

Gunnedah Shire Council

Community Strategic Plan and Special Rate Variation

Community Information Pack

2 August 2024

Open New Horizons



Gunnedah
Shire Council

AGENDA

- Community Strategic Plan
 - Current Community Strategic Plan themes
 - Are they still current and appropriate.
- Financial Sustainability & Special Rate Variation
 - Current Financial position
 - Our options
 - Why consider an SRV?
 - SRV value for discussion
 - Impact on ratepayers
 - Where will the money be spent?
 - How do we compare to others
 - Is it just Gunnedah Shire in this position?
- Discussion

Community Strategic Plan Review

➤ Current Themes

➤ **Theme 1: Engaging and Supporting the Community**

- Focused on community leadership, engagement in decision-making and Council's role as an organisation and the need to fund and manage infrastructure.

➤ **Theme 2: Building our Shire's Economy**

- Focuses on an increasing population, investment and diversifying the Shire's economic base.

➤ **Theme 3: Retaining Our Quality of Life**

- Focuses on creating positivity of country living, in a supportive and friendly community.
- It is a great place to bring up a family. Parklands, open space, sporting and cultural facilities offer a wide range of recreational opportunities. "There is always something to do if you are interested."

➤ **Theme 4: Protecting and Enjoying Our Beautiful Surrounds**

- Focuses on our beautiful surrounds include the open plains, landscapes, waterways, native flora and fauna as well as our built environment, heritage, parks and urban streetscapes.
- Covers agriculture benefits from productive soils and mining from high quality coal deposits.
- Notes the importance of the balance between development and industry and maintaining biodiversity.
- Covers the need for our precious koalas need to be protected and nurtured.

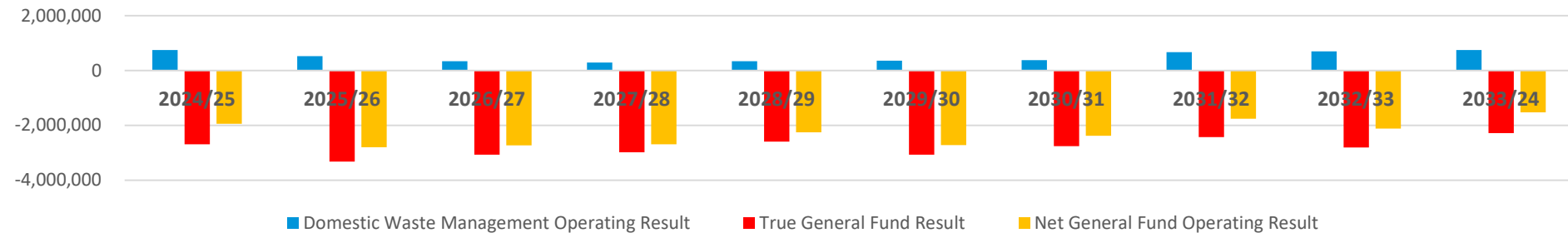
Themes: Are they still current?

- **Where do we want to be in 10 years' time?**
- **What are our current priorities and aspirations?**
- **Is the community willing to pay for additional services (either new or increased services)**
- **Are our current themes still current?**
 - *Engaging and Supporting the Community*
 - *Building our Shire's economy*
 - *Retaining our quality of life*
 - *Protecting and Enjoying our beautiful surrounds*

Current Financial Position

Forecast Operating Result

Forecast Operating Result



- Councils' current rates income is approximately \$16m per year and has an operating deficit of \$3.1m/year in the General Fund excluding Domestic Waste Management.
- This means Council is spending \$3.1m less than required to maintain its assets and for each year this continues, the asset renewal backlog increases by \$3.1m
- GSC's general fund is currently in a stable but weakening financial position, heavily reliant on State and Federal grants. (for example, the \$3.1m deficit includes additional roads funding not guaranteed after 28/29)
- GSC has limited unrestricted cash reserves and without addressing this, GSC will move into a negative unrestricted cash position within three years. This cannot be allowed to happen.
- It is important to note the bank account balance does not equal the unrestricted cash reserves. There are concerns \$10m in the bank may be seen as 'not bad' which is misleading.

What are our options

The options Council has available include:

- 1. Reducing service levels, which will impact the local economy,*
- 2. Sell and/or dispose of assets that will reduce the associated on-going expenses,*
- 3. Increase income raised through rates, user fee and charges, and other sources, or*
- 4. A combination of the above options.*

Why an SRV?

- Efficiency gains can only cover a portion of the shortfall.
- GSC has very limited opportunity to increase own source revenue.
- Council's income base from rates is fixed. Any increase is limited to an annual 'rate peg' amount set by the State Government.
- The rate peg has not been sufficient to cover the true increase in the cost of running Council in recent years.
 - If the rate peg has been 2%pa below the real increased cost of services, it equates to a compound effect of 22% over the past ten years.
 - At 3% it equates to a compounded effect of 34% over the past ten years.

How much does Council need?

- Council needs an additional \$3.1m per annum on top of normal cost increases (currently approx. \$800k per annum) to address the current known asset renewal gap in General Fund excluding domestic waste.
- Council also needs an additional \$1.5m per year to create capacity that will allow us to:
 - commence addressing the infrastructure backlog
 - The Roads and Buildings backlog is currently \$15m over 10 years.

What is the Proposed SRV?

- Council is discussing an SRV of 38.88% to be implemented over two years.
- The proposed SRV is for maintaining our assets by addressing the renewal gap and creating capacity to commence addressing the backlog of works.
- The implementation would be proposed as:
 - 24% in year one – this will address the current renewal gap to stop further asset deterioration, and
 - 12% in year – this will create capacity to commence addressing the backlog.

Implications of the SRV Options

Do Nothing

- Always an option and the default scenario if no decision to proceed is made.
- Will result in a further deterioration of assets and an increase in the asset renewal backlog.
- Will ultimately mean a lower level of service over key asset classes

38.88% increase implemented across two years and retained permanently

- Will allow for the assets to be maintained at current targeted service levels
- Will create capacity to address a portion of the backlog of renewal works.
- Will create some capacity to address the impacts of cost shifting and match future grant opportunities.
- Implementing over two years will reduce the single year impact on ratepayers and time to build resources to utilise the funds.
- Will allow more time to seek other funding sources
- Potential to not apply full amount if alternate funding can be sourced

Impacts of the SRV Options – No SRV

Category	2024/25 Average per annum	Year 1 Increase / per annum	Year 1 Increase / per week	Year 2 Increase / per annum	Year 2 Increase / per week	2026/27 Average per annum
Residential	\$1,106	\$54	\$1.04	\$58	\$1.12	\$1,218
Business	\$5,899	\$286	\$5.50	\$309	\$5.94	\$6,494
Farmland	\$5,337	\$258	\$4.96	\$280	\$5.38	\$5,875

Under this option the impact would be:

- Our sealed and gravel road networks would deteriorate.
- Council would not be able to maintain the range of facilities and services currently provided.
- Council would rely heavily on grant funding to renew existing assets.
- Community and recreational facilities such as pools and buildings will continue to deteriorate if grant funding is not successful, and potentially closed when the risk of operating becomes unacceptable.
- Council's backlog of roadworks would continue to increase and gravel roads would not be improved.



Impacts of the SRV Options – 38.88% increase

Category	2024/25 Average per annum	Year 1 Increase / per annum	Year 1 Increase / per week	Year 2 Increase / per annum	Year 2 Increase / per week	2026/27 Average per annum
Residential	\$1,106	\$264	\$5.08	\$164	\$3.15	\$1,534
Business	\$5,899	\$1,405	\$27.02	\$877	\$16.87	\$8,181
Farmland	\$5,337	\$1,271	\$24.44	\$793	\$15.25	\$7,401

The proposed SRV is anticipated to generate an additional revenue of \$6.2 million over a two-year period from 2025-2026 to 2026-2027 and will be used to fund maintenance of local infrastructure, including:

- Grading unsealed local roads to meet existing service levels;
- Additional maintenance of rural roads;
- Roadwork and renewal of urban streets;
- Increased bitumen resealing and gravel re-sheeting to keep our roads at a good standard and prevent them from deteriorating;
- Culverts, causeways, drainage and footpath renewal; and
- Community assets renewal.

Where would the money be spent?

Rate Peg Only	24% increase in year 1	12% increase in year 2
Additional income of \$777,000 (based on 5%).	Additional income of \$3.82m	Additional income of \$2.38m
<p>The funds would be split to cover award wages increases and contractual obligations with any residual allocated to asset classes and priority works if/where possible.</p> <p>(e.g. the 24/25 award wage increase equates to \$500,000 for general fund excluding waste).</p>	<p>\$800k – general cost increases due to award wages increase and contract obligations</p>	<p>\$900k – general cost increases due to award wages increase and contract obligations</p>
	<p>Infrastructure Renewal</p> <ul style="list-style-type: none"> • \$2.1m – Transport • \$500k Open Space • \$400k – Buildings • Stormwater – TBD <p><i>Transport includes Sealed Roads, Unsealed roads, Bridges, Signage</i></p>	<p>\$1,500,000</p> <ul style="list-style-type: none"> ➤ commence addressing the backlog of works (Commencing with Roads and Buildings).

None of these scenarios include any capacity to address items such as the Cultural precinct Masterplan, Admin building upgrades until at least year five and assuming future rate pegs cover the true increase in operating costs.

What do you get for you General Rates?

- Residential - \$21.27 / week, Business - \$113.44/week,
- Farmland - \$102.63/week (values and services exclude Water, Sewer and Domestic Waste)

- Roads, bridges and transport services
- Libraries/library services
- Cemeteries
- Sporting facilities and grounds
- Events and festivals
- Arts and cultural facilities
- Swimming pools/Aquatic centres
- Parks and playgrounds
- Community buildings/halls
- Development Control and Planning
- Street cleaning / Street Lighting
- Public Amenities
- Emergency Services (RFS, SES, Fire & Rescue, ESL)
- Community safety/crime prevention / Graffiti management

- Youth Services
- Local area/town centre appearance
- Health / Food safety
- Weed / Vegetation control
- Stormwater drainage/flood management
- Litter control & rubbish dumping
- Protecting the natural environment
- Tree management
- Economic Development
- Domestic animal control
- Tourism
- Protecting heritage values and buildings
- Community Engagement
- Governance / Elected members / Grant applications
- Advocacy

How will the SRV impacts my Rates



ABN 80 183 655 793
 Administration Building
 63 Elgin St, Gunnedah
 PO Box 63, Gunnedah, NSW 2380
 Enquiries: (02) 6740 2100
 Email: council@gunnedah.nsw.gov.au
 Web: www.gunnedah.nsw.gov.au

RATES AND CHARGES NOTICE 01/07/2024 to 30/06/2025

RATES ACCOUNT NUMBER
13279251
DATE OF POSTING
17/07/2024
DUE DATE
31/08/2024
RATEABLE VALUE BASE DATE
1/07/2022
RATE CATEGORY
Residential Gunnedah

Gunnedah Shire Council
 PO Box 63
 GUNNEDAH NSW 2380

018

LOCATION AND DESCRIPTION OF PROPERTY
144 Little Conadilly Street GUNNEDAH NSW 2380 Lot C DP 410429



eNotices
To have your notices emailed Register at gunnedah.enotices.com.au Reference No: 0B9D30F39S

PARTICULARS OF RATES AND CHARGES	CENTS IN \$	RATEABLE VALUE	AMOUNT
Residential Gunnedah	0.01172653	49,900	\$585.15
GWS Availability Charge	242.50	1	\$242.50
Sewer Availability Charge	688.40	1	\$688.40
DWMS 1- 140L waste/240L rec/240L green	440.00	1	\$440.00
Waste Management Facility Fee	86.90	1	\$86.90

	2024/25 Value	25/26 - 24% SRV	26/27 - 12% SRV	25/26 Annual Increase	25/26 Weekly Increase	26/27 Annual Increase	26/27 Weekly Increase
Residential Gunnedah	\$ 585.15	\$ 724.57	\$ 811.56	\$ 139.42	\$ 2.68	\$ 86.99	\$ 1.67
		25/26 - 5%	26/27 - 5%				
GWS Availability Charge	\$ 242.50	\$ 254.63	\$ 267.36	\$ 12.13	\$ 0.23	\$ 12.73	\$ 0.24
Sewer Availability Charge	\$ 688.40	\$ 722.82	\$ 758.96	\$ 34.42	\$ 0.66	\$ 36.14	\$ 0.70
DWMS 1-140L waste/240L rec/240L green	\$ 440.00	\$ 462.00	\$ 485.10	\$ 22.00	\$ 0.42	\$ 23.10	\$ 0.44
Waste Management Fee	\$ 86.90	\$ 91.25	\$ 95.81	\$ 4.35	\$ 0.08	\$ 4.56	\$ 0.09
	\$ 2,042.95	\$ 2,255.26	\$ 2,418.78	\$ 212.31	\$ 4.08	\$ 163.52	\$ 3.14

Daily interest will be calculated on overdue Rates and Charges at 10.5% per annum.

1st INSTALMENT	2nd INSTALMENT	3rd INSTALMENT	4th INSTALMENT	TOTAL AMOUNT DUE	DEDUCT PAYMENTS MADE SINCE
\$512.95	\$510.00	\$510.00	\$510.00	\$	\$2,042.95
31/08/2024	30/11/2024	28/02/2025	31/05/2025		12/07/2024



Example of the Rates Calculator

Ordinary Rate Calculator

What is your Rate Assessment No.

13279251

Property Address

144 Little Conadilly Street GUNNEDAH NSW 2380

2022 Rateable Land Value

\$49,900.00

Rate Category/Sub Category

Residential Gunnedah

Current (24-25)

Ordinary Rates Payable \$585.15

Proposed Rate Structure (25-26)

Ordinary Rates Payable \$724.57

Movement between rating years \$139.42

% movement 23.83%

Weekly Variance \$2.68

Proposed Rate Structure (26-27)

Ordinary Rates Payable \$811.56

Movement between rating years \$86.99

% movement 12.01%

Weekly Variance \$1.67

Cumulative % increase 38.69%

Impacts of the SRV Options - detailed

		Base Scenario (5% in 25/26)			Year One Increase (24% in 25/26)			Cumulative Year Two Increase (24% in 25/26 and 12% in 26/27)				
Rating Category	Sub-Category	Average Rate by Category	Increase in Average rate per annum	Additional Cost per week	Average Rate by Category	Increase in Average rate per annum	Additional Cost per week	Average Rate by Category	Increase in Average rate per annum	Year two weekly increase	Cumulative increase in Average rate per annum	Cumulative Additional Cost per week
Residential	Ordinary	\$993.37	\$46.02	\$0.89	\$1,173.04	\$225.70	\$4.34	\$1,313.84	\$140.80	\$2.71	\$366.50	\$7.05
	Rural	\$1,294.24	\$59.92	\$1.15	\$1,528.89	\$294.16	\$5.66	\$1,712.36	\$183.47	\$3.53	\$477.63	\$9.19
	Gunnedah	\$1,251.00	\$57.75	\$1.11	\$1,473.94	\$283.58	\$5.45	\$1,650.81	\$176.87	\$3.40	\$460.45	\$8.85
	Village	\$614.32	\$28.29	\$0.54	\$725.54	\$139.51	\$2.68	\$812.57	\$87.03	\$1.67	\$226.54	\$4.36
Business	Ordinary	\$1,027.07	\$47.23	\$0.91	\$1,213.25	\$233.41	\$4.48	\$1,358.24	\$145.22	\$2.79	\$378.40	\$7.28
	Gunnedah	\$7,288.80	\$337.29	\$6.49	\$8,607.60	\$1,656.09	\$31.85	\$9,640.58	\$1,032.98	\$19.87	\$2,689.07	\$51.71
	Business Power Generation	\$12,151.13	\$562.30	\$10.81	\$14,349.69	\$2,760.86	\$53.09	\$16,071.78	\$1,722.09	\$33.12	\$4,482.95	\$86.21
Farmland												
		\$5,595.43	\$258.89	\$4.98	\$6,607.85	\$1,271.31	\$24.45	\$7,400.80	\$792.95	\$15.25	\$2,064.26	\$39.70
Mining		\$331,774.99	\$15,359.02	\$295.37	\$392,042.13	\$75,426.21	\$1,450.50	\$439,087.13	\$47,045.00	\$904.71	\$122,471.21	\$2,355.22
	Additional Yield		\$777,378.75			\$3,817,734.71			\$2,381,205.71			



What if I am struggling to pay my rates

- Council is aware of the rising costs faced by the community. These same drivers are one of the key factors driving this conversation.
- Council has reviewed and updated its Councils 'Hardship Policy' which works to provide relief.
- Council is reviewing options to minimise the impact of any potential rate rise on residents including consideration of a potential freeze of some annual charges
 - e.g., domestic waste and sewer charges for one year if the SRV proceeds to minimise the impact on the community.
- Council will also seek to ensure the community are aware of the various methods available to pay rates. For example, demonstrate how residents can pay their rates in smaller but more frequent payments, e.g., weekly/fortnightly/monthly.



What is Council doing to improve efficiencies?

- Council will also continue improving its operations, however there is not enough capacity to cover the full amount of the asset renewal gap through efficiency gains alone.
- Efficiency gains are normally used to offset unexpected expenses, such as cost shifting, and minimise future increases.
- Recent improvement and savings include:
 - Insurance savings,
 - Reduced electricity costs (street lighting and Sewer treatment Plant),
 - Service Review program,
 - Changed unsealed roads techniques (compaction v dry grading),
 - Parks and Gardens (GPS line marking, irrigation systems),
 - IT system improvements and Planning portal integration, and
 - Library service improvements.

Is it only Gunnedah Shire Council?

- No, Financial sustainability is a significant issue across local government in NSW.
- Recent years have seen:
 - Significant Cost shifting (e.g., Emergency Services Levy)
 - Increased regulatory costs (e.g., increased audit costs),
 - Growth in asset base. (largely created from grant-funded projects, which are good for the community but create ongoing funding requirements),
 - Labour market challenges, and
 - Large increases in the cost of maintaining assets (e.g., increased price of steel, concrete and associated services).

There are currently multiple reviews being undertaken across the sector to review how we ensure appropriate and sustainable Councils into the future. These include

- Inquiry into Local Government Sustainability, and
- Inquiry - Ability of local governments to fund infrastructure and services.

Is it only Gunnedah Shire Council (cont.)

Across the North-West and the New England, the following Councils have applied for and received SRVs in the past two years.

- Tamworth Regional Council – 36.3% over two years (24/25)
- Armidale Regional Council – 58.8% over three years (23/24)
- Liverpool Plains Shire Council – 18.1% in one year (23/24)
- Tenterfield Council – 43% in one year (23/24)
- Walcha Council – 57.74% across three years (23/24)

Across the state

- Nine (9) Councils made applications for 24/25, and
- 17 applications in 23/24.



Timeline

29 July – 6 September

- Community Consultation

9 September – 23 September

- Report on outcomes in preparation for new Council
- Update draft CSP on feedback from consultation

October

- Present findings to new Council

November / early December

- Final decision on SRV application by new Council



How to get information and provide feedback

Information

- Council's website
 - Background Information
 - Rates Calculator
- Community Engagement Sessions
- Newsletter's
- Call Council's customer service team

Feedback

- Community Engagement Sessions
- Council's website
- Email Council
- ***IPART will also undertake consultation if an application proceeds***

Q&A

- **Where do we want to be in 10 years' time?**
- **What are our current priorities and aspirations?**
- **Is the community willing to pay for additional services (either new or increased services)**
- **Are our current themes still current?**
 - *Engaging and Supporting the Community*
 - *Building our Shire's economy*
 - *Retaining our quality of life*
 - *Protecting and Enjoying our beautiful surrounds*
- **How does the potential SRV application affect your feedback?**

Appendix

➤ Comparison of Rates



Comparison of Rates – Neighbouring Councils

Rates comparisons for Gunnedah to the two neighbouring Councils closest in services from the 2024/25 financial year.

	Average Residential rate \$			Average Business rate \$			Average Farmland rate \$		
	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27
	Current Year	(1st SV year)	(2nd SV year)	Current Year	(1st SV year)	(2nd SV year)	Current Year	(1st SV year)	(2nd SV year)
Gunnedah Shire Council	\$1,106.17	\$1,369.68	\$1,534.04	\$5,898.78	\$7,304.32	\$8,180.84	\$5,336.54	\$6,607.85	\$7,400.80
Narrabri Shire	\$1,143.18	\$1,200.34	\$1,260.36	\$2,921.42	\$3,067.49	\$3,220.86	\$4,437.54	\$4,659.42	\$4,892.39
Tamworth Regional	\$1,387.41	\$1,595.52	\$1,675.30	\$4,942.02	\$5,683.32	\$5,967.49	\$2,530.45	\$2,910.02	\$3,055.52
Average	\$1,063.63	\$1,186.21	\$1,264.69	\$3,652.78	\$4,156.38	\$4,466.46	\$4,290.81	\$4,756.86	\$5,087.21
Difference to Average (\$)	-\$159.13	-\$28.25	\$66.21	\$1,967.06	\$2,928.92	\$3,586.67	\$1,852.55	\$2,823.13	\$3,426.85
Difference to Average (%)	-14.385%	-2.063%	4.316%	33.347%	40.098%	43.842%	34.714%	42.724%	²⁶ 46.304%

Comparison of Rates – Group 11 Councils

Rates comparisons for Gunnedah to three similar Group 11 Councils for the 2024/25 financial year.

	Average Residential rate \$			Average Business rate \$			Average Farmland rate \$		
	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27
	Current Year	(1st SV year)	(2nd SV year)	Current Year	(1st SV year)	(2nd SV year)	Current Year	(1st SV year)	(2nd SV year)
Gunnedah Shire Council	\$1,106.17	\$1,369.68	\$1,534.04	\$5,898.78	\$7,304.32	\$8,180.84	\$5,336.54	\$6,607.85	\$7,400.80
Inverell Shire	\$1,178.13	\$1,237.04	\$1,298.89	\$5,589.83	\$5,869.32	\$6,162.79	\$3,476.36	\$3,650.18	\$3,832.69
Moree Plains Shire	\$1,252.44	\$1,315.06	\$1,380.81	\$5,620.66	\$5,901.69	\$6,196.77	\$13,119.11	\$13,775.07	\$14,463.82
Muswellbrook Shire	\$961.93	\$1,010.03	\$1,060.53	\$2,499.29	\$2,624.25	\$2,755.46	\$4,820.39	\$5,061.41	\$5,314.48
Average	\$1,094.28	\$1,161.30	\$1,232.90	\$3,735.34	\$3,937.50	\$4,151.31	\$6,399.10	\$6,771.31	\$7,167.36
Difference to Average (\$)	-\$24.66	\$182.30	\$287.30	\$1,328.85	\$2,505.90	\$3,142.50	-\$1,802.08	-\$887.70	-\$469.53
Difference to Average (%)	-2.230%	13.310%	18.728%	22.528%	34.307%	38.413%	-33.769%	-13.434%	²⁷ -6.344%