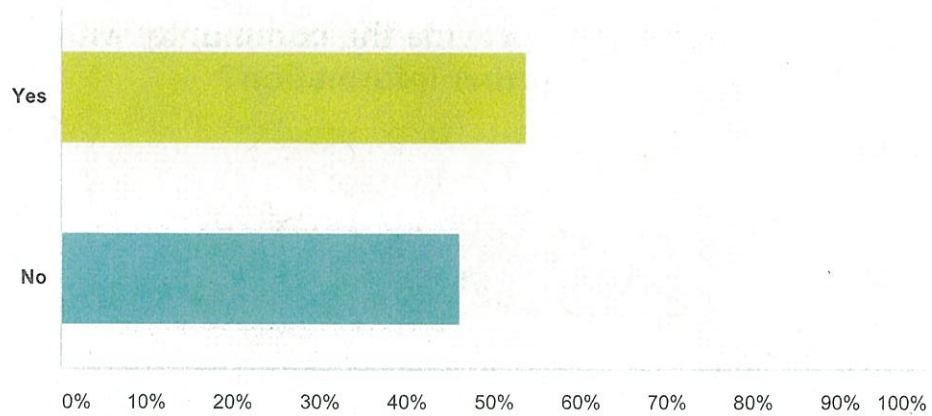


Answer Choices	Responses	
Yes	87.69%	228
No	12.31%	32
Total		260



**Q14 Based on what you understand about the Long Term Financial Plan are you in favour of Council applying to the Independent Pricing and Regulatory Tribunal for an above pegging rate increase?**

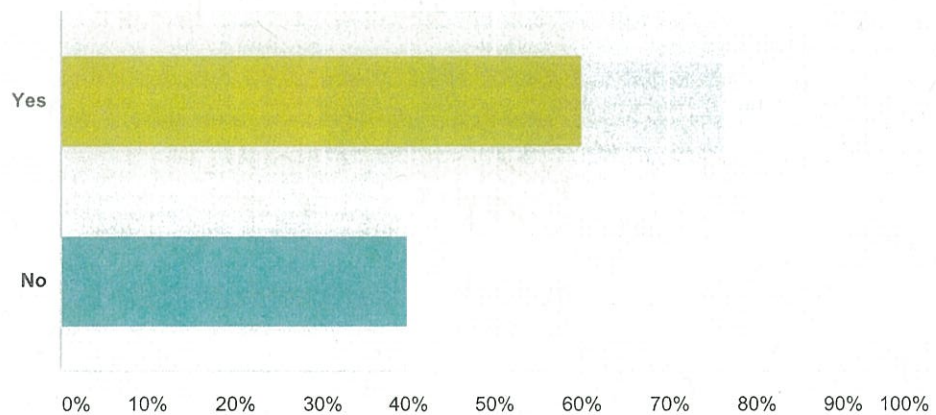
Answered: 254 Skipped: 12



Answer Choices	Responses	
Yes	53.94%	137
No	46.06%	117
Total		254

**Q15 Amalgamation**The Independent Local Government Review Panel has suggested Kyogle Council should consider amalgamation with either Richmond Valley or Lismore City Council. The NSW State Government supports that recommendation and to that end has provided some financial incentives.Should Council explore this option and provide the community with further information?

Answered: 261 Skipped: 5



Answer Choices	Responses	
Yes	60.15%	157
No	39.85%	104
Total		261