



**murray river
council**

AGENDA

Extraordinary Council Meeting Wednesday, 15 November 2023

**I hereby give notice that an Extraordinary Meeting of Murray River
Council will be held on:**

Date: Wednesday, 15 November 2023

Time: 10:00 AM

**Location: Council Chambers
Moama Administration Office
52 Perricoota Road, Moama**

**Terry Dodds
Chief Executive Officer**

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1 OPENING MEETING

2 ACKNOWLEDGEMENT OF COUNTRY

I acknowledge and respect the Traditional Custodians of the Lands where we stand today,
I acknowledge Elders past and present, the pioneers whose toil inspires us still;
And those who gave their lives, that we many now,
On this proud past, a vibrant future build.

3 APOLOGIES & APPLICATIONS FOR A LEAVE OF ABSENCE

4 DISCLOSURES OF INTERESTS

5 REPORTS TO COUNCIL

5.1 CHIEF EXECUTIVE OFFICERS REPORT AND SUPPLEMENTARY MATTERS

Nil

5.2 DIRECTOR CORPORATE SERVICES REPORT AND SUPPLEMENTARY MATTERS

5.2.1 APPLICATION FOR A SPECIAL RATES VARIATION

File Number: -

Author: Stephen Fernando, Director Corporate Services

Authoriser: Terry Dodds, Chief Executive Officer

RECOMMENDATION

That Murray River Council (Council) resolve in principle to make an application to the Independent Pricing & Regulatory Tribunal (IPART) of New South Wales for a Special Rates Variation (SRV), and

Direct the Chief executive Officer (CEO) to:

- (a) engage with the community to obtain feedback on the three alternative options for the SRV, namely the Extended Option, the Accelerate Option, and the Combined Option, as detailed within the report, and
- (b) submit a final report detailing the engagement activities undertaken and considering the feedback received, a recommendation on the details of the SRV for which a formal application is to be made to IPART.

BACKGROUND

Though resolution 9.2.5 at the Ordinary Meeting of Murray River Council (Council) held on 23 May 2023, Council resolved to commence the process of preparing to apply for a Special Rates Variation (SRV) to the Independent Pricing & Regulatory Tribunal (IPART) of New South Wales. Officers have given effect to the said resolution by engaging with IPART and undertaking a financial modelling process to identify alternate options for an SRV that would deliver the intended outcome for Council.

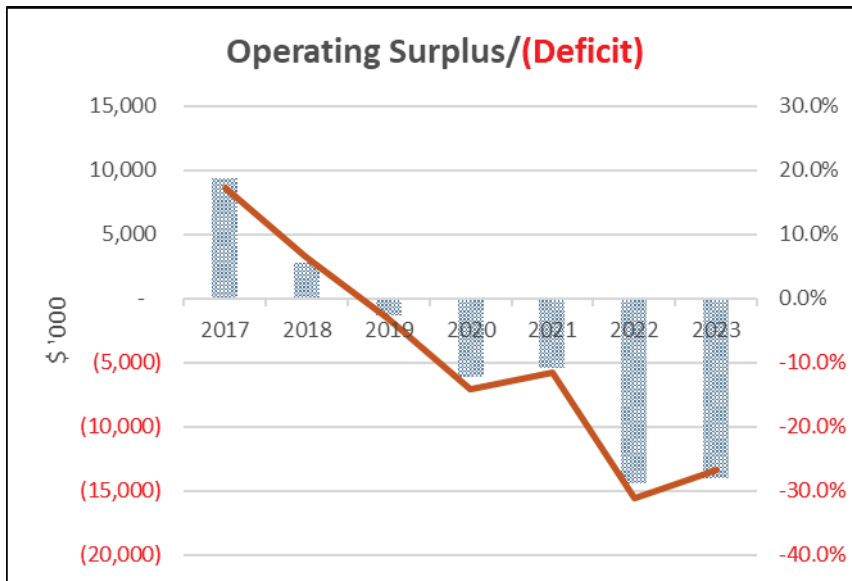
DISCUSSION

Current Situation

As detailed in the previous report, the primary purpose of the proposed SV is to reverse the current operating deficit being experienced by Council, which with the exception of last year, has been deteriorating since the creation of MRC through amalgamation, and restore its long-term financial sustainability.

The historic operational position, and its deterioration over several years can be clearly seen in Figure 1.

Figure 1: Historical Operating Position



One factor, outside of Council’s control or influence, that has contributed to the said Operating Result has been the gap between general inflation and the Rate Peg in recent times. The differences between the two rates over the last four years are detailed in Table 1.

Table 1: Historic Rate Peg v CPI

Year	Rate Peg	CPI Increase
2023-24	3.7%	* Not yet known
2022-23	^ 1.5%	5.7%
2021-22	2.0%	6.3%
2020-21	2.6%	4.8%

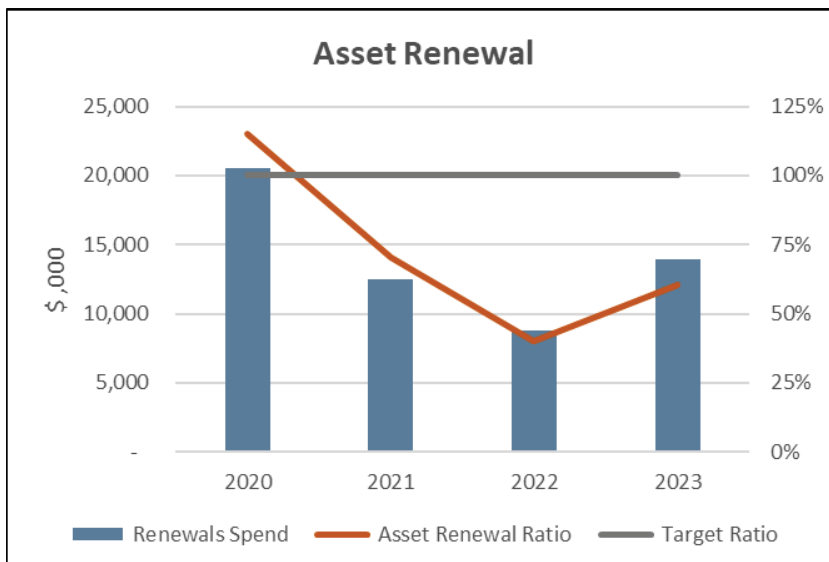
* In late 2022 RBA forecast inflation for 23-24 financial year to be around 4.25%.

^ the original **Rate Peg** was 0.7%, but an exemption was provided by **OLG** up to the rate incorporated into the **LTFP** (subject to a 2.5% max).

Consequences

A direct consequence of the operating deficits has been an underinvestment in asset renewals as evidenced through the Asset Renewal Ratio in Figure 2. The renewal spend in 22/23 is influenced by flood damage repairs.

Figure 2: Historic Asset Renewals & Ratio



Mitigation Efforts

Efforts undertaken by Council to address the negative Operating Result, has included:

- Council wide efforts to identify and eliminate avoidable costs. Commenced in 2022/23 and has yielded results in containing costs.
- Review of service levels to establish minimum viable service levels.
- Headcount contained over the last 2 years (no growth) despite increasing responsibilities.
- Review of Council's Building & Open Spaces to identify excess requirements. Council is currently undertaking a process to undertake community consultations on addressing the excess requirements.
- Establishing a Full Cost Assessment Model, to ensure common overheads costs are equitably distributed across the four different funds: General, Water, Sewer & Waste.
- A full review of the depreciation costs being charges, resulting in a reduction in the overall depreciation charge by around 15%.
- Implementation of a Project Management and Capital Decision Making Framework to strictly control capital expenditure on new assets and to factor in ongoing operational costs into the capital decision making process.
- Systematically increasing Utility Charges to eventually eliminate cross subsidies from the General Fund. The ultimate objective is to generate some return on the assets employed in the generation of utility services, so that a dividend can be paid to the General Fund.
- Review of Development Contribution rates and mechanisms to ensure that general income does not need to fund capital investments required to upgrade and expand key infrastructure assets to cater to population growth within the Council region.
- Review the Accountabilities Framework (Organisational Structure) to ensure the alignment of resources matches the 1 Year Operational and 4 Year Delivery Plans

Hard Fact

While some of the above-mentioned initiatives are work in progress, the work carried out thus far indicates that the above initiatives by themselves will not be adequate to address the existing negative Operating Result.

Short of making significant reductions in service level, including discontinuations of non-essential services, and staff redundancies, the only other recourse Council must address the Operating Deficit and restore the longer-term financial sustainability of Council is to make an application to IPART for an SRV.

Table 2: SRV Applications

Year	No.
23/24	17
22/23	4
COVID Break	
2019/20	13
2018/19	13
TOTAL	47

Council is not alone in this predicament. As depicted in Table 2, 47 Councils in NSW have made an application for an SRV over four years (excluding the COVID years when there were none). Details of the most recent SRV applications by other NSW Councils, as released by IPART, appears in Attachment 1.

Tough Choices

The financial modelling undertaken to identify and assess alternate options for an SRV has identified three potential options: namely the Extended model, the Accelerated Model, and the Combined model. The primary difference Extended and Accelerated models are the length of time taken to achieve the desired break-even position. The Combined options, looks at combining a lower increase in General Rates with a higher increase in Utility Charges to achieve the desired result of breaking even, which is achieved in five years. It should be noted that the higher increases in the Utility Charges under this model, still maintains the utility charges within the range as specified by the

National Competition Policy (NCP) i.e., achieving a market rate of return on the assets deployed in the delivery of those utility services. What the combined model attempts to achieve is the elimination of cross subsidies from the General Fund to the Utility Funds and generate a return from the Utility Funds to the General Fund.

The alternate options, including the base option of not resorting to an SRV (as required by IPART) as are follows:

- Base Case: No SRV. Rate increases limited to Rates Cap. Operating Deficit reduces but continues for the ten-year period.
- Option 1: Extended Model: An SRV designed to bring the Operating Position of Council back to break-even or marginally better within six (6) years.
- Option 2: Accelerated Model: An SRV designed to bring the Operating Position of Council back to break-even or marginally better within four (4) years.
- Option 3: Combined Model: A planned increase in utility charges to yield a dividend to the General Fund that will enable break even position within five years (5) at a lower SRV (than the two previous options)

The Rates Variations for each of the options, and the ensuing financial results are summarised in the tables below.

Base Case:		No SRV. Rate Cap only - (for reference purpose)			
No of Years:		Not Applicable			
Project General Rate Increase:		25% Compounded (over 6 years) *			
24/25 - 6.6%	25/26 - 4.1%	26/27 - 3.5%	27/28 - 3.0%	28/29 - 2.8%	29/30 - 2.8%
Year 10 Operating Position		\$ 7.3 Mn Deficit - 14% of Revenue			

* Projected based on historical trends and RBA inflation forecasts

Option 1:		Extended Model			
No of Years:		6 Years			
Project General Rate Increase:		77% Compounded			
24/25 - 12.5%	25/26 - 12.5%	26/27 - 10.0%	27/28 - 10.0%	28/29 - 10.0%	29/30 - 5.0%

Option 2:		Accelerated Model			
No of Years:		4 Years			
Project General Rate Increase:		71% Compounded			
24/25 - 20.0%	25/26 - 15.0%	26/27 - 12.5%	27/28 - 10.0%	28/29 - R/Cap only	29/30 - R/Cap only

Option 3:		Combined Model General Rate rise Combined with an additional rise in Utility Charges Despite additional rise, utility charges remain below where they should be under the NCP requirements.			
No of Years:		5 Years			
Project General Rate Increase:		57% Compounded (General Rates only)			
24/25 - 9.5%	25/26 - 9.5%	26/27 - 9.5%	27/28 - 9.5%	28/29 - 9.5%	29/30 - R/Cap only

Utility Charge Increases (related to Option 3)

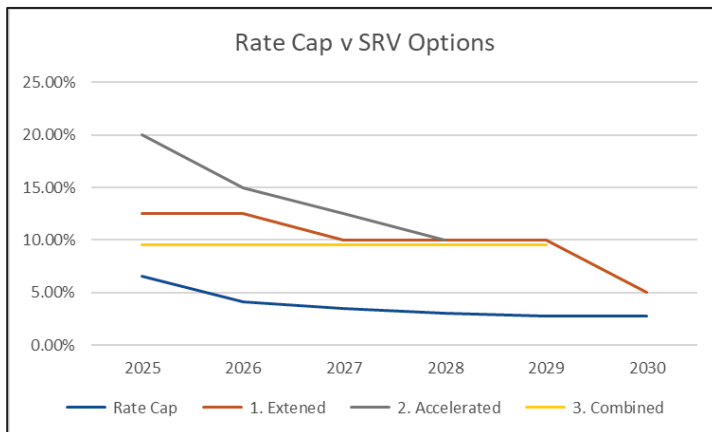
Year	Water	Sewer	Waste
24/25	20.0%	20.0%	20.0%
25/26	20.0%	20.0%	20.0%
26/27	10.0%	10.0%	15.0%
27/28	10.0%	10.0%	15.0%

28/29	R/Cap	R/Cap	R/Cap
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The full Financial Analysis for each of the Base Case and the three alternate options appears as Attachment 2 and Attachments 3 through 5. It should be noted that the projects for the latter years for each of the options is based on assumptions around multiple factors, which are subject to a range of influences. As such, like with any longer-term forecast, the latter years are subject to a higher level of uncertainty.

A summary of the proposed special variation under each of the three options, compared to the forecast Rate Cap is depicted in Figure 3.

Figure 3: Comparison of Options with Rate Cap



Next Steps

Subsequent to the Council resolving to make an SRV, Council will need to engage with the community to assess its preferences and concerns. The engagement with the community is a key aspect of the evaluation of the SRV by IPART.

The timeframe to undertake the consultation, make the final resolutions and get the application to IPART in by the deadline of 5th February 2024, is very tight.

The community engagement will consist of:

- Focus Groups: Three sessions planned for November & early December.
- Your Say Page: An online forum for community to engage, find out detailed information and provide feedback. Will include a calculator to show the likely impacts of the different Options.
- Road Show: Pop-up sessions in 7 townships. Face to face contact. Planned for January 2024.

Once the community feedback has been obtained, Council will need to make a final resolution on the extent and timing of the SRV, which will then result in a formal application being made to IPART.

STRATEGIC IMPLICATIONS

2. Strategic Theme 2: A Place of Progressive Leadership

2.5 - Continue to be a trusted and ethical leader that leads by example - Leadership that is trusted, capable and collaborative.

BUDGETARY IMPLICATIONS

An SRV will enable the Council to restore is Operating Position to a break-even or better and restore the long-term financial sustainability of Council.

POLICY IMPLICATIONS

Nil.

LEGISLATIVE IMPLICATIONS

Local Government Act 1993.

Local Government (General) Regulations 2021.











RISK ANALYSIS

- **What can happen?**
 1. Application for SRV is refused.
 2. Community backlash due to increased General Rates Impost.
- **How can it happen?**
 1. Application not compiled in keeping with guidelines.
 2. The proposed general rates increases are not acceptable to the community and receives negative feedback during public consultations.
- **What are the consequences of the event happening?**
 1. Attempts to restore the financial sustainability of the Council will fail.
 2. Attempts to restore the financial sustainability of the Council will fail.
- **What is the likelihood of the event happening?**
 1. Unlikely
 2. Possible
- **Adequacy of existing controls?**
 1. Proposed controls to be enacted during the process have been considered.
 2. Proposed controls to be enacted during the process have been considered.
- **Treatment options to mitigate the risk?**
 1. Ensure a robust process in the preparation of the documents and continued engagement with IPART during the process.
 2. Establish a sound communication plan and community engagement process.

CONCLUSION

It is recommended that Council resolve in principle to submit an SRV application as detailed in this report and undertake the necessary community consultations in order to make the final determination on the extend and period of the SRV to be applied for.

ATTACHMENTS

1. **Recent SRV Applications**  
2. **10 Year Financial Plan - Base Case**  
3. **10 Year Financial Plan - Option 1: Extended Model**  
4. **10 Year Financial Plan - Option 2: Accelerated Model**  
5. **10 Year Financial Plan - Option 3: Combined Model**  

Media Release

15 June 2023

IPART Decisions on 17 Council Special Variation Applications

The Independent Pricing and Regulatory Tribunal (IPART) has announced its decisions on 17 NSW council applications for special variations to increase their general income by more than the rate peg (details in Table 1 below).

Every year IPART decides a rate peg for each council in NSW which sets the maximum amount councils can increase the general income they collect from ratepayers (rates income). For 2023-24, IPART set the base rate peg for 2023-24 at 3.7%. There is also an allowance for the level of population growth, meaning some councils have rate pegs up to 6.8%.

If the elected councillors agree that a council needs additional revenue, the council can apply to IPART for a special variation to increase rates income by more than the rate peg. In February and March this year, 17 councils applied for increases in rates income above the rate peg through special variations.

"IPART recently released a draft report suggesting the NSW Government consider commissioning an independent investigation of the financial model for councils in NSW. This call for an independent investigation is in response to a broad range of issues people have highlighted during consultation with IPART, including financial sustainability of councils, financial management and the affordability and fairness of council rates," said IPART Chair Carmel Donnelly.

"Many stakeholders expressed concerns about the special variation process during our recent review of the rate peg methodology," said Ms Donnelly. "We also received over 1800 submissions about these 17 special variation applications, including from people who raised broader issues about the financial model for councils."

IPART is required to assess special variation applications against criteria set by the Office of Local Government. The criteria require councils to demonstrate the need for the additional revenue, provide evidence that the community is aware of the need for and extent of a rate rise, exhibit relevant planning documents, explain council's productivity and cost containment actions and plans, and establish that the impact on affected ratepayers is reasonable.

"We considered everything raised in submissions including the impact of rates increases on ratepayers given current cost of living pressures," said Ms Donnelly. "We also considered the impact on communities if councils were unable to deliver services that people depend on."

IPART has now assessed the 17 special variation applications in accordance with the Office of Local Government guidelines. Based on compliance with the required criteria, the Tribunal has fully approved 14 of the applications received earlier this year. 3 applications were only partially approved.

Media Release

"The Tribunal questions whether this year's large special variation applications reinforce IPART's recent call for the NSW Government to consider commissioning an independent investigation of the financial model for councils," said Ms Donnelly. "The independent investigation suggested by IPART could examine why some councils have decided the only way to address financial sustainability is through seeking substantial increases to rates income, and could also review the current special variation guidelines, criteria and process."

The next step following IPART's decisions on the rate peg and the special variations is for councils across NSW to decide how to set rates. The IPART decisions determine the *maximum* amount by which each of the 17 councils can increase their council rates income.

"We encourage councils to consult with the community to decide how best to implement the allowed increase, noting that elected councillors can choose how they set council's rates, including deferring any increases for up to 10 years and how they set rates across the rating categories," said Ms Donnelly.

Our reports on each of the 17 council special variation decisions and related documents are available on the IPART website.

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Background

Councils fund their operations from a mix of revenue sources. The income from rates and charges that IPART regulates through special variations and the rate peg is called "general income" in legislation. For many councils, general income consists entirely of rates income, so we also call it rates income. For a small number of councils, general income also includes some annual charges such as drainage levies. General income typically makes up around a third of council total revenue. The rest comes from government grants, development contributions, and user fees and charges.

Media Release

Table 1 Summary of the councils' approved applications

Council	Cumulative increase	Annual increases
Special Variations		
Armidale Regional Council	58.8% over 3 years	16.67% in 2023-24, 16.67% in 2024-25 and 16.66% in 2025-26
Bega Valley Shire Council	48.3% over 2 years	24.0% in 2023-24 and 19.6% in 2024-25
Bellingen Shire Council	31.06% over 4 years	8% in 2023-24, 8% in 2024-25, 6% in 2025-26 and 6% in 2026-27
City of Canada Bay Council	32.53% over 4 years	15.49% in 2023-24, 4.81% in 2024-25, 4.69% in 2025-26 and 4.58% in 2026-27
Federation Council (Partial Approval)	39.2% over 2 years (Temporary)	19% in 2023-24 and 17% increase in 2024-25.
Hornsby Shire Council	31.05% over 4 years	8.5% in 2023-24, 7.5% in 2024-25, 6.5% in 2025-26 and 5.5% in 2026-27
Junee Shire Council	32.19% over 2 years	17.5% in 2023-24 and 12.5% in 2024-25
Lithgow City Council	45.78% over 1 year	45.7% in 2023-24 plus 0.08% Crown Land Adjustment
Liverpool Plains Shire Council	18.1% over 1 year	
Port Stephens Council	31.29% over 3 years	9.5% per year in 2023-24, 2024-25 and 2025-26
Queanbeyan-Palerang Regional Council	64.3% over 3 years	18% per year in 2023-24, 2024-25 and 2025-26
Snowy Monaro Regional Council (Partial Approval)	52.48% over 4 years	12.25% in 2023-24 and 10.75% per year in 2024-25, 2025-26 and 2026-27.
Strathfield Municipal Council	92.83% over 4 years	35.1% in 2023-24, 13.0% in 2024-25, 17.5% in 2025-26 and 7.5% in 2026-27
Tenterfield Shire Council (Partial Approval)	43% over 1 year	
Tweed Shire Council	6.35% over 1 year	
Walcha Council	57.74% over 3 years	36.5% in 2023-24, 8.0% in 2024-25 and 7.0% in 2025-26
Woolahra Municipal Council	22.23% over 2 years	13.7% in 2023-24 and 7.5% in 2024-25
Minimum Rate Increase		
City of Canada Bay Council	\$346 over 4 years	\$880 in 2023-24, \$954 in 2024-25, \$1,030 in 2025-26 and \$1,108 in 2026-27 (for both residential and business rates)
Strathfield Municipal Council	\$580 over 2 years (residential) \$446 over 2 years (business)	\$1,040 in 2023-24 and \$1,200 in 2024-25 (for both residential and business rates)

Note: All approved special variations, except for Federation council, are permanent. All stated increases are inclusive of the actual 2023-24 rate peg and an assumed rate peg of 2.5% for all other years.

Special Rates Variation - Base Case Model

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Forecast Inflation	6.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Peg	0.70%	3.70%	6.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Population Factor	0.80%	0.70%	0.60%	0.60%	0.50%	0.50%	0.30%	0.30%	0.30%	0.30%	0.30%
Population Growth		2.00%	2.00%	2.00%	1.80%	1.60%	1.50%	1.50%	1.50%	1.50%	1.50%
Resident Population	13,016	13,147	13,410	13,678	13,924	14,147	14,359	14,575	14,793	15,015	15,240
Avg. Population per Household	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Residential Assessments		5,716	5,830	5,947	6,054	6,151	6,243	6,337	6,432	6,528	6,626
Non-Residential Assessments		2,845	2,902	2,960	3,013	3,061	3,107	3,154	3,201	3,249	3,298
Rateable Assessments		8,561	8,732	8,907	9,067	9,212	9,350	9,491	9,633	9,778	9,924
Property Value		3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557
Stormwater Assessments		4,690	4,784	4,879	4,967	5,047	5,122	5,199	5,277	5,356	5,437
Average Rate		36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Base Rate		300.00	318.00	329.00	339.00	347.00	356.00	365.00	374.00	383.00	393.00
AV Rate		0.002550000	0.002708323	0.002809227	0.002897108	0.002976184	0.003048630	0.003123221	0.003200023	0.003279103	0.003357996
Proposed Rate Variation		6.2%	6.6%	3.7%	3.1%	2.7%	2.4%	2.4%	2.5%	2.5%	2.4%
SRV?		No	107	111	115	118	122	125	129	132	136
		No	No	No	No	No	No	No	No	No	No

Income Statement

Income											
General Rates Income	11,272,415	12,545,658	13,373,672	13,921,992	14,409,262	14,841,540	15,257,103	15,684,302	16,123,462	16,574,919	17,039,017
Stormwater Charges	134,815	168,840	172,217	175,661	178,823	181,684	184,409	187,176	189,983	192,833	195,725
Pensioner Discounts		(100,365)	(106,989)	(111,376)	(115,274)	(118,732)	(122,057)	(125,474)	(128,988)	(132,599)	(136,312)
User Fees	3,613,463	2,085,214	2,256,181	2,383,914	2,500,661	2,606,589	2,709,718	2,816,928	2,928,380	3,044,241	3,164,687
Investment Income	736,034	672,180	695,706	716,577	734,492	752,854	771,676	790,967	810,742	831,010	851,785
Other Revenues	1,124,005	1,061,700	1,098,860	1,131,825	1,160,121	1,189,124	1,218,852	1,249,323	1,280,557	1,312,570	1,345,385
Operational Grants	20,045,818	20,634,966	21,068,300	21,447,530	21,769,243	22,095,781	22,427,218	22,763,626	23,105,081	23,451,657	23,803,432
Dividends (Water, Sewer, Waste)			646,198	1,776,309	2,895,951	3,309,335	4,391,422	4,646,854	4,920,414	5,207,822	5,502,506
Other Income	198,480	196,630	203,512	209,617	214,858	220,229	225,735	231,378	237,163	243,092	249,169
Total Operational Income	37,125,030	37,254,823	39,407,656	41,652,051	43,748,137	45,078,405	47,064,077	48,245,081	49,466,794	50,725,546	52,015,395
Expenses											
Employee Costs	(16,690,537)	(16,854,635)	(17,444,547)	(17,967,884)	(18,417,081)	(18,877,508)	(19,349,445)	(19,833,182)	(20,329,011)	(20,837,236)	(21,358,167)
Materials and Services	(15,411,962)	(15,225,404)	(15,758,293)	(16,231,042)	(16,638,818)	(17,052,738)	(17,479,057)	(17,916,033)	(18,363,934)	(18,823,032)	(19,293,608)
Borrowing Costs	(122,247)	(120,240)	(124,448)	(128,182)	(131,386)	(134,671)	(138,038)	(141,489)	(145,026)	(148,652)	(152,368)
Depreciation and Amortisation	(19,221,801)	(16,249,521)	(16,983,933)	(17,510,012)	(17,990,969)	(18,477,506)	(18,972,687)	(19,481,907)	(20,005,191)	(20,542,129)	(21,091,433)
Other Expenses	(933,399)	(1,242,930)	(1,286,433)	(1,325,026)	(1,358,151)	(1,392,105)	(1,426,908)	(1,462,580)	(1,499,145)	(1,536,623)	(1,575,039)
Overhead Recovery	1,410,105	3,280,566	3,395,386	3,497,248	3,584,679	3,674,296	3,766,153	3,860,307	3,956,815	4,055,735	4,157,129
Total Operational Expenditure	(50,969,842)	(46,412,164)	(48,202,268)	(49,664,897)	(50,949,727)	(52,260,233)	(53,599,981)	(54,974,884)	(56,385,492)	(57,831,938)	(59,313,487)
Net Operating Result	(13,844,811)	(9,147,341)	(8,794,612)	(8,012,846)	(7,201,590)	(7,181,828)	(6,535,904)	(6,729,803)	(6,918,698)	(7,106,391)	(7,298,093)
Operating Performance Ratio	-37.29%	-24.55%	-22.32%	-19.24%	-16.46%	-15.93%	-13.89%	-13.95%	-13.99%	-14.01%	-14.03%
Own Source Revenue	46.00%	44.63%	46.54%	48.51%	50.24%	50.98%	52.35%	52.82%	53.29%	53.77%	54.24%
Per Capita Operating Expenditure	(3,916)	(3,530)	(3,595)	(3,631)	(3,659)	(3,694)	(3,733)	(3,772)	(3,812)	(3,852)	(3,892)

Cash Flow Statement

Net Operating Result	(9,147,341)	(8,794,612)	(8,012,846)	(7,201,590)	(7,181,828)	(6,535,904)	(6,729,803)	(6,918,698)	(7,106,391)	(7,298,093)
Reverse Non-Cash Expenses	16,249,521	16,983,933	17,510,012	17,990,969	18,477,506	18,972,687	19,481,907	20,005,191	20,542,129	21,091,433
Depreciation	7,102,181	8,189,321	9,497,166	10,789,379	11,295,678	12,436,783	12,752,105	13,086,492	13,435,738	13,793,341
Cash Flow from Operations	(26,091,973)	(22,093,112)	(24,349,069)	(22,537,331)	(21,696,376)	(22,584,703)	(23,375,713)	(23,924,444)	(23,939,509)	(23,221,116)
Capital Investments	26,000,000	10,000,000	10,300,000	10,557,500	10,821,438	11,091,973	11,369,273	11,653,505	11,944,842	12,243,463
Capital Grants										
Net Cash Flow	7,010,208	(3,903,791)	(4,551,903)	(1,190,452)	420,740	944,053	745,664	815,553	1,441,071	2,815,688

Special Rates Variation - Extended Model

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Forecast Inflation	6.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Peg	0.70%	3.70%	6.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Population Factor	0.80%	0.70%	0.60%	0.60%	0.50%	0.50%	0.30%	0.30%	0.30%	0.30%	0.30%
Population Growth	13,016	2,00%	2,00%	2,00%	1,80%	1,60%	1,50%	1,50%	1,50%	1,50%	1,50%
Resident Population	2.3	13,147	13,410	13,678	13,924	14,147	14,359	14,575	14,793	15,015	15,240
Avg. Population per Household		2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Residential Assessments		5,716	5,830	5,947	6,054	6,151	6,243	6,337	6,432	6,528	6,626
Non-Residential Assessments		2,845	2,902	2,960	3,013	3,061	3,107	3,154	3,201	3,249	3,298
Rateable Assessments		8,561	8,732	8,907	9,067	9,212	9,350	9,491	9,633	9,778	9,924
Property Value		3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557
Stormwater Assessments		4,690	4,784	4,879	4,967	5,047	5,122	5,199	5,277	5,356	5,437
Average Rate		36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Base Rate		300.00	318.00	329.00	339.00	347.00	356.00	365.00	374.00	383.00	393.00
AV Rate		0.0025500000	0.002897500	0.00309166	0.003678322	0.004093308	0.00450576	0.004786051	0.004909412	0.005036355	0.005164451
Proposed Rate Variation		12.5%	12.5%	10.0%	10.0%	10.0%	10.0%	5.0%	2.8%	2.8%	2.8%
SRV?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No

Income Statement

Income											
General Rates Income	11,272,415	12,545,658	14,113,866	15,878,099	17,465,909	19,212,500	21,133,750	22,190,437	22,811,769	23,450,499	24,107,113
Stormwater Charges	134,815	168,840	172,217	175,661	178,823	181,684	184,409	187,176	189,983	192,833	195,725
Pensioner Discounts		(400,365)	(412,911)	(427,025)	(439,727)	(453,700)	(469,070)	(477,523)	(484,494)	(491,604)	(498,857)
User Fees	3,613,463	2,085,214	2,314,913	2,569,916	2,799,955	3,046,071	3,311,365	3,474,191	3,611,647	3,754,542	3,903,091
Investment Income	736,034	672,180	695,706	716,577	734,492	752,854	771,676	790,967	810,742	831,010	851,785
Other Revenues	1,124,005	1,061,700	1,098,860	1,131,825	1,160,121	1,189,124	1,218,852	1,249,323	1,280,557	1,312,570	1,345,385
Operational Grants	20,045,818	20,634,966	21,068,300	21,447,530	21,769,243	22,095,781	22,427,218	22,763,626	23,105,081	23,451,657	23,803,432
Dividends (Water, Sewer, Waste)			646,198	1,776,309	2,895,951	3,309,335	4,391,422	4,646,854	4,920,414	5,207,822	5,502,506
Other Income	198,480	196,630	203,512	209,617	214,858	220,229	225,735	231,378	237,163	243,092	249,169
Total Operational Income	37,125,030	37,264,823	40,200,661	43,778,510	47,079,624	49,853,879	53,495,357	55,356,430	56,784,861	58,256,422	59,765,349
Expenses											
Employee Costs	(16,690,537)	(16,854,635)	(17,444,547)	(17,967,884)	(18,417,081)	(18,877,508)	(19,349,445)	(19,833,182)	(20,329,011)	(20,837,236)	(21,358,167)
Materials and Services	(15,411,962)	(15,225,404)	(15,758,293)	(16,231,042)	(16,636,818)	(17,052,738)	(17,479,057)	(17,916,033)	(18,363,934)	(18,823,032)	(19,293,608)
Borrowing Costs	(122,247)	(120,240)	(124,448)	(128,182)	(131,386)	(134,671)	(138,038)	(141,489)	(145,026)	(148,652)	(152,368)
Depreciation and Amortisation	(19,221,801)	(16,249,521)	(16,983,933)	(17,510,012)	(17,990,969)	(18,477,506)	(18,972,687)	(19,481,907)	(20,005,191)	(20,542,129)	(21,091,433)
Other Expenses	(933,399)	(1,242,930)	(1,286,433)	(1,325,026)	(1,358,151)	(1,392,150)	(1,426,908)	(1,462,580)	(1,499,145)	(1,536,623)	(1,575,039)
Overhead Recovery	1,410,105	3,280,566	3,395,386	3,497,248	3,584,679	3,674,296	3,766,153	3,860,307	3,956,815	4,055,735	4,157,129
Total Operational Expenditure	(50,969,842)	(46,412,164)	(48,202,268)	(49,664,897)	(50,949,727)	(52,260,233)	(53,599,981)	(54,974,884)	(56,385,492)	(57,831,938)	(59,313,487)
Net Operating Result	(13,844,811)	(9,147,341)	(8,001,607)	(5,886,387)	(3,870,102)	(2,406,353)	(104,624)	381,546	399,369	424,484	451,862
Operating Performance Ratio	-37.29%	-24.55%	-19.90%	-13.45%	-8.22%	-4.83%	-0.20%	0.69%	0.70%	0.73%	0.76%
Own-Source Revenue	46.00%	44.63%	47.59%	51.01%	53.76%	55.68%	58.08%	58.88%	59.31%	59.74%	60.17%
Per Capita Operating Expenditure	(3,916)	(3,530)	(3,595)	(3,631)	(3,659)	(3,694)	(3,733)	(3,772)	(3,812)	(3,852)	(3,892)

Cash Flow Statement

Net Operating Result	(9,147,341)	(8,001,607)	(5,886,387)	(3,870,102)	(2,406,353)	(104,624)	381,546	399,369	424,484	451,862
Reverse Non-Cash Expenses	16,249,521	16,983,933	17,510,012	17,990,969	18,477,506	18,972,687	19,481,907	20,005,191	20,542,129	21,091,433
Depreciation	7,102,181	8,982,326	11,623,624	14,120,867	16,071,153	18,868,063	19,863,453	20,404,560	20,966,613	21,543,295
Cash Flow from Operations	(26,091,973)	(22,093,112)	(24,349,069)	(22,537,331)	(21,696,376)	(22,584,703)	(23,375,713)	(23,924,444)	(23,939,509)	(23,221,116)
Capital Investments	26,000,000	10,000,000	10,300,000	10,557,500	10,821,438	11,091,973	11,369,273	11,653,505	11,944,842	12,243,463
Capital Grants										
Net Cash Flow	7,010,208	(3,110,786)	(2,425,445)	2,141,036	5,196,215	7,375,333	7,857,013	8,133,621	8,971,946	10,565,643

Special Rates Variation - Accelerated Model

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Forecast Inflation	6.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Peg	0.70%	3.70%	6.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Population Factor	0.80%	0.70%	0.60%	0.60%	0.50%	0.50%	0.30%	0.30%	0.30%	0.30%	0.30%
Population Growth	13,016	2,00%	2,00%	2,00%	1,80%	1,60%	1,50%	1,50%	1,50%	1,50%	1,50%
Resident Population	2.3	13,147	13,410	13,678	13,924	14,147	14,359	14,575	14,793	15,015	15,240
Avg. Population per Household		2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Residential Assessments		5,716	5,830	5,947	6,054	6,151	6,243	6,337	6,432	6,528	6,626
Non-Residential Assessments		2,845	2,902	2,960	3,013	3,061	3,107	3,154	3,201	3,249	3,298
Rateable Assessments		8,561	8,732	8,907	9,067	9,212	9,350	9,491	9,633	9,778	9,924
Property Value		3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557
Stormwater Assessments		4,690	4,784	4,879	4,967	5,047	5,122	5,199	5,277	5,356	5,437
Average Rate		36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Base Rate		300.00	318.00	329.00	339.00	347.00	356.00	365.00	374.00	383.00	393.00
AV Rate		0.002550000	0.003137981	0.003675899	0.004192348	0.004658737	0.004778295	0.004901316	0.005027905	0.005158166	0.005289673
Proposed Rate Variation		20.0%	15.0%	12.5%	10.0%	10.0%	2.8%	2.8%	2.8%	2.8%	2.8%
SRV?		Yes	Yes	Yes	Yes	Yes	No	No	No	No	No

Income Statement

Income											
General Rates Income	11,272,415	12,545,658	15,054,790	17,313,009	19,477,135	21,424,848	22,024,744	22,641,437	23,275,397	23,927,108	24,597,067
Stormwater Charges	134,815	168,840	172,217	175,661	178,823	181,684	184,409	187,176	189,983	192,833	195,725
Pensioner Discounts		(400,365)	(420,438)	(438,504)	(455,817)	(471,399)	(476,198)	(481,131)	(486,203)	(491,417)	(496,777)
User Fees	3,613,463	2,085,214	2,433,966	2,748,404	3,046,649	3,314,449	3,445,585	3,581,910	3,723,628	3,870,954	4,024,108
Investment Income	736,034	672,180	695,706	716,577	734,492	752,854	771,676	790,967	810,742	831,010	851,785
Other Revenues	1,124,005	1,061,700	1,098,860	1,131,825	1,160,121	1,189,124	1,218,852	1,249,323	1,280,557	1,312,570	1,345,385
Operational Grants	20,045,818	20,634,966	21,068,300	21,447,530	21,769,243	22,095,781	22,427,218	22,763,626	23,105,081	23,451,657	23,803,432
Dividends (Water, Sewer, Waste)			646,198	1,776,309	2,895,951	3,309,335	4,391,422	4,646,854	4,920,414	5,207,822	5,502,506
Other Income	198,480	196,630	203,512	209,617	214,858	220,229	225,735	231,378	237,163	243,092	249,169
Total Operational Income	37,125,030	37,264,823	41,253,110	45,380,429	49,321,454	52,316,907	54,513,444	55,911,541	57,356,761	58,845,630	60,372,401
Expenses											
Employee Costs	(16,690,537)	(16,854,635)	(17,444,547)	(17,967,884)	(18,417,081)	(18,877,508)	(19,349,445)	(19,833,182)	(20,329,011)	(20,837,236)	(21,358,167)
Materials and Services	(15,411,962)	(15,225,404)	(15,758,293)	(16,231,042)	(16,636,818)	(17,052,738)	(17,479,057)	(17,916,033)	(18,363,934)	(18,823,032)	(19,293,608)
Borrowing Costs	(122,247)	(120,240)	(124,448)	(128,182)	(131,386)	(134,671)	(138,038)	(141,489)	(145,026)	(148,652)	(152,368)
Depreciation and Amortisation	(19,221,801)	(16,249,521)	(16,983,933)	(17,510,012)	(17,990,969)	(18,477,506)	(18,972,687)	(19,481,907)	(20,005,191)	(20,542,129)	(21,091,433)
Other Expenses	(933,399)	(1,242,930)	(1,286,433)	(1,325,026)	(1,358,151)	(1,385,951)	(1,426,908)	(1,462,580)	(1,499,145)	(1,536,623)	(1,575,039)
Overhead Recovery	1,410,105	3,280,566	3,395,386	3,497,248	3,584,679	3,674,296	3,766,153	3,860,307	3,956,815	4,055,735	4,157,129
Total Operational Expenditure	(50,969,842)	(46,412,164)	(48,202,268)	(49,664,897)	(50,949,727)	(52,260,233)	(53,599,981)	(54,974,884)	(56,385,492)	(57,831,938)	(59,313,487)
Net Operating Result	(13,844,811)	(9,147,341)	(6,949,158)	(4,284,468)	(1,628,272)	56,674	913,462	936,657	971,269	1,013,692	1,058,914
Operating Performance Ratio	-37.29%	-24.55%	-16.85%	-9.44%	-3.30%	0.11%	1.68%	1.68%	1.69%	1.72%	1.75%
Own-Source Revenue	46.00%	44.63%	48.93%	52.74%	55.86%	57.77%	58.86%	59.29%	59.72%	60.15%	60.57%
Per Capita Operating Expenditure	(3,916)	(3,530)	(3,595)	(3,631)	(3,659)	(3,694)	(3,733)	(3,772)	(3,812)	(3,852)	(3,892)

Cash Flow Statement

Net Operating Result	(9,147,341)	(6,949,158)	(4,284,468)	(1,628,272)	56,674	913,462	936,657	971,269	1,013,692	1,058,914
Reverse Non-Cash Expenses	16,249,521	16,983,933	17,510,012	17,990,969	18,477,506	18,972,687	19,481,907	20,005,191	20,542,129	21,091,433
Depreciation	7,102,181	10,034,775	13,225,543	16,362,697	18,534,181	19,886,149	20,418,564	20,976,460	21,555,821	22,150,347
Cash Flow from Operations	(26,091,973)	(22,093,112)	(24,349,069)	(22,537,331)	(21,696,376)	(22,584,703)	(23,375,713)	(23,924,444)	(23,939,509)	(23,221,116)
Capital Investments	26,000,000	10,000,000	10,300,000	10,557,500	10,821,438	11,091,973	11,369,273	11,653,505	11,944,842	12,243,463
Capital Grants										
Net Cash Flow	7,010,208	(2,058,337)	(823,526)	4,382,866	7,659,242	8,393,420	8,412,124	8,705,520	9,561,154	11,172,694

Special Rates Variation - Combined Model

	22/23 Actual	23/24 Budget	24/25 Forecast	25/26 Forecast	26/27 Forecast	27/28 Forecast	28/29 Forecast	29/30 Forecast	30/31 Forecast	31/32 Forecast	32/33 Forecast
Forecast Inflation	6.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Peg	0.70%	3.70%	6.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Population Factor	0.80%	0.70%	0.60%	0.60%	0.50%	0.50%	0.30%	0.30%	0.30%	0.30%	0.30%
Population Growth		2.00%	2.00%	2.00%	1.80%	1.60%	1.50%	1.50%	1.50%	1.50%	1.50%
Resident Population	13,016	13,147	13,410	13,678	13,924	14,147	14,359	14,575	14,793	15,015	15,240
Avg. Population per Household	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Residential Assessments		5,716	5,830	5,947	6,054	6,151	6,243	6,337	6,432	6,528	6,626
Non-Residential Assessments		2,845	2,960	3,013	3,061	3,107	3,154	3,201	3,249	3,298	3,348
Rateable Assessments		8,561	8,732	8,907	9,067	9,212	9,350	9,491	9,633	9,778	9,924
Property Value		3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557	3,912,689,557
Stormwater Assessments		4,690	4,784	4,879	4,967	5,047	5,122	5,199	5,277	5,356	5,437
Average Rate		36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Base Rate		300.00	318.00	329.00	339.00	347.00	356.00	365.00	374.00	383.00	393.00
AV Rate		0.002550000	0.002801308	0.003095620	0.003424198	0.003792723	0.004196884	0.004630626	0.005113479	0.005645636	0.006230057
Proposed Rate Variation		9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
SRV?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No

Income Statement											
Income											
General Rates Income	11,272,415	12,545,658	13,737,496	15,042,558	16,471,601	18,036,403	19,749,861	20,302,858	20,871,338	21,455,735	22,056,496
Stormwater Charges	134,815	168,840	172,217	175,661	178,823	181,684	184,409	187,176	189,983	192,833	195,725
Pensioner Discounts		(100,365)	(109,900)	(120,340)	(131,773)	(144,291)	(157,999)	(162,423)	(166,971)	(171,646)	(176,452)
User Fees	3,613,463	2,085,214	2,267,292	2,465,269	2,676,572	2,901,685	3,143,400	3,267,769	3,397,058	3,531,463	3,671,185
Investment Income	736,034	672,180	695,706	716,577	734,492	752,854	771,676	790,967	810,742	831,010	851,785
Other Revenues	1,124,005	1,061,700	1,098,860	1,131,825	1,160,121	1,189,124	1,218,557	1,249,323	1,280,557	1,312,570	1,345,385
Operational Grants	20,045,818	20,634,966	21,068,300	21,447,530	21,769,243	22,095,781	22,427,218	22,763,626	23,105,081	23,451,657	23,803,432
Dividends (Water, Sewer, Waste)			646,198	2,918,808	4,564,649	5,870,563	6,173,112	6,492,165	6,826,527	7,181,555	7,547,721
Other Income	198,480	196,630	203,512	209,617	214,858	220,229	225,735	231,378	237,163	243,092	249,169
Total Operational Income	37,125,030	37,254,823	39,779,681	43,987,506	47,638,586	51,104,033	53,736,265	55,122,840	56,551,477	58,028,270	59,544,446
Expenses											
Employee Costs	(16,690,537)	(16,854,635)	(17,444,547)	(17,967,884)	(18,417,081)	(18,877,508)	(19,349,445)	(19,833,182)	(20,329,011)	(20,837,236)	(21,358,167)
Materials and Services	(15,411,962)	(15,225,404)	(15,758,293)	(16,231,042)	(16,638,818)	(17,052,738)	(17,479,057)	(17,916,033)	(18,363,934)	(18,823,032)	(19,293,608)
Borrowing Costs	(122,247)	(120,240)	(124,448)	(128,182)	(131,386)	(134,671)	(138,038)	(141,489)	(145,026)	(148,652)	(152,368)
Depreciation and Amortisation	(19,221,801)	(16,249,521)	(16,983,933)	(17,510,012)	(17,990,969)	(18,477,506)	(18,972,687)	(19,481,907)	(20,005,191)	(20,542,129)	(21,091,433)
Other Expenses	(933,399)	(1,242,930)	(1,286,433)	(1,325,026)	(1,358,151)	(1,392,105)	(1,426,908)	(1,462,580)	(1,499,145)	(1,536,623)	(1,575,039)
Overhead Recovery	1,410,105	3,280,566	3,395,386	3,497,248	3,584,679	3,674,296	3,766,153	3,860,307	3,956,815	4,055,735	4,157,129
Total Operational Expenditure	(50,969,842)	(46,412,164)	(48,202,268)	(49,664,897)	(50,949,727)	(52,260,233)	(53,599,981)	(54,974,884)	(56,385,492)	(57,831,938)	(59,313,487)
Net Operating Result	(13,844,811)	(9,147,341)	(8,422,587)	(5,677,391)	(3,311,141)	(1,156,200)	136,284	147,956	165,985	196,332	230,959
Operating Performance Ratio	-37.29%	-24.55%	-21.17%	-12.91%	-6.95%	-2.26%	0.25%	0.27%	0.29%	0.34%	0.39%
Own Source Revenue	46.00%	44.63%	47.04%	51.24%	54.30%	56.76%	58.26%	58.70%	59.14%	59.59%	60.02%
Per Capita Operating Expenditure	(3,916)	(3,530)	(3,595)	(3,631)	(3,659)	(3,694)	(3,733)	(3,772)	(3,812)	(3,852)	(3,892)

Cash Flow Statement

Net Operating Result	(9,147,341)	(8,422,587)	(5,677,391)	(3,311,141)	(1,156,200)	136,284	147,956	165,985	196,332	230,959
Reverse Non-Cash Expenses										
Depreciation	16,249,521	16,983,933	17,510,012	17,990,969	18,477,506	18,972,687	19,481,907	20,005,191	20,542,129	21,091,433
Cash Flow from Operations	7,102,181	8,561,346	11,832,621	14,679,829	17,321,307	19,108,971	19,629,863	20,171,175	20,738,461	21,322,392
Capital Investments	(26,091,973)	(22,093,112)	(24,349,069)	(22,537,331)	(21,696,376)	(22,584,703)	(23,375,713)	(23,924,444)	(23,939,509)	(23,221,116)
Capital Grants	26,000,000	10,000,000	10,300,000	10,557,500	10,821,438	11,091,973	11,369,273	11,653,505	11,944,842	12,243,463
Net Cash Flow	7,010,208	(3,531,766)	(2,216,448)	2,699,998	6,446,368	7,616,241	7,623,423	7,900,236	8,743,794	10,344,740

5.3 DIRECTOR INFRASTRUCTURE REPORT AND SUPPLEMENTARY MATTERS

Nil

5.4 DIRECTOR PLANNING AND ENVIRONMENT REPORT AND SUPPLEMENTARY MATTERS

5.4.1 MANDATE FOR PLANNING MATTERS

File Number: -

Author: Rod Croft, Director Planning & Environment

Authoriser: Terry Dodds, Chief Executive Officer

RECOMMENDATION

That Council approve the CEO and his delegate to investigate the following planning matters.

1. Investigate and prepare a New Developer Contribution Plan for Murray River Council established under 7.12 of the *Environmental Planning and Assessment Act 1979* for Council adoption.
and.
2. Investigate and provide Council with options to activate and address land banking issues that are occurring within Murray River Council area.

BACKGROUND

New Developer Contribution Plan

Developer Contribution Plans (known as Local Infrastructure Contributions Plans) are charged by councils when any new development occurs. They help fund infrastructure like parks, community facilities, local roads, footpaths, stormwater drainage and traffic management.

Currently Murray River Council has two types of Developer Contribution Plans, established under section 94 and 94a at the time (Sections 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* equivalent of today). Most regional Councils only have a single 7.12 Developer Contributions Plan, as this type of plan calculates contributions much more simply as certain % of the cost of development.

By changing entirely to a 7.12 percentage-based model for developer contributions, based on the past 2 years of contributions received, Council would receive approximately the same amount of funds levied. With this methodology, it is seen as a more transparent way of establishing contribution fees, that developers consider prior to submitting a development application. The advantage of this model also provides a much fairer and faster way for Council officers to process development applications.

Land Banking

Throughout the Murray River Council area, there have been many examples of land prospectors, that purchase land, or rezone land to either residential or commercial zones with the intent of creating wealth from the property portfolio through subdivision of the land into smaller allotments for sale. This practise is common for property investment portfolios, to build wealth and is a medium to long term investment tactic.

Land banking occurs when there is market demand for vacant land and the land has already been rezoned to either residential or commercial zoning, without the land actually being activated for sale to the open market. There are a number of reasons why the land remains dormant, ranging from lack of cashflow to initiate and follow through with the subdivision, to holding off development until the market reaches a price point for either activating the land themselves or selling off to another developer at higher price point.

DISCUSSION

New Developer Contribution Plan

New Development Contribution Plans have been drafted over the past 12 months, in conjunction with Councils management and finance team in particular. However, given the complexity of the calculations associated with the 7.11 types of plans, they are not the preferred model as they are more suited to city-based Councils. They are also very hard to calculate for a developer external to Council which means that rarely do developers of larger developments know upfront what the contributions costs would be.

If Council agrees to shifting to the 7.12 Developer Contributions Plan model, council officers will take the opportunity to provide a few extra items in the plan to ensure the plan is consistently applied including;

- the High Security Water contributions being included for subdivisions (currently in an older Council policy document);
- Quantity Surveyor Report requirement (at developers' or applicants' expense) where the developer or applicant has underestimated or is having trouble in estimating their total cost of development; and
- 5-year capital works schedule that identifies where the contributions levied will go towards from the date the developer contribution plan is approved.

The New Developer Contribution Plan have been drafted and are awaiting the outcome of the next budget cycle to confirm the next 5 years of capital projects that is required to be provided by Council as part of the Developer Contribution Plan document itself.

This Council report is seeking support and Council approval on the direction taken to establish the New Developer Contribution Plan under Section 7.12 of the *Environmental Planning and Assessment Act 1979*.

Land Banking

Where a council area is in a high growth scenario, and there is shortage of suitable land to develop (already zoned), the action of land banking can create significant stagnation in the property market. Additional to this, there are other motivated landowners wanting to rezone their land to stimulate the market. Council have limited means to strategically justify rezoning further land via the Department of Planning (DPE) (the ultimate decision-maker) when there is land that is already zoned ready for development but not activated, as it is determined by DPE as surplus/vacant land.

It is estimated that across the Murray River Council area, there are up to 600+ residential blocks and up to 30+ commercially zoned blocks that could fall into the category of land banking currently.

Council has received some preliminary legal advice regarding what legislative process are available to use in seeking a resolution to the issue and investigating a prescribed amount of time on the developer to activate the rezoned land via a rates sub-category process. And establishment of a rates subcategory is required to be approved by NSW IPART (Independent Pricing and Regulatory Tribunal).

Further investigation on this matter is required, which Council has actioned over the past month to consider options in a legal context to protect Council from any litigation in the event that Council wishes to formally address the issue. It is envisaged however, that even if there are legal obstructions to this approach, that Council officers would be supported in advocating at a Ministerial level for legislative change.

STRATEGIC IMPLICATIONS

2. Strategic Theme 2: A Place of Progressive Leadership

2.4 - Deliver Exceptional and consistent service to our internal and external community - Statutory Planning & Building.

BUDGETARY IMPLICATIONS

Both items will not have an impact on the budget at this stage, as they are both investigations and drafting of the required documentation for future Council decisions. Legal costs are already budgeted for from Development services 2023/2024 budget.

POLICY IMPLICATIONS

Nil at this stage of the process

LEGISLATIVE IMPLICATIONS

Nil, at this stage of the process

RISK ANALYSIS

- **What can happen?**

Council chooses not to adopt either recommendation.

- **How can it happen?**

Council vote at the November Council meeting

- **What are the consequences of the event happening?**

The current Development Contribution Plans will continue to apply but will be required to have the Schedule of capital works to be updated to meeting the legislative requirements.

Land Banking will continue to occur and will stagnate growth and development in high growth areas of the Murray River Council area, in particular Moama, Barham and Murray Downs.

- **What is the likelihood of the event happening?**

Low

- **Adequacy of existing controls?**

Adequate

- **Treatment options to mitigate the risk?**

Await the outcome of the Council meeting to confirm direction.

CONCLUSION

These planning matters are required to be actioned to ensure that Murray River Council are working to contemporary planning instruments and ensuring that there is fairness and transparency applied to all developments occurring across our Council area. It is acknowledged that this is the start of the process for both items with further public consultation, council approval and other approvals from governing bodies will be required.

ATTACHMENTS

Nil

5.5 DIRECTOR COMMUNITY AND ECONOMIC DEVELOPMENT REPORT AND SUPPLEMENTARY MATTERS

NIL

5.6 CORRESPONDENCE REPORT

Nil

5.7 SUNDRY DELEGATES REPORT

Nil

6 CONFIDENTIAL MATTERS**RECOMMENDATION**

That Council moves out of Open Council into Closed Council at [Enter time](#).

RECOMMENDATION

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 10A(2) of the Local Government Act 1993:

6.1 RECOMMENDATION TO AWARD CONTRACT MRC 2316 - CONSTRUCTION OF YANGA RFS SHED

This matter is considered to be confidential under Section 10A(2) - d(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

RECOMMENDATION

That Council moves out of Closed Council into Open Council at [Enter time](#).

RECOMMENDATION

That Council brings forward the resolutions from Closed Council into Open Council and these be read aloud.

7 CLOSE OF MEETING