

Special Rate Variation Community Presentations

November/December 2017

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Director Corporate, Commercial and Community Services





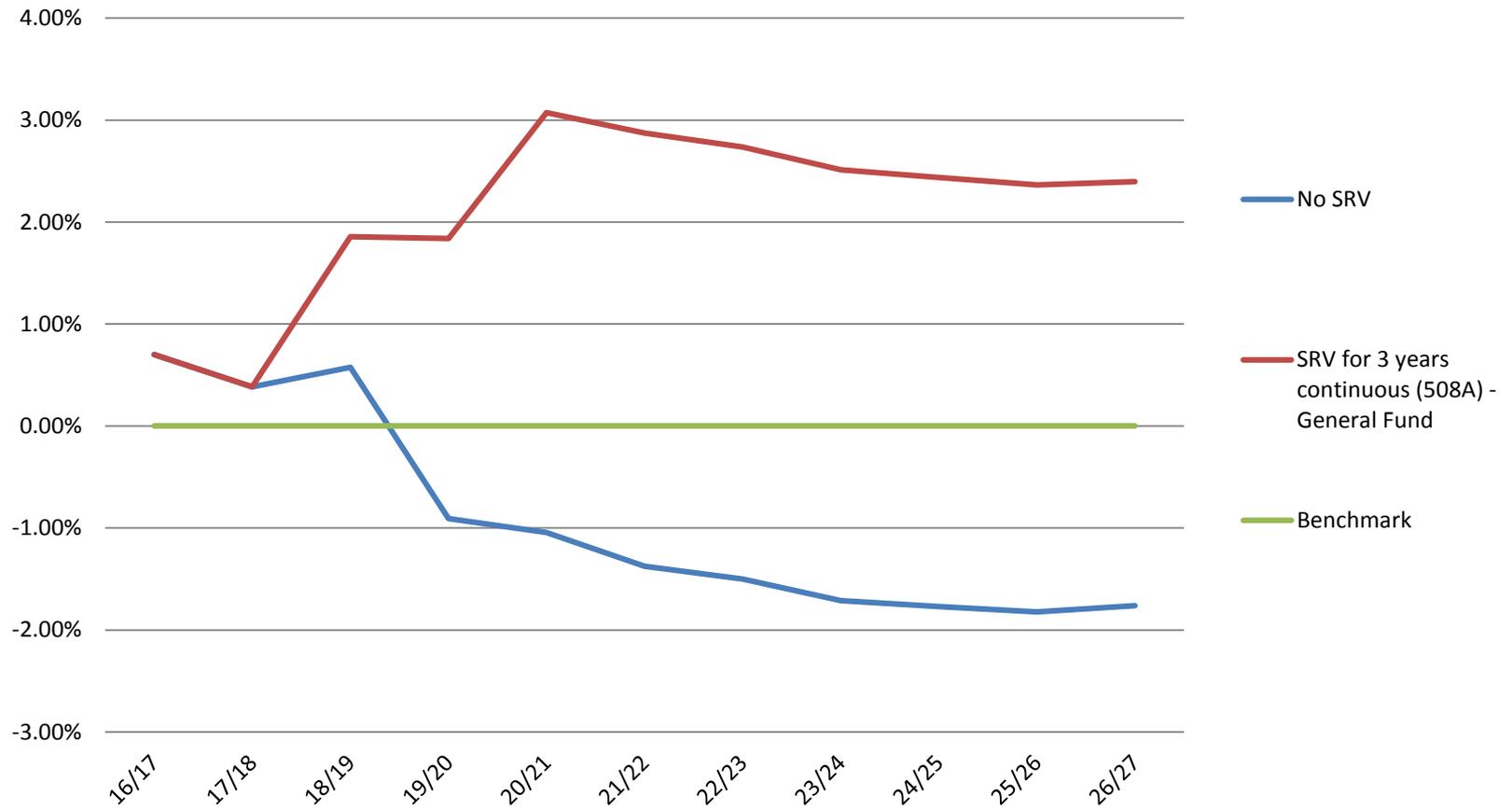
Your Council, Your Community



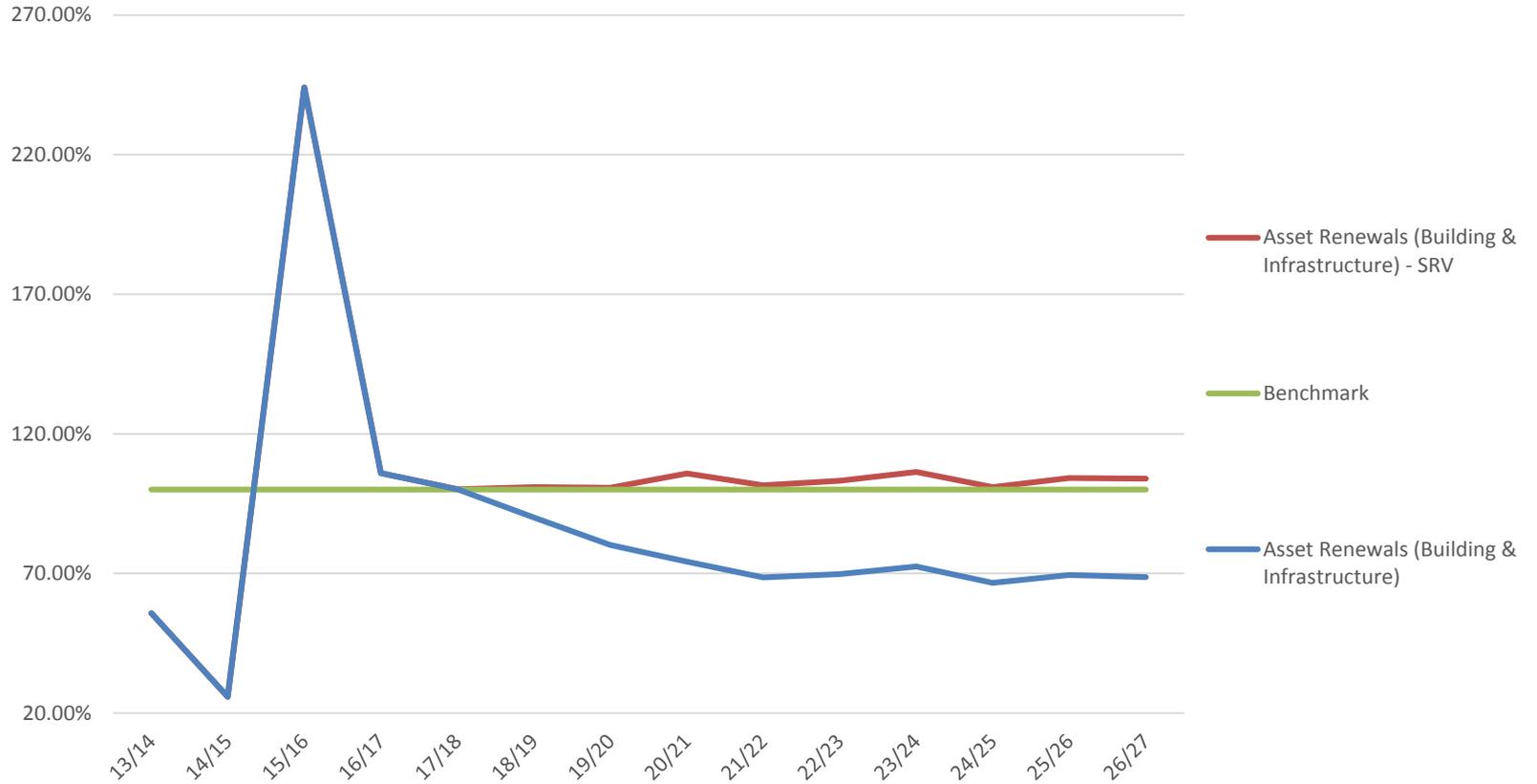
- ❖ What is a Special Rate Variation (SRV)?
- ❖ Why is Council applying for an SRV?
- ❖ What is the money to be used for?
- ❖ Are there other alternatives?
- ❖ What is the impact of the proposed SRV on average rates?
- ❖ When will the outcome of the SRV application be known?



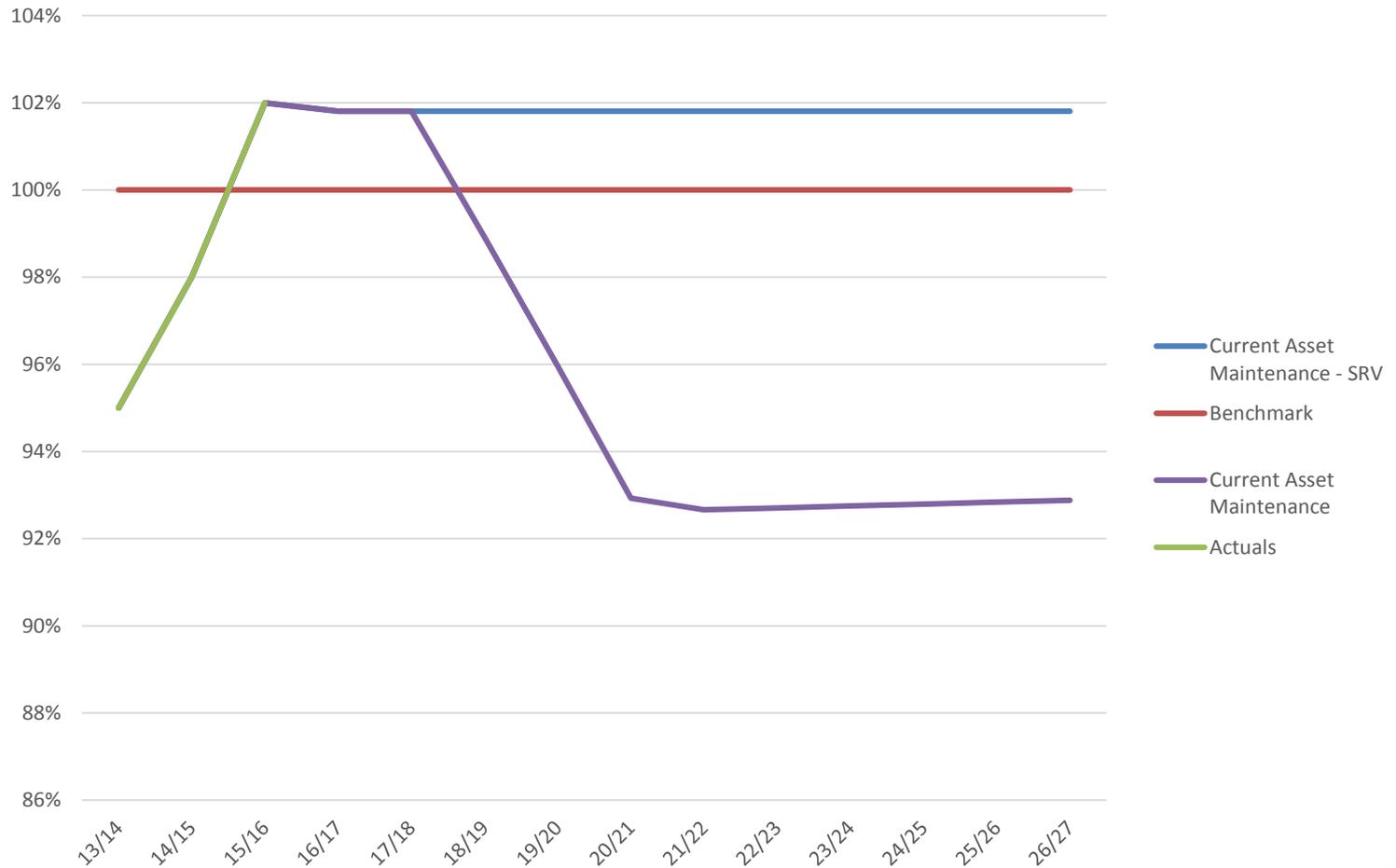
Operating Performance Ratio - General Fund



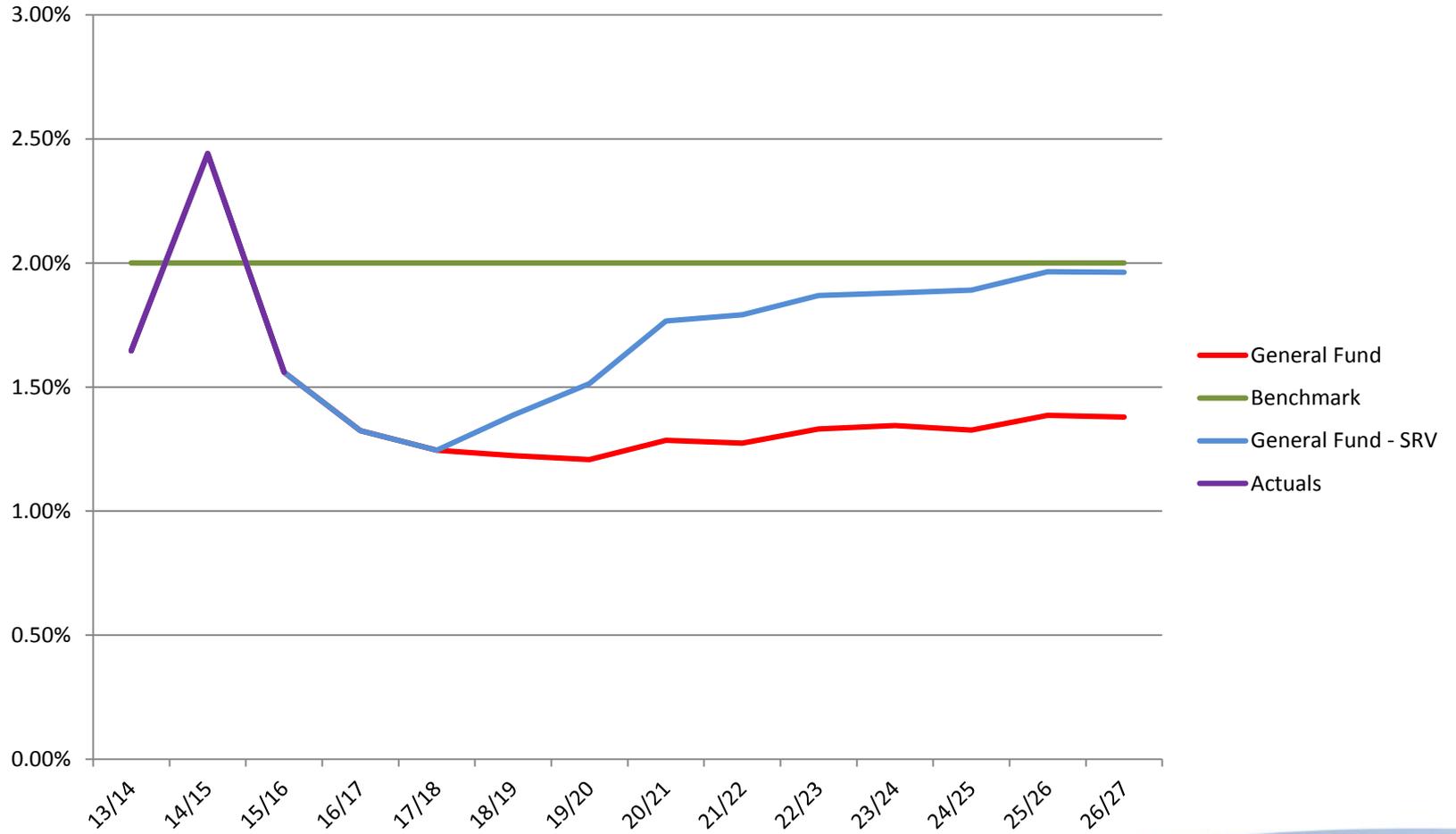
Infrastructure Renewals Ratio



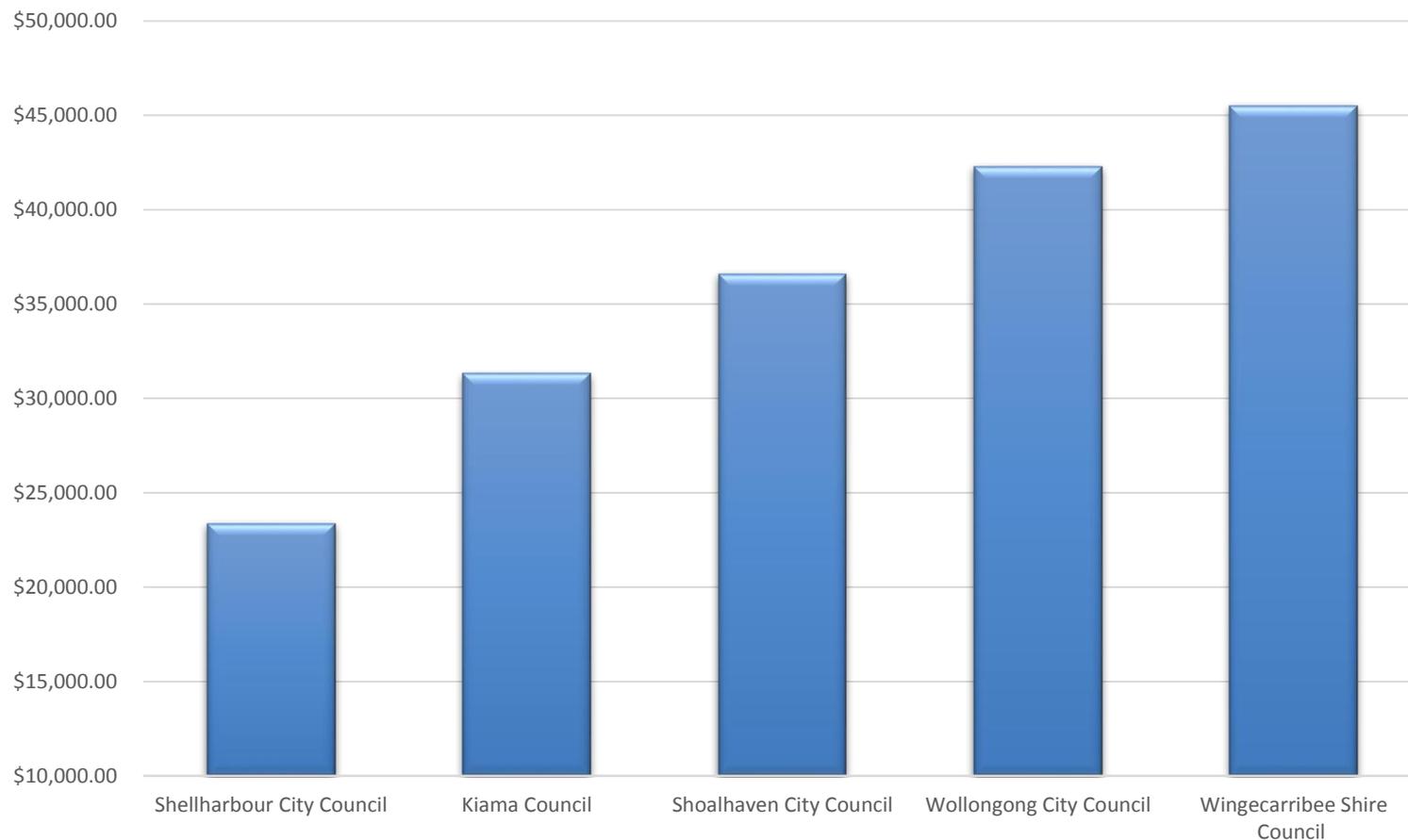
Asset Maintenance Ratio



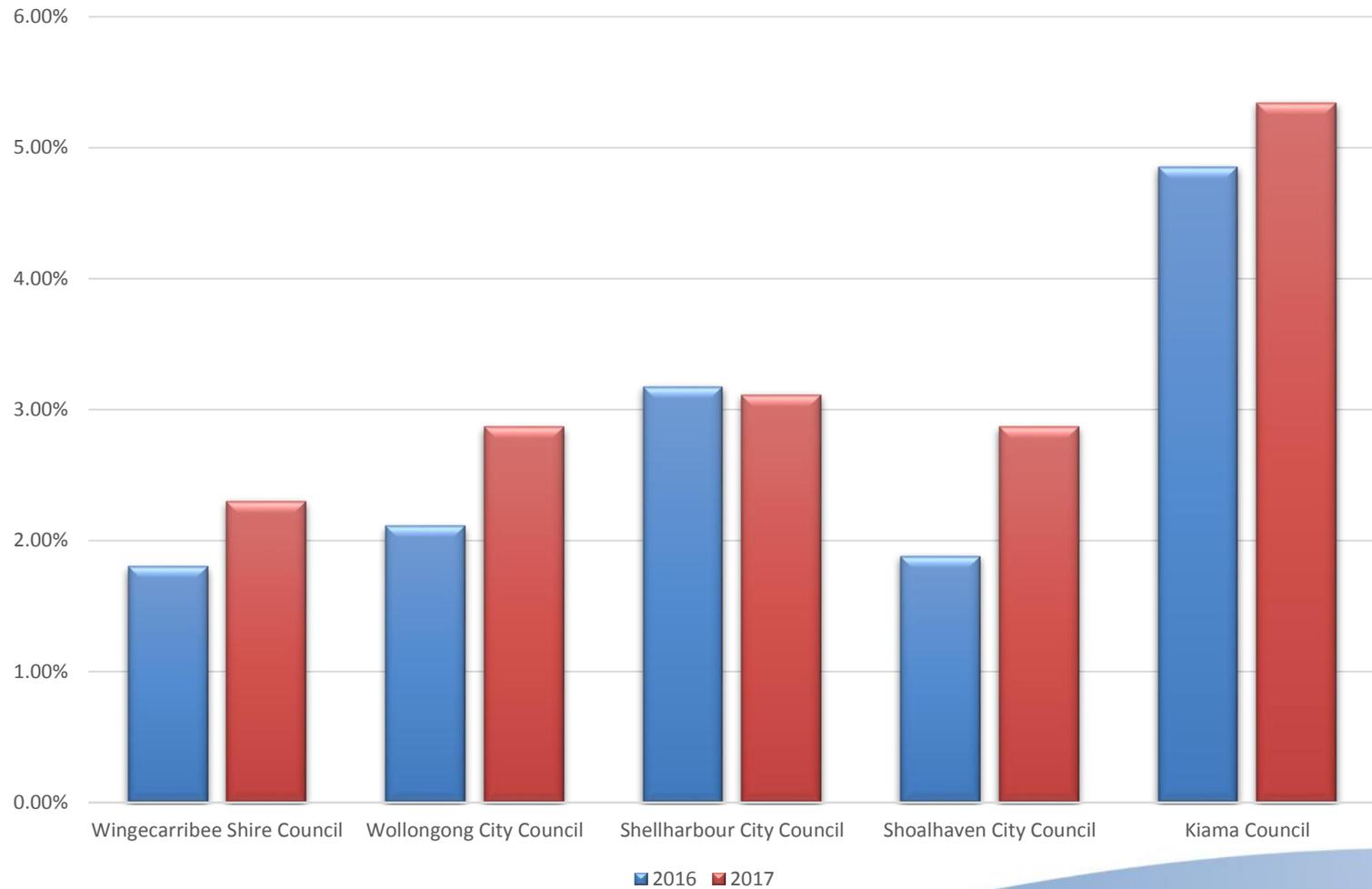
Infrastructure Backlog Ratio



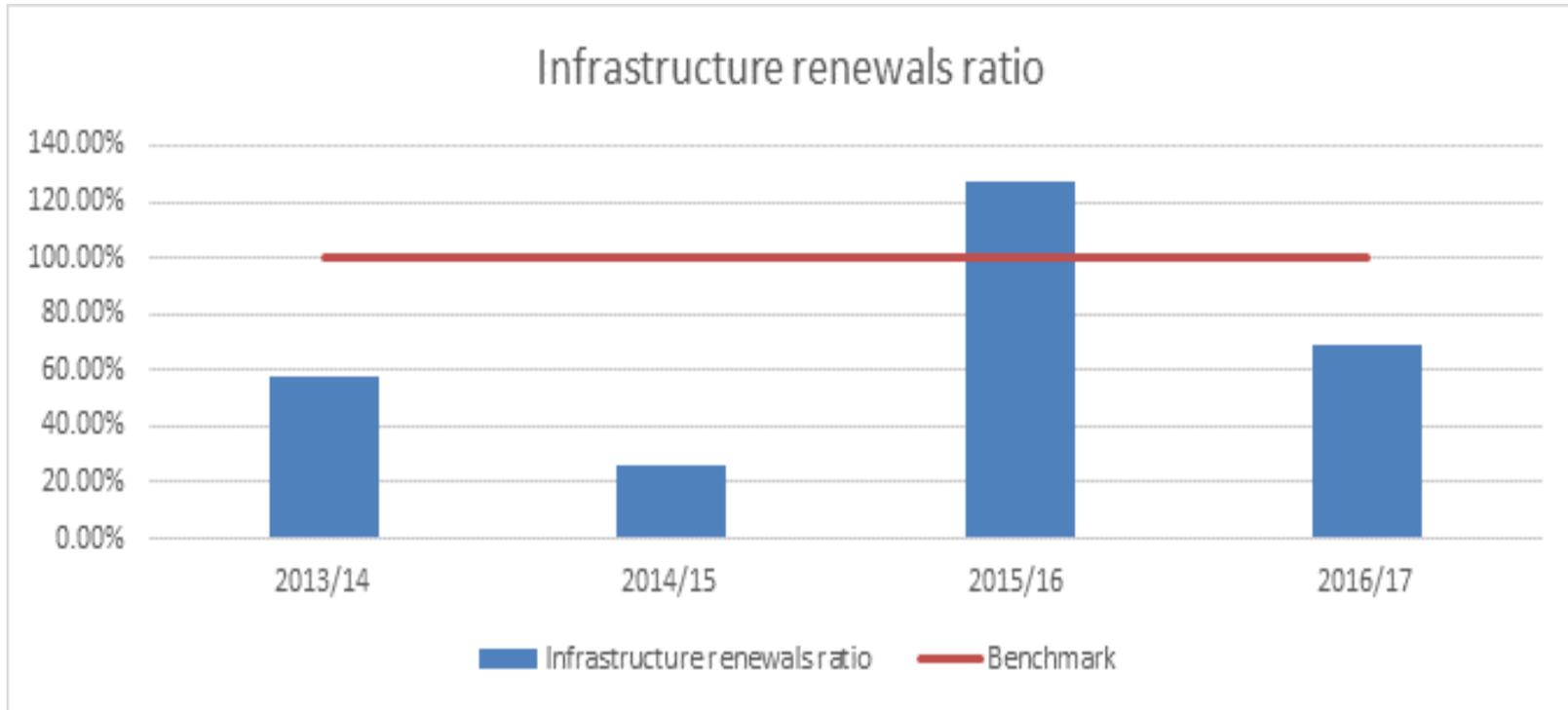
Infrastructure Asset Value per Assessment 2017



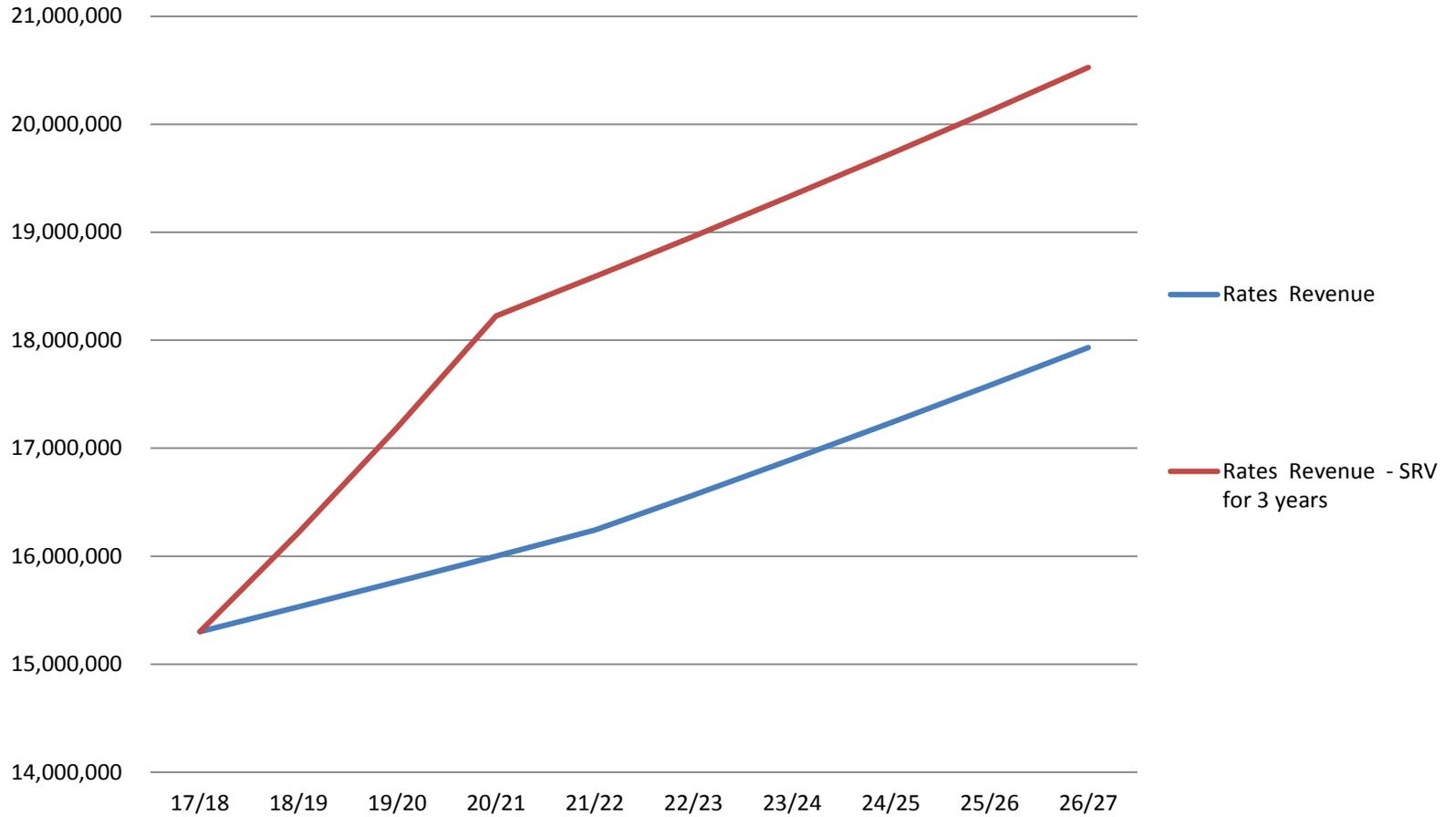
Total % to Total Asset Carrying Amount



Infrastructure Renewal Shortfall



Rates Revenue



Regional Comparison

In terms of the size and scale of the proposed SRV in Kiama LGA the following information regarding SRV's approved in the region is set out below:

Council	SRV increases	Cumulative Impact
Wollongong	14/15 6.13%, 15/16 6.23%, 16/17 6.24%	19.78%
Shellharbour	13/14 8-10% for 4 years	41.15%
Shoalhaven	17/18 13.2% Application for a further 3 years at 5% currently being prepared	31%
Wingecarribee	16/17 8.55%, 17/18 9.25%, 18/19 9.25%, 19/20 12.15	45.3%
Kiama (proposed)	18/19 6%, 19/20 6%, 20/21 6%	19.1%



Residential Comparison

Applying surrounding Councils approved rating factors to Kiama Council's average residential land value of \$418,274, Kiama's estimated residential rates are the lowest, until 2020/21 when by a margin of \$42.11 we become the second lowest in the region.

Residential Rate Comparison - Neighbouring Council's					
Council	Value	2017/2018 Rates	2018/2019 Rates	2019/2020 Rates	2020/2021 Rates
Wingecarribee Shire Council *	\$418,274	\$1,614.08	\$1,763.38	\$1,977.63	\$2,027.07
Wollongong City Council	\$418,274	\$1,765.16	\$1,809.29	\$1,854.52	\$1,900.89
Shellharbour City Council	\$418,274	\$1,844.49	\$1,890.60	\$1,937.87	\$1,986.31
Shoalhaven City Council **	\$418,274	\$1,486.99	\$1,561.33	\$1,639.40	\$1,721.37
Kiama Council	\$418,274	\$1,412.65	\$1,497.41	\$1,587.26	\$1,682.49

* Wingecarribee Shire Council includes SRV increases of 2017/18 - 9.25%, 2018/19 - 9.25%, 2019/20 - 12.15%, 2020/21 - 2.5%

** Shoalhaven City Council are applying for an SRV increase of 5% for three years and is included in this table



Business/Commercial/Industrial Comparison

Applying surrounding Councils approved rating factors to Kiama Council's average Business/Commercial/Industrial land value of \$429,798, Kiama's estimated Business/Commercial/Industrial rates are substantially the lowest in the region.

Business/Commercial/Industrial Rate Comparison - Neighbouring Council's					
Council	Value	2017/2018 Rates	2018/2019 Rates	2019/2020 Rates	2020/2021 Rates
Wingecarribee Shire Council *	\$429,798	\$3,371.28	\$3,683.12	\$4,130.62	\$4,233.89
Wollongong City Council	\$429,798	\$6,526.22	\$6,689.38	\$6,856.61	\$7,028.03
Shellharbour City Council	\$429,798	\$4,662.24	\$4,778.80	\$4,898.27	\$5,020.72
Shoalhaven City Council **	\$429,798	\$3,439.34	\$3,611.31	\$3,791.87	\$3,981.47
Kiama Council	\$429,798	\$2,147.24	\$2,276.07	\$2,412.64	\$2,557.40

* Wingecarribee Shire Council includes SRV increases of 2017/18 - 9.25%, 2018/19 - 9.25%, 2019/20 - 12.15%, 2020/21 - 2.5%

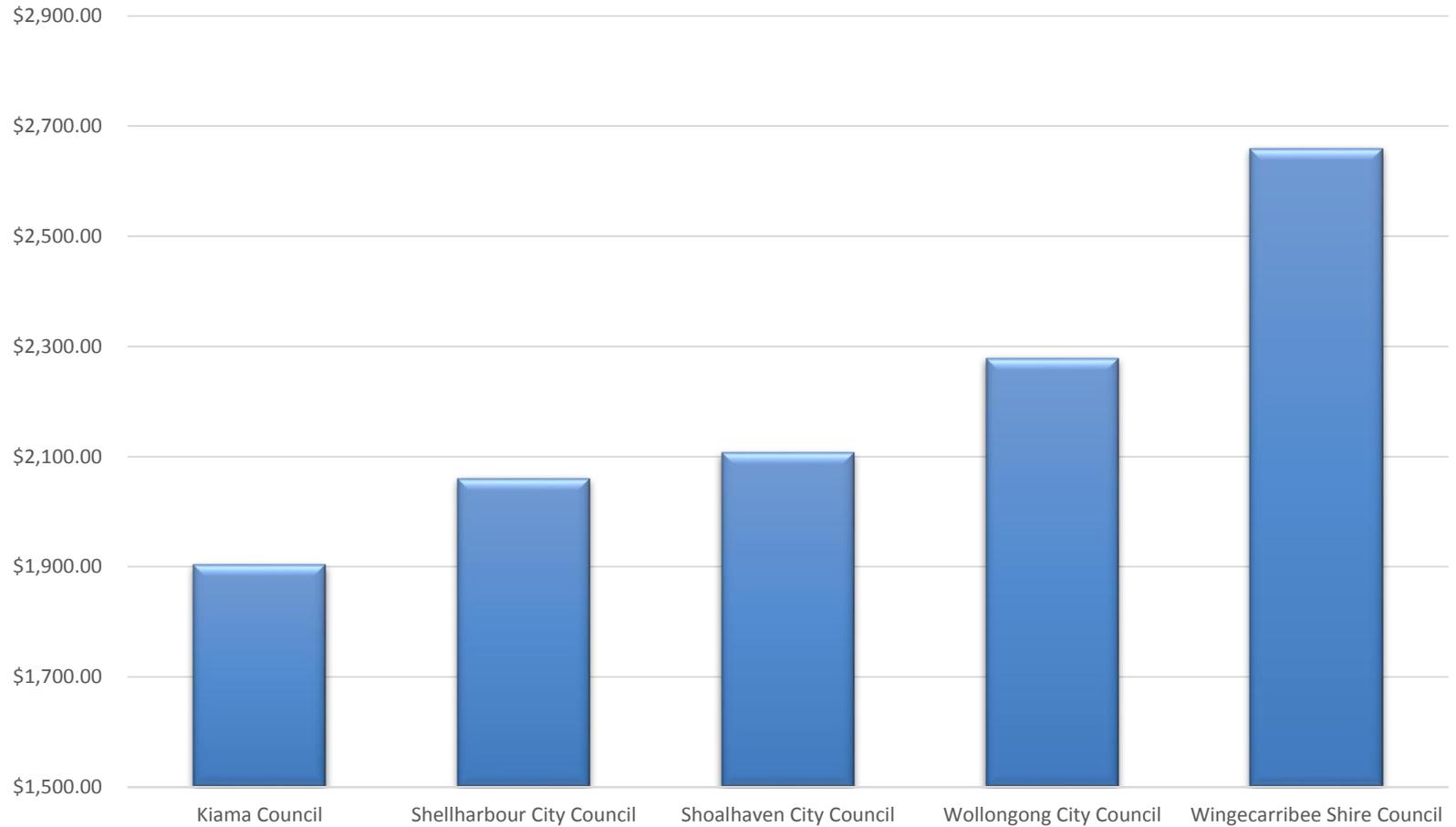
** Shoalhaven City Council are applying for an SRV increase of 5% for three years and is included in this table



<u>Rate Type</u>	<u>Average Land Value</u>	<u>% of Assessments under Average</u>	<u>Year</u>	<u>Rate Peg impact/ week</u>	<u>SRV Impact/ week</u>	<u>Combined Impact/ week</u>
Residential	\$418,274	63%	2018/2019	\$0.68	\$0.95	\$1.63
			2019/2020	\$1.38	\$1.98	\$3.36
			2020/2021	\$2.09	\$3.10	\$5.19
Rural Residential	\$1,056,740	61%	2018/2019	\$1.31	\$1.83	\$3.14
			2019/2020	\$2.65	\$3.82	\$6.47
			2020/2021	\$4.02	\$5.97	\$9.99
Business Commercial Industrial	\$429,798	91%	2018/2019	\$1.03	\$1.44	\$2.47
			2019/2020	\$2.09	\$3.01	\$5.10
			2020/2021	\$3.17	\$4.71	\$7.88
Business Ordinary	\$268,512	78%	2018/2019	\$0.44	\$0.62	\$1.06
			2019/2020	\$0.90	\$1.30	\$2.20
			2020/2021	\$1.37	\$2.03	\$3.40
Farmland	\$1,394,638	55%	2018/2019	\$1.17	\$1.64	\$2.81
			2019/2020	\$2.38	\$3.43	\$5.81
			2020/2021	\$3.61	\$5.36	\$8.98



Average Rates per Assessment 2017



Pensioner Rebate

How is the impact on pensioners going to be minimized?

As part of the SRV proposal, in order to help reduce the impact on pensioners, there will be an additional pensioner rebate provided fully funded by Council from the SRV. This additional pensioner rebate will incrementally increase over the 3 years and be capped after 2020/2021.

The additional annual pensioner rebate proposed is as follows;

2018/2019	\$10.00
2019/2020	\$17.00
2020/2021	\$25.00

The additional pensioner rebate of \$25 will be retained permanently after 2020/2021.



Additional Impact Minimisation

In addition to providing an additional pensioner rebate, Council is also able to reduce some of the impact of the SRV through limiting increases in Domestic Waste Management Charges (DWM). Costs in DWM have increased on average by 5% per year.

With the strong support of the community in relation to the Organics initiative and business improvements in the waste area, which has resulted in efficiencies Council is now in a position to limit the increases in DWM to 2.5% per annum over the period of the proposed SRV.



Are there alternatives to an SRV?

After an extensive review over the past two years, Council believe a SRV is the only option to continue and maintain the excellent levels of infrastructure, assets and ongoing maintenance of these, in the community. The SRV provides ongoing additional funding, which is necessary to meet ongoing asset renewal and maintenance.

Council, as part of its Long Term Financial Plan, has set an efficiency target of 2.5% per annum to reduce costs and improve efficiencies. Council has been, is currently and will continue to undertake an extensive service review program to streamline processes and maintain or enhance service delivery.

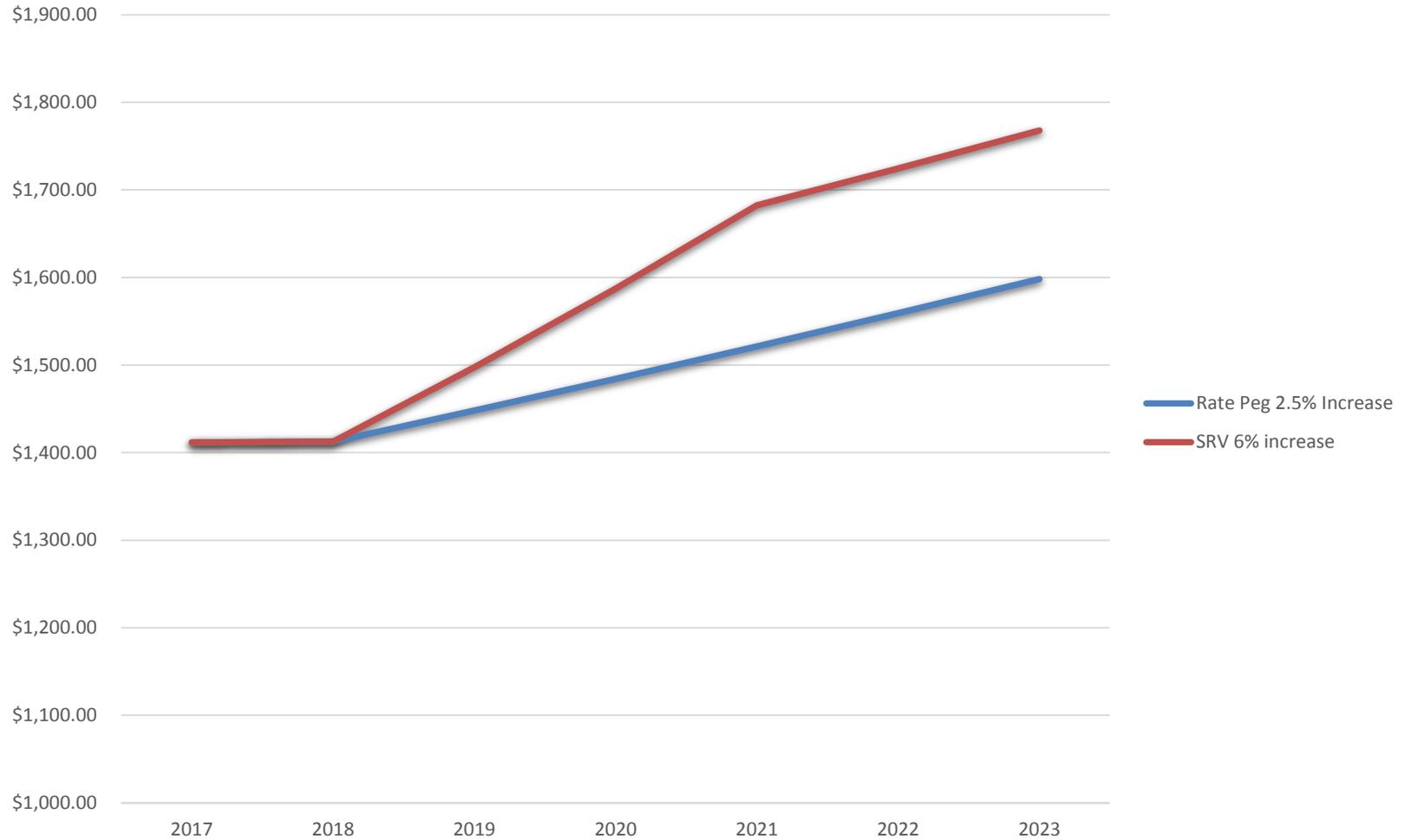


Council has worked hard to realise this efficiency target and successfully achieved this in 2016/2017 financial year and is on target to again achieve this in the current financial year. Improvements in procurement, streamlining of processes and review of service delivery models have all contributed to the achievement of this target.

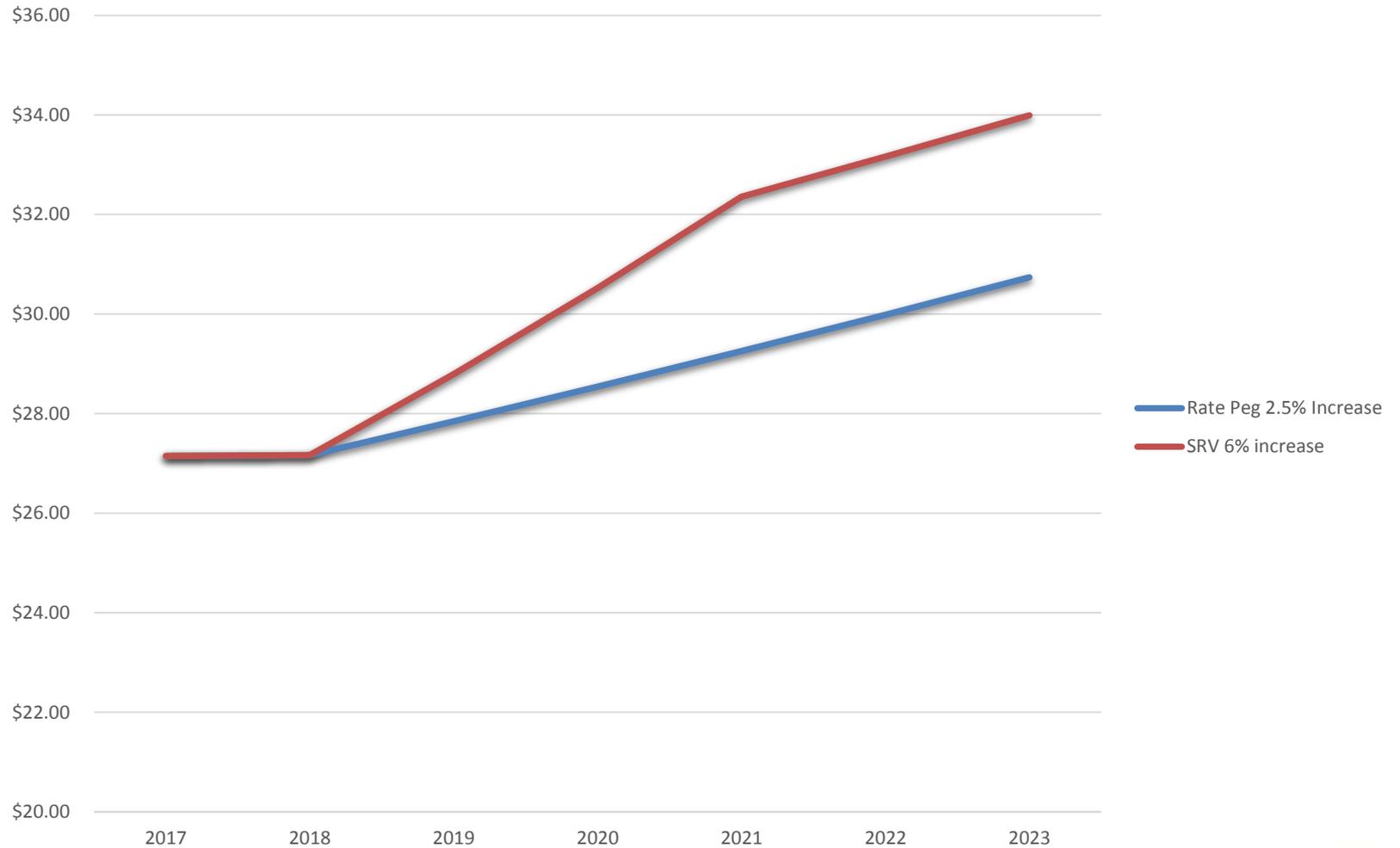
Council has also examined other sources of income, such as increasing user pay fees. However, fees for services and access to facilities are limited by market demand and affordability. Council also continues to look at further ways to increase other sources of revenue, including land development, to minimize our reliance on rating income.



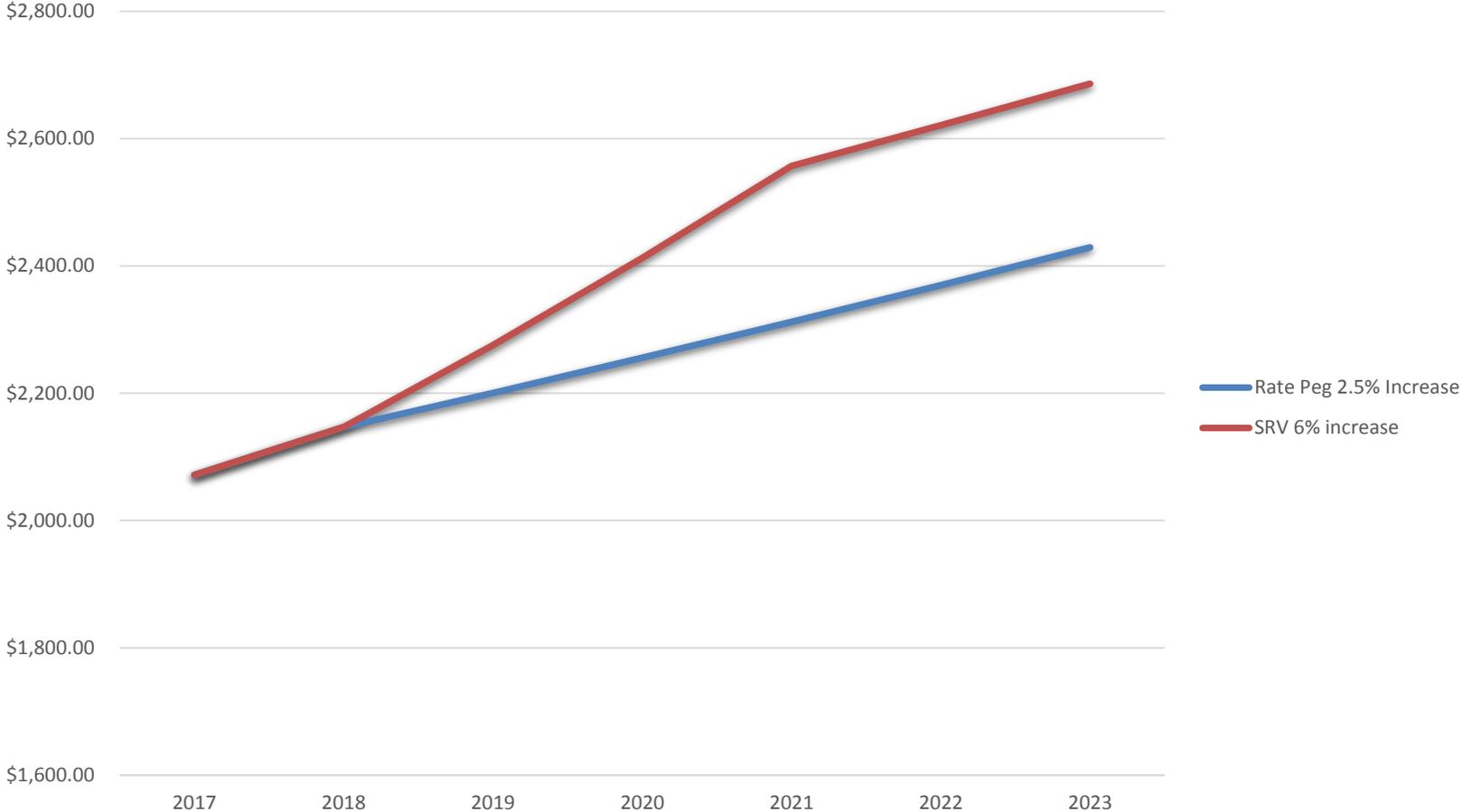
Residential Average Yearly Rates



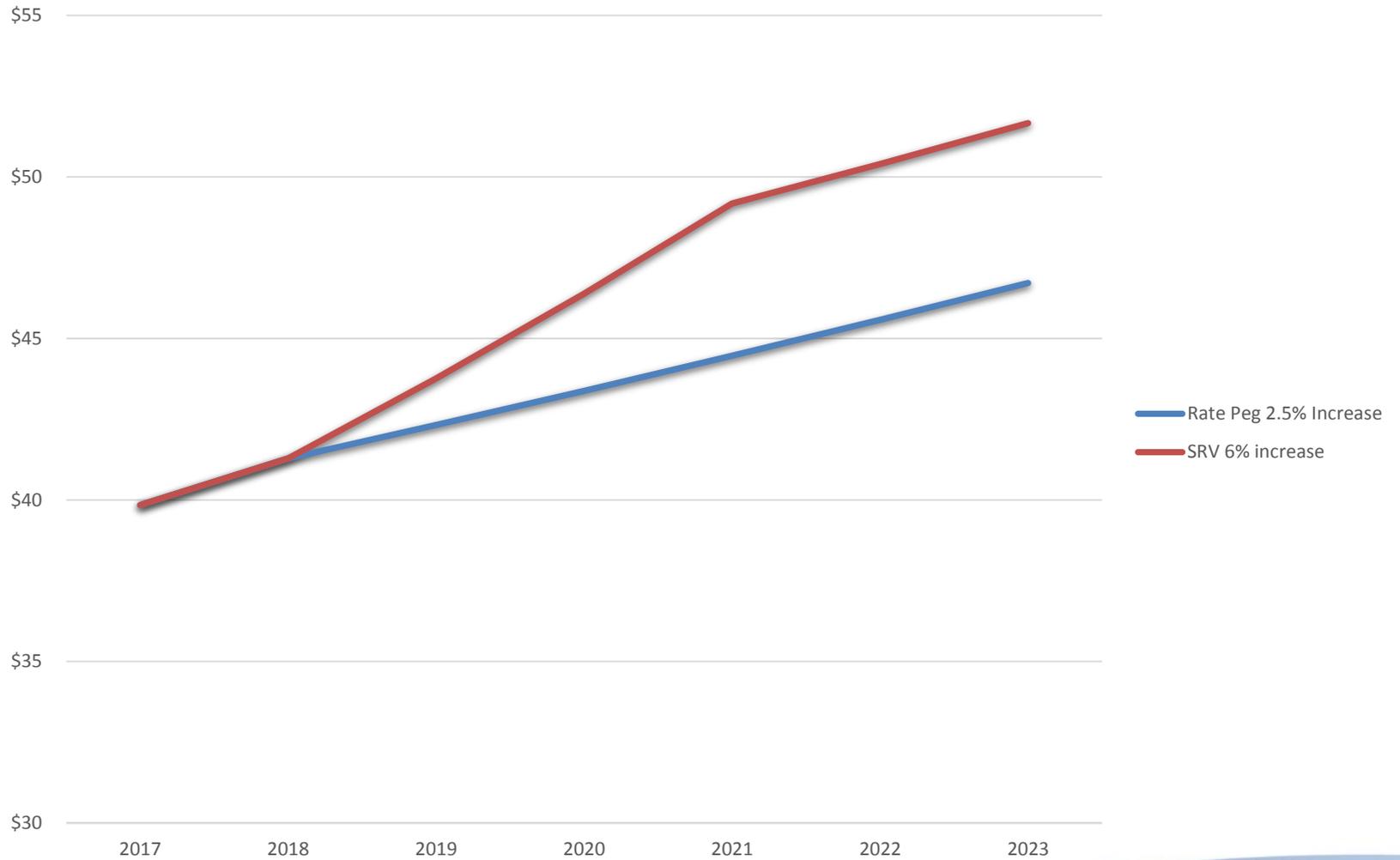
Residential Average Weekly Rates



Business/Commercial/Industrial Average Yearly Rates



Business/Commercial/Industrial Average Weekly Rates





Questions



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Kiama Municipal Council



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