



# Special Rate Variation Proposal

## How did we get here?

Under the rate peg set by the State Government, Goulburn Mulwaree Council is delivering infrastructure and services to meet the demands of a growing population. This has, however, become increasingly challenging in recent years. A truly volatile inflationary environment, the COVID pandemic, and recent weather events have increased Council's costs faster than revenue growth, causing extreme budgetary pressure. Costs are out-stripping revenue, resulting in Operating Deficits. Council has used cash reserves and reduced infrastructure renewal and maintenance to ensure balanced budgets, and sourced other income opportunities. Goulburn Mulwaree Council's ('Council') Long-Term Financial Plan (LTFP), adopted in November 2022 indicated the need for Council to consider a permanent special rate variation (SRV) to ensure its ongoing financial sustainability. Council has now committed to exploring the option of an SRV application. Council has not previously sought an SRV.

## Where we are up to in the process?

As part of the process to clarify the need for an SRV Council engaged Morrison Low to undertake an independent financial review. Those findings are available on Council's website. At the Council Meeting held on Tuesday 19 September 2023, Council voted to start a conversation with the community about a potential special rate variation.

## What is being proposed?

Council voted to take 2 special rate variation options to the community, plus the status quo, or base case which relies on the rate peg set by IPART each year.

If endorsed this increase will be permanent.

Scenarios	2024-25	2025-26	Cumulative
<b>Base Case - Rate Peg*</b>	3.5%	2.5%	6.1% (over two years)
Option 1 - One - year SRV (including rate peg)	43.5%	2.5%	47.1% (over two years)
Option 2 - Two - year SRV (including rate peg)	25.5%	20.5%	51.2% (over two years)

**Note:** Cumulative amounts are expressed as required by IPART and only go to the end year of the SRV. Black excludes rate peg percentage.

\* % increase assumed as yet to be announced.

## What will change on my rates notice?

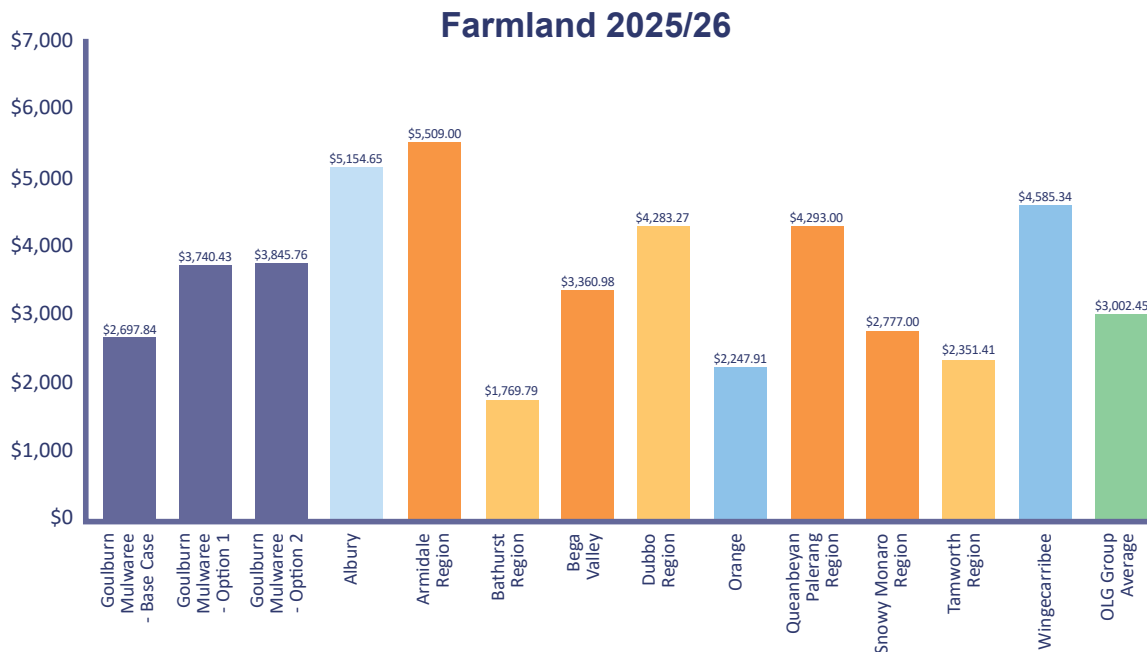
The SRV applies to the general rate charge. This is the base rate and land value (or ad valorem) charge on your rates notice. It does not apply to garbage or general waste, sewerage, stormwater, or water charges.

The impact on an individual's rates will be different depending on the unimproved land value of their property.

## How do our rates compare with similar Councils?

The Office of Local Government groups similar Councils for comparison purposes. Goulburn Mulwaree Council is in Group 4 with 25 other Regional Town or City Councils. This group of Councils represents a diverse cross section of geographies and communities across New South Wales, including Albury, Dubbo, Bathurst, Orange and Queanbeyan-Palerang, as well as coastal Councils including Byron, Ballina and Eurobodalla.





## What will the Goulburn Mulwaree SRV be spent on?

Council relies on what the residents of the Goulburn Mulwaree Local Government Area want it to spend money on in terms of services and infrastructure.

The proposed special rate variation will enable Council to:

- ▶ Increase maintenance of Council's Road network
- ▶ Invest in cyber security upgrades for Council's technology systems
- ▶ Adequately resource the Community Facilities team to maintain and manage Council's parks and open spaces
- ▶ Deliver current services and maintain assets to the community
- ▶ Ensuring financial sustainability in the longer-term
- ▶ Fast-track renewals to improve infrastructure.

## What has Council already done to save money?

Council undertakes regular reviews to ensure that it is containing costs and implementing efficiency gains, so that it can provide value for money to its community. Council has found savings of approximately \$1.179 million per year through implementing 44 initiatives, including the introduction of LED lighting, energy audit savings, haulage route reviews, and improved administration and operational processes. Going forward, Council has identified further improvement initiatives that it will implement as soon as practical providing a further annual net benefit of \$1.4 million per year, with one-off implementation costs of \$1.7 million. Some of these initiatives include review of strategic asset management, continual review of lighting emissions, ongoing audit of energy commitments, and use of technology to its full capacity.

Council will continue to investigate cost saving opportunities; however, cost savings alone will not be sufficient to ensure Council's future financial sustainability

## If your rates don't go up what will happen

Council will need to consider options like decreasing spending in some areas or reducing levels of service provisions. This could mean mowing a park less often, less road maintenance or changing hours of operation at some facilities. If Council cannot increase its rates revenue through an SRV, it will need to cut its operating costs by around \$10.7 million per year and not adequately fund its asset renewal.

## Where else does Council get its funding from?

Rates make up approximately 40 percent of Council's current income. Around 25 percent of our income comes from fees and charges (e.g., water usage, waste management, venue hire fees, inspection fees, development application fees etc.); We also receive a range of grant funding. This funding is often linked to projects like upgrading a road or to help Council build a new facility like the Goulburn Performing Arts Centre. Grant funding makes up almost 35 percent of Council income, however, is variable and is project specific. Council also receives funding from other sources like fines, land sales, developer contributions and interest.

## How will the special rate rise affect you?

Goulburn Mulwaree Council has 9 rating categories, so the effect will depend on where you live and the value of your property. The proposed rate rise only applies to the general rate charge. It does not apply to garbage or general waste, sewerage, stormwater, or water charges.

The diagrams below show the impact of each option on the average residential rate. All rate increase figures include the rate peg and are permanent.

## SRV impact on average rates

Residential SRV Options	2023-24	2024-25	2025-26	Two-year increase (including rate peg)	Weekly increase (including rate peg)
<b>Base Case</b>	\$1,161.45	\$1,202.10	\$1,232.15	<b>\$70.70</b>	\$1.36
<b>Option 1</b>	\$1,161.45	\$1,666.03	\$1,707.68	\$546.23	\$10.50
<b>Option 2</b>	\$1,161.45	\$1,445.05	\$1,756.43	\$594.98	\$11.42

Business SRV Options	2023-24	2024-25	2025-26	Two-year increase (including rate peg)	Weekly increase (including rate peg)
<b>Base Case</b>	\$5,300.40	\$5,485.91	\$5,623.06	<b>\$322.66</b>	\$6.20
<b>Option 1</b>	\$5,300.40	\$7,605.50	\$7,795.64	\$2,495.24	\$47.99
<b>Option 2</b>	\$5,300.40	\$6,651.50	\$8,015.06	\$2,715.26	\$52.22

Farmland SRV Options	2023-24	2024-25	2025-26	Two-year increase (including rate peg)	Weekly increase (including rate peg)
<b>Base Case</b>	\$2,543.03	\$2,632.04	\$2,697.84	<b>\$154.81</b>	\$2.98
<b>Option 1</b>	\$2,543.03	\$3,649.21	\$3,740.43	\$1,197.40	\$23.03
<b>Option 2</b>	\$2,543.03	\$3,191.46	\$3,845.76	\$1,302.73	\$25.05

For every \$100 Council spends\*, on average it is allocated to:

Almost  
**\$55**  
to  
infrastructure

**\$16**  
to our Parks,  
Gardens and  
Sporting  
facilities

**\$14**  
to  
governance  
and  
administration

**\$7**  
to arts,  
culture,  
tourism and  
events

**\$2**  
to building  
and  
development  
control

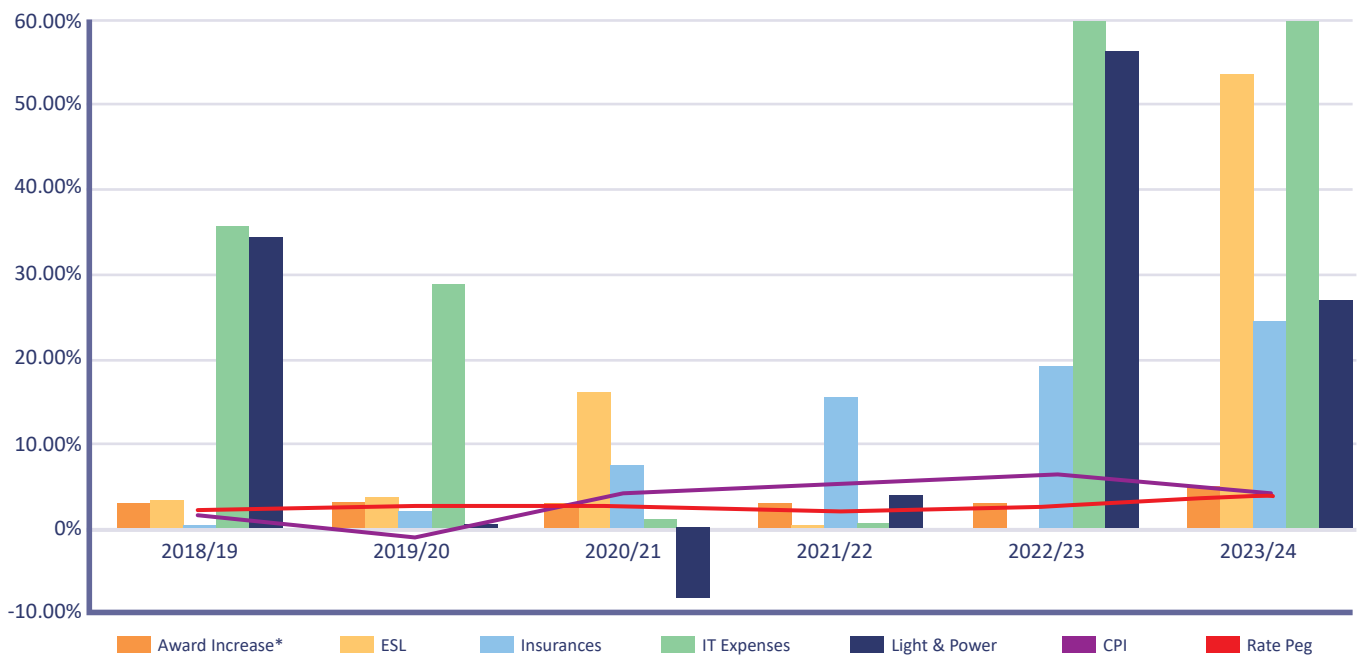
**\$1**  
to heritage  
and strategic  
planning

Remaining **\$5**  
to a range of other  
services such as:  
emergency services levy,  
economic development,  
community services,  
compliance and  
community enforcement,  
community engagement  
and information, land and  
property management  
and cemeteries.

\*Water, sewer and waste costs are not included

Rate pegging has not matched Council's operating expenses over the last six years. This can be demonstrated by the visual below.

### Percentage increase in expenses v Rate Pegging 2018/19 – 2023/24



### Rates comparison v 5 Major Expenditure Categories 2018/19 - 2023/24

	Increase (\$'000)	Increase (%)	Average Increase (\$'000)	Average Increase (%)
<b>ESL</b>	404	92.66%	67	15.44%
<b>Insurances</b>	1,002	89.46%	167	14.91%
<b>IT Expenses</b>	985	569.36%	164	94.89%
<b>Light &amp; Power</b>	1,641	156.29%	274	26.05%
<b>Depreciation</b>	13,884	114.59%	2,314	19.10%
<b>Increase in expenses</b>	<b>17,916</b>	<b>120.28%</b>	<b>2,986</b>	<b>20.05%</b>
<b>Rates</b>	4,710	24.76%	785	4.13%

## What is a Special Rate Variation?

The Independent Pricing and Regulatory Tribunal (IPART) sets the amount Councils can increase rates by each year, which is called the rate peg. A special rate variation is a request by a Council to IPART to increase rates by more than the rate peg amount. A special rate variation can be for a single or multiple years. It can also be temporary or permanently retained in the rates base. To apply for a special rate variation Council needs to follow a process set out by IPART and formally apply for the variation and show how Council has met all of the criteria in the application guidelines

## What if I cannot afford for rates to increase?

In assessing Council's application, IPART will consider the ability of ratepayers to pay their rates. Council has a Hardship Policy in place which provides a framework for ratepayers experiencing genuine hardship for assistance with the payment of their rates and charges. More information about Council's hardship assistance can be found on Council's website: [https://www.goulburn.nsw.gov.au/Council/Policies?dlv\\_OC%20CL%20Public%20DocLib%20Global=\(pageindex=3\)](https://www.goulburn.nsw.gov.au/Council/Policies?dlv_OC%20CL%20Public%20DocLib%20Global=(pageindex=3)) Council also has pensioner concessions in place if you are eligible. More information is available from Council's Rates team or on its website: [https://www.goulburn.nsw.gov.au/Council/Policies?dlv\\_OC%20CL%20Public%20DocLib%20Global=\(pageindex=5\)](https://www.goulburn.nsw.gov.au/Council/Policies?dlv_OC%20CL%20Public%20DocLib%20Global=(pageindex=5))

## How can I find out more and provide feedback?

Council is seeking the community's view on the proposed SRV. More information on the proposal is available on Council's website or we encourage you to attend one of the community drop-in information sessions. Send us your views by completing the online submission form, complete a form available in Council's Customer Service area and Library, or email [svrfeedback@goulburn.nsw.gov.au](mailto:svrfeedback@goulburn.nsw.gov.au) Keep an eye on Council's website, its social media page and in local media for more details about these drop-in sessions. Feedback from the community will be gathered up until 5pm on 3rd November 2023.

## What happens next?

After Council has considered the community feedback it will meet again to consider whether or not to advise IPART that an application will be prepared and submitted to request a special rate variation. This meeting will be held on 21 November 2023. IPART will conduct its own consultation, with public submissions likely to be sought in March 2024, before they make their determination in May 2024.

If approved, the SRV will be included in rates from 1 July 2024. IPART has not announced the timelines for this year's application process, so some dates are approximate, based on previous years.

