

IMPORTANT INFORMATION ABOUT YOUR 2022-23 HUNTER'S HILL COUNCIL RATES



Currently Council delivers a broad range of services from roads, rubbish collection, parks, playgrounds, community facilities and events, environmental protection, asset maintenance and renewal and much more.

Council's revenue is regulated by the NSW Independent Pricing and Regulatory Tribunal (IPART) who limits the amount by which councils can increase rates from one year to the next.

Council is facing the challenge of balancing community expectations with future financial sustainability. There is a growing gap between the cost of providing services and facilities and the available funding from rates to meet those costs.

Over recent years, Council has implemented a range of productivity savings, reduced costs across our operations, but there are no easy solutions to addressing this increasing funding gap. If Council does not address this gap now, our community assets will deteriorate.

To address this situation, councils are able to apply for rate increases. This is called a Special Variation to Rates (SV). Council is considering a number of SV options for 2022-23 and beyond, including applying for a permanent SV. There are 4 options which ratepayers can consider. Each option will have a varying impact on what Council can deliver. How you can have your say on these options is outlined on the back of this brochure.

BASE CASE

ASSET DETERIORATION

RATE DECREASE AS EXISTING SVs EXPIRE - WITH THE ANNUAL STATUTORY RATE PEG INCREASES

OPTION 1

BASIC ASSET RENEWAL & MAINTENANCE

NO CHANGE TO YOUR RATES AS EXISTING SVs CONTINUE PERMANENTLY
- THIS IS 14.57% ABOVE THE RATE BASE INCLUDING THE RATE PEG

OPTION 2

HIGHER ASSET RENEWAL & MAINTENANCE

AN INCREASE TO YOUR RATES - EXISTING SVs CONTINUE PERMANENTLY. THIS IS 24.1% ABOVE THE RATE BASE INCLUDING THE RATE PEG

OPTION 3

ASSET BACKLOG CLEARED SUSTAINABLE MAINTENANCE & RENEWAL

AN INCREASE TO YOUR RATES - EXISTING SVs CONTINUE PERMANENTLY. THIS IS 29.84% ABOVE THE RATE BASE INCLUDING THE RATE PEG

*The rate peg is assumed to be 2.5% and will be clarified by IPART in September 2021.

More information about the options being considered can be found on Council's website:
www.huntershill.nsw.gov.au or Ph: 9879 9400

Why is Council considering different rating options?

IPART

Council met with IPART in 2018 to discuss a lapsing 10 year special variation to maintain community buildings. IPART suggested that Council consider combining all of its special variations into one submission and place this permanently into the rate base. Options 1,2 and 3 all apply this consideration.

RATE PEGGING

In NSW all councils are bound by rate pegging, which is the maximum annual increase set by IPART. Typically, this amount ranges from 2-2.5%. The only way that Council can increase this amount is to make an application to IPART and to clearly outline all of the reasons why Council is needing to increase rates. All options are subject to rate pegging.

ASSET MAINTENANCE

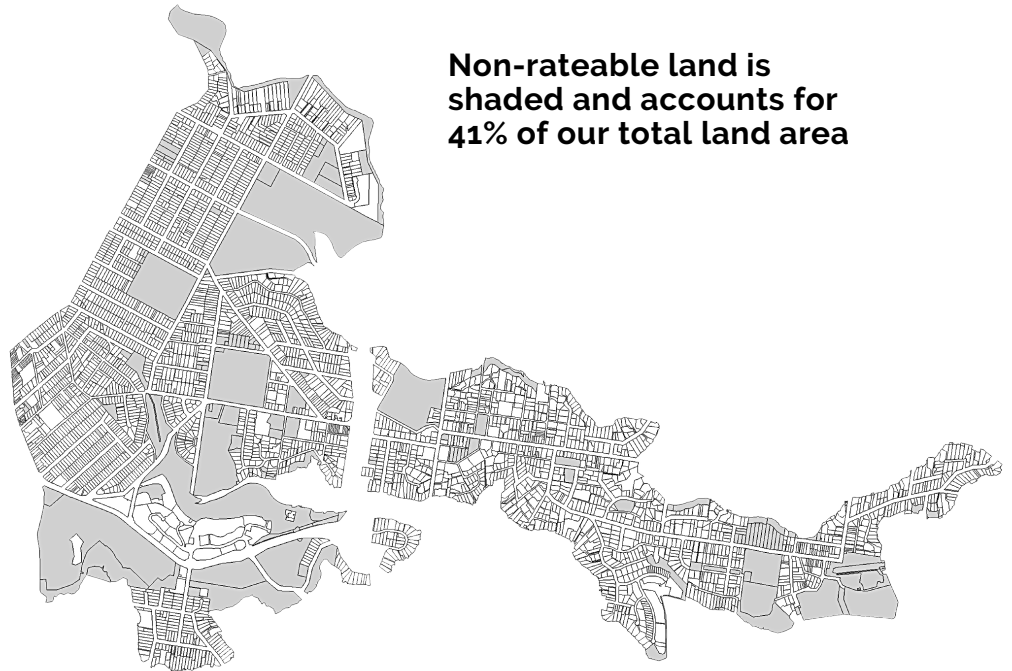
Council is responsible for the management of \$209million worth of assets, including roads and footpaths. If our assets are not maintained properly we are faced with increased replacement costs. Special variations to rates provide us with the income necessary to properly maintain assets and therefore alleviate significant repair and replacement costs. If Council defers asset maintenance this will cause additional costs in the long run.

COST SHIFTING

The other significant factor about the need to change rates is the shifting burden of costs from other levels of government. This amount represents approximately \$2million (15% of Council's income) every year. Cost shifting is one of the biggest issues faced by NSW councils.

LAND THAT IS NON-RATEABLE

While we love the amenity of our community the Hunter's Hill Council local government area has large parcels of land/uses that are non-rateable. Non-rateable land includes; churches, minister's residences, schools, public land, the Gladesville Hospital site, and land owned and used by public charities.



What is a Special Variation (SV) to Rates?

A special variation to rates allows councils to increase their general income above the rate peg. There are a range of reasons why councils apply to IPART for special variations to rates, including; addressing financial sustainability, funding new facilities, maintaining community infrastructure, enhancing community services and for merged councils harmonising rates.

What SVs are currently in place?

Council has applied for a number of special variations with the most recent being:

- 2012-13: 4.8% for roads, temporary for 10 years and 2% for operations.
- 2013-14: 2.17% for environmental (bushcare and stormwater) works, 3.1% for road related infrastructure (footpaths, kerb and gutters), temporary for 10 years and 2% for operations.
- 2019-20: 4.04% for community facilities, temporary for 10 years and 3% for operations. Options 1,2,3 do not consider including this SV permanently in the rate base.

**BASE CASE
LET EXISTING SVS EXPIRE**

What will this mean?

- Existing special variation for roads will expire in 2022-23 and not be renewed. The total rate income for roads falls by 4.8% and 2% operations or \$592,764 in that year.
- Existing special variation for footpaths and environmental works, due to expire in 2023-24 not be renewed. The total rate income for assets would fall by 5.27% or \$472,000.
- Existing special variation for community facilities due to expire in 2029-30 not be renewed. The total rate income would fall by 4.04% or \$446,279.

Approximate weekly decrease to the average rate?

- -\$1.52 in 2022-23
- -\$1.04 in 2023-24
- -\$0.71 in 2029-30

Approximate annual decrease to the average rate?

- -\$79.24 in 2022-23
- -\$54.16 in 2023-24
- -\$36.78 in 2029-30

What will be the result?

- Overall, the condition of our assets, including buildings, kerbs, marine structures, open space, footpaths and roads will decline, for example, our roads will have increased cracking and potholes.
- We will not be able to maintain our existing assets at the current rate of repair.
- Asset backlog will be \$18.9m by 2030-31.



**OPTION 1
CONTINUE EXISTING SVS**

What will this mean?

- Existing SVs level of 12.07% for Roads, Environment, Other Infrastructure and Operations (over and above ordinary rates) to be maintained permanently to fund asset renewal in accordance with the Digital Asset Management Plan (DAMP).
- Total rate income increases by the 2.5% IPART rate peg annually.

Total percentage increase including the rate peg?

14.57%

Approximate weekly increase to the average rate?

\$0.66

Approximate annual increase to the average rate?

\$34.35

What will be the result?

- The condition of our roads will remain stable and there will be some slight improvement in marine structures such as seawalls and stormwater pits.
- The condition of our buildings, kerbs, open space and footpaths will decline from where they are at present.
- Annual Capital Works will consist of projects such as road resurfacing, footpath renewals, and building works.
- Asset backlog will be \$12m by 2030-31.



**OPTION 2
CONTINUE SVS + INCREASE OF 9.53% + THE RATE PEG**

What will this mean?

- Existing SVs level of 12.07% for Roads, Environment, Other Infrastructure and Operations (over and above ordinary rates) to be maintained permanently.
- An additional increase of \$915,000 on average per year to fund asset renewal in accordance with Digital Asset Management Plan.
- Total rate income will increase by an additional 9.53% or \$830,000 in 2022-23 and the rate peg of 2.5%.

Total percentage increase including the rate peg?

24.1% (12.03% over the existing level including 2.5% rate peg)

Approximate weekly increase to the average rate?

\$3.47

Approximate annual increase to the average rate?

\$180.49

What will be the result?

- Improvements in the condition of some asset classes, particularly roads, seawalls and stormwater pits.
- The condition of our buildings, kerbs, open space and footpaths will decline from where they are at present.
- The Capital Works program will prioritise works based on their condition and usage, but there will be an increase in renewal backlog.
- Asset backlog will be \$5.5m by 2030-31.

**OPTION 3
CONTINUE SVS + INCREASE OF 15.27% + THE RATE PEG**

What will this mean?

- Existing SVs level of 12.07% for Roads, Environment, Other Infrastructure and Operations (over and above ordinary rates) to be maintained permanently.
- An additional increase of \$1,487,000 on average per year to fund asset renewal in accordance with Digital Asset Management Plan.
- Total rate income will increase by an additional 15.27% or \$1,330,000 in 2022-23 and the rate peg of 2.5%.

Total percentage increase including the rate peg?

29.84% (17.77% over the existing level including 2.5% rate peg)

Approximate weekly increase to the average rate?

\$5.16

Approximate annual increase to the average rate?

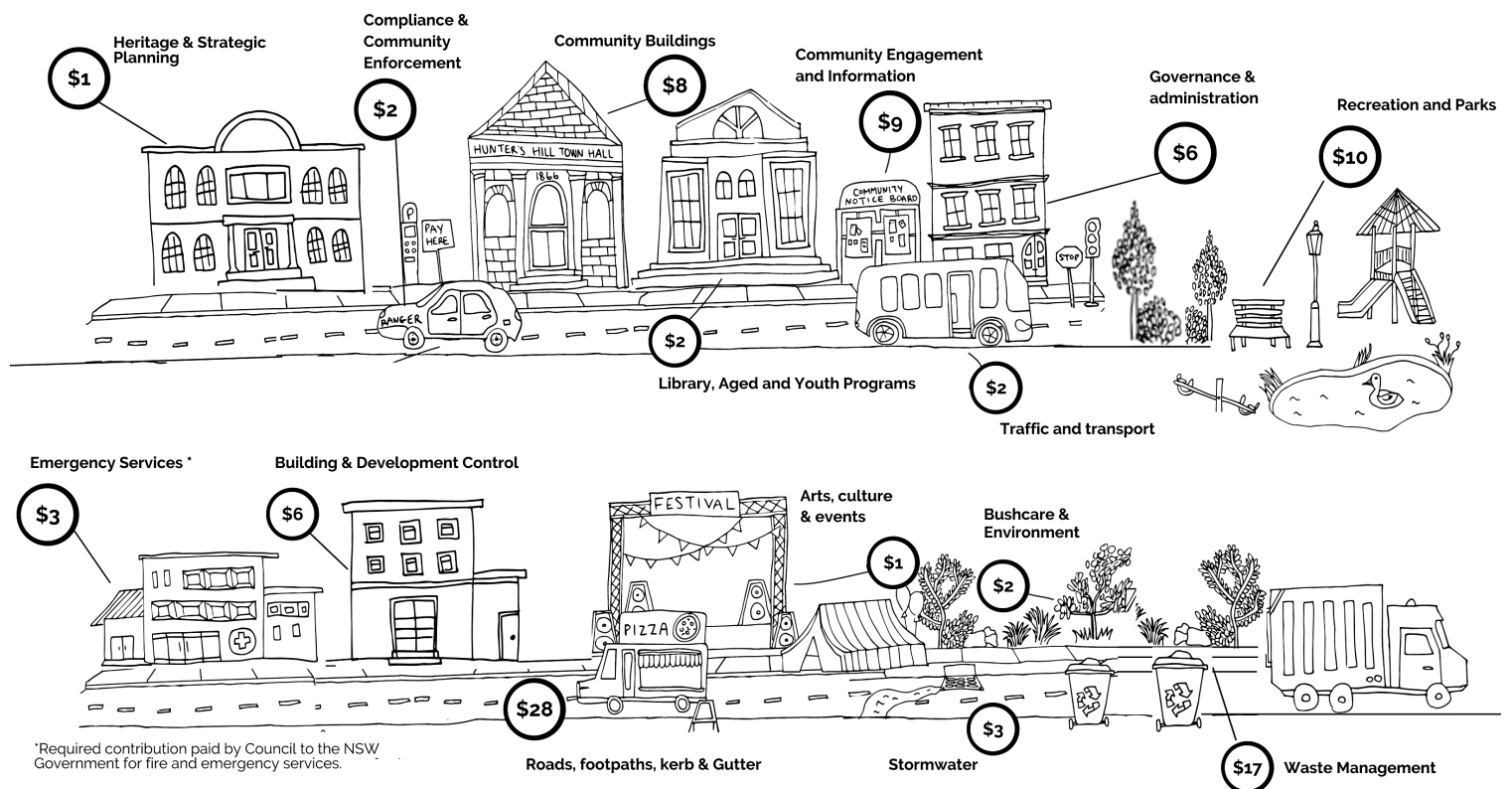
\$268.53

What will be the result?

- Improvements in the condition of some asset classes, particularly roads, seawalls, open spaces and stormwater pits and the elimination of asset renewal backlog by 2030-31.
- This option will not entirely clear the backlog for buildings, kerbs and footpaths, but will see only a marginal decline compared to the other three options.
- There will be no asset backlog.

What are your rates spent on?

You may wonder where your rates go and what sort of projects your money funds. For every \$100 spent we distribute it across the following categories:



What will be the average increase for each rating option?

Each of the options below includes an assumed rate peg of 2.5% per annum (this figure may change in September 2021). The figures are based on a Average Residential Rateable Land Value of \$1,650,000 with a base date of 1/7/2019.

Note: Garbage and Waste Charges are excluded from this table.

	Average amount general rates 2021-22	Average amount general rates 2022-23	Average amount general rates 2023-24	Average amount general rates 2029-30	Cumulative \$ increase in 29-30 in total above 21-22	% increase in 29-30 in total above 21-22
Base case		\$1839.41	\$1785.25	\$1983.06	\$65.41	3%
Option 1	\$1918.65	\$1953.00	\$2001.83	\$2321.51	\$402.86	21%
Option 2	\$1918.65	\$2099.14	\$2112.13	\$2449.42	\$530.77	28%
Option 3	\$1918.65	\$2187.18	\$2241.85	\$2599.86	\$681.21	36%

Given everything that's happening with COVID, why is Council considering rate changes?

If any changes to rates are made, they would not come into effect until July 2022. Ratepayers have 4 options to consider, which all have varying impacts. By going to Council's website and using the online rates calculator, ratepayers can then determine which is their preferred option.



How do Hunter's Hill Council rates compare to other councils?

Below is a comparison with our neighbouring councils residential rates for 2021-22, based on a rateable land value of \$1,650,000 (no waste charge included).

Council comparison	Average amount general rates 2021-22
Hunter's Hill Council	\$1918.65
Lane Cove Council	\$1826.00
Ryde City Council	\$2016.16

What productivity improvements has Council put in place?

Council has implemented a commitment to shared service initiatives, put in place a Digital Asset Management Plan, diversified revenue growth, invested in improved technologies, increased State and Federal Government grants, and varied the rating base, all of which have improved our financial position.

A focus on shared service opportunities to improve service delivery and reduce costs has included agreements with Lane Cove Council (LCC) to share library services, a shared depot, waste management, road safety and rating services. The shared library service implemented on 1 July 2020 has saved \$350,000 every year, equivalent to around 3.5% of rate income.

The development of a draft Property Strategy to optimise Council-owned land has commenced with commissioning of feasibility studies of developable, saleable or leasable land.

An ongoing review of fees and charges to change in line with surrounding municipalities and increase to equitably recover costs and maintain service standards is also underway.

Investment in improved technologies to support more customer-friendly systems and drive organisational change and efficiencies has been actioned. The recently upgraded development application assessment corporate business system, which is integrated with the NSW Government Online Planning Portal is just one example.

Implementation of an industry-leading digital asset management system (AMP) has been completed. This gives Council a more rigorous assessment of the condition of infrastructure assets than previous systems that relied heavily on desk-top estimates. The system enables more precise modelling of asset condition at different investment levels.

Council has also investigated its reliance on SVs. Apart from the 2% operational components in the 2013/14 and 2019/20 increases, which Council can keep permanently, the Roads, Environmental/Other Infrastructure and Buildings SVs are for a period of 10 years, which will cease in 2022, 2023 and 2029 respectively and are important for continued financial sustainability.

How will I know how much my rates will increase by?

A rates calculator is available on Council's website. All you need is your 2021-2022 rates notice, which has your land value, your rating category and your waste service.

Go to: www.huntershill.nsw.gov.au



Wouldn't we be better off if we merged with Ryde and Lane Cove Council's?

Councils that were forcibly merged 4 years ago are now either trying to demerge or applying to IPART for significant rate increases to harmonise rates across the merged council areas. Examples of this include Georges River Council receiving a 32.6% rate increase and the City of Canterbury Bankstown who have received a 36.4% rate increase.

What will happen if Council does not continue SVs?

Council will not be in a position to increase its capital works program for roads, footpaths, stormwater, kerb and gutters, bushland, parks and reserves unless maintenance and service standards are significantly reduced. In addition, Council will also not be able to meet its statutory responsibility to maintain community assets and will ultimately not be financially sustainable into the future.

What if I cannot afford for rates to increase?

In assessing any application, IPART will look at the ability of ratepayers to pay their rates. Statistically, Hunter's Hill Council is 10th in Australia on the Socio-economic Index for Areas (SEIFA) rankings database for the most advantaged areas in Australia. However, even though a majority of residents in Hunters Hill are socio-economically advantaged, there are still some residents who may be in a financially vulnerable position. Council has a Financial Hardship Policy in place, which provides a framework for ratepayers experiencing genuine hardship for assistance with the payment of their rates and charges.

Council has an endorsed COVID community support package, and will extend this package until the end of 2021 to help local organisations, businesses and the broader community.

There are also pensioner concessions in place if you hold a pensioner concession card and your property is your sole or principal residence, which will entitle you to rebates. Further information about this is available by visiting Council's website www.huntershill.nsw.gov.au or contacting Council on Ph: 9879 9400.

Where can I get further information and have a say?

For more information about the 4 rating scenarios being considered please visit: www.huntershill.nsw.gov.au

Alternatively, contact Council via:

- Online: Fill in the survey/feedback form by an independent research group, Micromex between 6 - 30 September at www.huntershill.nsw.gov.au
- Ph: 9879 9400 and you will be directed to a Council Officer to answer your query
- Email: council@huntershill.nsw.gov.au
- Write: PO Box 21, HUNTERS HILL, NSW 2110

Telephone Survey:

You may be contacted by an independent research group, Micromex to participate in a random survey between 23 - 30 September 2021. Your information will be protected under the Privacy Act.

For general information about special rates go to the IPART website: www.ipart.nsw.gov.au

