Section 508(2) Special Variation Application Form – Part B

Ku-ring-gai Council
Date Submitted to March 24th 2011
Council Contact Person: Peter Davies
Council Contact Phone: 9424 0745
Council Contact Email: pdavies@kmc.nsw.gov.au

Trim: 2011/039029
The Tribunal members for this special variation assessment are:

Mr Rod Sims, Chairman
Mr James Cox, Chief Executive Officer and Full Time Member
Ms Sibylle Krieger, Part Time Member

Inquiries regarding this document should be directed to a staff member:

Ken Maxwell (02) 9113 7712
Nicole Haddock (02) 9290 8426
## Contents

1. **Introduction**  
2. **Special variation application overview**  
3. **Need for the variation**  
   3.1 Explanation of why the special variation is needed  
   3.2 Efficient and feasible program of expenditure  
   3.3 Impact on financial sustainability  
4. **Community consultation**  
   4.1 Multimodal consultation that reaches all residents  
   4.2 Environmental Survey (2011) Levy Continuation  
   4.3 Satisfaction survey 2010 results  
   4.4 Environmental levy satisfaction survey (2009)  
   4.5 Community strategic plan (2007-09)  
   4.6 Summary of consultation  
5. **Rating structure and the impact on ratepayers**  
   5.1 Proposed rating structure for the revenue path  
   5.2 Impact on rates  
   5.3 Community’s capacity to pay proposed rate increases  
   5.4 Addressing hardship  
6. **Financing strategy**  
   6.1 New capital financing strategy  
   6.2 Sustainability of debt  
7. **Productivity improvements**  
8. **Other information**  
   8.1 Integrated Planning and Reporting Framework (IPRF) progress  
   8.2 Special variation history  
   8.3 Reporting  
   8.4 Council Resolution  
9. **Attachments**  
10. **Certification by the General Manager and the Responsible Accounting Officer**
1 Introduction

This form is to be completed by councils when applying for a special variation to general income under section 508(2) of the Local Government Act 1993.

Councils must refer to the Division of Local Government (DLG), Department of Premier and Cabinet Guidelines for the preparation of an application for a special variation to general income in 2011/12 in completing this application form. These Guidelines are available on the Division’s website at www.dlg.nsw.gov.au.

Note that this part of the application (Part B) must be completed in conjunction with Part A (Special Variation s508(2) Application Form 2011/12 – Part A).

This part of the application consists of the following sections:

- Section 2 - Special variation application overview
- Section 3 - Need for the variation
- Section 4 - Community engagement/consultation
- Section 5 - Rating structure and impact on ratepayers
- Section 6 - Financing strategy
- Section 7 - Productivity improvements
- Section 8 - Other information (special variation history, reporting arrangements and Council resolutions)
- Section 9 - Checklist of application contents
- Section 10 - Certification by the General Manager and the Responsible Accounting Officer.

Both Part A and Part B of the application should be completed and submitted electronically to localgovernment@ipart.nsw.gov.au. A signed copy of the certification should be scanned and attached to the same email. All attachments should be emailed if possible.

The spaces provided in each section of this application form may be extended as necessary to fit information. Councils are not limited in the amount of information they provide. Each section must be completed before IPART can assess the application. If necessary, IPART may seek further information from Council.

IPART will post all applications on its website. Councils should also make their application available to their community through their website.

Councils are required to submit their application by cob Friday, 25 March 2011. IPART encourages councils to submit their applications as early as possible.

2 Special variation application overview

This application proposes a special rate variation to fund a range of environmental and sustainability projects (Attachment A) consistent with Council’s Community Strategic Plan.
The reasons for proposing a special rate are four (4) fold. Environmentally, the impacts of urbanisation continues to have a detrimental effect on the quality of the natural systems. The levy seeks to address the causes contributing and effects arising from these impacts. Socially, the local community place a very high value on the local environment and accordingly expect Council to have in place appropriate policy and funding mechanisms to maintain and improve the condition of bushland, waterways and public spaces. This is reflected in over 85 per cent of the community willing to support and pay additional rates to deliver more services to the environment. Financially, the demands to maintain and improve Council’s existing assets are in excess of the income brought by rates, grants and other funding sources. The current liability is estimated at $183 million and this is to be incorporated in Council’s long term financial plan that guides strategic budget and planning decisions. Further, the funding gap between planned development contributions works commitments and expected developer contributions is currently estimated at $59 million.

From a governance perspective, a special rate with a definable period (eight years) enables the community to periodically determine its priorities in addition to the review of the Community Strategic Plan, the Operational Plan and Delivery Program. The levy program provides direction over eight years (equivalent to two terms of Council) that gives greater certainty of the continuation of programs and projects. This reflects past and existing priorities as expressed through regular satisfaction and other surveys. Most recently surveys have highlighted a need to fund additional programs to adapt to climate change and provide more sustainable transport options.

The application is made under section 508(2) of the Local Government Act, 1993 (NSW) and seeks the approval of a five percent increase in rates over the ordinary rate determination for a period of eight years. The increase would be effective from the 1 July 2011 to June 2019. The application would replace the current environmental levy special rate that was approved for the period 1 July 2005 to 30 June 2012. The reasons for seeking an approval to Council’s environmental levy program prior to the end of June 2012 is to ensure engineering and landscape design and contract administration can commence with certainty beyond June 2012. This will also enable suitable lead time for the recruitment process of staff and to enable Council to prepare grant applications under various State and Federal Government programs with certainty that it can match the funding commitments; this is particularly important as funding from the current environmental levy has been able to leverage over $6 million grant income in five (5) years arising from its strategic direction and delivery of projects.

The environmental levy rate equates to an average increase of $64 per year for a detached residential property with an average land value of $625,000 and $17 per year for a unit with an average land value of $164,000. However, as this application is for a renewal of an existing special rate, ratepayers will not experience these increases from their payment in 2010/11. As with the current environmental levy (and other special rates), Council will apply its two (2) policies which address rate relief to owners who experience substantial financial hardship. One relates to hardship specifically as a result of using new land valuations for rates assessment and the other addresses eligible pensioners in financial hardship.
The community benefits of the program will be delivered through five (5) areas:

1. the delivery of on-ground projects to improve the condition of the bushland and waterways
2. improving existing and creation of new community facilities
3. providing funding to enable local community projects and support volunteer groups
4. expanding current environmental education programs that targets residents and the business sector (that should result in lower energy and water costs) and
5. enable the community to see Council as a leader in environmental management (reflecting the community values and expectations) through activities that are relevant to the local area and applicable at a household and business level.

Each of the program areas and individual projects directly relate to the 20 year targets and objectives in Council’s Community Strategic Plan. The projects and their outcomes link directly to the development of the four (4) year operational plan and annual delivery program. Financially, this special rate has no new impact on rates effectively being an extension of the current program and has been factored into Council’s long term financial plan as a key component to the delivery of important services to the community. Importantly, the special rate forms part of a significant shift in the way Ku-ring-gai Council has planned for and undertaken projects over the past nine (9) years. In effect Council has transitioned from having a minimal maintenance orientated works program to one with a substantial capital works. This has lead to a significant shift in the proportion of funding to new projects and inturn has driven organisational efficiencies in the operational areas of the organisation. This levy will continue this direction to ensure that Council is able to sustainably delivery projects and services to its ratepayers, cognisant of its commitment to the environment and intergenerational equity.
3 Need for the variation

In accordance with IPART NSW Section 508(2) Special Variation Application Form – Part B, Council’s key purpose of the variation is for **environmental works, as marked below**.

- Infrastructure maintenance / renewal
- New infrastructure investment
- Environmental works **X**
- Maintain existing services
- Other (specify)

3.1 Explanation of why the special variation is needed

This application seeks to continue the implementation of a range of environmental programs identified by the local community. These respond to the need to improve the condition of the natural environment that defines the character of Northern Sydney. The special rate will build on the additional capital and maintenance activities undertaken by Council as part of the first environmental levy (that commenced 1 July 2005), invest in mitigating and adapting to a changing climate, (particularly associated with an increase in bushfire risk), enable council to match state and federal government grants (that typically tie funding to matching cost contributions) and provide new funding for recent and emerging issues that have arisen due to demography and preferences expressed by the local community.

Council believes the reasons to support this special rate application are sufficient in their own right. However, as noted by previous reviews into the local government sector, the capacity and ability of councils to respond to and fund new and changing services increasingly outside the financial capacity of local government. This is a direct consequence of the constraints imposed by rate pegging and the accumulation of backlogs in infrastructure maintenance and renewal. As noted in IPART 2009 draft report on the Revenue Framework for Local Government this is particularly the case over the past 10 years. This not surprisingly corresponds to the period that Ku-ring-gai Council has sought additional rating income as outlined in our special rate variation history (Section 8.2). As councils like Ku-ring-gai gain further evidence of the condition and cost to maintain infrastructure to an acceptable standard, revenue strategies that supplement annual rate pegging, are increasingly necessary to form part of a sustainable funding strategy.

In this section, the major reasons as to why this special rate should be supported will be discussed. In particular, the discussion will focus on feedback by residents as part of numerous satisfaction surveys and strategic planning exercises. In doing so, it will:

1. draw on evidence of success of the current levy
2. identify projects to be funded
3. describe how the program and projects respond to the Community Strategic Plan, Operational Plan and Delivery Program and other Council’s strategies and policies
4. provide a comment on how the program relates to State and National Government reforms for local government and environment
5. summarise the results of the community consultation related to this special rate application and
6. summarise the benefits of the program for the local community.

3.1.1 Current environmental levy

Council’s current seven (7) year environmental levy has had many achievements from its inception on 1 July 2005 to current. The achievements to date have been extensive with Council achieving above expected results due to leveraged funding of over $6.4 million in additional State and Federal grant funding. Attachment C provides a detailed summary of the first five years of the current levy, with the major highlights listed below.

The current environmental levy has leveraged over $6.4 million from State and Federal Government grants to assist in various environmental projects

Water and catchments: Council’s aim is to design and manage urban landscapes within the principles of integrated urban water cycle management and Council’s adopted policy and strategy. This approach provides more economical and environmentally appropriate ways to irrigate public spaces, while at the same time using the stormwater that would normally cause flooding, erosion or carry pollution into our waterways.

The water and catchments program area has many achievements to date, including:

- 2,260kL of stormwater storage capacity for open space irrigation
- 22,800kL of irrigation water per annum
- 20,300kL of stormwater treated per annum
- Eight sports fields with greater drought resilience
- 80,126m² of riparian bush regenerated
- 50 out of 180 riparian zones have been assessed for excessive erosion and general stream health that has led to 13 creeks improved and 9 outlet protection devices installed.

Many additional projects have been completed above the initial intentions of the Levy Program. This has been achievable through the leverage of Levy funds to source further State and Federal Government grants. In total over $6.4 million in additional grant funding has been raised to further leverage environmental levy projects related to the water and catchment program area.
Sustainable town centre design: Council’s aim is to reduce the dependence of water and energy in new town centre projects. Delays in the redevelopment of the town centres has meant major funding will be spent in 2011 and 2012 for:

- a cogeneration facility as part of the construction of a new swimming pool at West Pymble ($420,000) and

- various photovoltaic schemes across Council’s buildings including a 30kW system for Council’s works depot ($248,000).

Biodiversity: Council aims to improve the quality and quantity of native fauna and fauna within bushland, parks, reserves, residential areas and town centres within Ku-ring-gai. Council has also leveraged several of these projects through the financial assistance of State and Federal grants in excess of $775,000. Key achievements of the biodiversity project area include:

- 30,000 native plants planted
- 2.7km² of bushland regenerated and
- the development of an active urban wildlife program that has delivered to residents over 180 stingless native bee hives, 30 tree frog habitat placements, and released 60 captive-bred blue tongue lizards.

Community partnerships: Council aims to build stronger links with our community through increasing support for the existing volunteer based environmental programs and the community environmental levy small grants program. The small grant program provides an opportunity for the community to source funds to improve the local environment. Key projects delivered include:

- 94 small grants distributed over ten (10) rounds
- establishment of 34 registered ParkCare and StreetCare groups
- 850 Bushcare volunteers and 165 Bushcare sites supported through supplementary site visits to assist in regeneration and support
- over 65 environmental workshops and training programs to our local community
- over 2,000 free plant giveaways to residents
- 575 residents participating in Greenstyle home and garden assessments
- 165 interpretive Bushcare signs installed

Additional grant funding through State and Federal grants have supported this program by over $776,000.

Bushland recreation: The bushland recreation program is focused on the construction and improvement of a number of important walking tracks. This seeks to increase the opportunities for our community to access a range of bushland environments and also supports guided bushwalks. Key outcomes include:

- 4,634m of walking tracks constructed/repaired (with another 1,000 metres under construction in 2010/11) and
- over 300 participants on the guided walks
The recreation program area has had many achievements to date with the assistance with leveraged funding through external Federal and State grants in excess of $373,000.

**Fire management:** Council’s fire management program aims to improve Council and the community’s preparedness to bushfire and reduce the risks of bushfire to the community. Key achievements to date include:

- 6.5km of new fire trails
- draft fire mitigation strategies for Lane Cove National Park, Killara Public School, Ku-ring-gai Creative Arts High School.
- on site local advice for fire safety at seven high fire prone streets and
- 5,000 FireWise kits distributed to homes on the bushland interface

A number of projects have been included within the levy program as additional funding became available through State and Federal grants to $210,000.

**Regulation and enforcement:** The regulatory and enforcement program was established to manage the problems of dumping rubbish, spreading noxious weeds and illegally clearing nearby bushland. Key achievements have included:

- 20 vegetation protection signs
- 178 bushland dumping and encroachment investigations
- initiative of a Dob in a Dumper campaign
- over 216 participants at Bush Neighbour Days
- properties surrounding eight (8) reserves monitored for encroachment

**Monitoring and evaluation:** Council’s monitoring and evaluation program area of the levy aims to quantify and demonstrate the outcomes of various programs. This has had a particular focus on water sensitive urban design (WSUD) program and has lead to improvements in design and maintenance of various systems (See Attachment C for a comprehensive list national and international papers and presentations).

Key achievements of the program area include:

- 13 threatened flora species monitored on public land
- key vegetation communities within private and public lands mapped
- 40 staff trained in phytophthora identification and management
- 2,500 self completion levy satisfaction questionnaires distributed to residents
- quarterly newsletter and E-News distribution and
- bird surveys completed at 17 selected Bushcare sites over three years

**Communication:** The communication program is to make sure the Ku-ring-gai community is regularly and comprehensively informed about the progress of the projects funded by the levy. Regular communication occurs with the local newspapers, E-News, Ku-ring-gai Update, Bushcare news and rates notices to deliver information on completed projects, advertise small grants and promote projects and events. Key achievements of the communication program area include:
- 8 walking track brochures and 4 educational brochures
- over 32 outdoor interpretive signs and 30 directional signs
- 5,000 FireWise kits and 1,000 Fauna friends kits distributed
- water sensitive urban design (WSUD) house display and brochure and
- environmental levy brochure distributed

3.1.2 Projects to be funded

The second environmental levy proposes to implement a number of specific projects across six (6) key themes listed in Table 3.1 and included in Attachment A. The aims of the program are to continue to implement projects consistent with Council’s environmental and sustainability strategies and policies and ensure the success of the activities undertaken since 2005 under the current environmental levy. In summary the revised program will:

1. Reduce energy use and increase the uptake of alternative energy generation. These initiatives are consistent with Council’s adopted climate change mitigation targets and Energy and Water Savings Action Plan (as required by the NSW Government)
2. Improve the environmental condition of important bushland areas, particularly those containing endangered ecological communities or fauna populations
3. Increase the use of non-potable water for irrigation of Council’s sports fields as part of the stormwater harvesting program and concurrently undertaking other catchment management actions to improve the quality of local waterways.
4. Construct new walking and cycling trails for commuters and recreational users. This aims to improve safety and enable access to key destinations within the local government area and also to adjoining council’s and regional cycling and walking routes.
5. Develop and deliver targeted environmental education programs that respond to the needs of the local community and businesses.
6. Contribute to funding a new environmental education and cultural centre at the Ku-ring-gai Wildflower Garden. This project was identified by Council as part of it options paper for the future of St Ives Showground and precinct.

Supporting these activities an allocation has been identified for the overall administration and governance of the program.
### Table 3.1 Summary of key projects to be funded

<table>
<thead>
<tr>
<th>Projects</th>
<th>Financial analysis ($,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENERGY</strong></td>
<td></td>
</tr>
<tr>
<td>Energy efficient park lights installation</td>
<td>60 56 60 60 60 296</td>
</tr>
<tr>
<td>Sustainable lighting for sports field and tennis courts</td>
<td>100 100 100 300</td>
</tr>
<tr>
<td>Solar panel installation at community facilities</td>
<td>100 100 200</td>
</tr>
<tr>
<td>Solar panel installation at Council facility Pymble</td>
<td>120</td>
</tr>
<tr>
<td>Geothermal and chill beams/heat coils for air conditioning at town centres and public buildings</td>
<td></td>
</tr>
<tr>
<td>Co generation plants at key council facilities</td>
<td>420 100 500 1020</td>
</tr>
<tr>
<td>Lighting upgrades at Council facilities</td>
<td>78 50 50 50 50 50 328</td>
</tr>
<tr>
<td>Building management systems</td>
<td>50</td>
</tr>
<tr>
<td>Real time energy monitoring of Council facilities (smart metering)</td>
<td>10 10 10 10 10 10 10 70</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2,759</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projects</th>
<th>Financial analysis ($,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BIODIVERSITY</strong></td>
<td></td>
</tr>
<tr>
<td>Maintenance of EEC sites regenerated under Environmental Levy One</td>
<td>59 100 100 100 100 100 100 100 759</td>
</tr>
<tr>
<td>Riparian weed control</td>
<td>85 80 80 80 80 80 80 80 565</td>
</tr>
<tr>
<td>Maintain Greenweb sites</td>
<td>69 20 20 20 20 20 20 20 209</td>
</tr>
<tr>
<td>BMP -bushfire mitigation program Commonwealth bush fire mitigation program (supply 1/3 of funding with RFS)</td>
<td>30 30 30 30 30 30 30 210</td>
</tr>
<tr>
<td>Feral animal and noxious weed control</td>
<td>16</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>16</td>
</tr>
<tr>
<td>Projects</td>
<td>Financial analysis ($,000)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>Bush regeneration on Conservation agreement land</td>
<td>80 80 80 80 80 80 80 560</td>
</tr>
<tr>
<td>Maintenance of existing and construction of new fire breaks and trails</td>
<td>200 0 0 0 0 200 200 600</td>
</tr>
<tr>
<td>Monitoring and inspectorials</td>
<td>41 60 60 60 60 60 60 60 461</td>
</tr>
<tr>
<td>Ecological burns, pre and post-fire weeding and maintain high profile sites</td>
<td>21 84 84 84 84 84 84 609</td>
</tr>
</tbody>
</table>

**Total:** 3,989

<table>
<thead>
<tr>
<th>Projects</th>
<th>Financial analysis ($,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stormwater Harvesting St Ives Village Green</td>
<td>110</td>
</tr>
<tr>
<td>Stormwater harvesting at Kent Oval</td>
<td>266</td>
</tr>
<tr>
<td>Stormwater Harvesting Bannockburn Oval</td>
<td>200</td>
</tr>
<tr>
<td>Stormwater Harvesting Norman Griffiths Oval</td>
<td>200</td>
</tr>
<tr>
<td>Stormwater Harvesting Turramurra Oval</td>
<td>200</td>
</tr>
<tr>
<td>Stormwater Harvesting Warrimoo Oval</td>
<td>200</td>
</tr>
<tr>
<td>Stormwater Harvesting Primula Oval</td>
<td>200</td>
</tr>
<tr>
<td>Stormwater Harvesting Wellington Oval</td>
<td>200</td>
</tr>
<tr>
<td>Catchment based best practice collaborative projects; monitoring &amp; analysis</td>
<td>220 129 131 133 136 138 140 142 1,169</td>
</tr>
<tr>
<td>Maintenance of levy one stormwater projects</td>
<td>60 60 60 60 60 60 60 420</td>
</tr>
<tr>
<td>WSUD around urban environment APZ zones. Behind residential properties in flat areas to reduce impacts of water and nutrients on bushland (for example Kooloona Ave)</td>
<td>40 40 40 40 40 40 40 280</td>
</tr>
<tr>
<td>Bio filter systems to reduce nutrients to bushland and walkways</td>
<td>193 60 60 60 60 60 60 60 60 613</td>
</tr>
<tr>
<td>Upgrade water saving fixtures on council facilities</td>
<td>25 25 25 25 25 25 25 175</td>
</tr>
</tbody>
</table>
### Real time water monitoring of Council facilities (smart metering)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>70</td>
</tr>
</tbody>
</table>

- **Install water tanks on council buildings**
  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>180</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>390</td>
</tr>
</tbody>
</table>

- **Engineer design (salaries)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>123</td>
<td>127</td>
<td>132</td>
<td>136</td>
<td>141</td>
<td>145</td>
<td>150</td>
<td>557</td>
<td>954</td>
</tr>
</tbody>
</table>

**Total:** 5,271

---

### Projects

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop, maintain and promote walkways. Identify and rectify missing links</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>190</td>
</tr>
<tr>
<td>Develop and promote sustainable commuter transport alternatives</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>80</td>
</tr>
<tr>
<td>Actions derived from Integrated transport strategy, Bike Plan and Pedestrian Access Management Plan (examples include parking at sports fields, recreation and neighbourhood centres, increased frequency of community shuttle bus, car sharing and promotion and develop trails where missing links are identified on cycle ways)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>700</td>
</tr>
</tbody>
</table>

**TOTAL:** 970

---

### Community Engagement & Environmental Education

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Care Support</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>245</td>
</tr>
<tr>
<td>Park Care Support</td>
<td>17</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>262</td>
</tr>
<tr>
<td>Bushcare additional site regeneration</td>
<td>33</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>278</td>
</tr>
<tr>
<td>Wild Things (neighbourhood native fauna program)</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>70</td>
</tr>
<tr>
<td>Community Garden Support</td>
<td>5</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>85</td>
</tr>
<tr>
<td>Bush Fire education</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>58</td>
</tr>
<tr>
<td>Projects</td>
<td>Financial analysis ($,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-----------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St Ives Cultural Centre</td>
<td>50</td>
<td>150</td>
<td>420</td>
<td>700</td>
<td>680</td>
<td>420</td>
<td></td>
<td></td>
<td>2000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projects</th>
<th>Financial analysis ($,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordination of Levy projects</td>
<td>94</td>
</tr>
<tr>
<td>Levy reporting and auditing</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.1.3 Relationship to Community Strategic Plan, draft Operational Plan and Delivery Program and other Council other strategic plans

All projects selected for the proposed environmental levy have strong links to Council’s existing Community Strategic Plan (Attachment B), draft Operational Plan and Delivery Program for 2011-15 (anticipated to be considered by Council for exhibition 3 May 2011) and other Council strategic plans and policies. Table 3.2 summarises the most relevant links each program has with Council’s 20 year targets as identified in the Ku-ring-gai Community Strategic Plan. A more detailed analysis of the projects to be funded by the environmental levy and Council’s plans and strategies is included as Attachment D.

Table 3.2 Project links to Council’s Community Strategic Plan

<table>
<thead>
<tr>
<th>Project</th>
<th>20 year target in community strategic plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong></td>
<td></td>
</tr>
<tr>
<td>Energy efficient park lights installation</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td>Sustainable lighting for sports field and tennis courts</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td>Solar panel installation at community facilities</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td>Solar panel installation at Council facility Pymble</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td>Geothermal and chill beams/heat coils for air conditioning at town centres and public buildings</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td>Co generation plants at key council facilities</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td>Lighting upgrades at Council facilities</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td>Establish National Australian Built Environment Rating System (NABERS) controls on public buildings</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td>Building management systems</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td>Real time energy monitoring of Council facilities (smart metering)</td>
<td>40% reduction in Council’s CO₂ emissions</td>
</tr>
<tr>
<td><strong>Biodiversity</strong></td>
<td></td>
</tr>
<tr>
<td>Maintenance of EEC sites regenerated under Environmental levy 1</td>
<td>10% improvement of bushland condition</td>
</tr>
<tr>
<td>Riparian weed control</td>
<td>15% of Ku-ring-gai waterways demonstrate an improved riparian condition</td>
</tr>
<tr>
<td>Maintain Greenweb sites</td>
<td>10% improvement of bushland condition</td>
</tr>
<tr>
<td>Bushfire Mitigation Program Commonwealth bush fire mitigation program (supply 1/3 of funding with RFS)</td>
<td>75% of Ku-ring-gai bushland with adequate fire trail access</td>
</tr>
<tr>
<td>Feral animal and noxious weed control</td>
<td>10% improvement of bushland condition</td>
</tr>
<tr>
<td>Bush regeneration on Conservation agreement land</td>
<td>10% improvement of bushland condition</td>
</tr>
<tr>
<td>Maintenance of existing and construction of new fire breaks and trails</td>
<td>75% of Ku-ring-gai bushland with adequate fire trail access</td>
</tr>
</tbody>
</table>
Monitoring and inspectorials | 10% improvement of bushland condition
Ecological burns, pre and post-fire weeding and maintain high profile sites | 10% improvement of bushland condition

### Water

| Stormwater Harvesting St Ives Village Green | 50% increase in the use of non-potable water at Council’s major water using facilities based on 2008 figures |
| Stormwater harvesting at Kent Oval | 50% increase in the use of non-potable water at Council’s major water using facilities based on 2008 figures |
| Stormwater Harvesting Bannockburn Oval | 50% increase in the use of non-potable water at Council’s major water using facilities based on 2008 figures |
| Stormwater Harvesting Norman Griffiths Oval | 50% increase in the use of non-potable water at Council’s major water using facilities based on 2008 figures |
| Stormwater Harvesting Turramurra Oval | 50% increase in the use of non-potable water at Council’s major water using facilities based on 2008 figures |
| Stormwater Harvesting Warrimoo Oval | 50% increase in the use of non-potable water at Council’s major water using facilities based on 2008 figures |
| Stormwater Harvesting Primula Oval | 50% increase in the use of non-potable water at Council’s major water using facilities based on 2008 figures |
| Stormwater Harvesting Wellington Oval | 50% increase in the use of non-potable water at Council’s major water using facilities based on 2008 figures |
| Catchment analysis and management | 15% of Ku-ring-gai waterways demonstrate an improved riparian condition |
| Maintenance of levy one stormwater projects | 15% of Ku-ring-gai waterways demonstrate an improved riparian condition |
| WSUD around urban environment APZ zones. Behind residential properties in flat areas to reduce impacts of water and nutrients on bushland. | 10% improvement of bushland condition |
| Bio filter systems to reduce nutrients to bushland and walkways | 10% improvement of bushland condition |
| Upgrade water saving fixtures on council facilities | 50% decrease in the use of potable water consumption of community and Council based on levels in the year 2008 |
| Real time water monitoring of Council facilities (smart metering) | 50% decrease in the use of potable water consumption of community and Council based on levels in the year 2008 |
| Install water tanks on council buildings | 50% increase in the use of non-potable water at Council’s major water using facilities based on 2008 figures |
### Sustainable transport

<table>
<thead>
<tr>
<th>Action</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and promote walkways. Identify and rectify missing links</td>
<td>15% of community using Council recreational programs and facilities</td>
</tr>
<tr>
<td>Maintain bushland recreation trails</td>
<td>15% of community using Council recreational programs and facilities</td>
</tr>
<tr>
<td>Develop and promote sustainable commuter transport alternatives</td>
<td>20% increase in participation in Council community programs</td>
</tr>
<tr>
<td>Actions derived from Integrated transport strategy, Bike Plan and Pedestrian Access Management Plan (examples may include parking at sports fields, recreation and neighbourhood centres, increased frequency of community shuttle bus, car sharing and promotion and develop trails where missing links are identified on cycle ways)</td>
<td>75% of community satisfied with Council's infrastructure and facilities</td>
</tr>
</tbody>
</table>

### Community Engagement and Environmental Education

<table>
<thead>
<tr>
<th>Action</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Care Support</td>
<td>20% of the community participating in volunteer programs</td>
</tr>
<tr>
<td>Park Care Support</td>
<td>20% of the community participating in volunteer programs</td>
</tr>
<tr>
<td>Bushcare additional site regeneration</td>
<td>20% of the community participating in volunteer programs</td>
</tr>
<tr>
<td>Wild Things (neighbourhood native fauna program)</td>
<td>20% of the community participating in volunteer programs</td>
</tr>
<tr>
<td>Community Garden Support</td>
<td>20% increase in participation in Council community programs</td>
</tr>
<tr>
<td>Bush Fire education</td>
<td>40% of the community engaged in Council environmental education opportunities</td>
</tr>
<tr>
<td>Community environmental education</td>
<td>40% of the community engaged in Council environmental education opportunities</td>
</tr>
<tr>
<td>Greenstyle, Tanks a Million, ClimateClever Shop, Better Business Partnership</td>
<td>40% of the community engaged in Council environmental education opportunities</td>
</tr>
<tr>
<td>Environmental levy community small grants</td>
<td>20% increase in participation in Council community programs</td>
</tr>
<tr>
<td>Static and electronic displays and promotion of sustainable behaviour and technologies</td>
<td>40% of the community engaged in Council environmental education opportunities</td>
</tr>
<tr>
<td>Technical workshops ie; energy saving in the home</td>
<td>40% of the community engaged in Council environmental education opportunities</td>
</tr>
<tr>
<td>Community environmental events</td>
<td>20% increase in participation in Council community programs</td>
</tr>
<tr>
<td>Electronic news, You tube</td>
<td>20% increase in participation in Council community programs</td>
</tr>
</tbody>
</table>
Environmental Art Installations

40% of the community engaged in Council environmental education opportunities

New residents kit

20% increase in participation in Council community programs

Interpretive signs for natural spaces including Brail

40% of the community engaged in Council environmental education opportunities

Environmental Education and Cultural Centre

St Ives Wildflower Garden Environmental Education and Cultural Centre

40% of the community engaged in Council environmental education opportunities

Administration

Levy reporting and auditing

85% satisfaction with Council's communication processes

3.1.4 Integration to State and National agenda for local government and environmental reform

National agenda

The Australia's Biodiversity Conservation Strategy 2010-2030 is a guiding framework for conserving our nation's biodiversity over the coming decades. The vision of this strategy is that Australia's biodiversity is healthy and resilient to threats, and valued both in its own right and for its essential contribution to our existence. The three (3) priority actions to help stop the decline in Australia's biodiversity include:

1. Engaging all Australians in biodiversity conservation through:
   - mainstreaming biodiversity
   - increasing Indigenous engagement
   - enhancing strategic investments and partnerships.

2. Building ecosystem resilience in a changing climate by:
   - protecting diversity
   - maintaining and re-establishing ecosystem functions
   - reducing threats to biodiversity.

3. Getting measurable results through:
   - improving and sharing knowledge
   - delivering conservation initiatives efficiently
   - implementing robust national monitoring, reporting and evaluation.
The programs to be funded by the levy will respond to these priorities through the following areas. Targeting the regeneration of endangered ecological communities listed under state and national environmental legislation. Specifically, the levy will assist in the regeneration of conservation lands. This includes 102 Rosedale Road St Ives that forms part of the largest single stand of Blue Gum High Forest a critically endangered ecological community listed under Federal and State legislation. This site was acquired in December 2007 with local, state and federal government funding together with community donations. The levy will also manage the potential impacts of a changing climate specifically the increasing threat of bushfires. This will be achieved through the maintenance of existing and construction of new fire trails and fire breaks. These form a key response in Council’s climate change adaptation strategy.

The National Water Initiative (NWI) is Australia’s enduring blueprint for water reform. It sets out a framework for all governments across Australia to achieve a more cohesive national approach to the way Australia manages, measures, plans for, prices, and trades water. Under the NWI, governments have made commitments to:

- prepare water plans with provision for the environment
- deal with over-allocated or stressed water systems
- introduce registers of water rights and standards for water accounting
- expand the trade in water
- improve pricing for water storage and delivery
- meet and manage urban water demands.

Council’s environmental levy responds to the three major categories within the urban water reform area:

1. Managing the demand for water, increasing urban water use efficiency through targeted education programs for the residential sector such as the continuation of the ‘tanks a million’ program and the businesses sector through the ‘better business partnerships’

2. Encouraging the re-use and recycling of wastewater where cost effective through the continuation of the stormwater harvesting program that will deliver an additional six schemes

3. Encouraging innovation in integrated resource planning and pricing to enable water sensitive cities via the exploration of land use policies identified through the catchment analysis and management programs such as on-site detention and retention schemes designed to achieve environmental outcomes using financial and land use planning tools.

In addition to these outcomes, the investment in sustainable water futures will also provide a substantial response to lessen the anticipated increase in drought conditions. As part of the design of the stormwater harvesting scheme, consideration is given to the reliability of demand and supply during hot and dry years. This effectively extends the availability of water to irrigate council’s playing fields without the need to rely on valuable potable water.

The Living Sustainably: the Australian Government’s National Action Plan for Education for Sustainability is designed to provide direction and equip all Australians with the knowledge
and skills required to live sustainably. The relevant strategies for local government and Council’s environmental levy that are consistent with this plan include

1. ‘Fostering sustainability in business and industry’. This will build capacity in business and industry to plan for sustainability, adopt appropriate frameworks and tools, and harness incentives for change such as improved efficiencies, cost savings, corporate reputation, and staff morale and retention. This is one of the outcomes of the better business program, a joint initiative with three (3) other councils in this region that the levy intends on continuing. Further the investment by Council in its own energy and water sustainability initiatives is designed to provide an exemplar to other businesses as to how to invest in their own sustainable future.

2. ‘Harnessing community spirit to act’. This area emphasises collaboration with the many diverse providers of education for sustainability to help improve community and practitioners’ access to knowledge and tools. It also supports research to better understand issues, attitudes and behaviour. Consistent with this direction, Council remains at the forefront of trialling and evaluating community engagement using communities of practice to inform and involve residents and the business sector in sustainability initiatives. The levy proposes to build on the outcomes and recommendations of the current program. This also seeks to respond to the fact that the residents remain one of the highest per customer water and energy users, that they also highly value the environment and that there are many social groups that can be used to influence and improve social norms.

State agenda

NSW State Plan, outlines a number of priorities and targets as part of its commitment to the direction of NSW. Chapter 5 Green State sets a number of relevant targets and actions that are relevant to and supported by the various projects to be funded by the environmental levy.

In relation to climate change and energy management, these include achieving a 60% cut in greenhouse gas emissions by 2050 in line with the Federal Government targets. The levy proposes a number of projects to improve the energy efficiency of Council’s buildings. This includes, for example, the introduction of chill beams to replace antiquated air conditioning systems and where practicable investing in cogeneration to maximise the benefits of heating and cooling systems as part of an integrated energy management system. For the residential sector, the environmental education program will specifically target energy and water efficiency. This is most relevant to the residents of Ku-ring-gai that in 2010 had the highest average customer electricity use by LGA of any LGA in the State. Supporting this agenda, the levy will also invest in alternative energy generation projects (solar panels), consistent with the State’s target of achieving 20% renewable energy consumption by 2020. These actions are also consistent with the NSW Energy Efficiency Strategy in particular in response to two key outcomes: reducing greenhouse gas emissions from energy consumption in NSW and reducing the impact of rising energy prices on businesses and the community by lowering energy consumption. For Ku-ring-gai Council, all cost effective measures (typically with pay backs less than seven years) to reduce energy costs are favourably considered given the rise in energy prices as approved by IPART over the coming years. Many of these projects are funded by the levy and where strong business cases exist for other projects they may also be funded by operational budgets.
The levy will invest in alternative energy generation projects, consistent with the State’s target of achieving 20% renewable energy consumption by 2020

The levy will fund an additional eight (8) stormwater harvesting schemes across the local government area. Once completed these projects will treat and reuse approximately 16 ML of stormwater per year, contributing to the NSW Government recycled water targets of 70 billion litres of water per year by 2015. Other water savings projects identified in the levy and as a result of the resident and business education programs will also contribute to the State’s target of a 25% reduction from Sydney’s projected water demand by 2015. These projects are also consistent with the direction and targets of the Metropolitan Water Plan 2010.

The State Plan also provides direction to meet State-wide targets for natural resource management to improve biodiversity and native vegetation, sensitive riparian and coastal ecosystems, soil condition and socio-economic wellbeing. For the northern suburbs of Sydney, this includes the management of Sydney Coastal Dry and Wet Sclerophyll Forests as specifically identified in the draft NSW Government Biodiversity Strategy 2010-2015. The levy will continue to target the regeneration of 16 public reserves containing 3.5 hectares of critically threatened Blue Gum High Forest or the threatened Sydney Turpentine Ironbark Forest and Duffy’s Forest Communities. These special vegetation communities are listed under the Threatened Species Conservation Act 1995 (NSW) and the ongoing management actions by Council are consistent with the priority action statements for these areas as approved by the NSW Department of Environment, Climate Change and Water.

The levy will also fund various catchment management projects designed to lessen the impact of urban development on streams and waterways. These respond to the pressures faced by urban estuaries and waterways as identified in the draft NSW Government Biodiversity Strategy 2010-2015 and as noted as an area for attention by government by Chris Davis Chair of the Independent Panel or the Metropolitan Water Plan 2010.

The NSW Metropolitan Transport Plan - connecting the city of cities (2010) identifies the need to implement various projects to accommodate the demands of current and future populations in relation to land use planning and the transport network. This plan also considers the implications of the dwelling and employment targets of the Metropolitan Strategy (2010). For the north sector of Sydney this will see an additional 9,980 dwellings and 8,920 jobs between 2010 and 2020. The environmental levy proposes to fund a number of sustainable transport projects that will: assist in the implementation of the NSW Bike Plan (2010) (responding to action C5.7 in the NSW Metropolitan Transport Plan); encourage more sustainable travel plans (action C7.8) through the development and promotion of sustainable commuter transport alternatives; and encourage people to switch from car to walking for shorter journeys (Action C5.9). A key project will be to assist with funding for a wet weather access to the cycle and walking path that crosses Lane Cove River linking Kissing Point Road South Turramurra to North Ryde, an identified specialised centre in the Metropolitan Strategy (2010).

Ku-ring-gai Council also falls within two (2) catchment management authority (CMA) areas: Sydney Harbour and the Hawkesbury Nepean River. The various projects under the
biodiversity, water and community engagement areas respond to the respective Catchment Action Plans prepared by the respective CMA’s.

The environmental education programs and the funding allocated to assist with the construction of a new environmental education and cultural facility at the Ku-ring-gai Wildflower Garden accords with the direction for improved and target programs under the NSW Government’s *Education for Sustainability* program.

### 3.1.5 Summary of consultation related to the special rate application

The consultation undertaken to support this special rate application draws primarily on a statistically significant survey of 400 demographically representative residents undertaken in 2011 (Attachment E). This survey was commissioned to measure the level of importance of environmental projects for Ku-ring-gai, the importance to continue funding such projects and their willingness to support the continuation of the levy in relation to the continuation of an environmental special rate.

The survey reported that 88% of residents are in favour of Council continuing the environmental levy. The results also support the findings of earlier social research studies that identify that the residents of Ku-ring-gai place a high importance and priority on the natural environment. Respondents commented on their ‘love’ and ‘passion’ for living in an area that is abundant with natural bushland and waterways. In most instances, it was the very reason they moved to the area or have stayed in the area since growing up. Details of this and other consultations are provided in Section 4 and Attachments E, G, H and I

**88% of residents are in favour of Council continuing the Environmental Levy.**
### 3.1.6 Benefits of the program

Table 3.3 Provides a summary of the benefits of the projects to be funded under the environmental levy

<table>
<thead>
<tr>
<th>Project</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Energy efficient park lights installation (4) | 100 energy efficient lights installed  
38 tonnes CO2 pa mitigated  
35,000kWh pa energy saved  
$5,250 ($2010) energy saving  
Lighting at 10 sports facilities upgraded  
3,700kWh pa energy saving  
4 tonnes CO2 pa mitigated |
| Sustainable lighting for sports field and tennis courts (1) | $555 pa ($2010) energy saving  
$21,000 pa in maintenance savings  
$69,000 in relamping savings  
Improved lux levels on paly surface  
40% less light spill  
50kW photovoltaics installed |
| Solar panel installation at community facilities (2) | 62,000kWh pa energy saving  
67 tonnes CO2 mitigated  
$12,470 pa ($2010) energy saving  
30kW photovoltaics installed |
| Solar panel installation at Council facility Pymble (3) | 37,400kWh pa energy saving  
40 tonnes CO2 mitigated  
$7,400 pa ($2010) energy savings |
| Geothermal and chill beams/heat coils for air conditioning at town centres and public buildings | Reduced energy consumption  
Increased life expectancy of parts  
Reduced maintenance costs  
341t CO2 pa mitigation |
| Co generation plants at key council facilities (5) | Waste heat used to heat aquatic centre  
Reduced operating costs for aquatic centre  
Promotion of LED technology |
| Lighting upgrades at Council facilities | Reduced maintenance costs  
Up to 80% reduction in lighting energy costs  
Longer lifespan for light fixtures |
| Establish National Australian Built Environment Rating System (NABERS) controls on public buildings | Improved understanding of facility sustainability levels.  
Identification of energy inefficiencies within Council facilities  
Efficient operation of Council lighting and air conditioning systems |
| Building management systems | Reduced operating costs  
Reduced energy consumption |
Real time energy monitoring of Council facilities (smart metering)

Immediate identification of energy inefficiencies or energy consumption anomalies at Council facilities
Reduced energy consumption
Reduced operating costs of facilities

(1) Comparison made between 2000W Phillip Optivision quote and 1500W metal halide MUSCO light quote (2009)
(2) Based on quote for 20kW system for existing Council facility (2010)
(3) Based on quote for 20kW system for existing Council facility (2010)
(5) Umow Lai cogeneration investigation for West Pymble Aquatic Centre redevelopment (2011)

Biodiversity

| Maintenance of EEC sites regenerated under environmental levy One (1) | Increased longevity of Environmental Levy 1 projects
| | Over 393 000m2 pa of Endangered Ecological Communities maintained
| Riparian weed control (1) | 64 000 m² per year of riparian weed control
| Maintain Greenweb sites (1) | 16 000 m² per year of regenerated native bushland identified as bio linkages
| Bushfire Mitigation Program Commonwealth bush fire mitigation program (supply 1/3 of funding with NSW Rural Fire Service) | Greater asset protection in bush fire prone areas
| | Levy funding leveraged by contributing to a regional bushfire hazard reduction program
| Feral animal and noxious weed control | Assist in regional pest control program
| Bush regeneration on Conservation agreement land (1) | 15.4 hectares of bush regenerated vegetation
| Maintenance of existing and construction of new fire breaks and trails (1) | 1.7 kilometres of new fire trail created
| Monitoring and inspectorials | Improved asset protection in bushfire prone areas
| Ecological burns, pre and post-fire weeding and maintain high profile sites | Current conditions and trends are effectively identified
| | Improved quality of diversity of native flora species

(1) Identified through data obtained in environmental levy 1

Water

| Stormwater harvesting St Ives Village Green (1) | 150kL storage capacity for sports oval irrigation
| | Improved water quality by filtration and capture of sediments and nutrients
| | Turf condition has improved resilience for drought
| Stormwater harvesting at Kent Oval (1) | 150kL storage capacity for sports oval irrigation
irrigation
Improved water quality by filtration and capture of sediments and nutrients
Turf condition has improved resilience for drought
150kL storage capacity for sports oval irrigation

Stormwater harvesting Bannockburn Oval (1)
Improved water quality by filtration and capture of sediments and nutrients
Turf condition has improved resilience for drought
150kL storage capacity for sports oval irrigation

Stormwater harvesting Norman Griffiths Oval (1)
Improved water quality by filtration and capture of sediments and nutrients
Turf condition has improved resilience for drought
150kL storage capacity for sports oval irrigation

Stormwater harvesting Turramurra Oval (1)
Improved water quality by filtration and capture of sediments and nutrients
Turf condition has improved resilience for drought
150kL storage capacity for sports oval irrigation

Stormwater harvesting Warrimoo Oval (1)
Improved water quality by filtration and capture of sediments and nutrients
Turf condition has improved resilience for drought
150kL storage capacity for sports oval irrigation

Stormwater harvesting Primula Oval (1)
Improved water quality by filtration and capture of sediments and nutrients
Turf condition has improved resilience for drought
150kL storage capacity for sports oval irrigation

Stormwater harvesting Wellington Oval (1)
Improved water quality by filtration and capture of sediments and nutrients
Turf condition has improved resilience for drought

Catchment analysis and management
Monitoring and analysis of riparian systems leading to identification of stormwater control for the benefit of the catchment
Continue effectiveness of stormwater projects on ten harvesting systems and six bio filtration gardens

Maintenance of levy one stormwater projects
20,300kL of stormwater treated per annum
WSUD around urban environment APZ zones. Behind residential properties in flat areas to reduce impacts of water and nutrients on bushland.

Bio filter systems to reduce nutrients to bushland and walkways

Upgrade water saving fixtures on council facilities

Real time water monitoring of Council facilities (smart metering)

Install water tanks on council buildings

300m per year of reduce urban impact on the bushland interface

Improved protection of properties within bush fire prone areas

Construct three bio filter systems per year

Nutrients downstream of biofilters are reduced

Reduced weed infestation

Reduced water consumption of Council facilities

Reduced operating costs of Council facilities

Installation of two real time smart metering systems per year

Increased storage capacity for non-potable water

Reduced consumption of potable water at council facilities

Reduced operating costs of Council facilities

(1) Identified through data obtained in environmental levy 1

Sustainable transport

Develop and promote walkways. Identify and rectify missing links

Maintain bushland recreation trails

Develop and promote sustainable commuter transport alternatives

Actions derived from Integrated transport strategy, Bike Plan and Pedestrian Access Management Plan (examples may include parking at sports fields, recreation and neighbourhood centres, increased frequency of community shuttle bus, car sharing and promotion and develop trails where missing links are identified on cycle ways)

Increase use of trails by the community

Greater promotion of open space recreation

Increase longevity of 5.9 linear kilometres of levy one constructed trails

Greater awareness of sustainable options within our community

Improved opportunities for sustainable options

Opportunity to leverage funding through grants

Community Engagement and Environmental Education

Street Care Support

Maintain existing 35 streetcare sites

Improve community cohesion

Provides opportunities to expand the program

Park Care Support

Maintain existing 5 Parkcare sites

Improve community cohesion

Provides opportunities to expand the program
Bushcare additional site regeneration

- Maintain existing 67 Bushcare site
- Improve community cohesion
- Provides opportunities to expand the program
- Maintain existing 560 wild things membership

Wild Things (neighbourhood native fauna program)

- Improve community cohesion
- Provides opportunities to expand the program
- Maintain existing site

Community Garden Support

- Improve community cohesion
- Provides opportunities to expand the program
- Provide up to date data

Bush Fire education

- Improved community capacity to adapt to bushfire

Community environmental education

- Greenstyle, Tanks a Million, Climate Clever Shop, Better Business Partnership
- Provide opportunities for the community to make informed decisions on best practice sustainable living
- Increase capacity for community to undertake environmental projects

Environmental levy community small grants

- Improved sustainable awareness
- Assist the community towards sustainable life style changes

Static and electronic displays and promotion of sustainable behaviour and technologies

- Improved sustainable awareness
- Assist the community towards sustainable life style changes

Technical workshops ie; energy saving in the home

- Improved sustainable awareness
- Assist the community towards sustainable life style changes

Community environmental events

- Improved sustainable awareness
- Assist the community towards sustainable life style changes

Electronic news, You tube

- Improved sustainable awareness
- Assist the community towards sustainable life style changes
- Broadening Council’s marketing audience
- Reduces graffiti

Environmental Art Installations

- Promotes a sense of ownership
- Employs local artists

New residents kit

- Promotes council’s sustainability and environmental projects to new residents
- Improved sustainable awareness
- Broadening Council’s marketing audience
- A minimum of 5 per year

Interpretive signs for natural spaces including Brail

- Improved sustainable awareness
- Broadening Council’s marketing audience
- A minimum of 5 per year
Environmental Education and Cultural Centre

| St Ives Environmental Education and Cultural Centre | Provides a focal point for cultural and sustainable activities, displays and workshops |

Administration

| Levy reporting and auditing | Assists in Transparency of outcomes and outputs of the levy |

3.2 Efficient and feasible program of expenditure

Table 3.1 and Attachment A provides a summary of the projects, expenditure and timing for their delivery. Cost estimates for the major projects (>50,000) are derived from: expenditure of similar projects (such as stormwater harvesting schemes); quotes; and unit rates (for example in the area of bush regeneration). In some cases the levy proposes an allocation that either enables a program (such as the community small grants) or assists additional assistance (such as the community volunteer environmental programs). Many of the program areas contain an allocation for staff salaries. These incorporate all on-costs. Based on current experience, employment of staff under fixed term contracts is more cost effective to Council than using contractors or consultants. Further having internal staff enables greater organisation coordination on project design, delivery and learning. The section below describes in detail how estimates have been derived.

Energy

Energy efficient park and sports field light – the allocation, approximately $296,000 for parks and $300,000 for sports fields will enable the installation of over 100 LED park lights and upgrade ten sports fields. This funding is sufficient to replace conventional lights with LED systems of comparable lighting performance although with considerable reduction in power consumption. The projects will complement the staged upgrade to council’s parks and oval capital works program. Estimates have been derived from quotations from existing oval lighting upgrades and other Council case studies.

Photovoltaic (solar panel) systems – the cost of these projects has been determined by quotations and industry pricing for these products. The allocation is dependent on the size of the system (up to a maximum of 30kW for the Pymble project in 2012) to more modest sized systems for smaller public buildings as would be relevant to domestic houses.

Cogeneration – cost estimates have been based on the preliminary quotations for this technology for the upgrade of West Pymble Pool.

Chill beam air-conditioning – the timing of this project will depend on the construction of new public facilities associated with the redevelopment of the town centres or upgrade of the air-conditioning systems within the Council administration building (that is well beyond its functioning life). The estimated cost is based on case studies from industry representatives.

The building rating scheme and building monitoring systems will assist Council to identify inefficient equipment at Council facilities and to allow for proactive management of building energy consumption.
Biodiversity

Regeneration projects - The estimated cost of the eight (8) year regeneration and bushland maintenance activities are based on expenditure and outcomes achieved under the current environmental levy and related bush regeneration undertaken by Council. The cost will cover the maintenance of and improve the condition of areas already under regeneration.

Ecological burns – Pre and post burn weeding will cost between $5,000 and $10,000 per site (depending on condition). In order to maximise the long term benefits of this program, regeneration will continue for around five (5) years (possibly more on some sites). Based on these assumptions more sites will be undertaken in the first half of the levy with the second half dedicated to ongoing maintenance so as to maximise the ecological return from this program.

Maintenance of existing fire trails is targeted to be spent in 2013 and 2018. This will specifically target the new fire trail linking North Wahroonga and North Turramurra. The funding in the program is also identified to build a new fire trail / break from the west side of Eastern Arterial Road to Stratford Place, Gordon (approximately 1.6km). The allocation of $300,000 (between 2018 and 2019) is an estimate. Supporting funding is also anticipated to be sourced from regional bushfire mitigation grants.

Water

Stormwater harvesting – the indicative cost of the eight stormwater harvesting schemes has been derived from an initial site analysis and the experience of Council as part of its design and construction on the eight existing schemes built over the past six years. The estimated costs are averages and some re-allocation of funds between projects or financial years may be required as part of detailed design. As has occurred in the current environmental levy, funding for this work is linked to the sportsground capital works program and in many cases has been supplemented by external government grants. Similarly, the cost of the bioretention system and water sensitive urban design treatments is based on approximately $60,000 per system with the design and construction drawing on the experience of the eight systems built in the current levy.

The funding for the catchment analysis is based on undertaking detailed modelling of two catchments per year and the ongoing monitoring of the performance and impact of the systems on the environment. This area will inform future capital works projects including various water sensitive urban design treatments and developmental controls such as a review of the on-site detention and retention controls. Estimates are based on current environmental levy projects.

The various water conservation and consumption monitoring systems is based on estimates of water tanks and other devices and quotes for smart metering, inclusive of installation costs. The locations for the various projects will informed by the recommendations in the water saving action plan (that identifies the highest using sites) and site practicality given the inherent challenges of retrofit solutions.
Sustainable transport

Funding in this program area will be directed to a number of areas such as the actions arising from the draft Integrated Transport Strategy (as adopted 22 March 2011), the review of the Ku-ring-gai Bike Plan (in progress) and a future Pedestrian Access and Management Plan (PAMP). This may include the construction of new cycleways (on-road and shared footway/cycleways, wet weather crossing at Browns Waterhole), improvements to pedestrian accessibility, cycleway route signage schemes, end of trip facilities (bike racks/lockers, water refill points etc), and promotional and educational activities such as Bike Week, ‘Super Tuesday’ bicycle counting and updating of cycle maps. Cost estimates for some of the project include: shared paths on Bannockburn Road in proximity of Burns Road, to connect with existing on-road facility ($98,000); shoulder widening/improvements on Bobbin Head Road (between Nambucca Street and Pentecost Avenue) to provide space on-road for cyclists ($273,000); pedestrian refuge island on Eastern Arterial Road in the vicinity of Barra Brui Crescent, to improve pedestrian access and access to bus services ($80,000); cycleway route signage scheme: Turramurra-Macquarie ($2,500); cycleway route signage scheme: West Pymble –Macquarie ($2,500); and cyclist refuge on Bobbin Head Road, and marking of on-road bicycle route connecting to Turramurra railway station ($70,000).

Some projects may be subject to co-funding by state or federal agencies, such as RTA, which could effectively double the funding available, which could ultimately expand the number of projects that could be undertaken.

The construction and maintenance of bushland recreation trails is primarily directed to the upkeep of the 5.9 km of new or improved trails that will be completed by the end of June 2011, as funded by the current levy. Funding will also be used as leverage to match grant applications to relevant state government programs such as Metropolitan Greenspace and the Sydney Harbour Access. This may include the link between Koola Park and Rocky Creek and other networks identified in Council’s strategies and programs.

Community engagement and environmental education

The cost of the community environmental volunteer programs is based on providing additional visits and support to the 80 group sites across the local government area. The funding is used to supplement the existing budget for the Bushcare and related programs (approximately $178,000 per year 2010/11). Environmental levy funding is used to fund weekly visits by two contractors to undertake additional regeneration on the sites to assist the volunteer groups. Funding also enables additional administration of the programs and to provide more regular visits by trainers to assist volunteers.

The cost of the various environmental education programs is largely based on staff costs to design, implement and review various activities based on community need, interest and to partner with government grants such as the NSW Sustainability Trust. Experience from the current levy and the direction of the NSW Government’s Education for Sustainability Plan supports the need and benefits for the development of specific and targeted projects as opposed to the development of generic brochures, that while are less expensive are also less effective.

The funding for the community small grant scheme will enable the funding of around 20 projects per year (average cost of $5,000). This draws from the experience of the current levy.
Environmental education and cultural centre

The allocation for the environmental education and cultural centre at the Ku-ring-gai Wildflower Garden is recognised by Council as only a partial funding and will rely on external grants and other income to fully realise this project. The timing of the funding has been spread over a number of years that will enable the development of concept designs and feasibility studies to support grant applications.

3.3 Impact on financial sustainability

As Council has a defined project list that matches the amount of income raised from the special rate variation only two scenarios have been provided. As outlined in this application Council has been managing and conducting the environmental levy projects and works for the past 6 years, and this application would continue the process for a further eight years. Cognisant of the fact that funding from the Levy is restricted in Council’s reserves and may cease if the levy is not renewed, expenditure from the environmental levy has been carefully matched to expenditure and managed to cater for the possibility of the cessation of the levy. For example any staff that are employed as a consequence of the environmental levy are done so on a contract basis and do not form part Council’s permanent workforce. To that end, our financial modelling has been done on the basis of expenditure matching income for the duration of the levy therefore the above Income Statements and Balance Sheets differ by a reduction of the planned income and expenditure from the levy and the associated projects.
1. **Baseline scenario 1** – Revenue forecasts excluding the special variation is shown in the Operating Statement in Table 3.4. Environmental levy income is limited to the current approved special variation that ends on 30 June 2012.

<table>
<thead>
<tr>
<th>Scenario 1 - Operating statement if special variation is not approved</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Table 3.4</strong> Scenarios Operating statement if special variation is not approved</td>
</tr>
<tr>
<td><strong>OPERATING RESULT ($000’s)</strong></td>
</tr>
<tr>
<td>OPERATING INCOME</td>
</tr>
<tr>
<td>General Rates</td>
</tr>
<tr>
<td>Infrastructure Levy</td>
</tr>
<tr>
<td>Environmental Levy</td>
</tr>
<tr>
<td>New Facilities Levy</td>
</tr>
<tr>
<td>Pensioner Rebates</td>
</tr>
<tr>
<td>Dom. Waste &amp; Other Ann. Charges</td>
</tr>
<tr>
<td>User Charges, Fees &amp; Other</td>
</tr>
<tr>
<td>Interest</td>
</tr>
<tr>
<td>Operating Grants &amp; Contributions</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING INCOME</strong></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
</tr>
<tr>
<td>Employee Costs</td>
</tr>
<tr>
<td>Materials &amp; Contracts</td>
</tr>
<tr>
<td>Statutory Levies</td>
</tr>
<tr>
<td>Interest Charges</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
</tr>
</tbody>
</table>

   | Operating Result ex. Capital Items | 6,643 | 7,712 | 4,792 | 5,127 | 6,011 |

   | CAPITAL INCOME & OPERATING PROJECTS | | | | | |
   | Plus: S94 Development Contributions | 8,000 | 811 | 0 | 0 | 0 |
   | Plus: Grants & Contributions | 4,794 | 1,411 | 544 | 1,201 | 1,238 |
   | Plus: Gain (Loss) on Asset Disposal | 0 | 0 | 7,548 | 3,468 | 0 |
   | Less: Operating Projects Expense | 2,834 | 2,361 | 4,075 | 3,443 | 2,876 |

   | OPERATING RESULT | 16,603 | 7,573 | 8,809 | 6,353 | 4,373 |

2. **Special variation scenario 2** – Revenue forecasts including the special variation is shown in the Operating Statement in Table 3.5. This statement assumes the current environmental levy will cease on 30 June 201 to be replaced with the environmental levy 2 Program that will commence on 1 July 2011 to 30 June 2019. The projected balance sheets for each scenario are shown in Tables 3.6 and 3.7.
### Table 3.5 Scenario 2 - Operating statement if special variation is approved

#### SCENARIO 2 (SPECIAL VARIATION APPROVED) - OPERATING STATEMENT

<table>
<thead>
<tr>
<th>OPERATING RESULT ($000's)</th>
<th>Budget 2010/11</th>
<th>Budget 2011/12</th>
<th>Projected 2012/13</th>
<th>Projected 2013/14</th>
<th>Projected 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Rates</td>
<td>33,386</td>
<td>26,750</td>
<td>27,936</td>
<td>29,169</td>
<td>30,384</td>
</tr>
<tr>
<td>Infrastructure Levy</td>
<td>13,089</td>
<td>21,147</td>
<td>22,090</td>
<td>23,079</td>
<td>24,041</td>
</tr>
<tr>
<td>Environmental Levy</td>
<td>2,251</td>
<td>2,431</td>
<td>2,539</td>
<td>2,651</td>
<td>2,761</td>
</tr>
<tr>
<td>New Facilities Levy</td>
<td>1,493</td>
<td>1,627</td>
<td>1,699</td>
<td>1,774</td>
<td>1,848</td>
</tr>
<tr>
<td>Pensioner Rebates</td>
<td>-1,286</td>
<td>-1,382</td>
<td>-1,411</td>
<td>-1,440</td>
<td>-1,470</td>
</tr>
<tr>
<td>Dom. Waste &amp; Other Ann. Charges</td>
<td>14,009</td>
<td>14,983</td>
<td>15,796</td>
<td>16,625</td>
<td>17,471</td>
</tr>
<tr>
<td>User Charges, Fees &amp; Other</td>
<td>18,749</td>
<td>19,524</td>
<td>20,217</td>
<td>21,052</td>
<td>21,274</td>
</tr>
<tr>
<td>Interest</td>
<td>6,858</td>
<td>4,726</td>
<td>4,382</td>
<td>4,001</td>
<td>3,958</td>
</tr>
<tr>
<td>Operating Grants &amp; Contributions</td>
<td>4,197</td>
<td>5,108</td>
<td>5,244</td>
<td>5,366</td>
<td>5,482</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING INCOME</strong></td>
<td>92,746</td>
<td>94,914</td>
<td>98,492</td>
<td>102,277</td>
<td>105,749</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Costs</td>
<td>34,429</td>
<td>34,584</td>
<td>35,766</td>
<td>37,048</td>
<td>38,409</td>
</tr>
<tr>
<td>Materials &amp; Contracts</td>
<td>24,570</td>
<td>25,573</td>
<td>26,537</td>
<td>27,410</td>
<td>28,237</td>
</tr>
<tr>
<td>Statutory Levies</td>
<td>2,336</td>
<td>2,509</td>
<td>2,574</td>
<td>2,632</td>
<td>2,687</td>
</tr>
<tr>
<td>Interest Charges</td>
<td>431</td>
<td>483</td>
<td>850</td>
<td>736</td>
<td>629</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>9,800</td>
<td>9,852</td>
<td>10,336</td>
<td>10,671</td>
<td>10,928</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>14,537</td>
<td>14,201</td>
<td>15,078</td>
<td>16,002</td>
<td>16,087</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>86,103</td>
<td>87,202</td>
<td>91,161</td>
<td>94,499</td>
<td>96,977</td>
</tr>
<tr>
<td>Operating Result ex. Capital Items</td>
<td>6,643</td>
<td>7,712</td>
<td>7,331</td>
<td>7,778</td>
<td>8,772</td>
</tr>
<tr>
<td><strong>CAPITAL INCOME &amp; OPERATING PROJECTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus: S94 Development Contributions</td>
<td>8,000</td>
<td>811</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Plus: Grants &amp; Contributions</td>
<td>4,794</td>
<td>1,411</td>
<td>544</td>
<td>1,201</td>
<td>1,238</td>
</tr>
<tr>
<td>Plus: Gain (Loss) on Asset Disposal</td>
<td>0</td>
<td>0</td>
<td>7,548</td>
<td>3,448</td>
<td>0</td>
</tr>
<tr>
<td>Less: Operating Projects Expense</td>
<td>2,834</td>
<td>2,361</td>
<td>4,075</td>
<td>3,443</td>
<td>2,876</td>
</tr>
<tr>
<td><strong>OPERATING RESULT</strong></td>
<td>16,603</td>
<td>7,573</td>
<td>11,348</td>
<td>9,004</td>
<td>7,134</td>
</tr>
</tbody>
</table>
Table 3.6 Scenario 1 – Balance sheet if the special variation not approved

<table>
<thead>
<tr>
<th>SCENARIO 1 (SPECIAL VARIATION NOT APPROVED) - BALANCE SHEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheet ($000’s)</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
</tr>
<tr>
<td>Current Assets</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>Receivables</td>
</tr>
<tr>
<td>Inventories</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Non-current assets classified as “held for sale”</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
</tr>
<tr>
<td>Non-Current Assets</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>Receivables</td>
</tr>
<tr>
<td>Inventories</td>
</tr>
<tr>
<td>Infrastructure, Property, Plant &amp; Equipment</td>
</tr>
<tr>
<td>Investment Property</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
</tr>
<tr>
<td>Current Liabilities</td>
</tr>
<tr>
<td>Payables</td>
</tr>
<tr>
<td>Borrowings</td>
</tr>
<tr>
<td>Provisions</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
</tr>
<tr>
<td>Payables</td>
</tr>
<tr>
<td>Interest Bearing Liabilities</td>
</tr>
<tr>
<td>Provisions</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
</tr>
<tr>
<td>Council Equity Interest</td>
</tr>
<tr>
<td>Minority Equity Interest</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
</tr>
</tbody>
</table>
### 3.3.1 Consideration of alternative options

#### Changing operating environment

The functions and responsibilities of local government are continually expanding as a result of two major factors: the changing expectations of ratepayers and devolving responsibilities by the Federal and State Government. This has a direct impact on the financial capacity of local government to deliver the necessary and desired projects and services. This has been noted in four key reviews:


2. Independent Inquiry into the financial Sustainability of NSW Local Government (Allan Report) by the NSW Local Government Shires Association (2006);
3. Assessing Local Government Revenue Raising Capacity report by the Productivity Commission (2008);


The special rate variation seeks to address many of the pressures identified in these reports.

In more recent years, and not specifically noted in the key reviews as above, local government is increasingly being asked by the Federal and State Government to place greater importance and funding to address various environmental challenges. In particular this has seen a greater emphasis in water efficiency, arising from the millennium drought affecting much of Australia, and climate change that incorporates a range of mitigation measures such as energy efficiency, alternative energy generation, and adaption measures including sea level rise and bushfire threats. Inadequate funding in public transport by the State Government has also seen a greater need for councils to respond to public and private transport options including the provision of local buses and other transport services and additional footpaths and cycleways, the latter being identified for funding in the levy.

Federal and state governments do provide subsidies by the way of competitive and tied grants to assist local councils deliver additional projects and services. This is particularly relevant to roads and environmental projects. Within the environmental area, Ku-ring-gai has been successful in securing funding to assist the implementation of many projects (approximately $6.3M in the past 5 years). While it is anticipated that these grant programs will continue, they are becoming increasingly competitive and also require councils to match funding, typically on a dollar for dollar arrangement. Without an environmental levy, Ku-ring-gai Council would be at a significant financial disadvantage particularly when seeking to secure larger grants such as those related to alternative energy generation, stormwater harvesting and climate change adaptation initiatives.

The levy also responds to the public’s expectations articulated in satisfaction surveys to give higher priority to the maintenance of bushland, waterways and natural environment; to allocate funding to the increasing role in providing human services, including environmental education programs; and to improve the maintenance of key assets such as stormwater drainage.

**Other revenue funding**

Over the past 10 years, Ku-ring-gai Council has been gradually transitioning from a maintenance dominated operating expenditure to one where significant capital works are now being implemented. This is primarily due to four factors: increasing population; development of more robust financial plans; operational efficiencies; and improved strategic planning. In each case the gains achieved by these outcomes have had to be incorporated within the financial limitations imposed on general rate income. This has also been achieved through the use of special rate variations (as noted in Section 8.2) rate capping limitations and expectations of other levels of government and ratepayers. In this regard, the capacity to compress more from existing income and substantially reprioritise funding from services and deliveries is limited.

A. Increasing population – this has come about from directives from the NSW Government in relation to housing and business targets that will see the population rise up to 30,000 in 20 years. Coupled to this is the ability to raise section 94 development contributions.
While these can only fund projects that have a direct nexus to the new population, funding is able to provide a proportional income to capital works projects relative to the incoming population. It is this process which sees a significant funding gap identified in Council’s draft Long Term Financial Plan, which needs to be addressed.

B. Recognising the need to have financial planning aligned with projected population growth and associated s94 contributions plans along with the need to fund infrastructure renewal, Council adopted a revised 20 year Long Term Financial Plan (LTFP) in 2007. The Plan continuously quantifies the costs of the financial liability for all of Council’s commitments to its stakeholders for the next 20 years and attempts to balance this, over time, with available funds to meet these commitments in the most effective manner. Although Council’s LTFP is a dynamic and effective decision making tool, it has also highlighted that fact that Council cannot meet its infrastructure renewal and implementation of its contributions plans with existing revenue sources even with innovative revenue strategies such as rates restructures. Therefore the need to partially fund Council’s projects through a special rate variation is paramount.

C. Strategic Planning

In 2007 Council adopted a new organisational structure. The restructure process was principally aimed at repositioning the organisation to better deal with the complexity of strategic planning issues facing the organisation and to reposition the Council for capital works delivery rather than simply maintenance. These issues primarily arose in relation to population growth and demographic change. A new Strategy and Environment Directorate was established and outdoor works staff consolidated into the Operations Department. Subsequent reviews of the organisational structure have confirmed this as a positive direction and added key capabilities in major project delivery and heritage planning.

The organisational restructure recognised that Ku-ring-gai was about to undergo its most significant growth phase since the post-war era (see Figure 3.1). The LGA had experienced several periods of rapid growth in its history interspersed with periods of stable or declining population. The first period of rapid residential growth occurred after the opening of the North Shore railway line in 1890. This period began the establishment of the town centres along the railway line that we know today. The interwar period of the 1920s and 1930s witnessed another active period of subdivision and residential expansion encouraged by the opening of the Sydney Harbour Bridge in 1932. The post-war years, beginning in the 1950s through to the 1970s, were a period of intense development during which the population doubled from 50,000 to 100,000 (a 100% increase). Since the 1980s the population has been stable but ageing (as illustrated in Figure 3.1). The next phase of development, featuring urban consolidation has recently commenced, having begun elsewhere in the metropolitan area more than 10 years ago.
Figure 3.1 – Recent population growth in Ku-ring-gai

![Population Change 1995-2009](image)

Figure 3.2 – Population characteristics

**Ku-ring-gai Population Characteristics**

- High proportion of families with children 5-17
- “missing age group” 25-34
- Above Sydney average people 50 years & over
- Low proportion of families with children under 5

*Source: Australian Bureau of Statistics, 2006 Census of Population and Housing (Enumerated)*
The 2005 metropolitan strategy for Sydney supports continuing economic growth while balancing social and environmental impacts. It is based on anticipated population, economic and demographic trends at the time. The metropolitan strategy recognises the significant challenges that will face Sydney over the next 25 years. Specifically, the metropolitan strategy recognises that Sydney’s population will grow by 1.1 million people between 2004 and 2031, from a current population of 4.2 million to 5.3 million. To cater for this growth, the NSW Government has predicted Sydney will require the following:

- 640,000 new homes
- 500,000 more jobs are being planned for over the next 25 to 30 years
- 7,500 hectares of extra industrial land if current trends continue
- 6.8 million square metres of additional commercial floor space and
- 3.7 million square metres of additional retail space.

Ku-ring-gai’s share of this growth was a minimum of 10,000 achievable new dwellings and employment capacity for 4500 new jobs. This has recently been revised to 14,000 dwellings as part of the metropolitan strategy review in early 2011.

Since 2007 Council has undertaken a comprehensive planning process for its town centres. A series of planning principles were used to guide the preparation of the plans to balance the state, regional and local planning requirements and a series of planning and urban design principles to ensure sustainable revitalisation of the six (6) Ku-ring-gai centres that adequately caters for the community needs. A summary of planning principles include:

1. More housing around transport nodes and close to shops and services to help meet Sydney’s growing population
2. Housing choice and affordability
3. Revitalisation of commercial centres:
4. Integrated land use planning
5. Planning for employment uses
6. New civic spaces and facilities
7. Improvements to access and circulation for pedestrians and vehicles
8. Increased parking: providing increased public parking close to the shops and facilities
9. Protect and enhance heritage
10. Appropriate scale of development to reflect the distinct character inherent to each town centre
11. Guidance for key sites by defining appropriate building types and developing place-specific building envelopes, development controls and guidelines for each centre
12. Ensure economic feasibility
13. Protect ecological integrity and processes
14. Open space and recreation planning - identified locations for new parks and new town square in each of the centres
15. Effective implementation and funding strategies and
16. Extensive consultation.

These principles are consistent with Council’s Community Strategic Plan 2030.

Underling these aspects, there is a need to consider the community priorities as identified in satisfaction surveys and discussed in Section 4 of this report. As can be seen in Table 4.2, many of the services that the community want to remain at current levels are also those that take a higher proportion of the operating budget. Therefore for prioritising expenditure from these areas is not desirable. This is similarly the case for many of the services the community identify as needing to maintain at current standards. In terms of improved service, the community has expressed a desire for council to improve the condition of major assets such as roads, footpaths and drainage and also to maintain current expenditure on environmental projects, as reflective of the intent of this special rate application.

**Timing of the special rate**

This special rate application has been submitted 12 months ahead of the expiration of the current environmental levy approval (July 2005-June 2012). This is a deliberate strategy by Council to enable the successful delivery of projects in future years projects, to maximise obtaining external grant funding to leverage the financial benefits of the program and to ensure continuity of staffing resources.

Planning and design. The majority of project identified in the first and second year of the levy rely on the completion of detailed engineering and landscape architectural design, preparation of a review of environmental factors, other assessments as required by NSW legislation and council policies and preparation of and execution of contract documentation. Based on the expenditure patterns of the first levy (Table 3.8), it took around 12 months until the program was able to recite, design and deliver around $2million in projects per year, then a further 5 years to be within 10% of the income for the year as a consequence of the rolling carry forwards. By having an early approval commencing July 2011, this problem will be overcome and streamline the delivery of projects as identified.
Table 3.8 income and expenditure of environmental levy 1.

<table>
<thead>
<tr>
<th>Date</th>
<th>Opening balance</th>
<th>Income</th>
<th>Expenditure</th>
<th>EOY balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/06</td>
<td>0</td>
<td>1,710,000</td>
<td>858,000</td>
<td>852,000</td>
</tr>
<tr>
<td>2006/07</td>
<td>852,000</td>
<td>1,823,000</td>
<td>2,250,000</td>
<td>425,000</td>
</tr>
<tr>
<td>2007/08</td>
<td>425,000</td>
<td>1,882,000</td>
<td>2,074,000</td>
<td>233,000</td>
</tr>
<tr>
<td>2008/09</td>
<td>233,000</td>
<td>1,958,969</td>
<td>1,685,336</td>
<td>506,633</td>
</tr>
<tr>
<td>2009/10</td>
<td>506,633</td>
<td>2,052,000</td>
<td>2,302,000</td>
<td>256,633</td>
</tr>
<tr>
<td>2010/11</td>
<td>256,633</td>
<td>2,252,309</td>
<td>2,364,600</td>
<td>144,342</td>
</tr>
</tbody>
</table>

The current levy has been able to obtain leverage of over $6 million from other government grants. The majority of this funding has come in the past five (5) years as Council has been able to utilise forward project income as cash contributions to grant projects. By having certainty that the levy is approved from July 2011 to 2019, Council will be able to continue to apply grants that will maximise the financial benefits of the levy and importantly deliver more projects for the local community and improve the quality of the natural environment.

The levy currently employs five equivalent full time staff. The individuals are employed under fixed term contracts and will expire in around June 2012, at the scheduled conclusion of the current environmental levy. As many of the project continue with the same focus, it is desirable to retain the skills developed over the past five years under new fixed term employment contracts. For some positions, such as the environmental engineer, there is a considerable shortage of skilled individuals in the market and therefore not having longer term employment security presents a significant workforce planning risk.

Alternative funding sources

Council has a Long term Financial Plan (LTFP) which is continuously updated to consider numerous scenarios for the funding of operating and capital expenditure. At present, Council’s strategy is to apply all surplus funds to meet two significant unfunded long term liabilities:

- A program of adequate infrastructure maintenance and renewal to ensure that the Community continues to be served by its assets at the level they desire (current liability estimated at $183 million) with details of Council’s asset management planning provided in section 3.3.2, and

- The funding gap between planned development contributions works commitments and expected developer contributions (currently estimated at $59 million). Council has recently adopted the Ku-ring-gai Contributions Plan 2010. This plan is a consolidation and review of Ku-ring-gai’s two previous Contributions Plans (Ku-ring-gai Section 94 Contributions Plan 2004 - 2009 - Residential Development -
Amendment No. 2 and Ku-ring-gai Town Centres Development Contributions Plan 2008) and is now the only active Contributions Plan in Ku-ring-gai. The plan provides for infrastructure works of some $380 million over the next 20 years, however as some of the infrastructure that is planned is not fully funded by developer contributions (i.e. not all new infrastructure planned is a result of new residents) Council is required to partially fund the implementation of the plan. At this stage approximately $59 million of Council’s contribution remains unfunded.

Increased levels of surplus funds have been identified in recent years by the rigour of Council’s LTFP planning process and arise primarily due to productivity improvements (see Section 7). The current policy is to apply such funds to the above outstanding liabilities as the major priority, leaving other necessary works to be funded from new sources.

As previously stated, income from the existing and future levy has been directly matched to expenditure. Although Council has made significant improvements to its financial planning and its financial sustainability and capacity, the major liabilities as outlined above that are approximately $240 million in total are seen as a priority simply because they identified as ‘liabilities’. The projects works from the levy would not be funded without the income it derives and Council could not fund these projects without reductions in services and/or reductions in its capital works budget which is predominantly spent on infrastructure renewal. The only other option would be to allocate funds presently identified as funding sources to partially meet the liabilities detailed above and Council is unlikely to be able to justify redirecting funds to new projects such as those in the environmental levy from funding known liabilities which Council is already struggling to meet in the future.

3.3.2 Asset Management Planning

Does Council have up to date Asset Management Plans in place?  Yes X  No □

Council has completed seven (7) asset management plans in accordance with its adopted strategy and timetable (refer to Table 3.9). These include the following asset classes: bridges; buildings; drainage; footpaths; kerb and gutters; roads (originally adopted February 2010 but since updated); and street furniture. Plans for these asset classes were considered and adopted by Council at its ordinary meeting on 22 February 2011

Table 3.9 The summary financial information on a review of the asset classes completed by Council as at February 2011

<table>
<thead>
<tr>
<th>Asset</th>
<th>Replacement cost ($)</th>
<th>Fair value ($)</th>
<th>Annual depreciation ($)</th>
<th>Annual maintenance requirement ($)</th>
<th>Annual life cycle cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>287,907,254</td>
<td>202,403,210</td>
<td>4,787,801</td>
<td>1,750,307</td>
<td>$6,538,108</td>
</tr>
<tr>
<td>Footpaths</td>
<td>41,571,726</td>
<td>24,318,566</td>
<td>1,351,000</td>
<td>145,168</td>
<td>$1,496,168</td>
</tr>
<tr>
<td>Kerb and gutter</td>
<td>105,247,730</td>
<td>42,389,280</td>
<td>1,807,000</td>
<td>408,896</td>
<td>$2,215,896</td>
</tr>
<tr>
<td>Bridges</td>
<td>8,981,923</td>
<td>6,727,603</td>
<td>162,912</td>
<td>0</td>
<td>$162,912</td>
</tr>
<tr>
<td>Buildings</td>
<td>88,020,258</td>
<td>38,099,966</td>
<td>1,459,664</td>
<td>509,295</td>
<td>$1,968,959</td>
</tr>
<tr>
<td>Drains</td>
<td>246,649,384</td>
<td>148,563,033</td>
<td>2,371,771</td>
<td>151,688</td>
<td>$2,523,459</td>
</tr>
<tr>
<td>Street furniture and structures</td>
<td>7,778,113</td>
<td>5,660,600</td>
<td>331,896</td>
<td>7,403</td>
<td>$339,299</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>786,156,388</strong></td>
<td><strong>468,162,258</strong></td>
<td><strong>12,272,044</strong></td>
<td><strong>2,972,757</strong></td>
<td><strong>$15,244,801</strong></td>
</tr>
</tbody>
</table>

The Asset Management Plans identify that Council should allocate approximately $15.245 million annually to its infrastructure renewal program compared to the current allocation of $11.217 million (Table 3.10). This represents an annual funding gap of $4,028,001 should Council wish to maintain the assets that have been reviewed to a satisfactory standard. However this needs to be reviewed at the conclusion of the asset management review process, anticipated early 2012. This would be subject to further investigation as part of the ongoing refinement of Council’s long term financial plan, ongoing asset reviews and the consequence of other factors that may lead to an unexpected change in asset condition.

Details of the each of the asset plans can be found by following the Web links (accessed 14 March 2011):

**Bridges:**

**Buildings:**

**Drainage:**

**Kerbs and gutters**
Footpaths:


Roads:


Street furniture:


As noted in the report to Council on 22 February 2011, the asset plans are revised every one to three years as a result of data obtained through the fair valuation process and to ensure alignment across each asset class. Council is currently developing asset management plans for: parks and recreation; fleet and plant; and information technology. Most of these plans will be completed early 2012 following the completion of the fair valuation of these assets due 30 June 2011. Once completed Council will have in place Asset Management Plans for all our Asset Classes which will link with its long term financial plan (LTFP).

Table 3.10 Summary of the financial expenditure and gap of asset classes completed as at February 2011

<table>
<thead>
<tr>
<th>Asset</th>
<th>Cost to Satisfactory ($)</th>
<th>Capital expenditure ($/yr)</th>
<th>Annual maintenance ($/yr)</th>
<th>Total allocation ($/yr)</th>
<th>Sustain index</th>
<th>Gap ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>66,346,637</td>
<td>6,024,000</td>
<td>669,300</td>
<td>6,693,300</td>
<td>1.02</td>
<td>155,192</td>
</tr>
<tr>
<td>Footpaths</td>
<td>4,955,379</td>
<td>432,000</td>
<td>931,900</td>
<td>1,363,900</td>
<td>0.91</td>
<td>-132,268</td>
</tr>
<tr>
<td>Kerb and gutter</td>
<td>30,989,787</td>
<td>0</td>
<td>163,000</td>
<td>163,000</td>
<td>0.07</td>
<td>-2,052,896</td>
</tr>
<tr>
<td>Bridges</td>
<td>162,912</td>
<td>0</td>
<td>68,000</td>
<td>68,000</td>
<td>0.42</td>
<td>-94,912</td>
</tr>
<tr>
<td>Buildings</td>
<td>52,712,367</td>
<td>212,000</td>
<td>1,379,500</td>
<td>1,591,500</td>
<td>0.81</td>
<td>-377,459</td>
</tr>
<tr>
<td>Drains</td>
<td>27,448,544</td>
<td>624,000</td>
<td>563,100</td>
<td>1,187,100</td>
<td>0.47</td>
<td>-1,336,359</td>
</tr>
<tr>
<td>Street furniture</td>
<td>282,000</td>
<td>0</td>
<td>150,000</td>
<td>150,000</td>
<td>0.44</td>
<td>-189,299</td>
</tr>
<tr>
<td>Totals</td>
<td>182,897,626</td>
<td>7,292,000</td>
<td>3,924,800</td>
<td>11,216,800</td>
<td>Ave. 0.6</td>
<td>-4,028,001</td>
</tr>
</tbody>
</table>

3.3.3 Long Term Financial Plan

Does Council have a Long Term Financial Plan (LTFP)? Yes X No

The last LTFP was approved by Council on 8th December 2009 (refer to Attachment P)

Although Council has not officially adopted a revised LTFP for approximately 15 months, several workshops and briefings have been held with Councillors to ensure the emphasis on maintaining the principles of the LTFP continues. The LTFP is updated at each quarterly review and for any other significant changes to Council’s existing or projected financial position. Formal adoption of Council’s latest LTFP, which has been significantly updated and improved, is scheduled for May 2011. Once this has been done a copy of the revised LTFP will be submitted to IPART for information and consideration with this SRV application.

3.3.4 Variations for capital expenditure

Does the application relate to infrastructure investment, whether for new assets or maintaining existing assets?  
Yes X  No 

Does the purpose of the proposed special variation require that a capital expenditure review be undertaken by Council in accordance with Council Circular 97/55?  
Yes □  No X

▼ If Yes, has a review by the Council been undertaken?  
Yes □  No □

▼ If Yes, has Council submitted this to DLG?  
Yes □  No □

(Note: If a capital expenditure review is required but has not been assessed by DLG, IPART will not be able to assess Council’s application.)
3.3.5 Impact of special variation on key performance indicators

Table 3.11 Key performance indicators – Scenario 1 special variation is approved

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Year ended 30/6/10 Actual</th>
<th>Year ended 30/6/11 Estimate</th>
<th>Year ended 30/6/12 Forecast</th>
<th>Year ended 30/6/13 Forecast</th>
<th>Year ended 30/6/14 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Balance Ratio %</td>
<td>8.2%</td>
<td>4.1%</td>
<td>5.5%</td>
<td>3.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Unrestricted Current Ratio</td>
<td>2.11:1</td>
<td>2.57 : 1</td>
<td>1.55 : 1</td>
<td>2.10 : 1</td>
<td>2.43 : 1</td>
</tr>
<tr>
<td>Rates &amp; Annual Charges Outstanding %</td>
<td>3.35%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Debt Service Ratio %</td>
<td>2.37%</td>
<td>2.73%</td>
<td>2.25%</td>
<td>2.49%</td>
<td>2.27%</td>
</tr>
<tr>
<td>Broad Liabilities Ratio %</td>
<td>164.8%</td>
<td>180.6%</td>
<td>201.1%</td>
<td>181.7%</td>
<td>179.5%</td>
</tr>
<tr>
<td>Building &amp; Infrastructure Renewal Ratio %</td>
<td>160.4%</td>
<td>251.9%</td>
<td>141.6%</td>
<td>86.7%</td>
<td>88.3%</td>
</tr>
</tbody>
</table>

Table 3.12 Key performance indicators - Scenario 2 special variation is not approved

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Year ended 30/6/10 Actual</th>
<th>Year ended 30/6/11 Estimate</th>
<th>Year ended 30/6/12 Forecast</th>
<th>Year ended 30/6/13 Forecast</th>
<th>Year ended 30/6/14 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Balance Ratio %</td>
<td>8.2%</td>
<td>4.1%</td>
<td>5.5%</td>
<td>3.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Unrestricted Current Ratio</td>
<td>2.11:1</td>
<td>2.57 : 1</td>
<td>1.55 : 1</td>
<td>2.13 : 1</td>
<td>2.48 : 1</td>
</tr>
<tr>
<td>Rates &amp; Annual Charges Outstanding %</td>
<td>3.35%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Debt Service Ratio %</td>
<td>2.37%</td>
<td>2.73%</td>
<td>2.25%</td>
<td>2.49%</td>
<td>2.27%</td>
</tr>
<tr>
<td>Broad Liabilities Ratio %</td>
<td>164.8%</td>
<td>180.6%</td>
<td>201.1%</td>
<td>181.7%</td>
<td>179.5%</td>
</tr>
<tr>
<td>Building &amp; Infrastructure Renewal Ratio %</td>
<td>160.4%</td>
<td>251.9%</td>
<td>141.6%</td>
<td>65.2%</td>
<td>67.1%</td>
</tr>
</tbody>
</table>

Note:
• Operating balance ratio is the net operating result (excluding capital items) as a percentage of operating revenue (excluding capital items).
• Unrestricted current ratio is the unrestricted current assets divided by unrestricted current liabilities. “Unrestricted” means there is no restriction on the asset or liability imposed by regulation or some other externally imposed constraint. Eg, restricted assets include developer contributions.
• Rates and annual charges ratio is the rates and annual charges divided by operating expenses.
• Debt service ratio is the net debt service cost divided by revenue from continuing operations.
• Asset renewals ratio is asset renewals expenditure divided by depreciation, amortisation and impairment expenses.
• Broad liabilities ratio is the total debt plus cost to clear infrastructure backlogs (Special Schedule 7) divided by operating revenue. This ratio is based on the recent estimate of Council’s liability for Asset renewal in lieu of the liability reported in Schedule 7 in the 2009/10 Financial Statements.
Approval of the special variation generally improves all indicators. As the projects that the special variation will fund are primarily operating rather than capital, the improvements in the Broad Liabilities and Building and Infrastructure renewal ratios are not as significant as might be expected. Ratios dependant on total revenue are improved as the special variation adds revenue, but this is a temporary effect as the special variation is only for 8 years.

The Operating Balance Ratio falls after 2011/12 due to the way in which the environmental levy funds are expended. In 2011/12, $705,000 of these funds are expended on Operating projects ($1.68M on capital), and in 2012/13 operating increases to $1.66M and capital falls to $636,000. This proportion of operating projects reduces in latter years of the environmental levy. In addition, 2012/13 also has an extra operating expense of $560,000 for the Council election.

The Asset Renewal ratio is particularly high in 2010/11 and 2011/12 due to the construction of a replacement for Council’s operations depot. Otherwise this ratio, whilst improving slightly over the longer term due to Council’s focus on applying increasing resources to asset renewal, is below 100%, indicating that insufficient resources are currently available to address this issue.
4 Community consultation

The exhibition of the draft Operational Plan and Delivery is anticipated to commence following the consideration of this document by Council in May 2011. Details of the special rate variation have been included in the development of the plan and financial modelling for the next four years. A copy of the relevant text will be provided to IPART following Council’s resolution to exhibit the draft plan and will form an additional Attachment to this submission. Attachment F includes a copy of the resolution of Council in relation to the preparation of the special rate. This followed an earlier resolution by Council in December 2010 and subsequent meeting with IPART that guided the special rate to an eight year program being determined under section 508(2) of the Local Government Act.

Council’s environmental projects are shaped and directed in partnership with Ku-ring-gai residents and relevant stakeholders. The focus and priority of these environmental initiatives is a direct result of extensive and proactive community collaboration. This wide-ranging and continual consultation has seen the existing environmental levy enjoy overwhelming community support, including active participation in volunteer projects.

88% residents surveyed support the continuation of the environmental levy

(2011 Environmental Levy Continuation Survey)

There is strong community support for the continuation of the environmental levy in order to fund future environmental projects in the Ku-ring-gai LGA. The levy is seen as an important and beneficial investment both now and for the future of Ku-ring-gai.

4.1 Multimodal consultation that reaches all residents

To demonstrate the community’s overwhelming support and active involvement, and support Council’s application, findings from key consultation activities are summarised in this section. Council contracted an independent research organisation to conduct consultative studies using valid statistical survey techniques and analysis of the surveys. The consultant used random selection methods to ensure results and findings are representative of the Ku-ring-gai community.

The primary focus of the consultation conducted for the current and future environmental levy is to determine:

- the importance of the environment and specific environmental issues for residents
- identify community priorities for environmental projects
- gauge satisfaction levels of residents for existing and completed environmental projects and
• determine acceptance and willingness to support the continuation of the environmental levy

The following reports will be examined to clearly demonstrate the high priority of environmental initiatives and need for the levy in Ku-ring-gai.

These reports include:

1. 2011 environmental levy continuation survey report (Attachment E)
2. 2010 Community satisfaction survey and focus groups reports (Attachment G and H)
3. 2009 environmental levy satisfaction survey and focus groups report (Attachment I)
4. Community strategic plan and vision report (Attachment B and J)

4.2 Environmental Survey (2011) Levy Continuation

Council wished to clearly and accurately demonstrate the community’s support for the environmental levy and its continuation through to 2019. The survey aimed to measure the importance residents attribute to the protection and maintenance of the natural environment, its priority as a key element of Ku-ring-gai Council’s core functions, and provide a range of avenues for feedback for residents to express their views on the special rate proposal. A full copy of the survey report is included as Attachment E.

Ku-ring-gai households were contacted to gauge the:

• level of satisfaction with existing infrastructure and environmental projects
• importance allocated to environmental projects
• importance and need to continue funding such projects and
• willingness to support the continuation of the levy through to 2019.

A concept statement was read to all participants in order to ensure that they were aware of the full scale and scope of the proposed special rate levy.

Specifics of the survey
• Random telephone survey with n=400 residents aged 18 years and above
• A sample size of 400 residents provides a maximum sampling error of approximately +/- 4.9% at 95% confidence
• Participants were asked some profiling questions, then specific questions relating to the rate continuation
• Survey was conducted between the 18th and 21st of February 2011
• The sample was weighted by age.

The scope of this consultation provides Council with research findings that they can confidently assert reflect the attitudes of the broader community.
In addition, an online opt-in survey was made available for comment from the wider Ku-ring-gai community. 37 residents voluntarily participated in the online survey with 57% of respondents in support of the environmental levy continuation. The primarily reasons for support focused on need for environmental protection and management, and the small financial contribution required by households to support the levy.

The negative responses to the levy continuation focused on Council accountability and possibility of mismanagement of funds.

These results do not represent the wider community and are not statistically valid for analysis. The opt-in survey was provided as an additional avenue for comment, with all feedback to be reviewed by environmental levy program staff.

The responses from the opt-in survey are included as an appendix to Attachment E.

4.2.1 Support for continuing the levy through to 2019

The proposal to continue the levy is well supported by the Ku-ring-gai community.

The majority (88%) see the continuation of the levy as both important and beneficial to the community (Figure 4.1).

Table 4.1 Reasons for supporting or not supporting the extension of the environmental levy

<table>
<thead>
<tr>
<th>In Favour of Special Rate Variation: net 88%</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Council needs the money in order to ensure these important initiatives for the environment continue</td>
<td>63%</td>
</tr>
<tr>
<td>2. Happy for the levy to continue as the benefits can be seen</td>
<td>8%</td>
</tr>
<tr>
<td>3. It is an affordable amount to continue paying</td>
<td>5%</td>
</tr>
</tbody>
</table>

Against Special Rate Variation: net 12%

| 4. Council needs to better manage the money they are currently receiving from ratepayers | 4% |

Figure 4.1 Resident support for the continuation of the Environment Levy

The results in Table 4.1 are based on a series of verbatim responses sourced from respondents during an open ended survey question.
“All the projects mentioned are important and it’s important to keep the local area in a well conditioned state”

“I support the levy as there is no increase in the current levy and the benefits to the community are great”

“The Council has really provided some terrific services and is quite modest. The area is an important one to protect”

“I have seen the results of what has been mentioned and I strongly support activities like that”

A high response of positive support was received despite only half the respondents aware of the levy’s existence. This confidently supports the financial capacity of Ku-ring-gai households to afford this levy continuation.

All negative responses (12%) to the levy continuation were driven by issues of Council accountability.

“Should be enough revenue already received through normal rates without applying an additional levy”

“I don’t believe Council spends the money wisely”

4.2.2 Importance for continuing the levy

Figure 4.2 shows that 75% of residents feel that it is important that Ku-ring-gai Council is allowed to continue the levy.
Figure 4.2 How important do you believe is it that Council is allowed to continue the levy?

Many of these residents feel that the existing levy has already delivered positive outcomes for the community and therefore feel it is important to support its continuation.

“I can see visible evidence of the improvements, especially the sporting fields that are used by children”

“Council is looking after the principle of why people enjoy living in Ku-ring-gai, keeping it a safe environment”

“These projects are important and the sum they are asking for is reasonable”

“Sometimes these projects can not be carried out unless Council gets funds from extra levies”

Only a minority (8%) of residents rejected the importance of the levy. On the whole, these residents believe Council should be focusing on other issues.

“Council could better spend the money on more useful projects”

“There are more things Council should be worried about, like roads and community services”

In addition, 86% of residents believe it is important for Council to undertake projects that preserve and improve the natural environment.
4.2.3 Conclusions from the environmental levy Continuation Survey

Ku-ring-gai residents are willing and able to continue supporting the levy through to 2019.

Despite the limited awareness (51%) by respondents of the levy component in their rates notices, residents are overwhelming supportive (88%) of its continuation. In the cases where residents were not supportive, reasons given centred on Council accountability and misuse of income, not the financial limitations of households to fund the levy. This demonstrates not only the importance of the levy, however confirms Ku-ring-gai households have the financial means to continue supporting the levy.

4.3 Satisfaction survey 2010 results

Periodically, Council measures the community’s satisfaction with the provision of services and assets in Ku-ring-gai. In May 2010, residents were requested to rate their level of satisfaction and importance for 39 distinct Council service delivery areas. In addition to the survey, four (4) focus groups were conducted with 40 respondents in late July 2010. A copy of this report is included as Attachments G and H to this report.

Specifics of the survey:

- Random telephone survey with n=400 residents aged 18 years and above.
- A sample size of 400 residents provides a maximum sampling error of approximately +/- 4.9% at 95% confidence.
- Participants were asked some profiling questions, then specific questions relating to the importance and satisfaction of Council’s assets and services.
- Survey was conducted between the 29th May and 2nd June 2010.
- The sample was weighted by age.

The scope of this consultation provides Council with research findings that they can confidently assert reflect the attitudes of the broader community.

4.3.1 Importance and satisfaction levels for environmental measures

Residents rated the natural environment as ‘high importance’ and ‘high satisfaction’ when compared across the 39 Council service areas measured.

Results in Table 4.2 show that the three (3) environmental measures (in bold) included in the survey were allocated to the top quadrant (MAINTAIN). These reflected a measure of high importance and high satisfaction. The strong results highlight how Council need to maintain or event attempt to improve its position in the area of environmental management, restoration and protection, as they are highly influential and address clear community needs and priorities.
### Table 4.2 Quadrant analysis of Council services and assets (Importance vs. Satisfaction)

<table>
<thead>
<tr>
<th>IMPROVE</th>
<th>MAINTAIN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Higher importance, lower satisfaction</strong></td>
<td><strong>Higher importance, higher satisfaction</strong></td>
</tr>
<tr>
<td>Development compatible with the local area</td>
<td>Healthy natural waterways</td>
</tr>
<tr>
<td>Managing development</td>
<td>Support for people with a disability</td>
</tr>
<tr>
<td>Enforcement of planning and development controls</td>
<td>Encouragement of recycling</td>
</tr>
<tr>
<td>Condition of local roads</td>
<td>Environmental and sustainability initiatives</td>
</tr>
<tr>
<td>Traffic management</td>
<td>Maintenance of local parks and gardens</td>
</tr>
<tr>
<td>Quality of footpaths</td>
<td>Restoration of natural bushland</td>
</tr>
<tr>
<td>Availability of car parking in the town centres</td>
<td>Litter control and rubbish dumping</td>
</tr>
<tr>
<td>Protecting heritage values &amp; buildings</td>
<td>Community safety/crime prevention</td>
</tr>
<tr>
<td>Council provision of information to residents</td>
<td>Support for aged persons</td>
</tr>
<tr>
<td>Access to public transport</td>
<td>Street cleaning</td>
</tr>
<tr>
<td>Providing adequate drainage</td>
<td>Provision and maintenance of sporting ovals, grounds and facilities</td>
</tr>
<tr>
<td>Monitoring and maintaining open spaces</td>
<td>Domestic garbage collection</td>
</tr>
<tr>
<td></td>
<td>Provision and operation of libraries</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LOWER PRIORITY (NICHE)</th>
<th>SECONDARY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lower importance, lower satisfaction</strong></td>
<td><strong>Lower importance, higher satisfaction</strong></td>
</tr>
<tr>
<td>Opportunities to participate in Council decision making</td>
<td>Availability of venues to socialise, eat out</td>
</tr>
<tr>
<td>Revitalisation/beautification of town centres and surrounding areas</td>
<td>Provision and maintenance of playgrounds</td>
</tr>
<tr>
<td>Support for youth</td>
<td>Pet control</td>
</tr>
<tr>
<td>Access to cycle paths and walking tracks</td>
<td>Childcare facilities and services</td>
</tr>
<tr>
<td>Encouragement of local employment</td>
<td>West Pymble swimming pool</td>
</tr>
<tr>
<td>Support for the multicultural community</td>
<td>Festivals and major events</td>
</tr>
<tr>
<td>Public toilets</td>
<td>Tourism in the local area</td>
</tr>
<tr>
<td></td>
<td>Ku-ring-gai Arts Centre and Wildflower Garden</td>
</tr>
</tbody>
</table>

#### 4.3.2 Improving satisfaction for the Ku-ring-gai community

The findings from the quadrant analysis in Table 4.2 demonstrate how residents rate many areas of Council’s work as important and of high priority. To further refine this list and determine the key drivers of satisfaction for residents further analysis was undertaken.

Figure 4.3 illustrates the percentage of perceived importance for Council service areas. The top 11 areas displayed in below account for 65% of importance across all 39 Council areas. This graph has helped Council determine where additional resources and funding should be allocated to meet the needs of the community.
Despite representing less than 1% of Council areas included in the survey, the three (3) environmental measures ‘healthy natural waterways’, ‘restoration of bushland’ and ‘environment and sustainability’ account for 16% of overall satisfaction with Council.

**4.3.3 Conclusions**

The results support the findings from the recent Environmental Levy Continuation survey with high importance and priority placed on the natural environment. Respondents commented on their ‘love’ and ‘passion’ for living in an area that is abundant with natural bushland and waterways. In most instances, it was the very reason they moved to the area or have stayed in the area since growing up. Residents are highly satisfied with the work undertaken by Council on environmental projects and express a high priority and need for continuing this work into the future.

**4.4 Environmental levy satisfaction survey (2009)**

In late 2009, at the half-way point of the current seven year levy, a survey was conducted to rate the level of satisfaction and ongoing priority of the programs funded through the levy. The survey asked respondents to rate the importance and satisfaction of a series of levy projects and environmental issues.
Specifics of the survey:

- Feedback was sought from a random representative selection of 2,500 Ku-ring-gai residents.
- An online and postal survey were used to collect responses in December 2009.
- Three focus groups and interviews were conducted with respondents in late March 2010.

A copy of the report is included as Attachment I.

4.4.1 Meeting the environmental priorities of the community

The survey and subsequent focus groups identified a range of environmental priorities that must be funded through the levy.

Table 4.3 illustrates how Ku-ring-gai Council has directed and focused its environmental projects on the priorities of the community.

**Table 4.3 Environmental priorities vs. Levy projects and achievements**

<table>
<thead>
<tr>
<th>Environmental priorities identified by residents</th>
<th>Environmental Levy projects established to meet these community priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>STORMWATER Clean stormwater for irrigation of open spaces</td>
<td>Stormwater harvesting projects at 12 ovals, parks, gardens 2,260KL of stormwater storage capacity for open space irrigation 20,300KL of stormwater treated each year Swales and bioretention projects at five locations Eight sports fields with greater drought resilience</td>
</tr>
<tr>
<td>NATURAL WATERWAYS Improve condition of streams and creeks</td>
<td>Four creek restoration projects 126m2 of riparian bush regenerated 13 creeks improved Nine outlet protection devices installed</td>
</tr>
<tr>
<td>NATURAL BUSHLAND Stop the illegal dumping and protect the bushland</td>
<td>178 bushland dumping and encroachment investigations Dob in a Dumper campaign New vegetation protection signs 2.7km² of bushland regenerated 30,000 native plants planted</td>
</tr>
<tr>
<td>BUSHFIRES Risk of bushfire to homes</td>
<td>6. 5km of new fire trails 5,000 Fire Wise kits distributed to homes on bushland interface</td>
</tr>
<tr>
<td>FLOODING Reduce the risk of flooding and improve quality of runoff water</td>
<td>Stormwater outlet protection at 13 LGA locations 22,800KL of irrigation water each year</td>
</tr>
<tr>
<td>COST OF ENERGY AND WATER Reduce Ku-ring-gai’s dependence on water and energy</td>
<td>575 households participating in Greenstyle home and garden assessments 30,000 visits to Greenstyle YouTube channel</td>
</tr>
</tbody>
</table>
Residents had a high awareness of the levy and the broad nature of work conducted by the levy. However, the survey reported low awareness of the individual levy projects. Ku-ring-gai Council recognised the need to better communicate and articulate levy projects and has since implemented a targeted communications strategy to better inform the community.

A copy of the South Turramurra Newsletter that showcases the work and benefits of the environmental levy is included in Attachment K.

4.5 Community Strategic Plan (2007-09)

In 2007 Council embarked on an intergenerational consultative process with the community to create strategic directions for the future of Ku-ring-gai.

The process consisted of two key elements, vision planning and action planning, with a prominent focus on sustainability and the natural environment. The culmination of this wide-ranging consultation was the creation of the Ku-ring-gai Visioning Strategy which fed into the development and implementation of the Community Strategic Plan.

As a new public planning model, this method of consultation achieves more equitable community representation when making planning decisions for future generations. It helps when engaging with citizens of all age groups — from children to the elderly. It provides a multi-dimensional understanding of sustainability priorities by recognising that at different stages of an individual’s life, their ideas, interests and relationships may change.

A copy of this report is included as Attachment B and the vision report that was prepared as the baseline assessment is included as Attachment J.

4.6 Summary of consultation

Ku-ring-gai Council utilised a multimodal approach to collaborating with residents and stakeholders. The high priority placed on environmental measures by the community has reinforced the requirement for an active and wide ranging consultation strategy. This strategy
has resulted in strong participation in a series of quantitative and qualitative deliberation initiatives from random telephone surveys to intensive focus groups and workshops.

**All consultation activities for the Environmental Levy have established that:**

1. residents place high importance and priority on Ku-ring-gai’s natural environment
2. residents want to be involved in setting the direction and focus of environmental projects
3. residents are willing and able to support a special rate levy to fund environmental initiatives

The reoccurring themes highlighted in the findings from each of the consultation reports, clearly illustrates the necessity for continued investment by Council into environmental projects and programs.
5 Rating structure and the impact on ratepayers

Councils must also fill in the worksheets in Part A of the application which will provide the information and calculations underpinning the proposed ratings structure, the impact of the special variation and average rate increases.

5.1 Proposed rating structure for the revenue path

In the section below, provide a detailed explanation of the proposed rating structure for the variation under two scenarios – the proposed rating structure if approved and the proposed structure should it not be approved.

### Proposed rating structure if approved

*Rate pegging increase of 7.8%*

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Category</th>
<th>Rate in $</th>
<th>Min/Base Amount $</th>
<th>Yield $</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>Residential</td>
<td>0.00103831</td>
<td>442</td>
<td>$23,586,710</td>
</tr>
<tr>
<td>General</td>
<td>Business</td>
<td>0.00526623</td>
<td>442</td>
<td>$2,977,559</td>
</tr>
<tr>
<td>Special</td>
<td>Environmental</td>
<td>0.00010912</td>
<td></td>
<td>$2,319,645</td>
</tr>
<tr>
<td>Special</td>
<td>Infrastructure</td>
<td>0.00049863</td>
<td>265</td>
<td>$10,599,810</td>
</tr>
<tr>
<td>Special</td>
<td>New Facilities</td>
<td>0.00007248</td>
<td></td>
<td>$1,540,124</td>
</tr>
</tbody>
</table>

### Proposed rating structure should it not be approved

*Rate pegging increase of 2.8%*

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Category</th>
<th>Rate in $</th>
<th>Min/Base Amount $</th>
<th>Yield $</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>Residential</td>
<td>0.00105543</td>
<td>442</td>
<td>$23,903,796</td>
</tr>
<tr>
<td>General</td>
<td>Business</td>
<td>0.00526623</td>
<td>442</td>
<td>$2,993,446</td>
</tr>
<tr>
<td>Special</td>
<td>Environmental</td>
<td>0.00010912</td>
<td></td>
<td>$2,319,645</td>
</tr>
<tr>
<td>Special</td>
<td>Infrastructure</td>
<td>0.00049863</td>
<td>265</td>
<td>$10,400,190</td>
</tr>
<tr>
<td>Special</td>
<td>New Facilities</td>
<td>0.00007248</td>
<td></td>
<td>$1,540,124</td>
</tr>
</tbody>
</table>

*As per special variation application.*

5.2 Impact on rates

Provide comment on the impact of the proposed increases on different rating types and categories, as detailed in Worksheet 5 of Part A.

The impact of the proposed increases on different rating types and categories is less than $10 p.a. Please refer to Worksheet 5 of Part A.
It should be noted that this increase represents the increase in ordinary rates, excluding special rates, as per the formulae provided in Worksheet 5 of Part A.

Does the Council have minimum rates?  
Yes X  No □

If Yes, provide details including proposed share of ratepayers on the minimum rate for the relevant category with and without the special variation.

<table>
<thead>
<tr>
<th>Proposed Increase</th>
<th>Category</th>
<th>No of Ass</th>
<th>Land Value</th>
<th>Total Environmental levy Share</th>
<th>Total % of Environmental levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.80%</td>
<td>Residential</td>
<td>9,706</td>
<td>2,112,069,776</td>
<td>$230,469.05</td>
<td>9.936%</td>
</tr>
<tr>
<td>2.80%</td>
<td>Business</td>
<td>172</td>
<td>8,035,456</td>
<td>$876.83</td>
<td>0.038%</td>
</tr>
<tr>
<td>7.80%</td>
<td>Residential</td>
<td>9,990</td>
<td>2,231,939,643</td>
<td>$253,459.07</td>
<td>10.50%</td>
</tr>
<tr>
<td>7.80%</td>
<td>Business</td>
<td>173</td>
<td>8,119,606</td>
<td>$922.06</td>
<td>0.04%</td>
</tr>
</tbody>
</table>

5.3 Community’s capacity to pay proposed rate increases

The assessment of the Ku-ring-gai community’s capacity to pay for an increase in rates is drawn from multiple lines of evidence. These include: the community survey of 400 demographically representative residents as part of this environmental levy survey (as discussed in Section 4); 2006 census data reporting socio economic disadvantage; the percentage of default rate payments; and past community surveys related to special rate variation applications.

5.3.1 Environmental levy special rate survey

88% support by Ku-ring-gai residents demonstrates the community’s ability to fund the special rate levy

The financial capacity of Ku-ring-gai households to continue funding the environmental levy was not mentioned as a reason by respondents as a reason for not supporting the levy continuation. The 12% of respondents that do not support the proposal, along with the 8% that rejected the importance of the levy, focused primarily on Council’s accountability, better usage of existing revenue and need to invest in other infrastructure projects.

The limited awareness (51%) by many residents that an environmental levy was already in place further highlighted how the current special rate was financially manageable and of low concern for households. Despite only half the respondents aware of the levy, the vast majority (88%) were still willing to support its extension at the current rate.
A full copy of the report is included as Attachment E

### 5.3.2 Socio economic disadvantage index

The Australian Bureau of Statistics provides a socio-economic analysis according to different geographic regions across Australia. One of the measures reported is the socio-economic disadvantage rank that considers a wide range of information about the economic and social resources of people and households within an area. This index summarises 17 different measures, such as low income, low education, high unemployment and unskilled occupations. A low score indicates relatively greater disadvantage in general. For example, an area could have a low score if there are (among other things) many households with low income, many people with no qualifications, or many people in low skilled occupations. A high score indicates a relative lack of disadvantage in general. For example, an area may have a high score if there are (among other things), few households with low incomes, few people with no qualifications or in low skilled occupations. Because this index focuses on disadvantage, only measures of relative disadvantage are included. This means that, unlike the other indexes, a high score (or decile) reflects a relative lack of disadvantage rather than relative advantage. This means the higher the number the least disadvantaged the group.

The analysis of the 2006 Census data revealed that the Ku-ring-gai local government area contains the residents with the least disadvantaged (or most advantaged) residents in NSW and ranked third across Australia (refer to Table 5.1). For local government areas in the Sydney metropolitan area, Ku-ring-gai with its population approximately twice that of other statistical regions remains the most advantaged (Table 5.2) Details of this analysis is available by the Australian Bureau of Statistics (http://www.abs.gov.au/ausstats/abs@.nsf/mf/2033.0.55.001 accessed 16 March 2011)

The data suggests that the residents of Ku-ring-gai have a greater resilience to pay additional income based on their relative advantage when compared to other local government areas across Australia. As noted in the census report, this finding is not definitive, although given the rank of Ku-ring-gai relative to other communities, it certainly points towards a greater capacity to pay for a special rate as proposed.
Table 5.1 Most advantaged geographic area by census analysis across Australia

<table>
<thead>
<tr>
<th>Rank in Australia</th>
<th>Statistical Local Area (SLA)</th>
<th>State</th>
<th>Usual Resident Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Barton</td>
<td>ACT</td>
<td>940</td>
</tr>
<tr>
<td>2</td>
<td>Forrest</td>
<td>ACT</td>
<td>1,191</td>
</tr>
<tr>
<td>3</td>
<td>Ku-ring-gai</td>
<td>NSW</td>
<td>101,084</td>
</tr>
<tr>
<td>4</td>
<td>O’Malley</td>
<td>ACT</td>
<td>685</td>
</tr>
<tr>
<td>5</td>
<td>Pullenvale</td>
<td>QLD</td>
<td>3,153</td>
</tr>
<tr>
<td>6</td>
<td>Fig Tree Pocket</td>
<td>QLD</td>
<td>3,259</td>
</tr>
<tr>
<td>7</td>
<td>Mosman</td>
<td>NSW</td>
<td>26,236</td>
</tr>
<tr>
<td>8</td>
<td>Chapman</td>
<td>ACT</td>
<td>2,693</td>
</tr>
<tr>
<td>9</td>
<td>Peppermint Grove</td>
<td>WA</td>
<td>1,582</td>
</tr>
<tr>
<td>10</td>
<td>Woollahra</td>
<td>NSW</td>
<td>50,162</td>
</tr>
<tr>
<td>11</td>
<td>Fadden</td>
<td>ACT</td>
<td>3,214</td>
</tr>
<tr>
<td>12</td>
<td>North Sydney</td>
<td>NSW</td>
<td>58,257</td>
</tr>
<tr>
<td>13</td>
<td>Bruce</td>
<td>ACT</td>
<td>3,387</td>
</tr>
<tr>
<td>14</td>
<td>Brookfield</td>
<td>QLD</td>
<td>4,467</td>
</tr>
<tr>
<td>15</td>
<td>Newstead</td>
<td>QLD</td>
<td>4,819</td>
</tr>
<tr>
<td>16</td>
<td>Chapel Hill</td>
<td>QLD</td>
<td>9,983</td>
</tr>
<tr>
<td>17</td>
<td>Cottesloe</td>
<td>WA</td>
<td>7,257</td>
</tr>
<tr>
<td>18</td>
<td>Melbourne - S’bank-D’lands</td>
<td>VIC</td>
<td>13,304</td>
</tr>
<tr>
<td>19</td>
<td>Weetangera</td>
<td>ACT</td>
<td>2,545</td>
</tr>
<tr>
<td>20</td>
<td>Lane Cove</td>
<td>NSW</td>
<td>30,427</td>
</tr>
</tbody>
</table>
Table 5.2 Most advantaged statistical local area for the greater Sydney region

<table>
<thead>
<tr>
<th>Rank in Sydney</th>
<th>Statistical Local Area (SLA)</th>
<th>Usual Resident Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ku-ring-gai</td>
<td>101,084</td>
</tr>
<tr>
<td>2</td>
<td>Mosman</td>
<td>26,236</td>
</tr>
<tr>
<td>3</td>
<td>Woollahra</td>
<td>50,162</td>
</tr>
<tr>
<td>4</td>
<td>North Sydney</td>
<td>58,257</td>
</tr>
<tr>
<td>5</td>
<td>Lane Cove</td>
<td>30,427</td>
</tr>
<tr>
<td>6</td>
<td>Manly</td>
<td>37,111</td>
</tr>
<tr>
<td>7</td>
<td>Willoughby</td>
<td>63,604</td>
</tr>
<tr>
<td>8</td>
<td>Hunter's Hill</td>
<td>13,242</td>
</tr>
<tr>
<td>9</td>
<td>Baulkham Hills - North</td>
<td>50,771</td>
</tr>
<tr>
<td>10</td>
<td>Baulkham Hills - Central</td>
<td>68,337</td>
</tr>
</tbody>
</table>

5.3.3 Default rate payments

The NSW Division of Local Government provides comparative information on local government councils across a range of indicators. One of these is the amount and percentage of outstanding rates, charges and fees. This data provides an indication as to the ability of residents to pay. Table 5.3 summarises the most recent five years of data as published by the Division of Local Government from 2004/05 to 2009/09 (refer to http://www.dlg.nsw.gov.au/DLG/Documents/Comparatives/0809data.xls accessed 16/march 2011).

In addition to the reported data of outstanding and collected, rates, charges and fees, the percentage difference in collected divided by defaults has been ranked according to all 151 councils in NSW; the lower the rank the lower the default. As can be seen in Table 5.3. in 2004/05 Ku-ring-gai council was the 29th lowest council in terms of defaults (as expressed as a percentage). This improved to 17th in the latest survey in 2008/09.
Table 5.3 Comparative data of outstanding rates, charges and fees as reported the Division of Local Government as part of its comparative survey

<table>
<thead>
<tr>
<th>Year</th>
<th>Outstanding rates, charges and fees ($)</th>
<th>Rates charges and fees ($)</th>
<th>%</th>
<th>Rank of favourable collection as a % relative to 151 Councils in NSW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>1,470,000</td>
<td>45,740,000</td>
<td>3.21</td>
<td>29</td>
</tr>
<tr>
<td>2005/06</td>
<td>1,448,000</td>
<td>49,816,000</td>
<td>2.91</td>
<td>19</td>
</tr>
<tr>
<td>2006/07</td>
<td>1,521,000</td>
<td>51,753,000</td>
<td>2.94</td>
<td>21</td>
</tr>
<tr>
<td>2007/08</td>
<td>1,601,000</td>
<td>53,686,000</td>
<td>2.98</td>
<td>19</td>
</tr>
<tr>
<td>2008/09</td>
<td>1,729,000</td>
<td>56,909,000</td>
<td>3.04</td>
<td>17</td>
</tr>
</tbody>
</table>

5.3.4 Past special rate variation applications

Council has sought the opinion of the local community to the introduction of four (4) other special rate applications, as listed in Section 8.1. This included two (2) applications to support the infrastructure program (primarily targeting the upgrade of council’s road assets), the current environmental levy (2005-12) and a new facilities levy (to construct the North Turramurra recreation area). In each case eligible pensioners have been granted rebates on the application in recognition of their limited capacity to pay for rates over and above the rate pegging.

The first special rate was introduced in 2001. The purpose of this rate was to begin the renewal of the road assets reflecting a detailed analysis that identified the deterioration and future cost of repair. No separate community survey was undertaken for this special rate, rather feedback from the community was obtained in response to promotion and advertisement of the proposed levy at workshops, local newsletters and public meetings.

In the 2006 application for a second special rate to extend the infrastructure program the community support for the continuing of the levy was 65% based on a response by 113 residents that formed part of council’s resident’s feedback register. For eligible pensioners there was no increase in rates as a result of the levy.

Two (2) surveys were conducted as part of the process for the application of the first environmental levy. The first survey reported a 63% combined supportive to neutral attitude to the question, ‘I would agree to an increase in rates if the extra money would be used to fix environmental problems’ (April 2004). The subsequent survey (April 2005) had a response positive response in relation to the introduction of a special rate by 58% of respondents. This survey also reported that 4% of respondents identified that rates were already too high or that they were self funded retirees, suggesting a limited capacity to pay. In recognition of this, and as occurred for the Infrastructure special rate, eligible pensioners were offered a full rebate on this additional charge.

In May 2010, further consultation to gauge community sentiment towards supporting the special rate for the North Turramurra Recreation Area (NTRA) was undertaken. The
consultation included a statistically valid random survey of 408 residents along with a series of focus groups. The survey reported strong support (79%) for the levy for a further five (5) years, with 78% of respondents claiming the NTRA project as important or very important.

Popular comments by supportive residents included: ‘community will benefit and it needs these facilities’; ‘good investment at a low rate’; and ‘development should go ahead for families and young people’. These sentiments were reinforced in the focus groups sessions with residents willing and able to continue supporting the special rate, demonstrating residents capacity to fund key recreation and sporting infrastructure in the LGA.

5.4 Addressing hardship

Does Council have a Hardship Policy in place?  Yes X  No □

If Yes, Council must attach a copy of the Policy.

A copy of the relief from rates hardship resulting from land valuation changes is included as Attachment M. Refer to link


Does Council propose to introduce any measures to limit the impact on vulnerable groups such as pensioners?  Yes X  No □

Special rate variations are included within Council rates and charges policy for eligible pensioners. The financial modelling undertaken as part of the income anticipated from the introduction of the levy has considered and included exemptions from pensioners. Council’s rating policy grants a voluntary pensioner rebate of 11% of the total rates and charges levied. This is equivalent to a 100% rebate of all special levies as well as the stormwater management charge.

A copy of the Policy for Relief from Rates Hardship Resulting from Land Valuation Changes, is included as Attachment M.

Also, a copy of the Rates and Charges (including eligible pensioner reduction) Recovery Policy is included as Attachment N.

Please refer to link

Also, please refer to link
6 Financing strategy

6.1 New capital financing strategy

Council’s Long Term Financial Plan (LTFP) continuously quantifies the costs of the financial liability for all of Council’s commitments to its stakeholders for the next 20 years and balances this, over time, with available funds to meet these commitments in the most effective manner. This requires detailed forecasts of all sources of operating revenue and expenditure to derive the maximum surplus available to apply to Council’s rolling program of capital investments in new or refurbished infrastructure. These forecasts consider both changes in price levels for individual items as well as the benefits of ongoing productivity improvements (as detailed in Section 7).

The LTFP also models alternative funding sources and generally is balanced by reference to Council’s financial sustainability criteria:

- An adequate level of working capital
- An adequate level of internal projects reserves
- Funds from asset sales restricted to creating new or refurbished assets
- Limiting borrowings to major projects where sources of repayment of both interest and capital can be identified. All major projects are modelled to quantify their Net Present Value (NPV), by considering all cash inflows and outflows. In general, a maximum Debt Service Ratio of 4% is targeted, although this can be exceeded where predicted cash inflows to service debt are regarded as low risk (e.g. where a project is financed by a rates special variation). Borrowing for projects which produce little or no new cash inflow (such as those to be funded from the special variation), requires diverting resources from other areas to service debt or a reduction in capacity to fund outstanding liabilities.

The above modelling in the LTFP forms Council’s “base case” scenario. Other scenarios modelled are where any surplus funds from the base case are applied to Councils two (2) significant unfunded long term liabilities:

- A program of adequate infrastructure maintenance and renewal to ensure that the Community continues to be served by its assets at the level they desire (current liability estimated at $183 million), and
- The funding gap between planned development contributions works commitments and expected developer contributions (currently estimated at $59 million)
6.2  Sustainability of debt

Does Council propose to undertake any borrowings in 2011/12? Yes X No ☐

Council currently plans to borrow a total of $6.3 million in 2011/12. This, together with drawing down a net $13.9 million for internal and external reserves will fund a record capital program of $48.4 million. Additional borrowings of up to $9 million may be necessitated by projects that are still under investigation for approval prior to final endorsement of Council’s Delivery Program and Operational Plan.

The two (2) major capital projects include:

- Redevelopment of Council’s Aquatic Leisure Centre (with debt service covered by enhanced income and future development contributions), and
- Development of surplus land to be suitable for sale as housing blocks, with debt service provided by the eventual sales revenue.

Planned borrowings do not link to this special rate variation and are inappropriate for the environmental projects being planned as many of these are operating in nature and produce little extra revenue. The cost savings anticipated to be revised from the energy generation projects reflect a modest savings when considering the significant rise in utility costs.
Productivity improvements

In recent years Ku-ring-gai Council has actively sought to improve its financial position and implement productivity reforms to increase service delivery and improve the management of our assets. The three (3) areas of financial management, organisational efficiencies and asset management underpin both the current position and future direction for Ku-ring-gai.

This has principally involved:

- Improving the sustainability of Council’s financial position
- Pursuing a systematic review of its operations and functions
- Reforming and integrating the strategic priorities for Ku-ring-gai through advanced reporting mechanisms
- Implementing changes to the organisation’s management structure where required to assist in the above and
- Skilling of the workforce.

These processes have achieved significant productivity improvements and efficiency gains through:

- Introduction of more efficient work practices
- Introduction of more effective systems, procedures and work practices to support work outputs
- Absorption of increased non-discretionary costs
- Absorption of costs of services devolved from other levels of government
- Establishing / negotiating alternative means of achieving sought outcomes and
- Implementation of medium to long term financial strategies to increase income and reduce expenditure.

Financial management

In 2001 Council developed a long term financial plan which aimed to increase the organisation’s commitment to asset renewal, while simultaneously reducing debt. The impetus was the need to establish principles to ensure Council’s long term. In 2007, a new plan was developed to ensure financial sustainability and service delivery while also maintaining and improving service delivery to the community, renewing ageing assets, and providing for new facilities as part of town centre development. As part of its new long term financial planning, Council is developing strategic asset management plans, reviewing and quantifying the renewal gap for infrastructure assets, identifying opportunities to broaden the revenue base, and reviewing its borrowing strategies.

Some of the major benefits and achievements that have resulted from Council’s focus on its financial sustainability and use of its long term financial plan include:

- Setting and maintaining financial key performance indicators (KPIs) that ensure Council’s long term financial future.
• Providing a dynamic decision making tool that enables Council to test financial scenarios and how this may affect future projects.

• Achieving a working capital balance in 2010/11, two (2) years ahead of target (previously Council budgeted for a zero balance for working capital).

• Funding for major projects (such as aquatic centre redevelopment, North Turramurra Recreation Area redevelopment, construction of a new Council depot) totalling $55 million over the next four (4) to five (5) years.

• Increasing expenditure on asset renewal to $56M (in today’s $) over 20 years, including $2.2M initially added in 2006/07 that now forms part of the ongoing commitment.

• Rationalising Council’s reserves, including significant increases to internal liability reserves to meet statutory and audit requirements.

**Budgeting**

Council has also been working to improve its financial productivity through the implementation of a new budgeting module to assist the financial planning of the organisation. The draft budget for 2011/12 includes savings of approximately $1.2 million from operations and these funds have been allocated to enhanced expenditure of infrastructure assets.

Other financial savings include:

• Reviewing and implementing corporate fees and contracts (eg banking contracts) which have improved Council’s financial position by approximately $1 million annually

• Reviewing charges and other reserves which increased Council’s general revenue by over $2 million

• Reviewing and implementing investment strategies and policies that have increased returns in the first two (2) years (commenced 2006/07) by more than $1.5 million. Within this area, investments returns have been well in excess of benchmark in very year, except 2007/08, since the introduction of new strategy and policy.

**Rates restructure**

On 24 March 2009, Council resolved to implement a rates restructure. This was done as significant growth in terms of dwellings in Ku-ring-gai is expected over the next 20 to 30 years and the restructure will capitalise on that and achieve a revenue growth over 20 years of approximately $36 million.

**Procurement**

Improvements to the procurement processes have included:

• Implementation of an E-Tendering solution in 2011. This has streamlined processes and provides for a more secure environment in terms of legislative compliance. This action also significantly increases Council’s potential to attract proponents to submit tenders and therefore increases competition and potential price.
• Extensive review of procurement procedures and documentation with the outcome being the Development of the following key documents: Procurement Policy; Tendering Guidelines, Procedures and Checklist; and Engagement of Consultants Procedures and Checklist.

• Implementation of automated Accounts Payable software which has streamlined processes, significantly improved compliance with procurement procedures and legislation and created efficiencies across the organisation.

Organisational Efficiencies

Over the past three (3) years reviews across each department of Council have been undertaken to improve the operational efficiency of service delivery. The outcomes of these reviews have identified savings through a revision of operational procedures, increasing the accountability of staff and managers to deliver services within set time periods, and standards and the application of new technology. They have also sought to identify and outline key long term strategic directions for Council. Notable areas of improvement are included below:

Technology improvements

• Development and implementation of an Information Management Strategic Plan which includes a 5 year’s project plan valued in excess of $3 million. This provides the necessary financial and integration framework for the delivery of IT solutions that respond to continual demands by users and need for updates for hardware and software.

• IPTel implementation at zero cost as a result of the efficiencies gained from the implementation, providing improved customer service and organisational capabilities.

• Establishment of a Business Analyst unit to assist in implementation of corporate systems and provide quality system implementations that deliver Council’s Information Management Strategic Plan.

• Implementation of new geographical information system – ESRI that is far more compatible with other platforms used by industry and government.

• Other major financial system upgrades include: payroll system; re-implementation of Electronic Document Records Management System – TRIM; new mobile phone contract; customer request management system; corporate planning and reporting system; accounts payable automation; new business paper system. Most recently Council has; commenced E-Certificates, E-Payments; and a works and assets system.

Human resources

• Development and implementation of a new salary system to provide for a more consistent and flexible approach to the appointment of and retention of staff

• Development and implementation of a performance assessment system that rewards exceptional performance and motivates staff to strive to achieve organisational goals and objectives.
• Implementation of E-Recruitment to streamline processes and improve Council’s ability
to attract quality employees

• Development and implementation of OH&S Strategic Plan and Policy that not only
improves safety and employee wellbeing, but reduces costs in terms of time lost from
accidents and workers compensation premiums

• Development and commenced implementation of a Workforce Plan that provides
strategic direction for Council’s projected workforce requirements and mitigates risk in
relation to maintaining a quality workforce

• Implementation of various polices to retain and attract quality employees, e.g. Well Being
Program, Self Funded Leave Policy and Working from Home Policy.

**Governance**

• Recognised the need to update and review Council’s policies, Council implemented the
Department of Local Government’s Better Practices Review in 2007 which resulted in:
  
  o A two (2) year action plan adopted by Council to update, review and
    implement all of Council’s policies, examples include Code of Conduct,
    Privacy Management Plan, Gifts and Benefits and Conflict of Interests.
  
  o The development and/or update of over 30 policies throughout Council
    which significantly improved Council’s corporate governance framework.
  
  o Reduced risk for Council in terms of exposure to illegal or improper
    activities.
  
  o An on-going policy framework to ensure policies are maintained and
    updated in accordance with statutory and internal requirements.

• Council has conducted an extensive review of delegations and led the development of a
dellegations system. This included adoption of new delegations by Council in accordance
with the Local Government Act and has established a more consistent delegations register
and methodology for assigning delegations, significantly reducing Council’s risk of
improper use of authority by Council officers.

**Risk management**

Council has recently completed a thorough review of existing risk management practices and
procedures throughout the organisation and developed a risk management framework,
which includes: all Commonwealth and State legislation and Australian industry standards
bearing upon Risk Management; Council’s risk management strategy; Council’s risk
management manual; Council’s Risk Register; and Council’s annual risk management action
plan.
Development and regulation

Efficient work practices and productivity improvements have resulted in significant improvements in the assessment of new development. This has been exemplified by efficiency improvements across the board, including:

- Median processing times for all development applications, section 96 and section 82A review applications for this financial year was 40 days which is significantly less than the desired threshold of 60 days.
- Council’s mean processing time for development applications in 2009/10 of 45 days compares favourably to the state-wide council average of 67 days.
- Median processing time for express DA’s of 26 days was also better than the target of 30 days for these types of applications.
- While maintaining these efficiencies considerable staff cost savings were also achieved, amounting to more than 8.5 per cent of budgeted employee costs.
- During the course of this financial year Council processed 98 per cent of all Construction Certificate applications it received within a period of 14 days, better than the 90 per cent target specified in the Management Plan.
- All Building Certificate applications were processed within 19 days of lodgement, better than the 21 day target set in the Management Plan.
- The number of outstanding development applications during 2010 was approximately 223, significantly better than the target of 450.

Tree management services

Council has recently restructured its specialised tree services. This has included allocating specialist Arborists positions into the area to ensure maintenance activities are undertaken in accordance with Arboricultural principles and practices and reviewing the use of the elevated work platform (necessary for the inspection and management of tall trees). The replacement of a new vehicle, equipment and work practices is anticipated to save approximately $200,000 per year over five (5) years that will enable Council to clear a backlog of outstanding tree management issues.

Community Development

Council’s Community Department has established partnerships with key community groups to enable an increase in the delivery of services and programs throughout the community. Council’s Youth Services department, in conjunction with the Community Police Safety Committee, have provided a range of community programs including Driver Education Seminars, and, in partnership with KYDS (Ku-ring-gai Youth Development Service), a have delivered a very successful series of Parenting Seminars over the past 12 months. Council has also teamed with the Turramurra Rotary to establish a youth drop in centre in under utilised space at the Turramurra Library.

Council’s Aged and Disability Services section has been active in applying for grant funding, and has successfully received over $100,000 in the past 12 months for capital improvements and program funding. Youth Services has also received three (3) individual payments of grant funding of over $10,000 for community based aerosol art projects.
Two (2) key fee based services, Vacation Care and the Art Centre at Roseville have focused on extensive marketing making use of new technology such as Twitter and Facebook, which has resulted in increased participation rates and additional income over the past 1 – 2 years.

Council’s Vacation Care service has experienced a significant increase in participant numbers and income, especially over the past 12 months, following a successful branding and marketing program. The introduction of new services including pre-Christmas and Pupil Free care, have resulted in 100% bookings for the new programs, and growth of up to 21% for other programs held throughout the year. Income for the 2009-10 year was $30,000 over the anticipated budget.

The Art Centre at Roseville has also experienced an increase in participants and income following an extensive branding and marketing program, with an end of year result in excess of $40,000 over the anticipated budget.

In December 2009 Council introduced charges for overdue library items. The rationale behind this initiative was essentially to improve the library service through a more equitable distribution of library materials. Additional benefits, however, following the introduction of library overdue fees, have seen an increase in income of over $50,000 per year, plus a significant reduction in postage costs for overdue notices.

**Asset management**

**Property portfolio**

Since 2004/2005 Council’s commercial property portfolio has increased its revenue from $600K per annum to $1.1 million in 2008/2009. This has been achieved through improvements in negotiating commercial rentals and reviews, regular recovery of outgoings and the leasing of vacant properties. The commercial portfolio is currently 100% occupied.

Council is currently working with the Department of Planning in a proposed joint venture that seeks to consolidate vacant land holdings of both agencies located in South Turramurra. This vacant land was previously reserved by the NSW Government as road corridor linking the F3 freeway at Wahroonga to the M2 motorway at North Ryde. The NSW Government abandoned this in 1996 and subsequently Council rezoned the land in 2004 permitting low density residential development. The land covers 3.5 hectares, 55 per cent of which is owned by Council, the remainder by the NSW Department of Planning and has the potential to deliver between $5 and $12 million based on final subdivision design. Council has resolved to investigate three (3) options, each of which should incorporate sustainability as a core design. Funding generated from this project will be used for the redevelopment of the West Pymble Swimming Pool.

Council has committed to investigating areas of productivity improvements through land and structural improvement, and other asset revaluation undertaken in 2010-11. This includes the Roads Asset Management Plan, adopted in February 2010 and the associated investigation into the introduction of paid parking in conjunction with the finalisation of new planning controls by the Ku-ring-gai Planning Panel. Indications are that a first stage covering approximately 1500 off street spaces would not only improve the efficiency of existing town centre parking, but on a high revenue model, return $1.3million nett to Council per annum.
Rationalisation of Council assets

Following a long period of consultation and deliberation, Council has commenced the reclassification of public land process to allow the sale of a number of surplus Council assets. Conservatively these assets are valued in the order of $21 million. Council’s current draft Long Term Financial Plan sees proceeds from disposal of these assets hypothecated to funding the council ‘contribution to works’ identified in its consolidated development contributions plan, which has been approved by the Minister for Planning and came into force in December 2011. A funding gap of approximately $60 million in the contributions plan works schedule of $380 million remains to be addressed by way of asset rationalisation.
8 Other information

8.1 Integrated Planning and Reporting Framework (IPRF) progress

8.1.1 The Community Strategic Plan

Sustainability Vision Report

The Sustainability Vision Report (Attachment J) was adopted by Council in February 2009. This formed the foundation for the development of the Council’s Community Strategic Plan. Preparing this report involved significant consultation with community members, Councillors and staff. Consultation with residents was based on an intergenerational approach engaging with individuals and groups across various age cohorts between 9-99 years. This approach enabled peers of similar age to share their concerns and aspirations for the future across social, environmental, economic and governance aspects directed or influenced by council.

Community Strategic Plan

Ku-ring-gai adopted its Community Strategic Plan in September 2009 (Attachment B). This plan was prepared in line with the draft guidelines and subsequent direction by the NSW Division of Local Government and has a 20 year horizon. It is built on the sustainability vision planning outcomes and was based on an intergenerational approach. In developing this plan consideration was given to current programs undertaken by Council, the future directions, regional directions such as the Northern Sydney Regional Organisation of Councils (NSROC) Regional Sustainability Plan 2009-2014 and international frameworks including the Global Reporting Initiative. The plan focused on issues that Council has the ability to directly deliver and also recognised areas outside Council’s immediate control but has a role in influencing.

8.1.2 Resourcing strategy

The Community Strategic Plan provides a vehicle for each community to express its long-term aspirations. However, these aspirations will not be achieved without sufficient resources – time, money, assets and people – to carry them out. The Resourcing Strategy (in preparation) is a critical link when it comes to translating strategic objectives into actions. Underpinning this resourcing strategy is Council’s long term financial plan.

Council adopted its first long term financial plan in 2001. This had a 10 year horizon and was undertaken to ensure that Council’s existing operations and capital expenditure programs were financially sustainable in the long term. In December 2007, the plan was extended to 20 years and progressively expanded to incorporate various funding models for projects that may emerge as part of the development of the town centres, council policies and funding various projects identified by Council. Underlying the plan is a set of assumptions designed to ensure that Council remains financially sound and has the capacity to withstand the impact of unexpected events such as natural disasters or within the financial industry itself. At
present, Council’s strategy is to apply all surplus funds to meet two significant unfunded long term liabilities:

- A program of adequate infrastructure maintenance and renewal to ensure that the Community continues to be served by its assets at the level they desire (current liability estimated at $183 million), and

- The funding gap between planned development contributions works commitments and expected developer contributions (currently estimated at $59 million).

Increased levels of surplus funds have been identified in recent years by the rigour of Council’s LTFP planning process and arise primarily due to productivity improvements (see Section 7). The current policy is to apply such funds to the above outstanding liabilities as the major priority, leaving other necessary works to be funded from new sources.

Council’s Long term Financial Plan (LTFP) is continuously updated and adopted annually as part of the budget process. This ensures its ongoing relevance and responsiveness to emerging projects and priorities identified in the development of the annual review of the four (4) year Delivery Program and 12 month Operation Plan.

Workforce Management Planning

Ku-ring-gai Council’s first Workforce Plan was completed in June 2009. The plan was aimed at identifying key workforce risks and provides a snapshot of the organisation’s workforce. Council is in the process of reviewing and updating the plan to integrate with the Operational Plan 2011-12.

Asset Management Planning

Council’s Strategic Asset Management Framework comprises a policy, strategy and plans for the major asset classes. Council’s Asset Management Policy was adopted in February 2009 to underpin the organisation’s Strategic Plan with respect to asset management. Council has completed seven (7) asset management plans in accordance with its adopted strategy (further details are provided in Section 3.3.2).

8.1.3 Delivery Program and Operational Plan

The Delivery Program is the point where council takes ownership of Community Strategic Plan objectives that are within its area of responsibility. The Program is designed as a fixed-term four (4) year plan to align with the council electoral cycle.

Ku-ring-gai’s first Delivery Program and Operational Plan (2010-2014) was developed as a single document and addresses six principal activity areas;

- Community development
- Urban environment
- Natural environment
- Planning and development
- Civic leadership and corporate services, and
- Financial sustainability
The principal activity areas provide the connectivity throughout Ku-ring-gai’s integrated planning framework. Each of the actions identified in the Operational Plan link back to an objective outlined in the Community Strategic Plan.

The development of the 2011-12 draft Operational Plan involved a gap analysis of all council services in preparation for a review of service level agreements. This process will be conducted over the following six (6) months and will assist with a review of the CSP during 2012.

The draft Operation and Delivery Program will be considered by Council at its first ordinary meeting in May 2011. Included in this is the proposal for a special rate for the continuation of the environmental levy. Once this document is adopted by Council for exhibition, a copy will be forwarded to IPART for their consideration.

8.1.4 Reporting

The Annual Report focuses mainly on Council’s implementation of its Delivery Program and Operational Plan, as these are the plans that are wholly the Council’s responsibility in the integrated planning framework. The Annual Report provides staff, councillors and the community with a summary of the works completed by Council during the year. The report aims to provide a transparent insight into Council’s operations and decision making processes. Supporting the annual report, council also provides quarterly updates on key components of the Operational Plan and capital works program.

8.2 Special variation history

In Table 8.1, insert details of all special variations that Council has applied for in the last 10 years (whether the application was approved or not). In the space below, provide any additional summary information the Council wishes to convey regarding its special variation history.

Note that if Council has frequently applied for section 508(2) special variations, this may demonstrate that the Council needs to review its long term financial planning and it may need to consider planning for an application under section 508A of the Act.

Table 8.1 Special variation history

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage variation sought (including rate peg)</th>
<th>Percentage variation approved (including rate peg)</th>
<th>Period of approved variation (years)</th>
<th>Reason for variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001/02</td>
<td>9.48</td>
<td>7.86</td>
<td>5 years</td>
<td>Infrastructure upgrade to road network</td>
</tr>
<tr>
<td>2005/06</td>
<td>8.49</td>
<td>8.58</td>
<td>7 years</td>
<td>Environmental projects</td>
</tr>
<tr>
<td>2006/07</td>
<td>8.40</td>
<td>8.57</td>
<td>7 years</td>
<td>Infrastructure upgrade to road network</td>
</tr>
<tr>
<td>2009/10</td>
<td>8.50</td>
<td>6.65</td>
<td>1 year</td>
<td>New Recreation facilities</td>
</tr>
</tbody>
</table>
Council’s annual report provides a summary of the major activities undertaken as part of its capital works programs including the special rate variation. Attachment O provides evidence of this reporting for the 2009/10 year (at pages 14-17) with audited financial statements included at pages 116 and 125 of the report.

8.3 Reporting

The planning and reporting framework for the environmental levy follows a similar model to that of the integrated planning and reporting reforms. As shown in Figure 8.1, the development of projects, their relationship to the long term financial plan, implementation through the delivery program and reporting and evaluation is embedded as part of a review and evaluation process. The basis of this approach is to provide a transparent and accountable process.

It is proposed to report on the performance of the new environmental levy in a similar manner to the current environmental levy. This will include reporting on projects and programs at various frequencies and detail, providing regular opportunities for a community reference committee to oversee and review the program, revisiting with the community the direction of the program through surveys enabling community and linking the development of annual and broader program direction to the integrated planning and reporting reforms. Details of each element will be discussed below.

Figure 8.1 Modified local government planning and reporting framework incorporating the environmental levy
8.3.1 Reporting on the environmental levy

Table 8.2 summarises the reporting frequency and level of detail of the levy program and projects. Evidence of how this is currently operating is also provided in Figure 8.1. The reasoning behind this approach is to enable Council, the community and other stakeholders access to varying levels of information ranging from a higher order snap shot as to the progress of major projects and a summary of income and expenditure (annual report) through to a more detailed review of the program against its original (annual project reporting and quarterly capital works reviews).

Table 8.2 Reporting framework for the environmental levy

<table>
<thead>
<tr>
<th>Report</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term of levy report (scheduled July 2019)</td>
<td>To provide a copy of the audited financial details as appears in the annual reports and project summaries. This would be a web based document.</td>
</tr>
<tr>
<td>Council annual report (prepared annually on financial year cycle)</td>
<td>This provides a summary of the progress of key project undertaken throughout the year and an audited statement of the income and expenditure related to the levy. Included in this is any surplus or deficit related to income that may affect the next year’s program. This report is produced both as hard copy and on council’s web site. <a href="http://www.kmc.nsw.gov.au/www/html/4098-annual-report-2009-2010.asp">http://www.kmc.nsw.gov.au/www/html/4098-annual-report-2009-2010.asp</a></td>
</tr>
<tr>
<td>Project annual reports (reported annually concurrently with Council’s annual report)</td>
<td>These provide a financial and summary of the income, expenditure and progress of each project listed for that year. This report is drawn from the quarterly capital works reports and is used for the summary in the annual report. This information is available on council’s web site <a href="http://www.kmc.nsw.gov.au/www/html/4052-financial-and-performance-summaries.asp">http://www.kmc.nsw.gov.au/www/html/4052-financial-and-performance-summaries.asp</a></td>
</tr>
<tr>
<td>Quarterly budget review report</td>
<td>All adopted capital works projects are reported to Council quarterly (web site) as part of the regular budget review process. This includes financial information on the budget and expenditure for all adopted capital works projects as well as details outlining progress. This report enables the project manager to recommend to council adjustments to the adopted budget. For all special rates, adjustments can only be made to within the program and not be reallocated to other funding areas.</td>
</tr>
<tr>
<td>Project reporting</td>
<td>Details are provided on the progress of major and high profile projects and those that are of particular community interest. This reporting seeks to document the progress with many updates being used for media or other council newsletters. <a href="http://www.kmc.nsw.gov.au/www/html/4073-current-projects.asp">http://www.kmc.nsw.gov.au/www/html/4073-current-projects.asp</a></td>
</tr>
<tr>
<td>Council newsletters</td>
<td>Council has a number of electronic and hard copy newsletters that are sent to residents throughout the year. These outline progress of key capital works projects including the environmental levy and services. The Ku-ring-gai e-news is circulated every month via email to a database of 3,700 (as at March 2011). <a href="http://www.kmc.nsw.gov.au/www/html/22-subscribe-to-e-newsletter.asp?intSiteID=1">http://www.kmc.nsw.gov.au/www/html/22-subscribe-to-e-newsletter.asp?intSiteID=1</a> The Ku-ring-gai Update 3 times per year (approx 30,000 printed) is included in rates notices and also available on line, in audio form, placed at public buildings (such as libraries) also sent to retirement villages. The Bushcare news, a specific e-newsletter to the 870 Bushcare, 540 Wildthings, 120 Streetcare and 25 Parkcare registered volunteers. In total 740 email copies of the newsletter are distributed in addition to 400 hard copy.</td>
</tr>
</tbody>
</table>

Section 508(2) Special Variation Application Form – Part B | IPART | 77
8.3.2 Review and evaluation

Role of the Open Space Reference Committee

Providing a peer review function, Council has an Open Space Committee comprising of 20 community representatives with an objective to provide expert advice on matters related to natural area and sport and recreation.


The committee is provided with updates on the levy and its directions once a year. Comments and recommendations from this committee are reported to Council.

Levy satisfaction survey

It is proposed to undertake a community satisfaction survey on the environmental levy to determine areas of importance, assess whether funding is being delivered to the right area, identify levels of awareness of the levy program and gauge what are the emerging areas that should be funded. This would occur during years 4 and 8 of the levy.

This survey instrument would follow the approach undertaken as part of the current environmental levy. A summary of the results of the 2009 survey are located on Council’s website (http://www.kmc.nsw.gov.au/www/html/4050-community-engagement.asp), and a copy of the report is included as Attachment I.

Review of the Community Strategic Plan

Council is currently undertaking a service review concurrent with the asset management review. Information and data from this process will be used to inform the refinement of Council’s long term financial model, future Operational Plans and Delivery Programs as well as the five year review of the Community Strategic Plan. This will occur during the first year of the newly elected Council in 2012.

The relevance of these activities to the current environmental levy proposal include:
1. The condition and asset gap for bushland assets will be determined
2. Service standards for relevant environmental programs (such as bush regeneration and bushland recreational trails) will be clarified against existing budget allocations
3. A reporting system will be introduced to track actual expenditure and activities against the stated performance.

This review in turn will guide discussion with the community as to their expectations, priorities and understanding of Council’s responsibilities for project and service delivery.

Community small grants

The environmental levy funds a community small grants scheme (http://www.kmc.nsw.gov.au/www/html/485-small-grants-scheme.asp). This allocates minor grants (typically less than $5,000) for projects that have a community benefit. Applications for funding are reviewed by a panel from the Open Space Committee and relevant council staff. Recommendations from this panel are then made to Council as part of
its ordinary meetings from which Council resolves to fund certain projects. Small grants area also subject to review to ensure funding was spent in accordance with the grant.

8.4 Council Resolution

Resolution of Council at its ordinary meeting on 8 March 2011 in support of preparing a special rate application for an environmental levy.

Subject: Special Rate Variation for a Second Environmental Levy

Target Date: 15/03/2011

Notes:

File Reference S08441 2011/036241

Resolved:

(Moved: Councillors Hall/Anderson)

A. That Council resolve to prepare a Special Rate Variation application for an Environmental Levy under section 508(2) of the Local Government Act, 1993 for eight years at a rate of five per cent above the ordinary rate commencing 1 July 2011.

B. That this Special Rate Variation application be formed on the basis of the environmental and sustainability projects identified in Attachment A3 of the report.

C. That Council notify the Independent Pricing and Regulatory Tribunal of its revised decision in relation to its intention to apply for a special rate variation under section 508(2) of the Local Government Act, 1993.

D. That the development of the draft Operational Plan and Delivery Program for 2011-15 and long term financial plan incorporate the income and delivery of projects to be funded by the special rate commencing 1 July 2011 – 30 June 2019.

E. That a briefing on the proposed special rate application be provided to the Budget Review Working Group.

CARRIED UNANIMOUSLY

Refer to report at:

This followed an earlier resolution by Council at its meeting in December 14 2010 (refer to report at:

Council will consider the draft Operational Plan at its first meeting in May 2011. Once resolved, a copy will be forwarded to IPART for their consideration.

This will incorporate the intention to prepare for a special rate variation for environmental projects as previously resolved by Council.
Checklist of application contents

<table>
<thead>
<tr>
<th>Item</th>
<th>Included?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft Management Plan (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Community Strategy Plan, Delivery Program and Draft Operational Plan extracts (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Long Term Financial Plan extracts (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Asset Management Plan extracts (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Performance indicators</td>
<td></td>
</tr>
<tr>
<td>Proposed program of expenditure</td>
<td></td>
</tr>
<tr>
<td>New capital financing strategy</td>
<td></td>
</tr>
<tr>
<td>Budget summary (see section 3.3)</td>
<td></td>
</tr>
<tr>
<td>Hardship policy</td>
<td></td>
</tr>
<tr>
<td>Community consultation strategy</td>
<td></td>
</tr>
<tr>
<td>Community feedback</td>
<td></td>
</tr>
<tr>
<td>Annual Report extracts</td>
<td></td>
</tr>
<tr>
<td>Resolution to apply for the special variation</td>
<td></td>
</tr>
</tbody>
</table>

Note that it is the responsibility of Council to provide all relevant information as part of this application. It is not the role of IPART to pursue councils for information already requested in this application template or the application guidelines.
9 Attachments

A) Summary of proposed environmental levy 2 (2011-19) (2011/052959)
B) Ku-ring-gai Council Community Strategic Plan (2009/151362)
C) Summary of the current environmental levy (2005-2010) (2011/052530)
D) Relationship of environmental levy projects to Council’s major plans and strategies (2011/057449)
E) Environmental levy Continuation Survey (2011) (2011/056495)
F) Council resolutions on the environmental levy special rate variation (2011/047617)
L) Asset management report to Council February 2011 (2011/018899)
M) Relief from Rates Hardship Resulting from Land Valuation Changes effective 1 July 2008 (951721)
N) Rates and Charges Including Eligible Pensioner Rates and Charges effective 8 July (2009/106001)
P) Long term financial plan (2011/056857)
Q) Draft Operational Plan and Delivery Program 2011-15 - extracts and resolution related to the proposed special rate variation (to be provided following consideration of this by Council on May 3 2011)
Certification by the General Manager and the Responsible Accounting Officer

I certify that to the best of my knowledge the information provided in this application is correct and complete.

General Manager (name):
Signature/date:

Responsible Accounting Officer (name):
Signature/date:

Once signed, this certification must be scanned and emailed to localgovernment@ipart.nsw.gov.au
Certification by the General Manager and the Responsible Accounting Officer

I certify that to the best of my knowledge the information provided in this application is correct and complete.

General Manager (name): John Mekel

Signature/date: 24/3/2011.

Responsible Accounting Officer (name):

Signature/date: 24/3/2011

Once signed, this certification must be scanned and emailed to localgovernment@ipart.nsw.gov.au