

Tenterfield Shire Council

▶ Community Strategic Plan
2022-2032
& Financial Sustainability

Agenda

- ▶ Welcome and Introduction
- ▶ Discussion groups
 - ▶ Community Strategic Plan
 - ▶ Financial Sustainability & Special Rate Variation
- ▶ Discussion summary and next steps

Engagement Feedback

There was a very wide range of issues discussed, however, there was a core set of items that came through as common themes across the region. These were (in alphabetical order);

- Accessibility to facilities (including fair distribution of services across the entire region),
- Better maintenance of existing infrastructure (roads, buildings and community facilities),
- Communications infrastructure,
- Council operations being run transparently, efficiently and sustainably,
- Economic development across the region,
- Health care,
- Stormwater and Drainage infrastructure,
- Strong leadership (good communications, financial management and advocacy),
- Waste management, and
- Youth and recreational facilities.

Draft Community Strategic Plan

THEME	GOALS
<p>COMMUNITY Accessible and Inclusive</p>	<p>C1: Tenterfield Shire is a vibrant, inclusive, and safe community where diverse backgrounds and cultures are respected and celebrated.</p> <p>C2: The community is supported by accessible and equitably distributed facilities and recreational opportunities for people of all ages.</p>
<p>ECONOMY Good opportunities</p>	<p>EC1: Develop Tenterfield Shire's economic base into a robust and growing economy that supports the creation of a variety of employment and business opportunities.</p>
<p>ENVIRONMENT Well looked after</p>	<p>EN1: Our natural environment will be protected, enhanced and promoted for future generations.</p> <p>EN2: Provide secure, sustainable and environmentally sound infrastructure and services that underpin Councils service delivery.</p>
<p>LEADERSHIP A sustainable future</p>	<p>L1: Council is a transparent, financially sustainable and high performing organisation, delivering valued services to the Community.</p> <p>L2: Resources and advocacy of Council are aligned support the delivery of the community vision outlined in the Community Strategic Plan.</p>
<p>TRANSPORT Easy to get around</p>	<p>T1: The Tenterfield Shire has an effective transport network that is safe, efficient and affordable for us as a community.</p>

Draft Delivery Program/Operational Plan

- ▶ What we are going to do in 2022/23
 - ▶ Operational programs
 - ▶ Capital works
- ▶ Outline of income and expenditure
- ▶ Links to Community Strategic Plan
- ▶ Driver of our monthly reporting to Council

FINANCIAL SUSTAINABILITY & SPECIAL RATES VARIATION (SRV)

Current Financial Position & Options

TSC's general fund is currently in a weak financial position, heavily reliant on State and Federal grants.

The gap between Council's income and the required expenditure to maintain key assets and services at current service levels is currently between \$4m and \$5m.

TSC had a negative cash result as at 30 June 2021.

While this was a timing issue related to the payment of grant related works and grant income being received, it shows TSC's precarious financial position.

TSC does not have adequate reserves in any fund to meet future asset maintenance and renewal requirements.

No capacity to deal with future cost shifting

Council's water and sewer charges are already quite high. This is a result of a combination of the minimum base costs to provide these services and a relatively small group of rate payers.

The options Council has available include:

1. Reducing service levels, which will impact the local economy,
2. Sell and/or dispose of assets that will reduce the associated on-going expenses,
3. Increase income raised through rates, user fee and charges, and other sources
4. A combination of the above options.

Why consider an SRV?

- ▶ Council's income base from rates is fixed. Any increase is limited to an annual 'rate peg' amount set by the State Government of between 1.5% and 2.5%. The rate peg for 2022/23 is 0.7% (approximately \$30,000 for Tenterfield Shire Council) which is much lower than obligated expense increases (e.g. award wage increases, material and equipment costs).
- ▶ In real terms, the cost to deliver services and maintain community assets to current service levels increases above the rate peg amount each year.
- ▶ Combined with on-going cost shifting to local government, Council's are under constant pressure to deliver the same services for less which is not a sustainable model.
- ▶ Currently TSC has very limited opportunity to increase own source revenue and as a result an increase in rates is the most viable solution for a financially sustainable Council. Council is exploring alternative revenue opportunities.
- ▶ Based on current service levels, known asset data and Council's current forecasted operating result the gap in the General Fund between what Council should be spending on assets compared to current budgets is currently between \$4m and \$5m.
- ▶ The 2013/14 SRV made allowances for \$47m+ of service level reductions and deferrals of renewals. Council's reserves have been depleted and deferring works further or covering through reserves is no longer an option.
- ▶ Given the impacts from the 13/14 SRV, adjusting service levels will adjust the value of increased income required, however there is not enough capacity to cover the full amount through efficiency gains alone.
- ▶ It is critical for the community to understand the option to reduce service levels is available, however through the CSP consultation it was clear that residents wanted existing assets maintained.

Comparison of Rates to similar Councils

Rates comparisons for Tenterfield to other similar Councils from the 2019/20 financial year (NSW government 'YourCouncil' website)

Category	Tenterfield	Kyogle	Uralla	Glen Innes	Gwydir	Group Average	TSC / Group \$ Difference	TSC /Group % Difference
Average Ordinary Residential Rate	\$624.50	\$1080.60	\$740.30	\$824	\$722.30	\$781.80	-\$157.30	-25.19%
Average Ordinary Business Rate	\$1,280	\$1,368.20	\$704	\$1,800	\$1,346.90	\$1,575.70	-\$295.70	-23.10%
Average Ordinary Farmland Rate	\$1,569.20	\$1,897.10	\$3,561.60	\$3,001	\$5,565.20	\$2,992.10	-\$1,422.90	-90.68%
Average Ordinary Mining Rate	\$900	N/a	N/a	N/a	N/a	\$389,816.20	-\$388,916.20	-43,212.91%
Typical Residential Water	\$847.90	\$695.60	\$721.80	\$628.70	\$862.70	\$811.10	\$36.80	4.34%
Typical Residential Sewer	\$1,138	\$821.00	\$632	562	\$500	\$651	\$487.00	42.79%
Typical Residential Water & Sewer	\$1,985.90	\$1,516.60	\$1,353.80	\$1,190.70	\$1,362.70	\$1,299.90	\$686.00	34.54%
Avg Domestic Waste Charge	\$293.20	\$324.00	\$276.00	\$317	\$327.20	\$340.60	-\$47.40	-16.17%

What parts of my Rates Notice would an SRV affect?

		Valuation Date	01/07/2021
Property Location & Description			
Rouse Street TENTERFIELD NSW 2372			
LOT: 1 DP: 123123			
Details of Rates, Charges & Rebates			
01 Residential Tenterfield Base Amount	45,000 @ 0.599577	\$269.81 \$330.00	Payment by Instalments First Due \$ 759.21 31/08/2022 Second Due \$ 759.20 30/11/2022 Third Due \$ 759.20 28/02/2023 Fourth Due \$ 759.20 31/05/2023 TOTAL DUE \$ 3,036.81
S01 Residential Water Service Availability		\$618.00	
S14 Water Infrastructure Charge		\$77.00	
S15 Residential Sewerage Availability		\$1,320.00	
S25 Waste Collection - Domestic 120L		\$447.00	
S27 Waste Management Facility Charge		\$288.50	
S40 Stormwater Management Charge - Residential		\$25.00	
S50 Waste Recycling Collection - Residential		\$86.50	
Pensioner Rebate		-\$425.00	
NET AMOUNT DUE		\$3,036.81	

The SRV only applies to the ad-valorem and base amounts on a rates notice. In this example that is the top two lines of this rates notice.

How would an SRV affect me - 2 year SRV

The following table shows the application of an SRV of 43% per year for two years :

Financial year		23/24	24/25	25/26						
SRV increase		40.50%	40.50%	0.00%	Term of SRV	Compound effect				
Rate peg allowance		2.50%	2.50%	2.50%	3 years	109.602%				
Total increase		43.00%	43.00%	2.50%						
	No of assessments	2022/23 average rate	2023/24 increase	2024/25 increase	2025/26 increase	Total increase	2025/26 average rate	Total Weekly increase 23/24	Total Weekly increase 24/25	Total Weekly increase 25/26
Average ordinary rate – all categories	5,067	\$ 955.24	\$ 410.75	\$ 587.37	\$ 48.83	\$ 1,046.96	\$ 2,002.20	\$ 7.90	\$ 11.30	\$ 0.94
Average ordinary rate – Residential	3,361	\$ 633.60	\$ 272.45	\$ 389.60	\$ 32.39	\$ 694.44	\$ 1,328.03	\$ 5.24	\$ 7.49	\$ 0.62
Average ordinary rate – Business	231	\$ 1,427.28	\$ 613.73	\$ 877.63	\$ 72.97	\$ 1,564.33	\$ 2,991.61	\$ 11.80	\$ 16.88	\$ 1.40
Average ordinary rate – Farmland	1,465	\$ 1,618.27	\$ 695.86	\$ 995.08	\$ 82.73	\$ 1,773.66	\$ 3,391.94	\$ 13.38	\$ 19.14	\$ 1.59
Average ordinary rate – Mining	10	\$ 1,019.18	\$ 438.25	\$ 626.69	\$ 52.10	\$ 1,117.04	\$ 2,136.22	\$ 8.43	\$ 12.05	\$ 1.00
		\$ 4,840,182.97	\$ 2,081,278.68	\$ 2,976,228.51	\$ 247,442.25	\$ 5,304,949.44	\$ 10,145,132.41	\$ 40,024.59	\$ 57,235.16	\$ 4,758.50
								\$ 2,081,278.68	\$ 2,976,228.51	\$ 247,442.25

How would an SRV affect me - 3 year SRV

The following table shows the application of an SRV of 28% per year for three years:

Financial year		23/24	24/25	25/26						
SRV increase		25.50%	25.50%	25.50%	Term of SRV	Compound effect				
Rate peg allowance		2.50%	2.50%	2.50%	3 years	109.715%				
Total increase		28.00%	28.00%	28.00%						
	No of assessments	2022/23 average rate	2023/24 increase	2024/25 increase	2025/26 increase	Total increase	2025/26 average rate	Total Weekly increase 23/24	Total Weekly increase 24/25	Total Weekly increase 25/26
Average ordinary rate – all categories	5,067	\$ 955.24	\$ 267.47	\$ 342.36	\$ 438.22	\$ 1,048.04	\$ 2,003.28	\$ 5.14	\$ 6.58	\$ 8.43
Average ordinary rate – Residential	3,361	\$ 633.60	\$ 177.41	\$ 227.08	\$ 290.66	\$ 695.15	\$ 1,328.75	\$ 3.41	\$ 4.37	\$ 5.59
Average ordinary rate – Business	231	\$ 1,427.28	\$ 399.64	\$ 511.54	\$ 654.77	\$ 1,565.94	\$ 2,993.22	\$ 7.69	\$ 9.84	\$ 12.59
Average ordinary rate – Farmland	1,465	\$ 1,618.27	\$ 453.12	\$ 579.99	\$ 742.39	\$ 1,775.49	\$ 3,393.76	\$ 8.71	\$ 11.15	\$ 14.28
Average ordinary rate – Mining	10	\$ 1,019.18	\$ 285.37	\$ 365.27	\$ 467.55	\$ 1,118.19	\$ 2,137.37	\$ 5.49	\$ 7.02	\$ 8.99
		\$ 4,840,182.97	\$ 1,355,251.23	\$ 1,734,721.58	\$ 2,220,443.62	\$ 5,310,416.43	\$ 10,150,599.40	\$ ¹² 26,062.52	\$ 33,360.03	\$ 42,700.84

How do my general rates compare to other things?

Average Ordinary Rates - \$955.24/yr or \$18.37/week	Things I get for \$18.37/week
<ul style="list-style-type: none">▶ 1,700kms roads▶ 152 bridges, 4,781 culverts & 396 causeways▶ Stormwater and Drainage▶ Library & Community Services▶ Parks and Sporting fields & Swimming Pool▶ Development, Planning & Regulatory Services▶ 96 Buildings maintained▶ Saleyards managed▶ Governance, Civic Services & Advocacy to the State and Federal Government	<ul style="list-style-type: none">▶ 4.6 x 600ml bottles of soft drink (\$4/bottle), or▶ 3 meat pies (\$6/pie), or▶ 3 coffees (\$5.50/coffee), or▶ 3 schooners beer (\$5.50/beer), or▶ 1 six pack beer (\$18/six), or▶ 9 litres of fuel (\$2.00/litre), or▶ ½ packet of cigarettes (\$40/pkt), or▶ 1 weeks gym membership (\$20/wk)

Where will the money be spent?

- ▶ 100% of the extra income will be spent on the maintenance of Council's assets
- ▶ Council is working to update its asset management data however based on current information we would expect to see the additional income spent as follows:
 - ▶ 75% of additional income - ROADS, TRANSPORT, STORMWATER and DRAINAGE
 - ▶ 15% of additional income - BUILDINGS
 - ▶ 10% of additional income - Other assets (e.g. swimming pool, parks and open spaces)
- ▶ This additional income would be reported separately in Council's financial statements for six years and then incorporated into standard annual reporting

Comments, Questions or Feedback

- **Community Consultation Sessions -
5 April to 9 April 2022**
- **Engagement hub survey**
www.tenterfield.nsw.gov.au
- **Email**
council@tenterfield.nsw.gov.au
- **Write Tenterfield Shire Council PO
Box 247 TENTERFIELD NSW 2372**