



Frequently Asked Questions - Special Rate Variation (SRV) - 69.94% cumulative increase to general rates

Following the recent announcement of Council's formal decision to apply for a 69.94% cumulative increase to general rates, Council has released a Frequently Asked Questions (FAQ) document to address community concerns and provide transparent information. Please refer to the FAQ document below which details common questions received from the community. Please visit Council's website for further information on the SRV project.

Question 1: Why is Council in this position to have to increase rates by so much?

Council has applied for this substantial increase based on the current condition of its assets and the need for significant investment to begin to address their decline. For example, with Council sealed roads, years of insufficient maintenance due to underfunding is resulting in failures requiring expensive rebuilds. These rebuilds cost approximately 10x the cost of maintaining the roads on a per km basis. The sealed roads have not been resealed to best practice frequencies and are continuing to deteriorate. This is evident through the number of potholes and pavement collapses being reported to Council. Accordingly, Council is seeking to undertake adequate asset maintenance and renewal to avoid the number of roads that will require an expensive rebuild. The same applies to the unsealed road network with inadequate grading and re-sheeting of gravel roads. These too are deteriorating and Council is seeking to adequately maintain them to keep them functional.

Council also faces significant additional costs that have increased at a rate far greater than Council has increased rates at, over many years, for example the price of diesel, electricity and bitumen road products. In addition, State and Federal grants that assist with road maintenance are mostly not indexed, and in some cases have remained fixed for many years. Residents will notice there is little if any new stormwater drainage improvements, street lighting and footpaths constructed around our towns and villages, as there is not sufficient funding to allow these works to occur.

Question 2: What impact will the rates increase have on me as a resident?

The proposed permanent SRV, if approved, would result in average residential rates **increasing from \$961 in 2024/25 to \$1,144 in 2025/26 (an increase of 19% or \$183) and \$1,279 in 2026/27 (an increase of 11.8% or \$135).**

If not approved, average residential rates will reduce from \$961 in 2024/25 to \$809 in 2025/26 (a decrease of 16% or \$152) and \$846 in 2026/27 (an increase based on an estimated rate peg of 4.5% or \$38). View the estimated impact on all three rating categories on Council's website: <https://www.federationcouncil.nsw.gov.au/News-Media/Council-endorses-SRV-to-be-lodged-with-IPART>

'Average' rates are not specific to any one individual property, so we encourage you to contact Council for a more detailed explanation on your particular circumstance and staff will assist to model the proposed increases for 25/26 and 26/27.

The proposed rate increase applies only to general rates, being the base rate and the ad valorem component. It does not apply to water and sewer charges, waste management or kerbside collection charges.

Question 3: Is this 69.94% increase on top of what we have already had in 23/24 and 24/25 financial years?

No, the 69.94% increase to general rates is **not** on top of the increases already levied in the 23/24 and 24/25 financial years.

Council agrees it is confusing that it is applying to the Independent Pricing and Regulatory Tribunal (IPART) for a 69.94% increase over two years, 25/26 and 26/27, where in real terms, this includes the **temporary** approval issued by IPART that allowed Council to increase rates by 19% in 23/24 and 17% in 24/25.

Council's modelling strongly shows that a significant increase to general rates is needed in order to address the funding shortfall on our assets. Because IPART approved those two years as 'temporary', to ensure they remain in the rates base ongoing, (become **permanent**), the 19% and 17% have to be included in the overall amount being applied for. In addition Council is requesting a further 19% and 11.8%. This is a similar level to the original four year application that Council applied for in 2023, but were only awarded two of the four years, with those two also being only temporary.

Cumulatively the percentage increases (locking in the two temporary increases already implemented and two proposed) equate to 69.94% cumulatively. This is also known as the headline figure throughout the SRV application and associated documents.

Some media coverage including local television news, have at times simply stated ratepayers are facing a 69.94% over the next two years. Council understands the confusion this is causing, and has made, and will continue to make every effort to ensure people can assess the impact on their own rates accurately. When assessing the Council's earlier SRV application, IPART considered that Council should have

used the cumulative impact % as the headline, rather than communicating in \$ terms or individual year percentages. For this application, **Council has consistently used the headline figure of 69.94% that is a key IPART requirement.**

Council is developing a Rates Estimator to assist ratepayers to understand the estimated impact on their rates compared to 2024/25.

Question 4: Whose responsibility is it to manage Council's finances? The Business Manager or Councillors?

The responsibility of Council's Finance ultimately sits with the Council as a whole, under the NSW Local Government Section 8B. Council staff then manage the budget set by the Council for each year. This is reported to monthly Council meetings, in further detail quarterly, and in full detail at the end of each year, as part of Council's financial statements. The annual statements are externally audited each year and presented to the Council in the open Council meeting. Councillors adopt the annual budget, which is informed by community consultation and input in April/May each year.

Council has over the past four years, since adopting an overall new Long Term Financial Plan, continued to improve its levels of cash, however the amount required over time, to manage Council's assets back to a more reasonable condition, can only be achieved by combining increased rates, lobbying for increased grants from the State and Federal Government, and ongoing work on Councils operations to continue to find savings, efficiencies and productivity improvements. This also involves service reviews of Councils services, and residents are encouraged to stay engaged in these processes, as for example, some reviews may recommend cuts to Council services, which can often impact on residents.

Question 5: How do we compare to councils surrounding us? There needs to be more simplicity around understanding how much we are expected to pay.

Federation Council and the pre-May 2016 former Corowa and Urana Shires that now comprise Federation Council, have had comparatively low rates when compared to their group of Councils for many years.

Whilst the recent temporary increase, and some earlier increases the former Corowa Shire applied, have increased Council's average rates, the reality is that it does not mean Council can then in a short time, catch up on the years of not having sufficient rates to manage the assets to an acceptable standard.

The NSW Office of Local Government has a website <https://www.yourcouncil.nsw.gov.au/council-data/federation/2022/finances/> that shows all NSW Councils, and it contains data for each Council, including on average rates, and you can select other Councils including neighbouring Councils, and compare their average rates. Council agrees it is complex, as the increases being applied for, are to the General Rate and do not include water and sewer charges.

It's also important to note that each Council is on a different financial journey in terms of their asset condition, have they merged, have they had special rate variations before or are applying this year or likely to in the future, for example Narandera Shire have received a 48.1% increase and are in the first year of this.

Question 6: Will there be accountability so that this situation does not happen again?

Council strives to embed accountability in all aspects of its operations and management. Financial accountability is at the forefront of these discussions.

Council has made a number of significant changes to managing finance over recent years, including the appointment of a Chief Financial Officer, to drive improvements and outcomes in this area. Further, cost containment strategies have been identified to further drive improvement and accountability over the current term of Council.

It's also important to understand that it's not a 'situation' that has just occurred through bad financial management. Should Council wish to continue on the same or similar levels of service across its 45 services, and begin to make more realistic steps to managing the decline of its assets, this is required. Many Councils especially rural and regional Councils who have always had a reluctance in the past to apply for rate increases, are in the same if not a worse position in some cases possibly, then Federation Council.

Question 7: Why is de - amalgamation not happening? Clearly the amalgamation should not have been pushed through despite the large opposition from rate payers.

Council has not considered applying to the NSW Government for de-amalgamation. The lack of progress with proposals to de-amalgamate Snowy Valleys and Cootamundra Gundagai Councils shows the State Government has no appetite to support these. The Independent Review also did not recommend this; it mainly focussed on issues to a loss of Councillor representation to the former Urana Shire area, and the extra costs associated with being amalgamated. These costs were proven independently to be on average 11 to 16% higher, due to issues including loss of economies of scale, by being bigger, creating dis-economies of scale.

The rate increases sought are not due to mis-management and/or the amalgamation. The former Urana Shire Council had modelled, with strong community consultation, 7 years of 10% increases, should the Government have not proceeded with the merger. The increases are mainly due to neither Council nor the new Council having enough funding to responsibly manage assets such as roads, so they are to close the gap in Councils operating deficit, being the non-cash element of the depreciation expense. Where your depreciation is not fully funded by cash, ie Council is not spending in cash, the same or a greater level then the depreciation, then it shows Councils assets are wearing out, quicker then they should be, as they are not being maintained to the required level to reach their useful life limit, or in some cases, good maintenance can mean the life of the asset can then be reassessed and lengthened.

Question 8: We need an independent audit or can someone come and do a review of the Council?

Council has had an independent review undertaken that showed there are no examples of mis-management, and each year its entire financial performance is independently audited. Please see Council's Financial Statements here:

<https://www.federationcouncil.nsw.gov.au/Council/Corporate-Planning/Reporting/Annual-Financial-Statements>

Please see the Independent Review findings here: <https://www.federationcouncil.nsw.gov.au/Living-Here/Rates/Special-Rate-Variation-Project-24-25/View-Professor-Drews-final-reports>

Question 9: What other opportunities are the council taking to reduce costs rather than pass it on to the rate payer?

Council has and continues to undertake many cost reduction and productivity and efficiency actions. Over the last 5 years, Council has saved over \$800,000 per year on measures, however this alone does not address the significant backlog of asset maintenance and ongoing additional funding needed.

Council is very active in lobbying for additional grants from State and Federal Governments to assist in its budget.

Question 10: Is Council considering the impact of a rate rise like this on residents?

Council considers the impact on all residents, including pensioners. Pensioners receive a subsidy on their rates. As part of the Special Rate Variation application, Council has independently had a capacity to pay report completed for the Federation Local Government Area which details there is capacity to pay the rate increase proposed. View the Capacity to Pay report here:

<https://www.federationcouncil.nsw.gov.au/Living-Here/Rates/Special-Rate-Variation-Project-24-25/View-Professor-Drews-final-reports>

Residents are encouraged to access Council's Hardship Policy to understand hardship measures available to ratepayers:

<https://www.federationcouncil.nsw.gov.au/Living-Here/Rates/Debt-Management-and-Hardship>

Question 11: Where can I find out more information about the rate rise?

Council has detailed information about the SRV on its website and encourages residents to stay up to date with factual information by visiting:

<https://www.federationcouncil.nsw.gov.au/Living-Here/Rates/Special-Rate-Variation-Project-24-25>

IPART, the agency responsible for assessing the Council's application also has information about Special Rate Variations and the assessment process. View more here: <https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Reviews/Special-Variations-Minimum-Rates/Special-Variations-and-Minimum-Rates-2025-26>

