



MEDIA RELEASE

Friday 10 November 2023

Council Commences Community Engagement on Proposed Special Rate Variation

Blayney Shire Council has resolved to commence community engagement on a proposed Special Rate Variation (SRV) of 10% per annum for 3 consecutive years (33.1% cumulative increase) at an Extraordinary Meeting held on the 9 November 2023.

The proposed SRV includes the annual rate peg set by the Independent Pricing and Regulatory Tribunal (IPART) and any increase would not commence until 1 July 2024.

Council needs to increase rate income as Council's Long Term Financial Plan (LTFP) indicates deficits for the next 10 years. The additional income is needed to ensure Council's long term financial sustainability.

Unfortunately, it is not possible for Council to 'do nothing' as Council's forecast revenue is consistently less than its expenses over the 10-year Long Term Financial Plan.

Council needs to address the forecast deficits in the financial outlook for the General Fund. This is critically important because the General Fund contains provision for all Council services apart from sewerage and waste.

The amount of funding available in General Fund directly supports the maintenance of critical assets, services and community facilities, including: roads, bridges, culverts, parks, footpaths and buildings.

Over the last 18 months Blayney Shire Council has undertaken a comprehensive review of its operations and service delivery. This has included two independent financial consultants undertaking a full review of our 10-year LTFP, Asset Management Plans and Capital Works Program.

Cr Reynolds who moved the motion outlined some of the expenses that Council has had to face, including: inflation, cost shifting, recent reductions in grant funding and how Council is significantly restricted with rate pegging.

'The problem is Councils costs are going up far greater than what our income is, we're pegged, we're capped at 3.7% this year.'

'The cost of gravel has gone up around 20% in the last year.'

'Resources for Regions funding has stopped and there was more than \$5 billion raised by the NSW Government out of royalties across NSW but recently announced the end of that program to 26 Councils'

Cr Somerville who seconded the motion expressed further concerns on the IPART rating system and the impact to Councils and the community.

'We were given a 3.7% increase rate cap increase this year when in fact inflation for a large part of the year was at 7.8%.'

'The system seems to be broken, across the state last year 17 councils applied for special rate variations.'

'Most of the applications that have been made last year, and are being made this year are for far greater increases than what we're proposing'

Cr Somerville also talked on how Council has been very responsible in introducing the prospect of a special rate variation for next year given the upcoming Council elections in September 2024.

'It's not a very popular thing for Councilors to be doing. It would be easy for this group of Councillors to say no, we'll worry about that later but I'm proud of my fellow Councillors for deciding to put this forward now,' acknowledged Cr Somerville

'We're looking at operating deficits of 1.8 million each year for the next 10 years, that's not sustainable if we do nothing about it now we'll be facing a decision like this in one or two years time and we won't be talking about three lots of 10% we'll be talking about 50, 60 or 70% rate increase.'

Mayor Ferguson also talked about the alternatives where we will see a slow but predictable demise in Council assets especially the road network.

'This is a long-term view and a long-term strategy and I for one support it because we are preempting the inevitable and in 3, 4 or 5 years' time, future councils which we either may or may not be here for, will face a potentially tremendous rate increase or alternatively watch their assets that they enjoy now deteriorate in front of their very eyes.'

All Councillors encouraged the community to get involved during the consultation period.

'There's an opportunity to put in submissions, to put in comments from the community with 35 days from tomorrow where the community can actually consult, come in and give us feedback as in tell us about their thoughts on what is being proposed,' said Cr Reynolds.

'When we talk about community consultation, we're about listening to what the community has to say, I'm hoping that the community will listen to what we have to say as well, as we are custodians of your community assets,' said Mayor Ferguson

In the meeting, the other options considered had similar cumulative amounts, but were higher increases as they were compressed into 1 and 2 year periods respectively.

Mayor Ferguson said 'Council is not seeking an instant quick fix, in particular it acknowledges the cost of living pressures all of our community is currently experiencing, which is why Council has preferred the lower 10% increase over 3 years.'

'Even with the proposed 3 year SRV, a positive operating result is not forecast until 2028,' said Mayor Ferguson.

Following the Community Engagement, Council will meet in late January to resolve whether to proceed with the application to IPART.

Applications for an SRV must be lodged with IPART by 5 February 2024.

IPART then proceed to assess the application including their own community consultation over February and March 2024.

For further information about how you can participate please visit Council's website www.blayney.nsw.gov.au/srv or view printed documents available at Councils office, 91 Adelaide Street, Blayney.

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