

Ref: A904614
Contact: Jodie Turner
Phone: 02 4428 4196

Dr Clare Allen
Chief Executive Officer
Port Macquarie-Hastings Council
PO Box 84
PORT MACQUARIE NSW 2444

Via email: council@pmhc.nsw.gov.au

Re: Impact of Councils recent rate increase decision on current and future financial sustainability


Dear Dr Allen

I write to you to express my concern regarding the recent decision made by Council to set the 24-25 rate increase to zero.

I note the impact of the decision is reflected in the 24-25 Draft Operational Plan Budget with interim reductions being made across a range of maintenance and operational expenditure areas to meet the lost opportunity of \$2.7m rates revenue. The Operational Plan goes on to flag the long term impact of this decision with permanent ongoing reductions required from 2025-26 to match the reduced revenue. I understand that this decision and its subsequent impact on services has been made despite strong feedback received from the community opposing the plan.

I further note that the 2024-25 Draft Operational Plan forecasts a net deficit operating result of approximately \$8m, while the Quarterly Budget Review Statement (QBRs) for Q3 2023-24 forecasts a deficit operating result of approximately \$5m. This is a significant decline from the surplus of \$6.5m reported for FY23 and highlights the need to take necessary steps to reverse this trend. The proposed decision to not increase rates will further aggravate this decline over the short, medium and long term.

Council's current adopted Long Term Financial Plan (LTFP) has not been updated since 2022 and does not include the impact of the 24-25 zero rate increase, or the long term effect it will have on Council's financial viability. Council is reminded that the LTFP is to be reviewed and updated at least annually as part of the development of the Operational Plan.

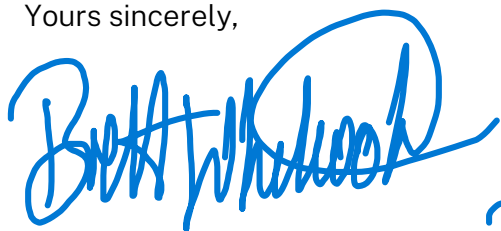
It is strongly recommended that the feedback received from the consultation with the community be seriously considered prior to finalising the draft Operation Plan for 2024-25.

I am also concerned that the decision to adopt a rate increase of zero will seriously hamper Council's ability to deliver against its housing and critical infrastructure programs which is a significant priority for all levels of Government.

I would like to remind Council that the responsibility of Councillors as governing body, outlined in S223 of the *Local Government Act 1993* (the Act), and as a Councillor outlined in S232 of the Act is to make considered and well-informed decisions for their communities, particularly around financial sustainability and strongly recommend that decisions are made keeping these in mind.

I request that a copy of this letter be tabled at the next meeting of Council.

Yours sincerely,



Brett Whitworth
Deputy Secretary
Office of Local Government

20 June 2024