

Temora Shire Council – Special Rate Variation (SRV) Information Pack

For Community



TEMORA

The Friendly Shire

July 2026

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Executive Summary

Temora Shire Council ('Council') is reviewing its long-term financial position to ensure it can continue to deliver essential services, maintain community infrastructure, and meet its legislative responsibilities in a financially sustainable manner.

Like many councils across New South Wales, Temora Shire Council is facing increasing financial pressure driven by rising costs of service delivery and infrastructure renewal, growing regulatory and compliance obligations, and the constraints of annual rate pegging. While Council has actively pursued efficiency and productivity improvements, undertaken service reviews, and strengthened its asset and financial planning, long-term financial modelling indicates that these measures alone will not be sufficient to address the underlying funding gap over time.

To better understand its options, Council is considering a range of options to improve its long-term financial sustainability, including whether to apply for a Special Rate Variation (SRV). An SRV would allow Council, subject to approval by the Independent Pricing and Regulatory Tribunal (IPART), to increase general rates above the annual rate peg to support the ongoing delivery of services and the renewal of existing assets. No decision has been made, and no application has yet been submitted to IPART.

This Background Paper has been prepared to provide the Temora Shire community with clear, factual and accessible information about:

- Council's current financial position and long-term sustainability challenges
- what a Special Rate Variation is and why councils consider them
- the range of SRV options being examined
- the potential impacts on different categories of ratepayers
- how the community can provide feedback as part of Council's decision-making process.

Community input is a critical part of this process. Feedback received through engagement activities will be considered by Council before any decision is made about whether to proceed with an SRV application. Council recognises the cost-of-living pressures facing households and businesses across the Shire and is committed to a transparent, measured and responsible approach to this important matter.

Introduction

Temora Shire Council ('Council') is considering a Special Rate Variation (SRV) application to ensure its ongoing financial sustainability and its capacity to deliver essential services and infrastructure to the community.

This background paper on the proposed SRV has been prepared to inform and support community engagement activities. It provides all the key information that is relevant for the SRV proposal that Council is considering. This document aims to explain for the community of Temora Shire:

- What is an SRV?
- Why does Council need to be sustainable?
- Why does Council need an SRV?
- What is the size of the rate increase being considered?
- How does the rate increase impact rates?
- What would the SRV be used for, and what the community can expect as a result of the SRV?
- What would happen if Council was not successful in its proposed application for the SRV?
- What is the process that Council must go through to apply for an SRV?

What is a special rate variation?

New South Wales councils operate in a rate capping regime, which has been in place since the 1970s. 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.

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.

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

As Temora Shire Council is looking to deliver current service levels, uplift the ongoing renewal of assets to ensure they remain fit for purpose over time and address the core deficit in the General Fund, 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-four-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.

Why does Council need to be sustainable?

What is financial sustainability?

Under Section 8B of the Local Government Act 1993, councils are required to apply sound financial management principles and plan responsibly for the long-term. This includes ensuring that current services are funded in a way that does not place an unreasonable burden on future generations.

A financially sustainable council is one that is able to:

- generate modest operating surpluses over time (in each fund)
- maintain adequate cash reserves, including unrestricted cash
- fully fund its capital programs
- manage its assets so they remain 'fit for purpose' including adequate renewal of assets and demonstrates a reducing or low backlog
- has adequate resources to meet its ongoing governance and compliance obligations.

These objectives are the foundation for sound financial management and a financially sustainable council that has the financial capacity to deliver the services to its community over the long-term.

Why is financial sustainability a challenge in local government?

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

- The **rate peg** restricts councils in being able to cover costs and meet the expectations of the community.
- Changes to the way the rate peg was calculated in 2024 moved it from being backward looking to looking forward on the impact of future costs on councils. But as a result, the 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. This can be seen in Figure 1 below.
- Councils experience **cost shifting** from State and Federal governments. This is when State or Federal governments require 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 \$500 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 46% of councils having received an SRV more than once in that time.

Why is financial sustainability a challenge for Temora Shire Council?

Like all councils, Temora Shire Council operates in a constrained financial environment. Over time, the cost of delivering services and maintaining infrastructure has increased faster than the income Council can raise from rates. When this happens, councils often have to delay asset maintenance or renewal to keep essential services running, which can create longer-term risks.

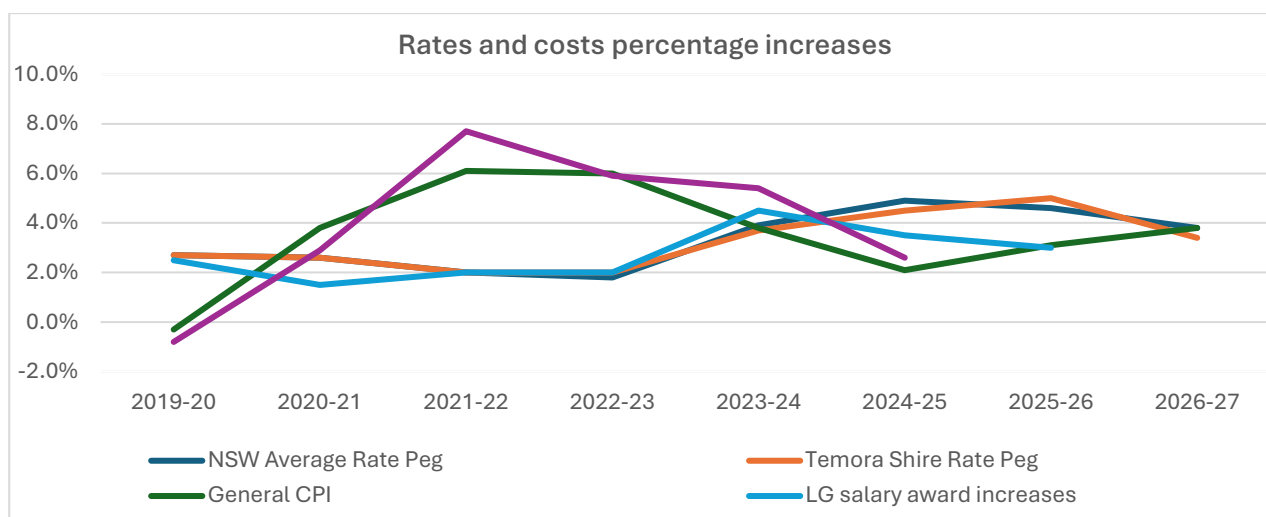
In recent years, Council has benefited from one-off grant funding, which has helped pay for important infrastructure upgrades and improvements. While this funding has delivered real benefits to the community, it is temporary and cannot be relied on to fund ongoing services. Many of these grant programs are now reducing, meaning Council must increasingly rely on its own, more limited revenue sources.

Current economic conditions are adding further pressure. High inflation has increased the cost of materials, construction, fuel, freight and labour. At the same time, rate increases are capped under the rate peg, limiting Council's ability to fully recover these higher costs. As a rural council, Temora also faces higher transport and logistics costs and a smaller pool of suppliers, which can push prices up further.

At the local level, Council has a relatively small and slowly growing rate base, and there are affordability limits on how much rates, fees and charges can increase without placing undue pressure on residents and businesses. Despite this, community expectations for maintaining services and infrastructure remain high.

Council's long-term financial modelling shows that, if no changes are made, there is likely to be a growing gap between the cost of services and available funding. For this reason, Council is undertaking a review of its financial position and evaluating future strategies to ensure the funding of services and infrastructure is sustainable, prudent, and equitable for the community.

Figure 1 Rate peg and inflation over the last five years



What has Council done to address financial sustainability challenges?

Council has taken active and ongoing steps to improve its financial sustainability, guided by a commitment to responsible governance, sound financial management, and meeting the needs of the Temora Shire community now and into the future.

This commitment is set out in *Our Plan for the Future 2025-2030*, the Community Strategic Plan developed with community input. Financial sustainability is a key priority under this Plan. In particular, Priority Projects 5.1.3 and 5.1.4 commit Council to implementing its Financial Sustainability Strategy and to undertaking the analysis and engagement needed to consider all available options, including an SRV if required.

Council regularly reviews its services, operations and financial position to ensure they remain affordable, efficient and sustainable as costs rise and community expectations change. This work is guided by the Financial Sustainability Strategy and supported by:

- service and business improvement reviews
- efficiency and productivity initiatives
- the Internal Audit Plan
- oversight by the Audit Risk and Improvement Committee.

Progress is monitored through performance indicators and reported transparently through Council's Financial Statements and Annual Report.

To support informed decision-making, Council has established a dedicated project to investigate options, including considering a potential SRV. Council has already implemented a wide range of cost-saving and efficiency measures. To date, around \$1.01 million per year in ongoing efficiency and productivity savings has been identified through the implementation of 40 initiatives. Key examples include:

- using recycled effluent on parks and sports fields instead of potable water
- installing solar panels across 12 Council sites and buildings since 2013-14

- introducing a section 7.12 Contributions Plan in 2018-19 to support growth-related infrastructure (as a restricted fund).

Going forward, Council has identified a further 39 improvement initiatives that it will implement in the coming years, providing a further minimum annual net benefit of \$145 thousand per year in financial benefits and \$146 thousand in one-off expenditure. Further details on these initiatives are set out in Council's Organisational Efficiency and Productivity Gains Improvement Plan report (November 2025).

Council has also reviewed and updated its asset management plan and asset management strategy and undertaken a detailed review of its long-term financial modelling to better understand future risks and pressures. A capacity-to-pay analysis has been completed to assess how different parts of the community may be affected by potential changes to rates.

While these changes will lead to an improvement in sustainability alone, Council's current financial modelling shows that they will not be sufficient on their own to fully address the long-term financial challenge. This is why Council is continuing to review its options to ensure services and infrastructure can be maintained in a responsible and sustainable way.

Council's current financial situation

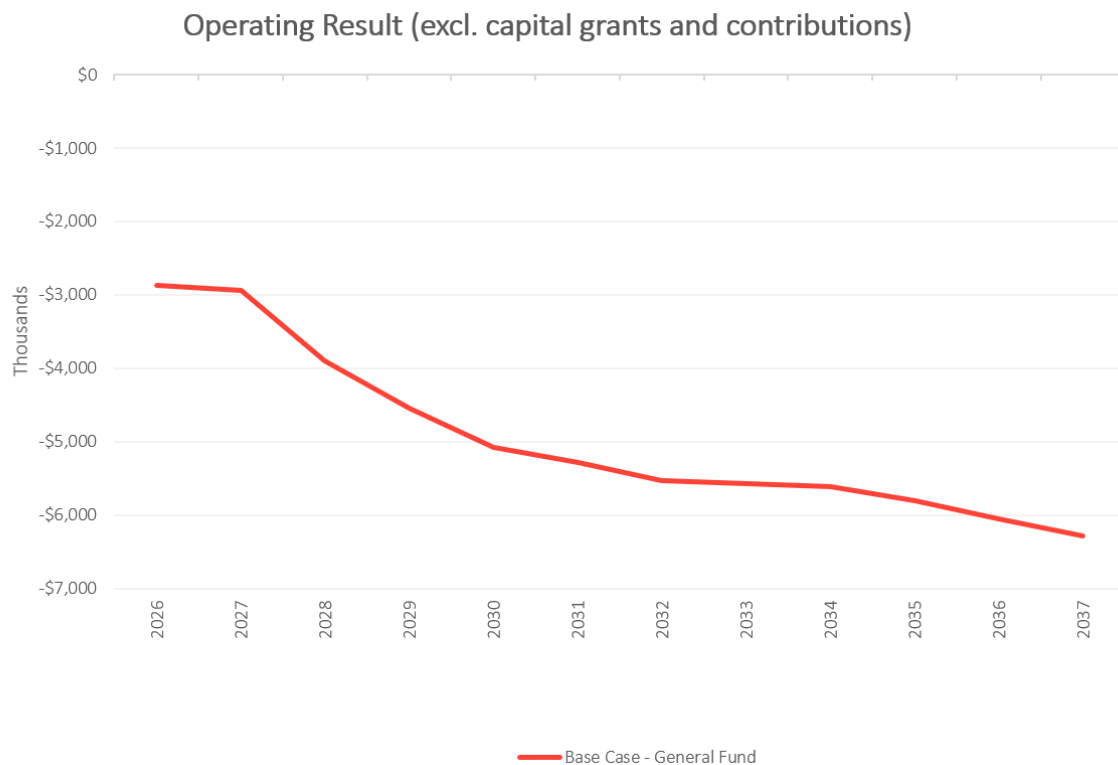
The base case or status quo outlines what would happen if Council did nothing apart from making the savings noted above. Doing nothing else would mean Council would have:

- an average operating deficit estimated at \$5.4 million per annum over a 10-year forecast period
- insufficient money to maintain current service levels and asset renewals
- inadequate funding for infrastructure renewal.

Council's consolidated operating position is in deficit and will worsen the further we look into the future.

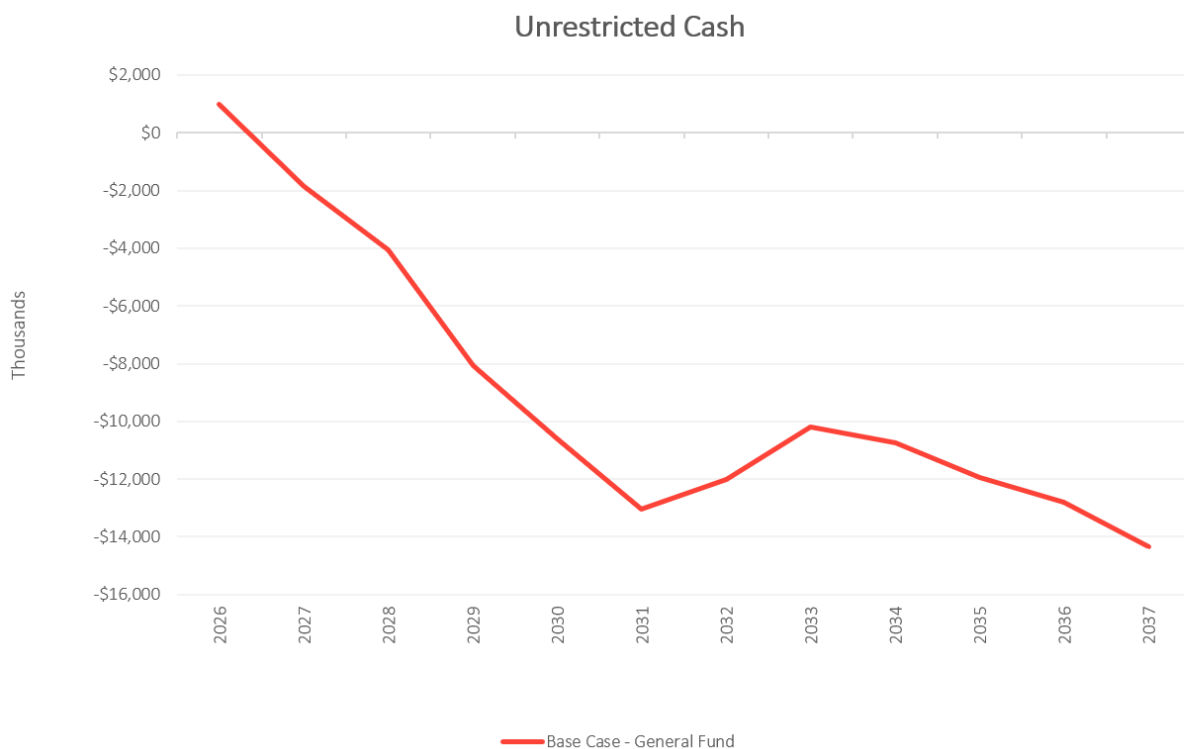
The following graphs show the consolidated operating result over the term of the long-term financial plan (LTFP). As operating result remains negative (in deficit), this indicates an unsustainable position.

Figure 2 Projected consolidated operating results under base case (excluding capital)



Over the same period General Fund cash is estimated to decrease to negative \$14 million.

Figure 3 Projected General Fund unrestricted cash results under base case



Core deficits in the General Fund have developed over time as a result of growing costs outpacing revenue growth. Continued General Fund deficits restrict Council's ability to respond to community expectations for continuation of current services and improved asset conditions.

Proposed Special Rate Variation

Council believes that a special rate variation is the most viable solution to the Council's financial sustainability challenges, noting that Temora Shire Council has never applied for an SRV.

What SRV is proposed for Temora Shire?

To achieve financial sustainability and to be able to deliver the current services and improvement to asset condition, Council requires a permanent cumulative rate increase from 1 July 2027, this includes the expected rate peg increases that Council would have otherwise increased rates by.

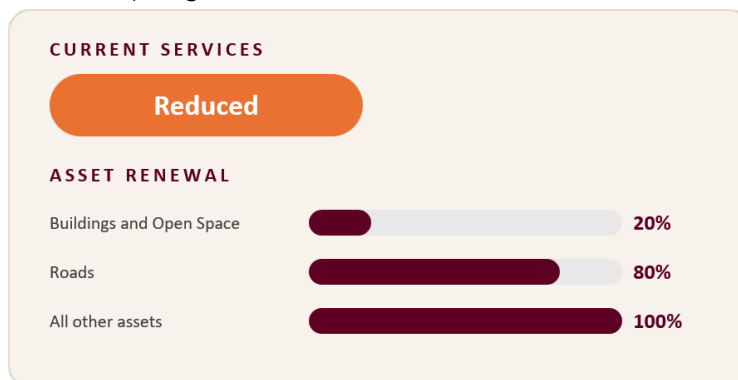
Council recently engaged the community to understand its preferences for an SRV and/or service reductions. It has used the information provided by the community in this early insights survey to inform the SRV options that it is now considering.

Weighing the Community feedback from the early insights survey and capacity to pay analysis, Council has stated that **its preferred option** in commencing community consultation is **Option A**.

Council is seeking community feedback on three SRV options all of which would be implemented over a three-year period and each representing a different balance between financial sustainability, service levels, and asset management outcomes.

Option A: Stabilise Council finances with some service reductions (preferred Option)

A three-year cumulative increase of **79.40%** (including rate peg), designed to stabilise Council's financial position and reduce some of the services in areas the community indicated it would be more comfortable in accepting reduced services.



This option would:

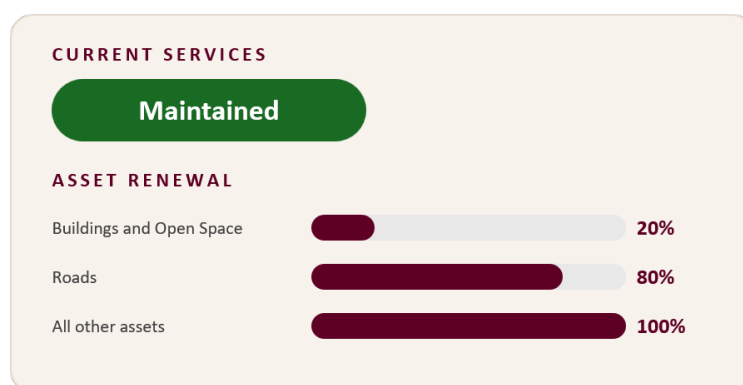
- allow Council to continue routine maintenance of roads and facilities. While it improves Council's financial position, it provides limited funding to renew ageing assets or deliver new infrastructure, meaning some long-term challenges would remain. Asset renewal for roads would be 80% of what is required and for buildings and open spaces it would be 20% of required renewal. This would mean that Council would need to closely manage infrastructure, particularly buildings, to ensure they remain suitable and sustainable.
- Include planned service reductions, with savings timed with known staff attrition (such as planned retirements) to review and reduce service levels while minimising impact and cost on its people. Services that are expected to reduce include:
 - Governance
 - Administration and Finance

- Economic and Community Development
- Engineering and Works Depot
- Parks and Gardens
- Youth Services
- Bundawarra Centre (Rural Museum).

What does this mean for the community: Some services will reduce over time, and assets would be stable, but Council would have limited capacity to address long-term infrastructure needs.

Option B: Stabilise Council finances and maintain services

A three-year cumulative increase of **101.25%** (including rate peg), which enables Council to maintain services while stabilising its financial position.



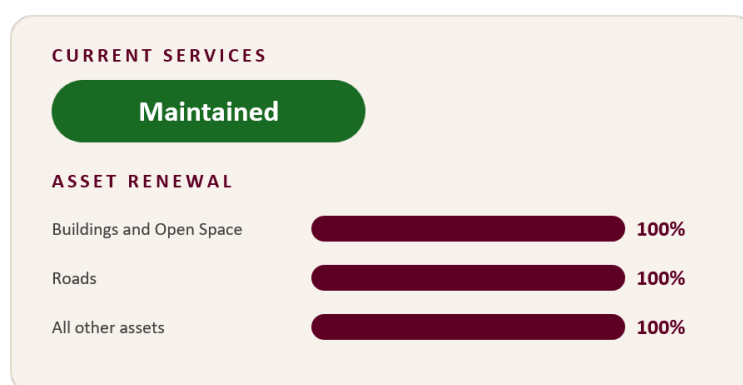
This option would:

- similarly to option A, allow Council to continue routine maintenance of roads and facilities. While it improves Council's financial position, it provides limited funding to renew ageing assets or deliver new infrastructure, meaning some long-term challenges would remain. Asset renewal for roads would be 80% of what is required and for buildings and open spaces it would be 20% of required renewal. This would mean that Council would need to closely manage infrastructure, particularly buildings, to ensure they remain suitable and sustainable.
- not contain any service reductions, unlike in Option A.

What does this mean for the community: Rates increase more than Option A, but Council would be able to maintain services and service levels.

Option C: Protect Council's services and assets

A three-year cumulative increase of **124.25%** (including rate peg), allowing Council to maintain services and fully fund asset renewal.



This option would:

- involve a higher increase in rates spread over three years.
- allow Council to invest more in roads and infrastructure, building and open spaces (investing 100% of required renewal in all asset classes). This ensures that Council could maintain asset conditions.
- have the largest impact on rates but provides the strongest long-term financial position.

What does this mean for the community: Rates increase more than both Option A and B, but Council is better placed to maintain services and infrastructure into the future.

Summary of options

Details of each option are summarised in the table below.

Table 1 Proposed Special Rate Variation rate increase options.

SRV Options	2027-28	2028-29	2029-30	Cumulative
Option A: Stabilise Council finances with some service reductions (preferred)	30.0%	20.0%	15.0%	79.40%
Option B: Stabilise Council finances and maintain services	40.0%	25.0%	15.0%	101.25%
Option C: Protect services and assets	50.0%	30.0%	15.0%	124.25%
Base Case: Forecasted rate peg	4.0%	3.5%	3.0%	10.87%

Further details on these assumptions are outlined in Council's updated Long Term Financial Plan (The document is on exhibition as a draft.).

What do these proposed changes mean for ratepayers?

The impact on an individual's rates will be different depending on the unimproved land value of their property. The following table 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.

Table 2 Estimated average rates to 2029-30

Rating Category	Average Rate Cumulative 2027-28	Average Rate Cumulative 2028-29	Average Rate Cumulative 2029-30
Residential			
No SRV – rate peg only	\$844	\$874	\$900
Option A: Stabilise Council finances with some service reductions (preferred)	\$1,055	\$1,266	\$1,456
Option B: Stabilise Council finances and maintain services	\$1,136	\$1,420	\$1,633
Option C: Protect services and assets	\$1,217	\$1,583	\$1,820
Business			
No SRV – rate peg only	\$2,058	\$2,130	\$2,194
Option A: Stabilise Council finances with some service reductions (preferred)	\$2,573	\$3,087	\$3,550
Option B: Stabilise Council finances and maintain services	\$2,771	\$3,463	\$3,983
Option C: Protect services and assets	\$2,968	\$3,859	\$4,438
Farmland			
No SRV – rate peg only	\$2,745	\$2,841	\$2,927
Option A: Stabilise Council finances with some service reductions (preferred)	\$3,432	\$4,118	\$4,736
Option B: Stabilise Council finances and maintain services	\$3,696	\$4,619	\$5,312
Option C: Protect services and assets	\$3,960	\$5,147	\$5,920

How do Temora Shire Council rates compare to other councils?

The Office of Local Government groups councils with other similar councils for comparison purposes. Temora Shire Council is in Group 10 with 14 other large rural councils. This group of councils represents a diverse cross section of geographies and communities across New South Wales.

Council also generally compares itself to other similar-sized inland councils. These comparable councils are Bland, Wagga Wagga, Narrandera, Junee, Cootamundra-Gundagai Regional, Greater Hume, Coolamon and Lockhart (*italicised in red in the table below*). We have provided comparisons to the average of all the councils in Group 10, and those Council compares itself to that are not in Group 10.

This comparison uses the most recent reported data from the Office of Local Government, which is from 2023-24 and forecasts rate increases in line with the forecast rate peg or an approved SRV, if one exists for that council.

It is important to recognise that no comparison is perfect. Each council provides different services and service levels to their communities. While the councils listed below are either similar in size or close in proximity to Temora, their differences can still affect the rates that they charge. For example, some of these councils may be closer to a regional city than Temora and therefore, may be able to rely on some services provided by that Regional City's council in a way that Temora cannot. They may also have a different mix of farming, business and mining rates that would also impact the rates that they levy on residents. Some council areas with significant mining operations are able to levy higher rates on those operations, reducing the rates that residents need to pay.

Council	Council's SEIFA IRSAD percentile	Est. average residential (\$)	<i>Residential rank</i>	Est. average business (\$)	<i>Business rank</i>	Est. average farmland (\$)	<i>Farmland rank</i>	<i>Land Value / Total Rating Income (2023)</i>
<i>Bland</i>	54	1,934	1	1,637	19	4,171	14	314.56
Option C (Protect services and assets)	39	1,820	2	4,438	3	5,920	6	542.34
Option B (Stabilise finances and maintain services)	39	1,633	3	3,983	4	5,132	10	542.34
Kyogle	19	1,561	4	1,959	17	2,718	23	275.56
<i>Wagga Wagga</i>	65	1,535	5	7,928	1	3,761	15	225.53
Option A (Stabilise finances with some service reductions)	39	1,456	6	3,550	6	4,736	11	542.34
Edward River	39	1,424	7	2,648	10	4,535	12	257.74
Oberon	46	1,338	8	1,420	20	2,812	22	426.72
<i>Narrandera</i>	21	1,288	9	2,149	14	6,888	2	355.76
<i>Junee</i>	24	1,276	10	3,489	7	6,097	5	497.25
<i>Cootamundra-Gundagai Regional</i>	30	1,269	11	476	26	5,422	9	422.7
<i>Greater Hume</i>	60	1,231	12	767	23	3,242	17	672.9
Forbes	41	1,179	13	3,857	5	3,569	16	282.11
Tenterfield	18	1,163	14	2,747	8	3,071	19	239.55
Liverpool Plains	18	1,154	15	1,997	16	6,809	3	343.09
Wentworth	47	1,082	16	7,561	2	2,489	26	259.58
Berrigan	31	1,056	17	1,720	18	3,096	18	351.59
Narromine	36	1,053	18	2,610	11	5,617	8	294.16
Gwydir	36	1,023	19	2,122	15	7,738	1	343.15
Temora - base case (no SV)	39	900	20	2,194	13	2,927	20	542.34
Uralla	60	874	21	796	22	5,779	7	388.2

Council	Council's SEIFA IRSAD percentile	Est. average residential (\$)	<i>Residential rank</i>	Est. average business (\$)	<i>Business rank</i>	Est. average farmland (\$)	<i>Farmland rank</i>	<i>Land Value / Total Rating Income (2023)</i>
Warrumbungle	23	840	22	2,323	12	4,277	13	249.64
Upper Lachlan	76	791	23	2,744	9	2,651	24	583.62
Walgett	15	564	24	1,043	21	6,522	4	446.07
<i>Coolamon</i>	49	562	25	612	25	2,852	21	736.18
<i>Lockhart</i>	48	546	26	736	24	2,637	25	925.61

Table 3 Estimated 2030/31 average residential, business and farmland rates compared to other councils

Has Council considered the community's capacity to pay higher rates?

Council has undertaken a detailed capacity to pay analysis which includes analysis of the impacts on a variety of different socio-economic groups within the Temora Shire Council local government area (LGA). The detailed Capacity to Pay report has been included as part of the reference materials for the community in discussing this SRV proposal.

How will the proposed rates increase impact Council's financial sustainability?

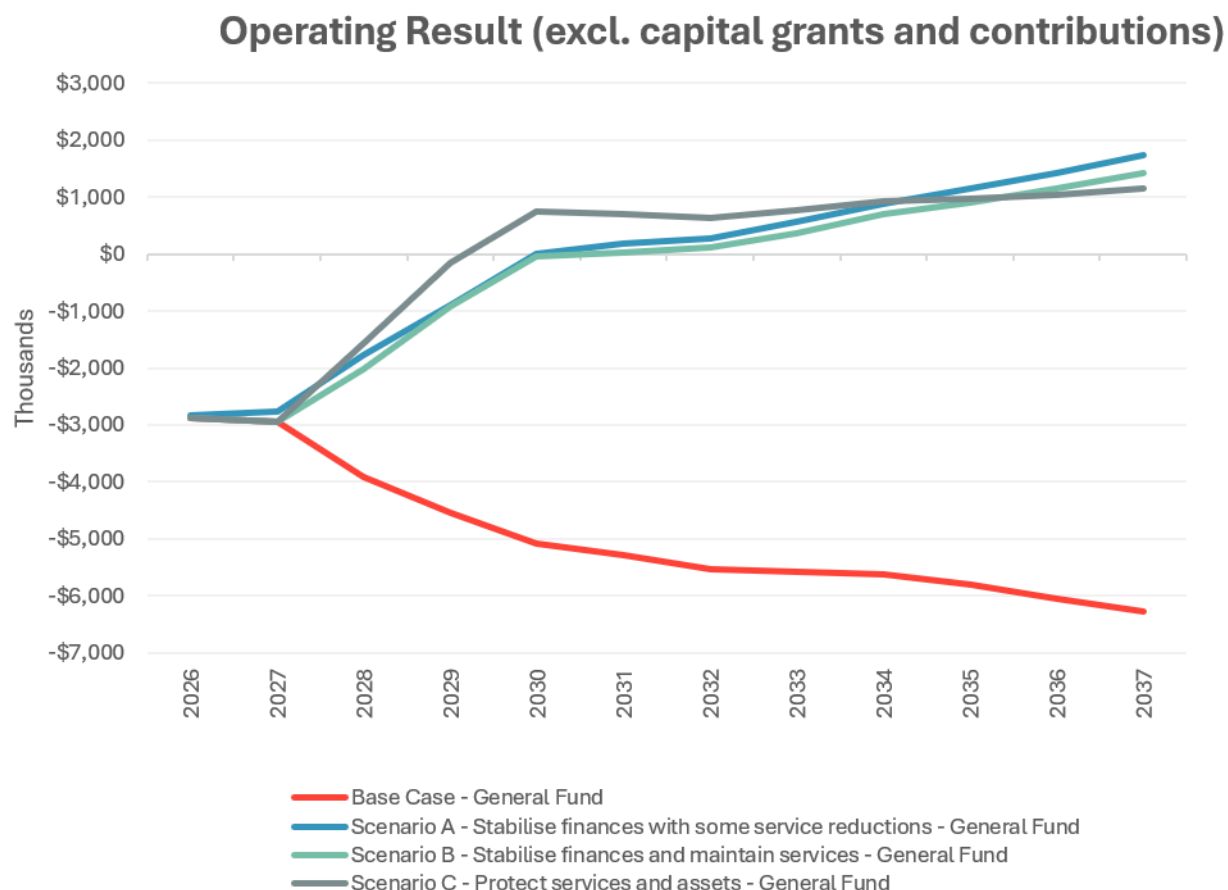
All three SRV Options will enable Council to become financially sustainable in the longer-term. It will also enable Council to address its ongoing core deficits in the General Fund, ensuring Council is more resilient and responsive to shocks and unexpected events in the future.

Council can deliver consolidated surpluses with the SRV and address the core deficits in the General Fund, which finances all services and infrastructure except for sewer operations. Without the rate increase, there is also no ability to become financially sustainable. Even cutting all discretionary services is unlikely to allow it to be financially sustainable.

Sound financial management encourages planning for modest operating surpluses and building of unrestricted cash reserves over time. This enables councils to respond to events that cannot be predicted or planned for in their Long-Term Financial Plan. Temora Shire Council has experienced these events and, while what exactly will occur in the future is unpredictable, it is prudent that it plans for similar unplanned expenditure in the future.

The figures below show that for each of the SRV options, Council will record modest operating surpluses and build to an adequate unrestricted cash position over time.

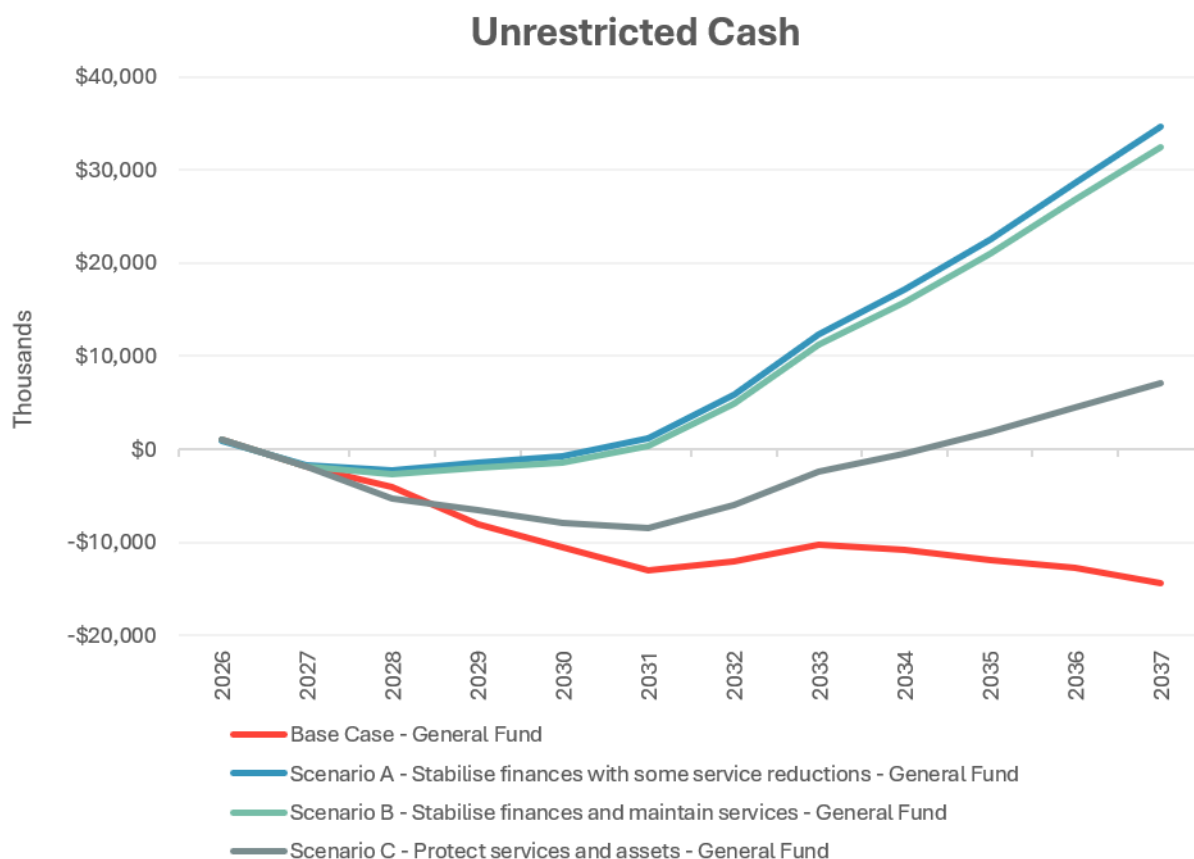
Figure 4 Forecasted operating results for SRV options



The forecast unrestricted cash position does not take into account any movements in internal restrictions. As Council builds its cash balances over time, it will be able to transfer unrestricted cash for specific purposes to internal restrictions, including Employee Leave Provisions, which will reduce its reported unrestricted cash.

The estimated cash position of Council's General Fund for the three options is detailed below. It is evident that under the base case, with ongoing operating deficits, Council is expected to have continuously declining cash balances. However, the SRV option allows council to generate positive unrestricted cash balances. Under Options A and B, Council may be able to build cash balances to better respond to unforeseen events, like bush fire and floods, in the last five years of the forecast period. If these unforeseen events do not significantly drain cash, these reserves could be used to invest further in asset renewals for roads and buildings particularly. Under Option C, cash is more drained, as this option is investing 100% of required renewals back into assets throughout the forecast period. Under this option, Council would need to closely manage its cash in the first half of the forecast period, either by managing internal restrictions or considering borrowings.

Figure 5 Forecasted unrestricted cash position for SRV options



Council has updated its Long-Term Financial Plan to show the impacts of both the base case (no SRV) and the proposed SRV case options. This will be out for exhibition during the SRV consultation period.

What would happen if Council does not increase its rates by the proposed amounts?

Council's current base case is not financially sustainable, as it involves significant General Fund deficits of an average of approximately \$5.4 million over the ten-year forecast. Its unrestricted cash is already in the negative and if it continues on this path, Council would likely become financially unsustainable and would not be able to adequately fund the delivery of current services and maintain its infrastructure.

If Council could not increase its rates revenue through an SRV, it would need to cut its operating costs by around \$5.0 million per year and continue not to adequately fund its asset renewal. Modelling has indicated that even if all discretionary services were cut, Council would still be unlikely to produce operating surpluses.

What is the process for Council to apply for an SRV?

Council must apply to IPART for approval to increase rates through an SRV. Before doing so, Council must demonstrate that it has engaged the community about the possibility of an SRV and has considered its views. IPART will also seek community feedback.

IPART will assess council applications on the following criteria:

1. The **need and purpose** of a different rate path for the Council's General Fund is clearly articulated and identified in Council's Integrated Planning and Reporting (IP&R) documents.
2. Evidence that the **community is aware** of the need for and the extent of a rate rise.
3. The **impact on affected ratepayers** must be reasonable.
4. The relevant IP&R documents must be exhibited, approved and adopted by Council.
5. The IP&R documents or Council's application must explain and quantify the **productivity improvements and cost containment** strategies.
6. Any other matter that IPART considers relevant.

More information on SRVs can be found on IPART's website:

<https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Special-Variations>.

Where do I go for more information on the proposed SRV?

More information on the proposed SRV is available from Council's website

(www.temora.nsw.gov.au).

Council will also be including information on the proposed SRV in its regular newsletters, fact sheet, information display or kiosks, e-Newsletter, social media, public exhibition, survey, newspaper advertisements and media releases.

Support Measures for the Community

Council understands that cost-of-living pressures are impacting many households and recognises that any potential changes to rates need to be considered alongside the circumstances of the community.

If an SRV were to proceed, Council would continue to provide support options for residents who may experience difficulty managing their rates payments.

Hardship Policy

Council's Hardship Policy provides a private, confidential and flexible option for residents experiencing financial difficulty with their rates payments.

Support options may include:

- Arrangements to pay outstanding rates and charges through regular instalments
- Direct debit payment options with flexible payment frequencies
- Centrepay for eligible Centrelink customers
- Consideration of interest charges on overdue rates in certain circumstances

Council encourages residents experiencing financial difficulty to contact Council early to discuss available options. All hardship enquiries are treated confidentially.

Pensioner Concession Rebate

If you hold a current Pensioner Concession Card and are solely or jointly liable for the rates and charges of the property that is your principal place of residence, you are eligible for the Council Pensioner Concession Rates Rebate.

Phased implementation of potential rate increases

If an SRV application was approved by IPART, any approved increase would be introduced gradually over a three-year period rather than applied as a single increase.

A phased approach would help:

- Reduce the immediate impact on households and businesses
- Allow time for residents to plan and adjust
- Support a more manageable transition for the community

Support and information

Council is committed to ensuring residents are aware of available support options and understand how to access assistance if needed.

Residents who are experiencing financial difficulty or have concerns about managing rates payments are encouraged to contact Council to discuss their circumstances.

Community Engagement Outline

Community feedback is an important part of Council's Financial Sustainability and Special Rate Variation (SRV) process.

Council is committed to providing clear information, answering questions and giving residents, businesses and stakeholders opportunities to share their views before any final decision is made.

The engagement process has been designed to ensure the community is informed at each stage and has opportunities to participate as the process progresses.

Stage 1 – Awareness and Foundations (Completed)

The first stage focused on helping the community understand Council's financial position and the challenges affecting long-term sustainability.

Activities included:

- Sharing information about Council's financial position and future challenges
- Providing educational resources and frequently asked questions
- Updating Council's Financial Sustainability webpage
- Conducting the Early Insights Survey to understand community awareness, questions and priorities

The feedback received during this stage helped Council better understand community views and informed the next steps in the process.

Stage 2 – Formal Consultation (Current)

Following the 16 July 2026 Council meeting, Council has resolved to proceed with formal community consultation on potential SRV options.

During this stage, the community will have the opportunity to:

- Learn more about the potential SRV options
- Understand the potential impacts and benefits of each option
- Ask questions and seek clarification
- Provide feedback on priorities and preferences

Consultation activities will include:

- Community drop-in sessions
- An online and hard copy survey
- Stakeholder meetings
- Information updates through Council's website, social media and other communication channels

Stage 3 – Reassure and Reinforce – Subject to Council Decision

Following the consultation period, Council will review community feedback and consider the next steps.

This will include determining whether to submit an SRV application to IPART and which option, if any, should be progressed.

Stage 4 – Implement and Inform (If Approved)

If Council decides to submit an SRV application, IPART will independently assess the application, including Council's financial information and community consultation outcomes.

If approved, any changes would be implemented in accordance with IPART's determination. Any approved SRV would not take effect before the 2027/28 financial year.

Keeping the Community Informed

Throughout the process, Council will continue to provide updates and information through:

- Council's Financial Sustainability webpage
- Community updates and newsletters
- Social media
- Consultation activities

Council encourages residents, businesses and community groups to take part, ask questions and provide feedback to help inform future decisions.

Frequently Asked Questions

Q1: What is a Special Rate Variation (SRV)?

A: A Special Rate Variation (SRV) is a process that allows councils to apply to increase general rates above the annual rate peg set by the Independent Pricing and Regulatory Tribunal (IPART).

An SRV is one option Council is considering as part of its long-term financial sustainability planning.

Q2: Has Council decided to introduce an SRV?

A: No. Council has not decided to introduce an SRV.

Following the 16 July 2026 Council meeting, Council has resolved to proceed with formal community consultation on potential SRV options. Feedback received during this consultation will help inform any future decision about whether to submit an SRV application to IPART.

Q3: Why is Council considering an SRV?

A: Council is facing increasing financial pressures, including rising costs, infrastructure renewal requirements, reduced funding flexibility and limits on rate income growth.

Council has undertaken significant work to identify efficiencies, reduce costs and improve financial sustainability. However, modelling indicates further action may be required to ensure Council can continue delivering services and maintaining community assets into the future.

An SRV is one option being considered to help address these long-term challenges.

Q4: Why is Council consulting on an SRV if no decision has been made?

A: Council is committed to being transparent and ensuring the community has an opportunity to provide feedback before any final decision is made.

Formal consultation allows residents, businesses and stakeholders to understand the options being considered, ask questions and share their views before Council determines the next steps.

Q5: What stage is Council at in the process?

A: Council has completed the first phase of its engagement process, which focused on building awareness and understanding of Council's financial position.

Following the 16 July 2026 Council meeting, Council has commenced Phase 2: Formal Community Consultation on potential SRV options.

Q6: What happens next?

A: During the formal consultation period, the community will have opportunities to learn more about the potential SRV options and provide feedback.

Consultation activities include community drop-in sessions, a survey, stakeholder discussions and other opportunities for community input.

Following consultation, Council will consider the feedback received before making a decision about whether to submit an SRV application to IPART.

Q7: When will Council make a decision about an SRV?

A: Council will consider the outcomes of the formal community consultation before making any decision about whether to submit an SRV application.

Council is expected to consider consultation outcomes at the September 2026 Council meeting, with a further decision regarding an SRV application expected in November 2026.

No final decision has been made at this stage.

Q8: Who makes the final decision on an SRV?

A: Council can only apply for an SRV. It cannot approve an SRV itself.

If Council decides to submit an application, it would be assessed independently by IPART, which would make the final decision on whether the SRV is approved.

Q9: When would any changes take effect if an SRV was approved?

A: If an SRV application was approved by IPART, any changes would not take effect until the 2027/28 financial year at the earliest.

The timing and level of any approved increase would depend on IPART's determination.

Q10: Does this mean my rates are definitely increasing?

A: No decision has been made to apply an SRV or increase rates.

Council is seeking community feedback on potential options before making any further decisions. Any SRV would also require approval from IPART.

Q11: Will services be cut or reduced?

A: No decisions have been made about changes to services.

As part of the SRV process, Council must consider a range of options, including how services and infrastructure can be sustainably delivered into the future.

Community feedback will help inform decisions about the best approach for Temora Shire.

Q12: What support is available for people experiencing difficulty paying rates?

A: Council understands that cost-of-living pressures are affecting many households.

Council has support options available, including:

- A Hardship Policy providing confidential and flexible payment arrangements
- Pensioner Concession Rebates for eligible pensioner card holders

Residents experiencing difficulty paying rates are encouraged to contact Council to discuss available support options.

Q13: How can the community provide feedback?

A: The community can provide feedback through Council's formal consultation activities, including:

- Online and hard copy surveys
- Community drop-in sessions
- Stakeholder meetings
- Written feedback and submissions
- Other engagement opportunities promoted by Council

Council encourages residents, businesses and community groups to participate and share their views.

Q14: What has Council already done to address financial pressures?

A: Council has already undertaken significant work to improve financial sustainability, including:

- Reviewing services and operations
- Implementing efficiency and productivity improvements
- Identifying more than \$1 million per year in completed savings and improvements, with a further \$145,000 per year in additional improvements being implemented
- Strengthening long-term financial planning through the Long-Term Financial Plan, Financial Sustainability Strategy and capacity to pay analysis

These actions demonstrate that Council has actively worked to manage costs and improve efficiency before considering further options.

Q15: Why can't Council just cut costs instead of considering rate changes?

A: Council has already implemented efficiency measures, reviewed services and identified opportunities to reduce costs.

However, some financial pressures are ongoing and structural, including rising costs, infrastructure renewal requirements and legislative responsibilities. Further savings may impact service levels or the condition of community assets.

Council is considering a range of options to support long-term sustainability.

Q16: Why can't Council apply for more grants?

A: Council actively applies for grant funding opportunities wherever possible.

However, grants are often competitive, limited to specific purposes and generally cannot be relied upon to fund ongoing operational costs such as maintaining services, staffing and existing infrastructure.

Q17: What happens if Council decides not to apply for an SRV?

A: If Council decides not to apply for an SRV, it would need to continue managing financial pressures through other measures.

These may include further efficiency improvements, service reviews, asset management decisions, budget adjustments or other financial strategies.

Council's responsibility is to determine the most sustainable approach for the long-term future of the Shire.

Q18: How much could my rates increase?

A: The potential impact on rates will depend on which SRV option, if any, Council decides to progress and whether it is approved by IPART.

Council is presenting different options for community feedback, with each option representing a different approach to addressing Council's long-term financial sustainability challenges.

The estimated impact of each option will vary depending on individual properties, including whether the property is residential, farming or business-rated.

Detailed information about the potential rate impacts of each option is available in the SRV options information and rate impact examples provided as part of the consultation.

Q19: How will Council decide which option to progress?

A: Council will consider a range of factors before making any decision about whether to submit an SRV application to IPART.

This will include:

- Feedback received from the community during the formal consultation period
- Council's long-term financial modelling
- The impact of each option on services, infrastructure and ratepayers
- The ability to maintain a financially sustainable position into the future

No option has been selected at this stage. Community feedback will be an important part of informing Council's decision-making.

Q20: Why does Council need to increase rates when people are already experiencing cost-of-living pressures?

A: Council recognises that many households and businesses are experiencing increasing financial pressures and understands that any potential rate increase needs to be carefully considered.

Council has already undertaken work to reduce costs, improve efficiency and identify savings. However, Council is also facing increasing costs, infrastructure renewal requirements and limits on revenue growth.

The purpose of the consultation is to understand community views, consider the impacts of different options and determine the most responsible approach for Temora Shire's long-term future.

What happens after this?

Once the community consultation period concludes, Council will review the feedback received. A report will then go to Council for their consideration of the feedback and any updates required to the LTFP. Council will decide whether to proceed with the SRV application.

If Council decides to proceed with the SRV application, the application must be submitted to IPART in February 2027. IPART will conduct its own consultation, with public submissions likely to be sought in March 2027, before IPART makes its determination in May 2027. If successful, the SRV will be included in rates from 1 July 2027.

Who is Morrison Low Advisory and why is their name on this report?

Morrison Low Advisory is a multi-disciplined management consultancy that has the ability to draw on the experience of a range of experts from different professions. Temora Shire Council has engaged Morrison Low Advisory to provide strategic advice and assistance on Council's financial position. Our prime focus is local government; we pride ourselves on our deep understanding of the industry and the matters confronting it.

We consider that our team has the depth, experience, expertise and analytical capability necessary to provide independent strategic advice to Council. We have extensive strategic advice, communication, presentation and engagement, strategic asset management, financial strategy and management, service planning, review and delivery experience. Our team members are widely recognised as experienced strategic specialists in local government, providing advice councils can act on.

Undertaking a Special Rate Variation process is not a usual occurrence for a council, nor should it be. So, when a council is faced with the challenge of considering a Special Rate Variation, they often need to engage specialist assistance to supplement staff expertise. Morrison Low Advisory regularly works with councils to supplement staff's expertise and support councils through the process. Morrison Low Advisory has been engaged by Temora Shire Council to support it in this process of considering the SRV application. Our work has included:

- conducting an organisation-wide review of Council's financial position, operational productivity and efficiencies, and resource needs and preparing an efficiency and productivity gains plan
- reviewing the asset financial data
- undertaking Long Term Financial Plan (LTFP) financial modelling
- supporting the development of SRV strategy and options

- undertaking a capacity to pay analysis and supporting the community engagement.

Attachment A:

Table 23 Residential rates - impact analysis

Estimated average residential rates (\$)	2026-27	2027-28	2028-29	2029-30
Base Case (No SRV)	\$812	\$844	\$874	\$900
Revised SRV Options				
Scenario A – Stabilise finances with service reductions	\$812	\$1,055	\$1,266	\$1,456
Scenario B – Stabilise finances and maintain services	\$812	\$1,136	\$1,420	\$1,633
Scenario C – Protect assets and services	\$812	\$1,217	\$1,583	\$1,820

	Base case - no SV	Scenario A (Stabilise finances with some service reduction)			Scenario B (Stabilise finances and maintain services)			Scenario C (Protect services and assets)		
Grouping	Avg Rate in 2029/2030	Avg Rate in 2029/2030	Avg increase above rate peg	Avg annual increase	Avg Rate in 2029/2030	Avg increase above rate peg	Avg annual increase	Avg Rate in 2029/2030	Avg increase above rate peg	Avg annual increase
Ariah Park	\$578	\$935	\$357	\$119	\$1,049	\$471	\$157	\$1,168	\$591	\$197
Rural	\$430	\$696	\$266	\$89	\$781	\$351	\$117	\$870	\$440	\$147
Temora Town (North/East)	\$965	\$1,561	\$596	\$199	\$1,751	\$786	\$262	\$1,951	\$987	\$329
Temora Town (South/West)	\$898	\$1,454	\$555	\$185	\$1,631	\$732	\$244	\$1,817	\$919	\$306
Temora Town Periphery	\$742	\$1,201	\$459	\$153	\$1,348	\$605	\$202	\$1,502	\$759	\$253

Due to the variance in land values the average rate differs between each grouping and therefore the impact of average rate increases will vary across the LGA. The Temora Town (North/East) grouping contains the largest proportion of residential rating assessments and will see the highest average residential rate increase of all groupings across each of the three SV scenarios at between \$1,561 to \$1,951 (average increase of between \$596 to \$987 by 2029/30, dependent on the SV option, over the proposed three-year SV period when compared to option 1 ‘do nothing’, with an average annual increase of between \$199 to \$329). The lowest average residential land value area of Rural will see the lowest residential average increase of all groupings, with average rates to increase to \$870 under scenario C (average increase of \$440, with average annual increase of \$147).

Table 24 Farming rates - impact analysis

Estimated average farming rates (\$)	2026-27	2027-28	2028-29	2029-30
Base Case (No SRV)	\$2,640	\$2,745	\$2,841	\$2,927
Revised SRV Options				
Scenario A – Stabilise finances with service reductions	\$2,640	\$3,432	\$4,118	\$4,736
Scenario B – Stabilise finances and maintain services	\$2,640	\$3,696	\$4,619	\$5,312
Scenario C – Protect assets and services	\$2,640	\$3,960	\$5,147	\$5,920

	Base case - no SV	Scenario A (Stabilise finances with some service reduction)			Scenario B (Stabilise finances and maintain services)			Scenario C (Protect services and assets)		
Grouping	Avg Rate in 2029/2030	Avg Rate in 2029/2030	Avg increase above rate peg	Avg annual increase	Avg Rate in 2029/2030	Avg increase above rate peg	Avg annual increase	Avg Rate in 2029/2030	Avg increase above rate peg	Avg annual increase
Ariah Park	\$570	\$922	\$352	\$117	\$1,035	\$465	\$155	\$1,153	\$583	\$194
Rural	\$3,141	\$5,082	\$1,941	\$647	\$5,701	\$2,560	\$853	\$6,352	\$3,212	\$1,071
Temora Town (North/East)	\$409	\$661	\$253	\$84	\$742	\$333	\$111	\$827	\$418	\$139
Temora Town (South/West)	\$616	\$997	\$381	\$127	\$1,118	\$502	\$167	\$1,246	\$630	\$210
Temora Town Periphery	\$2,165	\$3,503	\$1,338	\$446	\$3,930	\$1,765	\$588	\$4,379	\$2,214	\$738

The impact of increases in rates will also be unequal across the LGA when looking at farmland assessment due to the wide variance in land value from area to area, with high value areas noticeably differing from those seen in residential rates. Those in the higher farmland land value areas of Rural (average to increase to between \$5,082 and \$6,532 by the end of 2029/30, dependent on the SV scenario, an average annual increase of between \$647 and \$1,071) and Temora Town Periphery (average to increase to between \$3,503 and \$4,379 by the end of 2029/30, an average annual increase of between \$446 and \$738) and are expected to see larger increases in average rates compared to Temora Town (North/East), which will see the lowest average increase (\$661 to \$827, an increase of \$84 to \$139 per year). When combined, the Rural and Temora Town Periphery groupings contain 98% of all of the LGA's farmland ratepayers.

Table 25 Business rates - impact analysis

Estimated average business rates (\$)	2026-27	2027-28	2028-29	2029-30
Base Case (No SRV)	\$1,979	\$2,058	\$2,130	\$2,194
Revised SRV Options				
Scenario A - Stabilise finances with service reductions	\$1,979	\$2,573	\$3,087	\$3,550
Scenario B - Stabilise finances and maintain services	\$1,979	\$2,771	\$3,463	\$3,983
Scenario C - Protect assets and services	\$1,979	\$2,968	\$3,859	\$4,438

	Base case - no SV	Scenario A (Stabilise finances with some service reduction)			Scenario B (Stabilise finances and maintain services)			Scenario C (Protect services and assets)		
Grouping	Avg Rate in 2029/2030	Avg Rate in 2029/2030	Avg increase above rate peg	Avg annual increase	Avg Rate in 2029/2030	Avg increase above rate peg	Avg annual increase	Avg Rate in 2029/2030	Avg increase above rate peg	Avg annual increase
Ariah Park	\$632	\$1,023	\$391	\$130	\$1,148	\$515	\$172	\$1,279	\$647	\$216
Rural	\$188	\$304	\$116	\$39	\$341	\$153	\$51	\$380	\$192	\$64
Temora Town (North/East)	\$2,761	\$4,468	\$1,707	\$569	\$5,012	\$2,251	\$750	\$5,585	\$2,824	\$941
Temora Town (South/West)	\$1,537	\$2,488	\$950	\$317	\$2,791	\$1,253	\$418	\$3,110	\$1,572	\$524
Temora Town Periphery	\$1,132	\$1,832	\$700	\$233	\$2,056	\$923	\$308	\$2,290	\$1,158	\$386

Business land values also differ across the LGA and generally reflect the same high value areas as seen with residential rates. Within the Temora LGA, Temora Town (North/East) does remain the grouping with the highest average land values and therefore will also see the largest average increase when looking at business rates (average increase to between \$4,468 to \$5,585 by the end of 2029/30, dependent on the SV option, with an average annual increase of between \$569 and \$941). The Temora Town (North/East) grouping also contains the highest proportion of business ratepayers. Rural will see the lowest average increases (average increase to between \$304 to \$380 by 2029/30, with an average annual increase of \$39 to \$64), followed by Ariah Park (average increase to between \$1,023 to \$1,279 by 2029/2030, with an average annual increase of \$130 to \$216).

