



OUR FINANCIAL FUTURE ENGAGEMENT AND COMMUNICATIONS REPORT

FEBRUARY 2024



ENGAGEMENT AND COMMUNICATIONS REPORT

Acknowledgement

Kempsey Shire Council acknowledges the land of the Thunggutti/Dunghutti Nation.

We pay respect to Elders past and present.

We acknowledge the role of emerging leaders to continue to guide us in the future.

We acknowledge the Stolen Generations and the need to change practices to be inclusive.

This land always was and always will be Thunggutti/Dunghutti land.

Contents

Engagement Objectives

Engagement Key Messages

Materials and Reach

- Your Say Macleay Portals
- Website
- Fact Sheets
- Information Flyer
- Advertising
- Media Relations
- Direct Messaging
- Face to Face

Results

Phase 1: Our Financial Future Investigation

- Survey responses
- Submissions
- Petition

Phase 2: Applying to IPART / Exhibition

- Survey responses
- Submissions



ENGAGEMENT AND COMMUNICATIONS REPORT

ENGAGEMENT OBJECTIVES

- Increase community awareness of Council's financial position and implementation of the Financial Sustainability Strategy to date.
- Inform the community about the possible rate increase scenarios.
- Seek community feedback on options for Council's financial sustainability.
- Inform the community of the steps in decision making process.

ENGAGEMENT APPROACH AND DECISION STATEMENT

Phase 1: Our Financial Future - Investigation into Financial Sustainability

Ensure community understand the need for and impact of a proposed SRV and are able to provide feedback prior of Council's decision on whether to make an application to IPART for a SRV.

Phase 2: Applying to IPART for a Special Rate Variation (pending outcome of Phase 1)

If Council resolve to make an application, the related Integrated Planning and Reporting documents and Hardship Procedures will be publicly exhibited and require adoption before an application can be submitted.

KEY MESSAGES

- As part of the adopted Financial Sustainability Strategy significant measures have been taken over the last five years to address Council's financial sustainability.
- A false security has been created by delivering millions of dollars in grant funded projects, through increased natural disaster and COVID-19 recovery funding.
- Community surveys show there is an expectation Council should deliver higher levels of service in the most expensive asset classes of transport infrastructure followed by stormwater and drainage.
- Rising costs of materials, labour and interest rates have all negatively impacted the long term financial forecasts.
- Council will conduct an investigation into financial sustainability including seeking community feedback on options for increasing revenue and reducing expenses.
- Council will review the investigation findings and decide on the parameters for an application for a Special Rate Variation.
- The community will continue to be informed of opportunities for feedback relevant to the application assessment and IP&R cycle



MATERIALS AND REACH

Phase 1: Our Financial Future Investigation into Financial Sustainability

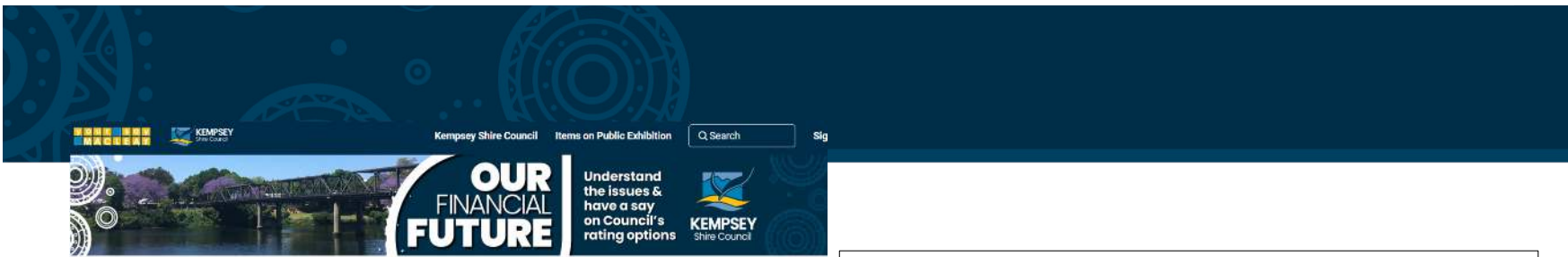
Timing: August to October 2023

Method	Metrics
Your Say Macleay Online engagement Portal “Our Financial Future”	6,000 page visits – 4,366 Aware visitors who went to at least one page 31.8% of visitors to the project took some action 319 visitors were able to download 792 documents 335 views of the FAQ page 37 visitors resulted in 62 video views
KSC Website	Dedicated project folder linked to IP&R and Your Say Macleay Website home page banner advertising 12 Site stories published throughout engagement resulting in 1,675 page views
Face to Face	Market locations across the Shire at Crescent Head, Kempsey, South West Rocks, Stuarts Point, Gladstone and Willawarrin. Markets resulted in approximately 180 interactions with residents regarding Our Financial Future Over 200 ratepayers across the Shire attended tailored Community Presentations, coordinated in partnership with existing community led organisations. Presentations were held with Macleay Business Chamber members, Hat Head Ratepayers, Kempsey Macleay Pensioners, Crescent Head Residents and Ratepayers, Stuarts Point and Districts Community Organisation (SPADCO), South West Rocks Country Club members and a combined group of 30 community leaders representing all major residents and ratepayer groups.
Media Relations	Media releases published on Council’s website and distributed to all outlets Four TV news interviews across NBN and 7News, three radio interviews including ABC Regional Radio and Tank FM, three Macleay Argus stories.



Advertising	Two Argus front- and back-page strip ads. Appeared in Argus for seven weeks. Staff e-signature advertising block for six weeks Digital billboards notice for six weeks, located outside Council offices, in Kempsey Central Shopping Centre, foyer of Customer Service and entrance to Council Chambers
Print advertorial	Six Question of the Week columns, published in Macleay Argus and Council's website
Social Media	Facebook page banner, posts linked to Question of the Week content and promoting engagement portal
Community E-newsletters	Media releases plus seven Question of the Week stories included in weekly e-news distribution to an average of 902 subscribers each time, resulting in an average of 67 clicks to the engagement portal per send.
Direct Mail	Information brochure distributed in October rates notice to 14,639 ratepayers. Direct emails to 70 community groups advising of engagement and offering to book community briefings incorporated into existing community group meetings.
Display & Handouts	Four weeks information and fact sheets display at Customer Service Centre and Kempsey Library. 1,500 additional Information brochures distributed across face-to-face engagement opportunities. Message on Council's digital information screens.
Rate Increase Options Survey	1,032 visitors to survey page online, 667 survey respondents including hard copy versions submitted through face-to-face events and directly to Customer Service.
Formal Submissions	150 submissions (91 online through Your Say Macleay and 59 submitted as emails and letters)
Staff Communication	Staff E newsletter Directorate Updates GM Video message





YOUR SAY MACLEAY – Dedicated Engagement Portal
Phase 1 <https://yoursay.macleay.nsw.gov.au/our-financial-future>

Our Financial Future



Investigation into financial sustainability

Between August and October 2023 Council engaged with our community as part of an investigation into whether an application would be made to IPART for a Special Rate Variation.

At the Ordinary Council Meeting on 21 November 2023 Council resolved to apply for a Special Rate Variation of 42.7% cumulative over three years.

THIS PAGE HAS BEEN RETAINED FOR COMMUNITY REFERENCE AS TO HOW THAT DECISION WAS REACHED IN NOVEMBER

DOCUMENTS ON EXHIBITION AHEAD OF THE FEBRUARY 2024 APPLICATION

Council is facing significant financial challenges over the next 10 years if we are going to meet the community expectations on service delivery and maintain or improve major assets like roads, bridges and community facilities.

Current estimates are the General Fund, where your rates are paid, will be in deficit totalling \$103 million over the coming decade.

Since 2019 Council has been working on a financial sustainability program that has made the service delivery more efficient and reduced costs, but it has not closed the gap between income and expenses. Council is now forced to take urgent action and is considering having to make the difficult decision to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) that could take effect from July 2024.

What has caused the financial issues?

Many factors have contributed to making Council's financial position unsustainable.

- Rising cost of materials, labour and contractors.
- Forecast loan borrowings to help fund the deficit and backlog of asset maintenance required, will now be impacted by rising interest rates.
- Rate Pegging – the NSW Government restricts how much Councils can typically increase rates by, and in recent years rate rises haven't kept up with inflation.
- Millions in grant funded improvements post fires and floods means we need to put more away each year to save for maintenance and renewal – depreciation costs.
- Community expectations are that maintenance and replacement of assets like roads, bridges and community facilities should be improved on current levels, requiring greater investment.

What options are being considered?

Special Rate Variation Calculator

Special Rate Variation Calculator

Videos



Community Presentation

Community Presentation.pdf (2.4 MB) (pdf)

Background Information

Fact Sheet 1 Councils Cost Reductions.pdf (365 KB) (pdf)

Fact Sheet 2 What caused the issues.pdf (340 KB) (pdf)

Your Say Macleay – Council's established and trusted online engagement tool

Portal Included:

- Rates Calculator for all three scenarios
- Explanation videos filmed at community presentations
- Community presentation slides
- Fact Sheets
- Common Questions
- Q&A for community to submit questions
- Online survey
- Submissions tab



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Highlighted info graphic and fact sheet explaining the impact of the three possible scenarios.



What options are being considered?

Council's long term financial plan, adopted in June 2023, outlines three options for possible rate increases that deliver varying levels of improved financial position. All three options include a rate increase each year for three years between 2024 and 2026, which would then be permanently retained as the rating level. The increase would only apply to the General Fund (property rate) on your rates notice, and not the total bill amount.

What options are being considered?

Council's long term financial plan outlines three options for possible rate increases that deliver a moderate budget surplus and varying levels of improved asset conditions.

Based on an average residential rate charge of \$1,274 the table below shows the impact of the three rate rise options and average total difference in rate charges.

	Annual Rate Peg + SRV Increase each year	Cumulative Increase after 3 years	Average \$ Increase 2024/25	Average \$ Increase 2025/26	Average \$ Increase 2026/27	Average total \$ Impact on residential rates
OPTION 1 Address financial sustainability. Manage asset maintenance and backlog at current level of service.	14.77%	51%	\$188	\$216	\$248	\$652
OPTION 2 Achieve financial stability. Replace assets in line with recommended replacement times.	22.79%	85%	\$290	\$357	\$438	\$1,085
OPTION 3 Achieve financial stability. Replace roads & bridges to a better standard to increase longevity.	24.76%	94%	\$315	\$394	\$491	\$1,200

* All three options will achieve a moderate annual operating surplus of \$1m on average over the years 2025-26 to 2032-33. The breakdown of total impact for Farmland, Business and Business Other rates is available from the Fact Sheets at ksc.pub/financialfuture



ENGAGEMENT AND COMMUNICATIONS REPORT

FACT SHEETS

- Distributed at all face-to-face engagement such as community presentations, markets, available from Customer Service Centre and Kempsey Library
- Published on Your Say Macleay
- 6 topics covered:
 1. Councils Cost Reductions
 2. What caused the issues?
 3. Impact on all Rating Categories
 4. Land Values and rates
 5. What changes with higher rates?
 6. Cost Shifting



FACT SHEET 5: What will change if we pay more in rates?

The average residential general fund rate charge for 2023-24 is \$1,274. This does not include the separate charges for water, sewer and waste that are included on the same bill. That general fund income is used to provide services that meet legislative requirements, support the community expectations and allow for the delivery of the annual Operational Plan.

The table below shows the breakdown of how that average residential rate of \$1,274 is spent across the core services.



FACT SHEET 1: What is Council doing to reduce costs?

As part of Council's organisational transformation commencing in 2017, a Financial Sustainability Strategy and Roadmap were developed and adopted in 2019. Modernising systems and processes that had negatively impacted accurate financial management has been a significant part of this work.

Recovery from bushfires, floods and COVID-19, delivering on major recovery grant funded infrastructure, and the resulting economic conditions impacting supply chains, cost escalations and interest rates, all added further challenges. A revised Financial Sustainability Program was adopted by Council in 2022.

Results have been reported quarterly across the three core themes in the Financial Sustainability Program.

Theme	Actions	Outcomes
	Improve accuracy of asset management data and modelling.	Accurate costing and program development. Strategic Asset Management Plan developed and adopted. Council could not accurately state the cost of the asset maintenance backlog prior to this work.
	Community surveys	Analysis of independent, statistically valid community surveys





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Understand the issues & have a say on Council's rating options

FACT SHEET 1: What is Council doing to reduce costs?

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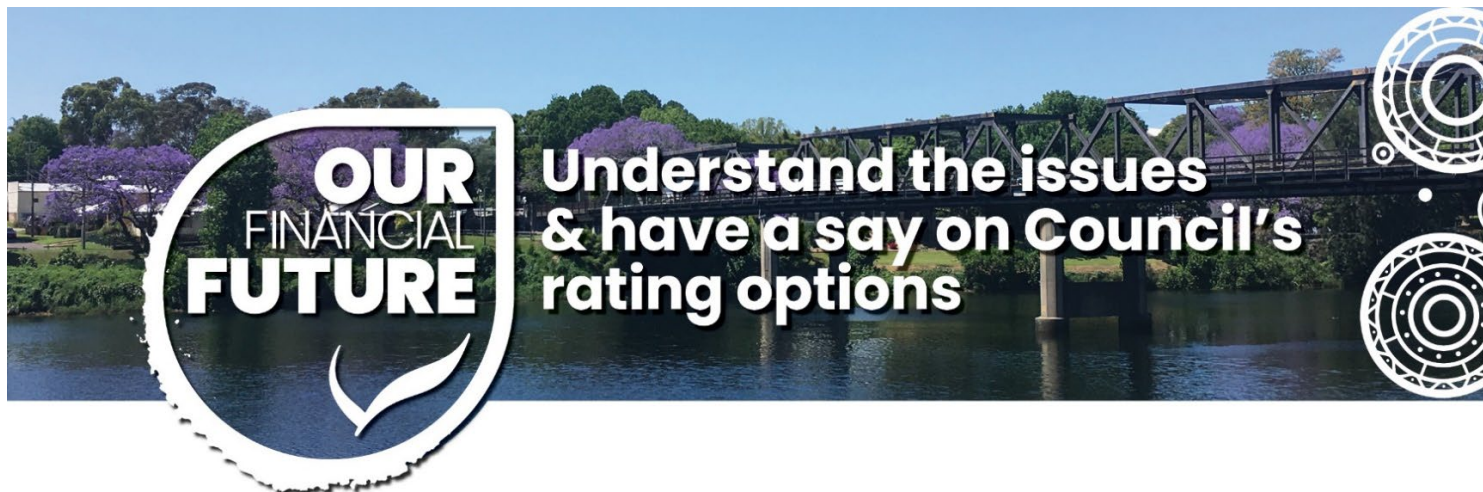
Results have been reported quarterly across the three core themes in the Financial Sustainability Program.

Theme	Actions	Outcomes
Delivering best value to our community	Improve accuracy of asset management data and modelling.	Accurate costing and program development. Strategic Asset Management Plan developed and adopted. Council could not accurately state the cost of the asset maintenance backlog prior to this work.
	Community surveys	Analysis of independent, statistically valid community surveys confirms service level expectations and high value placed on financial performance by the community.
	Organisational Structure	Reducing Director roles by 1 and Senior Manager roles by 4. Ongoing review and reporting to achieve balance of service delivery at most efficient cost.
	Procurement and contract management	Developed a Procurement Strategy to overhaul systems and support improved supplier relationships, more efficient contract management and use of credit cards.
Excellence in Financial Management	Corporate Governance	Audit, Risk and Improvement Committee (ARIC) established, with increased focus on financial sustainability. Noted improved financial governance reporting.
	Budgeting process	Cost containment budget process; project priority criteria applied to new activity; phased budget implemented to optimise cash flow; asset renewal prioritised over new builds.



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FACT SHEET 2: What caused the financial issues?

Council has limited ability to create alternative revenue streams

While Council operates several commercial businesses there are significant challenges and conflicts with community aspirations, impacting the viable returns of these businesses.

Challenges include:

- Loss making or limited ability to charge more to generate operating surplus which would supplement general fund. For example, Kempsey Airport, Kempsey Regional Saleyards, Slim Dusty Centre and Commercial Waste Operations are all in this category.
- Regulations limit how any profits from areas such as Macleay Valley Coast Holiday Parks or Domestic Waste Operations can be spent. Council is not permitted to use income from these areas on delivering other services like rural roads or running community facilities.

Essential investment in under resourced functions

For many years Council's focus was largely on basic infrastructure services. The 2018 organisational restructure set out to bring the Council's systems, processes and regulatory compliance up to the same standards as similar sized Councils.

This meant significant investment in key functions such as:

- Specialist software and staff employed to more accurately assess the current condition and ongoing maintenance required for our assets such as roads, bridges, water and sewer network.
- Establishing a strategic planning team to ensure Council could review and develop land use plans, village and town masterplans and comply with regulations around rezoning, flood plain and environmental management.
- Creating an Internal Audit function, now a requirement of the Local Government Act.
- Security systems and training to support advances in information technology and address cyber security.
- Creating a project management team to ensure Council had the skilled staff to manage delivery of the millions of dollars of additional grant funded projects, without compromising focus on existing services.
- Increased investment in workplace health and safety actions and programs to meet legislative requirements to ensure staff, contractor and public safety.



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Costs growing faster than income

- Recovery from bushfires, floods and COVID-19 and the resulting economic conditions that impacted supply chains, caused unplanned cost escalations and rising interest rates.
- Council's labour costs are in line with the new Local Government (state) Award that came into effect in July 2023. These costs represent around 42% of Council's total General Fund costs, and even without any increase in services or employee numbers, the labour cost has risen by more than the allowed rate increase.
- In NSW, Councils must not increase their rates by more than the amount set by the Independent Pricing and Regulatory Tribunal (IPART) each year, unless a special rate variation is applied for and approved. This rate peg restriction has meant historically rate increases have been low and not equivalent to increases in inflation or operating costs.
- Allowances for continued rates of high inflation have also been accounted for in the 10 year financial forecast.

Increasing borrowing costs

Borrowing money is an accepted financial management tool that helps to fund the delivery of large capital projects and spread these costs over a greater period of time.

The Long Term Financial Plan includes borrowings to not only fund these projects and the backlog of asset maintenance fund that is required, but also the forecast operating deficit. These forecast borrowings will now cost more due to rising interest rates.

Impact of grant funded major projects

A significant proportion of Council's capital investment in recent years has been grant funded. This has delivered critical works such as replacement of timber bridges, road upgrades and construction of new sports and community facilities. In forecasting budgets and project priorities for future years, Council must assume that other levels of government won't continue the multimillion-dollar grant programs that have been available after natural disasters and the COVID-19 pandemic.

The annual budgets have been adjusted to reflect depreciation, ensuring Council is putting away enough money each year to maintain and renew the facilities we have now when they reach the end of their lifespan. The allocation for depreciation from the General Fund is \$15 million this financial year, more than half the amount collected in rates.



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FACT SHEET 3: The impact on all rating categories

Council's long term financial plan outlines three options for possible rate increases that deliver varying levels of improved financial position.

There are four rating categories across the Kempsey Shire. The tables below use the average rate charge to show the impact of each of the proposed Special Rate Variation (SRV) scenarios across those categories.

Average Impact on Residential Rates

Based on an average residential rate charge of \$1,274 in 2023-24 the table below shows the impact of the three rate rise options and total average difference in rate charges.

	Annual Rate Peg + SRV increase each year	Cumulative Increase after 3 years	Average \$ increase 2024/25	Average \$ increase 2025/26	Average \$ increase 2026/27	Average total \$ impact on residential rates
OPTION 1 Address financial sustainability. Manage asset maintenance and backlog at current level of service.	14.77%	51%	\$188	\$216	\$248	\$652
OPTION 2 Achieve financial stability. Replace assets in line with recommended replacement times.	22.79%	85%	\$290	\$357	\$438	\$1,085
OPTION 3 Achieve financial stability. Replace roads & bridges to a better standard, increase longevity.	24.76%	94%	\$315	\$394	\$491	\$1,200



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Average Impact on Farmland Rates

Based on an average farmland rate charge of \$2,332 in 2023-24 the table below shows the impact of the three rate rise options and total average difference in rate charges.

	Annual Rate Peg + SRV increase each year	Cumulative Increase after 3 years	Average \$ increase 2024/25	Average \$ increase 2025/26	Average \$ increase 2026/27	Average total \$ impact on residential rates
OPTION 1 Address financial sustainability. Manage asset maintenance and backlog at current level of service.	14.77%	51%	\$344	\$395	\$454	\$1,193
OPTION 2 Achieve financial stability. Replace assets in line with recommended replacement times	22.79%	85%	\$531	\$653	\$801	\$1,985
OPTION 3 Achieve financial stability. Replace roads & bridges to a better standard, increase longevity.	24.76%	94%	\$577	\$720	\$898	\$2,196



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Average Impact on Business Urban Rates

Based on an average Business Urban rate charge of \$3,483 in 2023-24 the table below shows the impact of the three rate rise options and total average difference in rate charges.

	Annual Rate Peg + SRV increase each year	Cumulative Increase after 3 years	Average \$ increase 2024/25	Average \$ increase 2025/26	Average \$ increase 2026/27	Average total \$ impact on residential rates
OPTION 1 Address financial sustainability. Manage asset maintenance and backlog at current level of service.	14.77%	51%	\$515	\$591	\$678	\$1,783
OPTION 2 Achieve financial stability. Replace assets in line with recommended replacement times	22.79%	85%	\$794	\$975	\$1,197	\$2,966
OPTION 3 Achieve financial stability. Replace roads & bridges to a better standard, increase longevity.	24.76%	94%	\$862	\$1,076	\$1,342	\$3,280



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Average Impact on Business (other) Rates

Based on an average Business Other rate charge of \$2,514 in 2023-24 the table below shows the impact of the three rate rise options and total average difference in rate charges.

	Annual Rate Peg + SRV increase each year	Cumulative Increase after 3 years	Average \$ increase 2024/25	Average \$ increase 2025/26	Average \$ increase 2026/27	Average total \$ impact on residential rates
OPTION 1 Address financial sustainability. Manage asset maintenance and backlog at current level of service.	14.77%	51%	\$371	\$426	\$489	\$1,287
OPTION 2 Achieve financial stability. Replace assets in line with recommended replacement times	22.79%	85%	\$573	\$704	\$864	\$2,141
OPTION 3 Achieve financial stability. Replace roads & bridges to a better standard, increase longevity.	24.76%	94%	\$622	\$776	\$969	\$2,368



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FACT SHEET 4 Why rising property values impact your rates

Every three years, the NSW Government Valuer General reviews all properties in the state. Earlier this year, ratepayers would have received a new valuation for their land in the Kempsey Shire. These notifications are sent to individual property owners and do not involve Council.

The Valuer General uses a mass valuation approach, in line with the Valuation of Land Act 1916. Using the Act, the Valuer must assume the land is vacant and value it on its highest permitted use. This means the type of property, its condition or any alterations you have done don't come into the process of valuing the land.

The mass valuation approach uses seven key steps:

1. Group similar properties, which are known as components.
2. Select primary and reference benchmarks according to each property grouping representing the higher and lower values across that grouping.
3. Analyse a broad range of sales evidence, which includes vacant land and improved properties.
4. Value the primary benchmark considering factors such as the lands most valuable use; zoning, heritage restrictions or constraints; size, shape and features; location and views; nearby development and infrastructure.
5. Value the reference benchmarks to quality check the groupings are correct.
6. Apply the component factor or the mass valuation to that grouping, which determines each individual property valuation.
7. Check for quality to ensure accuracy and consistency.

Valuer General Report

The market trend between general valuation years 2019 to 2022 shows an overall increase of 83.03% despite the impacts of bushfire, COVID-19 and 2021 floods. This trend is substantially led by the residential market, followed by industrial, rural and commercial. Coast side localities across all markets within Kempsey LGA experienced the highest increases.

The NSW Valuer General, Valuation Report for Kempsey local government area (November 2022) [KEMPSEY FINAL REPORT \(nsw.gov.au\)](#)



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Your Council rates are calculated as a percentage of land value, which means rates have increased for many property owners based on this latest valuation, while for others it has decreased. Land value is also used to calculate land tax where it applies.

More information about the Valuer General's process and the specific valuations for our Local government Area is available from

<https://www.valuergeneral.nsw.gov.au/land-values/where-can-you-learn-more-about-your-land-value>

Increased land values and Council's rate income

An increase in land valuations does not mean Council generate more income from rates. The regulations set by the NSW Government determine the income Council can collect via general rates (excluding water, sewer and waste charges).

The 2023-24 financial year rate increases were capped at 3.7%, this means that even considering the increased land valuations, Council are only allowed to generate an additional 3.7% income from general fund (property) rates in total. That 3.7% increase means less than \$850,000 in additional rates were charged across all rateable properties in the Shire.

Even in a year where land valuations change, Council does not receive any extra income when property values increase, it just changes how the total general rates income Council can collect is distributed across all ratepayers.

For some ratepayers the revaluation meant they were billed a bigger proportion of the \$847,000 of Council's allowable rate increases. Other ratepayers that had limited change in the value of their property may have seen the charge for general rates remain the same or even decrease in 2023-24.

The amount Council collects in general rates is subject to an external audit and compliance report.

The only way for Council to grow rate income without a Special Rate Variation is through population growth and subsequent development. Any future impacts from population growth are estimated in multiple land use plans such as the Local Growth Management Strategy. Those estimates are then factored into Council's Long Term Financial Plan.



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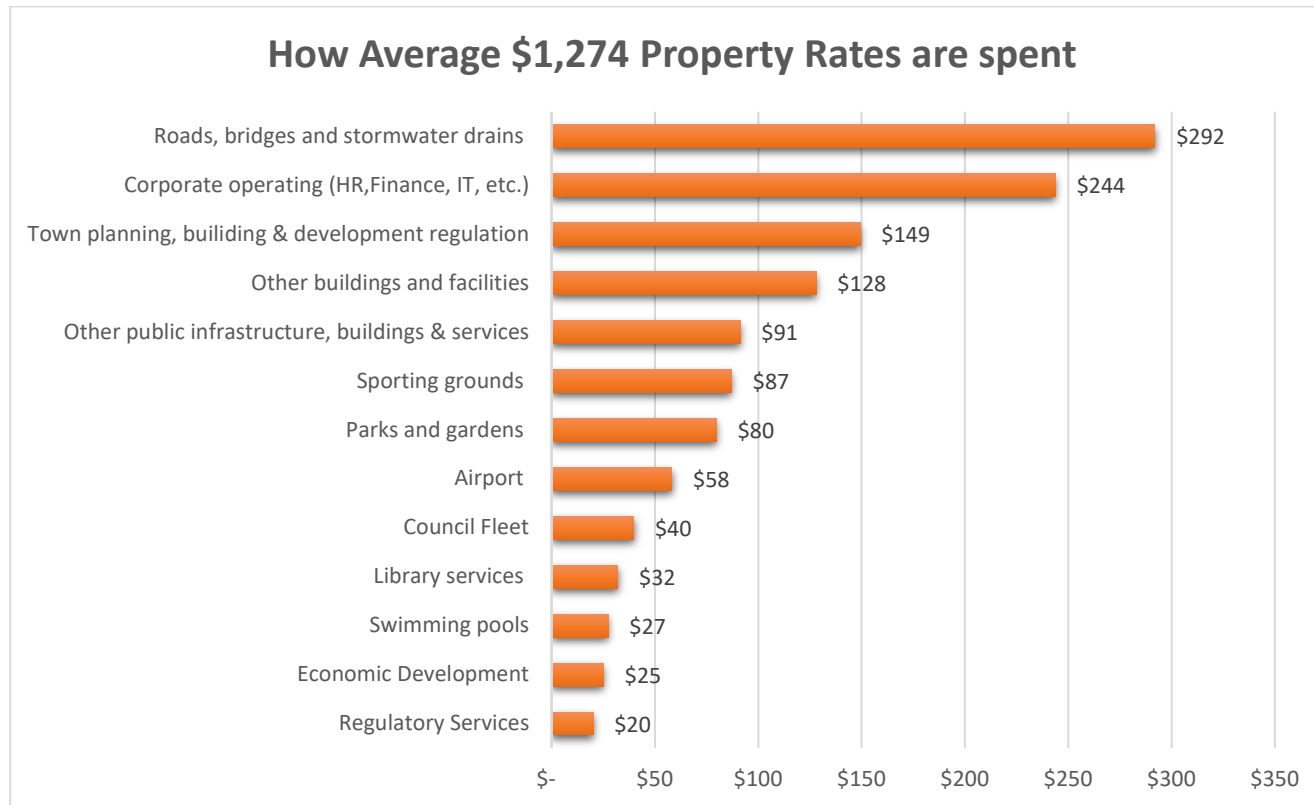




FACT SHEET 5: What will change if we pay more in rates?

The average residential general fund rate charge for 2023-24 is \$1,274. This does not include the separate charges for water, sewer and waste that are included on the same bill. That general fund income is used to provide services that meet legislative requirements, support the community expectations and allow for the delivery of the annual Operational Plan.

The table below shows the breakdown of how that average residential rate of \$1,274 is spent across the core services.





Asset maintenance and renewal

Council is required to produce and adopt a 10-year Strategic Asset Management Plan (SAMP) as part of the Integrated Planning and Reporting framework. The SAMP provides a way to review and plan for how Council can meet the objectives of our Asset Management Policy and address the community's expectations according to the Community Strategic Plan, within the context of the overall operational activities and capacity.

Kempsey Shire Council is responsible for acquiring, maintaining, and renewing, \$1.2 billion of assets, including infrastructure assets for:

- Transport (roads and bridges)
- Sewer
- Plant and Equipment
- Stormwater & Flood Mitigation
- Open Space and Recreation
- Buildings
- Water

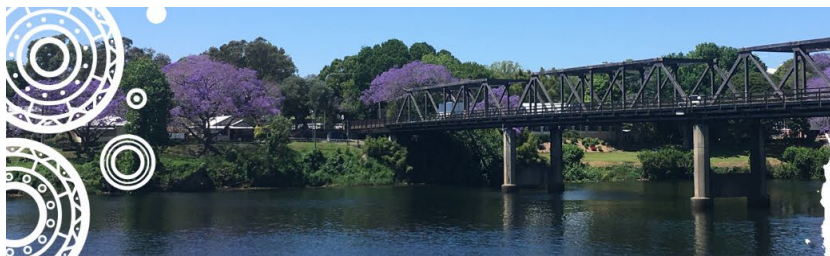
For the audited financial statements Council is required to calculate a ratio for the level of asset maintenance achieved. The NSW Government industry benchmark for Asset Maintenance is greater than 100% - basically all identified works are supposed to be completed. KSC result for 2021-22 was 96.5% which is in line with averages for other Councils of our size.

As part of the Financial Sustainability Program, Council has invested in improving the asset maintenance systems and collecting better data so that we can more accurately identify and cost those assets that require repair and or replacement, and more accurately forecast achieving the required benchmark. This analysis is collectively called "Asset Backlog".

What the SRV would mean for Asset Management

An SRV won't mean we can afford new facilities or mass upgrades to roads. It means:

- Financial sustainability is achieved to ensure the ongoing operations and service levels of Council remain as close to current levels as possible.
- Afford to put money away for future asset renewal, achieving intergenerational equity.
- May reduce the reliance on external grant funding.
- Avoid having to borrow funds to continue funding similar levels of asset maintenance to current.

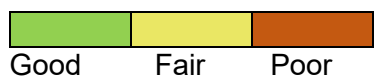


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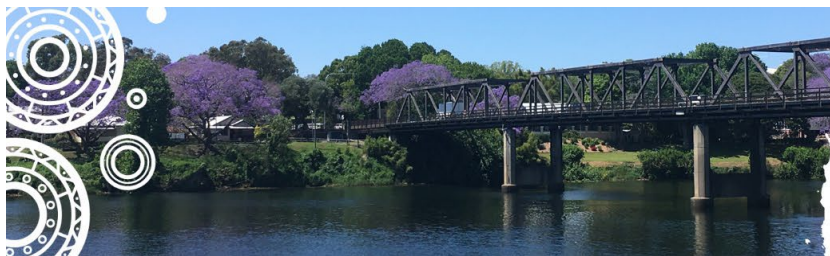


Sealed Roads Asset Condition Modelling – replacement cost of sealed road network is estimated at \$254 million



Current Condition (pre-floods)	Condition in 10 years No Income Change	Condition in 10 years with Option 1	Condition in 10 years with Option 2	Condition in 10 years with Option 3
Data recorded prior to 2021 floods, so it likely there are more poor roads due to flood damage.	A greater proportion of roads will be in poor condition.	Significantly reduce roads in poor condition from "no income change."	Roads mostly in fair condition	Roads replaced with more durable materials which last longer and cost less long term. Graph doesn't change.



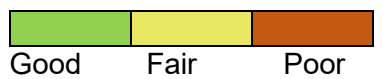


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Unsealed Roads Asset Condition Modelling – replacement cost of unsealed network is estimated at \$26.9 million



Current Condition (pre-floods)	Condition in 10 years No income change	Condition in 10 years with Option 1	Condition in 10 years with Option 2	Condition in 10 years with Option 3
Data recorded prior to 2021 floods, so it likely there are more poor roads due to flood damage.	Current levels of spend will continue, some roads will get better but the poor roads will get even worse.	Address the worst of the poor condition roads and continue with more maintenance on good roads.	Almost 80% of unsealed roads in fair to good condition.	Not applicable to unsealed roads. Graph doesn't change.
<p>Poor 45% Fair 39% Good 16%</p>	<p>Poor 47% Fair 11% Good 42%</p>	<p>Poor 30% Fair 11% Good 59%</p>	<p>Poor 18% Fair 14% Good 69%</p>	<p>Poor 18% Fair 14% Good 69%</p>





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FACT SHEET 6 Cost Shifting and Local Government

WHAT IS COST SHIFTING?

Cost shifting – which occurs when the state or federal governments transfer, or ‘shift’ responsibility for providing a certain service, concession, asset or regulatory function to councils without providing sufficient implementation or maintenance funding to support that transfer – is one of the key pressures on the financial sustainability of local government, making it a critical issue for all councils.

HOW IS THE IMPACT OF COST SHIFTING MEASURED?

Local Government NSW (LGNSW), the peak organisation representing the interests of all councils in the state, have conducted a regular cost shifting survey since the 2005-06 financial year. The data is used to highlight the significance of cost shifting, and the consequences at a community level when impacts are not fully considered by other levels of government.

It is difficult to accurately measure the true impact of cost shifting because for many of the areas where Council must deliver a legislated service or pass on fees and charges to the users of affected services, there is an opportunity for Council to apply for grants to get a portion of the charges returned. This applies against the Waste Levy, noxious weed control, the Companion Animals Fund and Library infrastructure funding. These grants or subsidies are not guaranteed; take considerable Council resources to make applications, account for the financial transactions and complete reports proving how the funds were spent. This administrative burden is a hidden impact of cost shifting.

[Impact of Cost Shifting on Local Government in NSW
LGNSW 2018 Report](#)

Executive Summary

- Cost shifting is one of the most significant problems faced by councils in NSW. Along with rate capping, cost shifting undermines the financial sustainability of the local government sector by forcing councils to assume responsibility for more infrastructure and services, without sufficient corresponding revenue.
- For the past decade, LGNSW has monitored the cost of this practice to ratepayers. Despite recognition of its adverse impacts, cost shifting by the state and federal governments onto councils is now at its highest recorded level in NSW.





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- LGNSW’s latest survey puts cost shifting onto NSW councils in the 2015/16 financial year at \$820 million. This is a \$150 million increase on 2013/14 and takes the accumulated total cost shifting burden on councils to an estimated \$6.2 billion since the survey began 10 years ago.
- LGNSW research shows another concerning trend: not only does cost shifting continue to grow, but it is also growing at an accelerated rate.
- The per annum cost shift has more than doubled in a single decade. LGNSW data shows this trend is being driven largely by state government policies, particularly the waste levy. The federal government is responsible for just 2% of the cost shifting burden borne by councils each year.
- Councils’ cost shifting burden now exceeds the estimated annual infrastructure renewal gap of \$500 million per annum (which is the gap between what councils need to spend on their existing infrastructure and what they can actually afford). Cost shifting is increasingly impeding local government’s ability to deliver services and maintain infrastructure for communities.
- Metropolitan and regional councils were hardest hit, largely due to the impact of the NSW waste levy. However, the data shows cost shifting also continues to drain the tight budgets of councils in rural NSW.

NOTE: The latest LGNSW cost shifting survey was conducted in April- May 2023 and the final report is expected to be published before November 2023.





WHAT ARE THE COST SHIFTING ISSUES FACING RURAL COUNCILS?

Top cost shifting issues affecting Rural Councils	Description	Statewide Value per 2018 report	KSC Dollar value per 2023-24 Budget
 <p>Emergency Services Levy</p>	<p>Cost imposed on councils and the insurance industry to fund the emergency services budget in NSW. Majority is paid by insurance premiums, 11.7% by Councils and 14.6% by state government.</p> <p>In 2023 the NSW Government stopped the previous practice of funding the council component of the annual increase, which had been done since 2019.</p>	<p>24% of income \$16 million</p>	<p>\$800,000 which includes the additional \$369,000 effective from 2023-24</p>
 <p>Public Library Funding</p>	<p>Service must be delivered according to Library Act 1939. Library Council of NSW, in conjunction with staff at State Library of NSW provide guidance regarding application of the Act. Local Libraries receive subsidies approved by the Minister for the Arts.</p> <p>Library regulation 2018 determines local populations for subsidy amounts.</p> <p>The annual subsidy per capita amount increased from \$1.85 in 2018 to \$2.85 per head in 2022-23, a 54% increase in per capita subsidy payments for all councils.</p>	<p>15% of income \$10 million</p>	<p>\$1.2M to operate Council’s three libraries</p>



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	Companion Animals Act	Councils are responsible for enforcing companion animal management according to the Companion Animals Act 1998, which sets legislation around pet registration, rehoming, fees and fines. Costs incurred by Council include ranger staffing, vehicles and equipment, administration burden through customer service, operating the pound and compliance services. Fees and charges applied by Council regarding the Act are paid to the NSW Government with the Companion Animal Welfare Fund distributing some funding back to councils.	13% of income \$9 million	\$50,000
	Waste Levy	Waste levy is charged to waste facility operators when waste is sent to landfill, acting as an incentive for reducing, reusing and recycling waste. A flat levy is charged regardless of the type of waste in landfill, and is \$84 per tonne in regional areas. Around a third of the levy is spent on waste and environmental programs.	10% of income \$7 million	\$1.7M
	Pensioner Rebates	The NSW Government funds just 55% of pensioner rate rebates, with councils funding the remaining 45%. All other state and territory governments in Australia fund 100% of pensioner concessions.	9% of income \$6 million	\$600,000
	Holiday Parks	5% of total Holiday Park revenue is returned to government as a levy or tax.		\$500,000
	Total			\$5.2M

ADDITIONAL COST SHIFTING BURDENS FOR KEMPSEY SHIRE COUNCIL

- The federal government's decision to pause indexation to the Local Government Financial Assistance Grants (FAG) Program for the three years commencing 1 July 2014 resulted in decrease in grant revenue despite inflationary pressures. The cumulative effect of this will continue to impact into the future.
- Activities conducted by the Forestry Corporation such as timber logging has a significant impact on the wear and tear of Council assets, specifically our rural roads and timber bridges, increasing demands on our maintenance programs. State Forests are exempt from Rates, hence the deterioration of Council assets and the associated increase in maintenance costs is borne by the community.
- Changes to the Crown Land Management Act came into effect 1 July 2018 with the implementation of a new reserve management structure. The changes in legislation and new requirements have created an administrative burden for councils and a real cost in engaging consultants to assist with the preparation of updated Plans of Management for all Crown Land Reserves.
- Management of Underground Petroleum Storage Facilities, the NSW EPA transferred responsibility for the implementation and enforcement of the Underground Petroleum Storage System (UPSS) Regulation to local government from 1 September 2019, making Council responsible for several actions at an additional cost.



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	Grants	Grant applications must reflect priorities in Delivery Program and Operational Plans. Policy improvements to be made.
	Treasury Management	Investment advisor appointed to maximise investment returns. A range of specialist Policies and management practices will be delivered in 2023-24 to provide a higher level of financial accountability. These include: <ul style="list-style-type: none"> • Restricted Assets Policy – securing cash reserves • Debt Management Policy – ensure inter-generational equity by using debt correctly • Investment strategy – seeks to maximise returns
Striving to deliver better practices	Business Improvement and Innovation portal	Continuous improvement through staff led initiatives to reduce costs include: <ul style="list-style-type: none"> • training in contract management • reduced advertising spend • innovation through centralised smart asset design services • new online development assessment portal improving file management and workloads • digital systems for recording food inspections and parking penalties Innovation portal to be established to identify further business improvement and cost reduction opportunities.
	Own Source Revenue	Increase or create new income sources. An ongoing part of good financial management. Initiatives delivered to date are: <ul style="list-style-type: none"> • External saleyards management • Holiday Park capital improvements, increasing returns to Council • Cemeteries strategy and new fee structure • Property rental and lease procedure review achieving equity for community groups and increased commercial rental income.

Other operational cost reductions

Additional cost saving initiatives, outside of the formal Financial Sustainability Program have been led by staff and reflect the culture of reducing spending wherever possible.

- Sale of vacant / unused land.
- Reduce ongoing hiring costs and plant inefficiencies through machinery purchase.
- Centralised purchasing of all software to get maximum benefits from suppliers.
- Placing rates and water bills onto one account, saving staff cost, printing and postage.
- Accessing government rebates to help pay staff by recruiting trainees. Creating local jobs.
- Reduced specialist positions, allow for greater staff flexibility and therefore reduce recruitment costs.
- Negotiated a Power Purchasing Agreement to lock in lower electricity costs.
- Environmental efficiencies and financial savings by installing solar panels and LED lights.
- Include employment of specialist project managers within grants for major capital projects. Reduces spending on external contractors, creates local jobs, means projects are delivered on time and on budget.



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ENGAGEMENT AND COMMUNICATIONS REPORT

COMMUNITY PRESENTATIONS

Presented to stakeholder groups across the Shire; published on engagement portal; hardcopies distributed

[PowerPoint Presentation \(amazonaws.com\)](https://www.amazonaws.com)

The presentation consists of 12 slides, each with a star icon in the bottom right corner:

- Slide 1: Community Briefings September – October 2023** - Features the 'OUR FINANCIAL FUTURE' logo and a background image of a bridge over water.
- Slide 2: Planning context** - A flowchart showing the process from 'OUR FINANCIAL FUTURE' through 'Strategic Planning', 'Financial Planning', and 'Budgeting' to 'Annual Budgets'. It lists objectives: Long Term vision, Community engagement, Financial plans to 10 year forecast, and Legislated reporting and monitoring.
- Slide 3: Context: Decision Timeline** - A timeline from 2023 to 2024. 2023 includes: August-October (Community consultation), November (Council decision on budget for 2024), and February (Community engagement). 2024 includes: February (Submission to SHL), March-May (SHL comments), June (Council advice on SHL), and July (Final year of the 10-year forecast).
- Slide 4: Kempsey has a low population per capita / km²** - A bar chart comparing Kempsey's population per capita to other OLG Group 4 councils.
- Slide 5: Kempsey average residential rate is comparable with other OLG Group 4 Councils** - A bar chart comparing Kempsey's average residential rate to other OLG Group 4 councils.
- Slide 6: Kempsey average business rate is lower than most OLG Group 4 Councils** - A bar chart comparing Kempsey's average business rate to other OLG Group 4 councils.
- Slide 7: Forecast Financial Situation** - A line graph showing the forecasted financial situation from 2023 to 2027. It lists contributing factors: Rate rising, CPI increases, COVID and supply chain, Limited new council revenue, Cost shifting from State, Rising interest rates, and Poor asset condition.
- Slide 8: Why are we in this position?** - A grid of boxes explaining factors: General Fund deficit, State Govt Rate, COVID and supply chain, Rising interest rates, Cost escalation, Increasing community expectations, Limited own source revenue, State Government cost shifting, and Operational capacity.
- Slide 9: Community Expectations 2023 Satisfaction Survey** - A bar chart showing satisfaction levels for various services. Top 5 services: 97% (Waste management), 91% (Road maintenance), 90% (Council services), 88% (Public safety), and 85% (Community development).
- Slide 10: What action has Council taken for financial stability?** - A list of actions: Reduce Expenses (Review power purchase agreement, Review water rates, Review council contracts, Review and update bills), Process and efficiency improvements (Review council contracts, Review and update bills, Review and update bills, Review and update bills), and Increase General Fund Income (Review power purchase agreement, Review water rates, Review council contracts, Review and update bills).
- Slide 11: What are the rate rise scenarios being considered?** - A table with three options: Option 1 (51% - Address financial sustainability), Option 2 (55% - Address financial stability), and Option 3 (94% - Active financial stability).
- Slide 12: Understanding the Impact** - A screenshot of a website showing the impact of rate increases on different council services.



Image Gallery – Staff Leaders Forum, Productivity Workshop



ENGAGEMENT AND COMMUNICATIONS REPORT

Image Gallery: Community Presentations, Stuarts Point and Kempsey Pensioners League



ENGAGEMENT AND COMMUNICATIONS REPORT

Image Gallery: Community Presentations, South West Rocks Country Club





Image Gallery: Markets and Events, Crescent Head, South West Rocks & Gladstone using Councils mobile engagement van



MEDIA LIAISON



Media Outlet	Stories
Print Media	Macleay Argus - 10 editorial stories, Weekly print audience – 5,975 / Monthly digital audience – 13,984 News of the Area – Application proceeds Kempsey Shire Council applies for Special Rate Variation - News Of The Area
TV News	News stories on both local stations NBN (Channel 9) and 7News (Channel 7) 5 September 2023 - &News 6 September 2023 – NBN News 18 October 2023 – NBN News Residents petition Kempsey Shire Council to ‘Figure It Out’ over rate rise decision – NBN News 30 October 2023 - 7 News 15 November – NBN News Kempsey Shire Council to decide on special rate variation next week – NBN News 21 November 2023 – NBN News Kempsey Shire councillors vote in support of rate hike application – NBN News 21 November 2023 – 7 News
Radio	Advertorial interview on Tank FM Kempsey Community Radio 5 x ABC Radio News interviews Kempsey's proposed 43 per cent rate rise over three years in northern NSW alarms disadvantaged residents - ABC News





Kempsey Shire Council

★ Favorites · October 13, 2023 · 🌐

...

FIND OUT MORE INFORMATION ON THE POTENTIAL RATE RISE

Council understands that the potential of having to increase rates to make the current service levels sustainable is not an easy conversation to have with the community.

To help answer some of the questions that have been raised and to provide alternative ways of getting the information, Council regularly updates the resources on the Our Financial Future website page.

Read more about where and how to find accurate SRV information:
https://www.kempsey.nsw.gov.au/_/20231012-Where-can-I...

This includes edited videos from a community briefing on topics such as:

- Why is there is a need for a Special Rate Variation investigation?
- How are rates calculated?; and
- Where are General Fund property rates spent?

We encourage the community to review this information. Then participate by having your say using the survey or via making a submission to council using the link on the website.



SOCIAL MEDIA

- Posts highlighted Q&A, information updates and call to action.
- Facebook banner linked to Website project page
- Videos of community presentations
- Total social media reach 2,352

Instagram

Log In Sign Up



kempseyshirecouncil • Follow
Kempsey Shire Council

kempseyshirecouncil WHEN DOES A DECISION GET MADE ABOUT THIS RATE RISE ISSUE?

Kempsey Shire Council is currently investigating whether to make an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation.

If Council decides at the November 2023 meeting if an application will be made, IPART is not expected to confirm the outcome until May 2024.

All ratepayers are encouraged to visit [kempsey.nsw.gov.au/our-financial-future](https://www.kempsey.nsw.gov.au/our-financial-future) to learn more about this important issue and to have your say.



3 likes
September 29, 2023

Log in to like or comment



WEBSITE PROJECT PAGE AND SITE STORIES

- Landing page for all information and updates
- <https://www.kempsey.nsw.gov.au/Your-Council/Special-Rate-Variation>
- Feature articles based off Q&A
- Linked to engagement portal for interaction and making a submission
- 12 site stories providing single source of truth and reflecting media releases issues

Special Rate Variation updates



Council proceeds with Special Rate Variation application

An application will be submitted to enable Kempsey Shire Council to vary property rates by a cumulative 42.7% over three years.



What is cost shifting and how does it affect my rates?

Cost shifting is one of the most significant problems faced by Councils in NSW. Cost shifting forces Council to assume responsibility for more infrastructure and services, without additional corresponding revenue.



Thousands engage with Council's rate rise investigation

Thousands of visits to the online engagement portal, plus over 500 survey responses and hundreds of face to face discussions at community briefings and events indicate that Kempsey Shire ratepayers are keen to have their say about a proposed special rate variation.



Where can I find accurate information about the potential rate rise?

To help answer some of the questions that have been raised and provide alternative ways of getting the information, Council has updated the resources on the Our Financial Future page. Find out more.



How can Council be predicting to be over \$100 million in deficit?

Council's deficit or gap in income to expenses will grow to \$103 million over the next 10 years. That's not a viable position and an investigation is underway as to whether a Special Rate Variation is required.



When does a decision get made about this rate rise issue?

The community is currently being asked for submissions, questions and survey responses on a potential rate rise, with a deadline of mid-October. Find out more.



How does Council spend my rates?

Rates are collected from almost 15,500 rateable properties across the shire under four categories - residential, farmland, business urban and business other.



Is it true council are putting up the rates?

Despite a four-year financial sustainability program that has increased efficiency, improved reporting systems and reduced costs, a deficit of \$103 million is forecast over the next 10 years.



Community encouraged to be informed & have a say on rate rise options

An investigation into how Kempsey Shire Council might address the forecast \$103 million deficit over the next 10 years will give the community an opportunity to comment on three possible rate rise options.



Kempsey Shire Council
22 Tozer Street | PO Box 3078 | West Kempsey | 2440



ADVERTISING

Council staff E signature advertising block with live link to engagement portal

MEDIA AND ADVERTISING

Compilation of print media stories, paid advertising and Council website stories.

INFORMATION BROCHURE

Our Financial Future information brochure mailed to ratepayers and distributed at all face to face engagement.



Monday 4 September 2023

MEDIA RELEASE

Community encouraged to be informed and have a say on rate rise options

An investigation into how Kempsey Shire Council might address the forecast \$103 million deficit over the next 10 years will give the community an opportunity to comment on three possible rate rise options.

Despite delivering a financial sustainability program over the last four years, rising costs of materials and labour, coupled with increases in interest rates and restrictions on how Councils can generate income from rates have all contributed to the forecast of an unsustainable deficit position.

Council is now faced with the difficult decision of considering making an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV).

Staff are undertaking a detailed investigation program to consider the price of meeting the community expectations for service delivery, the opportunities to reduce expenses and increase income and what level of SRV may be required.

Craig Milburn, General Manager said that the investigation includes presenting the three proposed options for an SRV to the community and providing an opportunity for feedback.

"We understand that many in our community are under financial pressure, but unfortunately the same things that affect households such as rising interest rates, cost of materials and limited ways to raise income, also affect Council's ongoing operations," said Mr Milburn.

"The three options we've developed would create financial and service level security and offer varied levels of improved maintenance and renewal for our assets such as roads and bridges. It could mean three incremental rate rises between July 2024 and July 2026, totalling either a 51%, 85% or 94% increase from the current level."

One of the critical points Council is reminding ratepayers in the information materials prepared for the investigation, is that any potential rate rise is not applied to the total rates bill, only the General Fund (or property rate) line on the bill.

"Council's budget process is complicated, and we've worked hard to be transparent and help people understand the difficult decision ahead. A series of fact sheets, common questions and a rates calculator so that people can see how the three options might impact their own rates bill are all tools we're making available to the community to help get informed feedback," said Mr Milburn.

Feedback through surveys and submissions will be sought through September and October through Council's online engagement portal [Your Say Macleay](#), at community briefings and face to face at markets and community events.

A report will be presented to the November Council meeting to consider the community feedback, options for reducing the impact on the most disadvantaged in our community and any further proposals for reducing expenses and services.

If Council resolve to apply for a Special Rate Variation, that application is made to IPART in February 2024 with a determination expected in May 2024 ahead of any changes in the 2024-25 financial year.

"Community submissions, questions and feedback will help with the decision ahead and we encourage all ratepayers to visit [Your Say Macleay](#) to learn more."

"Alternatively come and speak to staff at local markets or submit a request for staff to make a presentation at your next community group meeting," concluded Mr Milburn.

Have your say – read the background information, fill out a survey, make a submission, use the rate calculator, visit a pop-up stall, book a community briefing and ask questions at ksc.pub/financialfuture

ENDS

Photo caption: Residents are encouraged to be informed and have their say on rate rise options through Your Say Macleay.

For more information or an interview please contact Annabelle Sneddon on 0499 972 126

WEDNESDAY 18 OCTOBER 2023

MEDIA RELEASE

COMMUNICATIONS

Thousands engage with Council's rate rise investigation

Thousands of visits to the online engagement portal, plus over 500 survey responses and hundreds of face to face discussions at community briefings and events indicate that Kempsey Shire ratepayers are keen to have their say about a proposed special rate variation.

Kempsey Shire Council has provided a range of education materials, videos and answers to common questions and has asked ratepayers for their feedback on three possible rate variation scenarios as part of the investigation into addressing a forecast \$103 million General Fund deficit over the coming decade.

With the initial community engagement period nearing its end, Council is encouraging those who have not yet had a say to ensure they do by Sunday 29 October.

Stephen Mitchell, Acting General Manager of Kempsey Shire Council, said all the community feedback will be collated and presented as part of the investigation report to be considered by Councillors at the November Meeting.

"We have mailed out a flyer with this month's rate notice and really encourage ratepayers to read the details, use the rate calculator to see how the possible scenarios impact them and give their feedback on the three proposed options presented through [Your Say Macleay](#)," said Mr Mitchell.

"The three options deliver financial sustainability along with varying levels of improved asset condition and include a rate increase each year for three years between 2024 and 2026, which would then be permanently retained as the rating level."

"However, it's important to stress that no decision has been made yet."

After the engagement period ends, a report will be presented to Councillors at the November Meeting, who will have the difficult decision of determining if an application should be made to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation.

"We understand the community's concern about the increase to their rates while there is continual cost of living pressures, Council is feeling those pressures too. It would be imprudent and irresponsible of Council to not address the forecast financial challenges," said Mr Mitchell.

"If Council decide to apply to IPART we will inform the community of how to make submissions directly to the regulatory body ahead of any determination in May next year."

Ratepayers are reminded that the increase would apply to the property rate line, being the first line on the rate notices, not the total amount.

Resources and information are [available on Your Say Macleay](#) to inform ratepayers of the challenging decision ahead including:

- Fact Sheets explaining background information.
- Community generated questions and answers.
- A rates calculator.
- Videos from community briefings explaining topics like how rates are calculated.

Ratepayers can learn more and have their say at ksc.pub/financialfuture

ENDS

Photo caption: On top of thousands of visits to Your Say Macleay, Council staff have discussed the Special Rate Variation with hundreds of residents at community events and markets.

For more information or an interview please contact Annabelle Sneddon on 0499 972 126

Community encouraged to be informed & have a say on rate rise options

Published on 01 September 2023

An investigation into how Kempsey Shire Council might address the forecast \$103 million deficit over the next 10 years will give the community an opportunity to comment on three possible rate rise options.

Despite delivering a financial sustainability program over the last four years, rising costs of materials and labour, coupled with increases in interest rates and restrictions on how Councils can generate income from rates have all contributed to the forecast of an unsustainable deficit position.

Council is now faced with the difficult decision of considering making an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV).

[Visit Your Say Macleay to learn more](#) >

Staff are undertaking a detailed investigation program to consider the price of meeting the community expectations for service delivery, the opportunities to reduce expenses and increase income and what level of SRV may be required.

Craig Milburn, General Manager said that the investigation includes presenting the three proposed options for an SRV to the community and providing an opportunity for feedback.

"We understand that many in our community are under financial pressure, but unfortunately the same things that affect households such as rising interest rates, cost of materials and limited ways to raise income, also affect Council's ongoing operations," said Mr Milburn.

"The three options we've developed would create financial and service level security and offer varied levels of improved maintenance and renewal for our assets such as roads and bridges. It could mean three incremental rate rises between July 2024 and July 2026, totalling either a 51%, 85% or 94% increase from the current level."

One of the critical points Council is reminding ratepayers in the information materials prepared for the investigation, is that any potential rate rise is not applied to the total rates bill, only the General Fund (or property rate) line on the bill.

"Council's budget process is complicated, and we've worked hard to be transparent and help people understand the difficult decision ahead. A series of fact sheets, common questions and a rates calculator so that people can see how the three options might impact their own rates bill are all tools we're making available to the community to help get informed feedback," said Mr Milburn.

Feedback through surveys and submissions will be sought through September and October through Council's online engagement portal [Your Say Macleay](#), at community briefings and face to face at markets and community events.

A report will be presented to the November Council meeting to consider the community feedback, options for reducing the impact on the most disadvantaged in our community and any further proposals for reducing expenses and services.

If Council resolve to apply for a Special Rate Variation, that application is made to IPART in February 2024 with a determination expected in May 2024 ahead of any changes in the 2024-25 financial year.

"Community submissions, questions and feedback will help with the decision ahead and we encourage all ratepayers to visit [Your Say Macleay](#) to learn more."


"Alternatively come and speak to staff at local markets or submit a request for staff to make a presentation at your next community group meeting," concluded Mr Milburn.

Have your say - read the background information, fill out a survey, make a submission, use the rate calculator, visit a pop-up stall, book a community briefing and ask questions at [ksc.pub/financialfuture](#)

Tagged as:

[Have your say](#) [Mayor and Councillors](#) [Rates and Finance](#)

Related Information

 [Our Financial Future](#)



Is it true council are putting up the rates?

Published on 15 September 2023

Despite a four-year financial sustainability program that has increased efficiency, improved reporting systems and reduced costs, a deficit of \$103 million is forecast over the next 10 years.

So yes, Council is considering a possible rate rise as part of the action required to address this unsustainable position.

We understand that many in our community are under financial pressure, but unfortunately the same things that affect households such as rising interest rates, cost of materials and limited ways to raise income, also affect Council's ongoing operations and are contributing to the deficit.

Council is now faced with the difficult decision of considering three possible options that would require making an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV).

It's important to acknowledge that any potential rate rise is not applied to the total rates bill, only the General Fund (or property rate) line on the bill.

Council's budget process is complicated, and we've worked hard to be transparent and help people understand the issues and decision ahead. A series of fact sheets, common questions and a rates calculator where people can see how the three options might impact their own rates bill are all available to the community to help get informed feedback.

Community submissions, questions and survey responses will help with the decision ahead and we encourage all ratepayers to visit ksc.pub/financialfuture to have a say.

A report including the community feedback, options for reducing the impact on the most disadvantaged in our community and any further proposals for reducing expenses and services will be presented to Councillors in November.

If Council resolve to apply for a SRV, that application must be made to IPART in February 2024 with a determination expected in May 2024 ahead of any changes in the 2024-25 financial year.

Tagged as:

Rates and Finance



Share



Contact us

Phone (Mon-Fri 8.30am-4.30pm):
[02 6566 3200](tel:0265663200)

Email: ksc@kempsey.nsw.gov.au

In person (Mon-Fri 9am-4.30pm):
227 Ross St, West Kempsey

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Other venues and services

[Kempsey Shire Libraries](#)

[Macleay Valley Coast](#)

[YourSay Macleay](#)

[Kempsey Community Directory](#)

Our commitments to you

We lead and work with our community to build an inspired, connected Macleay Valley.

Kempsey Shire Council acknowledges the land of the Thunggutti/Dunghutti Nation. We pay respect to Elders past and present. We acknowledge the role of emerging

How does Council spend my rates?

Published on 22 September 2023

Rates are collected from almost 15,500 rateable properties across the shire under four categories - residential, farmland, business urban and business other.

That income from property or 'general fund' rates (which excludes water, sewer and waste charges) is just over \$23 million for the current financial year.

This is only 21% of Council's general fund income with the remainder coming from grants, user fees and charges and other revenue.



Residential rates make up the biggest proportion with 13,144 properties paying rates. The average residential general rate charged across the Kempsey Shire for 2023-24 is \$1,274.

That income from rates is used to meet community expectations for core services and to support delivery of services that are not commonly supplemented by grants. This year's budget will see that income allocated as follows:

- 23% Roads, bridges and stormwater drains
- 19% Corporate operating services (Human Resources, Finance, Customer Service, Information Technology)
- 13% Sporting grounds, parks and gardens
- 12% Town planning, building and development regulation
- 10% Buildings and facilities
- 7% Public infrastructure buildings and services
- 5% Airport

The remaining 11% is spent across Council's fleet of vehicles, library services, swimming pools, economic development and regulatory services.

We estimate a further \$50 million will be received this year in grants for capital infrastructure and programs. This will help fund major projects such as the replacement of timber bridges, resealing parts of Armidale Road damaged by natural disasters, and completing the Verge and Eden Street sports complex upgrade.

Unfortunately, we cannot rely on receiving this level of extra grant income every year. In the future, the available income to continue delivering the services the community expects is likely to reduce.

For more information on Council's budget process, the three potential options being considered for a Special Rate Variation and ways in which you can have a say visit [ksc.pub/financialfuture](https://www.kempseyshire.com.au/ksc/pub/financialfuture) or the information stand at the Customer Service Centre in Kempsey.

Tagged as:

Rates and Finance

When does a decision get made about this rate rise issue?

Published on 29 September 2023

The Kempsey community is currently being asked for submissions, questions and survey responses on a potential rate rise, with a deadline of mid-October. This is only one step in a decision that will not be finalised until June next year.

Kempsey Shire Council is currently investigating whether to make an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation. Details are available at ksc.pub/financialfuture or by contacting Council.



Despite a four-year financial sustainability review and action program, a deficit of \$103 million is forecast over the next 10 years if significant actions aren't taken.

The current community engagement has focussed on explaining the financial issues, outlining the three possible rate rise scenarios, and seeking feedback on the services the community would consider reducing if a rate rise isn't tolerable.

Already more than 420 survey responses and submissions have been received from across the Shire.

This community feedback, along with detailed independent analysis of whether the community would have capacity to pay increased rates, and options for ongoing cost savings, will be reported to Councillors at the November meeting where Councillors will be asked to resolve whether to submit an application for an SRV in February 2024.

If an application is made, IPART is not expected to confirm the outcome until May. All the materials supplied by Council, will be judged against six key criteria, including financial management, community engagement, and the savings Council has identified. IPART will also accept community submissions made directly to them as part of their assessment process.

Should IPART ultimately approve the application, the actual rates will still be set by Council. This means a final decision about the rates for next year and beyond will not be made until June 2024. As with all of Council's major financial and strategic planning decisions, this will be detailed in business papers published online a week before the meeting with members of the public invited to speak at a public forum.

All ratepayers are encouraged to visit ksc.pub/financialfuture to learn more on this important issue and to have your say.

Tagged as:

Rates and Finance

Home / Your Council / Council news & public notices / Council news & updates / How can Council be predicting to be over \$100 million in deficit?

How can Council be predicting to be over \$100 million in deficit?

Published on 05 October 2023

Financial management and forecasting for local government is a complex process involving many variables and layers of legislation.

Essentially Council, or Local Government, is a service legislated by state government, provided to the community and paid for through multiple income sources, with rates for our shire bringing in only around a third of the funding needed.



Council is required to produce a [Long Term Financial Plan](#) that makes projections for income and expenses for a 10 year period. It goes on public exhibition through April and May and is adopted in June each year.

Over the last five years, that forecast for Kempsey Shire Council - revised regularly - shows that the cost of materials, wages, and maintaining or replacing the \$1.5 billion in assets has increased far more than the income Council can generate.

Improvements to the way we assess the condition of the road network, and the accuracy of calculating replacement costs, mean that millions of dollars in borrowed funds will be needed in the next 10 years to keep the roads up to a safe standard.

Borrowing money for asset maintenance, or to help spread the cost of major infrastructure projects like the new landfill cell at the Waste Management Centre or airport upgrades, costs significantly more now following the rises in interest rates. It's these costs that mean the current projection is that Council's deficit or gap in income to expenses will grow to \$103 million over the next 10 years.

That's not a viable position and an investigation is underway as to whether a [Special Rate Variation](#) is required. Council is working with residents and community groups to clarify this complicated forecasting process.

Useful information provided includes that Council has no ongoing costs or financial liability to the operation of the Kempsey Cinema, that any major projects or grant applications must complete a detailed financial and business case review before they can progress, and that staffing levels are consistent with other similar sized Councils.

The information on [Council's Your Say Macleay site](#) is being updated regularly as the engagement continues throughout October ahead of a recommendation being presented at the November Council meeting.

We encourage the community to provide their feedback by completing the Survey on the Your Say Macleay page by clicking the button below.

[Have Your Say >](#)

Tagged as:

[Community Life](#) [Have your say](#) [Rates and Finance](#)

Where can I find accurate information about the potential rate rise?

Published on 12 October 2023

Speaking with residents at community meetings and markets over the last month has highlighted just how complex the process of setting rates, long term financial forecasting and achieving financial sustainability is for local government.

Kempsey Shire Council understands that the potential of having to increase rates to make the current service levels sustainable is not an easy conversation to have with the community.



To help answer some of the questions that have been raised and provide alternative ways of getting the information, Council has updated the resources on the [Our Financial Future page](#).

This includes edited videos from a community briefing on topics such as:

- Why there is a need for a Special Rate Variation investigation,
- How rates are calculated, and
- Where General Fund property rates are spent.

Council also acknowledges that in challenging economic times, residents are likely to have many questions about the potential Special Rate Variation.

As such, another way to learn more about the Special Rate Variation investigation is by using the Ask a Question feature located on the Our Financial Future page on Your Say Macleay.

There are already a number of questions and answers on there that residents may find useful and insightful on topics like depreciation of assets, staffing at Council and the income and expenditure restraints on local government.

The Our Financial Future page continues to be updated regularly as engagement continues until 29 October 2023. Following this, a report and recommendation will be presented to Councillors at the Council Meeting on 21 November 2023.

Over 500 survey responses, submissions and questions have been received to date and a full report on all the engagement and community feedback will be compiled to help Councillors decide on whether the next steps in achieving a sustainable financial position will include making an application to IPART for a Special Rate Variation.

To find accurate information and have your say, head to ksc.pub/financialfuture

[Take the survey >](#)

[Make a formal submission >](#)

Tagged as:

[Mayor's column](#) [Rates and Finance](#)

Thousands engage with Council's rate rise investigation

Published on 18 October 2023



Thousands of visits to the online engagement portal, plus over 500 survey responses and hundreds of face to face discussions at community briefings and events indicate that Kempsey Shire ratepayers are keen to have their say about a proposed special rate variation.

Kempsey Shire Council has provided a range of education materials, videos and answers to common questions and has asked ratepayers for their feedback on three possible rate variation scenarios as part of the investigation into addressing a forecast \$103 million General Fund deficit over the coming decade.

With the initial community engagement period nearing its end, Council is encouraging those who have not yet had a say to ensure they do by Sunday 29 October.

Stephen Mitchell, Acting General Manager of Kempsey Shire Council, said all the community feedback will be collated and presented as part of the investigation report to be considered by Councillors at the November Meeting.

"We have mailed out a flyer with this month's rate notice and really encourage ratepayers to read the details, use the rate calculator to see how the possible scenarios impact them and give their feedback on the three proposed options presented through [Your Say Macleay](#)," said Mr Mitchell.

"The three options deliver financial sustainability along with varying levels of improved asset condition and include a rate increase each year for three years between 2024 and 2026, which would then be permanently retained as the rating level."

"However, it's important to stress that no decision has been made yet."

After the engagement period ends, a report will be presented to Councillors at the November Meeting, who will have the difficult decision of determining if an application should be made to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation.

"We understand the community's concern about the increase to their rates while there is continual cost of living pressures, Council is feeling those pressures too. It would be imprudent and irresponsible of Council to not address the forecast financial challenges," said Mr Mitchell.

"If Council decide to apply to IPART we will inform the community of how to make submissions directly to the regulatory body ahead of any determination in May next year."

Ratepayers are reminded that the increase would apply to the property rate line, being the first line on the rate notices, not the total amount.

Resources and information are [available on Your Say Macleay](#) to inform ratepayers of the challenging decision ahead including:

- Fact Sheets explaining background information.
- Community generated questions and answers.
- A rates calculator.
- Videos from community briefings explaining topics like how rates are calculated.

Ratepayers can learn more and have their say at ksc.pub/financialfuture

Tagged as:



Three options for rate increase

KEMPSEY Shire Council is facing an "unsustainable" operating deficit of \$103m within a decade.

That means rate rises are all but inevitable.

Council is considering applying to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV).

Three proposed options are now being presented to the community for feedback.

"It could mean three incremental rate rises between July 2024 and July 2026, totalling either a 51 per cent, 85 per cent or 94 per cent increase from the current level," council's general manager Craig Milburn said.

Any potential rate rise will not be applied to the total rates bill, only the General Fund (or property rate).

Feedback through surveys and submissions will be sought during September and October through council's online engagement portal Your Say Macleay, and at community briefings, face to face markets and community events.

Councillors will then consider the community's feedback at their November meeting.

If they resolve to apply for the SRV and are approved, changes would be applied in the 2024-25 financial year.

— STAFF REPORTERS

SPORT

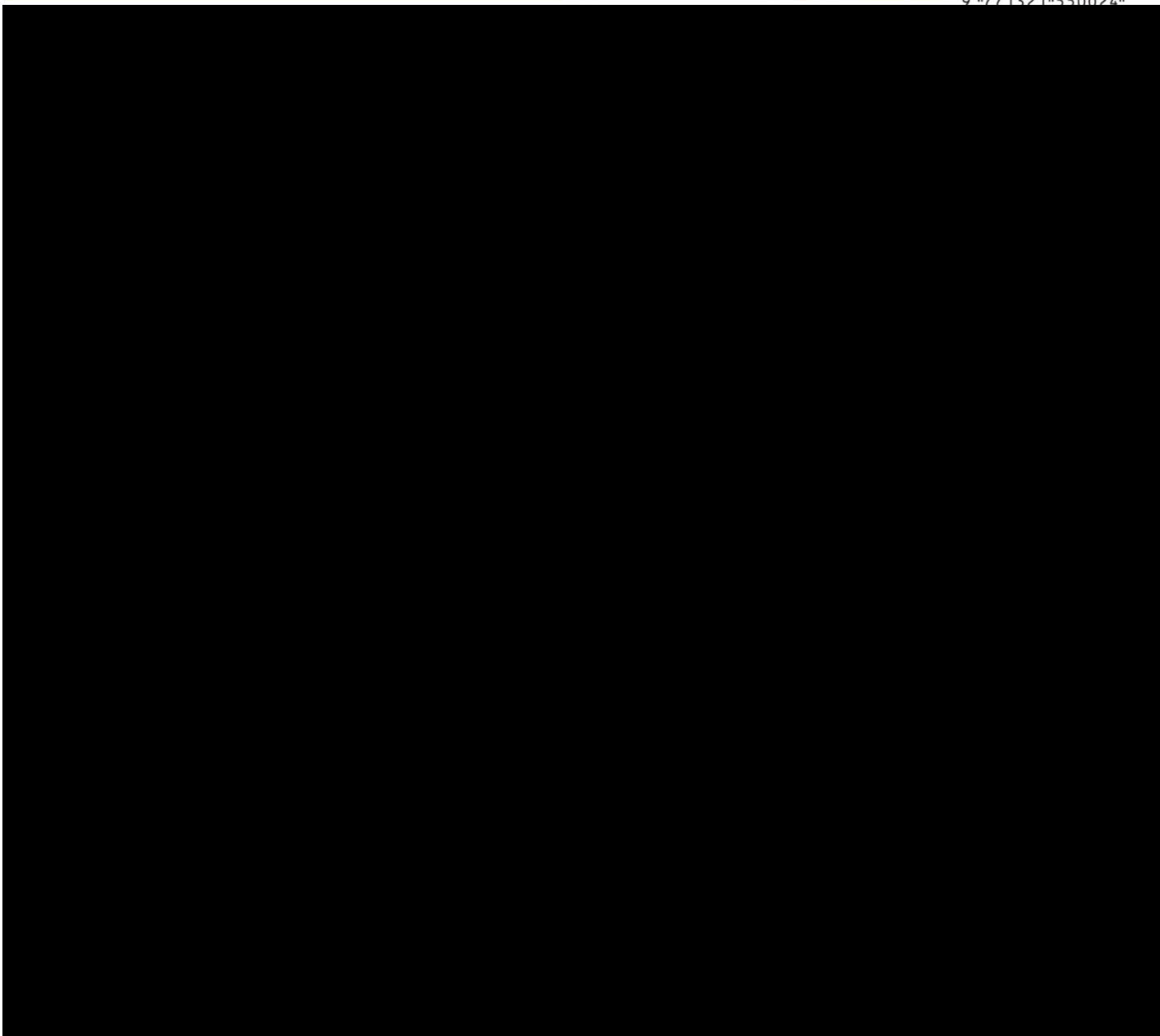
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through to
major semi**
P17



ISSN 1321-5507



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**Understand the issues and
have your say on Council's
rating options**

ksc.pub/
financialfuture




Council's 'Question of the Week'

COLUMN

DESPITE a four-year financial sustainability program that has increased efficiency, improved reporting systems and reduced costs, a deficit of \$103 million is forecast over the next 10 years.

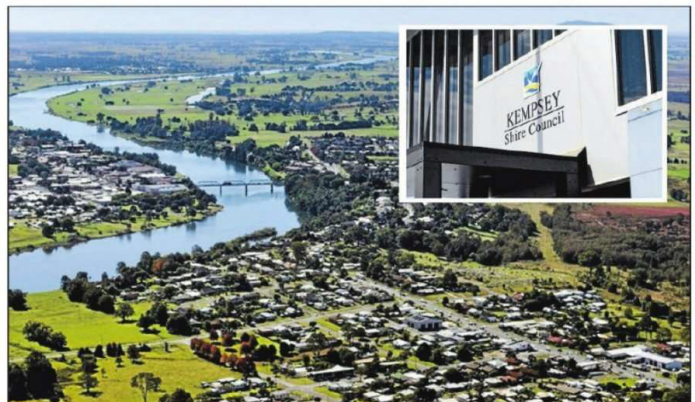
So yes, council is considering a possible rate rise as part of the action required to address this unsustainable position.

We understand that many in our community are under financial pressure, but unfortunately, the same things that affect households such as rising interest rates, cost of materials and limited ways to raise income, also affect council's ongoing operations and are contributing to the deficit.

Three options

Council is now faced with the difficult decision of considering three possible options that would require making an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV).

It's important to acknowledge that any potential rate rise is not applied to the total



And increase would be applied to the property rate line on the bill. File pictures



Is it true council is putting up the rates?

rates bill, only the General Fund (or property rate) line on the bill.

Council's budget process is complicated, and we've worked hard to be transparent and help people understand the issues and decision ahead.

A series of fact sheets, common questions and a rates calculator where people can see how the three options might impact their own rates bill, are all available to the

community to help get informed feedback.

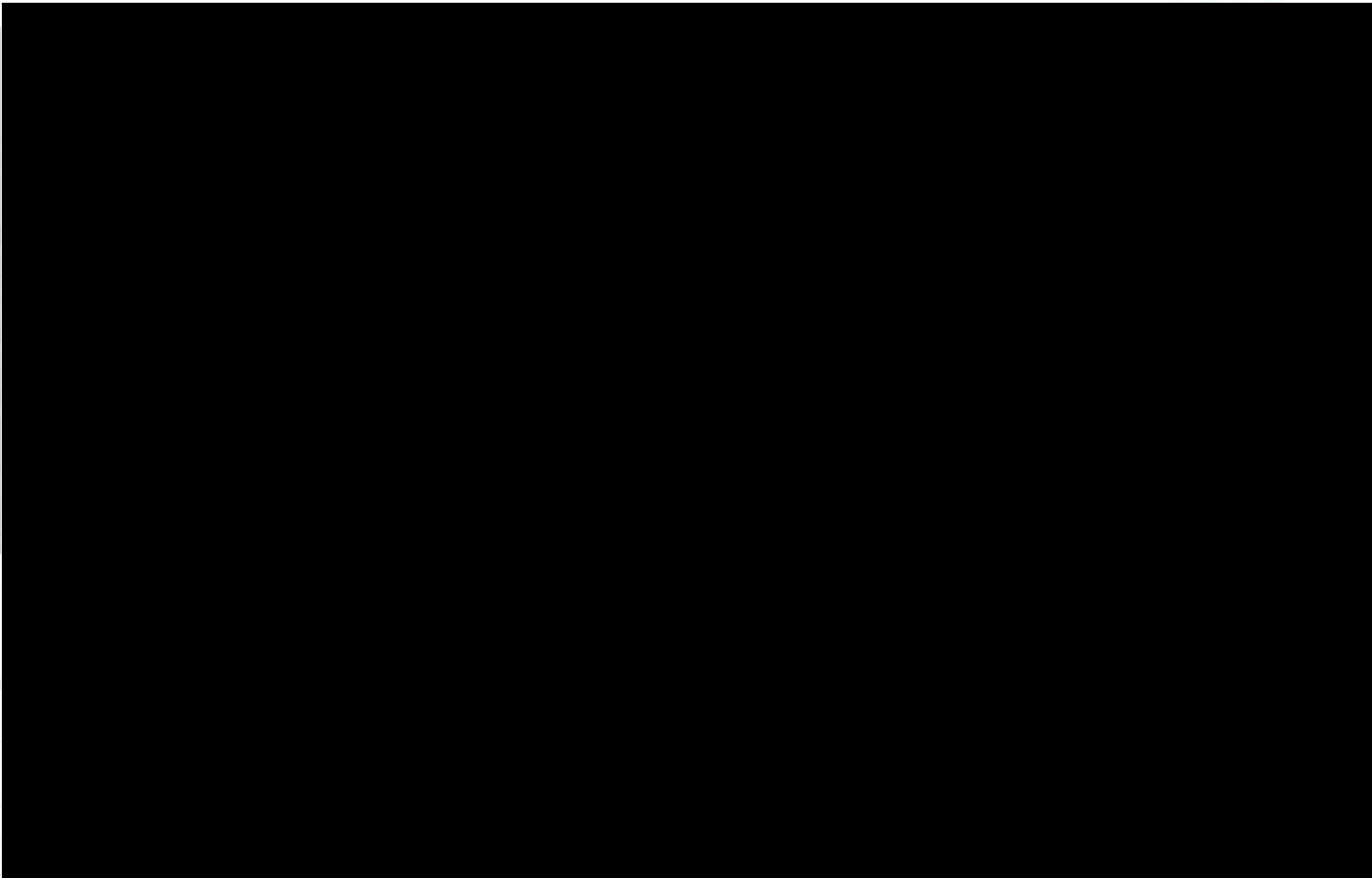
Have your say

Community submissions, questions and survey responses will help with the decision ahead and we encourage all ratepayers to visit ksc.pub/financialfuture to have a say.

A report including the community feedback, options for reducing the impact on the most disadvantaged in our community and any further proposals for reducing expenses and services will be presented to councillors in November.

If council resolves to apply for a SRV, that application must be made to IPART in February 2024 with a determination expected in May 2024 ahead of any changes in the 2024-25 financial year.

— KEMPSEY SHIRE COUNCIL



KEMPSEY SHIRE COUNCIL NOTICES

WHAT'S ON

Watch this space for news on upcoming events, services and activities in the Macleay Valley.

- 24 SEP** **It's OK on the Macleay**
 10am-2pm Sunday
 Riverside Park, Eden Street Kempsey
- 24 SEP** **Sculpture In The Gaol - Last Weekend**
 9am-4.30pm Sunday
 Trial Bay Gaol
- 27 SEP** **Storytime with Piper the Story Dog**
 10.30am-11.30am Wednesday
 Suitable for 3+ yrs
 Kempsey Library, 22 Tozer Street, Kempsey
- 29 SEP** **Storytime**
 10.30am-11am Friday (fortnightly)
 Kempsey Library
 22 Tozer Street, Kempsey

For more info visit ksc.pub/whats-on

OUR FINANCIAL FUTURE

Understand the issues and have your say on Council's rating options

ksc.pub/financialfuture

COMMUNITY GRANTS

APPLICATIONS OPEN
 Closing Date: Friday 23 September

ksc.pub/grants

PUBLIC NOTICE

MILESTONE OF 33 BRIDGES REPLACED
 Macleay reaches milestone with replacement of 33 timber bridges with concrete upgrades. With this significant milestone achieved, Kempsey Shire Council remains firmly committed to completing the remaining 21 bridges at an ambitious rate of 4-6 bridges per month, extending through to the end of 2023.

WEEKLY WORKS SCHEDULE

UNDER CONSTRUCTION - HORSESHOE BAY CAR PARK

Council's Works teams are continuing to work hard every day to improve and maintain our community infrastructure and physical environment. Construction work is almost complete at Horseshoe Bay Car Park with final landscaping underway. Visit ksc.pub/works for Council's full works schedule.

KEMPSEY Shire Council

COUNCIL MEETING

PUBLIC FORUM
 Monday 16 October

ORDINARY COUNCIL MEETING
 Tuesday 17 October

Please see Council's website for more information kempsey.nsw.gov.au

CONTACT COUNCIL

CUSTOMER SERVICE CENTRE
 Monday - Friday
 9am - 4:30pm

MOBILE CUSTOMER SERVICE DESK
 Wednesdays
 10am - 2pm

POST
 PO Box 3078
 West Kempsey
 NSW 2440

PHONE
 02 6566 3200
 Monday - Friday
 8:30am - 4:30pm

EMAIL
ksc@kempsey.nsw.gov.au

Special guest speaker **JANE HILLSDON** presents

HOW TO CREATE HIGH-IMPACT MARKETING ON A SMALL BUDGET

Attend to go in the draw to **WIN** 1 of 2 photoshoot packages for your business.

Tuesday 10 October 2023
10am to 1pm @ The Great Northern Hotel
FREE event - refreshments provided
 Register your spot at: ksc.pub/small-biz-2023

Small Business Month
1 - 31 October 2023

For further information contact:
Jane Trott | jane.trott@kempsey.nsw.gov.au | 0418 830 257

STEVE WAUGH

THE SPIRIT OF CRICKET

INDIA

OPEN TO THE PUBLIC
 8 September - 9 November

FREE ENTRY
 Nulla Nulla Gallery in the Slim Dusty Centre
 Tuesday-Saturday 10am-4pm
 Sunday 10am-2pm

How does council spend rates

HOW Does Council spend my rates?

Rates are collected from almost 15,500 rateable properties across the shire under four categories - residential, farmland, business urban and business other.

That income from property or 'general fund' rates (which excludes water, sewer and waste charges) is just over \$23 million for the current financial year. This is only 21% of Council's general fund income with the remainder coming from grants, user fees and charges and other revenue.

Residential rates make up the biggest proportion with 13,144 properties paying rates. The average residential general rate charged across the Kempsey Shire for 2023-24 is \$1,274.

That income from rates is used to meet community expectations for core services and to support delivery of services that are not commonly supplemented by grants. This year's budget will see that income allocated as follows:

23% Roads, bridges and stormwater drains

19% Corporate operating services (Human Resources, Finance, Customer Service, Information Technology)

13% Sporting grounds, parks and gardens

12% Town planning, building and development regulation



10% Buildings and facilities
7% Public infrastructure buildings and services
5% Airport

The remaining 11% is spent across Council's fleet of vehicles, library services, swimming pools, economic development and regulatory services.

We estimate a further \$50 million will be received this year in grants for capital infrastructure and programs. This will help fund major projects such as the replacement of timber bridges, resealing parts of Armidale Road damaged by natural disasters, and completing the Verge and Eden Street sports

complex upgrade.

Unfortunately, we cannot rely on receiving this level of extra grant income every year. In the future, the available income to continue delivering the services the community expects is likely to reduce.

For more information on Council's budget process, the three potential options being considered for a Special Rate Variation and ways in which you can have a say visit ksc.pub/financialfuture or the information stand at the Customer Service Centre in Kempsey.

ENDS

— KEMPSEY SHIRE COUNCIL

The **Macleay** FOR THE BEST LOCAL NEWS

Argus

\$2.20 INC GST

Rising rates fears

LOCAL GOVERNMENT

BY EMILY WALKER

Kempsey Shire

WITH the cost of living biting for all Australians, Macleay Valley residents are facing the additional pressure of a potential rates rise.

Earlier this month, Kempsey Shire Council announced it was facing an "unsustainable" operating deficit of \$103m within a decade.

Proposed options for a Special Rate Variation (SRV) have been presented to the community for feedback, with all three involving a rise in rates.

The Macleay Argus went out and about in the streets of Kempsey to ask Shire residents their thoughts on any decision to raise rates.

Phil Nolan

Phil Nolan said that he didn't think a rate rise will

affect him much.

"It's a rate rise," he said.

"You've got to expect rises I suppose."

Mr Nolan said he did think the rise would be negative for a lot of different people.

"There's a lot of infrastructure that needs to be done around the town."

Joy Baxter

Kempsey Shire resident Joy Baxter said she would be impacted by a rate rise.

"It will make it very difficult to survive, get through your general bills as well as food basics," she said.

"For some people, it's going to be very very hard."

Mark Fischer

Mark Fischer from Valley Garden Centre said he worries how residents will afford the rate rise with rising fuel and grocery prices.

"I just worry people are not going to be able to pay

it," he said.

"It's just going to be way too much for people to afford."

Mr Fisher recently inherited property this year. He said that the proposed rate rise is going to be hard for him.

"Trying to keep that money aside plus with all the other rising costs... it's just too much."

Continued page 3



Mark Fischer

'A necessary evil'

BY EMILY WALKER

CONTINUED from page 1

Amy Upcroft

Crescent Head resident Amy Upcroft said she had concerns for the rates in her area.

"I don't really know how much more we can afford," she said.

"Every year you can't find hundreds and hundreds of dollars."

"I understand that [council is] in a major deficit but I think they need to find the money elsewhere rather than asking from us constantly."

Mrs Upcroft said she thinks the rate rise won't just impact home owners.

"If the landlord is getting these rises, the rise is going to go onto the renters," she said.

"It's already expensive enough."

Gary and Wendy Haigh

Gary and Wendy Haigh said they weren't initially happy with the announced rate rise.

"But it's a thing that's got to happen I guess," Mr



UPPER LEFT, CLOCKWISE: Amy Upcroft, Phil Nolan, Wendy and Gary Haigh, Joy Baxter. Pictures by Emily Walker

Haigh said.

"With rising costs, everything is going up. It's okay I guess."

"As long as it works," Ms Haigh said.

"As long as the money is spent in the right areas and helps the community," Mr Haigh added.

The couple think that they

won't be impacted by the rate rise as much as others.

"No one likes a rise but it's a necessary evil that's going to happen," Mr Haigh said.

Council plans

The three proposed options for an SRV will be presented to the community for feedback with any potential

rate rise applied only the General Fund (or property rate), not the total rates bill.

A series of fact sheets, FAQs and a rates calculator will be available to help residents compare options.

Residents can provide feedback through the portal 'Your Say Macleay', and at community briefings.

KEMPSEY SHIRE COUNCIL NOTICES

WHAT'S ON

Watch this space for news on upcoming events, services and activities in the Macleay Valley.

- 03 OCT** **Coral Reef Craft**
10am-2pm Sunday
Riverside Park, Eden Street Kempsey
- 03 OCT** **Hat Head Mobile Library Van**
11.00am-12.30pm Tuesday (fortnightly)
25 Straight Street, Hat Head
- 04 OCT** **Crescent Head Mobile Library Van**
9.30am-11.30am Wednesday (fortnightly)
Crescent Head Country Club
1 Rankine Street, Crescent Head
- 05 OCT** **Storytime with Susea Spray**
10.30am-11.30am Thursday
Kempsey Library
22 Tozer Street, Kempsey

For more info visit ksc.pub/whats-on

OUR FINANCIAL FUTURE

Understand the issues and have your say on Council's rating options

ksc.pub/financialfuture

AN INSIDER'S GUIDE TO The Macleay Valley Coast

GET YOUR DIGITAL COPY NOW AT:

ksc.pub/mvc-dest-guide

STORYTIME

A BIG BLUE BOAT

THURSDAY 5 OCTOBER WITH SUSEA SPRAY

Join author and sailor Susea Spray for a reading of her picture book 'A Big Blue Boat'. Hear all about Susea's sailing adventures and how they inspired her story. There will then be a fun craft activity.

WEEKLY WORKS SCHEDULE

UNDER CONSTRUCTION - LEE'S DRAIN BRIDGE, KINCHELA

Council's Works Teams are continuing to work hard every day to improve and maintain our community infrastructure and physical environment. Construction work on Lee's Drain Bridge in Kinchela is well underway with installation of abutment sheeting and girders. Visit ksc.pub/works for Council's full works schedule.

COUNCIL MEETING

PUBLIC FORUM
Monday 16 October

ORDINARY COUNCIL MEETING
Tuesday 17 October

Please see Council's website for more information kempsey.nsw.gov.au

CONTACT COUNCIL

CUSTOMER SERVICE CENTRE
Monday - Friday
9am - 4:30pm

MOBILE CUSTOMER SERVICE DESK
Wednesdays
10am - 2pm

POST
PO Box 3078
West Kempsey
NSW 2440

PHONE
02 6566 3200
Monday - Friday
8:30am - 4:30pm

EMAIL
ksc@kempsey.nsw.gov.au

WOULD YOU LIKE TO SAVE MONEY AND REDUCE YOUR GREENHOUSE GAS EMISSIONS?

Kempsey Shire Council will offer three FREE webinars held by energy expert Adam Corrigan on energy efficiency and cutting household costs during November.

1, 8, 15 November 5.30pm (1hr)

Register or for more info visit ksc.pub/webinars

STEVE WAUGH THE SPIRIT OF CRICKET INDIA

OPEN TO THE PUBLIC
8 September - 19 November

FREE ENTRY

Nulla Nulla Gallery in the Slim Dusty Centre

Tuesday-Saturday 10am-4pm
Sunday 10am-2pm

Where to find all the rate rise info

QUESTION OF THE WEEK

SPEAKING with residents at community meetings and markets over the last month has highlighted just how complex the process of setting rates, long term financial forecasting and achieving financial sustainability is for local government.

Kempsey Shire Council understands that the potential of having to increase rates to make the current service levels sustainable is not an easy conversation to have with the community.

To help answer some of the questions that have been raised and provide alternative ways of getting the information, council has updated the resources on the Our Financial Future page.

This includes edited videos from a community briefing on topics such as:

- Why there is a need for a Special Rate Variation investigation,
- How rates are calculated, and
- Where General Fund property rates are spent.

Council also acknowledges that in challenging economic times, residents are likely



Kempsey Shire Council. File picture



The Our Financial Future page continues to be updated regularly as engagement continues until October 29.

Kempsey Shire Council

to have many questions about the potential Special Rate Variation.

As such, another way to learn more about the Special Rate Variation investigation is by using the Ask a Question feature located on the Our Financial Future page on Your

Say Macleay.

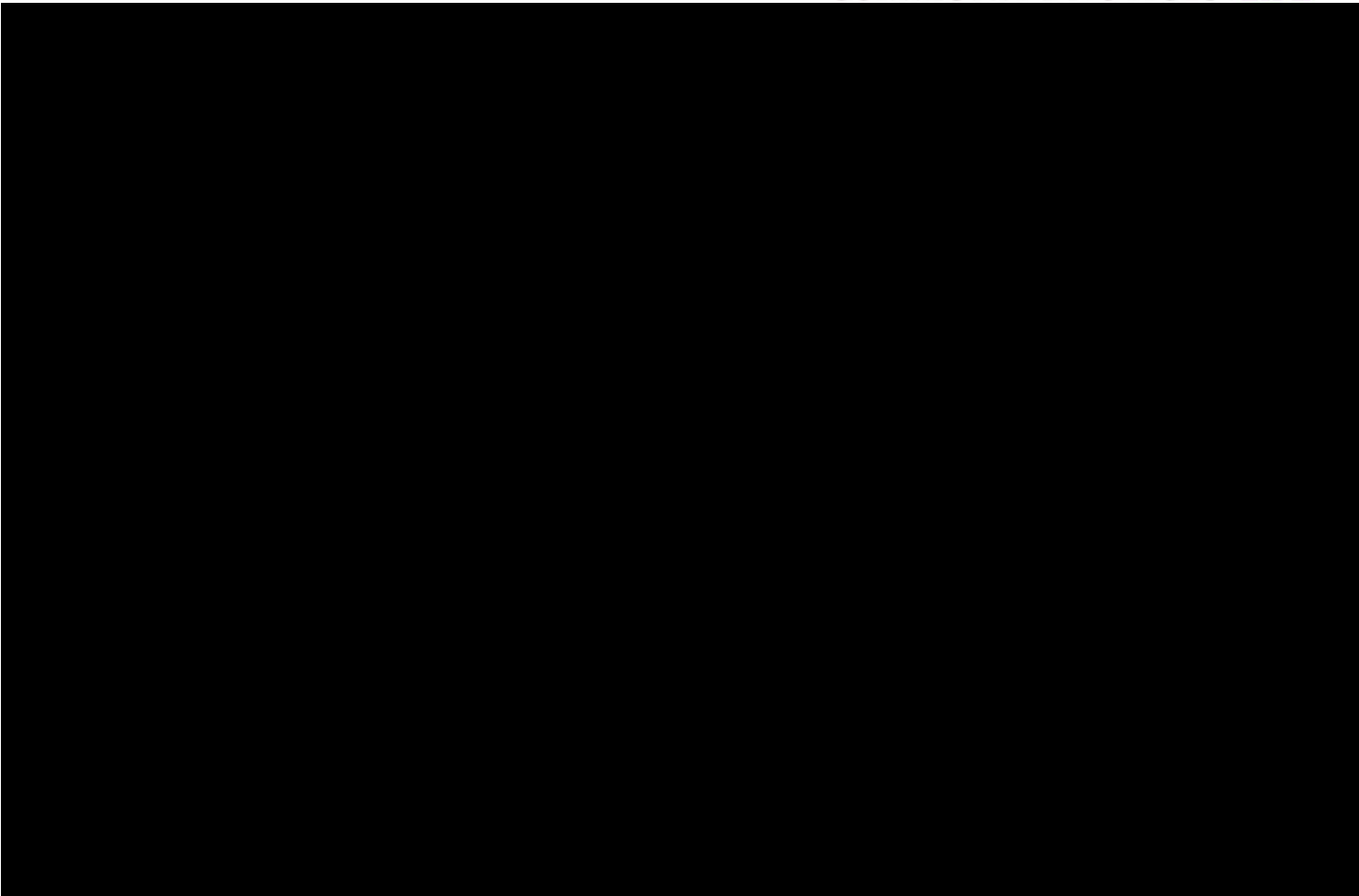
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The Our Financial Future page continues to be updated regularly as engagement continues until October 29. Following this, a report and recommendation will be presented to councillors at the Council Meeting on November 21.

Over 500 survey responses, submissions and questions have been received to date.

To find accurate information and have your say, head to ksc.pub/financialfuture

– KEMPSEY SHIRE COUNCIL



KEMPSEY SHIRE COUNCIL NOTICES

WHAT'S ON

Watch this space for news on upcoming events, services and activities in the Macleay Valley.



- 14 OCT** **Glitz & Glamour Ball**
5.30pm-11.00pm Saturday
Slim Dusty Centre
490 Macleay Valley Way, South Kempsey
- 17 OCT** **Hat Head Mobile Library Van**
11.00am-12.30pm Tuesday (fortnightly)
25 Straight Street, Hat Head
- 18 OCT** **Crescent Head Mobile Library Van**
9.30am-11.30am Wednesday (fortnightly)
Crescent Head Country Club
1 Rankine Street, Crescent Head
- 18 OCT** **Child Car Seat Installation Training**
9am-4.30pm Wednesday
Slim Dusty Centre
490 Macleay Valley Way
South Kempsey

For more info visit ksc.pub/whats-on




OUR FINANCIAL FUTURE

Understand the issues and have your say on Council's rating options

ksc.pub/financialfuture



AN INSIDER'S GUIDE TO

The Macleay Valley Coast

GET YOUR DIGITAL COPY NOW AT:

ksc.pub/mvc-dest-guide

CHILD CAR SEAT INSTALLATION TRAINING



THIS WEDNESDAY 18 OCTOBER FROM 9AM - 4.30PM
Kempsey Shire Council is running a training day to install child car seats in vehicles with a factory-installed anchor point. The training is free. When applying, you will need your Driver's License or other type of identification.

WEEKLY WORKS SCHEDULE



UNDER CONSTRUCTION - LEE'S DRAIN BRIDGE, KINCHELA
Council's Works teams are continuing to work hard every day to improve and maintain our community infrastructure and physical environment. Construction work on Lee's Drain Bridge in Kinchela is 25% complete with pouring of curb and installation of rails to commence next. Visit ksc.pub/works for Council's full works schedule.



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Kempsey Shire Council will offer three FREE webinars held by energy expert Adam Corrigan on energy efficiency and cutting household costs during November.

1, 8, 15 November 5.30pm (1hr)

Register or for more info visit ksc.pub/webinars




PUBLIC NOTICE



HORSESHOE BAY HOLIDAY PARK AMENITIES

A Development Application is on exhibition, including detailed plans, to replace the existing amenities block in Horseshoe Bay Holiday Park. This DA has been assessed by an independent expert and represents another step in the delivery of the Horseshoe Bay Holiday Park Concept Plan, adopted by Council in 2021. For more information or to make a submission head to ksc.pub/HSB-DA



KEMPSEY Shire Council

COUNCIL MEETING

PUBLIC FORUM
Monday 16 October

ORDINARY COUNCIL MEETING
Tuesday 17 October

Please see Council's website for more information kempsey.nsw.gov.au

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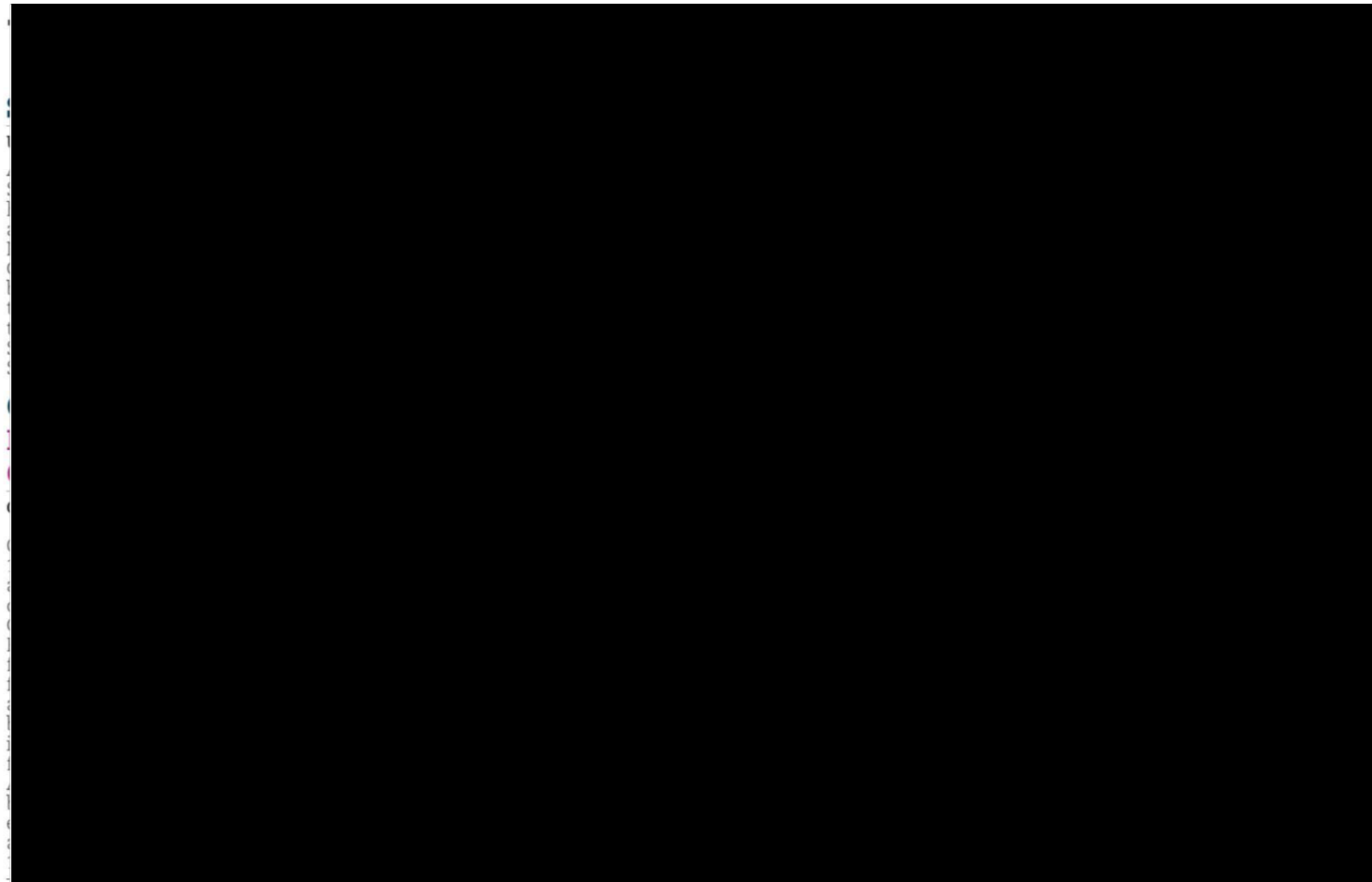
EMAIL
ksc@kempsey.nsw.gov.au

SOCIAL MEDIA




@KempseyShireCouncil

NEWS



KEMPSEY SHIRE COUNCIL NOTICES

WHAT'S ON

Watch this space for news on upcoming events, services and activities in the Macleay Valley.

- 20
OCT

Baby Bounce
10am-10.30am Friday (fortnightly)
Kempsey Library
22 Tozer Street, Kempsey
- 21
OCT

Scraps to Soil Workshop (sold out)
9.30am-11.30pm Saturday
Kempsey Library
22 Tozer Street, Kempsey
- 27
OCT

Storytime
9.30am-11.30am Wednesday (fortnightly)
Crescent Head Country Club
1 Rankine Street, Crescent Head

For more info visit ksc.pub/whats-on

OUR FINANCIAL FUTURE

Understand the issues and have your say on Council's rating options

ksc.pub/financialfuture

CALLING ALL TRADES

Council is seeking submissions from qualified and experienced contractors to carry out minor works and maintenance services.

Tender closes Tuesday 31 October.

For more information and to submit a tender log in to ksc.pub/e procure

Have your say on Kempsey Shire aquatic facilities

Have your say at ksc.pub/pool-plans

WEEKLY WORKS SCHEDULE

COMPLETED - MIDDLETON STREET, SOUTH KEMPSEY

Council's Works teams are continuing to work hard every day to improve and maintain our community infrastructure and physical environment. Repairs to the walkways on Middleton Street, South Kempsey have been completed. Visit ksc.pub/works for Council's full works schedule.

KEMPSEY
Shire Council

COUNCIL MEETING

PUBLIC FORUM
Monday 20 November

ORDINARY COUNCIL MEETING
Tuesday 21 November

Please see Council's website for more information
kempsey.nsw.gov.au

CONTACT COUNCIL

CUSTOMER SERVICE CENTRE
Monday - Friday
9am - 4:30pm

POST
PO Box 3078
West Kempsey
NSW 2440

PHONE
02 6566 3200
Monday - Friday
8:30am - 4:30pm

EMAIL
ksc@kempsey.nsw.gov.au

SOCIAL MEDIA

@KempseyShireCouncil

LEVEL 1 WATER RESTRICTIONS

ACROSS THE KEMPSEY SHIRE

The impact of continued dry weather is being felt locally requiring moderate, Level 1 water restrictions which are now in place across the Kempsey Shire. Visit ksc.pub/savewater to find out how these changes affect you.

PUBLIC NOTICE

CRESCENT HEAD SHED RELOCATION

We are pleased to advise that work has commenced to relocate the Crescent Head Maintenance Shed. The work will involve selective tree removal, installation of a new retaining wall and slab and then the relocation and installation of the shed on the new site. For more information visit ksc.pub/CHshedv2

NEWS

Ratepayers have their say

BY ELLIE CHAMBERLAIN

RATEPAYER representatives agree an increase of income for council is necessary, but share a common concern that Kempsey Shire ratepayers are unable to afford the proposed rate rise. A cumulative deficit of \$103 million is a 10-year projection of what council's financial position will be if nothing changes. Three proposed rate rises between 51 per cent and 94 per cent over three years are being considered by council.

Cost shifting

NSW State Government cost shifting of financial responsibilities to local councils is a major contributor. "The NSW Government recently reneged on a deal to take responsibility for Armidale Road, a significant piece of state infrastructure, leaving a massive cost burden on council," said Secretary of Kempsey Shire Residents Association, Dick Pearson. President of Crescent Head Residents & Ratepayers Association, Fred Andrews, believes the community needs to be fully informed



Kempsey Shire Council is proposing three rate rises between 51% and 94% over three years to assist with \$103million forecast deficit over ten years.

on the reduction in Federal monies. "Most people feel government expenditure doesn't affect them and they certainly don't believe it will directly affect their hip pocket," he said. Crescent Head

resident Mark Baxter says the State Government cost shifting onto local councils like Kempsey is unjust. "The severely financially stressed ratepayers of the Valley having to foot the bill for years of

clever State and Federal Government theft is not right," he said. "We don't have the money to look after these things."

Financial Assistance

Grants

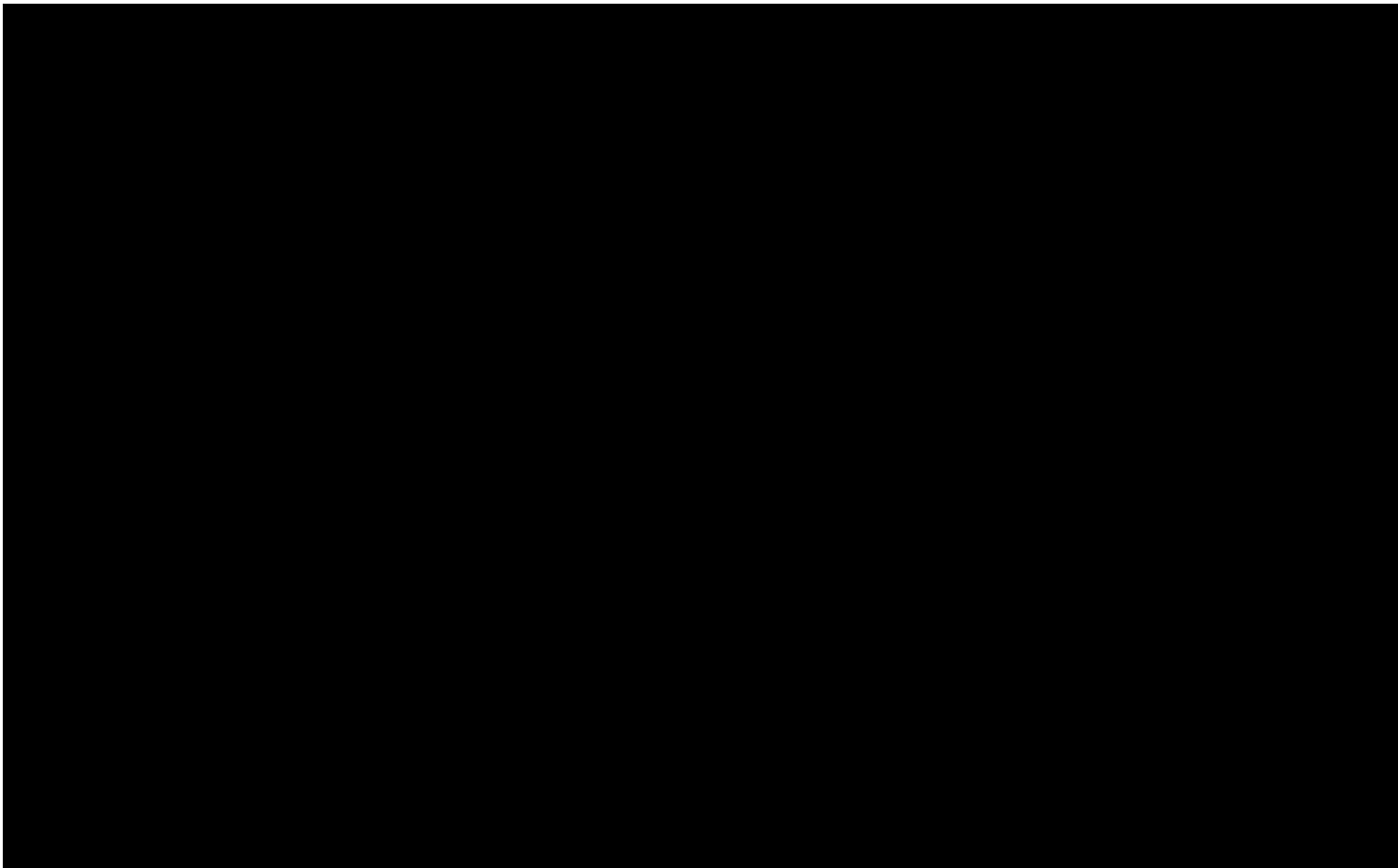
Mr Baxter believes local governments have been "systematically sabotaged" by the State and Federal Governments. "The legislation promised 2% of total tax rev-

enue to LGA's of Australia," Mr Baxter said. "Since then this has been cut to 0.5%... so we have received a quarter of what was originally promised." This decrease in revenue sees local councils shift costs to ratepayers. "The working class, the hard-working employees and employers of this valley send millions in TAX revenue to Canberra. All we want is our fair share of that tax," he said.

Mr Pearson agrees that the Federal and State Governments should shoulder their share of the load. "The Federal government must make additional untied Financial Assistance Grants to councils," he said.

Mr Baxter says fingers should not be pointed at Kempsey Council. "Our anger should be pointed at the State and Federal Government about the Financial Assistance Grants and Cost Shifting...we need to be emailing our representatives and get them helping the ratepayers of the Macleay to fight for justice," he said.

NEWS



KEMPSEY SHIRE COUNCIL NOTICES

WHAT'S ON

Watch this space for news on upcoming events, services and activities in the Macleay Valley.



06 OCT
Baby Bounce
 10am-10.30am Friday (fortnightly)
 Kempsey Library
 22 Tozer Street, Kempsey

10 OCT
Small Business Expo 2023
 10am-1pm Tuesday
 Refreshments provided
 The Great Northern Hotel
 40 Elbow Street

13 OCT
Storytime
 10.30am-11am Friday (fortnightly)
 Kempsey Library
 22 Tozer Street, Kempsey

For more info visit
ksc.pub/whats-on



OUR FINANCIAL FUTURE

Understand the issues and have your say on Council's rating options

ksc.pub/financialfuture

AN INSIDER'S GUIDE TO

The Macleay Valley Coast

GET YOUR DIGITAL COPY NOW AT:

ksc.pub/mvc-dest-guide

PUBLIC NOTICE



Council has received an application for a half-day local event day for the 2024 Kempsey Show and 2024 Kempsey Cup. NSW Industrial Relations requires that Council invite feedback from business and community stakeholders regarding the proposals before a report is presented to the October 2023 meeting of Council for consideration. Submissions need to be in writing and addressed to the General Manager, by post to Kempsey Shire Council, PO Box 3078, West Kempsey 2440, or via email to ksc@kempsey.nsw.gov.au. For more information, contact Council Customer Services on 6566 3200. Submissions close Sunday, 15th October 2023.

WEEKLY WORKS SCHEDULE



UNDER CONSTRUCTION - FRANCIS DIMOND STREET, ARAKOON

Council's Works Teams are continuing to work hard every day to improve and maintain our community infrastructure and physical environment. Construction work on Francis Dimond Street in Arakoon is now 75% complete with concrete and final earthworks to complete. Visit ksc.pub/works for Council's full works schedule.



COUNCIL MEETING

PUBLIC FORUM
 Monday 16 October

ORDINARY COUNCIL MEETING
 Tuesday 17 October

Please see Council's website for more information kempsey.nsw.gov.au

CONTACT COUNCIL

CUSTOMER SERVICE CENTRE
 Monday - Friday
 9am - 4:30pm

MOBILE CUSTOMER SERVICE DESK
 Wednesdays
 10am - 2pm

POST
 PO Box 3078
 West Kempsey
 NSW 2440

PHONE
 02 6566 3200
 Monday - Friday
 8:30am - 4:30pm

EMAIL
ksc@kempsey.nsw.gov.au

SOCIAL MEDIA



@KempseyShireCouncil



CALLING ALL TRADES

Council is seeking submissions from qualified and experienced contractors to carry out minor works and maintenance services. A voluntary supplier briefing will be held at Council offices at 3pm Thursday 12 October. **Tender closes Tuesday 31 October.** For more information and to submit a tender log in to ksc.pub/e procure

Have your say on Kempsey Shire aquatic facilities

Have your say at ksc.pub/pool-plans

kempsey.nsw.gov.au

Council predicting \$100m in deficit

COUNCIL

FINANCIAL management and forecasting for local government is a complex process involving many variables and layers of legislation.

Essentially council, or Local Government, is a service legislated by state government, provided to the community and paid for through multiple income sources, with rates for our shire bringing in only around a third of the funding needed.

Council is required to produce a Long Term Financial Plan that makes projections for income and expenses for a 10 year period. It goes on public exhibition through April and May and is adopted in June each year.

Over the last five years, that forecast for Kempsey Shire Council - revised regularly - shows that the cost of materials, wages, and maintaining or replacing the \$1.5 billion in assets has increased far more than the income council can generate.

Improvements to the way we assess the condition of the road network, and



Kempsey Shire Council. Picture, file

the accuracy of calculating replacement costs, mean that millions of dollars in borrowed funds will be needed in the next 10 years to keep the roads up to a safe standard.

Borrowing money for asset maintenance, or to help spread the cost of major infrastructure projects like the new landfill cell at the Waste Management Centre or airport upgrades, costs significantly more now following the rises in interest rates.

It's these costs that mean the current projection is that council's deficit or gap in income to expenses will grow to \$103 million over the next

10 years. That's not a viable position and an investigation is underway as to whether a Special Rate Variation is required.

Council is working with residents and community groups to clarify this complicated forecasting process. Useful information provided includes that council has no ongoing costs or financial liability to the operation of the Kempsey Cinema, that any major projects or grant applications must complete a detailed financial and business case review before they can progress.

— KEMPSEY SHIRE COUNCIL

NEWS

Council's Question of the Week

COLUMN
What is cost shifting and how does it affect my rates?

Cost shifting is one of the most significant problems faced by councils in NSW.

Cost shifting forces council to assume responsibility for more infrastructure and services, without additional corresponding revenue.

Technically cost shifting is the term used to describe when the state or federal governments transfer, or 'shift', responsibility for providing a certain service, concession, asset or regulatory function to councils.

Generally, this 'shift' occurs without providing local councils with an opportunity to engage on the decision and with limited financial support.

The Emergency Services Levy (ESL) is a recent example of cost shifting with a huge impact on your council.

This is a cost imposed on councils and the insurance industry to fund the emergency services budget in NSW.

In 2023 the NSW Government stopped the previous practice of funding the council component of the annual increase, which had been done since 2019.

Kempsey council's ESL this financial year is \$800,000, which is \$369,000 more than the previous year.

The NSW Government funds just 55% of pensioner rate rebates, with councils funding the remaining 45%.

This equates to \$600,000 of this year's budget. All other state and territory governments in Australia fund 100% of pensioner concessions.

The government also charges council.

A Waste Levy is charged to operators of waste facilities, including your council, to act as an incentive to reduce landfill.

Landfill in regional areas is charged a flat levy of \$84 per tonne.

Only around a third of the levy is spent on waste education and environmental programs.

That levy is a cost of \$1.7 million to Kempsey Council

this financial year.

Since the 1970's the Federal Government has recognised the growing responsibilities faced by local councils.

A funding arrangement has been in place for more than 40 years to let your taxes help with this burden. However the percentage of personal income tax revenue transferred to local government has slipped from 2% in 1980 to a low of just 0.55%.

The result of cost-shifting is that rates must be spread further.

More information

More information about cost shifting, the Special Rate Variation and council's financial future is available online at ksc.pub/financial-future

The survey and submissions close this Sunday, October 29, to allow for the feedback to be collated to help the councillors decide in November whether to make an application for a Special Rate Variation.

- KEMPSEY SHIRE COUNCIL

KEMPSEY SHIRE COUNCIL NOTICES


WHAT'S ON

Watch this space for news on upcoming events, services and activities in the Macleay Valley.



- 31 OCT** **Hat Head Mobile Library Van**
11.00am-12.30pm Tuesday (fortnightly)
25 Straight Street, Hat Head
- 1 NOV** **Crescent Head Mobile Library Van**
9.30am-11.30am Wednesday (fortnightly)
Crescent Head Country Club
1 Rankine Street, Crescent Head
- 1 NOV** **Solar Panels and Battery Storage - Webinar**
5.30pm - 6.30pm Wednesday
Country University Centre, Kempsey Central
2-14 Belgrave Street, Kempsey
- 03 NOV** **Baby Bounce**
10.00am-10.30am Friday (fortnightly)
Kempsey Library
22 Tozer Street, Kempsey

For more info visit ksc.pub/whats-on




OUR FINANCIAL FUTURE

Understand the issues and have your say on Council's rating options

ksc.pub/financialfuture



SAVE MONEY ON YOUR ENERGY BILLS?

Webinar #1
Solar panels and battery storage in your home.
Wednesday 1 November 5.30pm (1hr)

Register or for more info visit ksc.pub/webinars



PUBLIC EXHIBITION

SAFETY ON OUR ROADS

A new Roads Safety Strategy developed by Kempsey Shire Council is now on public exhibition.

The strategy aims to help achieve the federal and state target of zero fatalities by 2050.

We are inviting the community to read the plan, ask a question and make a submission at ksc.pub/road-safety-strategy



WEEKLY WORKS SCHEDULE



UNDER CONSTRUCTION - HORSESHOE BAY BOARDWALK

Council's Works teams are continuing to work hard every day to improve and maintain our community infrastructure and physical environment. Refurbishment of the Horseshoe Bay Car Park is complete and open with the boardwalk footpath construction 95% complete. Visit ksc.pub/works23 for Council's full works schedule.

NSW **Bushfire Recovery Support**

RECOVERY CENTRE - NOW OPEN
Willawarrin Community Hall, 24-26 Main Street, Willawarrin

Friday 27 October 9am - 5pm
Saturday 28 October 10am - 3pm
Monday 30 October 9am - 5pm
Tuesday 31 October 12pm - 7pm

Face-to-face bushfire recovery support and services will be available, including insurance and financial assistance, mental health and wellbeing services, and support for business.



COUNCIL MEETING

PUBLIC FORUM
Monday 20 November

ORDINARY COUNCIL MEETING
Tuesday 21 November

Please see Council's website for more information kempsey.nsw.gov.au

CONTACT COUNCIL

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NSW 2440

PHONE
02 6566 3200
Monday - Friday
8:30am - 4:30pm

EMAIL
ksc@kempsey.nsw.gov.au

SOCIAL MEDIA





@KempseyShireCouncil

LEVEL 1 WATER RESTRICTIONS

ACROSS THE KEMPSEY SHIRE

The impact of continued dry weather is being felt locally requiring moderate, Level 1 water restrictions which are now in place across the Kempsey Shire. Visit ksc.pub/savewater to find out how these changes affect you.

Macleay Argus 11 November 2023

Kempsey Shire's controversial rates meeting moved to bigger venue

By Kempsey Shire Council

Updated November 11 2023 - 2:39am, first published November 10 2023 - 8:00am



The meeting will now be held in Majestic Cinemas in Kempsey

Strong public interest in council's decision whether to apply for a rate increase has prompted Kempsey Shire Council to move the November meeting to Majestic Cinemas in Kempsey Central.

The cinema will host both the ordinary meeting held on Tuesday 21 November and the Public Forum on the Monday afternoon before.

Craig Milburn, General Manager, acknowledged the significant public interest in the meeting and highlighted concerns with the Council Chambers including capacity, disability access and the single staircase entry.

"The Council Chambers is not able to safely accommodate a large public gallery attendance, and by moving the meeting to a more suitable venue we will create capacity for more interested community members to attend both meetings," said Mr Milburn.

"In considering viable locations staff identified the need for availability during business hours, good parking, appropriate access and high-quality internet and audio-visual connection."

The Public Forum, which normally runs for 1 hour, has also been extended to run for up to 2 hours. It will be held on Monday 20 November from 3.30-5.30pm.

The extra time will help accommodate expected additional requests by members of the public to speak on items before Council.

Anyone wanting to speak at the Public Forum needs to register between Wednesday 15 and midday Friday 17 November, using the form on Council's website.

Individual presentations will still be held to the five-minute time limit.

"We have given the matter careful consideration and discussed the options with the Councillors," said Mr Milburn.

Q COMMUNITY



meeting, to adhere to our code of meeting practice.

"This earlier start allows for more community involvement, creates flexibility for people with work commitments, and ensures Councillors have time to give due consideration to issues raised in the Public Forum and to seek further confirmation or facts from the staff overnight before voting on these matters."

In 2018 when Council made its one-off financial contribution to the cinema construction, a voluntary planning agreement was signed granting Council annual access to the cinema facility free of charge for community use.

"Council makes no ongoing financial contribution to the operation of the cinema, but taking advantage of the venue for this meeting is an appropriate decision," said Mr Milburn.

Details and the business papers for the meeting will be available from Wednesday 15 November 2023 on council's website.

Macleay Argus Feature 16 November 2023

Our detailed Q & A with Kempsey Shire Council ahead of its critical vote on rates



By Mardi Borg

Updated November 16 2023 - 10:31pm, first published 6:00pm



NEWS > LOCAL NEWS



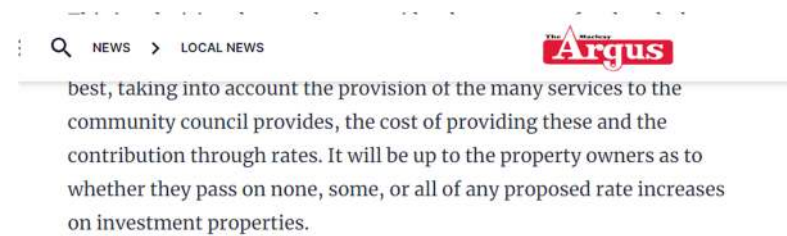
Kempsey Shire Council's Director Corporate and Commercial, Stephen Mitchell, sat down for a Q & A to discuss the proposed special rate variation. Picture by Mardi Borg

Ahead of a critical Kempsey Shire Council meeting on Tuesday, November 21, *Macleay Argus* reporter Mardi Borg sat down with Director Corporate and Commercial, Stephen Mitchell, to discuss the big ticket item on the agenda - a proposed special rate variation.

Councillors will decide whether or not [to apply for an SRV of 4.2.7 per cent](#) to address a predicted budget deficit of \$79m.

Our questions to Mr Mitchell include some provided by members of "Figure It Out KSC", the community group opposed to any rate rise. His responses have been edited only for brevity.

- *Why have you ruled out two of the options presented in the proposed SRV?*



Hundreds of ratepayers vent their anger ahead of Kempsey Shire Council rates vote



By Ellie Chamberlain
Updated November 21 2023 - 10:19am, first published November 20 2023 - 7:54pm



Packed out public forum. Pictures by Ellie Chamberlain

NEWSLETTERS > EDITORS PICK LIST



clear they are fiercely opposed to council's [proposed 4.7 per cent rates increase](#).

Councillors are due to vote on Tuesday, November 21, whether or not to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) to reduce the shire's \$79m forecast deficit.

Just like a scene from the classic drama "12 Angry Men" (*and women*), these speakers drew on passion, research and the law in a bid to convince council not to go ahead with such a crippling hike in the middle of a cost of living crisis.

At one stage during the forum, a group walked-out on council's [Stephen Mitchell, Director Corporate & Commercial](#), who is charged with managing the SRV, and Craig Millburn, council's General Manager.

Kempsey council releases proposed rates increase as forecast debt revised



By Elle Chamberlain
Updated November 17 2023 - 9:42pm, first published November 15 2023 - 6:12pm



NEWS > LOCAL NEWS



Kyle Amott, organiser of 'Figure it Out KSC', will speak at council's Public Forum on Monday, November 20. Picture by Krystal Amott

Kempsey Shire Council has chosen its preferred option for a Special Rate Variation (SRV) to address its forecast deficit.

Of the three options put to ratepayers, increases of 85 per cent and 94 per cent have been ruled out.

The forecast deficit over the next 10 years has also been revised down, from \$103m to \$79m.

Community feedback, along with an investigation into council's financial sustainability, has resulted in a recommended increase of 4.2.7 per cent.

Ratepayers though say the lower amount is not low enough, and an SRV of any size is not an acceptable solution to the predicted deficit.

A public forum will be held on November 20, one day before councillors meet, to discuss the recommended SRV.



Signs opposing a rate rise seen on fences throughout Kempsey Shire. Pictures by Trudy Lonie

"What's facing the councillors at the November meeting is not a decision on whether to raise the rates, it's about whether to make an application to IPART [the NSW Independent Pricing and Regulatory Tribunal]," said Stephen Mitchell, Director Corporate and Commercial.

"If that application was successful, council's decision on setting the rates will not be made until June 2024."

NEWS > LOCAL NEWS



"The recommendation to apply for an SRV of 4.2.7 per cent over three years would address the revised deficit and mean council would be financially sustainable."

In 2024-25, the rise would be limited to 7.9 per cent followed by 15 per cent in 2025-26 and 2026-27.

Council's report stated this will have an impact of less than \$2 a week for the average residential ratepayer in the first year of implementation and would give council more time to identify additional savings and support from other levels of government.

"It is a difficult position to acknowledge that despite the community rejection of an SRV we still have a forecast deficit of \$79 million over the next 10 years."



OUR FINANCIAL FUTURE

Understand the issues and have a say on Council's rating options

Dear Community Leader,

[Council is undertaking an investigation](#) into how we might address a forecast of \$103 million deficit over the next 10 years, and as a leader of an established community group we wanted to let you know how to learn more about this issue and arrange for a presentation to your group.

Despite delivering a financial sustainability program over the last four years, **rising costs of materials and labour, coupled with increases in interest rates and restrictions on how Councils can generate income from rates have all contributed** to the forecast of an unsustainable deficit position.

Kempsey Shire Council is now faced with the **difficult decision of whether to make an application to the Independent Pricing and Regulatory Tribunal for Special Rate Variation**. Three possible rate rise options have been developed and community feedback will form part of a report to the November Council meeting ahead of any decision.

[Read fact sheets, common questions and details on how you can have a say](#)

Request a Community Briefing

If your community group is meeting during September or October and you would like **Council staff to come along and present** an overview of the issues, the options and how you can have a say, please complete the request form.

Please allow 30-40 minutes for the presentation in your meeting agenda.

[Book a community briefing](#)

Be informed and have a say

Learn more, submit a question, complete the survey or make a submission.

[Visit Our Financial Future to have a say](#)





Special rate variation



ksc.pub/financialfuture

Quick Facts

- An SRV only applies to the General Fund (property rates) part of the bill.
- General rates only make up approximately 33% of an average total rate bill.
- General rates and annual charges make up 21% of the forecast general income for 2023-24 generating \$23.2 million.
- \$55.6 million, most of which is grant funded is budgeted to be spent on the roads, bridges and storm water drainage maintenance and renewal program for 2023-24.
- 2023 Community Survey found roads, bridges and transport is the highest priority service for 97% of residents. Other top five priorities were financial management waste, stormwater and drainage and communications. Across all areas of the survey there was no support for reduced levels of service.
- An operating deficit as forecast would mean only roads in poor condition would be replaced, without addressing the backlog. Council and the community would also have to consider significantly reducing services such as facility operating hours, access to recreation facilities, and frequency of maintenance and replacement.



Have a Say: Visit ksc.pub/financialfuture

Council will decide in November 2023 whether to apply to Independent Pricing and Regulatory Tribunal (IPART) for an SRV and if so, which option to apply for.

Your submissions, questions and feedback will help with that decision.

- Read the Fact Sheets and Common Questions to help with understanding the issues.
- Use the rate calculator to understand the possible impact on your rates.
- Submit a question to get a response from Council.
- Complete the survey to indicate your preferences or make a submission.
- Book a community briefing so Council staff can come and talk to your community group or organisation.
- Look out for Council staff at markets and pop-ups.

What do my rates pay for?

The rates collected under the categories of residential, business (urban and other business) or farmland are called the General Fund rates. This property rate does not include payments for water, sewer, waste or the environmental levy, which are all specific charges and uses.

Property rates will bring in just over \$23 million income to Council's General Fund for the 2023-24 financial year.

This income is used to deliver core services that meet community expectations. In 2023-24 this will include:

- Roads, Bridges and Stormwater drains (\$9.8m)
- Council Vehicles and Heavy Fleet (\$1.3m)
- Parks and Gardens (\$2.7m)
- Sporting Grounds (\$3m)

- Regulatory Services (\$0.7m)
- Library Services (\$1m)
- Airport (\$2m)
- Swimming pools (\$1m)
- Other public infrastructure and services (\$3m)

In 2023-24 it is estimated a further \$50 million in grants for capital infrastructure and programs will be secured to support Council's delivery of these services. This non-guaranteed income can't be relied on for future years, which contributes to the deficit forecasts for the next 10 years.

The cost of depreciation (putting away money to replace all the assets we have now) is forecast at \$14.9m for this financial year, and also comes from the General fund.

What will change if we pay more in rates?

An SRV won't mean we can afford new facilities or mass upgrades to roads. It means:

- Ongoing operations of Council are secured and service levels remain as close to current levels as possible.
- Lessen the reliance on external grant funding.
- Afford to put money away for future asset renewal, spreading the burden across generations.
- Depending on the level of the rate rise, the frequency of replacing and maintaining existing roads, bridges and community buildings may increase.
- Potential to use higher standard of materials so that assets like roads and bridges last longer, better for long term financial management.

Timeline 2023

June	Long Term Financial Plan adopted with rate rise scenario
August – Mid October	Community education and engagement. Information pack mailed out and online / Pop up stalls / Surveys and submissions / Community Briefings
November	Council decides on applying for an SRV
December – February	Council complete detailed costings and application if proceeding. Community kept informed.

Timeline 2024

February	Deadline for application to IPART (If proceeding with application)
March – May	IPART community submissions open
May	IPART determination
June	Council adopts 2024-25 Operating Plan, budget, and rates
July	First year of new rate charges apply (If an SRV application is approved and adopted by Council)

Special Rate Variation

Council is facing significant financial challenges over the next 10 years if we are going to meet the community expectations on service delivery and maintain or improve major assets like roads, bridges and community facilities.

Current estimates are the General Fund, where your property rates are paid, will be in a deficit totalling \$103 million over the coming decade.

Since 2019 Council has been working on a

financial sustainability program that has made the operation more efficient and reduced costs, but it has not closed the gap between income and expenses. Council is now forced to take action and is considering having to make the difficult decision to apply to the Independent Pricing and Regulatory Tribunal (IPART) seeking approval for a Special Rate Variation (SRV) that could take effect July 2024.

How has Council reduced expenses?

- Consistent review and alteration of the workforce and staff structure – 1 less Director and 3 less Senior Managers than 2017.
- Faster, more accurate financial management and reporting systems and processes.
- Negotiated an electricity power purchasing agreement to lock in lower costs.
- Environmental efficiencies and financial savings from solar panels and LED lights.
- Sale of vacant land.
- Centralised purchasing of all software to get maximum benefits from suppliers.
- Rates and water bills onto one account, saving printing, postage and equivalent of one staff member's time.
- Outsourced management of facilities such as saleyards.
- Maximise government rebates for staffing by introducing traineeship program.
- Introduced a Project Management Office with highly skilled project managers to reduce reliance on external contractors and deliver projects more cost effectively.

What has caused the financial issues?

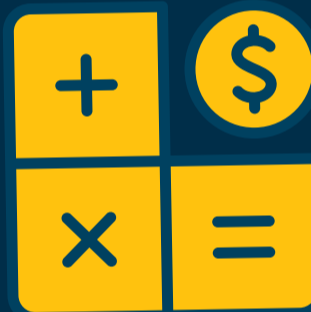
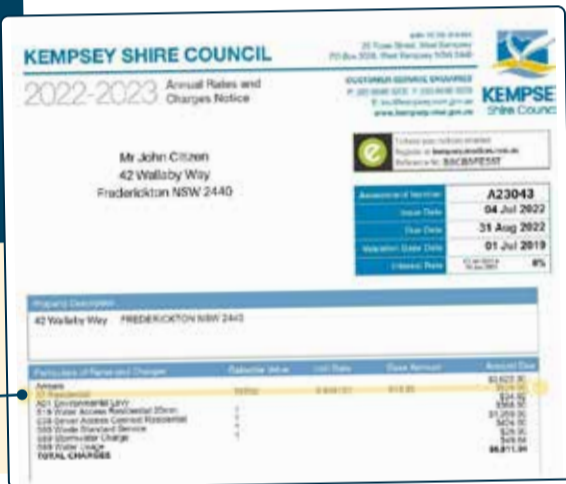
Many factors have contributed to making Council's financial position unsustainable.

- Rate Pegging – the NSW Government restricts how much Councils can typically increase rates by, and in recent years rate rises haven't kept up with inflation.
- Forecast loan borrowings to help fund the deficit and backlog of asset maintenance required, will now be impacted by rising interest rates.

- Rising cost of materials, labour and contractors.
- Millions in grant funded improvements post fires and floods means we need to put more away each year to save for maintenance and future renewal of these new assets - depreciation costs.
- Community expectations are that maintenance and replacement of assets like roads, bridges and community facilities should be improved on current levels, requiring greater investment.

How might a rate rise affect you?

Any proposed increase only applies to the General Fund (property) line on your rates notice.



Use the online Rates Calculator to check the impact of the rate rise options for your property

ksc.pub/financialfuture



What options are being considered?

Council's long term financial plan outlines three options for possible rate increases that deliver a moderate budget surplus and varying levels of improved asset conditions.

Based on an average residential rate charge of \$1,274 the table below shows the impact of the three rate rise options and average total difference in rate charges.

	Annual Rate Peg + SRV increase each year	Cumulative Increase after 3 years	Average \$ increase 2024/25	Average \$ increase 2025/26	Average \$ increase 2026/27	Average total \$ impact on residential rates
OPTION 1 Address financial sustainability. Manage asset maintenance and backlog at current level of service.	14.77%	51%	\$188	\$216	\$248	\$652
OPTION 2 Achieve financial stability. Replace assets in line with recommended replacement times.	22.79%	85%	\$290	\$357	\$438	\$1,085
OPTION 3 Achieve financial stability. Replace roads & bridges to a better standard to increase longevity.	24.76%	94%	\$315	\$394	\$491	\$1,200

* All three options will achieve a moderate annual operating surplus of \$1m on average over the years 2025-26 to 2032-33.

The breakdown of total impact for Farmland, Business and Business Other rates is available from the Fact Sheets at ksc.pub/financialfuture



OUR FINANCIAL FUTURE

Understand the issues & have a say on Council's rating options



ksc.pub/financialfuture



ENGAGEMENT AND COMMUNICATIONS REPORT

MATERIALS AND REACH

Phase 2: Applying to IPART / Exhibition

Timing: November 2023 to January 2024

Engagement Method	Metrics
Your Say Macleay Online Engagement Portal "Applying to IPART for a Special Rate Variation"	1,170 page visits 907 aware participants visited at least one page 168 downloads of documents on exhibition
KSC Website	Updated content on dedicated website folder Four additional site stories written and published resulting in 586 page views
Media Relations	Stories distributed as media releases, published to KSC website throughout engagement period: <ul style="list-style-type: none">• 21 November – Council proceeds with Special Rate Variation Application• 30 November – What happens next with the Special Rate Variation?• 11 December – Residents calculate the impact of a proposed rate increase.• 12 January – Last chance to comment on important SRV documents. Interviews and coverage on all print, TV and radio stations across four stories released
Direct communications	Community E News feature stories Distribution 990 x 3 = 2,970 <ul style="list-style-type: none">• 21 November – Council proceeds with Special Rate Variation Application• 11 December – Residents calculate the impact of a proposed rate increase.• 12 January – Last chance to comment on important SRV documents.





Social Media Video story explaining exhibition and access to rate calculator posted on Councils social media channels
<https://www.facebook.com/watch/?v=1027356588529631>
574 video views with reach of 1,300
Post reach 1,700

Advertising Call to action message on Council's digital billboards throughout Kempsey.
3 public facing plus 2 internal billboards





APPLYING TO IPART FOR A SPECIAL RATE VARIATION

Home / Applying to IPART for a Special Rate Variation

Applying to IPART for a Special Rate Variation



Consultation has concluded

Councillors resolved at the November 2023 ordinary meeting to proceed with a Special Rate Variation application to address financial sustainability and a forecast \$79 million deficit over the next 10 years.

Council will apply to the Independent Pricing and Regulatory Tribunal (IPART) for a cumulative increase of 42.7%, including the rate peg, over three years commencing July 2024. This will consist of 7.9% in year one and 15% in years two and three and be permanently added to the rates.

The business paper presented to Councillors included an extensive review of asset management plans, proposed capital programs, possible service level reductions, assessing the community's capacity to pay and the results of the community engagement program conducted between August and October 2023.

Several key documents have been revised to reflect updated financial and asset data. These documents are now on public exhibition to seek community feedback, before final versions are presented to Council on 30 January 2024, to be adopted ahead of inclusion in the SRV application to IPART.

If an application to IPART is successful Councillors still have the final decision on whether to set the rates at the approved level. That decision is made in June 2024 as part of adopting the 2024-25 Operational Plan and budget.

Documents on Public Exhibition:

- Long Term Financial Plan 2023-33, revised November 2023
- Strategic Asset Management Plan 2023-32, revised November 2023
- Hardship Relief to Ratepayers procedure and
- Recovery of Unpaid Rates, Charges and Other Debts procedure.

Exhibition Period: Feedback on all revised documents is open from Wednesday 22 November 2023 to Friday 19 January 2024.

Impact of potential rate increase:

The revised Long Term Financial Plan outlines in full the forecast deficit and impact of the proposed Special Rate Variation. Based on the average rate charges the table below shows the impact of the 42.7% rate rise over three years for each of the four rating categories.

	Annual Rate Peg + SRV Increase Year 1	Annual Rate Peg + SRV Increase Year 2	Annual Rate Peg + SRV Increase Year 3	Total increase after 3 years
PERCENTAGE INCREASE	7.9%	15%	15%	42.7%*
RESIDENTIAL \$ increase based on average residential rate of \$1,274	\$101	\$206	\$237	\$544
BUSINESS OTHER \$ increase based on average business rate of \$2,514	\$199	\$407	\$468	\$1,074
BUSINESS URBAN \$ increase based on average business urban rate of \$3,483	\$275	\$564	\$648	\$1,487
FARMLAND \$ increase based on average Farmland rate of \$2,332	\$184	\$377	\$434	\$996

Special Rate Variation - Rates Calculator

Special Rate Variation - Rates calculator

Key Dates

Provide your feedback on the draft documents
22 November 2023 — 19 January 2024

Documents presented at Extraordinary Council Meeting
30 January 2024

Application to IPART due
05 February 2024

IPART Determination expected
May 2024

Adoption of 2024-25 Operational Program and rates set
June 2024

Documents on exhibition

Revised Draft Long Term Financial Plan 2023-33 (4.5 MB) (pdf)

Revised Draft Strategic Asset Management Plan 2023-32 (16.8 MB) (pdf)

Draft Hardship Relief to Ratepayers Procedure (72.2 KB) (pdf)

YOUR SAY MACLEAY – Updated Phase 2 Engagement Portal

Phase 2

<https://yoursay.macleay.nsw.gov.au/applying-to-ipart-for-a-special-rate-variation>

- Revised documents on exhibition
- Updated rates calculator
- Impact of SRV
- Background fact sheets
- Submissions tab
- Quick response survey tab



Kempsey Shire Council votes 8-1 to apply for a special rate variation



By Sue Stephenson

Updated November 23 2023 - 10:56am, first published November 21 2023 - 12:10pm



Alexandra Wyatt (right) was the only councillor to vote No to an SRV application. Picture by Ellie Chamberlain

Kempsey Shire Council has voted to apply for a Special Rate Variation to address its forecast deficit of \$79 million.

At a meeting held today (November 21) at the Majestic Cinema in Kempsey, councillors voted 8-1 to ask the Independent Pricing and Regulatory Tribunal (IPART) to approve an increase above the annual

NEWS > LOCAL NEWS



Should council's application be approved, this would result in a 7.9 per cent increase on current rates, in the first year.

News of this year's rate peg came through during the meeting.

General Manager Craig Milburn told councillors and a gallery of about 50 people, that it had been set at around 4.5 per cent for the next year. This was later confirmed to be 4.7 per cent.

MEDIA LIASION

- Macleay Argus coverage of Council's decision to support SRV application; rate calculator; documents adopted post exhibition
- ABC Coffs Coast Breakfast Monday Tuesday 30 January [Coffs Coast Breakfast - ABC listen](#)
- Council stories and releases confirming Phase 2 Exhibition



Kempsey Council moves forward with SRV application; public feedback included



By Elis Chamberlain
Updated January 30 2024 - 4:40pm, first published 4:01pm



Councillors met on Tuesday, January 30, for an Extraordinary Council Meeting at Council Chambers where the supporting documents for the Special Rate Variation (SRV) application were approved. Picture supplied.

Kempsey Council have received submissions and petitions from the public which will be used as part of the Special Rate Variation (SRV) application to the NSW Independent Pricing and Regulatory Tribunal

NEWS > LOCAL NEWS



In November 2023, Council resolved to proceed with a permanent SRV application to IPART, taking into consideration a \$70M forecast deficit.

Councillors reconvened on Tuesday, January 30, for an Extraordinary Council to discuss changes to supporting documents for the completion and submission of the SRV application.

The vote was unanimous to adopt the Long Term Financial Plan (2023-2033); Strategic Asset Management Plan; Hardship Relief to Ratepayers Procedure; and Recovery of Unpaid Rates and Charges and Other Debts Procedure.

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Rate calculator allows residents to understand potential rate rise impact



By Mariotti Borg
Updated December 20 2023 - 2:33pm, first published December 16 2023 - 4:00am



NEWS > LOCAL NEWS



website is helping concerned residents understand the impact of an increase in rates that could be implemented from next financial year.

In November, the council resolved to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a 42.7% cumulative increase to the general fund rates over three years from July 2024.

The application for the rate increase must be lodged in February 2024 and if approved could see a 7.9 percent increase on the current base rate in year one and 15 per cent increases in years two and three.

Director of Corporate and Commercial Stephen Mitchell said if the application is approved, it would mean an average residential rate payer would pay \$109 during the first year.

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Facebook Video player interface showing a video from Kempsey Shire Council. The video title is "KEMPSEY RESIDENTS CALCULATE THE IMPACT OF A PROPOSED RATE INCREASE". The video content shows a man speaking in front of a park. The video description includes the text: "KEMPSEY RESIDENTS CALCULATE THE IMPACT OF A PROPOSED RATE INCREASE A rate calculator tool available on Kempsey Shire Council's...". The video has 12 comments and 579 views.

SOCIAL MEDIA - PROMOTION OF UPDATED RATES CALCULATOR

- Director Corporate and Commercial, Stephen Mitchell explained how to use the rates calculator via a video posted to Council's social media.



Tuesday 21 November 2023

MEDIA RELEASE

Kempsey Shire Council proceeds with Special Rate Variation application

An application will be submitted to the Independent Pricing and Regulatory Tribunal (IPART) to vary Kempsey Shire Council property rates by a cumulative 42.7% over three years.

At the November Ordinary Meeting of Council, Councillors resolved to proceed with a Special Rate Variation application to address financial sustainability and a forecast \$79 million deficit over the next 10 years largely due to the cost of maintaining essential community infrastructure.

Council's application will seek approval for a cumulative increase of 42.7%, including the rate peg, over three years commencing July 2024. This will consist of 7.9% in year one and 15% in years two and three which compounds to 42.7% over three years.

The outcome of an extensive investigation to determine whether an application for Special Rate Variation would be required was the basis of the report considered by Councillors. This included a review of asset management plans, proposed capital programs, possible service level reductions, assessing the community's capacity to pay and a comprehensive community engagement program.

Leo Hauville, Mayor of Kempsey Shire Council, emphasised that Councillors faced a very challenging decision and arriving at a resolution was not taken lightly.

"Careful consideration has been given by myself and fellow Councillors of the detailed report prepared by Council staff outlining the findings of the Special Rate Variation investigation," said Cr Hauville.

"Financial and asset data as well as the significant feedback in community surveys and submissions were considered before Councillors voted to proceed with an application."

"This decision does not mean the rates will definitely go up by more than the rate peg set by the NSW government. It means that if approved, a special rate variation is still one of the options available come June next year when Council will ultimately be aiming to set a sustainable financial path."

Coincidentally at around 10am today, IPART released the rate peg for NSW councils for 2024-25, announcing Kempsey Shire Council's rate peg as 4.7%. This means should Council's application to IPART be successful the most Council would seek above the rate peg is 3.2% for next financial year.

IPART advised that the decisions for the 2024-25 rate peg were based on the new methodology and take into account employee cost increases, forecast inflation and council-specific changes in Emergency Services Levy contributions and population growth.

The application to IPART will be submitted no later than 5 February 2024 and will be followed by an additional period of community engagement.

Stephen Mitchell, Director of Corporate and Commercial said that despite identifying additional cost savings, the rising cost of operations and limits on income generating

capacity means Council is still faced with a forecast deficit of \$79 million over the next 10 years.

“Through our investigation, we’ve worked through all the assumptions and calculations and as a result have updated the Long Term Financial Plan,” said Mr Mitchell.

“We’ve found an additional \$2.7 million in savings each year, which includes a commitment to \$500,000 in productivity savings and \$583,000 savings on interest from lower predicted loan borrowings. This is why we were able to propose a lower rate variation than initially predicted.”

“If IPART does approve the application, then Councillors will decide in June 2024 by how much to increase the rates. In the meantime, Council staff will continue to search for viable cost savings and productivity improvements that could potentially reduce the rate increase, should it be implemented. Additionally, efforts will be directed towards advocating to government levels for improved and increased funding for the local government sector.”

Several key documents have been revised to reflect updated financial and asset data, which Councillors endorsed for public exhibition from Wednesday 22 November 2023 to Friday 19 January 2024.

“We really encourage the community to keep engaging with Council, to view these documents and to have their say,” concluded Mr Mitchell.

The revised documents include:

- Long Term Financial Plan 2023-33
- Strategic Asset Management Plan 2022-32
- Hardship Relief to Rate Payers procedure, and
- Recovery of Unpaid Rates, Charges and Other Debts procedure.

To view these documents and to have your say, head to ksc.pub/ysm

ENDS

Photo caption: Councillors discussing whether to proceed with a Special Rate Variation application

For more information or to arrange an interview please contact Giles Hardie on 0411 221 016

30 January 2024

KEMPSEY SHIRE COUNCIL UPDATE

Council approves supporting documents for Special Rate Variation application

Kempsey Shire Council convened an Extraordinary Council Meeting on Tuesday to consider changes to four plans and procedures that will be submitted as supporting documents for the Special Rate Variation (SRV) application.

Council unanimously agreed to adopt the documents, including: the Long Term Financial Plan and the Strategic Asset Management Plan, as well as the Hardship Relief to Ratepayers, Procedure and Recovery of Unpaid Rates, Charges and Other Debts Procedure.

In November 2023, Council resolved to proceed with an SRV application to the NSW Independent Pricing and Regulatory Tribunal (IPART), due to be submitted by 5 February 2024.

Kempsey Shire Council Mayor, Leo Hauville, thanked the community for their input and the staff for their hard work in preparing these documents for the IPART submission.

“Updating and approving these documents to be attached to the IPART submission, including the Long Term Financial Plan and the Hardship Relief to Ratepayers, is the next step in the process towards financial sustainability for Kempsey Council,” said Cr Hauville.

“There are still steps to go in the process, including IPART’s approval or not of the application, and then Council’s approval of the staged rate increase.”

“The proposed rate increase is the maximum amount Kempsey Council could apply, and if other financial assistance from the State or Federal Governments was to come through, that would enable us to decrease the amount that rates would increase by.”

Stephen Mitchell, Director Corporate and Commercial for Kempsey Shire Council, noted that the above documents were [recently exhibited](#), with most respondents using template responses to advise they do not support Council making an application for a SRV, rather than providing feedback specifically on the documents being exhibited.

“The purpose of Kempsey Shire Council’s application for a SRV is to achieve increased financial sustainability while offsetting the ongoing impacts of inflationary pressures, labour award increases, emerging costs and the impact of cost shifting,” explained Mr Mitchell.

“Council has made a public commitment to continue to seek further cost savings and productivity improvements, and should IPART approve the SRV application any potential rate rises will need to be approved by Council before any increases are implemented.”

ENDS

Photo caption: Extraordinary Council meeting 30 January 2024

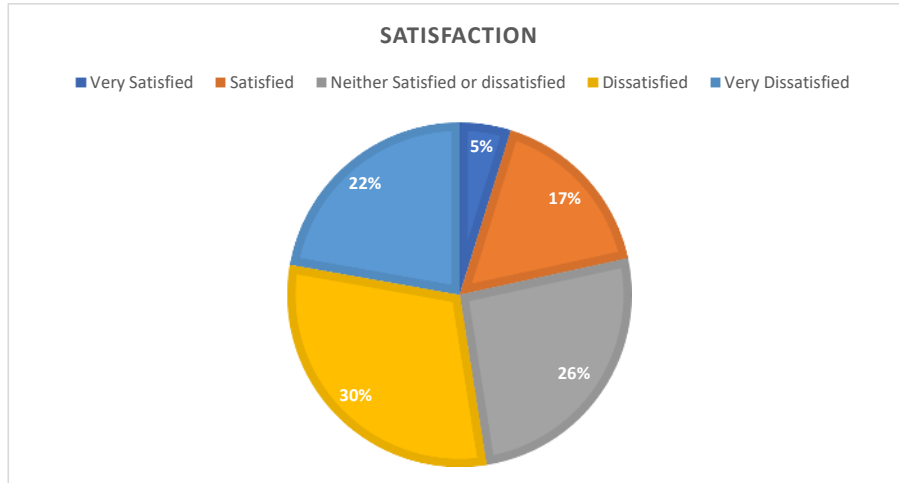
RESULTS

Phase 1: Our Financial Future Investigation into Financial Sustainability

- 1,032 visitors to the Rate Increase Options survey page on Your Say Macleay portal
- 667 survey respondents including online and hard copy
- 150 submissions received (91 online through Your Say Macleay and 59 submitted as emails and letters)
- 1 petition lodged with Council on Monday 30 October containing 8,429 unverified signatures

Survey Results

The following summary highlights the significant outcomes, most consistent community expectations, themes, and misconceptions. Full detailed report on all data, comments and submissions is presented as a separate attachment.

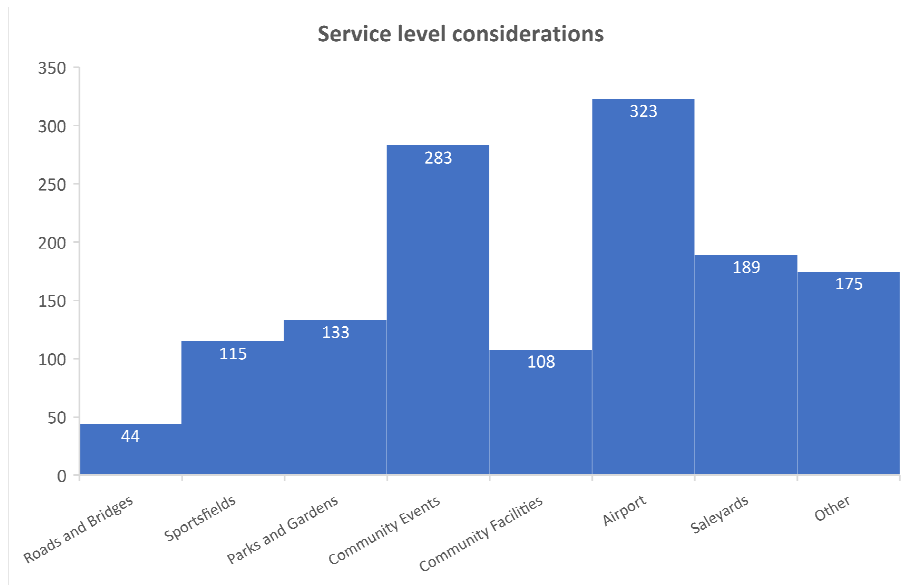


Question 2: How satisfied are you with the standard of maintenance and renewals for Council infrastructure (such as roads, bridges, buildings and footpaths)?

Commentary: 52.5% Dissatisfied or Very Dissatisfied – this indicates that the community expect a higher standard of infrastructure maintenance and renewals, which is consistent with the data received in the 2022 Community Satisfaction Survey.



Question 4: If it's not important to maintain service levels, please indicate what Council services you recommend could be reduced or cut?



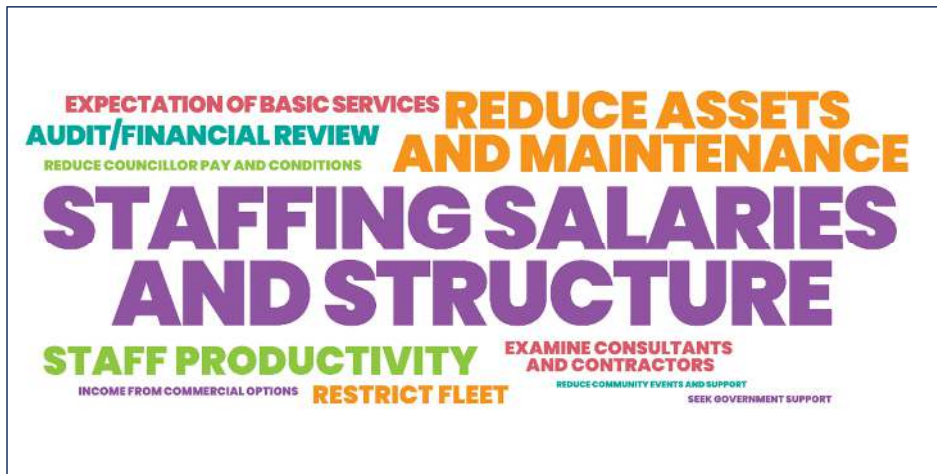
Commentary:

- This graph again shows the importance the community place on not reducing service levels for major assets such as roads, bridges and sports fields.
- The Airport has been highlighted as a service that creates a significant financial burden on ratepayer funds and is not practically used by most ratepayers. A further investigation as to the legality, steps required and possible savings generated by reducing Council's obligations to continue operating the facility, will be prioritised within the service review project slated for the current financial year. Recommendations will be brought back to a future Council meeting, which may impact the LTFP projections for 2025-26 and beyond.

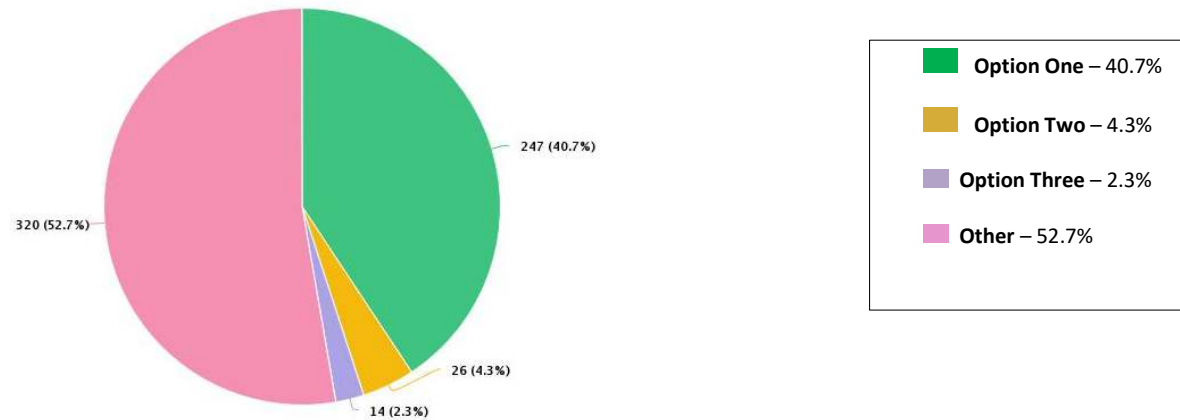


- In 2022-23 Council were fortunate enough to receive significant grant funding, made available to all regional Councils, to deliver major community and cultural events to boost local economies post COVID-19. This funding enabled delivery of the Macleay Music Muster and Sky Stories indigenous art and storytelling in South West Rocks. Similarly state government “Streets as Shared Spaces’ funding enabled Council to engage mural artists to transform the Savages and Elrington Laneways in Kempsey including major resurfacing and a laneway festival event. All three major events were fully grant funded, highly successful and well attended but may have distorted the community’s perception of how much is spent on community events.
- The saleyards were identified as a service that could be reduced. However, the financial performance of the saleyards has improved since they were externally leased, and they are no longer a financial burden to Council. Additionally, the saleyards serve as a key asset driving economic activity within the Shire.

The word cloud below is a representation of the key themes that emerged from the comments added by respondents to Question Four and Question Seven in the survey relating to possible service reductions and cost containment strategies.



Question 6: If Council was to apply for a SRV which of the options is your preference?



Note: of the 227 comments added to 'other' response most indicated a preference for No SRV but 11% of the comments suggested an acceptable SRV lower than the 51% of Option One.

Core Themes and Community Education

The table below summarises the core issues as raised by the community and identified through analysis of the Phase 1 survey comments and submissions. The response provided by Council was included in the November 2023 Council meeting business paper and seeks not to dismiss the feedback but to correct misconceptions and continue to achieve the community education and transparency objective of the SRV investigation.



Theme	Identified Community Issues	Council Response
Kempsey Cinema	Perception that Council has ongoing financial liability, operating costs or management responsibility.	A one-off financial contribution of \$2 million was made in 2018 to the construction of the Kempsey cinema and Council has no ongoing ownership, operating or maintenance responsibility for the facility.
Staffing Levels and wages	Expectation that expenses can be reduced by cutting staff numbers and / or reducing salaries.	Some KSC salaries are paid above the Local Government (NSW) State Award to ensure Council is competitive and able to attract staff to a regional location. Staffing levels are impacted by a commitment to fill legislated roles, hire local trainees and apprentices, and employ temporary project managers over engaging expensive external consultants. Benchmarking against other Council's indicates that Council's staffing levels are reasonable and not excessive. Council's organisational structure must be formally reviewed and adopted within one year after Local Government elections.
Slim Dusty Centre (SDC)	Misconceptions about cost of ownership transfer and uses.	There was no cost or payment for the ownership to transfer to Council. However, Council pays the Slim Dusty Foundation Limited (SDFL) a fee of \$50k per annum for the right to use the museum exhibits and artefacts, which generates income well in excess of this fee through ticket sales to enter the museum. Future cost estimate for the purchase of the freehold land has been included in the LTFP. SDC meets a need identified in Council's adopted Community Infrastructure Strategy and Arts and Culture Plan for additional arts, culture and event spaces.
Financial Management Process	Requests for greater financial scrutiny.	Community engagement, reporting and transparency surrounding Council's financial management is legislated in the Integrated Planning and Reporting Framework. Monthly financial updates are reported to Councillors. Performance is reported to Council meetings quarterly. Financial Statements are independently audited annually and lodged with the Office of Local Government.
Councillors Pay	Requests to reduce Councillor entitlements.	The Councillor Expenses and Facilities Policy was adopted in December 2022. Payments to the Mayor and Councillors is in accordance with the Local Government Remuneration Tribunal 2023 determination.



Theme	Identified Community Issues	Council Response
Council Fleet	Requests for the fleet to be reduced. Concerns on fleet vehicles being used to travel outside of shire and associated expenses.	<p>Council currently operates a light fleet of just over 100 vehicles. Of these, 60 are authorised for some level of private use with the majority of these being 'commuter use' of an operational, Council branded vehicle. Additionally, some employees as part of their contracts of employment have access to a Council vehicle under a 'leaseback' arrangement where even though the employee makes a financial contribution for private use, the vehicle must be available for other staff to use during the day. Employees with 'commuter use' still make a financial contribution and the vehicle cannot be used for personal use outside of to and from work route.</p> <p>Limiting fleet access and housing the fleet in a central location increases security risk, makes Council a less attractive employer, increases insurance and cost of overtime and callout responses due to additional allowances that would be required for time and travel.</p>
How Council prioritises?	Perception that Council does not prioritise projects and works according to infrastructure and community needs.	<p>The Integrated Planning and Reporting Framework, with a focus on review and ongoing engagement in line with each new Council term, sets the parameters for Council's workload, services, and major projects.</p> <p>Most of what Council delivers every year are recurring services (such as waste management, provision of water and sewer services, and maintaining parks and gardens and roads). In addition, Council has annual programs replacing assets in relation to those services based on asset condition. The budget and Operational Plan are reviewed, updated, exhibited, and adopted between February and June every year.</p> <p>Annual budgets are built from a base of zero new projects and service increases. Council's Project Management Framework is used to evaluate compulsory demonstration of business case, evidence of community support and adequate funding or resource availability before inclusion in Council's program of work. Quarterly budget reviews assess delivery against targets and budget and are reported to Council.</p>



Petition

On 30 October 2023 Council received a petition from Mr Kyle Arnott.

The petition, purporting to contain 8,429 signatures requested:

We the undersigned, led by Kyle Arnott, a resident of Kempsey and organiser/manager of the "Figure It Out KSC" campaign, submit this petition opposing the proposed Special Rate Variation (SRV). The community-led group requests that the Council abandon the process of applying for any of the proposed SRV options through IPART; ask that Council table this petition at the Ordinary Meeting on Tuesday the 21st of November; and asks that the Council place the petition on file.

- The petition has 544 pages, and 8429 signatures at the time of submission.
- Noting that the petition contains a significant number of pages and signatures the counts above have not been verified by Council staff.



RESULTS

Phase 2: Applying to IPART / Exhibition

- 111 visitors to the 'Comment on revised documents' survey page on Your Say Macleay portal
- 29 survey responses commenting on documents
- 228 visitors to the online submissions page
- 121 submissions (80 online through Your Say Macleay, 41 emailed or posted to KSC)

Theme Analysis

Common theme analysis across the submissions and survey responses highlights most participants have used the feedback opportunity to advise that they do not support Council making an application for a SRV, not providing feedback specifically on the documents being exhibited.

Most of the submissions were template responses reiterating the feedback that cost of living pressures make the proposed SRV financially challenging. There was no indication in these submissions that participants had taken advantage of the rates calculator provided to check the specific impact on their property.

A small number of detailed submissions were received from individuals and community groups. The table below provides an overview of the key themes and comments noted in the community feedback.

Theme	Identified Community Issues	Council Response
Reject the resolution to apply for a SRV	Affordability, cost of living impacts, request further cost reductions from Council operations.	<p>The adopted scenario that the application will be based on indicates a SRV increase for 2024-25 of 7.9% which includes the confirmed rate peg of 4.7%.</p> <p>This staged approach minimises the initial impacts on ratepayers and provides time for households to plan for possible increased rates expenditure.</p> <p>In November Council also resolved to continue to focus on improving the financial position through:</p> <ul style="list-style-type: none">• Further analysis and service reviews to identify additional cost savings• Reviewing the rating structure to ensure it remains fair and equitable



Theme	Identified Community Issues	Council Response
		<ul style="list-style-type: none"> Continuing to advocate to Commonwealth and State governments for improved and increased funding to address cost shifting. <p>It should also be noted that any approved SRV application is the maximum rate level (including rate peg) that Council can adopt. Each June Council sets the rates for the following year and does not have to apply the maximum percentage of an approved rate rise if the financial position has improved.</p>
Understanding the rate peg	Assertions that Council's methodology in outer year assumptions is inaccurate.	<ul style="list-style-type: none"> Submissions reflect limited understanding of Local Government legislation and rate peg. IPART advice has been to use 2.5% assumed rate Peg for the outer years of the LTFP. Future rate pegs are difficult to estimate, and it is not realistic to assume a 4.7% rate peg each year for the 10-year period of the LTFP. Historical rate pegs indicate much lower increases. The proposed 4.7% rate peg in 2024-25 is the only rate peg greater than 4% in the past 20 years. If financial position improves Council does not have to adopt an approved maximum rate increase.
2024-25 rate peg	Comments that LTFP does not reflect IPART announced rate peg of 4.7% for 2024-25	<ul style="list-style-type: none"> As noted above, the final LTFP recommended for adoption and attached to this report has been updated to reflect the IPART announced rate peg for 2024-25 of 4.7%. This rate peg was announced on the day of the 21 November 2023 council meeting and therefore, was not included in the version adopted by Council for public exhibition. This change impacts the LTFP base case (i.e. no SRV) only. These LTFP base case changes have been modelled and the various sections of the final LTFP updated accordingly. The revised operating deficit of the base case over the 10-years of the LTFP has decreased from \$79 million to \$72 million. The SRV scenarios within the LTFP do not change as they reflect the proposed SRV increases required, inclusive of the rate peg.
Staff Numbers	Expectations that decreasing staff numbers would eliminate SRV need.	<ul style="list-style-type: none"> Detailed explanations of Council's staffing changes and strategy was included in the Q&A for the engagement prior to the November meeting. Of the approx. \$550,000 annual productivity savings committed to in the revised LTFP, a significant portion will come from natural attrition of staff and adjustments to the budgeted establishment. A formal decision to permanently remove a further senior leadership position from the organisational structure was taken in January 2024.



Theme	Identified Community Issues	Council Response
Depreciation treatment	Suggestions that depreciation associated with: (i) grant funded natural disaster related expenditure; and (ii) capital expenditure to address the asset backlog should be excluded from the financial analysis which would therefore negate the need for a SRV.	<ul style="list-style-type: none"> • Assumptions are flawed and incorrect. • Asset renewal costs are independent of depreciation. Depreciation represents the consumption of future economic benefits over time. It does not tell us when we need to spend the money. The LTFP must relate to the Asset Management Plan to link year and expense allocations. • Depreciation needs to be materially correct and reflective of current service delivery. It tells us whether we have enough revenue to support our required capital investment in assets. • Council has done significant work over the past four years improving asset inspection and renewal data accuracy as this is a focus area for external audit. • The community satisfaction surveys are an indicator of importance, but asset data is the most significant tool used. • Answers to questions on depreciation were included in the original online engagement portal Our Financial Future Your Say Macleay (nsw.gov.au)
Borrowings	Assertion that higher rate peg and recalculated depreciation should reduce borrowings.	<ul style="list-style-type: none"> • Flawed assumption based on limited practical application of related factors (as noted above). • General Fund base case shows the expected outcome of proposed borrowings if rates are not increased. With a SRV the required borrowings drop significantly as detailed within the final LTFP. If SRV doesn't proceed then the LTFP will need to be revisited and financial and service-related decisions made.
Property valuations	Inference that increased Valuer General property valuations in the future should be factored into calculations of increased rates income.	<ul style="list-style-type: none"> • Incorrect assumption. Future valuation changes will affect how rates are calculated at an assessment level but will not increase total rating income collected. • Changes to property values impact how the overall rates income is charged across the Shire but doesn't increase total income to Councils. Many properties rates reduce or stay the same as a result of valuation changes. • More detail on this issue was provided in Fact Sheet 4 of the original engagement Our Financial Future Your Say Macleay (nsw.gov.au) • Council has committed to a review of the rating structure to ensure fairness and equity are considered ahead of the next Valuer General review.
Accuracy of forecast assumptions	Statement that forecast assumptions (income and	<ul style="list-style-type: none"> • Cost increases reflect best estimates at time of preparation. All estimates are regularly reviewed and updated as appropriate.



Theme	Identified Community Issues	Council Response
	expenditure) are overly conservative which overstate need for SRV. Further, that the application of SRV % incorrectly calculated in LTFP	<ul style="list-style-type: none"> Overly optimistic forecasts (for example, future income) will mask financial issues and delay required actions being commenced. As noted above, any approved SRV application is the maximum rate level (including rate peg) that Council can adopt. Each June Council sets the rates for the following year and does not have to apply the maximum percentage of an approved rate rise if the financial position has improved. This will be a focus point of future reports to Council in relation to budgets, LTFP and implementation of proposed annual rate increases. LTFP calculations regarding application of SRV increases are correct. SRV applies to property rates only and some submissions are based on incorrect calculations of total rates notice amounts.
Previous SRVs	Statement that this is the second SRV in past 5-6 years for same reasons	<ul style="list-style-type: none"> SRV approved in 2018 and which took effect in the 2018-19 financial year was for environmental levy only (not permanent, but for 10-year period) and a continuation of the previous levy. Funds from this levy can only be expended on identified environmental issues / projects.
Asset Management	Various comments / assertions regarding Council's asset management	<ul style="list-style-type: none"> Significant expertise in the Asset Management team (as well as specialist external advice) has been applied over the last four years, improving asset revaluations, inspections and data accuracy. The Asset Management System has a 20-year modelling horizon to reflect longer asset life, updated with condition rating data every few years. Council is now required to index (mostly an increase to depreciation) each year which removes sudden 'shocks' from future revaluations. Assets are the primary focus of Council's financial statement audit undertaken annually by external auditors.
Hardship and Debt recovery Procedures	Reword to be clearer in what is expected.	<ul style="list-style-type: none"> The exhibited procedures were written following review of many other Councils documents and consideration of the legislation in a plain English context. Each situation and ratepayers' financial complexity is very individual, and a formal procedure can't be overly prescriptive, or risk being out of date too quickly. Council resolved in November to do more proactive communication on the practical applications of both procedures, which will address this issue. This will support alternatives to digital communication.
Hardship Review panel	Request for independent representation on review panel.	<ul style="list-style-type: none"> Suggestion noted. Challenges with privacy and data sharing, and the impact of legislation (such as Local Government Act) that restricts available allowances. Across the last five years there has been a total of less than 10 applications for Hardship status.



ENGAGEMENT AND COMMUNICATIONS REPORT

Theme	Identified Community Issues	Council Response
		<ul style="list-style-type: none">• Council's rates team actively work with ratepayers providing information, payment plans and action to avoid debt recovery. There are less than 230 property owners on payment plans currently.
2022-23 Financial Statements	SRV application should not proceed until audit of 2022-23 financial statements is complete.	<ul style="list-style-type: none">• Delay in finalisation of the audit of the 2022-23 financial statements is due to a combination of finalising complex accounting associated with the multitude of grant funded projects, along with resource shortages within the finance team.• Given the delay principally relates to accounting for grants in the 2022-23 financial year only, it has no material impact on Council's financial forecasts or LTFP and therefore, limited (if any) impact on the proposed SRV application.• Extension of time to finalise the 2022-23 financial statements has been approved by the Office of Local Government and the external auditors.• Both Councillors and Council's Audit, Risk & Improvement Committee (ARIC) have been advised of this delay.

Supporting Attachments:

Phase 1: Our Financial Future Investigation Engagement Results

Phase 2: Public Exhibition Engagement Results

