

FACT SHEET 1 *Income*

Kyogle Council is a multi-purpose Council servicing a Local Government Area (LGA) of 3,589km², 2,628km² of which is rateable land and 961km² of which is non-rateable land. Of the non-rateable land, 926km² (or 26% of the total LGA) is State Forest and National Parks. There are 5,118 separate rateable assessments within the LGA.

Council obtains its income revenue through various sources. The primary sources are general rates, fees and charges for specific services and external grant funding. The revenue Council receives from your rates and charges provides funds for the broad range of services and projects it delivers to our local communities. In addition to this rates revenue, Council receives various grants from the State and Federal Governments, such as an annual untied Financial Assistance Grant to help cover administration costs as well as specific

Council endeavours to maximise the revenue received through external grants, there is no other level of government with the capacity to address the funding shortfalls identified across the local government sector throughout Australia.

It is possible for Councils to look to increase their general rates above the annually pegged levels, but this can only be done with the approval of the NSW Government and only where a genuine need for the increase has been identified and the local communities have been consulted.

For the 2013/2014 financial year, Council has estimated that it will collect \$5.1M in general rate revenue, resulting in a net amount of \$4.91M after allowing for concessions.

The table below shows average rate comparisons with other Northern Rivers Councils for the 2011/12 financial year, net of pension and other concessions

	BALLINA	BYRON	KYOGLE	LISMORE	RICHMOND VALLEY	TWEED	NORTHERN RIVERS
Area (km²)	485	566	3,584	1,288	3,047	1,308	10,277
Ratepayers	17,280	14,714	5,106	18,219	10,401	38,800	104,520
Rate Income ('000)	14,788	16,131	4,541	23,253	7,636	45,798	112,147
Av. Rate	\$856	\$1,096	\$889	\$1,276	\$734	\$1,180	\$1,072

purpose grants such as Roads to Recovery and Black Spot Project Grants.

The revenue generated from water charges, sewer charges, stormwater charges and waste charges is used to fund those specific services only. General rate revenue however, is used to provide funding for a range of general services including items such as roads, recreational facilities, economic development, emergency services and administration.

Council's general rates are subject to rate pegging by the NSW Government. This means that the Council is not allowed to increase the total amount of general rates collected from its ratepayers by more than the "pegged" amount, which is set annually by IPART (usually around 3%). Whilst the NSW Government is reviewing the way that general rates and grants apply to Local Government, these remain essentially consistent from year to year, with increases linked to pegged amounts determined by the State Government. Whilst

Council is constantly receiving requests from our residents for improved and/or increased services. The vast majority of these requests are for basic essentials such as roads, bridges and drainage. As part of the NSW Government's Integrated Planning and Reporting requirements, Council prepared detailed Asset Management Plans and an Asset Management Strategy in 2012. This process identified an annual funding shortfall of \$4.6M over the next 10 years, an amount necessary to maintain the infrastructure assets in their present condition. If Council is to remain sustainable in the long term and deliver the expectations of our communities and the visions of Council, additional income must be sourced. The alternative is a reduction in service levels and further deterioration of our infrastructure such as roads and bridges. Based on the feedback from the residents and ratepayers and through assessment of the infrastructure assets under our control,

Kyogle Council

Sustaining our LGA

Council has identified a list of priority works across the major functions of roads, bridges, urban streets, drainage, parks and gardens, community buildings and swimming pools. These works total over \$40M, with over \$10M of them being identified as "Very High Priority". If these projects were to be delivered over a 20 year period, this would require around an additional \$2M per year.

It seems clear that residents, ratepayers, Councillors and Council staff all know what needs to be done; the issue is how we find the funds to actually do it. There are five main options available to Council and the local communities to address the funding shortfall and these are:

- maintain rates at the current pegged levels and continue to make the most of the funds that we have available to spend, accepting

No one single option would be a solution to the problem on its own, and a combination of several of these options will be the best way to find the sort of balance required to address our challenges. As such, Council is looking at a number of options for raising its own source revenue through above rate pegging increases. If ratepayers were to contribute additional rates over and above the "pegged" amount for each of the next 5 years, the following table outlines the estimated additional annual income and rates that could be achieved, including a total additional income over the 10 year period and the total additional rates expressed as an amount in dollars per week. The total impact proposed is between \$4 and \$8 per week for the average ratepayer.

YEAR	BASE LINE		OPTION 1 – 15%		OPTION 2 – 24%		OPTION 3 – 30%	
	Current Long Term Financial Plan		3% per annum above rate pegging for 5 yrs (15% total)		4.5% per annum above rate pegging for 5 yrs (24% total)		5.5% per annum above rate pegging for 5 yrs (30% total)	
	Rate Pegging Increases	Annual Rate Income	Average Additional Rates	Total Additional Income	Average Additional Rates	Total Additional Income	Average Additional Rates	Total Additional Income
2013/14	3.40%	5,147,335	0	0	0	0	0	0
2014/15	3.00%	5,301,755	29	150,302	45	230,630	56	285,677
2015/16	3.00%	5,460,808	61	314,011	95	485,431	118	604,350
2016/17	3.00%	5,624,632	96	492,056	150	766,418	187	959,097
2017/18	3.00%	5,793,371	134	685,425	210	1,075,766	264	1,353,266
2018/19	3.00%	5,967,172	175	895,169	277	1,415,815	350	1,790,503
2019/20	3.00%	6,146,187	180	922,024	285	1,458,290	360	1,844,218
2020/21	3.00%	6,330,573	186	949,685	293	1,502,038	371	1,899,544
2021/22	3.00%	6,520,490	191	978,175	302	1,547,100	382	1,956,531
2022/23	3.00%	6,716,105	197	1,007,521	311	1,593,512	394	2,015,227
		TOTALS	\$4/week	6,394,369	\$6/week	10,075,000	\$8/week	12,708,413

that service levels will reduce and asset disposals may be required; or

- increase our rates in order to increase the funds available so that we can address more of our communities' expectations; or
- continue to endeavour to leverage additional funding from external grants; or
- utilise the funds held as cash reserves to address the highest priority areas in the short term; or
- continue to demonstrate our commitment to continuous improvement through the ongoing efficiency and effectiveness of Council's operations to ensure the best value for money in the delivery of services.

The options proposed for above pegging increases are modest, with none of them seeking to raise sufficient revenue to cover the whole funding shortfall. The expectation is that Council will still be pursuing the best combination of the methods outlined above, but it is also recognised that the main issue that will impact on our ratepayers is the increase in general rates above rate pegging. Council is now seeking feedback from ratepayers and the many communities within the LGA on their willingness to contribute to solving the challenges we face through additional contributions of funding.