



October 2017

Proposal for a Special Rate Variation (SRV)

Dear resident,

Clarence Valley Council is seeking the community's views on whether to apply to the Independent Pricing and Regulatory Tribunal (IPART) for approval to raise ordinary (general) rates through a Special Rates Variation (SRV) by 8% (inclusive of the assumed 2.5% p.a. rate peg) each year for three consecutive years to 2020/21 (a cumulative total increase of 25.97%, inclusive of the assumed annual rate peg of 2.5%). The increase would be retained permanently in Council's rate base. The attached brochure provides information on the impact of the proposed SRV on your rates and you can see what your estimated rates would be for the next three years by going to the rates estimator at www.clarence.nsw.gov.au/ratesestimator

If Council decides to apply, it needs to notify IPART by December and make the application by February 2018. IPART would announce its decision in May 2018.

Why does Council need to apply for a rate rise?

Council has to achieve a balanced general fund net operating result (before capital grants and capital contributions) by 2020/21 to meet the NSW Government's Fit for the Future Operating Performance Ratio benchmark. To do this Council must eliminate the general fund 2017/18 budget deficit of \$15.3m (inclusive of depreciation) by 2020/21.

As part of moves to reach that target, in June this year Council adopted a four-year plan that included a range of improvement strategies (savings measures) that increase each year from 2017/18, reaching \$8.6 million in 2020/21. This involves reducing our costs and contributions to some services and increasing charges for others.

We've cut employee numbers by 27 this year – one executive, three managers and 23 other positions. These measures still leave the organisation short of the target of a balanced General Fund Net Operating Result by 2020/21. If Council is to proceed without the proposed SRV further cuts to services would be needed. In May and June this year Council went to the community with options to make additional savings that might avoid the need for a Special Rates Variation, but there was general agreement those measures would potentially cause substantial damage to the social fabric of our community and result in the closure of many valued Council assets.

For Council to be financially sustainable in the long term it must achieve at least a break-even result in its general fund. If Council does not get to that position it will not be able to undertake the timely renewals of essential infrastructure like roads, bridges, sporting fields, playgrounds and community facilities. They would deteriorate and could potentially fail.

How can you have your say?

If you received this brochure by post, you can return the survey card enclosed. You can also write to Council by emailing council@clarence.nsw.gov.au by post to Locked Bag 23 Grafton NSW 2460.

We will have community information sessions from 5.30-7.30pm at:

- Grafton Council Chambers, Monday October 23

- Maclean Council Chambers, Tuesday October 24
- Yamba Treelands Drive Community Centre, Wednesday October 25
- Iluka Library, Thursday October 26

We have also produced a dedicated webpage at www.clarenceconversations.com.au/financingourfuture with background information on Council's financial position and the need for the additional revenue. Council will consider this matter again at its November meeting.

Thank you for taking the time to read this letter and the attached brochure. Please also complete the attached survey and use the reply-paid facility to return it to us. The decision for Council to proceed with the SRV proposal is not one councillors would take lightly. Significant time over the past 12 months has been spent reviewing Council's costs and revenue options. Council believes the four-year plan adopted in June this year is a responsible plan that can result in the organisation being financially sustainable by 2020/21. Council is committed to that goal.

Yours sincerely

Ashley Lindsay


General Manager

Jim Simmons


Mayor