

ESTIMATE THE IMPACT ON YOUR RATES BILL

The table on the right shows the estimated impact of an 8% Special Rates Variation (inclusive of an assumed 2.5% per annum rate peg) for three years 2018/19 - 2020/21 (cumulative total 25.97%) on average ordinary rates in each rating sub category within the Clarence Valley.

For a more accurate estimate on your rates, go to www.clarence.nsw.gov.au/ratesestimator and put in your property number. Free internet facilities are available at Clarence Valley libraries.



www.clarence.nsw.gov.au/ratesestimator

Comparison of 2017/18 average general (ordinary) rates across neighbouring councils.

	Population in 2016	Council area km2	Av residential rate	Av business rate	Av farmland rate
Armidale Regional Council	29,449	8,621	\$1,052	\$4,093	\$3,243
Bellingen Shire Council	12,668	1,600	\$1,111	\$1,254	\$2,520
Clarence Valley Council	50,671	10,429	\$973	\$2,726	\$1,336
Coffs Harbour City Council	72,944	1,174	\$1,190	\$4,094 (non CBD)	\$2,124
Glen Innes Severn Council	8,836	5,480	\$814	\$2,190	\$2,876
Kyogle Shire Council	8,940	3,584	\$968	\$1,209	\$1,627
Richmond Valley Council	22,807	3,047	\$924	\$2,632	\$1,480
Tenterfield Shire Council	4,066	7,322	\$602	\$1,164	\$1,513

CLARENCE VALLEY COUNCIL

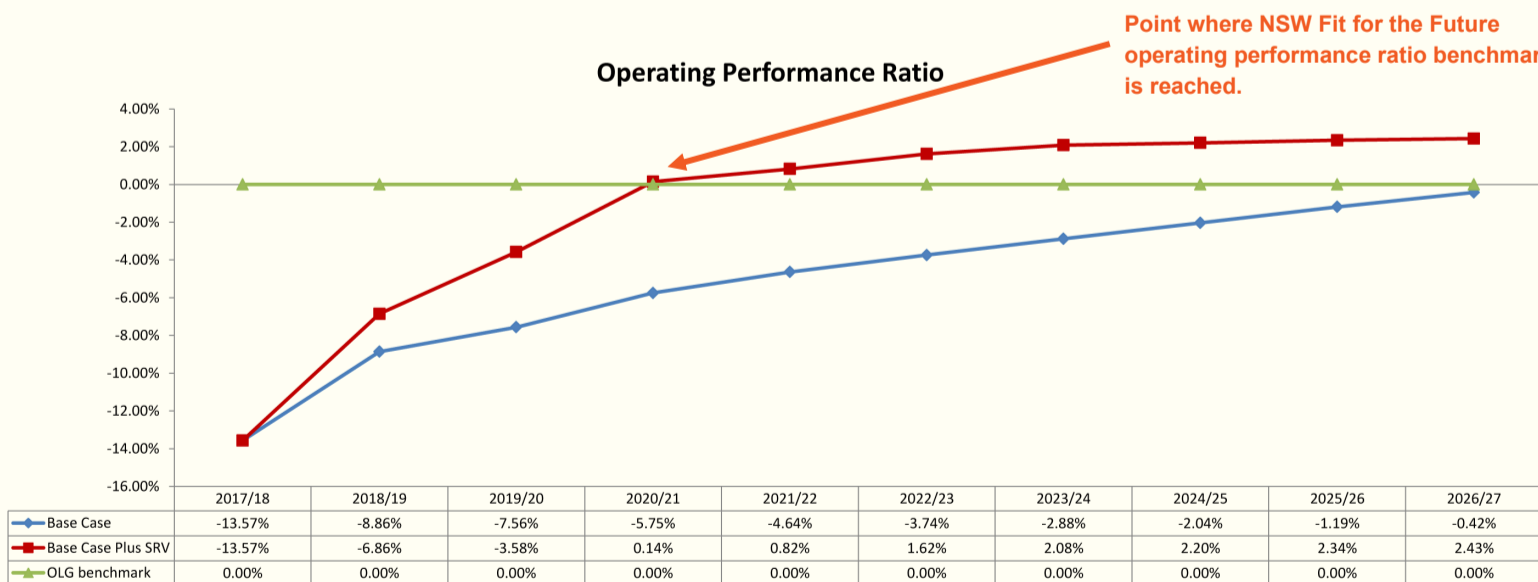
Indicative Special Rates Variation - Ratepayer impact of scenario 1 and scenario 2 of the revised 2017/18 to 2026/27 Long Term Financial Plan - where average rate is based on estimated yield for 2017/18.

SCENARIO ONE: Base case, no Special Rates Variation (assumed rate-peg of 2.5% per annum only)

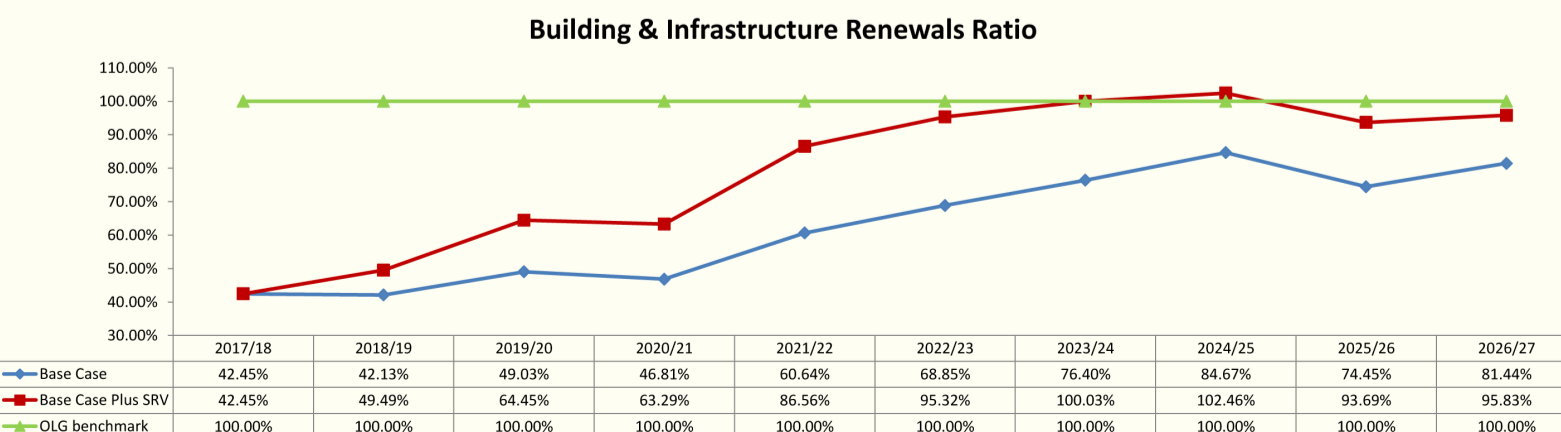
SCENARIO TWO: 8% Special Rates Variation option (inclusive of assumed 2.5% per annum rate peg) from 2018/19-2020/21 - 25.97% cumulative increase that would be built permanently into Council's rate base.

Sub Category	Average Ordinary Rate				Annual Increases						Cumulative Increases	
	Average Rate Year 1	Average Rate Year 2	Average Rate Year 3	Average Rate Year 3	Average Rate Increases Year 1		Average Rate Increases Year 2		Average Rate Increases Year 3		Average Rate Cumulative Increase	
	2017/18	2018/19	2019/20	2020/21	Annual \$	Annual %	Annual \$	Annual %	Annual \$	Annual %	Cumulative \$	Cumulative %
Ratepayer Average Rate - Farmland												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 1,336	\$ 1,369	\$ 1,403	\$ 1,439	\$ 33	2.50%	\$ 34	2.50%	\$ 35	2.50%	\$ 103	7.69%
Scenario 2 Revised LTFP (SRV)	\$ 1,336	\$ 1,443	\$ 1,558	\$ 1,683	\$ 107	8.00%	\$ 115	8.00%	\$ 125	8.00%	\$ 347	25.97%
Ratepayer Average Rate - Residential - Outside town areas												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 806	\$ 826	\$ 847	\$ 868	\$ 20	2.50%	\$ 21	2.50%	\$ 21	2.50%	\$ 62	7.69%
Scenario 2 Revised LTFP (SRV)	\$ 806	\$ 871	\$ 940	\$ 1,015	\$ 64	8.00%	\$ 70	8.00%	\$ 75	8.00%	\$ 209	25.97%
Ratepayer Average Rate - Residential A - Angourie, Brooms Head, Diggers Camp, Iluka, Sandon River, Minne Water, Wooloweyah, Wooli												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 949	\$ 973	\$ 998	\$ 1,022	\$ 24	2.50%	\$ 24	2.50%	\$ 25	2.50%	\$ 73	7.69%
Scenario 2 Revised LTFP (SRV)	\$ 949	\$ 1,025	\$ 1,108	\$ 1,196	\$ 76	8.00%	\$ 82	8.00%	\$ 89	8.00%	\$ 247	25.97%
Ratepayer Average Rate - Residential B - Maclean, Townsend												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 901	\$ 924	\$ 947	\$ 970	\$ 23	2.50%	\$ 23	2.50%	\$ 24	2.50%	\$ 69	7.69%
Scenario 2 Revised LTFP (SRV)	\$ 901	\$ 973	\$ 1,051	\$ 1,135	\$ 72	8.00%	\$ 78	8.00%	\$ 84	8.00%	\$ 234	25.97%
Ratepayer Average Rate - Residential C - Yamba												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 1,214	\$ 1,244	\$ 1,275	\$ 1,307	\$ 30	2.50%	\$ 31	2.50%	\$ 32	2.50%	\$ 93	7.69%
Scenario 2 Revised LTFP (SRV)	\$ 1,214	\$ 1,311	\$ 1,416	\$ 1,529	\$ 97	8.00%	\$ 105	8.00%	\$ 113	8.00%	\$ 315	25.97%
Ratepayer Average Rate - Residential E - Grafton, Junction Hill												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 1,060	\$ 1,087	\$ 1,114	\$ 1,142	\$ 27	2.50%	\$ 27	2.50%	\$ 28	2.50%	\$ 82	7.69%
Scenario 2 Revised LTFP (SRV)	\$ 1,060	\$ 1,145	\$ 1,236	\$ 1,335	\$ 85	8.00%	\$ 92	8.00%	\$ 99	8.00%	\$ 275	25.97%
Ratepayer Average Rate - Business - All business categories not listed below												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 1,380	\$ 1,414	\$ 1,450	\$ 1,486	\$ 35	2.50%	\$ 35	2.50%	\$ 36	2.50%	\$ 106	7.69%
Scenario 2 Revised LTFP (SRV)	\$ 1,380	\$ 1,490	\$ 1,609	\$ 1,738	\$ 110	8.00%	\$ 119	8.00%	\$ 129	8.00%	\$ 358	25.97%
Ratepayer Average Rate - Business B - Maclean CBD												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 2,157	\$ 2,209	\$ 2,263	\$ 2,318	\$ 52	2.39%	\$ 54	2.45%	\$ 55	2.44%	\$ 161	7.46%
Scenario 2 Revised LTFP (SRV)	\$ 2,157	\$ 2,328	\$ 2,515	\$ 2,716	\$ 171	7.94%	\$ 186	8.01%	\$ 202	8.01%	\$ 559	25.93%
Ratepayer Average Rate - Business B - Maclean, Townsend other business												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 1,933	\$ 1,985	\$ 2,036	\$ 2,088	\$ 51	2.65%	\$ 51	2.58%	\$ 52	2.56%	\$ 155	8.00%
Scenario 2 Revised LTFP (SRV)	\$ 1,933	\$ 2,089	\$ 2,256	\$ 2,436	\$ 156	8.08%	\$ 167	7.99%	\$ 180	7.98%	\$ 503	26.02%
Ratepayer Average Rate - Business C - Iluka Industrial												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 1,688	\$ 1,744	\$ 1,794	\$ 1,845	\$ 56	3.30%	\$ 50	2.87%	\$ 51	2.85%	\$ 157	9.28%
Scenario 2 Revised LTFP (SRV)	\$ 1,688	\$ 1,830	\$ 1,975	\$ 2,131	\$ 142	8.40%	\$ 145	7.94%	\$ 156	7.89%	\$ 443	26.24%
Ratepayer Average Rate - Business C - Iluka other business												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 2,778	\$ 2,838	\$ 2,905	\$ 2,973	\$ 60	2.17%	\$ 67	2.34%	\$ 68	2.36%	\$ 195	7.03%
Scenario 2 Revised LTFP (SRV)	\$ 2,778	\$ 2,996	\$ 3,236	\$ 3,496	\$ 218	7.84%	\$ 241	8.03%	\$ 260	8.03%	\$ 718	25.85%
Ratepayer Average Rate - Business D - Yamba CBD												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 3,269	\$ 3,333	\$ 3,408	\$ 3,485	\$ 64	1.96%	\$ 75	2.25%	\$ 77	2.26%	\$ 216	6.61%
Scenario 2 Revised LTFP (SRV)	\$ 3,269	\$ 3,521	\$ 3,805	\$ 4,111	\$ 253	7.73%	\$ 283	8.04%	\$ 307	8.07%	\$ 843	25.79%
Ratepayer Average Rate - Business D - Yamba other business												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 1,913	\$ 1,970	\$ 2,024	\$ 2,079	\$ 57	3.00%	\$ 54	2.74%	\$ 55	2.72%	\$ 166	8.70%
Scenario 2 Revised LTFP (SRV)	\$ 1,913	\$ 2,071	\$ 2,236	\$ 2,413	\$ 158	8.25%	\$ 165	7.96%	\$ 177	7.93%	\$ 500	26.14%
Ratepayer Average Rate - Business E - Grafton & South Grafton CBD												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 4,619	\$ 4,735	\$ 4,853	\$ 4,975	\$ 115	2.50%	\$ 118	2.50%	\$ 121	2.50%	\$ 355	7.69%
Scenario 2 Revised LTFP (SRV)	\$ 4,619	\$ 4,989	\$ 5,388	\$ 5,819	\$ 369	8.00%	\$ 399	8.00%	\$ 431	8.00%	\$ 1,200	25.97%
Ratepayer Average Rate - Business E - Grafton & South Grafton other business												
Scenario 1 Revised LTFP (Rate Peg Only)	\$ 2,096	\$ 2,149	\$ 2,202	\$ 2,257	\$ 52	2.50%	\$ 54	2.50%	\$ 55	2.50%	\$ 161	7.69%
Scenario 2 Revised LTFP (SRV)	\$ 2,096	\$ 2,264	\$ 2,445	\$ 2,641	\$ 168	8.00%	\$ 181	8.00%	\$ 196	8.00%	\$ 544	25.97%

General fund operating performance and building and infrastructure renewals ratios



The graph on the left shows Council's operating performance ratio – a measure of Council's performance in containing operating expenditure within operating income, ongoing operating deficits are unsustainable. The operating performance ratio is a key sustainability indicator in the Office of Local Governments Fit for the Future Requirements. As per the Office of Local Government Code of Accounting Practice, the green line indicates the Office of Local Government Fit For the Future benchmark for Council to achieve by 2020/21. The blue line indicates Council's projected performance without the application of a Special Rates Variation and the red line indicates projected performance with the application of a Special Rates Variation.



The graph on the left shows Council's building and infrastructure renewals ratio – a measure of the rate at which existing assets are being renewed against the rate at which they are depreciating. The building and infrastructure renewal ratio is a key sustainability indicator in the Office of Local Government's Fit for the Future requirements. As per the Office of Local Government Code of Accounting Practice, the green line indicates the benchmark for Council to achieve or show improvement by 2020/21. The blue line indicates Council's projected performance without the application of a Special Rates Variation and the red line indicates projected performance with the application of a Special Rates Variation.

Proposal for a Special Rates Variation of 8% p.a. for three years – 2018/19-2020/21 (cumulative increase 25.97%)

Council encourages feedback and comment from Clarence Valley ratepayers and residents. If you would like to make a submission, email council@clarence.nsw.gov.au, write to Clarence Valley Council, Locked Bag 23, Grafton, 2460, or drop a written submission to our offices in Grafton or Maclean. Submissions close 4pm, Friday, November 3.

How to make a submission

The rate peg only option is not financially sustainable in the long term as it will mean infrastructure renewals aren't performed when required thereby generating a backlog of renewal works. With the ageing infrastructure, asset conditions will deteriorate which significantly increases levels of risk and potential of failure. Levels of service will have to decrease to sustain available funding. Without an SRV, Council would fail to meet the State Government's Fit for the Future operating performance ratio benchmark by 2020/21 as required.

The impact of having no SRV

If a Special Rates Variation is not adopted, it is anticipated that in most rating categories ordinary rates will rise by 2.5% a year (the assumed rate-peg) or a cumulative total percentage increase of 7.69% by 2020/21. If a Special Rates Variation is adopted, it is anticipated that in most rating categories ordinary rates will rise by 8% a year (which includes the rate-peg amount) or a cumulative total of 25.97% by 2020/21.

The difference between rate-peg and SRV

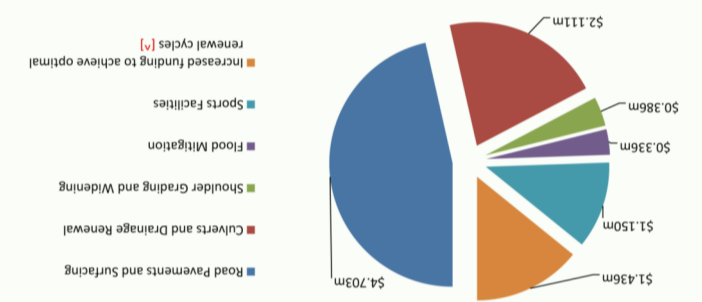
Over three years (2018/19 - 2020/21), the proposed special variation would generate revenue of \$10.1 million above the assumed rate peg of 2.5% per annum. The council has proposed to spend over the period of 2018-19 to 2020-21, an additional \$8.7 million on capital expenditures:

- \$4.7 million on road pavements and surfacing
- \$2.1 million on culverts and drainage
- \$0.4 million on shoulder grading and widening
- \$0.3 million on flood mitigation, and
- \$1.2 million on sports facilities

Over this period, \$1.4 million will also be transferred to an asset renewal reserve. This reserve will be consumed by 2023-24 as part of the renewal program for road pavements and surfacing to align with optimal renewal cycles.

[1] - The Asset Renewal Reserve funds are utilised in the 2021/22 (\$578,100), 2022/23 (\$622,636) and 2023/24 (\$234,808) renewal programs for road pavements and surfacing to align with optimal renewal cycles.

	2018/19	2019/20	2020/21	Total
Funding Impact				
Proposed SV income above rate peg	1,574,397	3,314,106	5,233,335	10,121,838
Capital Expenditure				
Road Pavements and Surfacing	1,223,992	2,079,932	1,399,176	4,703,100
Culverts and Drainage Renewal	350,405	714,542	1,045,881	2,110,828
Shoulder Grading and Widening	-	-	386,034	386,034
Flood Mitigation	19,632	316,700	336,332	652,664
Sports Facilities	500,000	-	-	500,000
Transfer to Asset Renewal Reserve	-	-	1,435,544	1,435,544
Total Use of Proposed SV Income	1,574,397	3,314,106	5,233,335	10,121,838



How money from an SRV would be spent

Council is considering applying for a Special Rates Variation of 8% a year (inclusive of an assumed 2.5% rate peg) for three years until 2020/21, with the rise to be retained permanently in Council's rate base. This brochure contains background information on the proposal. Please read all the information in this brochure carefully.

Why is a rate increase being considered?

Put simply, Council does not receive enough revenue to cover the costs of providing the services and facilities the community expects. The cost of providing roads, bridges, footpaths, libraries, sporting fields, aquatic facilities and a range of other council services has risen faster than our income.

The NSW Government, through its Fit for the Future process, has introduced seven benchmarks to ensure councils remain financially sustainable. In 2015/16 Clarence Valley Council did not meet five of these benchmarks and must introduce strategies to ensure they are all met with a focus on achieving the benchmark for the Operating Performance Ratio by 2020/21.

One of the strategies under consideration is a Special Rates Variation of 8% a year (inclusive of an assumed 2.5% rate peg per year) for three years on the general (ordinary) rate from 2018/19 to 2020/21 (a cumulative impact of 25.97% by 2020/21 inclusive of assumed rate peg) that would be retained permanently in Council's rate base.

What does the proposal mean?

In May 2016 the Independent Pricing and Regulatory Tribunal, which determines the amount councils can charge for rates, approved a one-off rate increase for the 2016/17 financial year for Clarence Valley through a Special Rates Variation of 6.5%. That was 4.7% above the State Government's rate-peg limit which, that year, was 1.8%. Council accepted that approval and, for the 2016/17 financial year, ordinary rates rose by 6.5%.

That increase was for one year only, so at the end of 2016/17 financial year, 4.7% of the increase (the amount above the allowable rate-peg amount) was removed from the ordinary rate.

If Council applies for a Special Rates Variation of 8% a year (inclusive of an assumed 2.5% rate peg per year) for three years from 2018/19 it would mean ordinary rates charges would go up by 8% each year until 2020/21, with a cumulative increase in ordinary rates of 25.97% (inclusive of an assumed rate peg). The 25.97% increase by 2020/21 would be retained into the future.

What other measures have been taken?

Council needs to find \$15.3 million through savings, additional revenue measures or a combination of both by 2020/21 to meet the NSW Government's Fit for the Future Operating Performance Ratio benchmark of a greater than or equal to breakeven general fund net operating result. Council has already adopted improvement strategies that provide savings of \$8.6 million in 2020/21.

These are being achieved through either reducing or eliminating some existing programs, reducing the number of middle managers and other staff reductions - the equivalent of a reduction of 27 staff

from the organisational structure in that time.

Some of the other savings measures, which will be delivered over four years from 2017/18, include:

- Cost savings resulting from the new centralised Grafton depot that is due to be operating early 2018;
- Improved work practices in relation to delivery of infrastructure services, including roads and open spaces;
- Revised service delivery model for community centres, tourism services, Grafton Regional Airport, library services, aquatic facilities, street sweeping, Grafton Regional Gallery, and customer payment options;
- Improved procurement practices including bulk purchasing and review of suppliers;
- Additional revenue from the Grafton saleyards, regulatory fees, sporting fields and cemetery operations;
- Reduction of the indoor workforce, and;
- Reduction in contributions to events and festivals and the Community Initiatives Program.

The proposal is to raise the balance of the \$15.3 million through a Special Rates Variation explained above.

If adopted, such an SRV would add \$10.1 million above the rate peg by 2020/21. These funds would be used first to achieve a balanced General Fund net operating result and later to meet the funding ratio gaps for asset renewal and asset maintenance.

What consultation has already been undertaken?

Consultation on a possible application for a Special Rates Variation started on April 21, 2017, when councillors manned pop-up information stands at Grafton Shoppingworld. Similar pop-up stands were held in the main street of Yamba (Yamba Street) on April 28, in the South Grafton CBD on May 5, the Iluka CBD on May 12, Maclean CBD on May 19, Grafton Shoppingworld again on May 26 and Yamba Shopping Fair on June 2.

Community roundtable discussions were also held in Iluka, Yamba, Maclean and Grafton. These consultations were based on a possible Special Rates Variation of 8% a year for three years inclusive of an assumed rate peg of 2%. This assumption was made on the basis that this was the average rate peg over the past four years.

However, in discussions with representatives from the Independent Pricing and Regulatory Tribunal (IPART) Council was advised that in order to satisfy the requirements for the 2018/19 Special Rate Variation (SRV) application the assumed rate peg should be 2.5% from 2018/19 onwards, so additional consultation needs to be undertaken using IPART's assumed rate peg of 2.5%.

What does a change to the assumed rate-peg mean?

Council is considering applying for a Special Rates Variation of 8% a year for three years from 2018/19 - 2020/21 (cumulative total of 25.97%). That 8% includes an assumed 2.5% rate-peg amount allowed by the State Government. The rate peg announcement for 2018/19 by IPART is expected in late November 2017. At this stage it is anticipated Council may still require the cumulative increase of 25.97% (inclusive of rate peg) in general (ordinary) rates from a SRV starting 2018/19 to 2020/21 to be retained permanently in Council's rate base.

However, should the actual rate peg for 2018/19 be less than the assumed 2.5% the impact of this change will be updated in Council's Long Term Financial Plan/Delivery Plan/Asset Management Strategy and these updated documents will be reported to the community and presented to Council's December 2017 meeting.

Council will be required to notify IPART in December 2017 whether it intends to apply for a Special Rate Variation.

What if I have difficulty paying?

Council recognises there are genuine cases of financial hardship that might result in people having difficulty paying their rates on time.

Copies of Council's rates hardship policy and an application form are available www.clarence.nsw.gov.au or can be obtained from our offices in Grafton and Maclean or by phoning 6643 0200.

Want to find out more?

Come to one of our community information sessions from 5:30-7:30 pm at:

- Grafton Council chambers, Monday, October 23
- Maclean Council chambers, Tuesday, October 24
- Yamba Treelands Dr Community Centre, Wednesday, October 25
- Iluka Library, Thursday, October 26

Visit www.clarenceconversations.com.au/financingourfuture or call us on 6643 0200