

ITEM	13.070/17	REVISED 2017/18 INTEGRATED PLANNING AND REPORTING DOCUMENTS AND PROPOSAL FOR A SPECIAL RATES VARIATION
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Meeting	Council	21 November 2017
Directorate	Office of General Manager	
Reviewed by	General Manager - Ashley Lindsay	
Attachment	Yes	

SUMMARY

This report documents the methods used to support Council's 15 August 2017 Ordinary Council meeting resolution for item 13.052/17 on a Special Rates Variation (SRV) consultation plan and amendments to the associated integrated planning and reporting documents. It provides results of a community-wide survey and submissions received as a result of that community consultation.

This report also recommends Council make application to the Independent Pricing and Regulatory Tribunal (IPART) for a SRV of 8% (including the assumed rate peg of 2.5%) each year for three years (from 2018/19 to 2020/21) and adopt the revised Delivery Program 2017-2021 & 2017/18 Operational Plan, revised 2017/18 to 2026/27 Long Term Financial Plan, and revised 2017/18 to 2026/27 Asset Management Strategy which will support that application. The cumulative impact of the SRV would be a rise in the general (ordinary) rate of 25.97%, which would be retained permanently in Council's rate base, raising an additional \$10.122 million in rate income over the rate peg (based on the assumed rate peg of 2.5% p.a.) over the 3 years 2018/19 to 2020/21 to improve Council's financial and asset sustainability.

OFFICER RECOMMENDATION

That Council:

1. Adopt the revised Delivery Program 2017-2021 & 2017/18 Operational Plan, revised 2017/18 to 2026/27 Long Term Financial Plan, and revised 2017/18 to 2026/27 Asset Management Strategy.
2. Apply to Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) of 8% (including the assumed rate peg of 2.5%) per year for three (3) years from 2018/19 to 2020/21 in accordance with Section 508(A) of the Local Government Act, which will remain permanently in Council's rate base, being a total cumulative increase of 25.97% (inclusive of the assumed rate peg) over the 3 year term. The increased general (ordinary) rate revenue above the rate peg amount for each year (\$10.122 million based on the assumed rate peg of 2.5% p.a. over the 3 years 2018/19 to 2020/21) to be specifically used to improve Council's General Fund financial sustainability and Council's General Fund asset sustainability (asset renewals only for 2018/19 to 2020/21, and asset renewals and asset maintenance from 2021/22).
3. Apply to IPART to increase the minimum ordinary rates above the statutory minimum amount by the 8% special variation.
4. Publish in the annual report a list of projects and the cost for each project that have been achieved by the extra funds made available by any special rate variation.

COUNCIL RESOLUTION – 13.070/17

Simmons/Williamson

That Council:

1. **Adopt the revised Delivery Program 2017-2021 & 2017/18 Operational Plan, revised 2017/18 to 2026/27 Long Term Financial Plan, and revised 2017/18 to 2026/27 Asset Management Strategy.**

2. **Apply to Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) of 8% (including the assumed rate peg of 2.5%) per year for three (3) years from 2018/19 to 2020/21 in accordance with Section 508(A) of the Local Government Act, which will remain permanently in Council's rate base, being a total cumulative increase of 25.97% (inclusive of the assumed rate peg) over the 3 year term. The increased general (ordinary) rate revenue above the rate peg amount for each year (\$10.122 million based on the assumed rate peg of 2.5% p.a. over the 3 years 2018/19 to 2020/21) to be specifically used to improve Council's General Fund financial sustainability and Council's General Fund asset sustainability (asset renewals only for 2018/19 to 2020/21, and asset renewals and asset maintenance from 2021/22).**
3. **Apply to IPART to increase the minimum ordinary rates above the statutory minimum amount by the 8% special variation.**
4. **Publish in the annual report a list of projects and the cost for each project that have been achieved by the extra funds made available by any special rate variation.**

Voting recorded as follows:

For: Simmons, Kingsley, Baker, Clancy, Ellem, Williamson, Lysaught

Against: Novak

LINKAGE TO OUR COMMUNITY PLAN

Theme 5 Leadership

Objective 5.2 We will have an effective and efficient organisation

Strategy 5.2.1 Operate in a financially responsible and sustainable manner

BACKGROUND

As part of measures to meet the NSW Government's Fit for the Future benchmarks, Councillors and senior staff met officers from the Office of Local Government (OLG) for a full-day workshop in Grafton on 4 April 2017. These discussions centred on measures required to contain costs or increase revenues in order to deliver the primary OLG benchmark of an Operating Performance Ratio greater than or equal to breakeven by 2020/21 (achieved through a balanced General Fund net operating result before grants and contributions for capital purposes by 2020/21). Councillors were presented with a variety of scenarios in order to reach the benchmark ranging from cutting programs/services, reviewing the potential to reduce the reliance on rates through increased revenues from other sources (e.g. fees and charges), implementing an SRV, or a combination of these scenarios.

Several workshops were undertaken with Councillors and the Executive Team to discuss a range of options to reduce the General Fund 2017/18 budget deficit of some \$15.3m (inclusive of depreciation) over four years i.e. from 2017/18 to 2020/21. At the 18 April 2017 Ordinary Council meeting a report '2017/18 to 2020/21 Efficiency Savings and Improvement Opportunities' (Item 13.016/17) was presented to Council. This report presented a range of efficiency savings and improvement opportunities and proposed a SRV. Council resolved firstly that the range of efficiency savings and improvement opportunities identified in the report be incorporated into Council's Draft 2017/18 Budget and Draft 2017/18 to 2026/27 Long Term Financial Plan. Secondly, it was resolved that Council incorporate the proposal for an SRV of 8% per year for three years (including the assumed rate peg 2%) commencing 2018/19 (with the cumulative increase of 25.97% by 2020/21 to be retained permanently in Council's rate base) in Council's 2017/18 Integrated Planning and Reporting documents.

On 21 April 2017, Councillors started informal consultations about a possible SRV application when they manned a pop-up information stand at Grafton Shoppingworld. Similar pop-up stands were held in the