

Financial Information | Special Rate Variation

What is the Rate Peg?

As things currently stand, Council's revenue is regulated under the rate peg. The Independent Pricing and Regulatory Tribunal (IPART) sets a rate peg which limits the amount by which councils can increase their rate revenue from one year to the next.

For many years, the rate peg limit has not kept pace with the financial needs of councils in NSW and residents' needs for appropriate services.

What is a Special Rate Variation?

After IPART announces the rate peg for the upcoming year, councils can then have a conversation with the community as to whether the increase is sufficient to continue to deliver the existing range and standard of services available, whilst also ensuring there is sufficient funds to maintain and renew infrastructure. If they feel the increase is insufficient, Council can request an increase above the rate peg limit. These increases are known as a Special Rate Variation (SRV).

Applications for increases above the rate peg limit are assessed by IPART. IPART has stringent criteria which a Council must meet before approving any application. This includes extensive community consultation and clearly showing to the community the impact of the proposal on ratepayers.

Why is Council Considering a Special Rate Variation?

Like many other NSW councils, our roads, footpaths, buildings, drainage and other community assets are getting old and need to be upgraded. We know that our community places a high value on these assets, in particular our road network. Our assets in their current state are continually deteriorating and need costly maintenance. To improve our public assets we need to spend more money on maintaining and renewing them to ensure they meet the needs of our community.

The proposed Special Rate Variation is an important step to help maintain and manage our current assets to ensure that we deliver services in line with community expectations and remain financially sustainable into the future.

What is Fit for the Future all about?

In 2014 the NSW State Government initiated its Fit for the Future local government reform program that required all NSW councils to submit a proposal demonstrating plans to achieve long term financial sustainability and meet seven asset and financial benchmarks.

As a part of our Fit for the Future process we reviewed the condition of our assets and detailed long term financial modelling. This information told us while we currently spend around \$24.3 million on the maintenance and renewal of community assets each year; we have a funding gap and need to invest an additional \$8.5 million per year. This additional investment will ensure that the number of assets in poor condition does not continue to grow. On 26 June 2015, Council submitted its Fit for the Future Improvement Proposal. This Proposal identified a number of strategies including an application to IPART for a Special Rate Variation to fund the asset maintenance and renewal gap. View Council's Improvement Proposal at www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Fit_for_the_Future

Why can't my current rates pay for the additional maintenance and renewal works?

The role of local councils has come a long way since the days of roads, rates and rubbish. Today, we now fund many more services to meet our community's needs and expectations. Some of these include:

- parks, sports grounds, playgrounds and community halls;
- libraries, arts and culture;
- community development services for youth, older people, people living with a disability and Aboriginal and Torres Strait Islander People;
- children's services;
- public and environmental health;
- environmental sustainability projects and invasive species management;
- transport services including roads, footpaths, car parks, road safety and traffic facilities;
- business development, events and tourism;
- development services, such as development applications and certification;
- land use and natural environmental planning;
- stormwater and flood management;
- emergency management;
- community and council strategic planning;
- executive, communication and support services

The cost of providing all of these services comes from existing rate income. The restrictions placed on Council to increase its rate income above rate pegging simply do not allow Council to allocate additional funding to infrastructure maintenance and renewal. Council for many years has prudently delivered a balanced budget to ensure that it does not spend beyond its means.

What are the options Council is considering?

There are three options that we would like you to consider; each option will have varying impacts on our assets and service quality.

Option 1: Deteriorate

Our assets would continue to decline and more assets would fall into the poor condition category. The focus would be on managing risk, including the possible closure and removal of unsafe assets. Our ability to look after our environment would diminish.

No Special Rate Variation. Rates would increase by the annual rate peg amount of an estimated 2.5% per year. Over the four year period this is a cumulative increase of 10.4%.

This option would provide no additional funding other than the rate peg increase of an estimated 2.5% which does not reflect the increasing cost of Council operations to serve our community. Broader service reductions maybe required to fund emergency works.

Option 2: Maintain

We would stabilise the deterioration of our community assets. We would be able to fund most of the required asset renewal and maintenance and continue to look after our environment.

Special Rate Variation of 7.75% each year for three years and 10.65% in the fourth year. This includes the estimated 2.5% rate peg. Over the four year period this is a cumulative increase of 38.4%. At the end of the four year period the Special Rate Variation increases would be built into the rate base.

This option would generate \$74.7 million over 10 years and would allow an additional spend of:

- \$45.5 million on roads, road drainage, footpaths and shared pathways;
- \$9.3 million on stormwater drainage;
- \$15.8 million on buildings;
- \$4.1 million on parks and open spaces.

Option 3: Improve

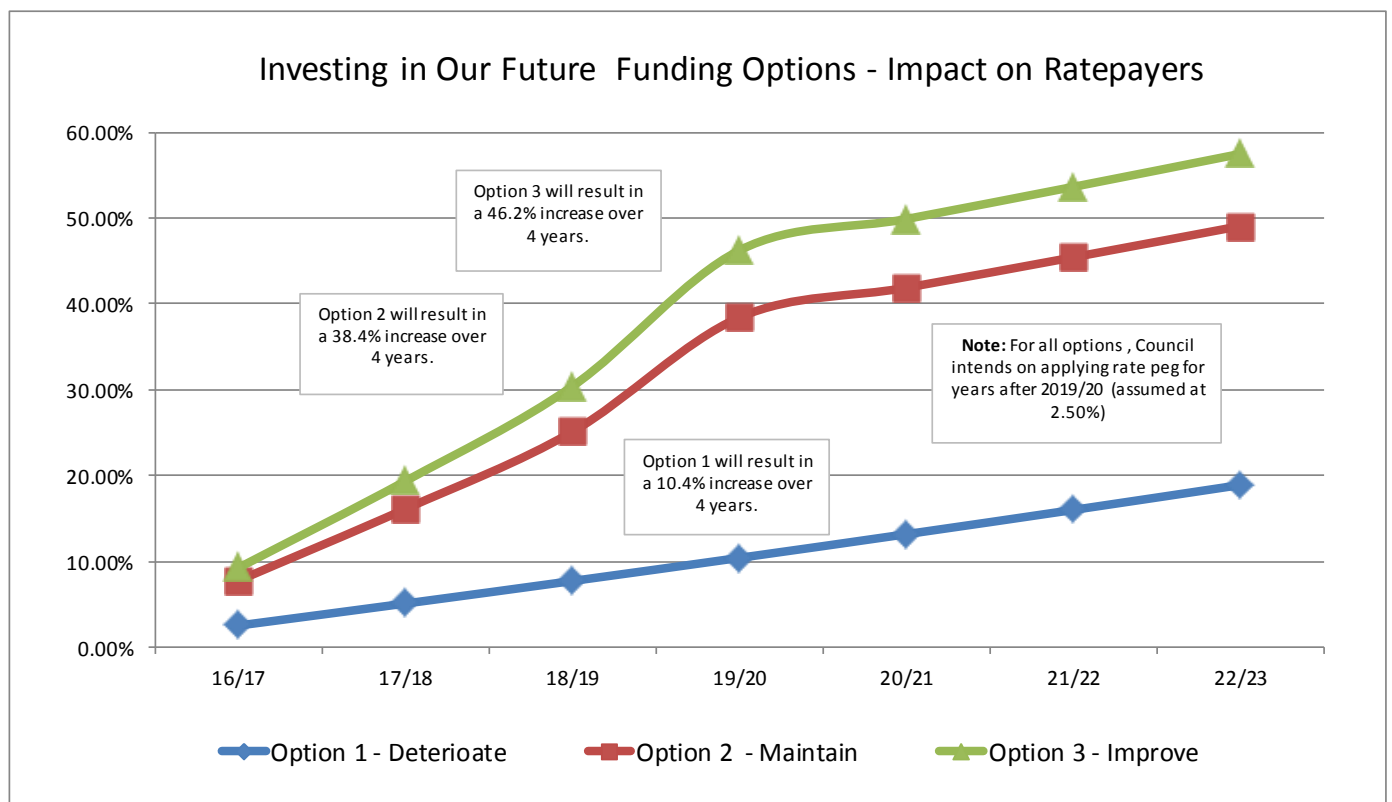
We would improve the quality of our community assets by being able to fund the required asset renewal and maintenance. We would continue to look after our environment and be able to undertake some new work to fill essential asset gaps.

Special Rate Variation of 9.25% each year for three years and 12.15% in the fourth year. This includes the annual estimated 2.5% rate peg. Over the four year period this is a cumulative increase of 46.2%. At the end of the four year period the Special Rate Variation increases would be built into the rate base.

This option would generate \$98.4 million over 10 years and would allow an additional spend of:

- \$51.6 million on roads, road drainage, footpaths and shared pathways;
- \$26.9 million on stormwater drainage;
- \$15.8 million on buildings;
- \$4.1 million parks and open spaces.

The three options are reflected in the graph below:



How will this impact on my rates?

The impact of each of these options on average rates is shown in the tables below:

Impact on Average RESIDENTIAL RATES		Current	2016/17	2017/18	2018/19	2019/20	Total Increase
Option 1: Deteriorate	Annual Rate	\$1,278.63	\$1,310.59	\$1,343.36	\$1,376.94	\$1,363.99	\$85.36
	Annual Increase	-	\$31.96	\$32.77	\$33.58	-\$12.95	
Option 2: Maintain	Annual Rate	\$1,278.63	\$1,377.72	\$1,484.49	\$1,599.54	\$1,712.81	\$434.18
	Annual Increase	-	\$99.09	\$106.77	\$115.05	\$113.27	
Option 3: Improve	Annual Rate	\$1,278.63	\$1,396.90	\$1,526.11	\$1,667.28	\$1,809.41	\$530.78
	Annual Increase	-	\$118.27	\$129.21	\$141.17	\$142.13	

Impact on Average BUSINESS RATES		Current	2016/17	2017/18	2018/19	2019/20	Total Increase
Option 1: Deteriorate	Annual Rate	\$3,564.93	\$3,654.06	\$3,745.41	\$3,839.04	\$3,870.03	\$305.11
	Annual Increase	-	\$89.13	\$91.35	\$93.64	\$30.99	
Option 2: Maintain	Annual Rate	\$3,564.93	\$3,841.22	\$4,138.91	\$4,459.68	\$4,790.28	\$1,225.35
	Annual Increase	-	\$276.29	\$297.69	\$320.77	\$330.60	
Option 3: Improve	Annual Rate	\$3,564.93	\$3,894.69	\$4,254.95	\$4,648.53	\$5,064.38	\$1,499.45
	Annual Increase	-	\$329.76	\$360.26	\$393.58	\$415.85	

Impact on Average FARMLAND RATES		Current	2016/17	2017/18	2018/19	2019/20	Total Increase
Option 1: Deteriorate	Annual Rate	\$2,988.49	\$3,063.20	\$3,139.78	\$3,218.28	\$3,169.96	\$181.47
	Annual Increase	-	\$74.71	\$76.58	\$78.50	-\$48.32	
Option 2: Maintain	Annual Rate	\$2,988.49	\$3,220.10	\$3,469.66	\$3,738.56	\$3,999.24	\$1,010.75
	Annual Increase	-	\$231.61	\$249.56	\$268.90	\$260.68	
Option 3: Improve	Annual Rate	\$2,988.49	\$3,264.93	\$3,566.93	\$3,896.87	\$4,223.76	\$1,235.27
	Annual Increase	-	\$276.44	\$302.00	\$329.94	\$326.89	

INVESTING IN OUR FUTURE



The impact of each of these options on land value ranges is shown in the tables below:

RESIDENTIAL

OPTION 1 - DETERIORATE

Rateable Value	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$99,999	\$833.60	\$854.45	\$875.81	\$897.70	\$889.14
\$100,000 to \$199,999	\$841.06	\$862.09	\$883.64	\$905.73	\$889.14
\$200,000 to \$299,999	\$1,151.75	\$1,180.53	\$1,210.05	\$1,240.30	\$1,224.45
\$300,000 to \$399,999	\$1,602.71	\$1,642.75	\$1,683.83	\$1,725.93	\$1,714.23
\$400,000 to \$499,999	\$2,053.67	\$2,104.97	\$2,157.62	\$2,211.56	\$2,204.01
\$500,000 to \$599,999	\$2,504.63	\$2,567.19	\$2,631.40	\$2,697.19	\$2,693.79
\$600,000 to \$699,999	\$2,955.59	\$3,029.42	\$3,105.18	\$3,182.82	\$3,183.57
\$700,000 to \$799,999	\$3,406.55	\$3,491.64	\$3,578.97	\$3,668.45	\$3,673.35
\$800,000 to \$899,999	\$3,857.51	\$3,953.86	\$4,052.75	\$4,154.08	\$4,163.13
\$900,000 to \$999,999	\$4,308.47	\$4,416.08	\$4,526.53	\$4,639.71	\$4,652.91
\$1,000,000 and above	\$5,661.35	\$5,802.75	\$5,947.88	\$6,096.60	\$6,122.25

OPTION 2 - MAINTAIN

Rateable Value	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$99,999	\$833.60	\$898.20	\$967.82	\$1,042.83	\$1,116.79
\$100,000 to \$199,999	\$841.06	\$906.24	\$976.48	\$1,052.15	\$1,125.02
\$200,000 to \$299,999	\$1,151.75	\$1,241.00	\$1,337.17	\$1,440.81	\$1,541.84
\$300,000 to \$399,999	\$1,602.71	\$1,726.90	\$1,860.73	\$2,004.95	\$2,147.82
\$400,000 to \$499,999	\$2,053.67	\$2,212.81	\$2,384.28	\$2,569.09	\$2,753.80
\$500,000 to \$599,999	\$2,504.63	\$2,698.71	\$2,907.84	\$3,133.23	\$3,359.78
\$600,000 to \$699,999	\$2,955.59	\$3,184.62	\$3,431.40	\$3,697.36	\$3,965.76
\$700,000 to \$799,999	\$3,406.55	\$3,670.52	\$3,954.95	\$4,261.50	\$4,571.74
\$800,000 to \$899,999	\$3,857.51	\$4,156.42	\$4,478.51	\$4,825.64	\$5,177.72
\$900,000 to \$999,999	\$4,308.47	\$4,642.33	\$5,002.07	\$5,389.78	\$5,783.70
\$1,000,000 and above	\$5,661.35	\$6,100.04	\$6,572.74	\$7,082.19	\$7,601.64

OPTION 3 - IMPROVE

Rateable Value	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$99,999	\$833.60	\$910.71	\$994.95	\$1,086.99	\$1,178.53
\$100,000 to \$199,999	\$841.06	\$918.86	\$1,003.85	\$1,096.71	\$1,186.76
\$200,000 to \$299,999	\$1,151.75	\$1,258.27	\$1,374.67	\$1,501.82	\$1,629.27
\$300,000 to \$399,999	\$1,602.71	\$1,750.94	\$1,912.91	\$2,089.84	\$2,270.22
\$400,000 to \$499,999	\$2,053.67	\$2,243.61	\$2,451.15	\$2,677.86	\$2,911.17
\$500,000 to \$599,999	\$2,504.63	\$2,736.27	\$2,989.39	\$3,265.88	\$3,552.12
\$600,000 to \$699,999	\$2,955.59	\$3,228.94	\$3,527.62	\$3,853.91	\$4,193.07
\$700,000 to \$799,999	\$3,406.55	\$3,721.60	\$4,065.86	\$4,441.93	\$4,834.02
\$800,000 to \$899,999	\$3,857.51	\$4,214.27	\$4,604.10	\$5,029.95	\$5,474.97
\$900,000 to \$999,999	\$4,308.47	\$4,706.94	\$5,142.34	\$5,617.97	\$6,115.92
\$1,000,000 and above	\$5,661.35	\$6,184.93	\$6,757.06	\$7,382.04	\$8,038.77

INVESTING IN OUR FUTURE



BUSINESS

OPTION 1 - DETERIORATE

Rateable Value	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$99,999	\$833.60	\$854.45	\$875.81	\$897.70	\$889.14
\$100,000 to \$199,999	\$1,098.59	\$1,126.05	\$1,154.20	\$1,183.06	\$1,173.83
\$200,000 to \$299,999	\$1,814.75	\$1,860.10	\$1,906.60	\$1,954.28	\$1,956.38
\$300,000 to \$399,999	\$2,530.91	\$2,594.15	\$2,659.00	\$2,725.50	\$2,738.93
\$400,000 to \$499,999	\$3,247.07	\$3,328.21	\$3,411.41	\$3,496.72	\$3,521.48
\$500,000 to \$599,999	\$3,963.23	\$4,062.26	\$4,163.81	\$4,267.94	\$4,304.03
\$600,000 to \$699,999	\$4,679.39	\$4,796.31	\$4,916.21	\$5,039.16	\$5,086.58
\$700,000 to \$799,999	\$5,395.55	\$5,530.36	\$5,668.62	\$5,810.38	\$5,869.13
\$800,000 to \$899,999	\$6,111.71	\$6,264.42	\$6,421.02	\$6,581.59	\$6,651.68
\$900,000 to \$999,999	\$6,827.87	\$6,998.47	\$7,173.42	\$7,352.81	\$7,434.23
\$1,000,000 and above	\$8,976.35	\$9,200.63	\$9,430.63	\$9,666.47	\$9,781.88

OPTION 2 - MAINTAIN

Rateable Value	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$99,999	\$833.60	\$898.20	\$967.82	\$1,042.83	\$1,116.79
\$100,000 to \$199,999	\$1,098.59	\$1,183.72	\$1,275.46	\$1,374.32	\$1,472.04
\$200,000 to \$299,999	\$1,814.75	\$1,955.37	\$2,106.92	\$2,270.21	\$2,435.47
\$300,000 to \$399,999	\$2,530.91	\$2,727.03	\$2,938.38	\$3,166.11	\$3,398.90
\$400,000 to \$499,999	\$3,247.07	\$3,498.68	\$3,769.83	\$4,062.01	\$4,362.33
\$500,000 to \$599,999	\$3,963.23	\$4,270.34	\$4,601.29	\$4,957.91	\$5,325.76
\$600,000 to \$699,999	\$4,679.39	\$5,041.99	\$5,432.75	\$5,853.80	\$6,289.19
\$700,000 to \$799,999	\$5,395.55	\$5,813.64	\$6,264.20	\$6,749.70	\$7,252.62
\$800,000 to \$899,999	\$6,111.71	\$6,585.30	\$7,095.66	\$7,645.60	\$8,216.05
\$900,000 to \$999,999	\$6,827.87	\$7,356.95	\$7,927.12	\$8,541.50	\$9,179.48
\$1,000,000 and above	\$8,976.35	\$9,671.91	\$10,421.49	\$11,229.19	\$12,069.77

OPTION 3 - IMPROVE

Rateable Value	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$99,999	\$833.60	\$910.71	\$994.95	\$1,086.99	\$1,178.53
\$100,000 to \$199,999	\$1,098.59	\$1,200.20	\$1,311.22	\$1,432.51	\$1,555.27
\$200,000 to \$299,999	\$1,814.75	\$1,982.60	\$2,165.99	\$2,366.34	\$2,574.19
\$300,000 to \$399,999	\$2,530.91	\$2,765.00	\$3,020.76	\$3,300.17	\$3,593.11
\$400,000 to \$499,999	\$3,247.07	\$3,547.39	\$3,875.53	\$4,234.01	\$4,612.03
\$500,000 to \$599,999	\$3,963.23	\$4,329.79	\$4,730.30	\$5,167.84	\$5,630.95
\$600,000 to \$699,999	\$4,679.39	\$5,112.18	\$5,585.07	\$6,101.67	\$6,649.87
\$700,000 to \$799,999	\$5,395.55	\$5,894.58	\$6,439.84	\$7,035.50	\$7,668.79
\$800,000 to \$899,999	\$6,111.71	\$6,676.97	\$7,294.61	\$7,969.34	\$8,687.71
\$900,000 to \$999,999	\$6,827.87	\$7,459.37	\$8,149.38	\$8,903.17	\$9,706.63
\$1,000,000 and above	\$8,976.35	\$9,806.56	\$10,713.69	\$11,704.67	\$12,763.39

INVESTING IN OUR FUTURE



FARMLAND

OPTION 1 - DETERIORATE

Rateable Value	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$99,999	\$1,205.18	\$1,235.32	\$1,266.20	\$1,297.85	\$1,299.30
\$100,000 to \$199,999	\$1,212.64	\$1,242.96	\$1,274.03	\$1,305.88	\$1,299.30
\$200,000 to \$299,999	\$1,220.10	\$1,250.60	\$1,281.86	\$1,313.91	\$1,299.30
\$300,000 to \$399,999	\$1,227.56	\$1,258.25	\$1,289.70	\$1,321.94	\$1,299.30
\$400,000 to \$499,999	\$1,235.02	\$1,265.89	\$1,297.53	\$1,329.97	\$1,299.30
\$500,000 to \$599,999	\$1,304.53	\$1,337.12	\$1,370.52	\$1,404.80	\$1,368.24
\$600,000 to \$699,999	\$1,537.29	\$1,575.69	\$1,615.06	\$1,655.45	\$1,617.01
\$700,000 to \$799,999	\$1,770.05	\$1,814.26	\$1,859.59	\$1,906.10	\$1,865.78
\$800,000 to \$899,999	\$2,002.81	\$2,052.84	\$2,104.12	\$2,156.75	\$2,114.55
\$900,000 to \$999,999	\$2,235.57	\$2,291.41	\$2,348.66	\$2,407.40	\$2,363.32
\$1,000,000 and above	\$2,933.85	\$3,007.13	\$3,082.26	\$3,159.35	\$3,109.63

OPTION 2 - MAINTAIN

Rateable Value	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$99,999	\$1,205.18	\$1,298.58	\$1,399.23	\$1,507.67	\$1,617.66
\$100,000 to \$199,999	\$1,212.64	\$1,306.62	\$1,407.89	\$1,516.99	\$1,625.89
\$200,000 to \$299,999	\$1,220.10	\$1,314.65	\$1,416.54	\$1,526.32	\$1,634.12
\$300,000 to \$399,999	\$1,227.56	\$1,322.68	\$1,425.20	\$1,535.65	\$1,642.35
\$400,000 to \$499,999	\$1,235.02	\$1,330.72	\$1,433.85	\$1,544.98	\$1,650.58
\$500,000 to \$599,999	\$1,304.53	\$1,405.61	\$1,514.53	\$1,631.89	\$1,742.29
\$600,000 to \$699,999	\$1,537.29	\$1,656.40	\$1,784.75	\$1,923.06	\$2,054.18
\$700,000 to \$799,999	\$1,770.05	\$1,907.19	\$2,054.98	\$2,214.23	\$2,366.07
\$800,000 to \$899,999	\$2,002.81	\$2,157.99	\$2,325.21	\$2,505.39	\$2,677.96
\$900,000 to \$999,999	\$2,235.57	\$2,408.78	\$2,595.43	\$2,796.56	\$2,989.85
\$1,000,000 and above	\$2,933.85	\$3,161.16	\$3,406.11	\$3,670.06	\$3,925.52

OPTION 3 - IMPROVE

Rateable Value	2015/16	2016/17	2017/18	2018/19	2019/20
\$0 to \$99,999	\$1,205.18	\$1,316.66	\$1,438.45	\$1,571.51	\$1,707.87
\$100,000 to \$199,999	\$1,212.64	\$1,324.81	\$1,447.35	\$1,581.24	\$1,716.10
\$200,000 to \$299,999	\$1,220.10	\$1,332.96	\$1,456.25	\$1,590.96	\$1,724.33
\$300,000 to \$399,999	\$1,227.56	\$1,341.10	\$1,465.15	\$1,600.68	\$1,732.56
\$400,000 to \$499,999	\$1,235.02	\$1,349.25	\$1,474.05	\$1,610.40	\$1,740.79
\$500,000 to \$599,999	\$1,304.53	\$1,425.18	\$1,556.97	\$1,701.02	\$1,839.36
\$600,000 to \$699,999	\$1,537.29	\$1,679.47	\$1,834.76	\$2,004.53	\$2,168.90
\$700,000 to \$799,999	\$1,770.05	\$1,933.75	\$2,112.56	\$2,308.03	\$2,498.44
\$800,000 to \$899,999	\$2,002.81	\$2,188.04	\$2,390.36	\$2,611.53	\$2,827.98
\$900,000 to \$999,999	\$2,235.57	\$2,442.33	\$2,668.16	\$2,915.03	\$3,157.52
\$1,000,000 and above	\$2,933.85	\$3,205.18	\$3,501.56	\$3,825.54	\$4,146.14

Why don't the tables show the increases for Option 2 as 38.4% and Option 3 as 46.2%

The reason for this is because the Environment Levy is already included in your rates. Council is simply seeking a continuation of the Environment Levy. As such there should be no increase in your rates as a result of the additional 2.9% increase in the fourth year for both options 2 and 3.

Taking the continuation of the Environment Levy into account the increase for Option 2 will be approx. 34.8% and for Option 3 approx. 42.5%. This is shown in the table below:

Rate Increase Including 2.9% for Environment Levy in Year 4.

Total Annual Increase %	2016/17	2017/18	2018/19	2019/20	Total Increase (Compounded)
Option 2	7.75%	7.75%	7.75%	10.65%	38.4%
Option 3	9.25%	9.25%	9.25%	12.15%	46.2%

Rate Increase Excluding 2.9% for Environment Levy in Year 4.

Total Annual Increase %	2016/17	2017/18	2018/19	2019/20	Total Increase (Compounded)
Option 2	7.75%	7.75%	7.75%	7.75%	34.8%
Option 3	9.25%	9.25%	9.25%	9.25%	42.5%

What other factors could impact on how much rates I have to pay?

Council rates are calculated based on the value of your land, as determined by the NSW Valuer General. Updated land values are provided to Council every three years. A general revaluation is due to effect land valuations to properties throughout the Shire from 1 July 2016. Any significant fluctuation in your land valuations will also have an impact on the amount of rates you pay.

What if I have difficulties in paying my rates?

Council acknowledges that any rate increase may adversely impact some community members. Council has mechanisms in place to assist ratepayers should they incur difficulty in keeping up with their rates payments, including a Financial Hardship Policy.

Visit www.wsc.nsw.gov.au/rates for more information.

Where can I find more information about rates?

You can learn more about rates on the Office of Local Government or Wingecarribee Shire Council websites:

- www.olg.nsw.gov.au/content/rates-and-charges-frequently-asked-questions
- www.wsc.nsw.gov.au/guide-to-council-rates