

Submission

On 13th December 2021, IPART announced the 2022-2023 rate peg for Lachlan Shire Council at 0.7%. This is significantly less than the actual 2021-2022 rate peg of 2.0% and Council's budgeted rate peg increase of 1.8% for the 2022-2023 year.

Issues and Comments

The draft 2021-2022 Integrated Planning and Reporting documentation (including the Delivery Program, 2021-2022 Operational Plan, Long Term Financial Plan and Annual Budget) went on public exhibition from 14 May 2021 to 11 June 2021. The document was adopted by Council on 30 June 2021.

In the Adopted 2021-2022 Integrated Planning and Reporting (IP&R) documentation, Council has provided, in the Long Term Financial plan, an assumed Rate rise of 1.8% in 2022-23 and 2.0% in the following years. **Refer to page 91 of 121 in the 2017-2022 Delivery Program including 2021-2022 Operational Plan and Budget on Lachlan Shire Council website**

<https://www.lachlan.nsw.gov.au/council/annual-financial-and-statutory-reports/delivery-program-operational-plan-budget.aspx>

Go to section starting with General Revenue

0110 Rates Revenue

0100 Rates and Charges

You will see the 21.22 general (ordinary base + ad valorem) rates is shown as \$7,899,112 and the next column is the 22.23 general (ordinary base + ad valorem) rates as \$8,041,310.

\$8,041,310 divided by \$7,899,112 equals 1.8% increase

General Revenue					
0110 - Rates Revenue					
0100	Rates & Charges	(7,899,112)	(8,041,310)	(8,202,140)	(8,366,180)
0111	State Government Revenue Subsidy	(93,895)	(94,490)	(95,490)	(95,890)

LTFP Extract – General Fund (unadjusted) worksheet

The increase in rates and annual charges equates to 2.62% in cell G66. This needs to be adjusted downwards. The calculation takes into account the increase in the waste management annual charge and annual domestic waste charges (in total \$1,589,130); annual stormwater charges (in total \$52,550) and rates legal cost expenses (\$93,900). None of these annual charges increased by the rates peg amount.

Reducing the rates and annual charges \$9,589,090 for annual waste & stormwater charges as per the previous paragraph (\$1,547,780) leaves an increase of rates and annual charges of \$8,041,310 as shown above in the screen snip.

Based on the 2021-22 IP&R document, Council's Operating Performance Ratio (OPR) exceeds the benchmark of 2% over the next 5 years. Council's need for this level of OPR is so that it is able to meet its Capital works program, which over the next 5 years is almost \$58M. (Refer Attachment 1)

With the rate peg set at 0.7%, Council's OPR will still be above the benchmark of 2% over the next 5 years but will mean a reduction in services to the community.

Added to this, there has been a reduction in the mining rate, where a Mining assessment rate has had a change of category to FARMLAND. This has resulted in a loss of Income in 2022-23 of \$956,940 and will flow on in subsequent years. As a result, Council will be applying for a Special Rate Variation in addition to this application.

The Rate peg of 0.7% and the loss of income from the change of assessment from mining to farmland will result in a loss over the next 5 years of \$5,430,114. (Refer Attachment 2)

Council has considered the impact of a permanent Additional Special Variation. The rate increase of 1.8% in the 2021-22 IP&R document for 22-23 was subject to community consultation from 14th May 2021 to 11th June 2021, and was subsequently adopted. Therefore, if the Additional Special Variation is approved, there will be no impact on the community.

Conclusion

If the Additional Special Variation is approved, this will mean that Council will be able to provide the services as outlined in its adopted 2021-22 IP&R document for 22-23.

Attachment 1

LACHLAN SHIRE COUNCIL Capital Works Program for 2021.2022 Budget - as at 110621						
	Delivery Plan					
	Proposed Budget 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027
CAPITAL WORKS SUMMARY						
07100 - Corporate Services Capital Works	148,000	95,000	80,000	68,000	94,000	60,000
07230 - Parks Reserves & Horticulture Capital Works	151,500	123,500	257,000	75,000	65,000	75,000
07240 - Sports Grounds & Recreation Capital Works	85,000	334,200	10,000	175,000	299,830	226,000
07260 - Willow Bend Sports Centre Capital Works	10,000	0	10,000	0	10,000	0
07270 - Roads to Recovery Program Capital Works	2,128,295	2,128,509	2,128,509	2,128,509	2,128,509	2,128,509
07300 - Footpaths & Bike Track Capital Works	0	187,620	77,800	92,000	108,000	116,000
07310 - Kerb & Gutter Capital Works	20,000	20,000	20,000	20,000	20,000	20,000
07330 - Urban Streets Capital Works	2,699,000	1,842,000	1,416,000	1,372,000	1,348,000	1,588,000
07340 - Regional Roads Capital Works	11,167,583	6,252,523	2,687,170	2,718,160	2,759,580	2,781,460
07350 - Sealed Rural Roads Capital Works	1,400,013	1,040,013	1,640,013	310,013	363,151	351,486
07360 - Unsealed Rural Roads Capital Works	200,000	200,000	338,000	200,000	200,000	138,000
07400 - Stormwater Drainage Capital Works	0	50,000	55,000	60,000	60,000	60,000
07410 - Waste Management Capital Works	37,520	60,210	355,857	27,190	42,650	24,544
07490 - Buildings Capital Works	1,005,349	95,000	170,000	150,000	80,000	240,000
07510 - Aerodromes Capital Works	0	265,000	0	248,000	5,000	199,820
07530 - Cemeteries Capital Works	0	70,000	113,000	22,000	29,000	23,000
07540 - Plant Purchases & Replacement (pre trade prices)	2,927,300	2,705,450	1,674,346	1,673,400	1,540,907	2,702,151
07550 - Workshop Capital Works	0	0	20,000	20,000	20,000	20,000
07570 - Works Depots Capital Works	6,817,479	30,000	0	22,500	0	0
07710 - Libraries Capital Works	44,000	42,484	42,484	42,484	42,484	42,484
07720 - Swimming Pool(s) Capital Works	135,000	0	300,000	106,000	50,000	0
07740 - Halls & Community Centres Capital Works	35,000	0	40,000	32,000	150,000	0
07920 - Tourism Capital Works	35,000	35,000	35,000	25,000	25,000	25,000
08070 - Rural Fire Service Capital Works	100,000	100,000	100,000	100,000	100,000	100,000
08120 - Medical Centres Capital Works	10,000	10,000	10,000	10,000	10,000	10,000
08150 - Caravan Parks & Camping Grounds Capital Works	70,230	20,000	30,000	20,000	20,000	70,000
08180 - Business Buildings Capital Expenditure	521,200	20,000	20,000	20,000	20,000	20,000
Capital Expenditure Totals	29,747,469	15,726,509	11,630,179	9,747,256	9,591,111	11,021,454

Attachment 2

RATE INCOME						
2021-22 Integrated Planning & Reporting document						
		2022-23	2023-24	2024-25	2025-26	2026-27
		7,947,410	8,106,360	8,268,490	8,433,850	8,602,520
Rate Income Less Mining Rate						
		2022-23	2023-24	2024-25	2025-26	2026-27
		6,903,966	7,042,050	7,182,890	7,326,540	7,473,070
Difference		-956,540	-975,664	-995,184	-1,015,089	-1,035,395
Rate Peg Loss		-86,904	-88,646	-90,416	-92,221	-94,055
Loss of Revenue	0	-1,043,444	-1,064,310	-1,085,600	-1,107,310	-1,129,450