

# Gunnedah Shire Council

Special Rate Variation  
Community Information Pack  
22 November 2024

Open New Horizons



**Gunnedah**  
Shire Council

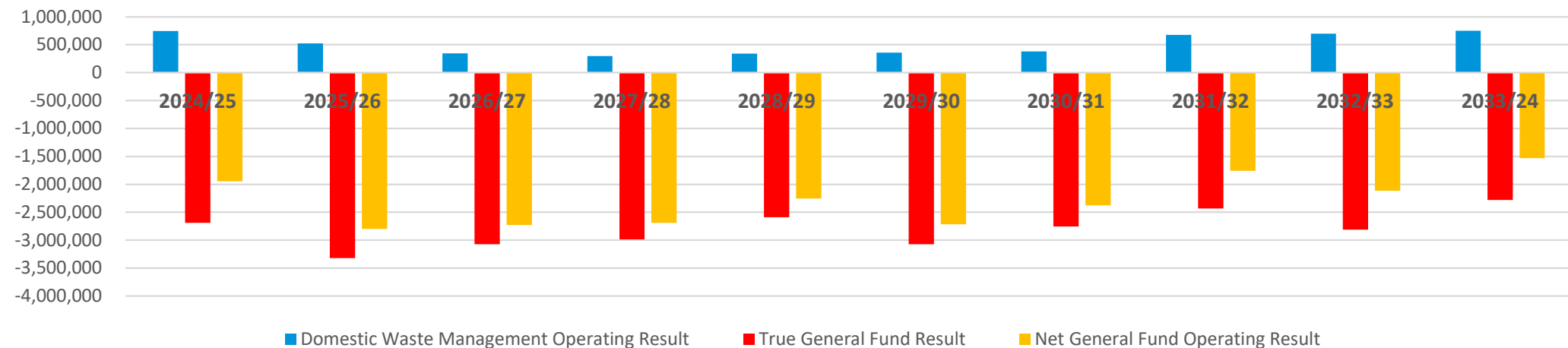
# AGENDA

- Financial Sustainability & Special Rate Variation
  - Current Financial position
  - Options
  - Original SRV Proposal
  - Community Engagement Feedback
  - Revised SRV and Minimum Rate Proposal
  - Impact on Ratepayers
  - Where will the money be spent?
  - Timeline
  - How to provide feedback

# Current Financial Position

## Forecast Operating Result

Forecast Operating Result



- Council currently has an operating deficit of \$3.1m/year in the General Fund excluding Domestic Waste Management.
- This means Council is spending \$3.1m less per year than required to maintain its assets to current targeted service levels.
- GSC's general fund is currently in a stable but weakening financial position, heavily reliant on State and Federal grants.
- GSC has limited unrestricted cash reserves and without addressing this, will move into a negative unrestricted cash position within three years. This cannot be allowed to happen.

# 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.

# Original SRV Proposal

- Between July and September Council discussed a potential SRV of 38.88% to be implemented over two years and retained permanently.
- 38.88% equated to 26% above the rate peg values.
- The 38.88% included the rate peg increase in both years and was proposed to be implemented as:
  - 24% in Year One (to address the current renewal gap), and
  - 12% in Year Two (to commence addressing the backlog gap).
- The proposal would have raised an additional \$6.2m (\$1.7m associated with the rate peg and \$4.5m in additional funds).

# Community Engagement Sessions Feedback

- The Community does not want to see an increase in rates.
- The Community want to see better services for their rates, in particular the community wants to see improved roads.
- If an SRV is required, the first year's increase is too high and it should be for a smaller amount and implemented over a longer period of time.
- Council needs to tighten its belt, be more efficient and review wages budget.
- Council needs to look at how rates are distributed and ensure that each rating category is paying an appropriate proportion of Council's income.
  - more of a user pays model. e.g., those in town should make a larger contribution to services such as libraries and swimming pools compared to rural ratepayers who often only access roads as their main service.
  - acknowledged they can access other services.
  - The mining sector should be paying its fair share of the rates base.



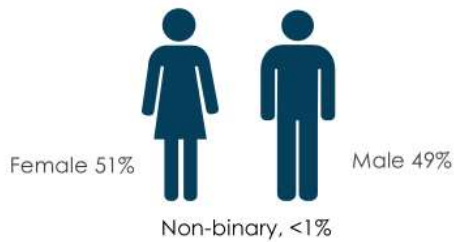
# Independent Telephone Survey Feedback

## ➤ 300 people surveyed independently

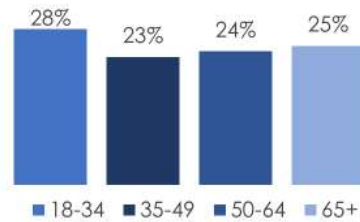
### Sample Profile

The sample was weighted by age and gender to reflect the 2021 ABS Census data for the Gunnedah Shire Council LGA.

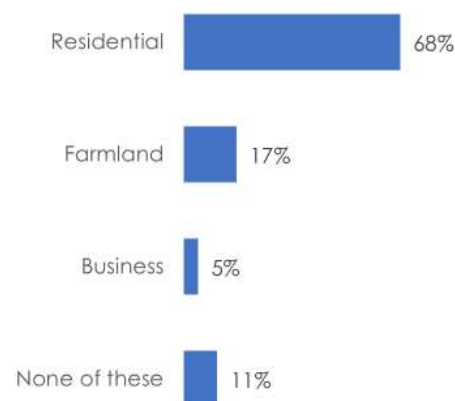
#### Gender



#### Age



#### Type of rates (paid most)



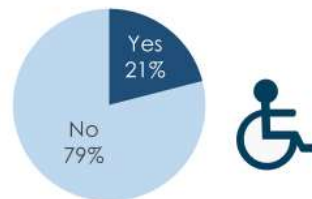
#### Location



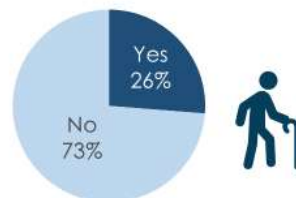
#### Ratepayer status



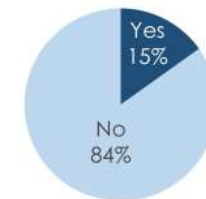
#### Does anyone live in your home live with disability?



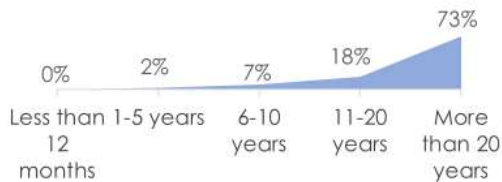
#### Does anyone living in your home receive Commonwealth Government Pensions?



#### Do you identify as Aboriginal or Torres Strait Islander?

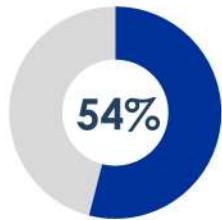


#### Time lived in the area



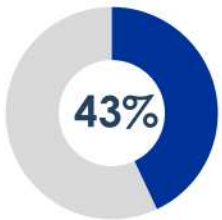
# Independent Telephone Survey Feedback

## Snapshot Summary



### Overall Satisfaction

54% of Gunnedah Shire residents are at least somewhat satisfied with the performance of Council over the last 12 months



### Communication

43% of Gunnedah Shire residents are at least somewhat satisfied the level of communication Council currently has with the community

### Service Satisfaction

Libraries and sewerage management received high satisfaction ratings, while unsealed roads and opportunities for community participation in decision-making were rated with lower levels of satisfaction

### Drivers of Satisfaction

Key areas influencing overall satisfaction included opportunities for community participation (10.3% influence) and economic development (8.6% influence). The expanded regression model highlighted the importance of communication, with this measure highlighted as a very strong driver of overall satisfaction with Council's performance.

### Community Priorities - Unprompted

The top priorities identified by residents include:

1. Road maintenance/ upgrades (47%)
2. Parks/ playgrounds/ sporting facilities (17%)
3. Council communication/ transparency (15%)
4. Reducing rates/ better value for rates (15%)



### Special Rate Variation Awareness and Support

- Almost three quarters of residents were aware of the proposed SRV
- 69% of residents are at least 'somewhat supportive' of the Rate Peg only option
- 39% of residents are at least 'somewhat supportive' of the proposed SRV option

### Support for Additional Rate Increases

- 43% of residents were at least 'somewhat supportive' of paying over and above the proposed SRV to support increased service levels for roads
- 41% were also supportive of paying higher rates and charged to support increased service levels in terms of for parks and gardens
- Support for improvements to the Cultural Precinct was lower (31% at least 'somewhat supportive')

# Independent Telephone Survey Feedback

## Satisfaction Scorecard

14/32 services and facilities received a good performance score (at least somewhat satisfied of 80% or more).

There were 9 areas identified as areas for improvement with a satisfaction score of less than 60% (see red shaded cells).

 **Good performance**  
(T3B sat score ≥80%)

 **Monitor**  
(T3B sat score 60%-79%)

 **Needs improvement**  
(T3B sat score <60%)

Community Facilities	Infrastructure
Public parks	Unsealed roads
Swimming pools	Rural sealed roads
Sporting grounds	Urban streets
Libraries	Footpaths and cycleways
Public buildings and village halls	Street cleaning
The Civic Precinct (i.e. Town Hall/Movie Theatre/Art Gallery)	Gunnedah airport
Gunnedah showground	Drainage/flood management
Quality of town centres and public spaces	Water supply
	Sewerage management
	General garbage collection
	Landfills and waste transfer stations
	Recycling
Human Services	Corporate Services and Management
Youth services	Opportunities to participate in Council decision making
Aged care services (i.e. Go Co)	Management of development
Relationship with Indigenous residents	Tourism, importance
Support for volunteers	Economic development
Disability access	Environmental and sustainability initiatives
Emergency services (i.e. SES, RFS)	Heritage conservation/promotion



# Independent Telephone Survey Feedback

## Key Priorities

Nearly half of residents (47%) stated that road maintenance/upgrades is a key priority for Council to focus on.

Other suggested priorities include parks/ playground/ sporting facilities, Council's management and communication, and rate reduction.

### Example Verbatims

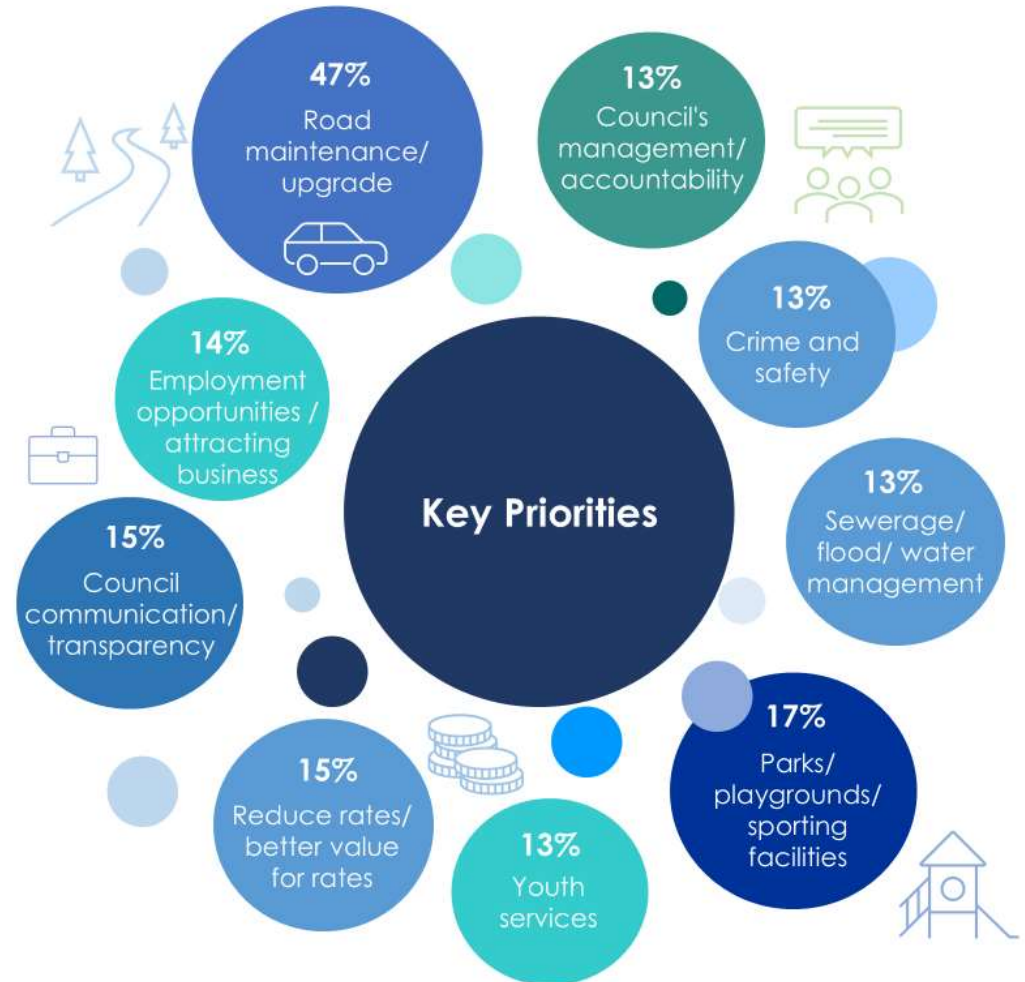
*"Road maintenance and fixing the potholes"*

*"Need to be better with the sporting areas as the basketball hoop is broken and the tennis courts need fixing"*

*"More communication/ transparency with the community about decision-making"*

*"Finding ways to save and gain funds without increasing rates"*

*"Management of Council"*



Base: N = 300

Q2. What do you think are the key priorities for Council in the local area?

Note: Please see Appendix 1 for complete list 13

# Independent Telephone Survey Feedback

## Summary: Special Rate Variation

- 74% of residents had prior awareness of the SRV, awareness was predominantly through social media
- 69% are at least somewhat supportive of Option 1: Rate Peg and 39% are at least somewhat supportive of Council proceeding with Option 2: SRV
- 64% prefer the Rate Peg, with key reasons for this preference centring on a call for better management by Council, a lack of trust and affordability. 36% prefer the SRV as they want to see improvements in the LGA, understand it needs to be undertaken but have reservations about the high price and management from Council
- 43% are at least somewhat supportive of paying above the proposed SRV to see service levels improve for local roads
- 41% are at least somewhat supportive of paying above the proposed SRV to see service levels improve for parks and gardens
- 31% are at least somewhat supportive to pay above the proposed SRV to see service levels improve for the Cultural Precinct



# Revised SRV Options Considered

1. No SRV – Rate Peg only.
2. Original SRV Proposal - permanent 38.88% cumulative SRV over two years | SRV applied equally to all rating categories.
3. Revised SRV Proposal - permanent 42.00% cumulative SRV over three years | SRV capped at 38.88% cumulative for residential, business and farmland rating categories.
4. Revised SRV Proposal - permanent 38.88% cumulative SRV over three years | SRV capped at 33.1% cumulative for residential, business and farmland rating categories.
5. Revised SRV Proposal - permanent 37.67% cumulative SRV over two years | SRV capped at 32.25% cumulative for residential, business and farmland rating categories.
6. Revised SRV Proposal - permanent 42.00% cumulative SRV over three years | SRV capped at 36.8% cumulative for residential, business and farmland rating categories.

# Revised Proposed SRV

At a meeting held on 6 November 2024, Council determined to proceed with an application to IPART for a Special Rate Variation that is:

1. A section 508(A) permanent SRV to address Council's financial sustainability and maintain essential community infrastructure and service levels,
2. The total SRV is 37.67% cumulative to be implemented over two years commencing in the 2025/26 financial year,
3. The increase on **Residential, Business and Farmland** rating categories is capped at **15%** per year (**32.25%** cumulative) with the balance of the revised SRV is to be sourced from the **Mining** rating category (**85.13%** cumulative), and
4. An application to increase the Maximum value of the Minimum ordinary rate to match the section 508(A) permanent SRV application value.
5. Council was mindful of community feedback regarding efficiency and productivity and included an action to strive to find **\$930,000** through efficiency gains and operational savings and report on progress in May each year.

# Revised Proposed SRV

The following tables show the revised proposed SRV by year.

**Table 1: Revised Proposed Special Rate Variation**

	2025/26	2026/27	Cumulative
Permanent increase above rate peg	13.30%	13.17%	
Rate Peg (2025/26 actual, 2026/27 forecast)	4.70%	3.50%	
<b>Total SRV</b>	<b>18.00%</b>	<b>16.67%</b>	<b>37.67%</b>

**Table 2: Revised Proposed Special Rate Variation by Rating Category**

Rating Category	2025/26	2026/27	Compounded Increase %
Residential	15.00%	15.00%	32.25%
Business	15.00%	15.00%	32.25%
Farmland	15.00%	15.00%	32.25%
Mining	43.66%	28.87%	85.13%



# Revised Proposed SRV

The impact on individual ratepayers will vary according to the rating category their property is in. The below information shows the indicative impact of the SRV on the average ratepayer in each main rating category.

Rating Category	2024/25 Average	2025/26 Year 1 Increase	2025/26 Year 1 Increase	2026/27 Year 2 Increase	2026/27 Year 2 Increase	2026/27 Average
	Per Annum	Per Annum	Per Week	Per Annum	Per Week	Per Annum
Residential	\$1,106.16	\$165.93	\$3.19	\$190.81	\$3.67	\$1,462.90
Business	\$5,899.02	\$884.85	\$17.02	\$1,017.58	\$19.57	\$7,801.45
Farmland	\$5,336.54	\$800.49	\$15.39	\$920.55	\$17.70	\$7,057.58
Mining	\$316,615.92	\$138,232.82	\$2,658.32	\$131,297.32	\$2,524.95	\$586,146.06

# Proposed SRV and Minimum rates

To apply the SRV as proposed, Council will also be applying for an increase in the Maximum value of its Minimum rates, as follows:

Rating Category	2024/25	2025/26	2025/26 Year 1 Increase	% Increase	2026/27	2026/27 Year 2 Increase	% Increase	Cumul- ative % Increase
Residential – Ordinary								
Residential – Rural	\$555.00	\$638.00	\$83.00	14.95%	\$733.00	\$95.00	14.89%	32.07%
Residential – Gunnedah								
Business – Gunnedah	\$544.00	\$625.00	\$81.00	14.89%	\$718.00	\$93.00	14.88%	31.99%
Farmland	\$555.00	\$638.00	\$83.00	14.95%	\$733.00	\$95.00	14.89%	32.07%

The above increase is designed to ensure an equitable rating distribution across all ratepayers.

# What is the Proposed SRV?

- The SRV would only apply to the General Rate component of rates notice **and not the whole rate notice.**



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

Gunnedah Shire Council  
PO Box 63  
GUNNEDAH NSW 2380

**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

**eNotices**  
To have your notices emailed  
Register at [gunnedah.enotices.com.au](http://gunnedah.enotices.com.au)  
Reference No: 0B9D30F39S

**DESCRIPTION OF PROPERTY**  
Dilly Street GUNNEDAH NSW 2380

ARTICULARS 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

The SRV would apply to general rates only and would not apply to other charges shown on your rates notice.

# Example of the Rates Calculator

## *See what the SRV means for you*

Use our rates calculator to see how the SRV could affect your property by going to:

<https://rates-app.gunnedah.nsw.gov.au/>

And entering your address or assessment number. This is an example of what the rates calculator will show you →

Ordinary Rate Calculator	
<b>Assessment No</b>	13279251
<b>Property Address</b>	144 Little Conadilly Street GUNNEDAH NSW 2380
<b>2022 Rateable Land Value</b>	\$49,900.00
<b>Rate Category/Sub Category</b>	Residential Gunnedah
<b>Current (24-25)</b>	
Ordinary Rates Payable	\$585.15
<b>Proposed Rate Structure (25-26)</b>	
Ordinary Rates Payable	\$672.96
Movement between rating years	\$87.81
% movement	15.01%
<b>Weekly Variance</b>	<b>\$1.69</b>
<b>Proposed Rate Structure (26-27)</b>	
Ordinary Rates Payable	\$773.96
Movement between rating years	\$101.00
% movement	15.01%
<b>Weekly Variance</b>	<b>\$1.94</b>
<b>Cumulative % increase</b>	<b>32.27%</b>
<b>Disclaimer</b>	
Please note that these are indicative rates based upon current information utilising Land Valuations base dated 1 July 2022. The actual rate amount will be dependent upon future valuation changes, categorisation changes and land value movements and final approval of the rating structure by Council during the finalization of the Special Rate Variation process. The special rate variation is applicable to the general rate only and does not include annual charges for Council services such as stormwater, water supply, sewer supply, waste services or government levies.	

# Where will the money be spent?

The proposed SRV would generate additional revenue of \$4.8 million over a two-year period from 2025-2026 to 2026-2027 and the portion above the rate peg component would 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 is the money intended to be spent?

Year 1 – 18% increase	Year 2 – 16.67% increase
Rate Peg income (4.7%) - \$730k	Rate Peg income (3.5%) - \$660k
Additional SRV income (13.3%) - \$2.1m	Additional SRV income (13.17%) - \$2.5m
\$700k – general cost increases due to award wages increase and contract obligations.	\$650k – general cost increases due to award wages increase and contract obligations (assumes reduction in inflation).
Infrastructure Renewal (\$2.1m) <ul style="list-style-type: none"> <li>• \$1.6m – Transport (<i>Sealed Roads, Unsealed roads, Bridges, Signage, stormwater</i>)</li> <li>• \$250k – Parks, gardens and open space</li> <li>• \$250k – Buildings</li> </ul>	Infrastructure Renewal (\$1m) <ul style="list-style-type: none"> <li>• \$500k – Transport (<i>Sealed Roads, Unsealed roads, Bridges, Signage, stormwater</i>)</li> <li>• \$250k – Parks, gardens and open space</li> <li>• \$250k – Buildings</li> </ul> Infrastructure Backlog - \$1.5m <ul style="list-style-type: none"> <li>• Commencing with roads and urgent building works</li> </ul>

# How the revised proposal considers community feedback

<b>The Community does not want to see an increase in Rates.</b>	<p>Council understands this and does want to increase rates more than required to maintained assets.</p> <p>The revised SRV proposal is for a lower increase that what was originally proposed for Residential, Business, Farmland rating categories. It is also higher than what was originally proposed for the Mining rating category.</p> <p>The option of a lower SRV offset by savings was considered by Council. However, it was also acknowledged that Council operates in a highly legislatively constrained environment and there are minimum levels of service that Council is required to support. In this environment, it is difficult to nominate guaranteed savings that could assist with reducing the impact of an SRV.</p> <p>The decision that Council has made is responsible but allows for flexibility in that we will continue to strive for efficiency in the way we can deliver services.</p>
<b>The Community want to see better services for their rates, in particular the community wants to see improved roads.</b>	<p>While there was strong support for no SRV indicated in the community feedback, there was equally strong support for levels of service to at least be maintained or even improved, which is not possible without an SRV.</p> <p>Without additional funds, Council will not be able to provide the levels of service the community is seeking. The core reason behind this proposal is to allow Council to maintain its assets, with a key focus on roads, closer to the level the community expects.</p>

# How the revised proposal considers community feedback

<p><b>If an SRV is required, the first year's increase is too high and it should be for a smaller amount and implemented over a longer period of time.</b></p>	<p>For the Residential, Business and Farmland rating categories, the revised proposal is for a smaller increase in the first year. The original proposal was for a 24% increase in Year 1 and this has been reduced to a 15% increase in Year 1. The second year is slightly higher than what was originally proposed but the overall cumulative increase under the revised proposal is 6.63% lower than the original proposal for these rating categories.</p> <p>The revised proposal does mean a larger increase for the Mining category than the original proposal.</p>
<p><b>Councils needs to tighten its belt and make sure it is operating as efficiently as possible</b></p>	<p>Council operates an Audit, Risk and Improvement Committee who oversee a service review program to deliver ongoing efficiencies and improvements to Council's operations.</p> <p>Council has documented efficiencies and improvements already achieved as part of the SRV process and is required to demonstrate its progress in this area in the SRV application to IPART.</p> <p>Additionally, in approving the revised SRV proposal, Council included an action to strive for \$930,000 of efficiency gains and operational savings over a three-year period and report on progress in May each year.</p>

# How the revised proposal considers community feedback

**Council needs to look at how rates are distributed and ensure that each rating category is paying an appropriate proportion of Council's income.**

Council has reviewed the proposed contributions by rating category and the revised proposal seeks to re-balance the contributions by category to ensure a fair and equitable distribution of rates across all ratepayers.

If the revised proposal was implemented, the contribution to Council's total rate income would change as per the below table.

Category	Current	Proposed	Movement
Residential	33.10%	31.85%	-1.26%
Business	18.89%	18.17%	-0.72%
Farmland	38.13%	36.68%	-1.45%
Mining	9.88%	13.30%	3.42%



# 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).
- 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)

# Timeline

## **October 2024**

- Presented findings of July – September consultation to newly elected Council

## **November/December 2024**

- Council resolved to apply for an SRV for a revised value
- Present updated IP&R documents to Council to go on public exhibition
  - Updated CES, DP, Resourcing Strategy (LTFP, AMS & Workforce Plan) and Operational Plan
- Updated IP&R documents on public exhibition
- Community consultation on revised proposal
- Letter to IPART with intent to proceed with an SRV application
- Commence drafting SRV and Minimum rate application
- Document feedback from public and community consultation

## **January 2025**

- Receipt of report on feedback from public and community consultation
- Adoption of updated IP&R documents
- Presentation and adoption of the SRV application
- Lodgement of SRV application and Minimum rate application (prior to 3 February 2025)

## **March/April 2025**

- IPART undertake community consultation and determine result of application
- Council prepare two 2025/26 budgets (one including SRV and one excluding SRV)

## **May/June 2025**

- IPART provide SRV determination
- Adoption of 2025/26 budget

# How to get information and provide feedback

## Information

### ➤ Council's website

- Dedicated SRV webpage noting community engagement sessions  
<https://www.gunnedah.nsw.gov.au/index.php/council/the-future-of-gunnedah/proposed-special-rate-variation>
- Rates Calculator  
<https://rates-app.gunnedah.nsw.gov.au/>



## Feedback

Residents and ratepayers are invited to read about the proposed SRV and have their say. You can provide a submission in writing by 5pm Thursday, 19 December 2024 in the following ways:

Mail	The General Manager Gunnedah Shire Council PO Box 63 Gunnedah NSW 2380
Email	<a href="mailto:council@gunnedah.nsw.gov.au">council@gunnedah.nsw.gov.au</a>
Web Form	Accessible from Council's website from the 'Contact Us' page

- ***IPART will also undertake its own independent consultation following the submission of an application.***

# 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