



# Financial Sustainability and Special Rate Variation - Revised

Junee Shire Council

November 2022



# Agenda

- Community Session Observations
- Council financial sustainability
- SRV criteria
- Council position
- SRV Process
- Final SRV steps
- Questions

# Observations Community Feedback SRV Options

- Council was successful at reaching a wide variety of ratepayers, by utilising in-person, social media, traditional print media, full webpage and email engagement types.
- From the effort of informing the community, the response Council received was moderate and varied, however the opportunity to provide input and the drop-in session at the Junee IGA were particularly well received.
- Council captured a total of 262 direct interactions throughout the community engagement process and completed all engagement types as proposed in the Community Engagement Plan.
- Main themes
  - community are aware that Council currently maintains high levels of service and that many members of the community want these to be retained. – understand the need for SRV
  - Ratepayers are hesitant of their rates increasing and mostly unsupportive of the proposed SRV.
  - Level of uncertainty around the capacity to pay for some ratepayers.
- Some ratepayers were understanding and accepting of the need for an increase in order for Council to maintain its current services and levels of service, whereas others felt Council needed to ‘live within its means’ whilst still providing the same levels of service.

# Observations Community Feedback SRV Options

- During the in-person forums there was some understanding and acceptance of the need for an SRV, as it would benefit the community by ensuring Council's financial sustainability. There was also general positivity around Council as a whole and many of the services provided, as well as the fact that ratepayers are being given a voice and have been proactively asked to provide input.
- All 52 survey responders agreed that they would like Council to be and remain in a strong financial position, with over 53% also agreeing that they felt that it was very important for Council to maintain current levels of service. A large majority, over 82%, had reviewed information provided by Council in relation to the SRV and 55% felt that adequate information and consultation had taken place.
- Overall, the feedback received was relatively positive and engaged which suggests an acceptance, if not agreement, that Council has been through a robust and considered engagement process.
- The overarching community view is that ratepayers want to have a financially sustainable council, that delivers the same high standard of service and service levels currently provided, however most do not want an increase in rates

# Financial sustainability

## Foundation to financial sustainability

- The Local Government Act requires councils to apply sound financial management principles
  - S8(b) of the Act - Council spending should be responsible and sustainable, aligning general revenue and expenses – *Financial Sustainability*
- This includes:
  - achieving a **fully funded operating position**
  - **maintaining sufficient cash reserves**
  - having an appropriately **funded capital program**
  - **maintaining its asset base** ‘fit for purpose’
  - having adequate resources to meet ongoing **compliance obligations**.

# Financial sustainability - what does this mean for councils

- Responsible and **sustainable** spending
- **Adequate cash reserves** and use of borrowings
- Responsible and **sustainable infrastructure investment**
- Explore options to improve financial sustainability to achieve a **fully funded operating position**

*Council must achieve a fully funded operating position, ensuring that Council collects enough revenue to fund operational expenditure and depreciation.*

*June Shire Councils future ?*

# IPART SRV criteria

1. The need for, and purpose of, a different revenue path for the council's **general fund** (as requested through the special variation) is clearly articulated and identified in the Council's Integrated Planning and Reporting (IP&R) documents
2. Evidence that the community is aware of the need for, and extent of, a rate rise
3. The impact on affected ratepayers must be reasonable – part of information provided to the community
4. The relevant IP&R documents must be exhibited (where required)- revised LTFP document
5. Productivity improvements and cost containment strategies – \$113k
6. Any other matter that IPART considers relevant - Nil

# Council position – November 2023

- Council/Councillors need to take a position on how the Council remains sustainable:
  - Consider community feedback
  - Determine SRV position
  - Adopt LTFP
- Advise IPART on intent to submit SRV



# SRV process

## Phase 1: SRV preparation

- project kick-off
- integrated LTFP model
- AMS and AMPs
- improvement plan
- capacity to pay
- SRV content and scenarios
- Council and staff reviews

## Phase 2: community engagement

- engagement plan program and activities
- community engagement
- community engagement report

## Phase 3: SRV application

- final LTFP scenarios and aligned AMPs
- prepare SRV application
- review and submit SRV application

# Final SRV steps

- Council determine SRV position – Nov 2023
- Submit SRV Application- Feb 2023
- IPART – community engagement March/April 2023
- Council include SRV position in IP&R documents – April/May 2023
- Council public exhibition of IP&R – May/June 2023
- IPART SRV decision – May 2023
- Council may final decision June 2023

# Questions

