

## FREQUENTLY ASKED QUESTIONS



# SHAPING OUR FUTURE SPECIAL RATE VARIATION

## What is a Special Rate Variation?

NSW local councils that want to boost general income above the rate peg limit, or to increase minimum rate levels above the statutory limit, are required to apply to the Independent Pricing & Regulatory Tribunal (IPART). A special rate variation (SRV) allows a council to increase its general income above the rate peg, under the Local Government Act 1993 (NSW). A council may apply for a single year variation or a multi-year variation for between 2 and 7 years.

## How are my rates calculated?

Rates are calculated according to unimproved property value. The average residential rateable property in Penrith City is valued at around \$250,000 and in 2014-15 a residential property owner of land of this value paid around \$1250 in rates (excluding waste and other applicable fees).

## Why is our Council considering applying for an SRV?

Our existing 10 year Asset Renewal & Established Areas Strategy (AREAS) SRV will end in 2016. The AREAS SRV has allowed us to direct vital funding to our roads, buildings and public spaces - infrastructure renewal, public domain maintenance and programs in the City's older areas. We need to find a way to continue this important work after AREAS ends.

As a growing Regional City, we face the huge challenge of meeting the increasing needs and expectations of new and current residents. We are looking at ways to ensure our ongoing financial sustainability and allow us to continue to deliver the facilities and services our community wants.

Penrith was recently deemed Fit for the Future by IPART. Council's Improvement Program and long term financial plan, which formed part of our submission, are modelled on the continuation of AREAS and the additional SRV of 2.4% above the rate peg over four years from 1 July 2016.

We're asking for community feedback on three future rating proposals:

- a decrease in services (the discontinuation of AREAS)
- maintaining current services (continue AREAS), and
- improved services & infrastructure (AREAS **plus** 2.4% increase for 4 years).

## HOW CAN I HAVE MY SAY?

We welcome community feedback on the future rating proposals until Friday 11 December - online at [yoursaypenrith.com.au](http://yoursaypenrith.com.au), by email [ourfuture@penrith.city](mailto:ourfuture@penrith.city) or in writing to the General Manager, Penrith Council, PO Box 60, Penrith NSW, 2751.

For more information on this SRV phone our Organisational Performance and Development team on 4732 8551 or email [ourfuture@penrith.city](mailto:ourfuture@penrith.city)



### What else is Council doing to improve its financial management and efficiency?

Rates contribute about 40% of Council's income, with the rest coming from grants, contributions, fees, and levies. Our organisation continues to be proactive in investigating new opportunities to diversify our income streams, reduce our dependency on any single approach, and minimise any risks.

Looking to increase rates is not something Council takes lightly. We have prepared a Long Term Financial Plan to guide our financial decision making and allow us to identify financial issues early and review their effect on future activities. This ensures our long term financial sustainability, while not affecting our ability to deliver facilities and services for our community.

We have developed a revised borrowing strategy. Starting in the 2015-16 budget, this will reduce our annual General Infrastructure borrowings from \$3.2 million to nil over 5 years. We have also taken a range of steps to achieve annual recurring savings of \$4.5 million in the budget, from 2015-16.

A Property Development Advisory Panel of independent expert advisors has been set up to advise on Council's property portfolio. This will help us capitalise on future opportunities across the City and achieve more, particularly in our city centres, while minimising the financial investment required.

### What has Council done with the extra money from the 'AREAS' SRV?

Council has achieved significant improvements in the services we deliver for our community. This includes increasing road resurfacing work; maintenance and significant repairs of our buildings and assets; improving public space by removing graffiti, increased litter collection, and increasing cleaning; and investing in our older neighbourhoods through the Neighbourhood Renewal Program. For more information on each key area see the factsheets on [yoursaypenrith.com.au](http://yoursaypenrith.com.au).

### What extra work will the 'Improve Services' proposal deliver?

The 'Improve Services' proposal would see a 2.4% increase rates above the 'Maintain Services' option. Both would see our current levels of service (as outlined above) maintained. The extra funding in the 'Improve Services' option would see Council invest more to address our asset renewal backlog, which will reduce our financial risk in the medium to long term. The funding will also help Council invest in projects to help our city deal with growth and improve our lifestyles. This may also include actions to improve and invest in our river precinct and our CBD areas.

### How does this SRV relate to the State Government Review of Councils (Fit for the Future) and Council's Community Panel?

The NSW State Government is undertaking a review of all NSW councils, called Fit for the Future, to ensure they are working efficiently and providing value for their communities. As a result, changes have been proposed for some councils, including some to merge with neighbouring councils. **Penrith Council has been identified as 'fit for the future' and has not been designated to amalgamate, due to our demonstrated financial stability.**

Council's Improvement Program recognises the importance of Council continuing to engage with the community on priorities, service level expectations and willingness to pay for increased levels of service. Our recently formed Community Panel is an important element of this. The panel is made up of 34 randomly selected community members coming together between September and December 2015 to consider what local services and infrastructure we need in Penrith, what we should do and to what level of quality, and how should we pay for it.