

<b>CLAUSE</b>	<b>CL01</b>
<b>TITLE</b>	<b>Endorsement of the Draft Delivery Program 2022/23 - 2025/26 Incorporating the Draft Operational Plan (Budget) for the 2023/24 Financial Year</b>
<b>FROM</b>	<b>Brett Stonestreet, General Manager</b>
<b>TRIM REF</b>	<b>23/56785</b>

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### **SUMMARY**

In accordance with the Office of Local Government (OLG) Integrated Planning and Reporting (IP&R) Guidelines, Council has reviewed its Delivery Program whilst preparing the Operational Plan (Budget) for the 2023/24 financial year. The Ten-Year Long Term Financial Plan has also been updated as part of this process. These draft documents (attached) are presented for endorsement by Council. Following a 28-day public exhibition period which will include a community consultation process and community information session, the draft documents and any submissions received will be presented to Council for adoption.

The report recommends that in 2023/24 Council apply a 3.7% increase to General Rate revenue which complies with the determination by the Independent Pricing and Regulatory Tribunal (IPART).

The report also recommends that Council make an in principle decision to make application to IPART for a Special Rate Variation (SRV) commencing from 2024/25 and that extensive community consultation be undertaken in this regard prior to further consideration by Council.

### **RECOMMENDATION**

- (a) Council endorse the draft Operational Plan (Budget) 2023/24 as per Attachment A – pages 281 to 288 and pages 300 to 305.**
- (b) Council endorse the draft Ten Year Long Term Financial Plan Annual Review 2023/24 to 2032/33 and draft updated Delivery Program 2022/23 – 2025/26 as per Attachment A (Scenario 3) – pages 281 to 288 and pages 300 to 305.**
- (c) Council endorse in principle, its intention to make application to the Independent Pricing and Regulatory Tribunal (IPART) to implement a Special Rate Variation commencing 2024/25 in accordance with the Ten Year Long Term Financial Plan 2023/24 to 2032/33 and draft updated Delivery Program 2022/23 – 2025/26 as per Attachment A (Scenario 3) – pages 131 to 132.**
- (d) That Council commence extensive community consultation regarding the proposed Special Rate Variation in accordance with IPART “Guidelines for the Preparation of an Application for a Special Variation to General Income.” Further, that following this consultation a further report be considered by Council by October 2023.**
- (e) Council place the draft documents as referred to in Recommendations (a) and (b) above on public exhibition for 28 days during which time a community consultation process will be undertaken.**

- (f) **Following the public exhibition period, draft documents as referred to in Recommendations (a) and (b) above be presented to Council for adoption subject to any amendments resulting from community submissions received, by 30 June 2023.**

## **REPORT**

Under the IPR Guidelines every NSW council is required to prepare the following documents:

- Community Strategic Plan
- Delivery Program
- Resourcing Strategy consisting of Long-Term Financial Plan, Asset Management Plan and Workforce Management Plan
- Operational Plan (Budget)
- Annual Report
- State of the City Report.

Council's Community Strategic Plan underwent a review in 2022 and was presented to Council for final endorsement on 22 March 2022. The Delivery Program 2022/23 – 2025/26, incorporating an Operational Plan (Budget) along with the Resourcing Strategy (consisting of Long-Term Financial Plan, Asset Management Plans and Workforce Management Plan) were adopted by Council at the Ordinary Meeting of Council held 28 June 2022.

The IPR Guidelines state that Council must have an annual Operational Plan (Budget), adopted before the beginning of each financial year, outlining the activities to be undertaken that year, as part of the Delivery Program. The Operational Plan (Budget) must include Council's detailed annual budget, statement of revenue policy, estimated income and expenditure, ordinary rates and special rates, proposed fees and charges, Council's proposed pricing methodology and proposed borrowings.

Council must review its Delivery Program each year when preparing the Operational Plan (Budget) – refer to Attachment A. The Ten-Year Long Term Financial Plan must also be updated at least annually as part of the development of the Operational Plan (Budget) – refer to Attachment A.

Minor amendments have been made to the Delivery Program as follows:

<b><i>DP Action Code</i></b>	<b><i>Current DP Action</i></b>	<b><i>Amended Action</i></b>
4.7.6	Draft Master Plan for Olympic Street prepared.	Action deleted.
8.4.3	Administer Street Preservation Policy.	Implement the Street Tree and Tree Preservation Policy.
4.8.3	Develop draft Entrance Strategy to further enhance the entrance statements (ie beautification, lighting and landscaping).	Action deleted.
2.2.1	Investigate external funding opportunities to support the Griffith Playground Strategy (2014) and CBD Strategy	Investigate external funding opportunities to support recreational and activation projects.

	(2018) rollout.	
4.7.4	Implement capital upgrades to sporting and recreational facilities as funding becomes available through grants or otherwise.	Implement capital upgrades to recreational facilities as funding becomes available through grants or otherwise.
7.1.6	Maintain Council processes consistent with Department of Planning and Environment requirements.	Action deleted – double up.
1.1.3	Provide customer service.	New DP Action added.
7.1.2	Investigate and regulate unauthorised building works and land use.	Maintain a healthy built environment.
7.1.3	Provide efficient building certification services, including issuing construction certificates, complying development certificates and occupation certificates as per legislative requirements.	Provide efficient building and development services.
7.1.8	Regulate swimming pool barrier compliance.	Regulate swimming pool barrier compliance outside the pool inspection program.
7.2.2	Deliver timely responses to general inquiries and complaints from the public within the Griffith LGA.	Action deleted.
4.4.6	Griffith Pioneer Park Museum will develop and deliver a diverse and engaging program of cultural activities.	New DP Action added.
4.7.2	Maintain the Griffith Regional Aquatic Leisure Centre (GRALC) in accordance with Asset Management Plans	Maintain the Griffith Regional Aquatic Leisure Centre (GRALC) in accordance with Asset Management Plans and increase usage.
3.2.3	Complete staff performance appraisals for all direct reports.	New DP Action added.
6.1.13	Develop a Business Process Manual for Asset Management.	Ongoing review and assessment of asset valuations.

Upon endorsement of the attached draft IPR documents, Council will place the draft documents on public exhibition for 28 days from Friday, 12 May 2023 to Friday, 9 June 2023. Details of proposed public consultation are included below.

Following the public exhibition process the draft documents and any submissions received will be presented to Council for consideration and adoption by 30 June 2023.

## **COUNCIL OPERATIONAL BUDGET (as attached)**

Council is forecasting a consolidated operating surplus of \$87,938 (before Grants & Contributions provided for Capital Purposes) for the 2023/24 year.

The forecast result is inclusive of the following performances by fund;

General/Waste Fund	(\$3,765,069)	Deficit
Water Fund	\$1,890,447	Surplus
Sewer Fund	\$1,962,560	Surplus
Total	\$ 87,938	Surplus

The 2023/24 operational budget for the General Fund (excluding Waste Fund) is forecasted to be a deficit of \$4.94M. The main factors driving the continued deterioration of the General Fund are:

- Rate pegging of Council Rate income – this has been calculated on the rate set by IPART which is 3.7%.
- Inflation on Materials, Services & Utilities - over the twelve months to the March 2023 quarter, the Consumer Price Index rose 7.0%. However, it should be noted that many of Council's major expenses (Eg. Energy, Insurance, IT, Contractors & General Supplies) have increased by 10-20%
- Employee Costs have been calculated based on a 5% increase from 2022/23. This increase allows for proposed changes to Award rates that are currently in negotiation, changes to staff Grades / Steps and increases to Superannuation Guarantee Contributions from 1 July 2023.
- Depreciation – new major assets such as the Griffith Regional Sports Centre & Griffith Community Centre contributed to over \$500K of additional depreciation.

The 2023/24 operational budget for the Water & Sewer Funds continue to deliver surpluses as increases in expenses can be reflected in user charges and fees. Income from the sale of potable water supply has been based on long term consumption trends.

## **CASH FLOW SUMMARY**

Council had Cash & Investments totalling \$77.3M at 30 June 2022. This amount is forecasted to reduce to \$63.9M at 30 June 2023, however it should be noted that approximately \$12.4M of capital works will be carried over from 2022/23 and this amount has been accounted for in the closing balance as at 30 June 2023.

The Cash & Investments as at 30 June 2024 is forecasted to be \$66.2M. This is on the basis that all capital works (carried over from 2022/23 and approved in 2023/24) are completed by 30 June 2024. If any projects are delayed the total cash and investments as at 30 June 2024 will be higher than budgeted.

A summary of the cash flows is as follows:

Opening Cash (Forecast) – 1 July 2023	\$63.9M
Add: Cash Receipts - Operating Activities	\$79.5M
Less: Cash Payments - Operating Activities	\$57.8M
Less: Cash Payments - Capital Purchases	\$16.3M
Less: Cash Payments – Loan Principle	\$3.1M

Closing Balance (Forecast) – 30 June 2024 \$66.2M

The deterioration of the General Fund performance, large capital works programs and loan repayments all contribute to a reduction in the cash position.

Council's Cash Reserves are generated through several different areas of operations and through different Funds. Council has four separate Funds in which operates as follows;

1. General Fund
2. Waste Fund
3. Water Fund
4. Sewer Fund.

The revenue from each fund is only allowed to be expended within that fund and not used to cross subsidise another fund. Within each fund, revenue can be generated that is either externally restricted or available as free cash to internally restrict or use for working capital. Externally restricted funds can only be used for the purpose in which the funds were raised e.g. Developer Contributions can only be used in accordance with the Contributions Plan adopted for the purpose of raising that contribution from the developer.

## **SPECIAL RATE VARIATION**

### The last 10 Years in Review

Sound financial management has been a high priority of this Council and management continually monitors this financial position to ensure that services are delivered for the community in accordance with the Community Strategic Plan and the Delivery Program. Council has worked diligently to ensure the finances are managed appropriately and that best use of public funds are always at front of mind.

Council took steps commencing in 2012 to restructure the organisation in order to reduce operational costs as far as possible without unduly compromising important services to the community. While this structural change was challenging for the organisation, I congratulate all staff for the mature and responsible manner in which they embraced that difficult but necessary process. This action released in the order of \$2M p.a. to assist with stabilising the financial position of Council. Other strategies were also pursued to strengthen Council's annual financial performance including: significant reduction in annual Workers Compensation Insurance premium through a safe work culture, a reduction in the Employees Leave Entitlement liability account, strategies to reduce energy costs at several facilities, reduction in overtime and other expense containment initiatives. An alternative source of revenue was also identified which supplements rates, charges and operational grants income.

The above actions enabled Council to deliver consistent year on year financial surpluses from 2011/12 to 2021/22. These annual financial surplus results have also enabled Council to further consolidate its financial position by transferring substantial funds into reserves. During the last decade funds have been placed into reserve for various purposes including maintenance and replacement of capital assets and cash backing a considerable proportion of Employee Leave Entitlements.

2011/12 Cash and reserves: \$14.2M

2021/22 Cash and reserves: \$77.3M

The strong financial position as described above has enabled Council to initiate significant uplift in important new infrastructure for the City of Griffith. Council funding together with supporting grants from the NSW and Federal Governments has constructed many new facilities including: St Vincent's Private Community Hospital, Griffith Regional Sports Centre, 50m outdoor Pool, Griffith Community Centre/Country Universities Centre, Griffin Green

Affordable Housing project (in partnership with Argyle Housing), CBD Upgrade (Yambil Street and Kooyoo Street), Flood Mitigation Infrastructure, Griffith Industrial Link Road (North and South) and numerous other road upgrades, shared path ways including pedestrian bridge linkages, two new CBD car parks, Jubilee Oval amenities block, several new playground equipment installations, two community performance stages, upgrade of Griffith Regional Theatre, Lake Wyangan water circulation infrastructure project, skate park, “pump track”, CBD festive lighting, event activation infrastructure (kiosks, seating, projector, sound equipment), additional 67+ CCTV cameras in the CBD, etc.

All of the above infrastructure has been delivered within the bounds of annual rate pegging limits.

### General Fund Under Pressure

A challenge for almost all Local Government authorities in NSW continues to be the financial sustainability of the General Fund in terms of supporting annual operations. Rate revenue comprises on average between 30% and 35% of the annual General Fund income. Rate levels are capped or pegged by the Independent Pricing and Regulatory Tribunal (IPART) on an annual basis and Councils are not permitted to increase rate income in any given year above the rate peg limit unless approved by IPART. Applications to IPART are referred to as Special Rate Variation Applications or SRVs. During the last decade approximately 90 of the 128 Councils in NSW have had an application for a Special Rate Variation approved by IPART. Please refer to the link below to source for further details.

<https://www.ipart.nsw.gov.au/search?keys=special%20variations&f%5B0%5D=industry%3A23>

Attachment B provides various benchmarking information in relation to Group 4 Councils (including Griffith) and indicates those that have had an approved SRV during the last decade.

The current rate pegging framework in NSW is unsustainable. The NSW Government should afford Councillors the respect to determine the rate burden of their respective communities in consultation with the community without being overseen by a third party. The current regulatory framework consistently sets rate pegging limits that fall short of the combined impacts of actual cost increases, “cost shifting” by other levels of government and net reduction in real terms of untied operating grants.

The following are several examples of “cost shifting” by other levels of Government on Councils, additional unfunded responsibilities on the sector and dilution of operational grant funding over time.

- a) Emergency Services Levy – During 2019, the NSW Government introduced legislative reform to workers compensation for volunteer and career fire firefighters suffering from work related illnesses. This reform caused a substantial increase in the annual Emergency Services Levy all Councils are required to pay. In the first 3 years since the reform, the NSW Government provided a rebate such this additional cost impost on Councils would not occur. On Friday 28 April 2023, all councils in NSW received advice from the NSW Government that this rebate would cease as from July 2023. The removal of the rebate will result in an additional cost to Council in 2023/24 of \$233,000. This additional cost alone will consume approximately 1.2% of the 3.7% rate peg increase.
- b) NSW Rural Fire Service (“Red Fleet”) – The NSW Government delivers Rural Fire Services in NSW. Councils contribute 11.7% of the cost of delivering these services. During 2022, the NSW Government through the NSW Audit Office, made the determination that all mobile fire-fighting plant ie trucks, tankers etc are deemed to be controlled by Councils not the NSW Government. As a consequence, councils were directed to recognise these items of plant as assets in councils Annual Financial Statements of Account as from 2021/22. This directive therefore required Councils to

fund the depreciation of all of these assets. This determination by the NSW Government caused outrage across the sector as rural fire fighting infrastructure has never been controlled by councils. Councils have no jurisdiction over these assets at all. Many Councils, including Griffith City Council, have refused to comply with the directive and as a consequence Council was penalised with a “qualified audit” in 2021/22.

- c) Rural Fire Service of NSW Built Infrastructure – The Rural Fire Service of NSW prepares a budget for each Local Government area on an annual basis for operations and infrastructure requirements. These budgets sometimes include construction of new buildings. An example for Griffith is the proposed construction of a new Fire Station for the Kooba Brigade at Willbriggie. (Refer Closed Council CC01 in this business paper for further details). Council does not have the staff resources available to manage this project. This is another example of shift of responsibility by the NSW Government to councils. Councillors will note the staff recommendation in the closed Council report that defers the project management responsibility for this project back to the NSW Rural Fire Service.
- d) Crown Reserves Plans of Management – Crown Reserves are owned by the NSW Government but many of these reserves are managed by councils on behalf of the Crown. A new Crown Reserves Management Act in 2016 introduced an obligation for Councils to prepare a Plan of Management for every Crown Reserve. In 2016, the NSW Government allocated a grant of \$70,036 which it claimed would be sufficient to undertake this task. This onerous task is still being implemented and Council has had to contribute an additional \$90,000 to complete.
- e) Crown Reserves Maintenance – The Crown Reserves referred to above need to be maintained and the cost for this work has been shifted from the NSW Government to councils without compensation. For example, Scenic Hill is an important public space in Griffith. This reserve unfortunately is often the subject of littering and vandalism of visitor experience infrastructure. Recently, Council invited representatives of the Crown Lands Department to discuss the dilemma of the “cost shift exercise” at this reserve. During discussions Council was advised that it could not relinquish the trusteeship of this reserve and therefore the maintenance responsibility without the approval of the Minister. Further, even if this approval was granted, the Crown would not be contributing funds for the maintenance of the site and future access to the reserve by the public “could not be guaranteed”. Essentially the NSW Government has forced their responsibility onto Council or lose the reserve from public use. Councillors are cognisant of the importance of this reserve to the community and notwithstanding the cost shift exercise by the NSW Government, resolved at the Meeting held 26 April 2023 to establish a Scenic Hill User Group to meet three times a year for the purpose of raising issues and sharing information.
- f) Housing Crisis and Crown Reserves – Council has been proactive in looking for opportunities to address the housing crisis in Griffith. The Griffin Green Affordable Housing project is one example where Council is working in partnership with Argyle Housing to deliver additional housing stock in the City. The land upon which this development is located was originally to be vested in Council by the then Minister for Housing. Unfortunately, NSW Treasury subsequently intervened and insisted that the Government receive market value for this land.

For the last 18 months Council has engaged with Crown Lands seeking their concurrence to take ownership of two other blocks of unused Crown Land near the CBD for the purpose of constructing more affordable housing stock. The Crown Lands Office have been cooperative but Treasury have again mandated that Council must pay market value for this land. Such a requirement will essentially quash the potential for this project unless significant grant funding can be secured.

- g) Maintenance of the NSW State Road Network – The responsibility for maintenance of the State Road Network rests with the NSW Government. Council undertakes some maintenance works on these roads under contract with Transport for NSW (TfNSW). Recently TfNSW issued Griffith City Council with a non-conformance notice in terms of maintenance of weeds within one of the road reserves. Upon close examination it was discovered that Council is not being compensated for this work because TfNSW advises that this work is “not a priority”. I have directed my staff that this weed control work is to discontinue until this “cost shifting” exercise is rectified.
- h) Audit Services - The NSW Government has introduced a new regime of Internal Audit obligations on Councils. Compliance with the new Guidelines will be onerous and significant additional expense will be required. Refer to Attachment C. Griffith City Council has had a functioning Internal Audit Committee for over a decade. Independent members of the Committee currently provide their services without remuneration as do community members of all other Advisory Committees. Many other regional centres in NSW now pay independent internal audit committee members a substantial fee per meeting for their services such is the extent of expertise and time taken to ensure compliance with the guidelines. Over the last decade, the Audit Office of NSW has steadily increased the scope of the External audit. The Australian Auditing Standards Board has recently revised auditing standards and from the 30 June 2023 will now perform a more comprehensive risk assessment over Council’s use of IT to identify IT related risks. External audit fees have more than doubled from 2013 to 2023.
- i) Interruption to Road Infrastructure Operations – During the construction of the Southern Industrial Link Road project, one property owner used their earth moving equipment to illegally excavate and remove substantial material from the Industrial Link Road Reserve. This matter has been previously reported to Council. This activity caused a project delay of approximately 9 months, resulting in an additional cost to Council in excess of \$1M. These additional funds could have been used to undertake other projects of priority to the community and the reality of the impact of such actions it is particularly evident in the face of discussion around the future sustainability of the General Fund.
- j) Financial Assistance Grants (FAG) – Local Government receives an annual Financial Assistance Grant from the Federal Government. These funds are untied and therefore can be utilised to fund the operations of Council as it sees fit. Unfortunately, the quantum of this grant has significantly reduced in real terms over time. The Commonwealth Local Government Financial Assistance Act was introduced in 1995 and at that time grants to Local Government were set at the equivalent of 1% of total Federal Government tax receipts. This grant pool has reduced over time and at present represents only 0.54% of Federal Government tax revenue. In brief, if the original funding % was not reduced, Council’s current annual Financial Assistance Grant of approximately \$6.5M p.a. should be in the order of \$12M p.a.
- k) Impact of COVID-19 Pandemic
- i. Rate Rebate - During the COVID-19 pandemic, Griffith City Council provided a one-off rebate to all ratepayers to ensure that general rates did not increase in the 2020/21 year. This rebate was provided by only two Councils in NSW. The cost to Council’s general fund in that year was approximately \$500,000.
  - ii. Airport Landing Charges - Commercial Airline Service providers REX and Qantas pay Council a per passenger fee which assists in keeping the net cost of operating the airport to a minimum. Air Services were significantly disrupted during the Pandemic with minimal essential services in operation. Council provided both airlines with an exemption from paying per passenger landing fees from 1 April 2020 to 1 March 2022. The combined impact of COVID-19 on

passenger numbers and the exemption provided to the airlines resulted in a total loss to Council's budget of approximately \$700,000.

The above commentary provides some insight as to why Council's General Fund operational budget is under such pressure. Council's current financial position is still good, relative to most councils (Refer Attachment B), but the trend in Council's Long Term 10 year Financial Plan indicates current rate income levels will not sustain the organisation into the future without an uplift in rate revenue above the rate peg limit (via a Special Rate Variation - SRV).

An alternative to this scenario is to reduce service levels.

It is my recommendation that Council make an in principle decision to make application to IPART for a Special Rate Variation (SRV) commencing from the 2024/25 financial year. The attached updated draft Ten Year Long Term Financial Plan 2023/24 to 2032/33 and draft updated Delivery Program 2022/23 – 2025/26 make reference to the following scenarios.

**Scenario 1:**

23% increase 2024/25. (Inclusive of rate pegging increase limit assumed at 3.0%).

**Scenario 2:**

14% increase 2024/25. (Inclusive of rate pegging increase assumed at 3.0%)

13% increase 2025/26. (Inclusive of rate pegging increase assumed at 3.0%)

**Scenario 3: (As per Recommendation)**

10.5% increase 2024/25. (Inclusive of rate pegging increase assumed at 3.0%)

10.5% increase 2025/26. (Inclusive of rate pegging increase assumed at 3.0%)

10.5% increase 2026/27. (Inclusive of rate pegging increase assumed at 3.0%)

**Scenario 4: (Not Recommended)**

Rate pegging increase only 2024/25 (assumed at 3.0%). ie No Special Rate Variation.

Councillors should note that any of Scenarios 1, 2 or 3 will enable Council to return to a long term financially sustainable level for General Fund. Scenario 4 is not recommended as it will not address Council's financial sustainability challenge.

When analysing the Cash Flow statement for the General Fund it is important to add back the cash contribution made by the Waste Fund. Given the Waste Fund generates annual surpluses of circa \$1.2M these operations improve the net annual cash movement within the General Fund.

If the performance of the General Fund (excluding Waste) does not move into surplus, this will result in restricted funds being used to fund General Fund operations. Council is committed to ensuring that Reserves are cash backed.

Attachment D (pages 318 to 325) quantifies the estimated increase in general rates for typical properties in the Griffith LGA under the above scenarios.

The following tables summarise the estimated increase in general rates for typical properties in the Griffith LGA using the recommended option (Scenario 3).

Note the 2023/24 Ordinary Rates estimates are based on land values as determined by the NSW Valuer General as at 2022. Ordinary rates are subject to IPART rate pegging limits which have been based on 3.7% for 2023/24 and assumed to be 3% for 2024/25 and onwards. All other fees and charges refer to the Revenue Policy.

## Residential Comparison

RESIDENTIAL		777 sqm	Erskine Road GRIFFITH NSW 2680						
SRV Option 3 - 10.5% increase for 3 years starting in FY2024-25									
Levy Details	2022-2023	2023-2024		2024-2025		2025-2026		2026-2027	
	Current Rates (Based on 2019 Land Values)	3.7% Rate Peg (Based on 2022 Land Values)	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year
Ordinary Rates	\$ 833	\$ 905	\$ 72	\$ 1,000	\$ 95	\$ 1,105	\$ 105	\$ 1,221	\$ 116
Domestic Waste	\$ 341	\$ 376	\$ 35	\$ 387	\$ 11	\$ 399	\$ 12	\$ 411	\$ 12
Domestic Recycling	\$ 112	\$ 124	\$ 12	\$ 128	\$ 4	\$ 132	\$ 4	\$ 135	\$ 4
Storm Water Levy	\$ 25	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -
<b>Total Rates</b>	<b>\$ 1,311</b>	<b>\$ 1,430</b>	<b>\$ 119</b>	<b>\$ 1,540</b>	<b>\$ 110</b>	<b>\$ 1,660</b>	<b>\$ 120</b>	<b>\$ 1,792</b>	<b>\$ 132</b>
RESIDENTIAL		828 sqm	Ortella Street GRIFFITH NSW 2680						
SRV Option 3 - 10.5% increase for 3 years starting in FY2024-25									
Levy Details	2022-2023	2023-2024		2024-2025		2025-2026		2026-2027	
	Current Rates (Based on 2019 Land Values)	3.7% Rate Peg (Based on 2022 Land Values)	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year
Ordinary Rates	\$ 1,348	\$ 1,389	\$ 41	\$ 1,535	\$ 146	\$ 1,696	\$ 161	\$ 1,874	\$ 178
Domestic Waste	\$ 341	\$ 376	\$ 35	\$ 387	\$ 11	\$ 399	\$ 12	\$ 411	\$ 12
Domestic Recycling	\$ 112	\$ 124	\$ 12	\$ 128	\$ 4	\$ 132	\$ 4	\$ 135	\$ 4
Storm Water Levy	\$ 25	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -
<b>Total Rates</b>	<b>\$ 1,826</b>	<b>\$ 1,914</b>	<b>\$ 88</b>	<b>\$ 2,075</b>	<b>\$ 161</b>	<b>\$ 2,251</b>	<b>\$ 177</b>	<b>\$ 2,445</b>	<b>\$ 194</b>
RESIDENTIAL		4,589 sqm	Zappacosta Crescent, YOOGALI NSW 2680						
SRV Option 3 - 10.5% increase for 3 years starting in FY2024-25									
Levy Details	2022-2023	2023-2024		2024-2025		2025-2026		2026-2027	
	Current Rates (Based on 2019 Land Values)	3.7% Rate Peg (Based on 2022 Land Values)	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year
Ordinary Rates	\$ 1,881	\$ 1,888	\$ 7	\$ 2,086	\$ 198	\$ 2,305	\$ 219	\$ 2,547	\$ 242
Domestic Waste	\$ 341	\$ 376	\$ 35	\$ 387	\$ 11	\$ 399	\$ 12	\$ 411	\$ 12
Domestic Recycling	\$ 112	\$ 124	\$ 12	\$ 128	\$ 4	\$ 132	\$ 4	\$ 135	\$ 4
Storm Water Levy	\$ 25	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -
<b>Total Rates</b>	<b>\$ 2,359</b>	<b>\$ 2,413</b>	<b>\$ 54</b>	<b>\$ 2,626</b>	<b>\$ 213</b>	<b>\$ 2,861</b>	<b>\$ 235</b>	<b>\$ 3,119</b>	<b>\$ 258</b>
RESIDENTIAL		1,097 sqm	Leaver Street, YENDA NSW 2681						
SRV Option 3 - 10.5% increase for 3 years starting in FY2024-25									
Levy Details	2022-2023	2023-2024		2024-2025		2025-2026		2026-2027	
	Current Rates (Based on 2019 Land Values)	3.7% Rate Peg (Based on 2022 Land Values)	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year
Ordinary Rates	\$ 731	\$ 727	\$ 4	\$ 803	\$ 76	\$ 888	\$ 84	\$ 981	\$ 93
Domestic Waste	\$ 341	\$ 376	\$ 35	\$ 387	\$ 11	\$ 399	\$ 12	\$ 411	\$ 12
Domestic Recycling	\$ 112	\$ 124	\$ 12	\$ 128	\$ 4	\$ 132	\$ 4	\$ 135	\$ 4
Storm Water Levy	\$ 25	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -
<b>Total Rates</b>	<b>\$ 1,209</b>	<b>\$ 1,252</b>	<b>\$ 43</b>	<b>\$ 1,343</b>	<b>\$ 91</b>	<b>\$ 1,443</b>	<b>\$ 100</b>	<b>\$ 1,552</b>	<b>\$ 109</b>

## Business Comparison

BUSINESS		784 sqm	Yambil Street, GRIFFITH NSW 2680						
SRV Option 3 - 10.5% increase for 3 years starting in FY2024-25									
Levy Details	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027				
	Current Rates (Based on 2019 Land Values)	3.7% Rate Peg (Based on 2022 Land Values)	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year
Ordinary Rates	\$ 2,599	\$ 2,367	\$ 232	\$ 2,616	\$ 249	\$ 2,890	\$ 275	\$ 3,194	\$ 303
Waste Management - 240L	\$ 553	\$ 609	\$ 56	\$ 627	\$ 18	\$ 646	\$ 19	\$ 665	\$ 19
Commercial Capital Loan	\$ 31	\$ 35	\$ 4	\$ 36	\$ 1	\$ 37	\$ 1	\$ 38	\$ 1
Storm Water Levy	\$ 25	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -
<b>Total Rates</b>	<b>\$ 3,208</b>	<b>\$ 3,036</b>	<b>\$ 172</b>	<b>\$ 3,304</b>	<b>\$ 268</b>	<b>\$ 3,598</b>	<b>\$ 295</b>	<b>\$ 3,922</b>	<b>\$ 324</b>
BUSINESS		1,833 sqm	Hams Street, GRIFFITH NSW 2680						
SRV Option 3 - 10.5% increase for 3 years starting in FY2024-25									
Levy Details	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027				
	Current Rates (Based on 2019 Land Values)	3.7% Rate Peg (Based on 2022 Land Values)	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year
Ordinary Rates	\$ 1,678	\$ 1,954	\$ 276	\$ 2,159	\$ 205	\$ 2,386	\$ 227	\$ 2,636	\$ 251
Waste Management - 660L	\$ 1,454	\$ 1,600	\$ 146	\$ 1,648	\$ 48	\$ 1,697	\$ 49	\$ 1,748	\$ 51
Commercial Capital Loan	\$ 31	\$ 35	\$ 4	\$ 36	\$ 1	\$ 37	\$ 1	\$ 38	\$ 1
Storm Water Levy	\$ 25	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -	\$ 25	\$ -
<b>Total Rates</b>	<b>\$ 3,188</b>	<b>\$ 3,614</b>	<b>\$ 426</b>	<b>\$ 3,868</b>	<b>\$ 254</b>	<b>\$ 4,145</b>	<b>\$ 277</b>	<b>\$ 4,448</b>	<b>\$ 303</b>

## Farmland Comparison

FARMLAND IRRIGABLE		21 ha	Thompson Road, HANWOOD NSW 2680						
SRV Option 3 - 10.5% increase for 3 years starting in FY2024-25									
Levy Details	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027				
	Current Rates (Based on 2019 Land Values)	3.7% Rate Peg (Based on 2022 Land Values)	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year
Ordinary Rates	\$ 2,515	\$ 2,580	\$ 65	\$ 2,851	\$ 271	\$ 3,150	\$ 299	\$ 3,481	\$ 331
<b>Total Rates</b>	<b>\$ 2,515</b>	<b>\$ 2,580</b>	<b>\$ 65</b>	<b>\$ 2,851</b>	<b>\$ 271</b>	<b>\$ 3,150</b>	<b>\$ 299</b>	<b>\$ 3,481</b>	<b>\$ 331</b>
FARMLAND		214 ha	McCann Road WARBURN NSW 2680						
SRV Option 3 - 10.5% increase for 3 years starting in FY2024-25									
Levy Details	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027				
	Current Rates (Based on 2019 Land Values)	3.7% Rate Peg (Based on 2022 Land Values)	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year	10.5% Inc 3% Rate Peg	Increase from Previous Year
Ordinary Rates	\$ 2,449	\$ 2,485	\$ 36	\$ 2,746	\$ 261	\$ 3,034	\$ 288	\$ 3,353	\$ 319
<b>Total Rates</b>	<b>\$ 2,449</b>	<b>\$ 2,485</b>	<b>\$ 36</b>	<b>\$ 2,746</b>	<b>\$ 261</b>	<b>\$ 3,034</b>	<b>\$ 288</b>	<b>\$ 3,353</b>	<b>\$ 319</b>

The Management team acknowledges that the challenge for ensuring the future financial sustainability of Council (General Fund) should not only rest with ratepayers via a Special Rate Variation. In this regard, the Long Term (Ten Year) Financial Plan, includes an annual “cost savings initiatives” line for all scenarios referred to above. These cost savings will be explored and implemented by management commencing immediately with an initial \$300,000 to be realised during 2023/24. From 2024/25 these savings will lift to \$1M. All cost savings will be reported to Council as part of the quarterly financial review of operations. This will be a challenging but achievable objective.

### Engaging with the Community

The Office of Local Government has issued “Guidelines for the Preparation of an Application for a Special Variation to General Income”. Refer link below.

[https://www.ipart.nsw.gov.au/sites/default/files/documents/olg-guidelines-special-variation-2021-22\\_0.pdf](https://www.ipart.nsw.gov.au/sites/default/files/documents/olg-guidelines-special-variation-2021-22_0.pdf)

These guidelines require councils to consult extensively with the community before making a formal decision to make an application to IPART for a SRV. In brief the process is as follows:

- May 2023 - Council decision in principle to make application to IPART for a Special Rate Variation effective from 2024/25

- May to September 2023 - Community Consultation
- September/October 2023 - Council meeting to consider community feedback and resolution to make application to IPART for an SRV effective from 2024/25.
- October 2023 – Council notify IPART of its intention to apply for an SRV.
- January 2024 – Deadline for application to be submitted to IPART.
- February 2024 – IPART undertakes community consultation regarding Council application.
- May 2024 – Determination by IPART of Council application.

Council acknowledges that some ratepayers may experience difficulty with these planned increases, and a Financial Hardship Policy is in place to help them. The Council plans to consult extensively with the community between May and September 2023, and their views will be considered before making the final decision to apply to IPART for the SRV. If approved by IPART, the first increase will take effect when rate notices are issued in July 2024.

### Summing Up

Griffith is an amazing and unique regional community with over 70 cultural groups represented. The diversity of economic drivers in our economy, our critical water distribution infrastructure, our strategic location between major capital cities, our entrepreneurial spirit and outstanding facilities are all attributes that makes our City the envy of many others.

Council can continue to play its part in make our extraordinary community even better if it has the financial capacity to take opportunities as they present themselves. It is acknowledged that discussion with our community regarding a Special Rate Variation will be a difficult one but it is best to have this conversation now (with moderate SRV increase(s) rather than “kick the can down the road” or postpone the inevitable when a considerably higher SRV increase will be required.

### OPTIONS

#### **OPTION 1**

As per the Recommendation.

#### **OPTION 2**

As per Option 1 but insert Scenario 1 or 2.

#### **OPTION 3**

As per the Recommendation part (a) but insert Scenario 4, (b) but insert Scenario 4, (e) and (f).

#### **OPTION 4**

Any other resolution of Council that delivers long term financial sustainability to the General Fund.

### POLICY IMPLICATIONS

Not Applicable

### FINANCIAL IMPLICATIONS

The draft budget has been prepared on the basis of striving to maintain Council’s financial viability into the future whilst undertaking the completion of capital projects outlined in the 10 year Capex Plan as attached.

## **LEGAL/STATUTORY IMPLICATIONS**

The Office of Local Government requires that Council's Delivery Program, and Operational Plan (Budget) be adopted by 30 June annually.

## **ENVIRONMENTAL IMPLICATIONS**

Actions as outlined in the Delivery Program and Operational Plan.

## **COMMUNITY IMPLICATIONS**

Community members have the opportunity to provide submissions during the public exhibition period from Friday, 12 May 2023 to Friday, 9 June 2023. Submissions can be made via Council's website.

Proposed consultation is as follows:

- A Special Budget COG Meeting/Presentation will be held on Tuesday 6 June 2023, 7pm at Yoogali Club.
- Community members can ask questions and provide feedback at the Council Café stand at the Riverina Field Days – 12 and 13 May 2023.
- Council will host an online information session via Facebook followed by an interactive question and answer session on Thursday, 18 May 2023 at 5pm.
- In terms of the proposal for a Special Rate Variation (SRV) to be introduced from 2024/25, Council will undertake extensive community consultation from May 2023 to September 2023.

## **LINK TO STRATEGIC PLAN**

This report links directly to the objectives and strategies outlined in Council's Community Strategic Plan 2022-2032.

## **CONSULTATION**

Senior Management Team

Councillors

## **ATTACHMENTS**

- (a) Draft Delivery Program 2022/23 - 2025/26 Incorporating the Draft Operational Plan (Budget) 2023/24 and Long Term Financial Plan Annual review 2023/24 (under separate cover)
- (b) Office of Local Government Group 4 Councils Comparative Data 2020-21 (under separate cover)
- (c) Internal Audit Committee Guidelines - Key Points email 8 Feb 2023 (under separate cover)
- (d) Special Rate Variation - Indicative Rate Assessment Examples (under separate cover)