

COMMUNITY FORUMS

Consideration of a Special Rate Variation

ABERDEEN February 2 2012

AGENDA

WELCOME AND OPENING REMARKS

WHAT IS A SPECIAL RATE VARIATION?

WHY IS UHSC CONSIDERING APPLYING FOR A SRV?

WHAT ELSE IS COUNCIL DOING ABOUT ITS INFRASTRUCTURE PROBLEM?

WHAT ADDITIONAL REVENUE WILL THE SRV GENERATE AND WHAT IS THE IMPACT ON RATEPAYERS?

HOW WILL UHSC SPEND ITS SRV REVENUE?

THE ELEPHANTS IN THE ROOM

WHAT ARE YOUR VIEWS ON COUNCIL CONSIDERING TO APPLY FOR A SRV

QUESTIONS AND COMMENTS



WELCOME AND OPENING REMARKS

Mayor Lee Watts

WHAT IS A SPECIAL RATE VARIATION? (SRV)

- INCREASE IN GENERAL RATES ABOVE THE RATE PEGGING LIMIT

OLD RATE	+	RATE PEGGING LIMIT	+	SPECIAL RATE VARIATION	=	NEW RATE
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OLD RATE	+	3.6%	+	6.4%	=	10% + OLD RATE
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UPPER HUNTER SHIRE COUNCIL

ABN 17 261 839 740

Vennacher Street
PO Box 111
Merriwa NSW 2329
Phone (02) 6548 2109

47 Mayne Street
PO Box 90
Murrumbidgee NSW 2338
Phone (02) 6546 6205

135 Liverpool Street
PO Box 208
Scone NSW 2337
Phone (02) 6540 1100

**RATES & CHARGES
NOTICE
1ST JULY 2011 - 30TH JUNE 2012**

As owner, holder, tenant or other person liable to pay rates and charges in respect of the undermentioned land (or the agent for any such person) **you are hereby notified** that such land has been rated by Council as shown hereunder.
If postal address or name of owner shown is incorrect, please advise Council in writing.
This is most important as all Council correspondence is sent to the address shown.

Mrs Average Ratepayer
Aberdeen Town

PLEASE READ
REVERSE SIDE
OF NOTICE

ASSESSMENT NUMBER

POSTING DATE

DEDUCT PAYMENTS
SINCE

Property Location and Description

Residential
H/CR CMA Levy
Water
Sewer Business
Domestic Waste Management
State Waste Farmland
Recycling Mining
Stormwater

1ST INSTALMENT	2ND INSTALMENT	3RD INSTALMENT	4TH INSTALMENT	TOTAL AMOUNT DUE	\$
THE ABOVE AMOUNTS MUST BE PAID BY THE DATES SHOWN				LAND VALUE BASE DATE 01/07/08	

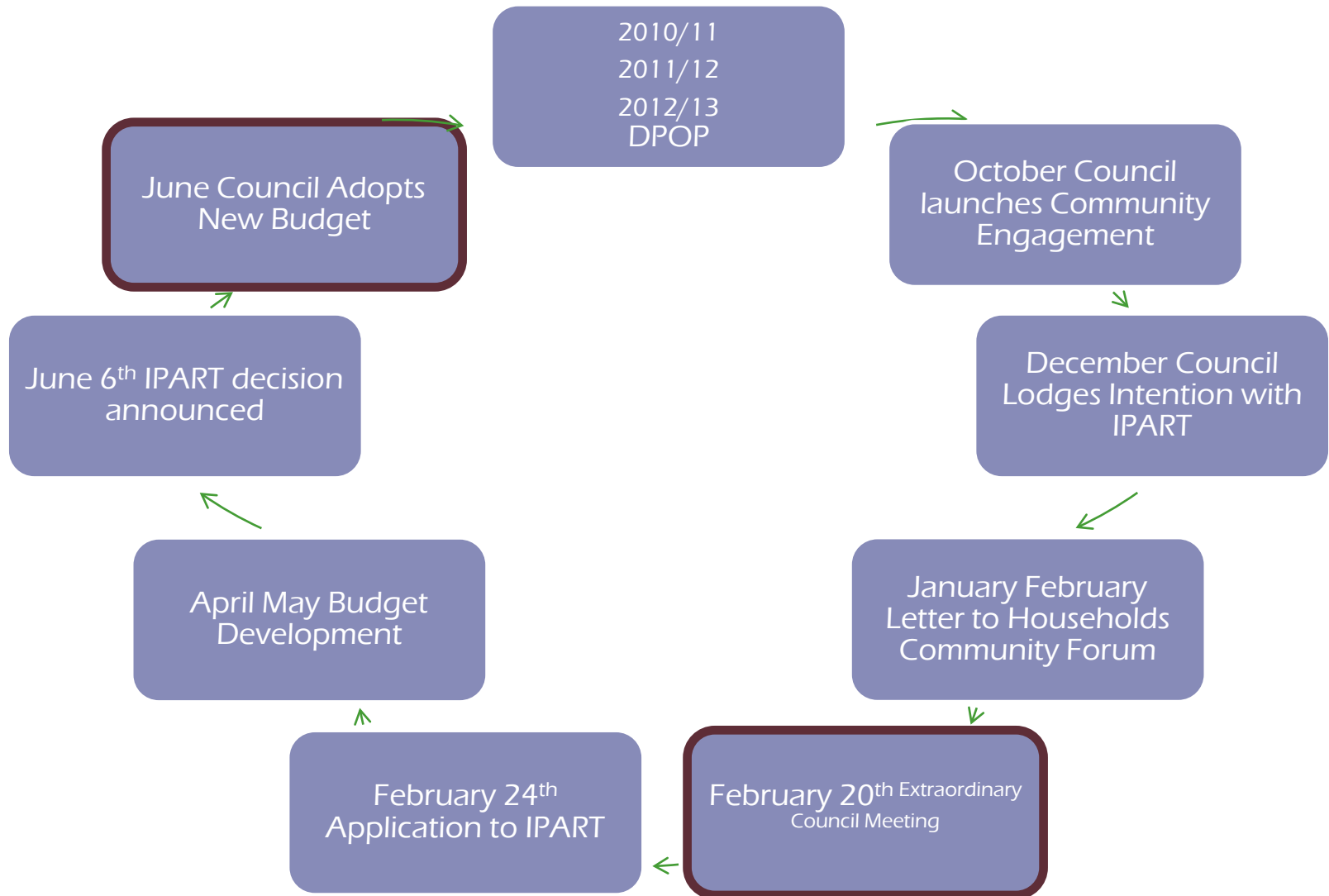
IF RECEIPT
REQUIRED
PLEASE SIGN _____

E. & O.E.

GENERAL MANAGER



Timeline for the SRV Application Process



Why is UHSC considering applying for a SRV?

- *Long term asset management*
- *Inherent geographical problems*
- *Costs are rising above income*

Why is UHSC considering applying for a SRV?

Long Term Asset Management

*Overall the financial indicators show that Council's financial standing is sound. Infrastructure management will need to be a **continued focus for Council in the long term** and reflected in Integrated Planning and Reporting.*

Extract from Independent Audit Report 2010/11



Why is UHSC considering applying for a SRV

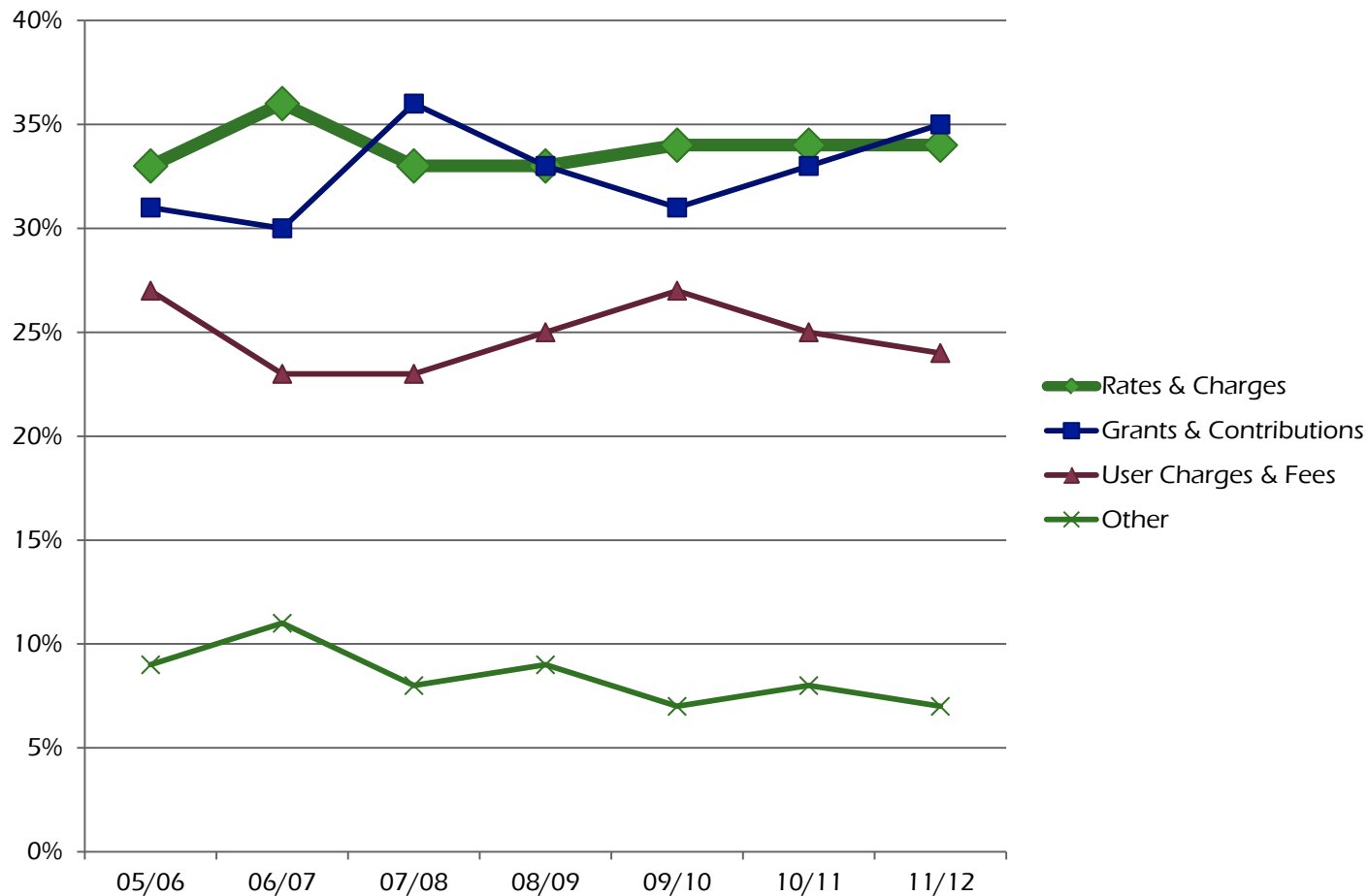
Long Term Asset Management

ALGA's 2010 study into local road funding found that expenditure on local roads has been less than the life cycle cost for the past five years...Local government needs to look creatively and pragmatically to suggest ways to address this shortfall.

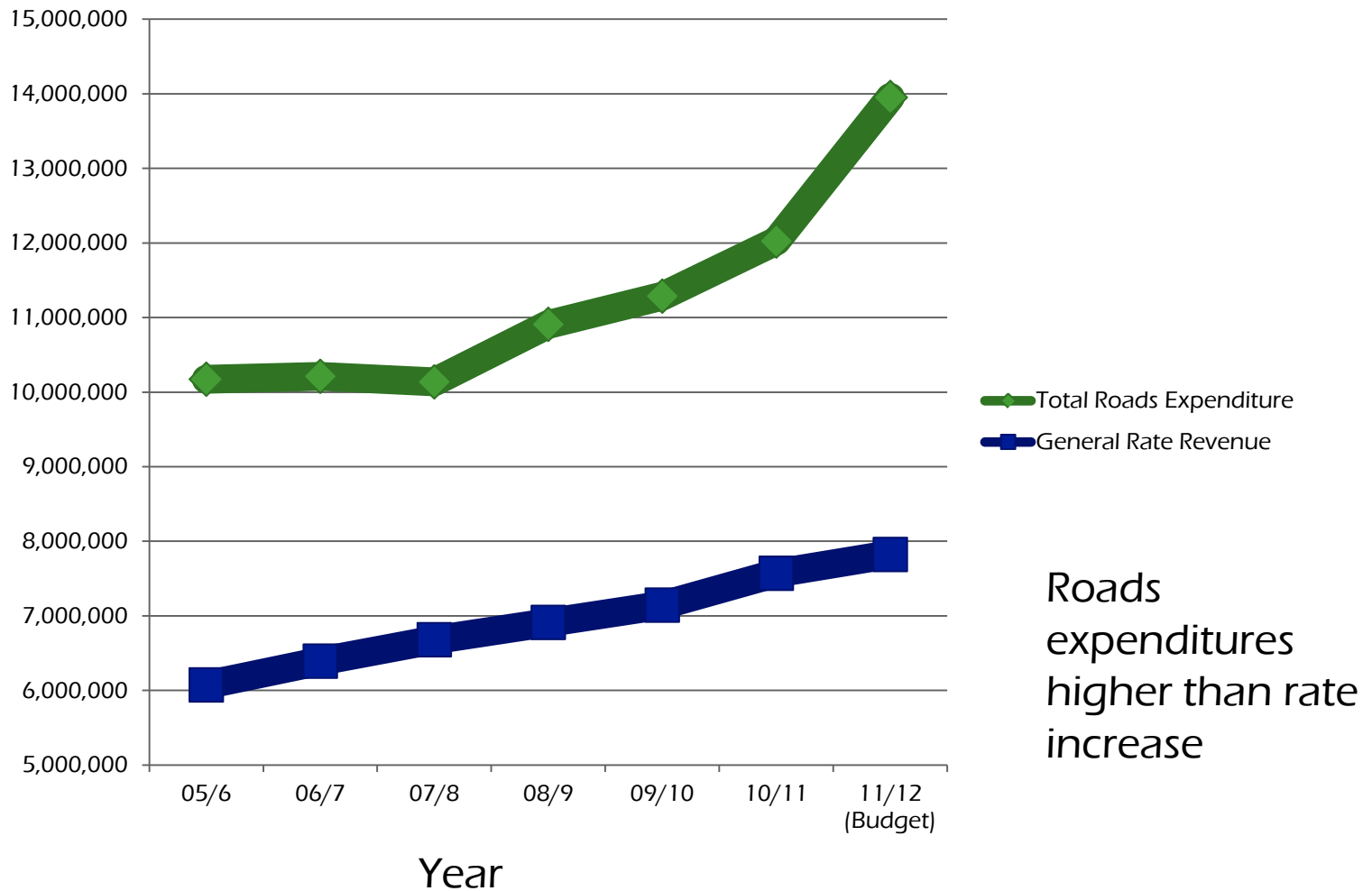
National Voice, Local Choice Infrastructure, Planning & Services
Discussion Paper 2012
Australian Local Government Association



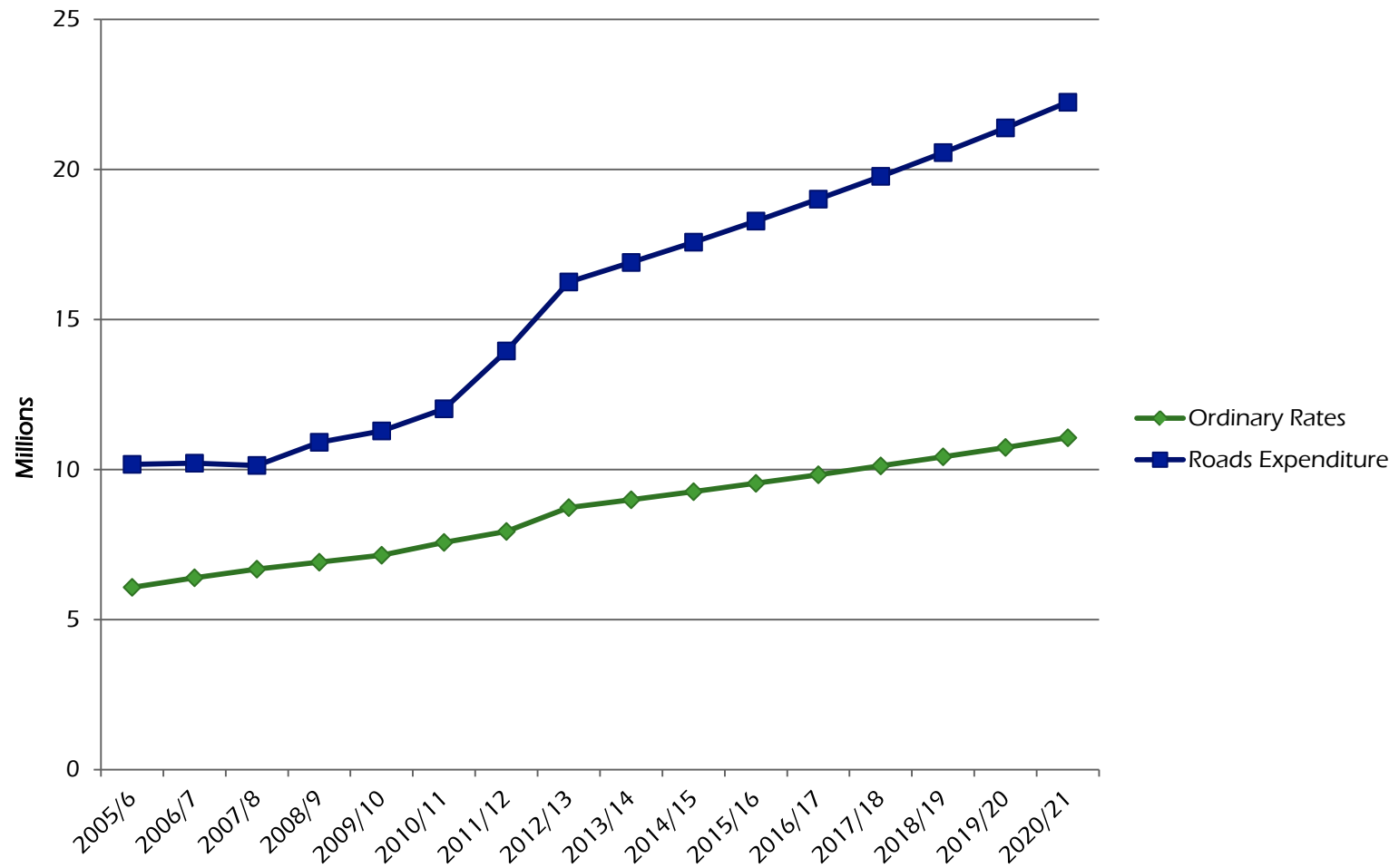
Source of Council's Income 2005-2012



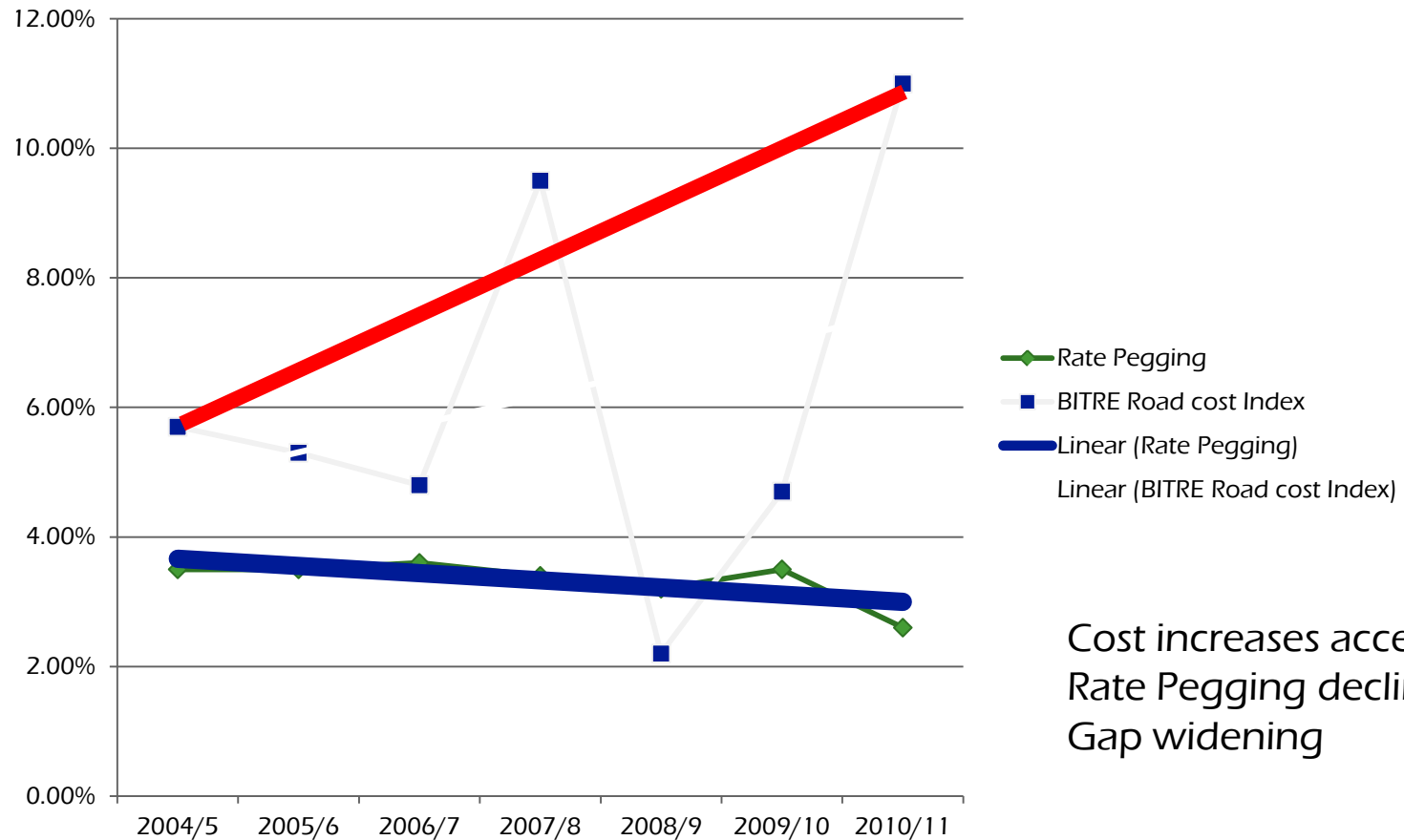
Roads Expenditure & General Rate Income



Forecast Ordinary Rates and Road Expenditure to 2021



Road Cost index compared to Rate Pegging 2004 – 2011



Cost increases accelerating
Rate Pegging declining
Gap widening

What else is Council doing to respond to its infrastructure problem?

- Like any Business:
 - Reduce Costs
 - Improve Productivity
 - Long Term Planning
 - Increase Revenue from all Sources:
 - Grants
 - Investments
 - Return on Assets
 - Rates & Charges

Reducing Costs

- Council looks to reduce costs in all the input areas of construction such as plant, labour and materials.
- Fuel efficient equipment
- Competitively tendering work such as bitumen sealing and electricity contracts.



Productivity Improvements

- Specialist equipment such as the bitumen jet patching machine.
- Sourcing additional gravel resources in strategic locations.
- Outsourcing activities that Council cannot do as efficiently as contractors, eg drill and blast activities, linemarking and kerb and gutter work.
- Continually improving work techniques.

What does the SRV mean to Council?

The SRV will generate an additional
\$500,000 per annum for Council

What the special rate variation means for ratepayers

	Properties on minimum rates					Properties on land value rates			
	Rate Pegging	SRV	Total variation	% of ratepayers		Rate Pegging	SRV	Total variation	% of ratepayers
Residential	\$15	\$12	\$27	28%		\$31	\$56	\$87	42%
Business	\$15	\$22	\$37	3%		\$51	\$91	\$142	4%
Farmland	\$14	\$13	\$27	2%		\$102	\$184	\$286	21%
Mining	NA	NA	NA	0%		\$113	\$201	\$314	1%
Total				33%					67%



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**Mrs Average Ratepayer
Aberdeen Town**

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ASSESSMENT NUMBER

12345

POSTING DATE

25/07/2012

DEDUCT PAYMENTS
SINCE

10/07/2012

Property Location and Description

RATE	LAND VALUE	CENTS IN \$	AMOUNT
Residential	\$115,000	0.5274	\$606.51
H/CR CMA Levy	\$115,000	0.0108	\$12.42
Water Residential Aberdeen/Scone	\$115,000 @	\$280.00	\$326.00
Water Pegging (3.6%)	1 @	\$424.00	\$424.00
Domestic Waste Management	1 @	\$287.00	\$287.00
Domestic Waste Management	1 @	\$31.00	\$31.00
Recycling	1 @	\$85.00	\$85.00
Stormwater	1 @	\$25.00	\$25.00

1ST INSTALMENT	2ND INSTALMENT	3RD INSTALMENT	4TH INSTALMENT	TOTAL AMOUNT DUE	\$
31/08/2012 \$439.93	31/08/2012 \$437.00	31/08/2012 \$437.00	31/08/2012 \$437.00		\$1,750.93

THE ABOVE AMOUNTS MUST BE PAID BY THE DATES SHOWN

LAND VALUE BASE DATE 01/07/08

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E. & O.E.

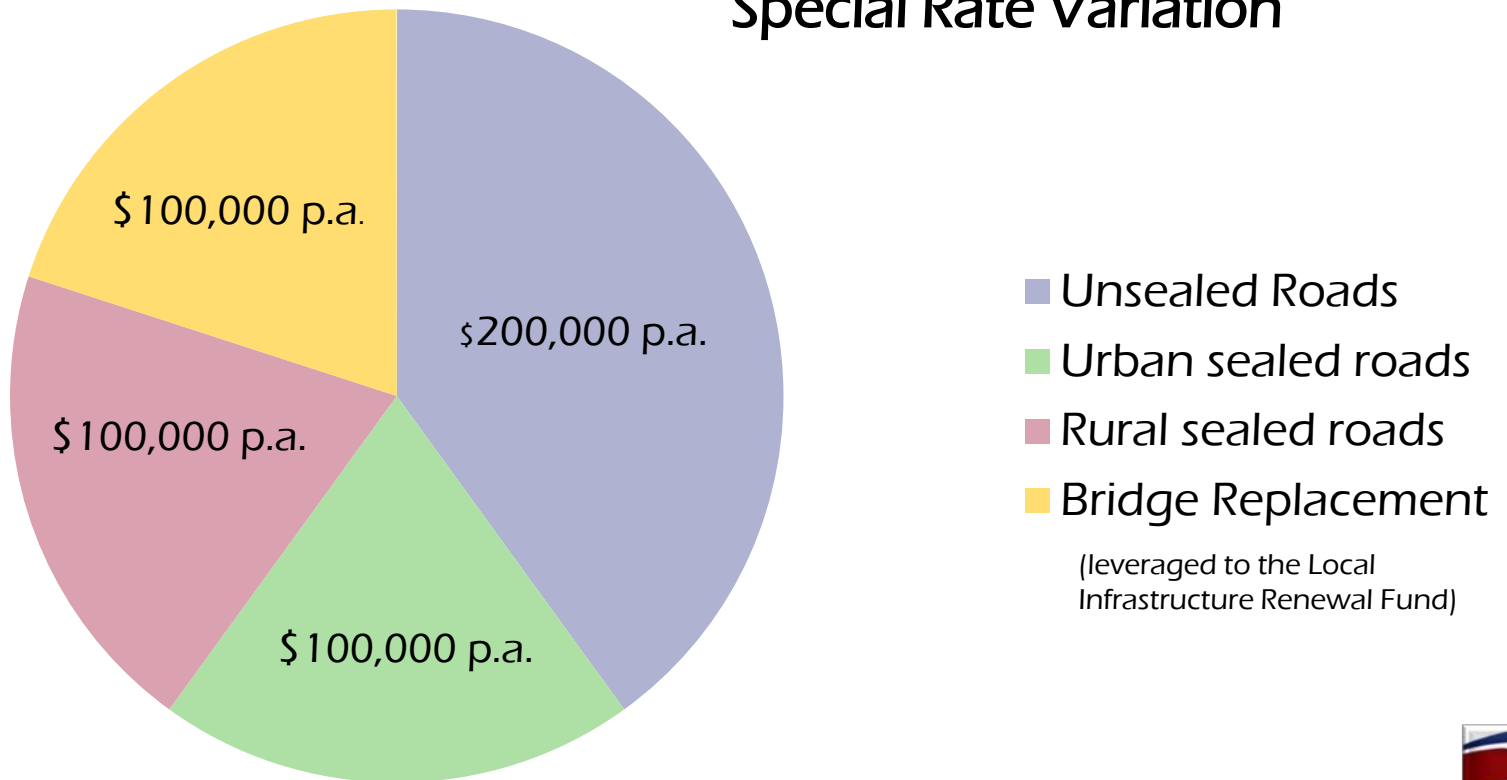
A. Hunter

GENERAL MANAGER

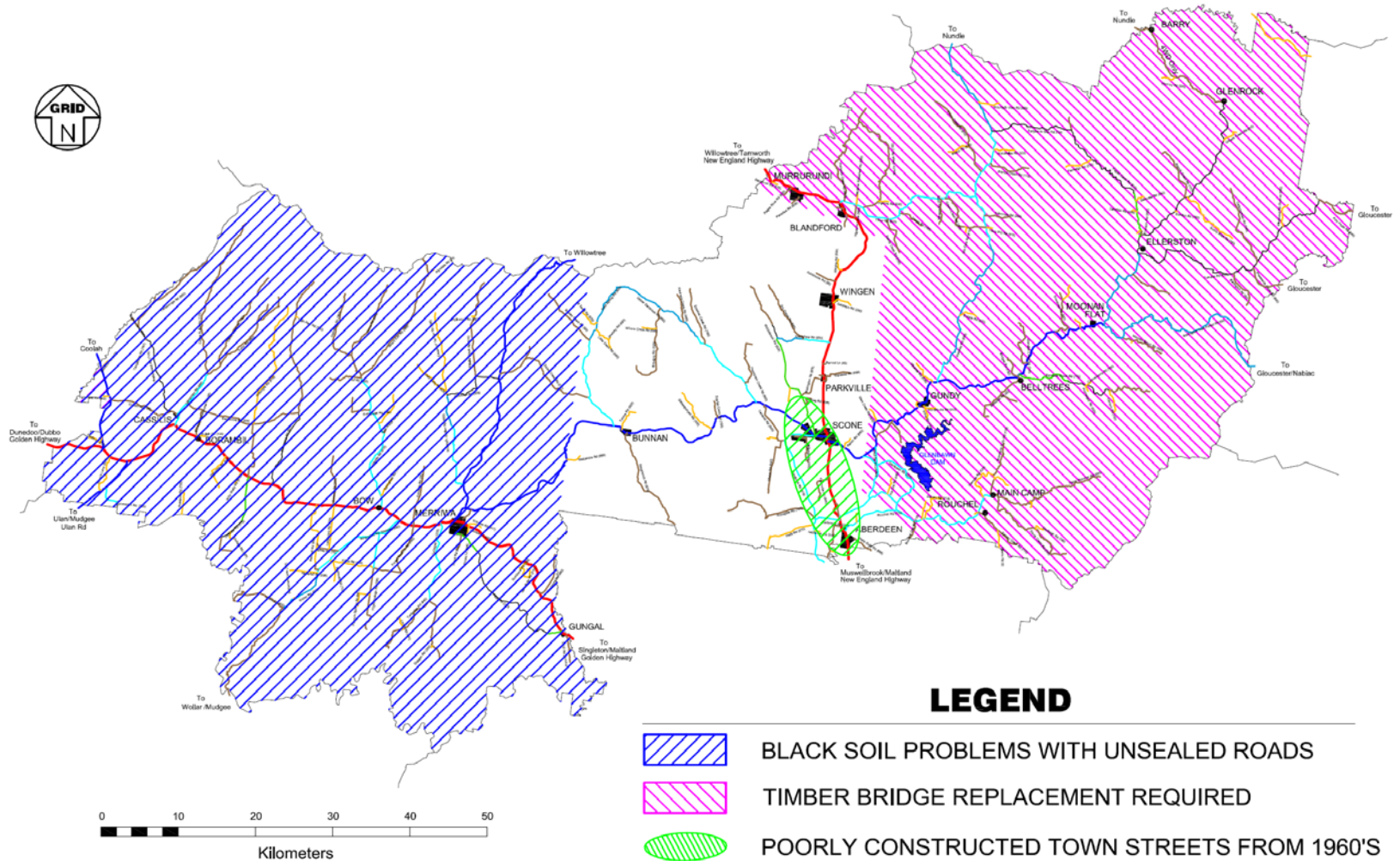


How will the SRV be used?

Special Rate Variation



HISTORIC / INHERENT GEOGRAPHICAL PROBLEMS



Upper Hunter Shire's Road & Bridge Infrastructure

- 20% of the Hunter Valley land mass
- 55% of the Upper Hunter Region's* local road network (1,790 kms)
- 75% of timber bridges in the Upper Hunter
- Region (32 timber bridges) and
- 93 concrete bridges

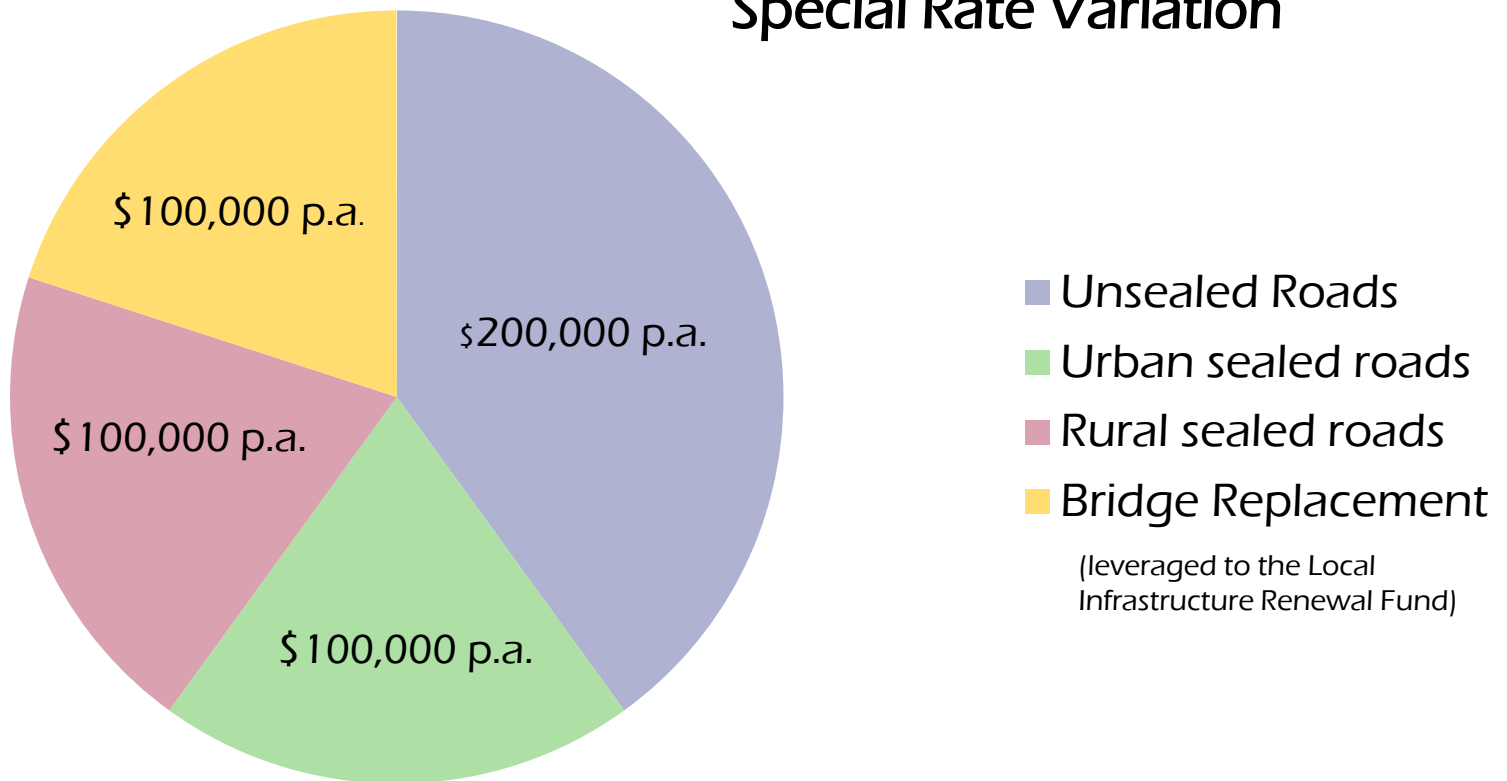
* Upper Hunter Region includes Singleton, Muswellbrook and Upper Hunter Shires

Deteriorating Black Soil Road



How will the SRV be used?

Special Rate Variation



Coolibah Street Scone



Scott Street Scone

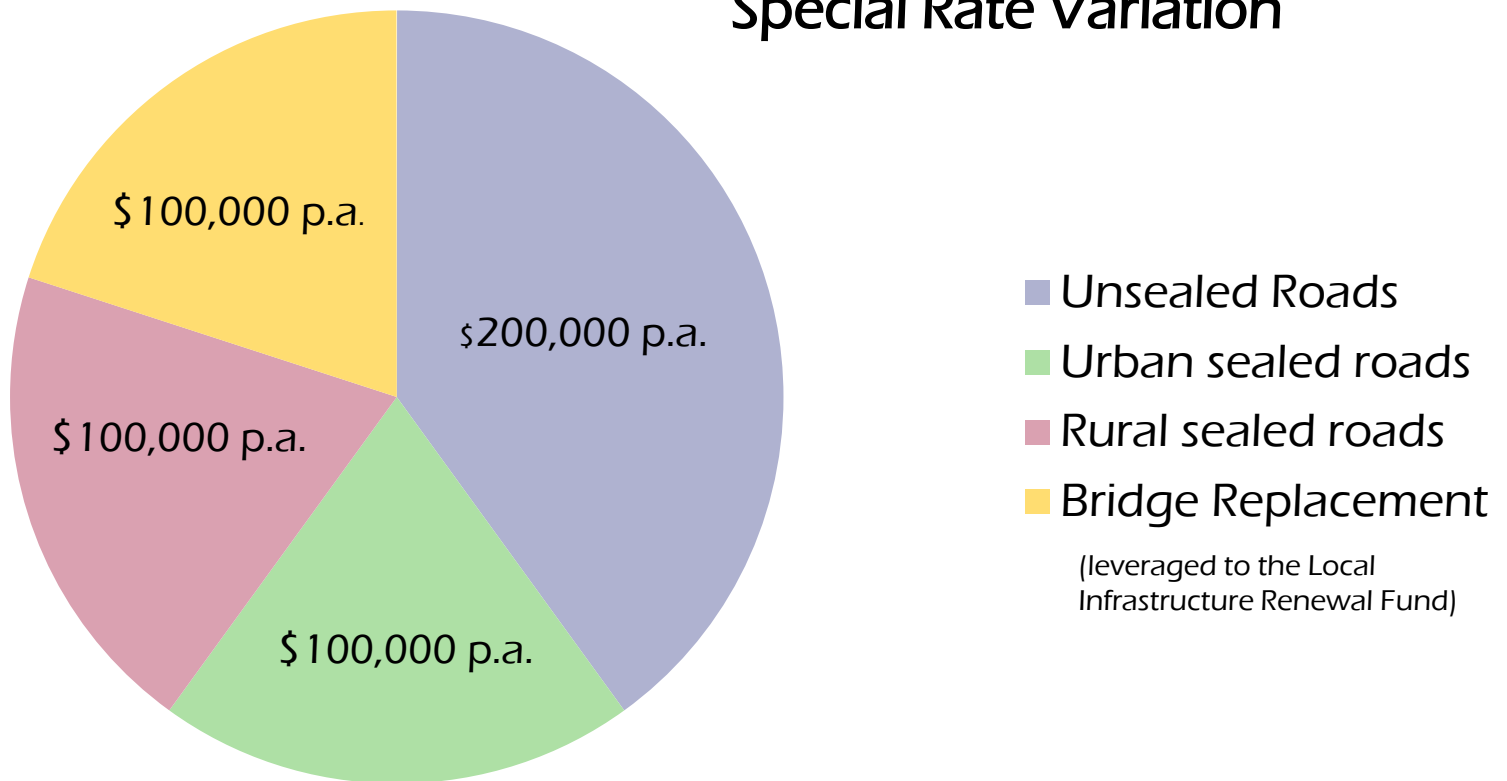


Park Street Scone



How will the SRV be used?

Special Rate Variation



Doolans Gully Bridge



Broad Crossing Bridge



Middlebrook Bridge



Leveraging the SRV to gain better value

- Proposed that \$100,000 will be allocated to the bridge replacement program each year
- The NSW Govt has made funds available to local councils to subsidise the interest on loans for local infrastructure works
- The \$100,000 for bridge works will be used to leverage an additional 50% to give \$1.5 million to fund the bridge replacement program

ELEPHANTS IN THE ROOM



ELEPHANTS IN THE ROOM



- COUNCIL HAS A BUDGET AND SHOULD STICK TO IT
 - Not about balancing the budget but doing more work



- COUNCIL SHOULD JUST IMPROVE PRODUCTIVITY
 - Council is a recent Bluett Award winner so can't be all bad.
 - Council has continually looked to improve productivity and value for money.



- COUNCIL SHOULD CUT OUT SOME OFFICE STAFF AND JUST DO MORE WORK WITH THE MONEY IT GETS.
 - Council's administrative staff and professional staff have a diverse range of skills and responsibilities – so yes, we could cut labour but at what cost to productivity services.

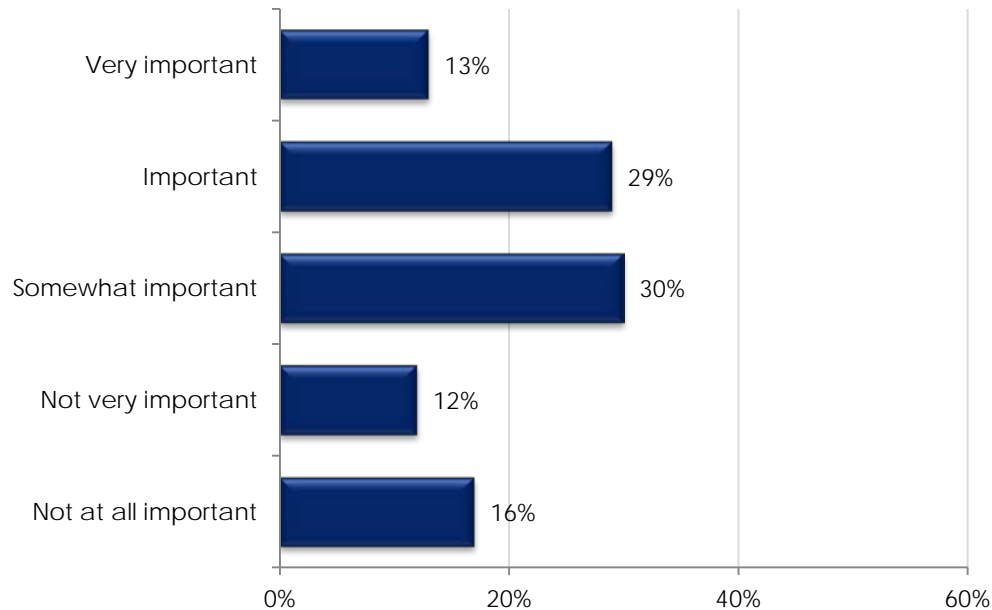


- WE ALREADY PAY TOO MUCH, COUNCIL SHOULD USE PRIVATE CONTRACTORS.
 - Council does use contractors and coincidentally a major portion of the new works are contract works. We do use specialist skills, equipment and where more efficient – contractors are engaged.



72% Of Residents Indicated That It Is At Least 'Somewhat Important' That Council Is Granted The Requested Special Rate Variation

Q8. Overall, based on what you have been told, how important do you believe it is that Council be allowed to introduce this special rate variation?

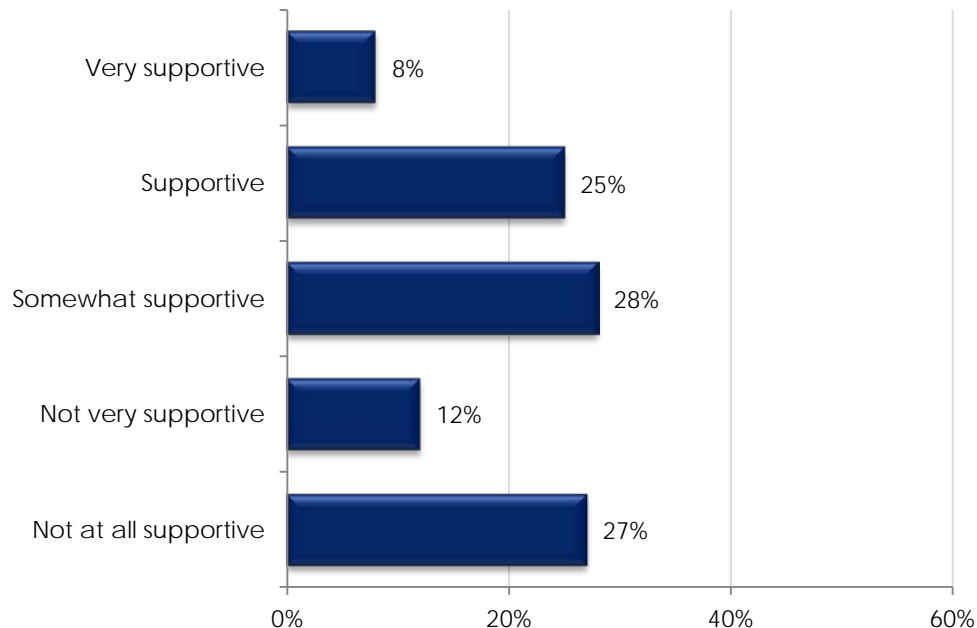


72% Important

While nobody likes to support paying higher taxes/rates, it is clear that there is an overall acceptance that Council does need additional funding to maintain roads, bridges and other infrastructure

Overall, 61% Of Residents Are At Least 'Somewhat Supportive' Of The Proposed SRV

Q6a. *How supportive are you of Council's proposed rate increase to fund the promised delivery program?*



61% Supportive

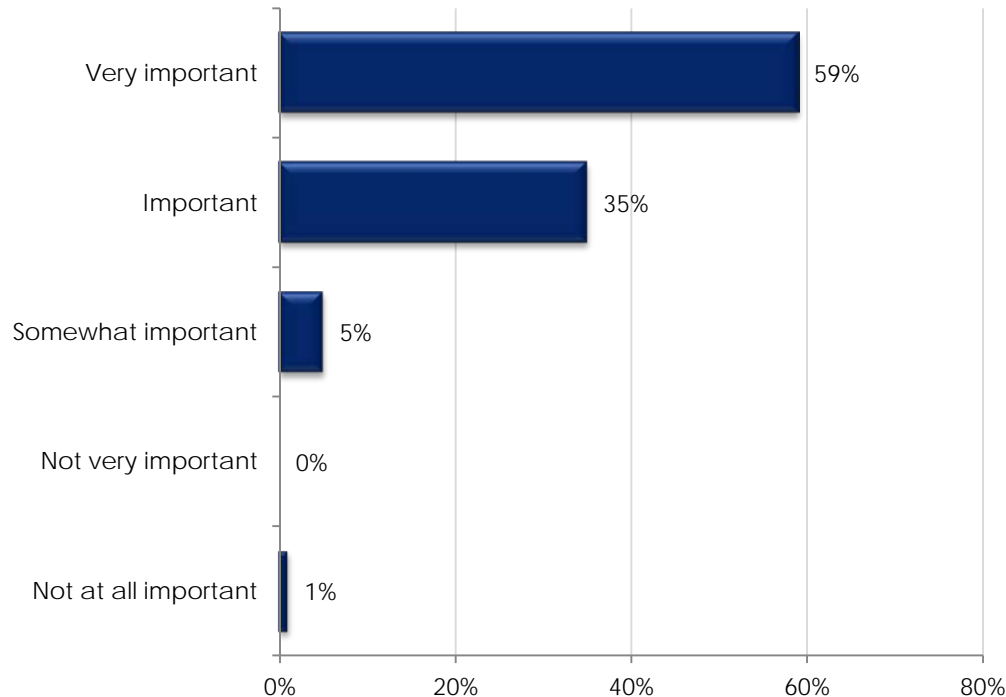
27% were 'not at all supportive' of the proposed SRV delivery program

micromex
research



Nearly 100% Of Residents Have Indicated That They Believe Council Should Implement Plans And Programs To Provide Better Infrastructure And Facilities

Q4. How important do you believe it is for Council to implement plans and programs that will provide better infrastructure and facilities?



Residents do not want to see the quality of local infrastructure and facilities to be allowed to deteriorate – This result is in line with other LGAs who have pursued SRVs in the last 12 months

How you've had your say

- On line survey - 1 12 responses
- On line comments - 23 responses
- Letters & emails- 3
- Telephone calls – 16
- Letters to the editor – 6

as of 31/01/2012

How you can still have your say

- Comments tonight will be recorded
- Copy of questionnaire to take home and submit by 13 February
- Complete online survey on Council's website
- Comments may be left on the website - www.upperhunter.nsw.gov.au
- Email – council@upperhunter.nsw.gov.au
- Fax – 6545 2671
- Write – PO Box 208, Scone NSW 2337
- Drop in at any office or speak with a Councillor
- Ring – 6540 1100

Where to next?

- 13th February – Community Consultation closes
- 20th February – Extraordinary Council meeting
- 24th February – Application to IPART

For more information contact:

General Manager

Daryl Dutton 65401126 or ddutton@upperhunter.nsw.gov.au

Director of Corporate Services

Steve Pryor 65401123 or spryor@upperhunter.nsw.gov.au



Questions and Comments

