



Public Meeting Evans Head

10/12/2013

Proposal for a Special Rate Variation

Note: All calculations are estimates based on financial modelling and assume a 2.5% rate peg across all years.

Agenda

7.00 pm

Start – Welcome by Mayor Cr Ernie Bennett.

7.10 –8.00pm

Council's Position – Mr John Walker GM

Objectives of public meeting.

1. Outline of Councils case. – Integrated Planning Approach – Variation Sought.
2. The external influences– LG Review Committee – Amalgamations
3. The Treasury Corporation Review (Use of Loans and Revenue)
4. IPART and its requirements. (Micromex survey) Capacity and willingness to pay.
5. Council Performance, COMMUNICATION and Organisational change process.
6. The benefits to ratepayers and community
7. Rate increases.

8.00–9.00pm

Questions and Discussion

9.00–9.10pm

Survey

9.15pm

Supper and Close.

Introduction:

- What we would like to achieve at tonight's meeting.

Outline of Council's proposal

1. Rate Variations to Ordinary Rates only.
 2. Rate Pegging– 2.3% cap 2014/15
 3. 10% above cap next year, and 3% above for each of four years after that. These are cumulative increases.
 4. Will raise revenue of \$7.6 million.
 5. Funding \$6.25million on the Infrastructure backlog of \$27 million.
 6. Total spending proposed is \$13.million.
 7. Only applies to Council Ordinary rates not to Water, Sewerage or Waste/
- Over..... INTEGRATED PLANNING and REPORTING Framework

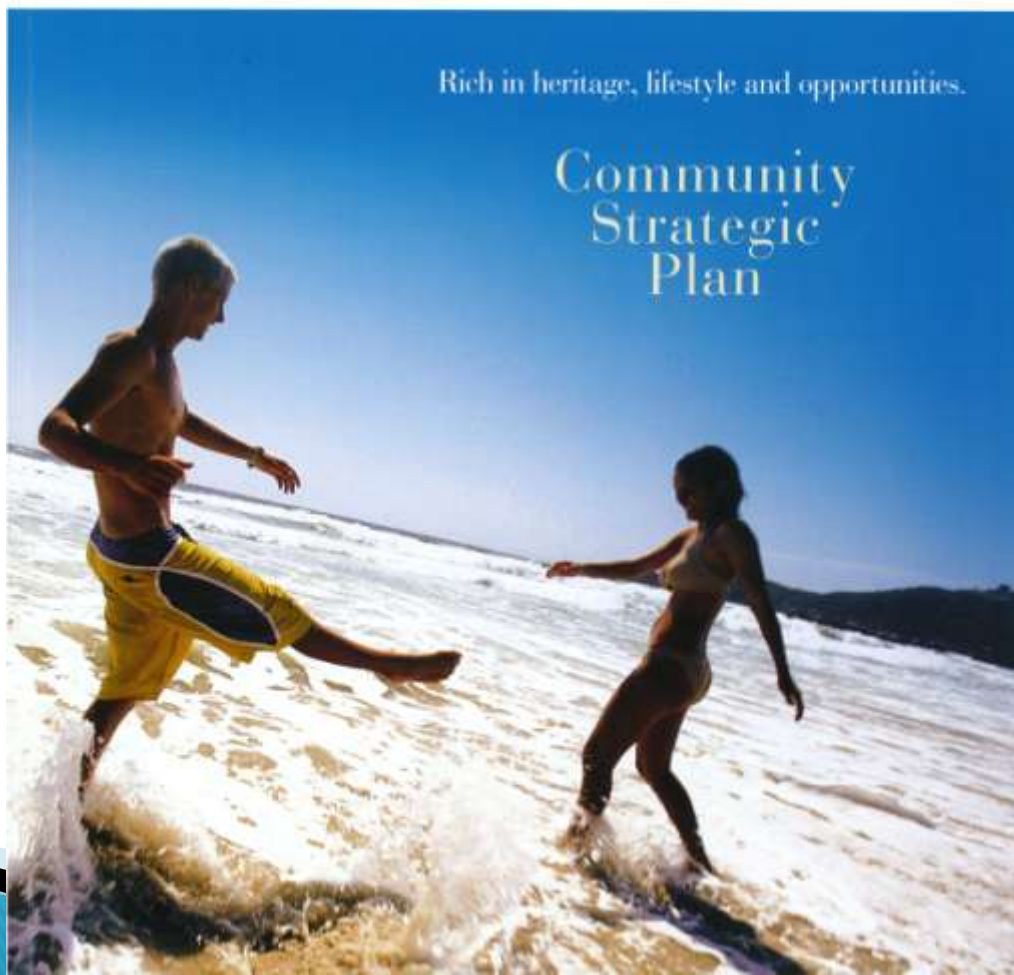
Richmond Valley



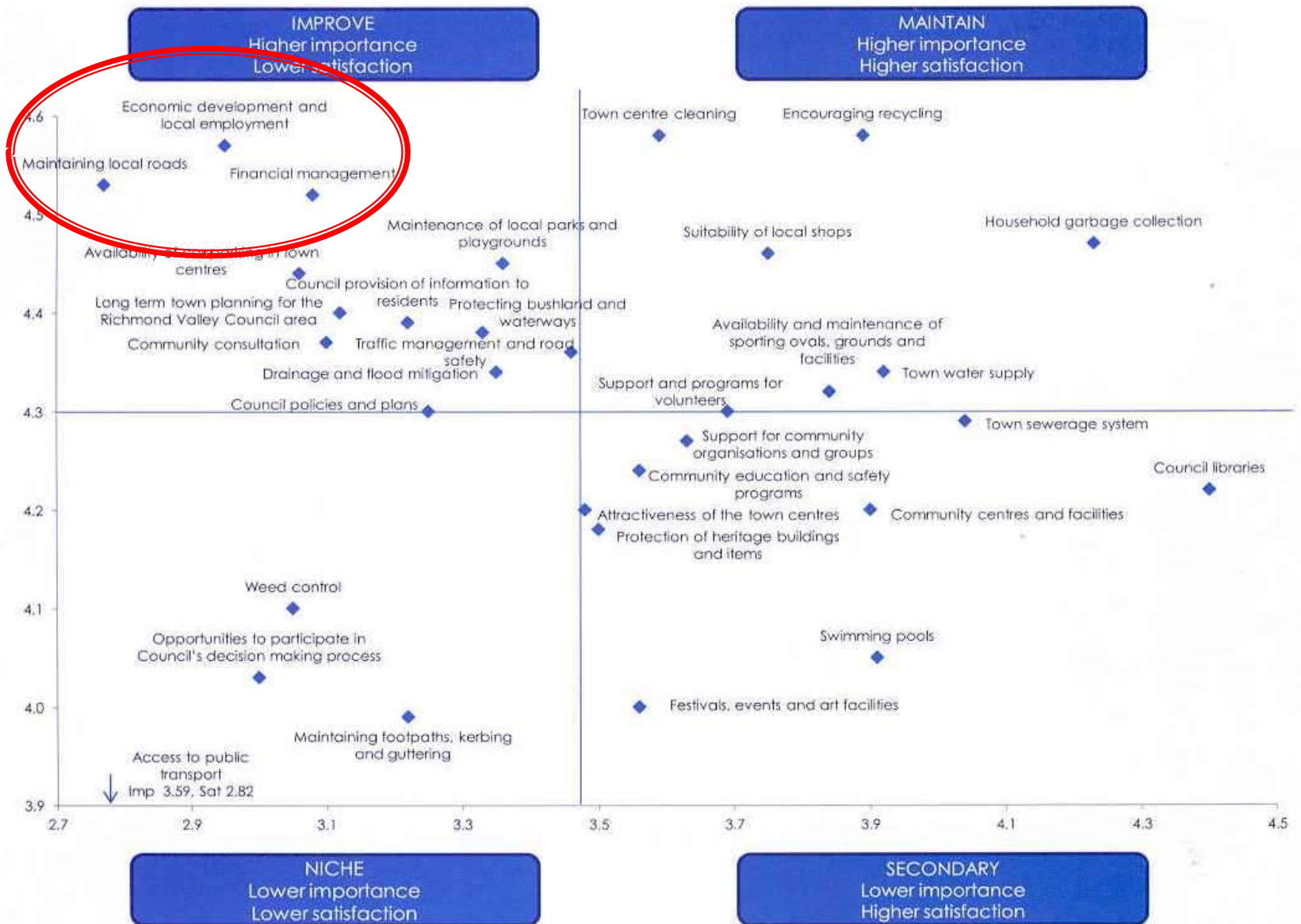
Towards 2025

Rich in heritage, lifestyle and opportunities.

Community Strategic Plan



CSP – Survey analysis of 32 Council Functions of Importance and Performance.



Long term strategies and goals

7

Control

Policy areas which are in direct control of local government. Direct decision making on these issues is possible and necessary.

Influence

Issues which local government does not control but can influence. Action on these issues may be in collaboration with other organisations and other levels of government.

Concern

Those areas which are of concern to the community. Local government neither controls nor is likely to influence these issues. However, where relevant, Council may have an advocacy and educative role.

7.1 Generate Revenue to Fund the Operations of Council

Services

Financial Services

7.1.1 Ensure Council's activities and business units operate in a financially sustainable way

Develop budgets which ensure Council remains financially sustainable
Regularly conduct business analysis of projects sustainability based on sound commercial practices
Develop and implement a long term borrowing policy


7.1.2 Examine all revenue generation opportunities within legislative powers

Continually examine different ways to generate income for Council within local government legislative guidelines
Seek approval from the community and IPART for rate variations to produce revenue that will fund improved level of services, infrastructure and maintenance for existing assets

7.1.3 Examine the opportunity to share regional services with other local government agencies

Continue to support forums which can identify business opportunities and partnerships within the region

External Influences on RVC

1. Local Government Review Panel – Reforms
 2. Regionalisation.
 3. Reliance on grants – New Fed Govt elected – National/State Debt – less money around.
 4. Financial Sustainability/Management necessary to survive.
 5. Amalgamation.
- ▶ Over.....TCORP Review.
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Future Directions for NSW Local Government Twenty Essential Steps

April 2013



As indicated in *Case for Sustainable Change*, 'fiscal responsibility' does not mean simply keeping rates and expenditure as low as possible and remaining debt free. On the contrary, in many cases the more responsible approach is to face up to the need to increase rates and charges in order to achieve an operating surplus and undertake essential asset maintenance; and then where necessary to borrow additional funds to tackle infrastructure backlogs.



Box 5: The NSW Rating System and Potential Improvements

- Total council revenues in 2011-12 were \$9.245bn; 52% came from rates and annual charges (including water)
- There may be scope to raise a greater share of revenue from fees and charges levied on services akin to 'private goods' eg leisure centres
- ➔ Rates are a tax, not a fee-for-service; they need to be set in accordance with principles of taxation – equity, efficiency, simplicity, sustainability and policy consistency
- There is a case for moving from Land value to Capital improved value as the basis for rates to better reflect capacity to pay and the shift to apartment living, but this would be costly and disruptive
- Other options to generate increased rate revenues from apartments need to be explored
- Existing options for minimum rates and base charges should remain, but overly complex use of those mechanisms should be restricted
- Differential rates are an important part of the system but their current use by some councils is too complex and poorly justified
- There is considerable potential for greater use of special rates
- Some concessions for disadvantaged ratepayers are justified, but social welfare should not be a local government responsibility; arrangements for pensioner concessions should be reviewed
- Income poor but asset rich ratepayers should be able to defer payment of rates as a charge against their property, rather than receive a concession
- The extent of non-rateable land and concessions for government business enterprises as well as the properties of benevolent institutions that serve a much wider area than that of the council concerned, should be reviewed
- Councils are failing their communities if they do not make necessary applications for Special Rate Variations above the rate-pegging cap.



The TCorp report makes it clear that tackling local government's annual asset maintenance gap and the cumulative infrastructure backlog warrants the highest priority. Economic development, community wellbeing and much of local government and private or third sector service delivery all depend on adequate infrastructure, especially roads, bridges and buildings.

Operating Ratio

Benchmark = Better than negative 4%

Ratio = (operating revenue excluding capital grant and contributions – operating expenses) / operating revenue excluding capital grants and contributions

This ratio measures a council's ability to contain operating expenditure within operating revenue.





New South Wales
Treasury Corporation

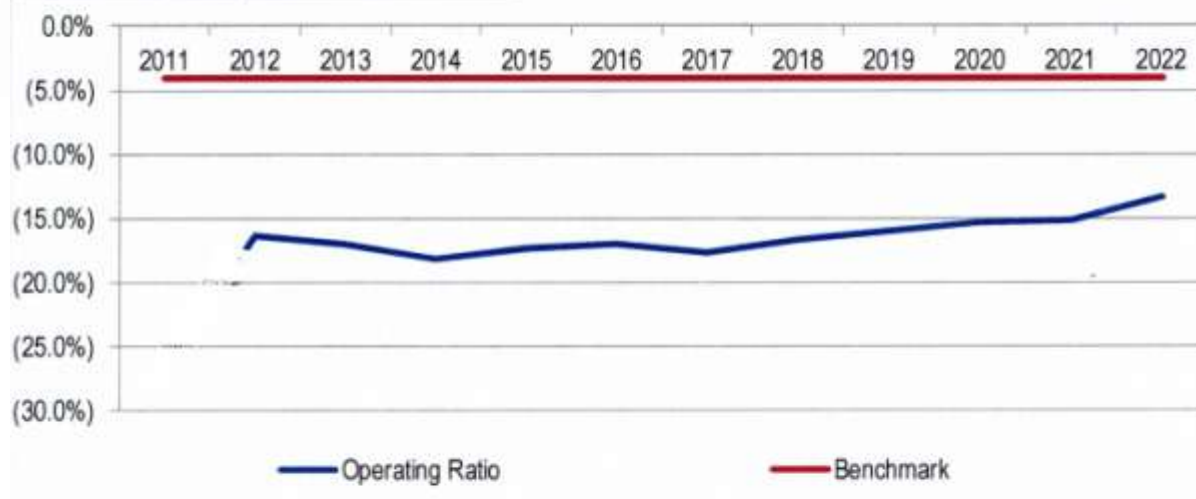
*Council rated
"Weak and
Deteriorating"
TCorp Review.
April 2013*

Section 4 Review of Financial Forecasts

The financial forecast model shows the projected financial statements and assumptions for the next 10 years. We have focused our financial analysis upon the General Fund as although Council's consolidated position includes both a Water and Sewer Fund these are operated as independent entities, which unlike the General Fund are more able to adjust the appropriate fees and charges to meet all future operating and investing expenses.

4.1: Operating Results

Figure 7- Operating Ratio for General Fund



The General Fund shows deficit positions are expected in all 10 years when capital grants and contributions are excluded. The increased depreciation charges following the Asset Revaluations are impacting on this ratio.

This ratio highlights that over the longer term Council could face financial Sustainability issues although the figure is due to improve throughout the model from the worst ratio deficit in 2011 of negative 26.8% to negative 13.3% in 2022.



**New South Wales
Treasury Corporation**

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Financial Flexibility

Figure 15 - Operating Ratio Comparison



Council's Operating Ratio was consistently below the benchmark and the group average over the review period. Over the medium term, Council's ratio is forecast to remain weak and be below the peer group.



**New South Wales
Treasury Corporation**

*Council rated
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TCorp Review.
April 2013*

In respect of Council's current financial position, we consider Council to be in a weak and deteriorating financial position and can be considered to be unsustainable without significant changes to their financial performance. Our key observations are:

- Council's long term Sustainability from a financial perspective is weak, based on the forecast operating results that are consistently below benchmark
- Council population has increased over the past decade. If this trend continues Council may be able to achieve improving Own Sourced Operating Revenue Ratios
- In recent years, Council did not spend sufficient amounts on asset renewals. Based on the current version of the LTFP, this trend will continue which could lead to a reduction in the quality of the assets and ultimately impact service standards
- Council appear to be in a developing stage of the IP&R documentation, and the Infrastructure Backlog at 19.0% is a key area of concern
- Council has maintained a moderate level of borrowings over time. In the long term, an improving liquidity position could allow Council to take on further borrowings to address the Infrastructure Backlog, but this option may be restricted by consistent operating deficits
- Additional revenue sources are needed by Council to provide further asset renewal funding and Council needs to consider options in this area

IPART Requirements.

1. **Produce a Long Term Financial Plan and Delivery Plan (with realistic assumptions)**
2. **Demonstrate the need for the proposal.**
3. **It must show evidence the community is aware of the proposal and is supportive.**
4. **Show the financial impact on ratepayers and their capacity to pay.**
5. **Provide an explanation of the productivity improvements and cost containment strategies the Council has realised in past years and plans to realise over the special variation period.next**

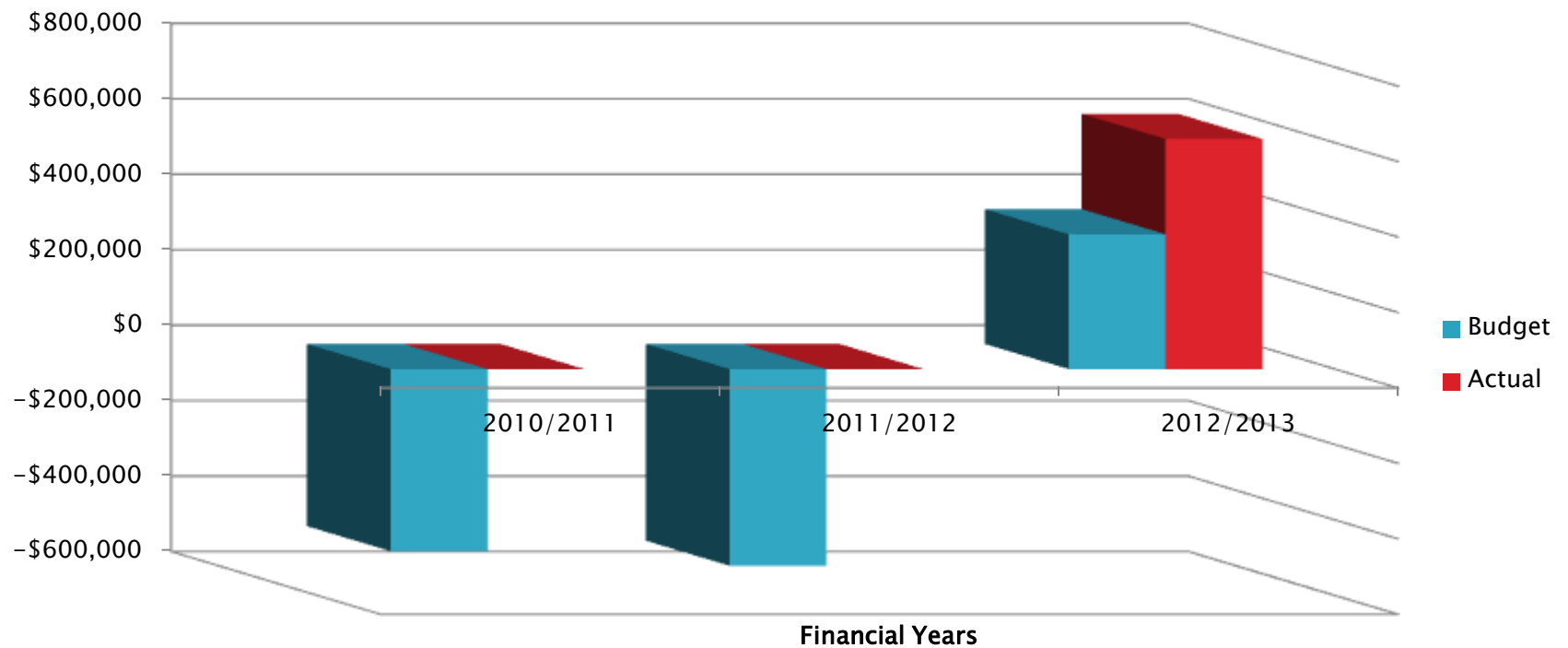
Is Council spending its money well?

- ▶ *“I am not evading tax in any way, shape or form. Of course, I am minimising my tax. Anybody in this country who does not minimise his tax wants his head read. I can tell you as a government that you are not spending it so well that we should be donating extra”*
- ▶ Kerry Bullmore Packer to the 1991 Senate Fairfax inquiry when questioned about his tax payments.

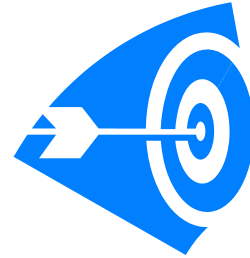


Turn around in Financial Management.

Turn around in addressing costs. Cash Surplus Position.




Council Performance – Telephone Survey results: 2013



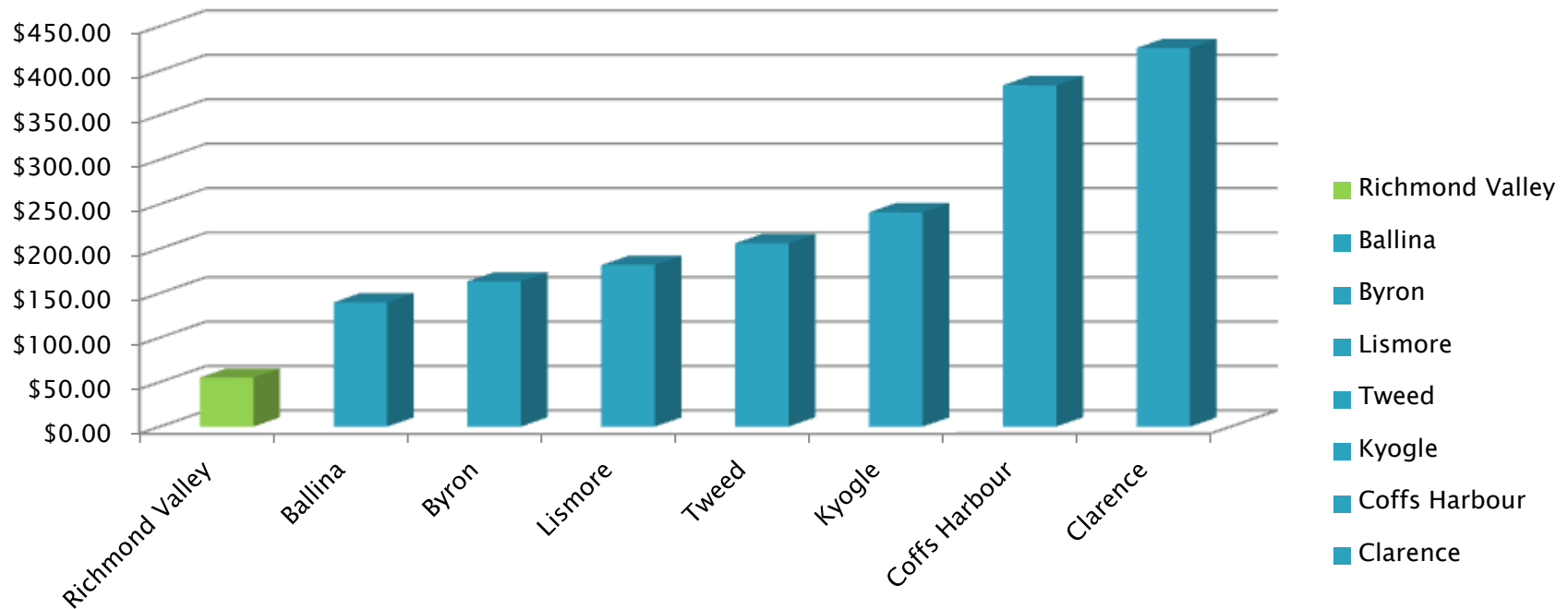
- ▶ **82% of residents giving Council overall performance a somewhat satisfied to very satisfied rating. Only 4% of residents indicated they were not at all satisfied.**
- ▶ **55% of residents indicated that they had an opportunity to speak out about issues in Richmond Valley Council area.**
- ▶ **Two thirds of the population were aware a new GM and Executive Team had been appointed and 79% said were somewhat to very effective in making changes over the last 12 months.**
- ▶ **But what has been achieved.....**

Council Record – last 2 years

- ▶ Financial Management/Cost Cutting
 - ▶ Surplus Budgets last 2 years.
 - ▶ Customer Service
 - ▶ Communications
 - ▶ Economic Development
 - ▶ Civic Pride.
 - ▶ Shut down unprofitable bridge operations.
 - ▶ Review Contractor In-house balance –invest in people and plant.
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Lowest Admin/Governance Costs in the Northern Rivers.

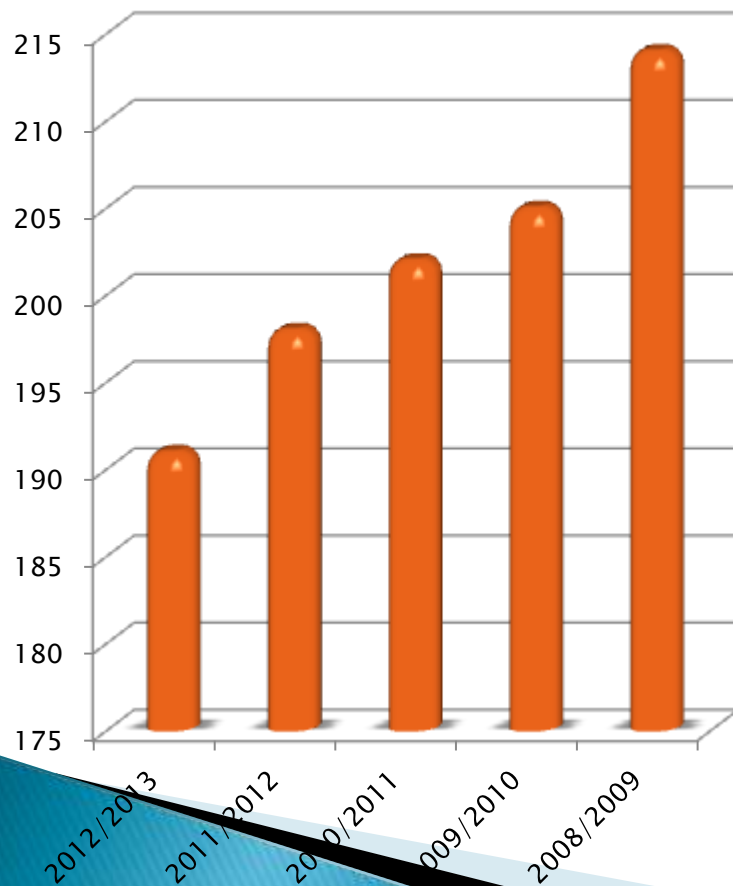
Governance/Administration expenses per capita



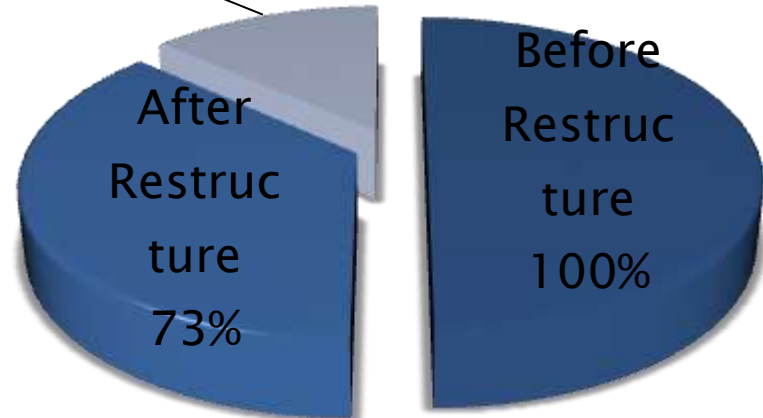
Source – NSW Premier and Cabinet
Division of Local Government
Measuring Local Government – October 2013.

Salary costs savings of over \$1 million per year

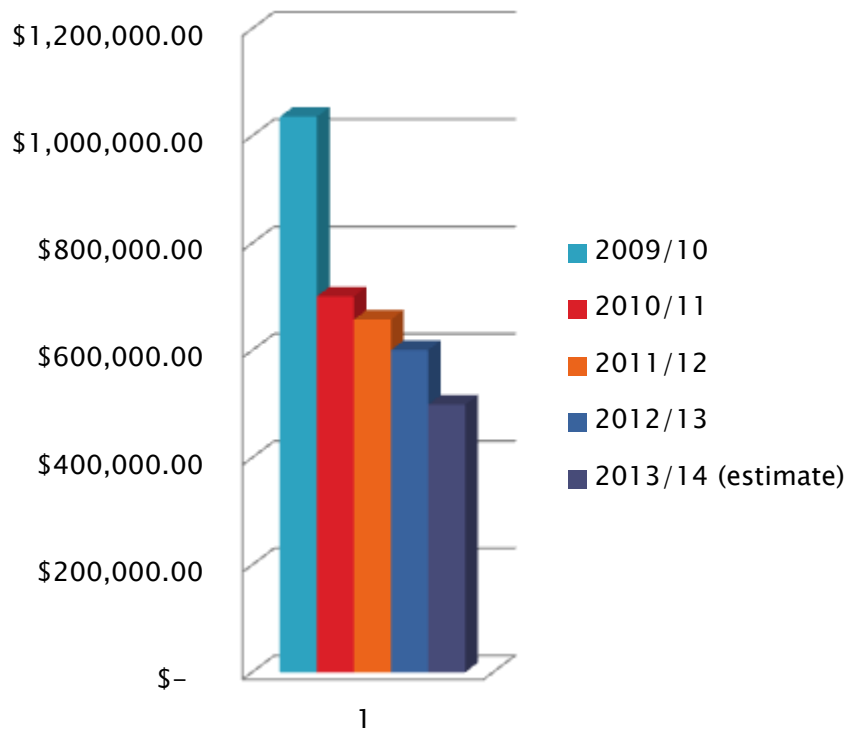
Staff Numbers FTE
Council doing more with less



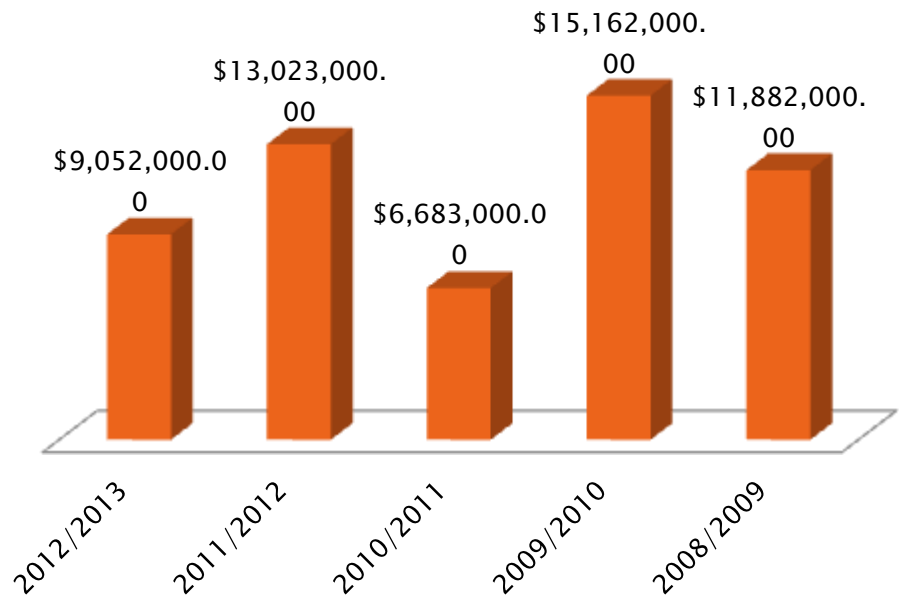
Senior Management Positions
Saving 27%



Workers Compensation Premiums Declining.



Grant Funds for Operational Purposes – No Certainty.



How will the Money be Spent?

INFRASTRUCTURE RENEWAL	
<i>Sealed Road Rehabilitation..</i>	\$ 5,000,000
<i>Gravel Road Re-sheeting</i>	\$ 500,000
<i>Playground replacement</i>	\$ 60,000
<i>Public Toilet refurbishment</i>	\$ 200,000
<i>Renewal Council facilities and parks.</i>	\$ 500,000
ADDITIONAL SERVICE	
Casino River Bank Presentation	\$ 250,000
<i>Sealing of unsealed urban roads</i>	\$ 375,000
<i>Cultural and Art Facilities.</i>	\$ 120,000
CAPITAL IMPROVEMENTS	
Casino Riverfront Amphitheatre & Footbridge and general access improvements/connectivity	\$ 1,050,000
<i>Woodburn Riverfront</i>	\$ 470,000
<i>Evans CBD and environs Carparking and Extension Park St</i>	\$ 500,000
Coraki Riverfront	\$ 355,000
Casino Showground Upgrades	\$ 100,000
<i>Casino Carparking</i>	\$ 580,000
<i>Evans Head Skatepark</i>	\$ 100,000
Crawford Square Regional Park.	\$ 150,000
Woodburn Skatepark.	\$ 80,000
Casino Skatepark	\$ 240,000
IMPROVED MAINTENANCE	
<i>Playground maintenance</i>	\$ 75,000
<i>Toilet Cleaning Maintenance</i>	\$ 75,000
Rural road drain maintenance	\$ 250,000
INCREASED CAPACITY	
<i>IT Innovation Fund.</i>	\$ 250,000
<i>Public Wi Fi in Casino CBD, Woodburn, Evans Head</i>	\$ 170,000
<i>Capacity Building Youth Traineeship Program</i>	\$ 300,000
<i>Economic Development Plans (Growth)/Projects</i>	\$ 330,000
<i>Community Engagement/ Customer Research/Communications.</i>	\$ 190,000
<i>Industrial Land Development.</i>	\$ 761,000
TOTAL	\$ 13,031,000

Future *signature* Projects

Unfunded
Future
Signature
Projects
agreed in
the CSP



Casino Aerodrome Improvements: project value **\$500,000**

This project involves the construction of taxiways, landing areas, resurfacing of runways, line marking, runway markers and pavement improvements as well as improved connectivity for adjoining aerodrome users. With the creation of the Regional Rural Fire Service Headquarters and the establishment of new businesses adjacent to the aerodrome, these improvements are of great benefit to the growth of the local economy.

Northern Rivers Livestock Exchange: project value **\$8 million**

To develop and expand this regional facility, an \$8 million expenditure boost is required to roof part of the complex, address Workplace Health and Safety (WHS) issues, improve environmental issues and animal welfare aspects and improve the operational efficiencies to ensure competitiveness and viability of this facility.

**Australian Government support is required for both the above projects from the Regional Development Australia Funds.*

There were a number of other priorities that were considered before resolving on these two priorities. Council has prioritised these significant projects as the priorities for future government grants. The projects in order of priority are as follows:

1

Northern Rivers Livestock Exchange - Project Cost \$2,295,000. Should Council not be successful with its funding application for improvements to the Casino Regional Livestock Exchange, there are a number of important WHS, environmental and operational issues which need to be addressed. Focusing on these concerns is essential to the ongoing viability of the exchange.

2

Casino Parking Area Construction (Little Walker Street, Simpson Parade and Tatts Hotel) - Project Cost \$500,000. Council has spent more than \$2 million in upgrading the CBD to improve the viability and vibrancy of the area to provide a stimulus for growth in the local economy. One of the ongoing issues remaining is the lack of parking in the area. A Council priority is the construction of car parking areas within the CBD. Council will consider building covered parking as a desirable option in any CBD parking plan.

3

Woodburn Riverfront Project - Project Cost \$470,000. With the proposed bypassing of Woodburn as a result of the Pacific Highway upgrade, the need to enhance the village is considered critical. A master plan for the development of the riverfront area is seen as a vital component of this process. This will include the upgrading of Riverside Park with footpaths, lighting, picnic facilities, formalised car parking and other amenities which could be undertaken in various stages.

4

Casino Riverbank Improvements - Stage 1 - Project Cost \$500,000. One of the major features of Casino is the river, which bisects the town. The clearing and upgrading of the riverbanks and their associated beautification; with the provision of appropriate viewing areas, picnic areas and other related facilities; is seen as an aspect which could provide much improved tourism and economic stimulus to the area. The project would also encompass footbridges to provide connectivity to either side of the river for visitors and residents alike.

Unfunded Future Projects for Towns and Villages. agreed in the CSP



In addition, Council has other numerous projects within the towns and villages which have been identified by the community as a result of ongoing consultation with Council. Further high priority projects identified by the community are as follows:

Evans Head

Cycleway from Evans Head to Riverside Village - Cost \$900,000. This project involves the construction of a concrete and bitumen cycleway connecting Evans Head to the Riverside Village Complex.

Evans Head CBD Car Parking (Oak Lane/Park Street) - Project Cost \$650,000. This project involves the construction of additional car parking around Park Street and Oak Lane to provide additional car parking spaces and complement recent CBD upgrades.

Stan Payne Oval Tennis Complex - Project Cost \$600,000. Council recently relinquished control of the Silver Sands Holiday Park and as part of the redevelopment by the North Coast Property Trust will be relocating the tennis complex. The closure and relocation will only partly be funded by North Coast Property Trust and Council. The Evans Head Tennis Club will be seeking additional funding to allow the relocation to Stan Payne Oval.

Casino

Crawford Square Regional Park - Cost \$150,000. As part of Council's Park Rationalisation Program, the opportunity exists to develop Crawford Square as a regional park which would serve as a focus for recreation for the Casino community and tourists travelling through town along the Summerland Way.

Colley Park Oval Improvements - Project Cost \$100,000. As Casino's soccer team utilises Colley Park for its Premier League games, a major upgrading of the main oval is required, including reshaping, turfing and irrigating to allow the facilities to be developed to a standard necessary to meet the requirements of a premier team.

Woodburn

Woodburn Oval Skate Park - Cost \$80,000. The youth of the area are requesting the development of a skate park at Woodburn Oval. Application has been made for funding under the Community Building Partnership Program, if unsuccessful, the community and Council will work in partnership to seek funding.

Coraki

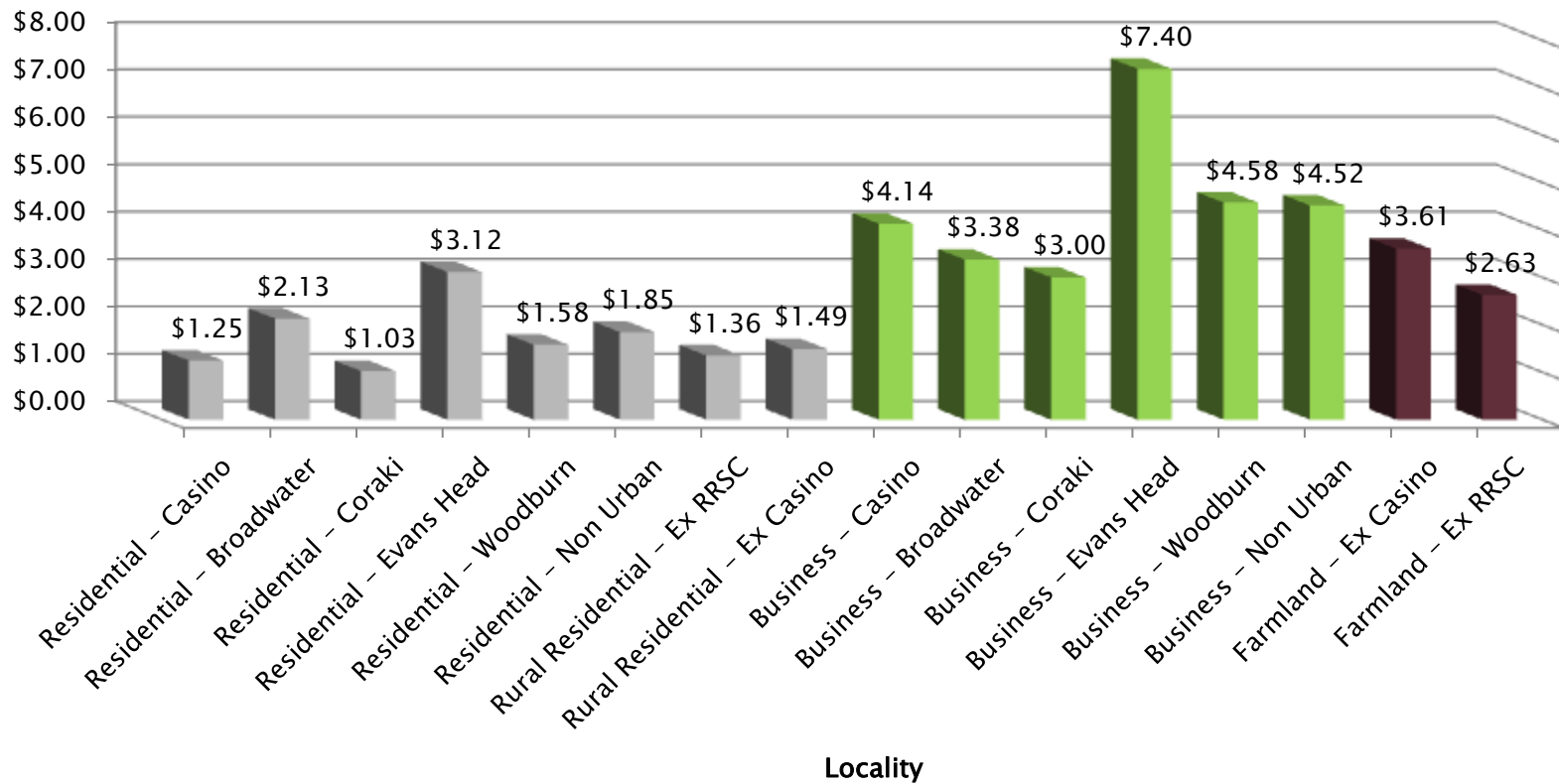
Coraki Riverfront Project - Project Cost - Up to \$820,000. Similar to the Woodburn Riverfront Project, Council and the community are attempting to revitalise the Coraki foreshore with a major improvement program. The work involves the construction of pathways, playground equipment, foreshore and jetty improvements, biodiversity management projects and other amenities. This work can be undertaken in a number of stages.

Crawford Square Skate Park - Project Cost \$100,000. The youth of Casino are also requesting improvements to the skate park to provide adequate facilities for youth.

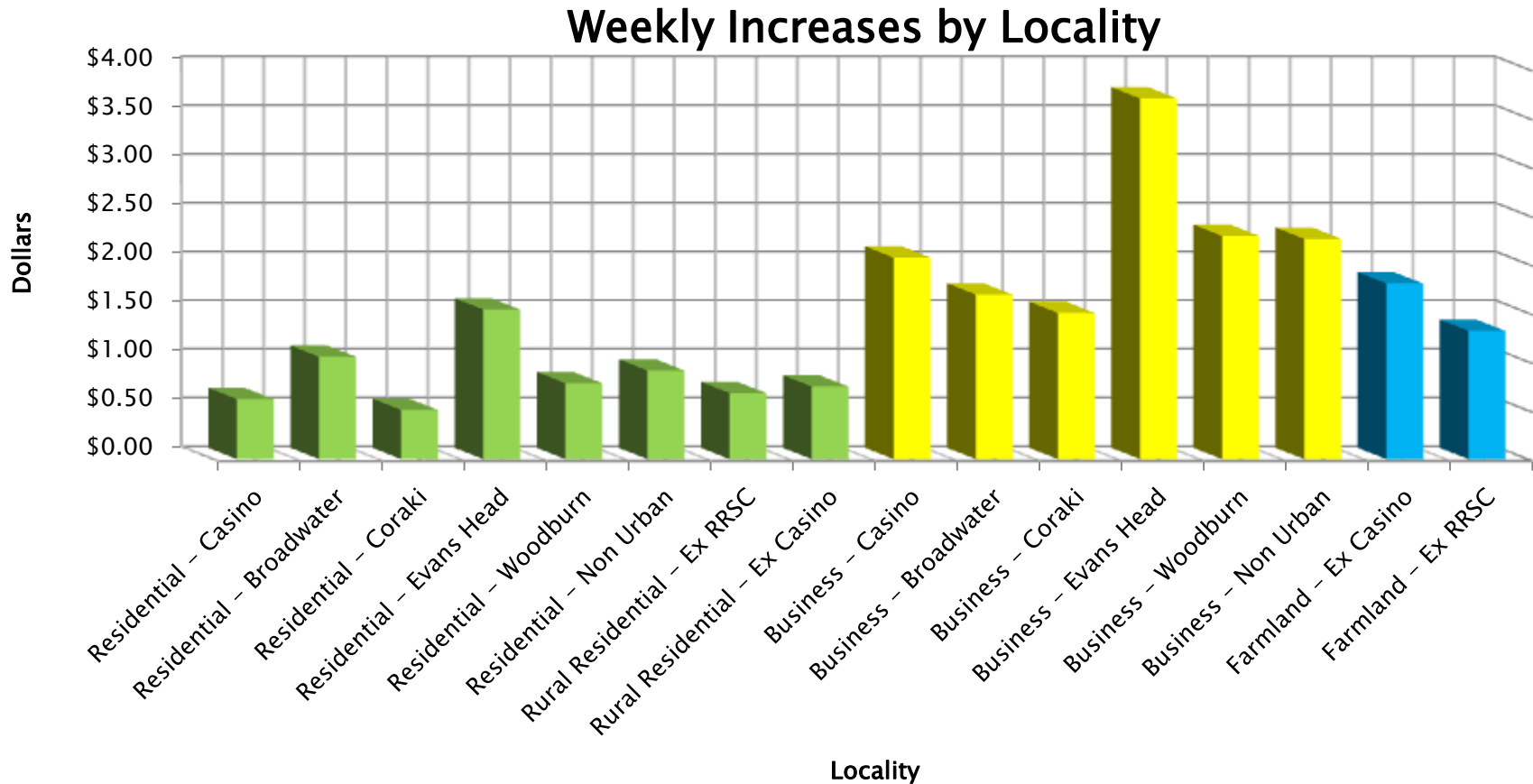
Casino Showground Improvements - Project Cost \$100,000. The Casino Show Society, Richmond Valley Riding Club and other users are working enthusiastically in a voluntary manner to assist Council in undertaking maintenance and improvements at the Showground to ensure its ongoing viability. Improvements are needed to fencing, toilet facilities, grandstand and canteen areas. Elements of this project can be undertaken in stages.

How much extra will I pay in year 1?

Weekly increases by Locality 12.5%

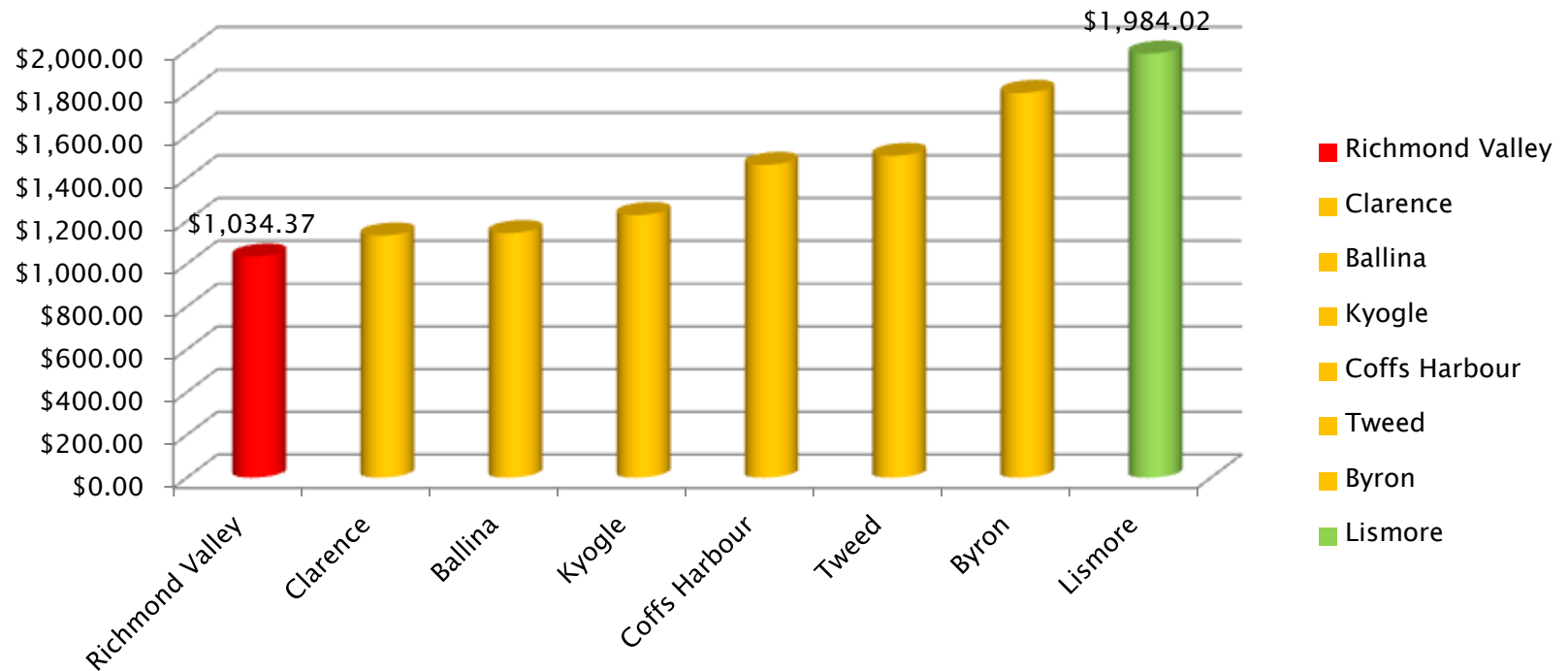


How much extra will I pay in Year 2-5?



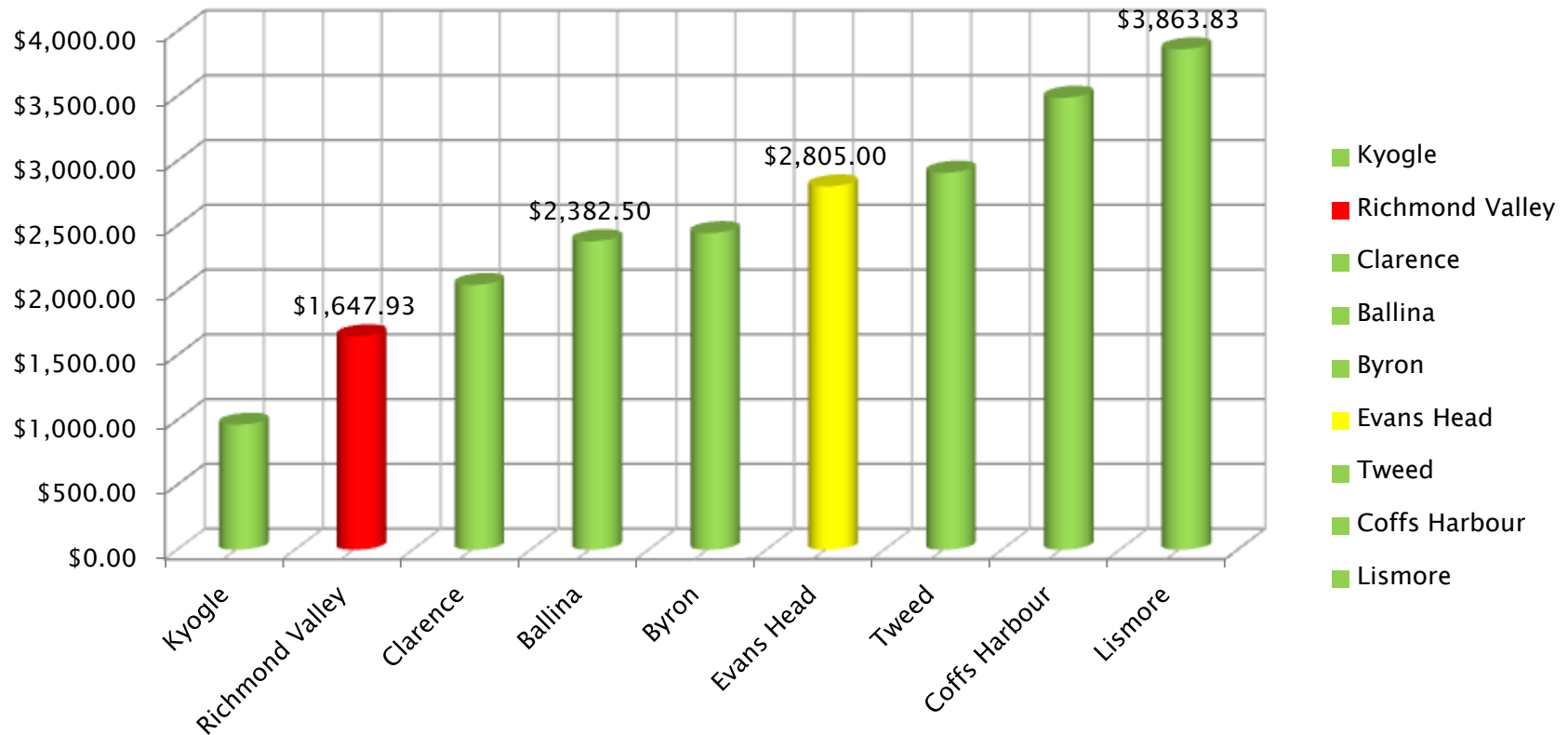
Comparison to Neighbouring Councils

Average Farmland Rate Comparison 2011/12



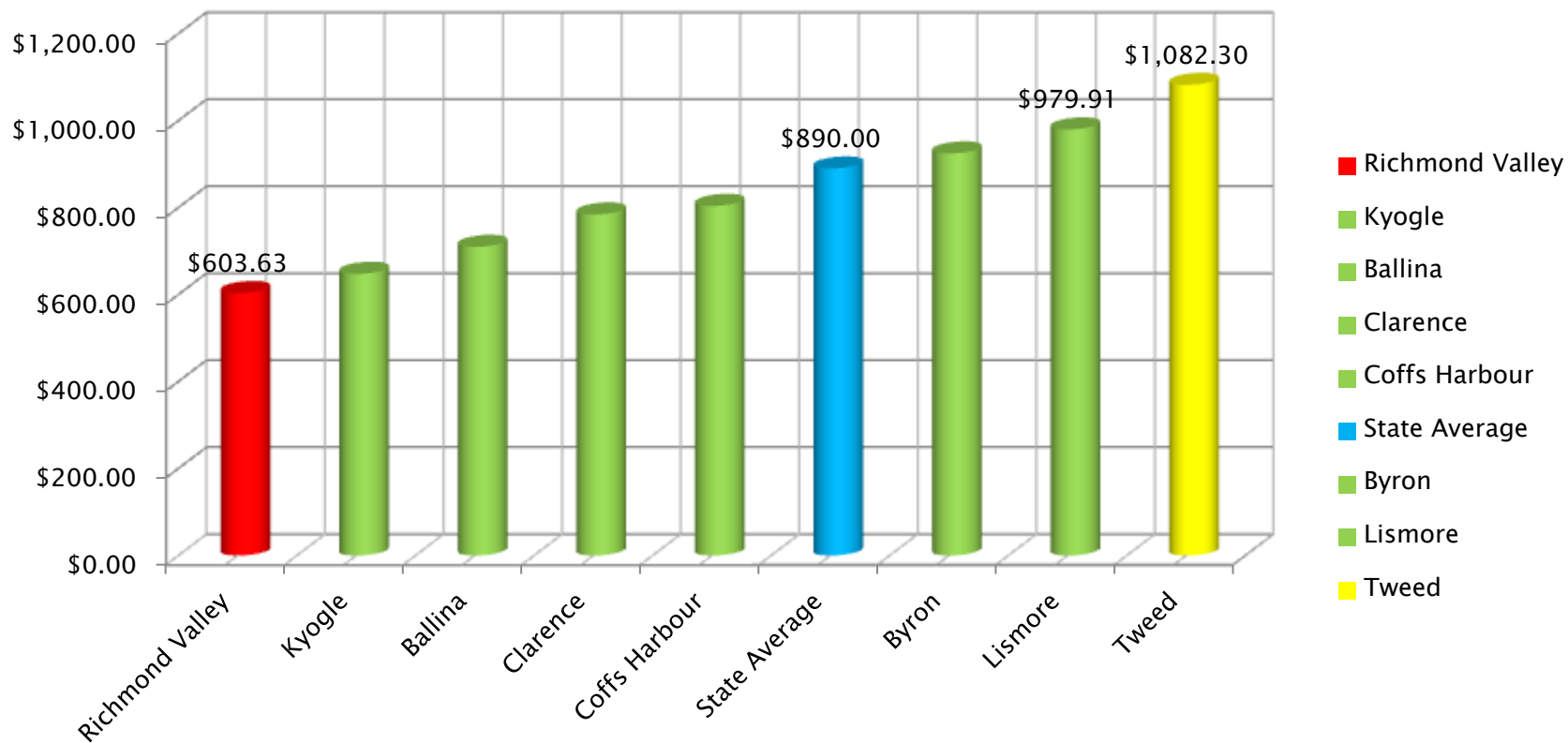
Comparison to Neighbouring Councils

Comparison Average Business Rates 2011/12



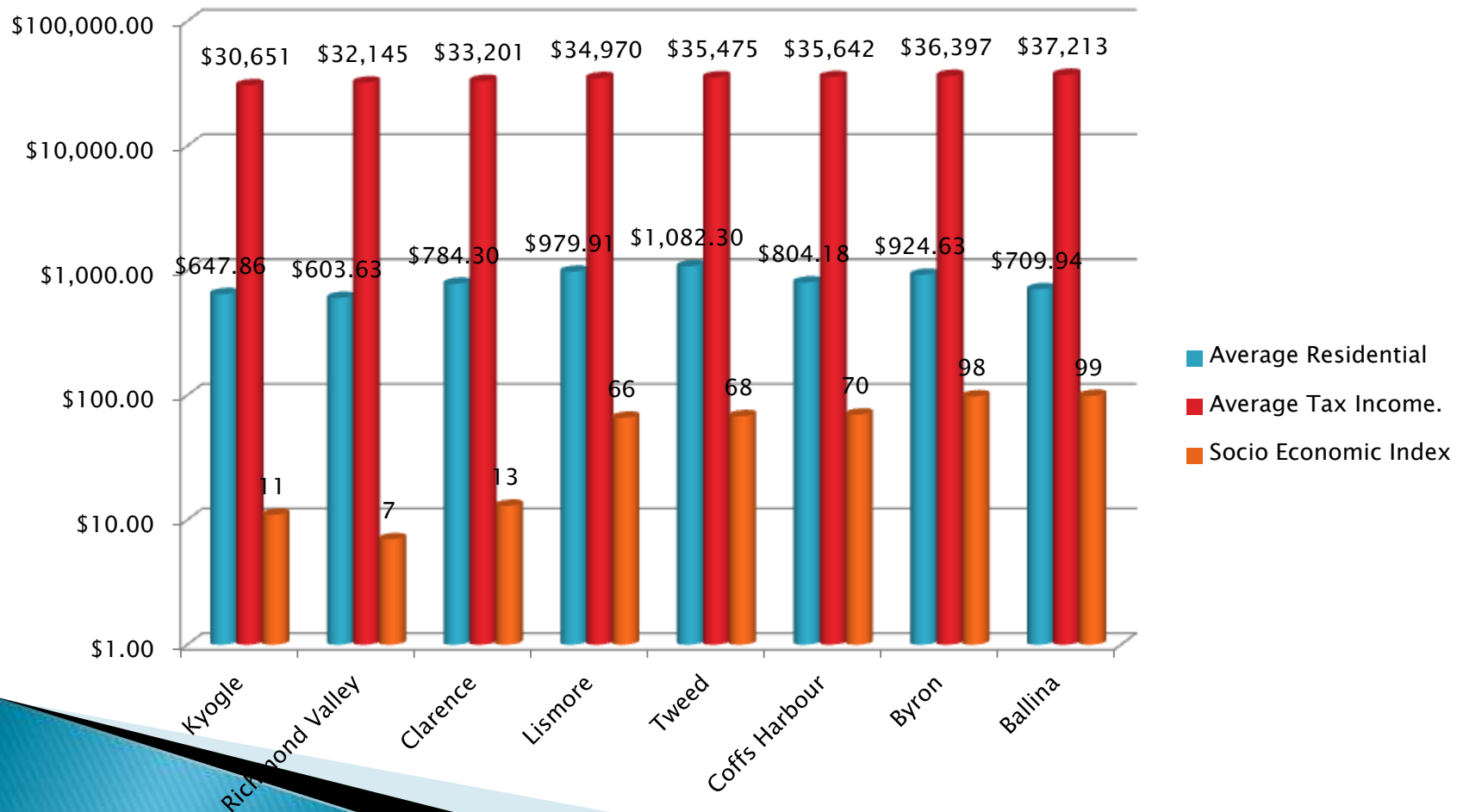
Comparison to Neighbouring Councils

Average Residential Rate Comparison 2011/12



Comparison to Neighbouring Councils

Average Residential Rates Comparison to Average Taxable Income 2011/12.



Have your Say:

- ▶ Council Survey.
- ▶ Close 9.15 Supper – Chat Councillors/Staff

Answers to the most common asked questions:

1. *What do I get for my rates?*
 2. *Why do I have to pay rates for something I don't use?*
 3. *My locality has less services than in the towns, why should we have to pay for facilities in Casino or Evans Head?*
 4. *Evans Head pays more rates than Casino why is this fair?*
- 