

### 9.1.3

## APPLICATION FOR ADDITIONAL SPECIAL VARIATION FOR 2022/2023 - GENERAL RATES

**File No:** 16.00187

### RECOMMENDATION:

That the Council resolve to apply for a permanent Additional Special Variation of 2.5% under section 508(2) of the Local Government Act 1993 which will amount to approximately \$737,108 to ensure Council's continued financial sustainability after consideration of the impact on ratepayers and the community in 2022/2023 and future years.

### REPORT:

In late 2021, IPART announced the rate peg for the 2022/2023 financial year (2023FY) was set at an increase of 0.7% plus a population adjustment factor which in Bathurst's case amounted to 0.2%, giving an overall rate increase of 0.9%.

In its financial plans, Council had used 2.5% as the rate peg for the 2023FY and subsequent financial year forecasts plus a population factor of 1.3%. The downgrading of the rate peg to 0.9%, including the population factor of 0.2%, places Council in a financially challenging position. Council always budgets for a break-even budget so that Council's reserves are kept intact for future works. The original published budgeted rate income from 2021/2022 to 2024/2025 was:

Bathurst Regional Council Annual Operating Plan 2021/2022 and Delivery Plan 2021-2025 Detailed Budget				
	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
<b>Funding Operations Total</b>	<b>(34,162,839)</b>	<b>(35,366,830)</b>	<b>(36,189,669)</b>	<b>(37,031,835)</b>
Rates				
01110 - Rates Revenue				
0100 - Rates & Annual Charges				
No Work Order	(29,659,659)	(30,811,149)	(31,581,428)	(32,370,965)
0100 - Rates & Annual Charges Total	(29,659,659)	(30,811,149)	(31,581,428)	(32,370,965)

Council's budget was prepared using IPART's own advice about future forecasting, the following is directly from IPART's website and is the same advice as last year:

### Assumed rate peg for 2023-24 and future years

#### Special variation applications

Councils applying for a special variation in 2022-23 should use the 2022-23 rate peg set by IPART, and an assumed rate peg of 2.5% for 2023-24 and in future years. Further information about the special variation process is [here](#).

<https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/For-Ratepayers/The-rate-peg>

The new rate peg will decrease Council's budgeted income for 2023FY from \$30,811,149 to \$29,926,596, a loss of budgeted income of \$474,555. As noted, Council prepares its budget for a breakeven position and a loss of income of almost \$500,000 will either place Council's financial sustainability in jeopardy or result in a loss of service to the community.

The Office of Local Government and IPART have recognised that, due to the delayed council elections and the determination of the 2022/2023 rate peg at a lower rate than councils had forecast, councils may not have had sufficient time to prepare special variation applications within the normal timeframe as the 2022/2023 rate peg timeframe has now passed. As such, the NSW Government and IPART have agreed to a one-off Additional Special Variation (ASV) round for the 2022-23 financial year only, see the **attached** circular 22/03.

To ensure Council's future financial sustainability and that services to the community are not adversely affected, it is recommended that Council applies for an ASV of 2.5% (including population growth) which was the amount of the budget increase originally forecast for the 2023FY without the population factor.

IPART has advised that the ASV application process will be a simpler more targeted application procedure. IPART will not require councils to demonstrate community consultation outside of the process of considering the impact on ratepayers and the community in 2023FY and beyond. To demonstrate community consultation, IPART will consider the consultation undertaken through the IP&R process and consider the resolution to apply for a ASV meets the requirements. Under this ASV round of applications IPART will accept applications until 29 April 2022; publish applications to enable community consultation for a period of at least three weeks; and notify councils of its decision no later than 21 June 2022.

Given the timeframe, Council may require an extraordinary meeting at the end of June 2022, to adopt the budget and "make the rates" for the 2023 year.

## **FINANCIAL IMPLICATIONS:**

N/A

## **BATHURST COMMUNITY STRATEGIC PLAN – OBJECTIVES AND STRATEGIES:**

**Objective 6: Community leadership and collaboration.**

Strategy 6.6 Manage our money and our assets to be sustainable now and into the future.

## **COMMUNITY ENGAGEMENT:**

01 **Inform** - to provide the public with balanced and objective information to help them understand the problem, alternatives, opportunities and/or solutions.

## **ATTACHMENTS:**

1. Circular 22-03 - Guidelines for Additional Special Variation ( AS V) Process for 2022-23 [9.1.3.1 - 3 pages]

## **MINUTE**

**RESOLUTION NUMBER: ORD2022-78**

**MOVED: Cr B Fry SECONDED: Cr W Aubin**

## **RESOLVED:**

That the Council resolve to apply for a permanent Additional Special Variation of 2.5% under section 508(2) of the Local Government Act 1993 which will amount to approximately \$737,108 to ensure Council's continued financial sustainability after consideration of the impact on ratepayers and the community in 2022/2023 and future years.