



Extraordinary Meeting of Council

Wednesday 12 November 2025

4:00 PM

**Yass High School
Grampian Street, YASS**

Extraordinary Meeting of Council

A G E N D A

Open Forum

Page No.

Webcasting

This meeting is being webcast, a reminder to those in attendance that you should refrain from making any defamatory statements.

Acknowledgement of Country

Yass Valley Council recognises the Ngunnawal people, the Traditional Custodians of the land, water, and sky. We pay our respect to their Elders past, present and future emerging leaders. We extend our respect to other Aboriginal and Torres Strait Islander people who live in the Yass Valley Local Government Area.

1.

Prayer
2.

Apologies
3.

Declaration of Pecuniary Interests/Special Disclosures
4.

Reports to Council
- 4.1

Community Engagement on Special Rate Variation Modelling3

Close of Meeting Time

Gayleen Burley
CHIEF EXECUTIVE OFFICER

4.1 COMMUNITY ENGAGEMENT ON SPECIAL RATE VARIATION MODELLING

SUMMARY

The purpose of this report is to provide Council with the outcome of the Special Rate Variation (SRV) investigation and seeks Council's commitment to exploring the option of a SRV application to apply from the financial year 2026/27, in relation to the options identified in the attached report, those being,

- a one-year 40% SRV;
- a two-year cumulative 56.25% SRV or
- a three-year cumulative 58.70% SRV

Additionally, Council will commit to commencing a comprehensive community engagement program regarding the proposed SRV, for the period 13 November 2025 through to 10 December 2025.

RECOMMENDATION

That Council:

1. *Notes the three options of Special Rate Variation (SRV) modelled in the attached report as action required within the following strategic planning documents:*
 - a. *2025/26 Operational Plan:*
 - i. *CL. 1.5.2 Investigate and consider the need for an increase in rates revenue through a Special Rate Variation (SRV)*
 - b. *2025 – 2029 Delivery Program*
 - i. *Develop a detailed Special Rate Variation report, which considers community engagement outcomes, that provides options including potential rate rises and/or service reduction, is reported to Council.*
 - c. *YVC Financial Sustainability Roadmap*
 - i. *Strategic Objective 6 – Achieve OLG Financial Sustainability Benchmarks – Investigate Special Rate Variation.*
2. *Endorses the comprehensive Community Engagement Program be undertaken regarding the proposed application to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) to apply from the financial year 2026/27.*
3. *Requires the Chief Executive Officer (or her delegate) to prepare a further report to Council at the conclusion of the community engagement period inclusive of any submissions made.*
4. *Requires the Chief Executive Officer to notify IPART of Council's intention to apply for a special rate variation by 28 November 2025, in line with the OLG Guidelines.*

FINANCIAL IMPLICATIONS

A financial sustainable council needs to:

- Record modest operating surpluses (in each fund)
- Hold adequate cash reserves, including unrestricted cash

- Has a fully funded capital program
- Manages an asset base that is 'fit for purpose' including adequate renewal of assets and demonstrates a reducing or low backlog
- Has adequate resources to meet ongoing compliance obligations

Consultants, Morrison Low Advisory, were engaged to undertake the Special Rate Investigation. This work modelled the Base Case (the status quo), Sustainable Assets – plan to spend what is required on maintenance of assets each year across all asset classes and modelled three SRV options.

To achieve financial sustainability and maintain fit for purpose infrastructure, Council is considering three options for a permanent increase to its rates' as follows:

- A one-year 40% SRV
- A two-year cumulative 56.25% SRV
- A three-year cumulative 58.70% SRV.

The details of these options are outlined in Table 1 below.

Table 1 Proposed Special Rate Variation rate increase options

	2026/27	2027/28	2028/29
Forecasted rate peg	3.40%	3.00%	2.50%
Cumulative impact of rate peg	3.40%	6.50%	9.16%
Option 1: One-year SRV			
Annual increase	40.00%	Rate peg	Rate peg
Cumulative impact	40.00%	44.20%	47.81%
Option 2: Two-year SRV			
Annual increase	25.00%	25.00%	Rate peg
Cumulative impact	25.00%	56.25%	60.16%
Option 3: Three-year SRV			
Annual increase	20.00%	15.00%	15.00%
Cumulative impact	20.00%	38.00%	58.70%

IPART requires councils to present SRV options as a cumulative amount over the implementation period of the SRV. These percentages are outlined in the boxes in the table above.

When different implementation periods are presented, this requirement doesn't show how these options compare to each other. To show how they compare, the cumulative impact over three years for each option is shown in Table 1 in grey for Options 1 and 2, which have proposed implementation periods of less than three years (taking in to account the assumed rate peg increases in the years after the SRV implementation period).

The proposed SRV will enable Council to deliver current services and maintain assets to the community, while ensuring financial sustainability in the longer-term. It will also enable Council to fund sufficient renewals to improve its infrastructure backlog over time.

As all three SRV options are modelled under the Sustainable Asset scenario, this ensures that they meet the benchmarks set by the State Government for infrastructure maintenance and renewal, while ensuring that infrastructure backlog reduces to the 2% benchmark over the ten year forecast period.

The SRV modelling outlines the average expected increases to Rates for each SRV option:

Option 1 – One-year SRV:

- Residential: at the end of the SRV implementation period (one year), the total average rate increases by \$489; the average annual increase at the end of three years is \$158 or \$3.02 per week more than would have been if the rate peg applied.
- Business: at the end of the SRV implementation period (one year), the total average rate increases by \$1,441; the average annual increase at the end of three years is \$464 or \$8.90 per week more than would have been if the rate peg applied.
- Farmland: at the end of the SRV implementation period (one year), the total average rate increases by \$1,370; the average annual increase at the end of three years is \$441 or \$8.46 per week more than would have been if the rate peg applied.

Option 2 – Two-year SRV:

- Residential: at the end of the SRV implementation period (two years), the total average rate increases by \$688; the average annual increase at the end of three years is \$208 or \$3.99 per week more than would have been if the rate peg applied.
- Business: at the end of the SRV implementation period (two years), the total average rate increases by \$2,026; the average annual increase at the end of three years is \$612 or \$11.74 per week more than would have been if the rate peg applied.
- Farmland: at the end of the SRV implementation period (two years), the total average rate increases by \$1,926; the average annual increase at the end of three years is \$582 or \$11.16 per week more than would have been if the rate peg applied.

Option 3 – Three-year SRV:

- Residential: at the end of the SRV implementation period (three years), the total average rate increases by \$718; the average annual increase at the end of three years is \$202 or \$3.87 per week more than would have been if the rate peg applied.
- Business: at the end of the SRV implementation period (three years), the total average rate increases by \$2,114; the average annual increase at the end of three years is \$595 or \$11.41 per week more than would have been if the rate peg applied.
- Farmland: at the end of the SRV implementation period (three years), the total average rate increases by \$2,010; the average annual increase at the end of three years is \$565 or \$10.84 per week more than would have been if the rate peg applied.

Note: Further detailed information regarding the SRV modelling and potential impacts are included in the attachments provided by consultants Morrison Low:

- *YVC SRV Background Paper; and*
- *Capacity to Pay Report*

Impact of not implementing an SRV

If Council could not increase its rates revenue through an SRV, it would not be able to adequately fund the delivery of current services and maintain its infrastructure.

This means that Council would need to cut General Fund costs by around \$3.5 million per annum, which would likely require significant reductions in the services currently being delivered. For reference, Council's total General Fund operating expenses in 2024-25 was \$27.8 million, it would need to cut these costs by 13% to find the required level of cost reduction.

Council has not considered which services would need to reduce to bridge this funding gap if it did not apply for an SRV. The following functions and activities costs, which are predominantly provided via the General Fund, were reported in its 2024-25 Financial Statements:

- *Our Community*, which included community health and wellbeing, creative culture and recreation, community relations and resilience, had a net cost of \$1.3 million.
- *Our Environment*, which included protecting lands, waterways and biodiversity, have a net cost \$230 thousand.
- *Our Economy*, which included promoting efficient and careful resource use, healthy economic activity, meaningful work and employment, had a net cost of \$765 thousand.

In addition to this, Council would not be able to fully fund renewals in key asset areas, such as roads, which would result in further deterioration in the condition of these assets.

The impact on an individual's rates will be different depending on the unimproved land value of their property. The table in the attached report provides an indication of the annual rates increase likely to be experienced by the average land value for each rating category. The increases include the forecast rate peg.

POLICY & LEGISLATION

Local Government Act 1993

REPORT

1. Background

New South Wales councils operate in a rate capping regime, which has been in place since the 1970's. Each year, the Independent Pricing and Regulatory Tribunal (IPART) sets a "rate peg", which is the maximum percentage increase in total general rates that councils are allowed to implement. If a council needs to increase rates by more than the rate peg, it must apply to IPART for a Special Variation (SV) to its rates¹.

The rate peg restricts councils in being able to cover costs and meet the expectations of community.

Financial sustainability is a challenge for many councils in NSW; this is because of several factors that impact all NSW councils:

- Changes to the way the rate peg was calculated in 2024 moved it from being backward looking to looking forward to the impact of future costs on councils. But as a result, the

¹ Throughout this report and all other materials, we refer to this as an SRV or Special Rates Variation.

rate peg skipped over some of the highest inflation years that Australia has seen in the past 25 years, not allowing councils to cover these cost rises.

- Councils experience cost shifting from State and Federal governments. This is when State or Federal government requires councils to fund increases to their compliance obligations, particular services or fill the service gap in areas where state or federal funded services are insufficient to meet community needs. In 2025, Local Government NSW released the results of its 2023-24 Cost Shifting Survey which showed that the cost shift to councils was \$1.5 billion or \$497 per ratepayer. This situation was worst for large rural councils, such as Yass Valley Council, where the cost shift had increased by 18 per cent from the 2021-22 survey and was \$571 per ratepayer.
- The rate peg never considers any cost increases for councils to adjust services or service levels, even if the community is expecting services to improve. As noted above, the rate peg often doesn't allow councils to maintain its revenue sufficiently to keep delivering services at the same service level or maintaining assets at their current condition. It does not consider any additional revenue required to fund new or improved services or even to allocate sufficient capital to address asset backlogs or to upgrade assets.

As a result of this, almost all NSW councils will be faced with having to apply for an SRV at some point. Since 2011, when IPART first started to review and approve these applications, 97 (76%) of the 128 councils in NSW have applied for and received an SRV, with 40% of councils having received an SRV more than once in that time.

An SRV allows a council to increase its general rates income above the rate peg as set by IPART. If IPART approves an SRV for a council, the approved rate increases replace the rate peg as the maximum allowable increase to general rates that the council can implement for that time frame. When the SRV implementation period ends, the council then goes back to the rate peg as the maximum allowable increase in each year after that.

There are two types of SRVs:

- **a temporary SRV** increases total rates for a fixed amount of time. When the temporary SRV timeframe ends, a council's total general rates will go back to what it would have been if it had just increased rates by the rate peg for that timeframe.
- **a permanent SRV** remains in the rate base. That is, at the end of a permanent SRV implementation period, the total rates remain as a result of the SRV, and the rate peg increases apply to this going forward.

Councils need to consider what the SRV will be for when deciding whether the SRV should be temporary or permanent. Temporary SRVs are usually approved to fund specific one-off projects, such as significant infrastructure projects.

Yass Valley Council is looking to deliver current service levels, uplift the ongoing maintenance of assets to ensure they remain fit for purpose over time and ensure they have enough to continue to renew assets while addressing asset backlog issues, a **permanent** SRV is required.

Councils also have options on the timeframe they have to implement an SRV. They can apply for an SRV to be implemented over one to seven years, although most SRV applications are made for one to three year implementation periods. Selecting an implementation period depends on a combination of how much money is required over what period of time to meet

the need for the SRV and how much the community can reasonably be expected to pay in each of the years of the SRV.

2. Why is YVC Considering an SRV?

Yass Valley Council is facing significant challenges to its financial sustainability. In its 2023–24 financial statements, Council reported a consolidated operating deficit of \$4.5 million and an unrestricted cash balance of just \$55 thousand. The 2025–35 Long Term Financial Plan (LTFP) adopted in June 2025 forecasted these deficits to grow over the next ten years, with an anticipated peak of \$6 million operating deficit in 2027–28 and a \$22 million negative unrestricted cash balance by the end of the ten-year forecast period.

Council's financial position has drawn the attention of the NSW Office of Local Government (OLG), which is the NSW Government agency responsible for the performance, integrity and accountability of local councils in NSW. In October 2024, the OLG raised concerns regarding Council's financial sustainability based on its previous LTFP and commenced regular engagement and monitoring of Council's financial performance.

Factors such as rebuilding from the natural disasters, economic impacts from the COVID-19 pandemic, historic low interest rates returning low returns on investments, followed by a highly volatile inflationary environment have increased Council's costs faster than its revenue.

To address operating deficits, Council has reduced maintenance to try to maintain a balanced budget and increased grant funding to support renewal of its assets. This can no longer be sustained without significantly impacting the condition of its assets and ultimately causing greater costs to repair and renew them in the future.

3. What is Council Doing to Control Costs?

Since the September 2024 local government elections, the governing body has been working to develop a comprehensive understanding of Council's financial position and to put in place actions to address the issues. Council regularly reviews its operations and actively identifies and implements initiatives to ensure that it is containing costs and finding efficiency gains, so that it is able to provide value for money to the community.

In August 2025, Council adopted a Financial Sustainability Roadmap 2025–2029, after a period of public exhibition, which identified actions to improve Council's forecasted financial position as follows:

- targeted savings of \$2.8 million over 4 years
- 5% annual increase in fees and charges revenue
- improved financial management
- improved asset management.

Council has already undertaken actions from the Financial Sustainability Roadmap including:

- Council has undertaken a review of the Crago Mill development business case leading to the decision in September 2025 not to proceed with Stage 2 of the project. This saves Council \$10.2 million in capital costs and avoids a further \$1.5 million in annual cash outflows over the next ten years.
- Council has reviewed its internal cost attributions, identifying \$1.7 million of internal costs to be allocated from general fund to water, sewer and domestic waste funds.

- Council has reviewed its grant management process, implementing changes to improve decision-making on grant applications and accounting for grants.
- Council has sold excess plant and equipment with a one-off cash inflow of \$200 thousand.
- Council has reviewed fees and charges for 2025-26.
- Council has lodged the Development Application (DA) for land it owns in Discovery Drive (Yass) in preparation for land sales.
- Council has commenced a review of its organisation structure.
- Council has recruited Commercial Property Management and Business Improvement Officers.
- Council has established a Financial Sustainability Committee.
- Council has commenced the investigation into an SRV (this report is part of that process).

4. Community Engagement

A comprehensive YVC SRV *Community Engagement Strategy and Plan* has been developed by Morrison Low Advisory in collaboration with Yass Valley Council and is attached to this report.

This strategy conforms with Council's *Community Engagement Strategy and Participation Plan 2025- 2029*, which has been developed in response to increasing community expectations to have a say on Council's decision-making, as well as the International Association for Public Participation (IAP2) Australasia Quality Assurance Standard.

Council's Community Engagement Strategy sets out its approach to engagement and features engagement principles based on the social justice principles of equity, access, participation and rights.

To meet the assessment criteria in the Office of Local Government Guidelines for an SRV application, Council must:

1. Demonstrate that the need and purpose of a different rate path for Council's General Fund is clearly articulated and identified in Council's Integrated Planning and Reporting (IP&R) documents.
2. Show evidence that the community is aware of the need for and the extent of a rate rise.
3. Show that the impact on affected ratepayers is reasonable.
4. Exhibit, approve and adopt the relevant IP&R documents.
5. Explain and quantify the productivity improvements and cost containment strategies in the IP&R documents and/or application.
6. Address any other matter that IPART considers relevant.

The level of engagement is defined from the IAP2 Spectrum of Public Participation in the figure below. This spectrum outlines the level of engagement required depending on the purpose and desired outcome of the project:

IAP2 Spectrum of Public Participation



IAP2's Spectrum of Public Participation was designed to assist with the selection of the level of participation that defines the public's role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.

INCREASING IMPACT ON THE DECISION					
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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To ensure the above criterion is met, Council would only need to undertake engagement at the 'inform' level, but a 'consult' level would ensure it more fully meets criteria one and four.

Additionally, where the proposed SRV funds additional projects, services or service level increases, Council must consider the community's willingness to pay for these increases with increased rates, as required for criterion three. However, this willingness to pay criteria does not apply to this SRV, as the purpose of the SRV is to enable Council to continue to fund services and infrastructure at their current expected service levels.

As a result, the attached *Community Engagement Strategy and Action Plan* is designed to meet both the inform and consult levels of engagement. This means that Council will be providing the community with balanced and objective information to assist in understanding the problem, alternatives, and preferred solution and to obtain the community's feedback on analysis and alternatives. Council will keep the community informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision made by Council. Council will also ensure it treats all stakeholder groups equally and consistently.

5. Conclusion

In accordance with key Council-endorsed strategic planning documents, namely the *Operational Plan 2025-2026*, *Delivery Program 2025-29* and the *2025 Financial Sustainability Roadmap*, Council undertook investigations to determine the need for an increase in rates revenue through a SRV.

The investigations undertaken by consultants Morrison Low Advisory demonstrated that in order for Council to achieve financial sustainability and maintain fit for purpose infrastructure, Council needs to consider one of the three options for a permanent increase to the rates as follows:

- A one-year 40% SRV

- A two-year cumulative 56.25% SRV
- A three-year cumulative 58.70% SRV.

Consistent with Councils Community Engagement Strategy, it is proposed that comprehensive community engagement is undertaken prior to Council making a decision on whether to proceed with an SRV application. This means that Council will be providing the community with balanced and objective information to assist in understanding the problem, alternatives, and preferred solution and to obtain the public's feedback on analysis and alternatives.

Subject to Council endorsement, the community consultation period will be undertaken from the 13 November through to 10 December 2025. Council will review the feedback received with a report going to Council for its consideration in January 2026. Council will then decide whether to proceed with the SRV application.

If Council decides to proceed with the SRV application, the application must be submitted to IPART by 2 February 2026. IPART will conduct its own consultation, with public submissions likely to be sought in March 2026, before IPART makes its determination in May 2026. If successful, the SRV will be included in rates from 1 July 2026.

STRATEGIC DIRECTION

CSP Theme	Our Civic Leadership (CL)
CSP Strategy Objective	Our community is informed and engaged in decision making
Strategies	CL.4: Our community is empowered to access engagement opportunities and provide input into the future direction of the region.
Delivery Program Action	CL.4.2: Engage with the community with respect to service reviews and discuss options to ensure future financial sustainability

ATTACHMENTS:	A. Yass Valley Council - Background Paper ⇒
	B. Yass Valley Council - Capacity to Pay Report ⇒
	C. Yass Valley Council - Community Engagement Strategy