

We are
proposing an
increase to
your rates.

Here's why.

Pools play an important role in our community

Pools provide a variety of health and lifestyle benefits:



Council uses your ordinary rates to look after (among other infrastructure and services):



1451 km of sealed and unsealed roads



83 parkland reserves



14 cemeteries



127 km of urban stormwater infrastructure



43 playgrounds



227 bridges

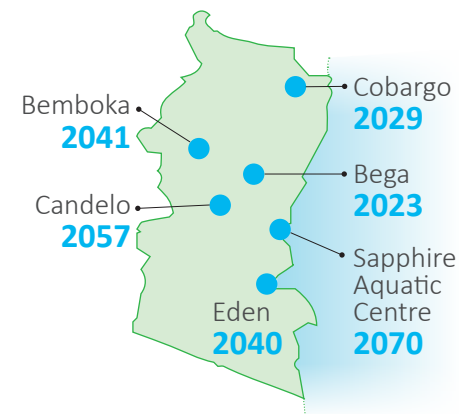


25 sports fields



51 public toilets

Based on a 60-year life expectancy our pools are due for renewal in the following years:



How to have your say

Come and talk with Council staff about the proposed Special Rate Variation and the draft 2020-2021 Operational Plan.

Tuesday 14 January, 2pm-6pm:

Tura Marrang Library

Wednesday 15 January, 2pm-6pm:

Bega Valley Commemorative Civic Centre

Thursday 16 January, 2pm-6pm:

Bermagui Library

- Email us at council@begavalley.nsw.gov.au
- Have Your Say at www.begavalley.nsw.gov.au/haveyoursay
- Call us on 6499 2222

Feedback closes on 24 January 2020.

Provide general SRV process feedback at www.ipart.nsw.gov.au

If Council does decide to submit an SRV application to IPART in February, then you can make a formal submission directly to IPART, before 1 March 2020.

Pools provide a variety of health and lifestyle benefits for the community, but come at a cost, which has to be planned for in a sustainable way.

Council has inherited many of the Shire's six pools over the last 30 years and now we are focused on ensuring they are all maintained into the future.

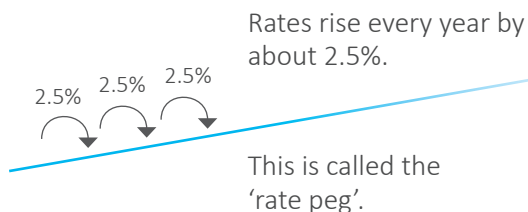
An increase in your rates through a special rate variation (SRV) is about securing the future of

our pools and reflects the history, hard work and fundraising of community groups to build them over the last 60 years.

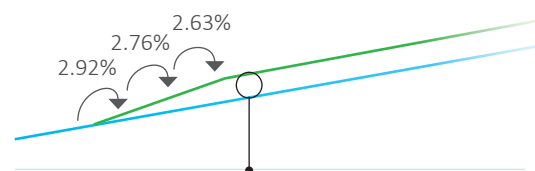
We have notified the Independent Pricing and Regulatory Tribunal (IPART) of our intention to apply to introduce a special rate variation over three years.

Here's how a special rate variation works.

Your rates now.



Your rates with a special rate variation increase.



Through the proposed SRV over three years (green line), in addition to the rate peg (blue line), we would reach our goal of being able to fund all six pools into the future (see table below).

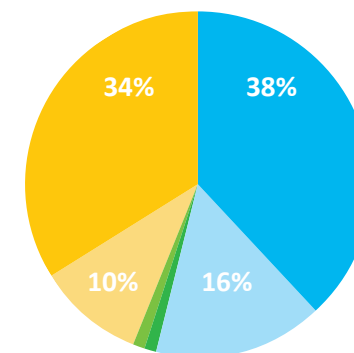
What is the percentage increase in rates per year?

	2020/2021 (Year 1)	2021/2022 (Year 2)	2022/2023 (Year 3)	Cumulative
Rate peg	2.60%	2.50%	2.50%	7.8%
SRV portion	2.92%	2.76%	2.63%	9.0%
Total increase	5.52%	5.26%	5.13%	16.8%

Figures are rounded. 2.6% rate peg confirmed for 2020/21

These rate increases would be permanently retained and the funding would only be able to be spent on the operation, maintenance and upgrades of the Shire's six pools.

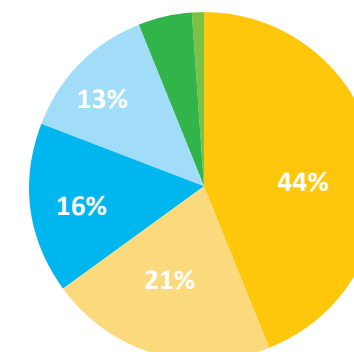
Where does our money come from



Income sources

- 38% Rates and annual charges
- 16% User charges and fees
- 1% Interest and investment revenue
- 34% Grants and contributions provided for capital purposes
- 10% Grants and contributions provided for operating purposes
- 1% Other revenues

Where does our money go



Expenditure types

- 44% Capital works
- 21% Employee expenses
- 16% Materials and contracts
- 13% Depreciation and amortisation
- 5% Other expenses
- 1% Borrowing expenses

Based on whole of Council 2019-20 figures (from Quarter 1 QBRS).

Your Rates

WHAT YOU PAY

Bringing in a SRV over 3 years would help to ensure the increase is gradual for ratepayers.

For the average ratepayer*, this year you pay \$1,125.22

With the proposed SRV:

- In 2020/2021 you would pay \$1,187.31 – 63 cents per week of this amount is contributed by the SRV.
- In 2021/2022 you would pay \$1,254.07 – \$1.36 per week of this amount is contributed by the SRV.
- In 2022/2023 you would pay \$1,318.36 – \$2.02 per week of this amount is contributed by the SRV.

* Figures are based on average residential rates in BVSC, including assumed rate peg of 2.5% (confirmed 2.6% for 2020/2021)

HOW WE WORK THEM OUT

Your ordinary rates consist of a BASE RATE that each ratepayer contributes, and an AD VALOREM RATE based on your LAND VALUATION determined by the Valuer General, and the CATEGORY of your property.

Currently, our rate increases on an annual basis are determined by the Independent Pricing and Regulatory Tribunal (IPART), which sets a 'rate peg'. Councils are able to apply for a SRV under the *Local Government Act 1993* to increase their rates above the rate peg amount.

CATEGORY.

There are three categories in the Bega Valley Shire: residential, farmland and business.

		2019/20 Current year	2020/21	2021/22	2022/23
RESIDENTIAL Average land value \$151,907 59.66% of assessments under the average	Rate peg		(2.6%)	(2.5%)	(2.5%)
	Rates without proposed SRV – rate peg only	\$1,125.22	\$1,154.47	\$1,183.43	\$1,213.11
	Our proposed SRV increase		(2.92%)	(2.76%)	(2.63%)
	Rates with proposed SRV		\$1,187.31	\$1,254.07	\$1,318.36
	Impact of SRV/Year		\$32.84	\$70.64	\$105.25
	Impact of SRV/Week		\$0.63	\$1.36	\$2.02
FARMLAND Average land value \$407,450 70.00% of assessments under the average	Rate peg		(2.6%)	(2.5%)	(2.5%)
	Rates without proposed SRV – rate peg only	\$2,167.26	\$2,223.68	\$2,279.51	\$2,336.73
	Our proposed SRV increase		(2.92%)	(2.76%)	(2.63%)
	Rates with proposed SRV		\$2,286.92	\$2,407.84	\$2,531.64
	Impact of SRV/Year		\$63.24	\$128.33	\$194.91
	Impact of SRV/Week		\$1.22	\$2.47	\$3.75
BUSINESS Average land value \$300,934 59.13% of assessments under the average	Rate peg		(2.6%)	(2.5%)	(2.5%)
	Rates without proposed SRV – rate peg only	\$2,676.64	\$2,746.17	\$2,812.54	\$2,880.55
	Our proposed SRV increase		(2.92%)	(2.76%)	(2.63%)
	Rates with proposed SRV		\$2,824.27	\$2,967.96	\$3,116.25
	Impact of SRV/Year		\$78.10	\$155.42	\$235.70
	Impact of SRV/Week		\$1.50	\$2.99	\$4.53

Note: These figures are based on average residential, business and farmland rates in the Bega Valley Shire. The assumed rate peg increase for 2021/22 and 2022/23 is modelled at 2.5% as advised by IPART (confirmed 2.6% rate peg for 2020/21). Figures are rounded.

BASE CHARGE.

This is an amount all landowners pay irrespective of value.

+

AD VALOREM RATE.

This is an amount used to calculate your rates above the base charge using the land valuation of your property.

×

LAND VALUATION.

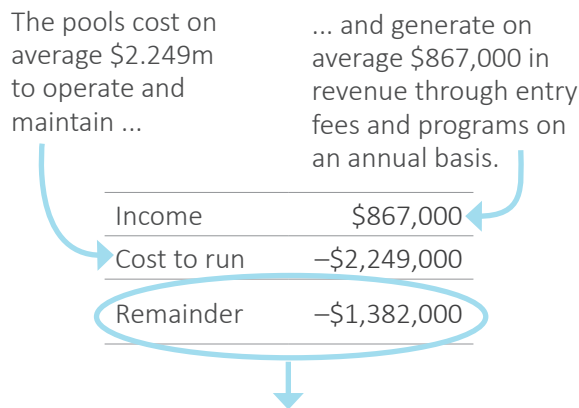
This is the valuation of your land, assessed every three years by the Valuer General.

* Updated land valuations are expected to be received by landowners and Council in early 2020.

Funding our pools

The pools cost on average \$2.249m to operate and maintain ...

... and generate on average \$867,000 in revenue through entry fees and programs on an annual basis.



The diagram illustrates the funding gap for pools. It shows a table with 'Income' of \$867,000 and 'Cost to run' of -\$2,249,000, resulting in a 'Remainder' of -\$1,382,000. Arrows indicate the flow from the revenue to the costs, and then the deficit is highlighted with a circle and a downward arrow pointing to the text below.

Income	\$867,000
Cost to run	-\$2,249,000
Remainder	-\$1,382,000

This means we currently need to find \$1.382m annually from ordinary rates just to operate and maintain the current facilities.

It is also vital that money is put aside to fund upgrades to the pools when they reach the end of their useful life – a further \$646,000 per year is needed to do this.

Therefore, the amount required to meet the goal of keeping all six pools is \$2.028m per year.

* Figures are in 2019/20 \$

Special Rate Variation (SRV)

HOW DOES THIS PROCESS WORK?

- **November 2019**
We have notified IPART of our intent to apply for a SRV
- **December 2019/January 2020**
Community engagement
- **February 2020**
Decision to formally apply
- **May 2020**
IPART determination
- **July 2020**
If approved, SRV commences

ARE THERE ALTERNATIVES?

We have investigated a range of approaches over many years on how best to manage our pools – from closing pools to public-private partnerships, increasing borrowings, applying for grants (which we will still actively pursue) and reducing service levels in other areas to fund the pools. None of these options have so far delivered a sustainable way forward for our pools.

While we understand that rate rises of any kind are never welcome, it is clear that without the introduction of the proposed SRV, the goal of keeping all six pools cannot be met.

WE'RE KEEPING COSTS DOWN

Over the past few years we have concentrated on making Council stronger and more efficient, and saved money where possible through:

- staffing restructures
- divesting land
- joint regionalisation of services and planning
- efficiencies in procurement, and
- better management and maintenance of assets.

We work hard to ensure that we are as efficient as possible and continually review the way we do business.

OUR RATES COMPARED

Only around 30% of our entire Shire is rateable with the rest comprised of State Forests and National Parks (which we absolutely love) but they do not generate any rate income.

In the latest figures available (2017/18) on yourcouncil.nsw.gov.au we are currently below average for our group across all our rating categories.



Work out how much you will pay by using our online rates calculator.

www.begavalley.nsw.gov.au