

WARREN SHIRE COUNCIL

Report of the Divisional Manager of Finance and Administration
to the Ordinary Meeting of Council to be held in the
Council Chambers, Warren on Thursday 26th May 2022

ITEM 5 GENERAL RATES - ADDITIONAL SPECIAL VARIATION (ASV) FOR 2022-2023

(R1-1.42)

RECOMMENDATION:

1. That Council under Section 508(2) of the Local Government Act 1993 make an application to IPART for a permanent single year Additional Special Variation (ASV) of 1.2% for 2022/2023 in accordance with the Guidelines as detailed in the Office of Local Government Circulars 22-03 and 22-07,
2. Council notes that, if successful, the total 2022/2023 general rate increase will be 2.5% as identified in the Warren Shire Council Long Term Financial Plan 2021/22 to 2030/31 and Draft 2022/2023 Estimates,
3. Council note that, if successful, the additional income that will be generated by the permanent single year Additional Special Variation of 1.2% for the 2022/2023 will equate to approximately \$61,600.00,
4. That the Additional Special Variation is required to continue to provide the current levels of service to the Warren Shire ratepayers and community and in doing so ensure the ongoing financial sustainability of Warren Shire Council, and
5. That Council has considered the impact of the Additional Special Variation for both the ratepayers and the community in 2022/2023 and future years and considers that a 2.5% increase is reasonable.

PURPOSE

To resubmit an amended Council resolution to apply to IPART for a permanent single year Additional Special Variation of 1.2% for 2022/2023 in accordance with the Guidelines as detailed in the Office of Local Government Circulars 22-03 and 22-07.

BACKGROUND

Council at the 24th March 2022 Meeting resolved to apply to IPART for an Additional Special Variation (ASV) of 1.2% in general rates that would equate to a total increase of 2.5% for 2022/2023 as was forecast in Council's Long Term Financial Plan 2021/22 to 2030/31, following is Council's March 2022 adopted resolution.

1. *Council under Section 508(2) of the Local Government Act 1993 make an application to IPART for a permanent single year Special Rate Variation of 1.2% for 2022/2023 in accordance with the Guidelines for Additional Special Variation (ASV) Process for 2022-23 as detailed in the Office of Local Government Circular 22-03; and*
2. *Council note that, if successful, the total 2022-2023 General Rate increase will be 2.5% as identified in the Warren Shire Council Long Term Financial Plan 2021/22 – 2030/31.*

REPORT

Council received an email from IPART on 10th May 2022 advising that the March 2022 Council Meeting resolution regarding the application for a 1.2% Additional Special Variation did not meet all the criteria required by IPART, the below points need to be addressed and included in Council's resolution:

- c. *why the special variation is required; and*
- d. *that the council has considered the impact on ratepayers and the community in 2022-23 and, if permanent, in future years if the special variation is approved and considers that it is reasonable.*

In considering whether to pursue the ASV of 1.2% that is allowable under the guidelines, Council should consider the cost drivers that have impacted the preparation of the Draft 2022/2023 Estimates.

For Council's information the major cost drivers identified are as follows:

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- Advice received from Council's Insurance brokers, is that insurance premiums will increase by an anticipated 10% or around \$51,000.00;
- The 2.0% increase in salaries and wages from 1st July 2022 as per the Local Government (State) Award will cost approximately \$105,000.00 (not including overtime or allowances);
- An increase of 0.5% in the Superannuation Guarantee Levy costing approximately \$26,000.00; and
- The annual March 2022 Consumer Price Index (CPI) rose by 5.09%.

Taking into consideration these factors and to ensure Council's own ongoing financial sustainability, Council should apply to IPART for a permanent single year Special Rate Variation of 1.2% for 2022/2023 that will generate additional income of approximately \$61,600.00 to continue to provide the current levels of service to the Warren Shire ratepayers and community.

In making this determination, it is considered a 2.5% increase in general rates in 2022/2023 and future years as identified in the Warren Shire Council Long Term Financial Plan 2021/22 to 2030/31 on ratepayers and the community is considered reasonable.

FINANCIAL AND RESOURCE IMPLICATIONS

The Draft 2022/2023 Estimates were compiled with a 2.5% general rate increase as identified in Council's Long Term Financial Plan 2021/22 to 2030/31 and reported to the February 2022 Council meeting.

Should Council resolve to not reapply to IPART for the Additional Special Variation of 1.2% then Council will need to adjust the Draft 2022/2023 Estimates by reducing income and expenditure by \$61,600.00 to balance the budget or note that the Draft 2022/2023 Estimates will be presented to the community as a deficit budget.

LEGAL IMPLICATIONS

Nil.

RISK IMPLICATIONS

N/A

STAKEHOLDER CONSULTATION

N/A

OPTIONS

N/A

CONCLUSION

This report is provided to seek Council's approval to reapply to IPART for an Additional Special Variation (ASV) of 1.2% for 2022/2023 to align with the planned objectives of Council's Long Term Financial Plan 2021/22 to 2030/31 and Draft 2022/2023 Estimates.

LINK TO POLICY AND / OR COMMUNITY STRATEGIC PLAN

5.2.2 Timely and accurate reporting for efficient management and accountability.

SUPPORTING INFORMATION / ATTACHMENTS

Nil.