

CM14.5. SRV Community Engagement Plan

Purpose

To seek Council endorsement of Special Rate Variation (SRV) proposals for community consultation purposes, and a Community Engagement Strategy (CES) with Stakeholder Engagement Plan (SEP), in accordance with a resolution of Council passed on 16 March 2026.

Summary

Council, at its meeting held on 16 March 2026, resolved to approve the formulation of SRV proposals and a community engagement plan for Council's consideration.

Since the Council meeting held on 16 March a draft Long Term Financial Plan (LTFP) has been presented to Council on 20 April and endorsed for public exhibition (refer Attachment 1). Evidence based assumptions, scenario planning (with and without an SRV) and sensitivity analysis are all key elements of the draft LTFP.

Having regard to Council's financial position, revenue and expenditure trends outlined in the draft LTFP, together with the ongoing initiatives to improve financial sustainability, two SRV scenarios have been developed in addition to the base case scenario (i.e. no SRV, rate peg only) as summarised in the table below. Scenarios 2 and 3 are based on SRVs to remain permanently in the rate base.

Scenario	Description	2027/28	2028/29	2029/30	Cumulative increase over SRV period	Cumulative comparison 2029/30
1	No SRV – rate peg only	3.6%	3.6%	3.6%	11.19%	11.19%
2	40% over 3 years	14%	13%	13%	45.57%	45.57%
3	42% over 2 years	21%	21%	3.6%	46.41%	51.68%

The table compares cumulative rate increases across scenarios, noting that while Scenario 3 occurs over a shorter SRV period, all scenarios are standardised to a three-year view by assuming Scenario 3 returns to the 3.6% rate peg in its third year.

For comparison purposes the table also shows the cumulative increase over a three-year period for all three scenarios. In order to facilitate this, Scenario 3 is shown as returning to the assumed rate peg of 3.6% in year 3 following the end of the SRV period.

The SRV proposals reflect the proposed total increase in rate income i.e. it includes the rate peg – it is not the incremental increase above the rate peg. The rate peg is determined annually by the

Independent Pricing and Regulatory Tribunal (IPART). An assumed rate peg of 3.6% has been adopted for comparison purposes.

A draft SEP and a more detailed CES have also been prepared and are attached (refer Attachments 2 and 3). The draft engagement documents have been prepared having regard to the Office of Local Government (OLG) and IPART guidelines for SRV applications noting that councils must use a range of engagement methods to ensure the community is informed of the SRV proposal and able to provide feedback.

Following consideration of the community feedback, Council may adjust proposed service levels, spending priorities or the size of the SRV when deciding whether or not to proceed with an application to IPART.

Recommendation

That Council:

- a. Invite community feedback on the following SRV proposals:

Scenario	Description	2027/28	2028/29	2029/30	Cumulative increase over SRV period	Cumulative comparison 2029/30
1	No SRV – rate peg only	3.6%	3.6%	3.6%	11.19%	11.19%
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3	42% over 2 years	21%	21%	3.6%	46.41%	51.68%

- b. Endorse the Community Engagement Strategy and Stakeholder Engagement Plan, and
- c. Consider the community feedback received prior to making a final decision regarding whether or not to proceed with an application to IPART for an SRV.

Issues

The financial challenges facing AlburyCity are consistent with those being experienced across the local government sector in New South Wales, where financial sustainability has become a key focus of recent parliamentary inquiries at both the State and Federal levels. The 2024/25 NSW Auditor General's Report on Local Government highlights a worsening sector-wide position, with 17 councils recording operating losses in 2024–25 compared to just five in the previous year. At the same time, Financial Assistance Grants have experienced their lowest growth in seven years, and 19 councils did not meet the industry benchmark of holding sufficient cash and investments to cover three months of operating expenses. Against this backdrop, approximately one third of NSW councils have applied for

Special Rate Variations (SRVs) in the past five years, including 11 applications from councils within AlburyCity's OLG Group 4 peer cohort since the COVID-19 pandemic, reflecting a structural and widespread challenge rather than an isolated local issue.

An SRV may apply for a single year or over multiple years (between two and seven), with multiyear SRVs allowing increases to be phased in over time. An SRV may also be temporary or permanent. A temporary SRV requires Council's general income to return to the level that would have applied without the SRV at the end of the approved period. A permanent SRV is retained in the rate base on an ongoing basis, with future rate peg increases applying from the end of the approved SRV period.

Accordingly, Council can decide between four different SRV pathways as follows:

1. Single year, temporary
2. Single year permanent
3. Multi-year, temporary
4. Multi-year permanent

Two SRV scenarios have been developed in addition to the base case scenario (i.e. no SRV, rate peg only) as summarised in the table below. Scenarios 2 and 3 are multi-year SRVs to remain permanently in the rate base.

Scenario	Description	2027/28	2028/29	2029/30	Cumulative increase over SRV period	Cumulative comparison 2029/30
1	No SRV – rate peg only	3.6%	3.6%	3.6%	11.19%	11.19%
2	40% over 3 years	14%	13%	13%	45.57%	45.57%
3	42% over 2 years	21%	21%	3.6%	46.41%	51.68%

The table compares cumulative rate increases across scenarios, noting that while Scenario 3 occurs over a shorter SRV period, all scenarios are standardised to a three-year view by assuming Scenario 3 returns to the 3.6% rate peg in its third year.

Scenario 1 – Base Case

The base case scenario of no SRV and applying the rate peg only results in a cumulative increase of 11.19% or, \$6,503,876. In this scenario, the General Fund Deficit begins at \$18m and grows to \$24.2m by 2036. General Fund Debt is expected to grow to \$269m to fund the capital works program, which results in a Debt Service Coverage Ratio falling below the OLG Benchmark of 2 by 2030, and falling below the TCorp Covenant minimum of 1.5 by 2031, putting Council at risk for future lending.

Scenario 2

This scenario of implementing a 40% SRV over 3 years (14% in year 1, 13% in year 2, and 13% in year 3) results in a cumulative increase of 45.57% or \$26,476,117 over the three-year period. In this scenario the General Fund Deficit begins at \$18m and reduces to break even by 2033 and grows to an \$8m surplus by 2036. General Fund Debt is expected to peak at \$146m in 2033 and then reduce to \$124m by 2036 which will fund the capital works program with a lower reliance on debt. This results in a Debt Service Coverage Ratio falling to a low of 2.2, staying above the OLG Benchmark of 2 and the TCorp Covenant minimum of 1.5 showing Council in a strong position to fund future renewals and generational assets.

It is important to highlight that this scenario is slightly different to those presented as part of the LTFP, in order to provide an option that spreads the rate burden over a longer period.

Scenario 3

This scenario of implementing a 42% SRV over 2 years results in a cumulative increase of 46.41% or \$26,966,168 over the two-year period. In this scenario, the General Fund Deficit begins at \$18m, reduces to break even by 2029 and grows to a \$15m surplus by 2036. General Fund Debt is expected to peak at \$141m in 2028 and then reduce to \$104m by 2036 which will fund the capital works program with a significantly lower reliance on debt. This results in a Debt Service Coverage Ratio falling to a low of 2.5, staying well above the OLG Benchmark of 2, and the TCorp Covenant minimum of 1.5 showing Council in a strong position to fund future renewals and generational assets.

Tables showing the impact of all three scenarios on the average property in each rating category i.e. residential, business and farmland, are included as Attachment 4.

While the scenarios outlined above indicate a return to operating surpluses over time, they must be considered in the context of ongoing economic uncertainty and elevated inflationary pressures, which introduce a high degree of variability into long-term financial modelling. Forecasting over a 10-year horizon necessarily involves assumptions that may change, particularly in relation to construction costs, service delivery expenses, and asset renewal requirements. AlburyCity is conscious that significant future investment will be required to maintain and renew its asset base, and that delays or underinvestment may result in higher long-term costs. Accordingly, a prudent and conservative approach to financial planning has been adopted, recognising the need to balance short-term affordability with long-term sustainability and resilience in an uncertain economic environment.

A key requirement of an SRV application is demonstrating that the community understands both the need for and impact of a proposed rate increase. Councils must clearly explain the total cumulative increase, in both percentage and dollar terms, for the average ratepayer in each rating category. This information will be presented in the engagement materials developed for the purposes of the CES and SEP.

An SRV increases the total general income that a council is able to raise, but the distribution of the rate burden amongst ratepayers is a decision for the Council. That is, councils can choose to collect the proposed increase from different rating categories (i.e. business, farmland and residential) to achieve a specific objective.

The rate peg determined by IPART for each council in NSW is the maximum amount by which councils can increase the 'general income' that they collect from ratepayers. Section 505(a) of the Local Government Act describes 'general income' as income from ordinary rates, special rates and annual charges, other than water supply special rates and charges, sewerage special rates and charges and charges for waste management services including domestic waste management services. This means that in addition to ordinary rates, the rate peg also applies to the Albury CBD Promotional Levy being a special rate levy pursuant to section 495 of the Local Government Act and not specifically excluded by section 505(a) referred to above.

In terms of the amount of rates to be yielded from each rating category, the SRV proposals have been formulated so as to be applied evenly and maintain the existing relativities between rating categories and subcategories and reflect Council's existing rating policies as outlined in the draft 2026/27 Statement of Revenue Policy endorsed by Council on 20 April 2026 for public exhibition.

Community Engagement

IPART expects councils to undertake targeted and meaningful community engagement and to clearly communicate whether the SRV is temporary or permanent, what it would fund, and how efficiency measures are being addressed. Councils must also use a range of engagement methods to ensure the community is informed and able to provide feedback.

Community feedback is an important input into Council's final decision on whether to apply for an SRV. Based on this feedback, Council may adjust proposed service levels, spending priorities or the size of the SRV before deciding whether to proceed with an application to IPART.

The attached CES and SEP have been prepared with the IPART guidelines in mind. Associated community engagement materials will be developed with multiple face to face touch points, to provide more detailed information and assist with a wider reach and greater community understanding of the impact of the SRV on individual rate payers.

It is also proposed to utilise the services of Micromex for the purposes of conducting a telephone survey as one component of the CES. Micromex is experienced in undertaking community consultation on behalf of councils considering an SRV. Micromex has already been contracted to undertake community satisfaction surveys on Council's behalf and by varying the scope of works this component of the SRV consultation can be undertaken without any additional cost to Council.

Risk

- **Business Risk** – Council needs to make a timely decision as to whether it will consult the community in relation to a proposed SRV application if an SRV taking effect from 2027/28 is to be an option for consideration. Based on the community feedback it receives, Council may adjust proposed service levels, spending priorities or the size of the SRV before deciding whether to proceed with an application to IPART.
- **Corporate Risk** – Any decision relating to an SRV will be informed by the community feedback received following implementation of the CES and SEP. Any application for an SRV will also be required to comply with the OLG Guidelines.
- **WHS and Public Risk** – There were no risks identified.

- **Environmental Risk** – There were no risks identified.
- **Four Year Delivery Program Risk and General Program Risk** – Consulting the community on an SRV if necessary, was an implementation action of the Financial Sustainability Improvement Plan 2024-2028. Endorsement of the proposed SRV, CES and SEP will enable targeted community engagement to be undertaken and allow sufficient time to consider community feedback and make a final decision in relation to an SRV application that accords with OLG Guidelines and meets IPART’s timeframes. If the timeframes are not met Council will not be able to deliver on a key implementation action of the Financial Sustainability Improvement Plan.

Engagement

The SRV proposals and draft CES and SEP have been prepared in accordance with a resolution of Council passed on 16 March 2026. The SRV proposal has been formulated having regard to the draft Four Year Delivery Program, draft LTFP and draft Statement of Revenue Policy as well as other related Integrated Planning and Reporting (IP&R) documents that were endorsed by Council for public exhibition on 20 April 2026.

Community feedback generated by Council’s community engagement activities will be a critical input into Council’s decision-making process, and Council may adjust service levels, spending priorities or the scale of any proposed SRV in response to feedback before deciding whether to proceed with an application to IPART.

Strategic Alignment

Towards Albury 2050 Community Strategic Plan

This project aligns with the following outcomes from the Towards Albury 2050 Community Strategic Plan:

Theme Four – A Leading Community.

4.4 Albury has open and collaborative leadership.

4.4.2 Government business is conducted with good governance, accountability and transparency.

Options

1. That Council:
 - a. Invite community feedback on the following SRV proposals:

Scenario	Description	2027/28	2028/29	2029/30	Cumulative increase over SRV period	Cumulative comparison 2029/30
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- b. Endorse the Community Engagement Strategy and Stakeholder Engagement Plan, and
- c. Consider the community feedback received prior to making a final decision regarding whether or not to proceed with an application to IPART for an SRV.
Recommended.

This option is recommended because it fulfills an implementation action contained in the Council endorsed Financial Sustainability Improvement Plan 2024-2028 and will provide Council with community feedback so that it can make an informed decision in relation to service levels, spending priorities or the scale of any proposed SRV.

- 2. That Council defer a decision on consulting the community in relation to an SRV. **Not Recommended.**

This option is not recommended because if an SRV is deemed necessary it will not allow sufficient time to undertake the necessary work and community consultation to comply with the OLG Guidelines and IPART's timeframes. An SRV would then have to be applied for in relation to the 2028/29 financial year, potentially requiring Council to further review service levels.

File ref.	FIL26/01595
Reporting team	Strategy & Performance
Attachments	<ol style="list-style-type: none"> 1. DOC26/85989 - Draft Long Term Financial Plan 26/27 - (29 pages) 2. DOC26/125575 - Stakeholder Engagement Plan Special Rate Variation Community Consultation - (7 pages) 3. DOC26/125576 - Special Rate Variation Community Engagement Strategy - (10 pages) 4. DOC26/158294 - Attachment 4 - Comparison of SRV Scenarios by Rating Category - (1 page)