

As per the Information Paper relating to the Additional Special Variation dated 7 April 2022 Leeton Shire Council wishes to apply for a permanent ASV of 1.1% above the mandated 0.7% Rate Peg. This request is based on the last LTFP adopted by Council which had an assumed Rate Peg of 1.8% for 2022/23.

Below is an abridged version of the Executive Summary from the Draft 2022/23 LTFP providing the background to why this ASV is being sought as a permanent adjustment.

Leeton Shire Council started highlighting financial sustainability challenges in its 'general fund' as far back as the 2015 'Council Improvement Proposal' it prepared under the Fit for the Future program.

Council subsequently flagged the possibility of seeking a Special Rate Variation in its 2016 LTFP to fund asset renewals and meet NSW benchmarks. This did not eventuate largely due to two years of drought followed by Covid-19.

Over the past 4 years, Council has made several decisions to increase service levels, which comes with increased expenses. These decisions have been to address community priorities and increased compliance burden. Over this same period unprecedented levels of grants for community projects were offered. Council has pursued these grants, mindful that this level of funding is unlikely to be repeated in the coming decade. This has increased the level of activity and met community expectations generally but also added to depreciation and ongoing operational expenses.

Council's financial performance has also been impacted primarily by increases in depreciation and landfill rehabilitation provisions as well as reductions in revenues from interest and the sale of investment water coupled with cost shifting from other levels of government.

While concerns about Council's financial sustainability were evident in its 2021 annual financial statements, several 'one off' items distorted the figures. Subsequent operating deficits – \$5M in the 2022 budget review, \$4M in the 2023 (draft) budget – reinforce the reality of Council's financial sustainability challenges and need for action to address these.

In support of this application please find attached Council's:

1. Most recently adopted LTFP stating the Rate peg of 1.8% as being used (page 007 of the 2017-2027 Resourcing Strategy).
2. A copy of the Council Resolution 22/055 (April Meeting Agenda Item 8.10) relating to the application for a permanent special variation under section 508(2) of the Local Government Act 1993 (the Act) (page 5), the amount and the reasonableness (page 6).
3. ASV Application form.

To demonstrate the need for a permanent ASV Council has submitted the following document in support:

- A. Operating Performance Ratio – Council’s OPR is slightly more than 2%. Accordingly Council is submitting its draft 2022/23 LTFP (currently on exhibition) showing the decline in sustainability (page 55) and the Rate Peg values used (page 15) to support its need for a permanent ASV.