



Information Session
Proposed Special Rate
Variation 2014/15 – Road
Maintenance



Welcome and opening remarks by Singleton
Council Mayor – Cr John Martin OAM

Income Statement (Operating Result)

	2011/12 \$'000	2012/13 \$'000	Increase (Decrease)
Income			
Rates	19,027	20,469	1,442
User charges & fees	11,188	14,623	3,435
Grants & contributions - operating	6,880	6,237	(643)
Grants & contributions - capital	4,232	12,976	8,744
Investment income	3,316	4,680	1,364
Other income	529	3,430	2,901
Gain on sale of assets	5,503	2,529	(2,974)
Total Income	50,675	64,944	14,269
Expenses			
Employee costs	13,871	14,117	246
Borrowing costs	453	695	242
Material, contracts & other expenses	12,803	18,161	5,358
Depreciation	10,226	11,806	1,580
Other costs	3,615	4,658	1,043
Loss on sale of assets	-	-	-
Total Expenses	40,968	49,437	8,469
Operating Result (incl. capital grants)	9,707	15,507	5,800
Operating Result (excl. capital grants)	5,475	2,531	(2,944)

Income Statement (Operating Result)

	General \$'000	Water \$'000	Sewer \$'000
Income			
Rates	16,233	1,289	2,947
User charges & fees	11,649	2,974	-
Grants & contributions - operating	6,166	37	34
Grants & contributions - capital	10,560	1,195	1,221
Investment income	1,774	1,881	1,025
Other income	3,199	69	162
Gain on sale of assets	2,537	-	-
Total Income	52,118	7,445	5,389
Expenses			
Employee costs	12,827	684	606
Borrowing costs	695	-	-
Material, contracts & other expenses	14,695	2,322	1,144
Depreciation	8,988	1,745	1,073
Other costs	4,137	366	155
Loss on sale of assets	-	-	8
Total Expenses	41,342	5,117	2,986
Operating Result (incl. capital grants)	10,776	2,328	2,403
Operating Result (excl. capital grants)	216	1,133	1,182

Why the need for a Special Rate Variation?

- Increasing costs
- A higher level of service expected from the community
- Rate peg restrictions
- Cost shifting from the State Government
- Greater focus on Asset Management

Local Government Financial Sustainability

TCorp (April 2013) assessed Council's current Financial Sustainability Rating (FSR) as MODERATE with a short term Outlook rating of NEUTRAL

TCorp definition of financial sustainability is:

“A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community”

Local Government Financial

To improve Council's position TCorp recommended Council:

1. DEVISE programs and strategies to contain rising costs and improve efficiencies
2. USE debt funding (loan borrowings)
3. SOURCE additional revenue, such as Special Rate Variations (SRV) to improve financial flexibility and to assist in reducing the infrastructure backlog

Local Government Financial Sustainability

To improve Council's position TCorp recommended Council:

- IMPROVE Asset Management Plans and integration into the 10 Year Long Term Financial Plan
- INCREASE spending on maintenance and infrastructure renewal, balancing this with the need for capital expenditure on new assets

Local Government Financial Sustainability

NSW Local Government Infrastructure Audit Report (June 2013) assessed Council's infrastructure management as MODERATE

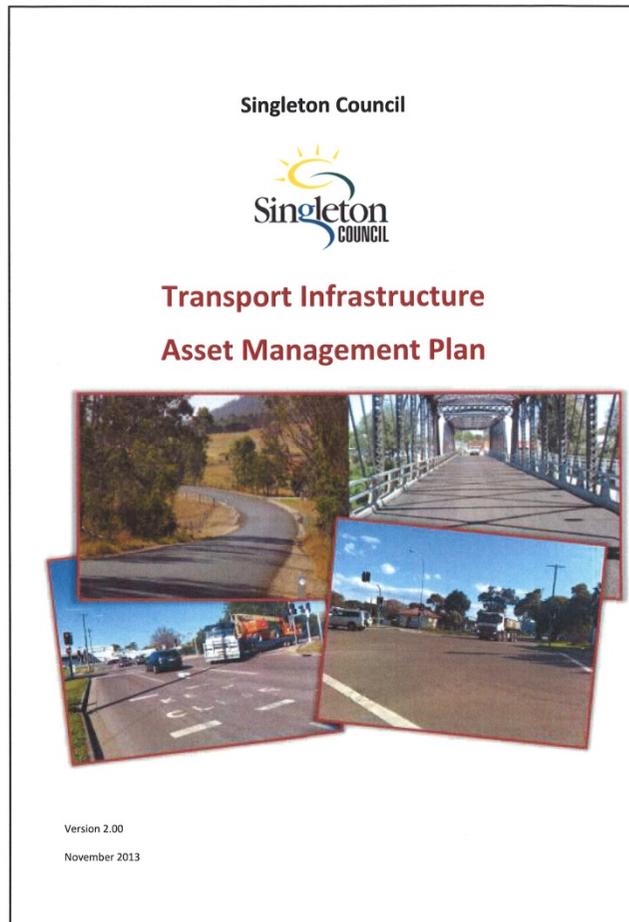
- Large local government infrastructure backlog in NSW
- Estimated \$7.4 billion as at 30 June 2012 (Compared to NSW total rate income 2011/12 \$6.8 billion)
- \$4.5 billion (61%) relates to road/bridge assets and \$1 billion relates to buildings

Local Government Financial Sustainability

Some councils face real and significant challenges in terms of maintaining and renewing the infrastructure

- Council's backlog equates to \$19.327million
- Includes \$6.587million road-related assets
- Current Replacement Value of the road-related assets at 30 June 2013 was \$415.65million
- Council requires additional funds to sustain the current and expected level of services.

Asset Management Plans (AMPs)



Asset Management Plans have been reviewed and updated.

The Draft Transport Infrastructure Asset Management Plan is currently on public display seeking comments.

Transport Infrastructure AMP

The Transport Infrastructure network comprises of:

- 644.3km sealed roads,
- 82.6km unsealed roads,
- 82.8km regional roads,
- 3,997m bridges and major culverts,
- 28,264m minor culverts and drainage structures,
- 21.37km footpaths & other paved areas,
- 176.4km kerb & gutter,
- 15 bus shelters, and
- 8,827m² sealed car parks

Total replacement value of \$415.65 million

Transport Infrastructure AMP

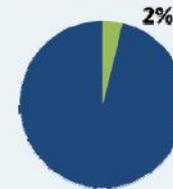
ASSET MANAGEMENT PLAN: TRANSPORT



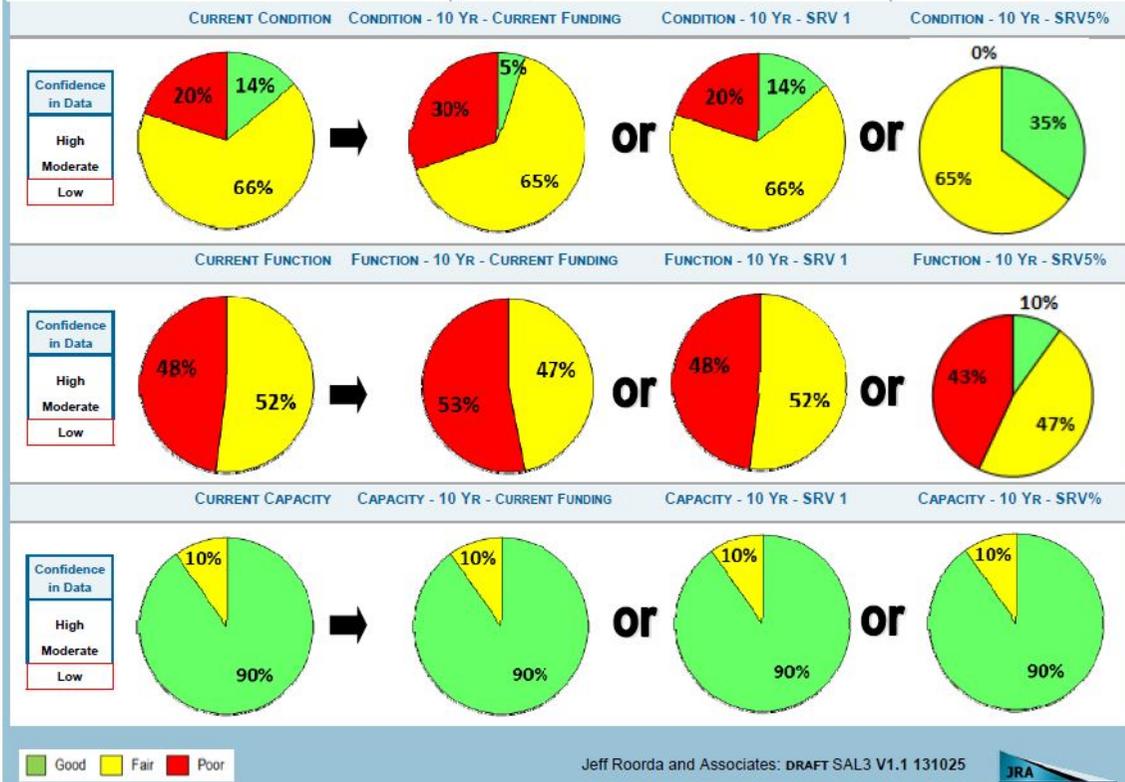
ASSET ACTIVITY: UNSEALED ROADS

COMMENTS	RISKS	RESPONSES
Council carries liability for 92.42km of unsealed and over 80 km of un-maintained roads. Council funds one grade a year on the entire network which costs Council \$318,000 in 2012 dollars. Due to lack of funds, sustainable reshheeting is not done on the network to replenish lost soil to erosion.	Current risk and major issues included: 1. Poor vertical and horizontal alignment 2. Poor gravel depths 3. Good gravel is not available locally in remote areas 4. Narrow roads at the end of the network and cost more to maintain 5. use by logging businesses accelerate erosion 6. Liability of un-maintained roads rests with Council 7. Reputation risk due to not maintaining crown roads and un-maintained roads 8. Poor signage and delineation 9. Lack of maintenance funds for reshheeting to replenish eroded soil and put in place erosion protection measures	SRV1 - The existing service level including functionality and capacity of the network will be maintained. SRV2 - The existing service level will be improved to fund the entire back log over period of time, including funding of new projects identified to improve the service level and maintain all un-maintained roads.

Current Replacement Value
\$4,499,000



The overall asset value for **Transport** is **\$225,729,000**. This pie chart shows the **Unsealed Roads** portion of the total asset value.



ASSETS IN GOOD / FAIR CONDITION

80% Current → 70% No SRV or 80% SRV1 or 100% SRV5

ASSETS IN POOR CONDITION

20% Current → 30% No SRV or 20% SRV1 or 0% SRV5

1. Singleton's productivity & efficiency improvements

- Revised organisation structure and reduced number of staff.
- New recycling contract saving \$4 million over 10 years.
- New technology eg. website, e-planning, tablets devices.
- Rationalisation of assets including land disposal and plant and equipment.
- Reviewing Council's Light Motor Vehicles.

1. Singleton's productivity & efficiency improvements

- Retro fitting Council's major buildings
- LED street lighting
- Service levels review
- Appropriateness of services, identify service gaps and opportunities for improvements
- Community consultation and community priorities

2. NSW Government initiatives to reduce infrastructure backlog

NSW Local Infrastructure Renewal Scheme (LIRS)

Provides interest subsidies on council borrowings over a 10 year period.

Round One 2012/13

\$2.2 million loan for the replacement of Bourkes Crossing Bridge @ 5.35%.

Round Two 2013/14

\$4 million loan to be raised for road and culvert works

2. NSW Government initiatives to reduce infrastructure backlog

Round Three 2013/14 (Closed 31 December)

- Council resolved to submit an application for improvements works for the Singleton Regional Livestock Markets for \$2.5 million.

3. What is a Special Rate Variation

- A special rate variation allows councils to increase general income above the rate peg
- There are two types of special rate variations that a council may apply for:
 - a single year variation or
 - a multi-year variation for between two to seven years

Example rate notice



RATES AND CHARGES NOTICE 01 July 2013 to 30 June 2014

2 - 4 Civic Avenue
PO Box 314
SINGLETON NSW 2330

Phone: 02 6578 7290
Fax: 02 6572 4197
Email: ssc@singleton.nsw.gov.au
Website: www.singleton.nsw.gov.au



004293-
Mr A Ratepayer
33 Nowhere Inparticular
SINGLETON NSW 2330

PROPERTY LOCATION AND DESCRIPTION
33 Nowhere Inparticular SINGLETON NSW 2330
Lot 3 DP 23222

Assessment No.

57420

Posting Date 1st Instalment Due Date

22/07/2013 31/08/2013

Valuation Base Interest Rate

Date 9% PA
01/07/2010 CALCULATED DAILY

Classification: Residential Singleton

Particulars of Rates and Charges	Rate in \$	Rateable Value	Amount
Residential Singleton - Ad Valorem Rate	0.41610000	154000.00	\$640.79
Singleton Residential Sewerage Charge	468.00	1.00	\$468.00
Urban Domestic Waste Management Charge	332.60	1.00	\$332.60
Hunter-Central Rivers CMA	0.01090000	154000.00	\$16.79
Residential Singleton - Base Amount	186.70	1.00	\$186.70
Stormwater Management Chg - Res	25.00	1.00	\$25.00
S/ton Residential Water Charge - 20mm	171.00	1.00	\$171.00

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Interest accrues daily at 9% on arrears balances until paid.

1st INSTALMENT	2nd INSTALMENT	3rd INSTALMENT	4th INSTALMENT	TOTAL AMO DUE
\$460.88 31/08/2013	\$460.00 30/11/2013	\$460.00 28/02/2014	\$460.00 31/05/2014	\$1,840.88

Please deduct payments made after 11/07/2013

4041894-RunV -004293

RATE PAYMENT ADVICE



Billpay Code: 0578
Ref: 1005 7428

In person at any Post Office,
by phone 13 18 16, or go to
postbillpay.com.au

SINGLETON COUNCIL

Ratepayer: Mr A Ratepayer
Assessment Number: 57420
Total Amount Due: \$1,840.88

*578 10257426



Billier Code: 39933
Ref No: 10057428

Amount Paid



SRV only applies to the
General Rate (Ad Valorem
Rate and Base Amount)

COPY created on 30/01/2014

Rate income calculation

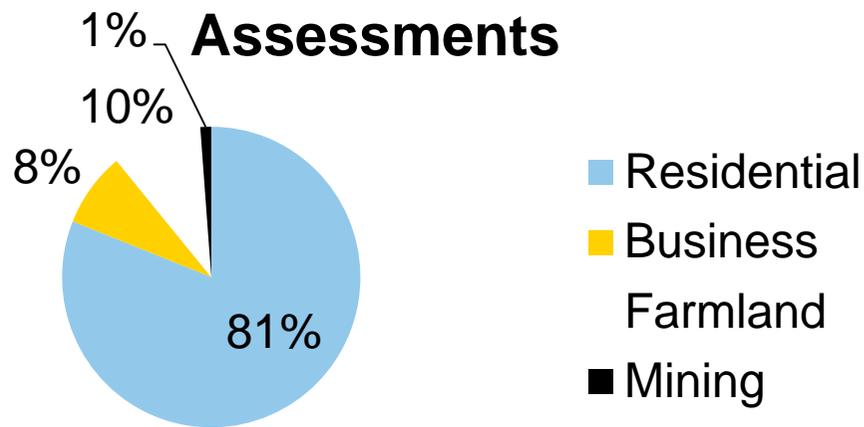
PERMISSIBLE GENERAL INCOME CALCULATION			
Prior year Notional General Income			13,993,654
Less:	Decrease from expiry of a prior special variation		-
Adjusted first year Notional General Income			\$ 13,993,654
Plus:	Rate-peg % increase	2.30%	321,854
Plus:	Additional special variation % increase	5.00%	699,683
Plus:	Crown Land adjustment	0.00%	
	Total special variation %	7.30%	
<u>Other First Year Adjustments:</u>			1,021,537
	(If known - Refer to advice from the Division)		
Plus/Minus:	Prior year Catchup/Excess		3,210
Minus:	Prior year Valuation Objections		-
	Total Adjustments (excluding Crown land adjustments)		3,210
	2014/15 Permissible General Income		\$ 15,018,401

General rate income mix

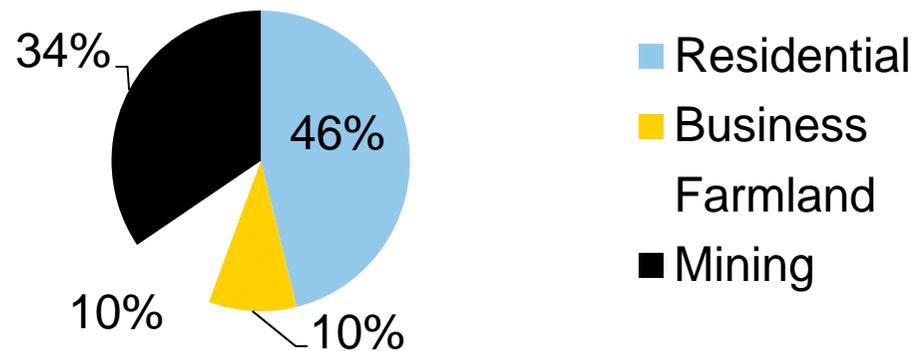
Calculation of Notional General Income - Ordinary Rates

Rating Category (s514-518)	Name of sub-category	Number of Assessments	Ad Valorem Rate	Base Amount \$	Base Amount %	Minimum \$	Number on Minimum	Land Value at start of year	Land Value of Land on Minimum	Notional General Income
Residential	Singleton	5,413.25	0.4059	200.33	25.28%			789,750,920		4,290,035
Residential	Rural Residential	839.00	0.3856	192.28	17.34%			199,453,090		930,414
Residential	Village	328.00	0.3247	192.28	36.44%			33,872,720		173,053
Residential	Ordinary	1,947.00	0.2111	207.52	26.35%			535,049,370		1,533,531
Business	Singleton	537.75	0.6	221.90	11.83%			148,239,440		1,008,763
Business	Mount Thorley	87.00	0.6	221.90	9.43%			30,910,000		204,765
Business	Village	30.00	0.6	221.90	24.74%			3,374,500		26,904
Business	Ordinary	188.00	0.24	221.90	21.90%			62,004,398		190,528
Farmland	Ordinary	1,028.00	0.2344	181.66	12.55%			555,329,505		1,488,439
Mining	Coal Mine	50.00	2.3441					220,531,130		5,169,470
Mining	Coal Rights	74.00	0.4844					25,600		124
Total Assessments:		10,522.00		Total Rateable Land Value:				2,578,540,673	Sub-Total:	15,016,026

General rate income mix



Rate Mix



Proposed Special Rate Variation

Special Rate Variation will provide **additional** funds to:

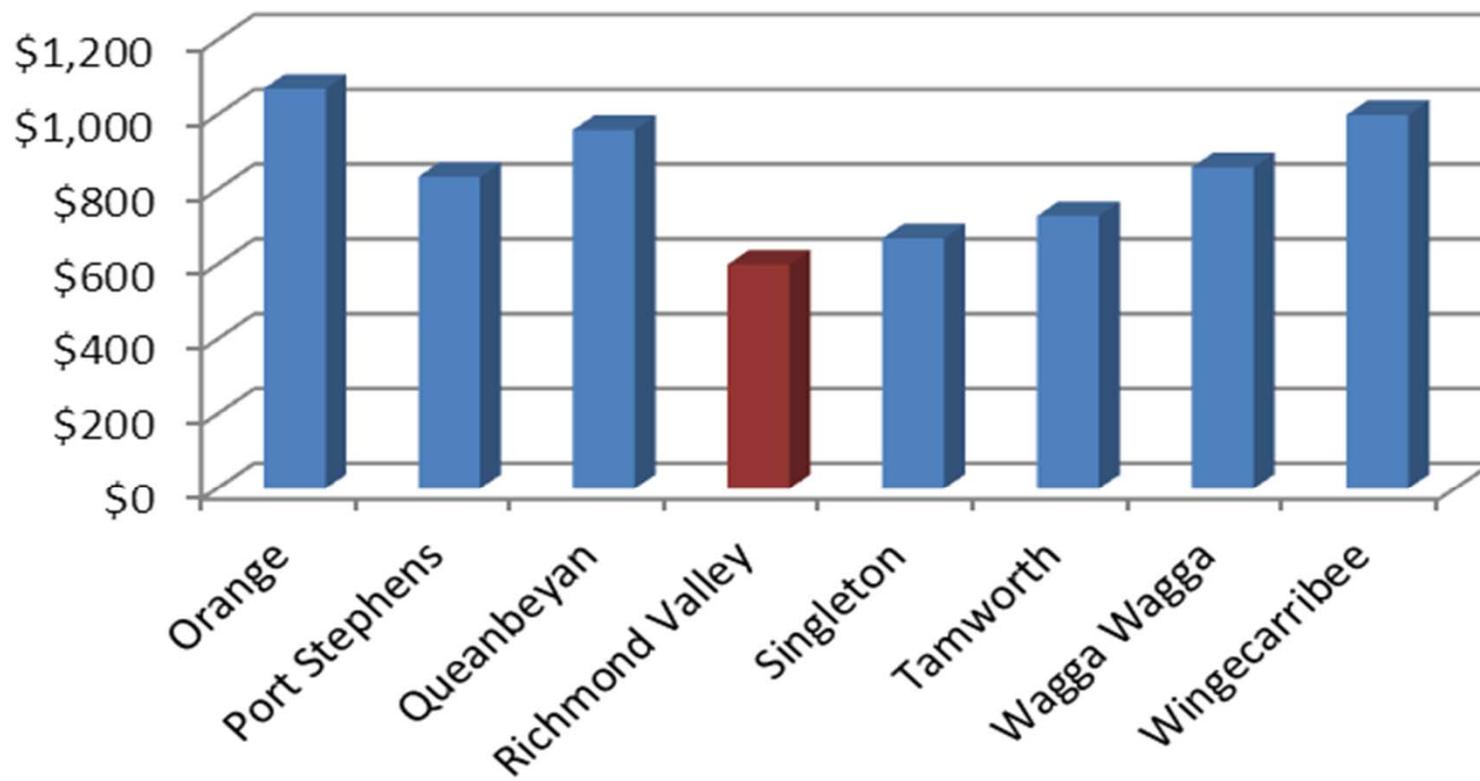
1. Increased heavy patching on local sealed roads \$250K
2. Re-sheeting of unsealed road by adding pavement material - \$200K
3. Seal unsealed roads where it is value for money - \$250K

Proposed Special Rate Variation

- Patching and pavement replenishment will be determined on a needs basis as issues arise with pavement surfaces.
- Council will be holding an open consultation forum on road issues in the coming months. Community members will be invited to address Council on their issues which will then be considered by the Roads Committee before being considered by Council.

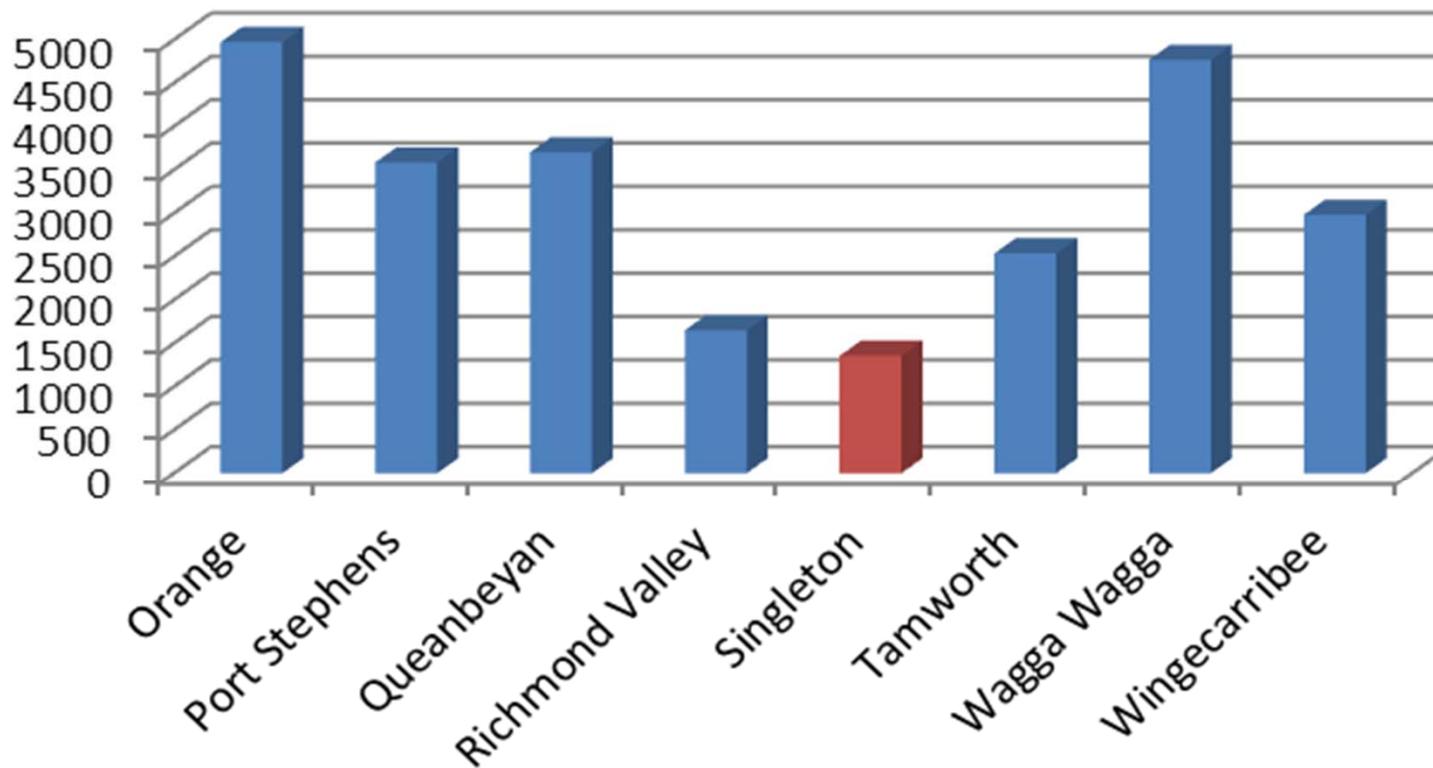
Average rate comparison

Average Residential Rate 2012



Average rate comparison

Average Business Rate 2012



Average rate comparison 2011/12 – neighbouring councils

Council	Average Residential Rate	Average Farmland Rate	Average Business Rate
Cessnock City	\$934	\$1,867	\$2,789
Dungog Shire	\$689	\$1,939	\$793
Maitland City	\$865	\$2,232	\$4,464
Muswellbrook Shire	\$630	\$2,552	\$1,732
Singleton	\$669	\$1,241	\$1,352
Upper Hunter	\$576	\$2,610	\$974

Impact of SRV on ratepayers

Average Rate	Minister's Increase 2.3%	Minister's Increase of 2.3% + 5% SRV	Annual Increase of SRV	Weekly Increase of SRV
Residential Singleton	\$755.87	\$792.94	\$37.07	\$0.71
Residential Rural Residential	\$1,060.41	\$1,112.30	\$51.89	\$1.00
Residential Village	\$502.52	\$527.15	\$24.63	\$0.47
Residential Ordinary	\$745.24	\$781.84	\$36.60	\$0.70
Business Singleton	\$1,762.87	\$1,849.23	\$86.36	\$1.66
Business Mount Thorley	\$2,277.91	\$2,389.51	\$111.60	\$2.15
Business Village	\$866.54	\$908.98	\$42.44	\$0.82
Business Ordinary	\$981.28	\$1,029.34	\$48.06	\$0.92
Farmland Ordinary	\$1,352.34	\$1,418.37	\$66.03	\$1.27
Coal Mine	\$103,930.65	\$109,009.09	\$5,078.44	\$97.66
Coal Rights	\$1.64	\$1.68	\$0.04	\$0.00

Impact of SRV on ratepayers

- Excluding the revaluation, less than \$1 on the average residential rate assessment.
- Number of rate assessments – 10,523
- Number of pensioner concessions – 1,026
- Pensioner rebates
- Hardship Relief Policy

Community consultation undertaken to date

What we've done so far:

- Website information
- Facebook
- Twitter
- Media releases
- Paid advertisements in the Singleton Argus
- Unpaid articles in local media
- Information brochure mail out to all households in LGA

Community consultation undertaken to date

What we've done so far:

- Information brochure mail out to all ratepayers
- Information brochure – 4,000 copies inserted in Argus
- Copies also available online, at Council's Customer Service Centre, Singleton Public Library, Singleton Youth Venue, Singleton Out of School Hours (OOSH) and Colleen Gale Children's Service

Community consultation undertaken to date

- Phone survey conducted
- Online survey undertaken
- Invited written submissions
- Community forums

How you can still have your say

- Comments from the community forums will be recorded for consideration by Council.
- Information brochure to take home for consideration.
- Complete online survey on Council's website www.singleton.nsw.gov.au/essentials
- Email – ssc@singleton.nsw.gov.au
- Write – PO Box 314, Singleton NSW 2330
- Telephone – (02) 6578 7290

Where to next?

- 6th February – Community Consultation closes.
- 17th February – Council meeting to consider community feedback and to determine whether to proceed with an application for a Special Rate Variation.
- 24th February – Application to IPART



Questions and Comments