
Liverpool Plains Shire Council – Ratepayer Summary

In recent years, Liverpool Plains Shire Council's (the council) financial performance has been worsening. It has not had sufficient funds for necessary asset maintenance and renewals. To improve its financial sustainability and to provide funds to maintain and renew deteriorating assets, the council has applied for a special variation (SV) to permanently increase its general income by 8% per year (inclusive of the rate peg) from 2021-22 to 2023-24.ⁱ This is a total increase over the three years of 26%.

IPART has approved a 2-year temporary increase of 8% per year (inclusive of the rate peg) in 2021-22 and 2022-23, to be removed from the rate base on 1 July 2023. In total, this is a temporary increase over the two years of 16.6%. In these two years, the council will be able to identify and implement productivity and cost containment strategies to improve its long-term financial sustainability.

Impact on council's income

Purpose

- ▼ Enhance financial sustainability
- ▼ Provide asset maintenance and renewals funding

\$1.4m

Additional income
above the rate peg over
the next 2 years

The council's additional income will go towards maintaining and renewing its deteriorating assets, which was identified as a priority by its community. The SV will be applied across all rating categories.

Impact on rates



Residential



Business



Agriculture



Mining

Liverpool Plains
Shire Council

+16.6%

+16.6%

+16.6%

+16.6%

Many public submissions raised concerns about the proposed higher rates, however this needs to be balanced against the council's need to deliver services to its ratepayers on an ongoing basis.

We assessed the council's application against the Guidelines issued by the Office of Local Government and determined that it partially met the criteria.

Financial Need

Largely demonstrated



The council's financial position will continue to deteriorate even with the additional income from the special variation, and it needs funds to maintain its assets.

Community awareness

Largely demonstrated



While the council used a wide range of consultation methods to engage with the community, some concerns were raised regarding the timing and organisation of the consultation sessions.

Reasonable impact on ratepayers

Partly demonstrated



The impact of the rate increase is significant, particularly given the community's capacity to pay. However this must be balanced against the council's need for funding to maintain assets and provide services to the required standard.

IP&R documentation

Partly demonstrated



The council did not revise its Delivery Program or Operational Plan to include the extent of the general fund increase under its proposed special variation.

Productivity Improvement and Cost Containment

Not demonstrated



The council does not have a good track record of implementing and delivering savings and has not identified concrete productivity and efficiency plans. If the council decides to apply for a subsequent special variation, it must show it has implemented productivity improvements and effective cost saving strategies.

Response to the concerns raised in submissions

In addition to undertaking a community consultation process, the council received submissions from ratepayers and community representatives on its proposed SV and rate increases.

IPART also received submissions from community stakeholders. Most of these submissions opposed the SV. We considered all the concerns and issues raised in submissions. Our responses to the most common ones are outlined below.

Stakeholders were concerned that the rate increases are not affordable, especially for pensioners, people with limited incomes and farmers

We acknowledge the rate increases are significant and some ratepayers in the Liverpool Plains community may find it difficult to afford higher rates. However, the council has demonstrated a clear financial need for additional rates revenue to help maintain its current services. Its financial position is expected to deteriorate over the coming years, even with this additional revenue.

Given this, we consider the rate increases are reasonable and necessary to ensure it can continue to deliver the basic services the community needs. We note that the council has a hardship policy to assist ratepayers who are unable to afford their rates due to financial difficulties.

Stakeholders considered that the council should look at ways of becoming more efficient, productive and find savings before increasing rates

We agree that the council needs to do better in identifying and implementing strategies to improve productivity and contain costs. This is one of the main reasons we did not approve its SV application in full.

The council applied to increase its general income by 8% per year for 3 years to be permanently retained in its rate base. However, we approved an increase of 8% per year for only 2 years, which must be removed from the rate base on 1 July 2023.

This temporary SV will allow the council to address its financial need in the short term. We have recommended that the council undertake a thorough review of its efficiency measures to improve overall financial sustainability and its operating position. The council should implement those measures prior to considering a permanent SV.

Stakeholders considered that the council's services and infrastructure such as roads, waterways and buildings are inadequate

This may be a result of the council's poor and deteriorating financial position. We also acknowledge that flooding during January and July 2020 could have hampered the council's efforts to repair or maintain roads in a timely way.ⁱⁱ The council's transportation asset management plan explained that asset conditions were not monitored historically.ⁱⁱⁱ

However, without the temporary SV, council's services may continue to decline and its infrastructure backlog is likely to grow.

Stakeholders had concerns with the council's previous financial management

We acknowledge ratepayers' dissatisfaction with the council's previous financial management. We found however, that the council has demonstrated financial need for the SV. We decided to approve a temporary increase in rates rather than the permanent increase proposed by the council.

The council will need to have identified and implemented productivity improvements and cost reduction strategies prior to applying for any subsequent SV.

ⁱ Liverpool Plains Shire Council, *Special Variation Application Form Part A 2020-21 (Application Part A)*, Worksheet 1.

ⁱⁱ Namoi Valley Independent New, Flood damage: Liverpool Plains Shire Council counts cost of storms, <https://www.nvi.com.au/story/6604774/loss-damage-rife-in-liverpool-plains-from-flash-flooding/>, accessed 9 March 2021.

Namoi Valley Independent New, Liverpool Plains shire road closures update, <https://www.nvi.com.au/story/6855009/all-roads-closed-from-flooding-in-liverpool-plains-shire-now-reopened/>, accessed 9 March 2021.

ⁱⁱⁱ Liverpool Plains Shire Council, Asset Management Plan Transportation, p 22.