

Special Variation Application Form – Part B

Insert Name of Council

Randwick City Council

Date Submitted to IPART: 11.3.13

Council Contact Person: Anne Warner

Council Contact Phone: 9399 0532

Council Contact Email: anne.warner@randwick.nsw.gov.au

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The Tribunal members for this special variation assessment are:

Dr Peter J Boxall AO, Chairman

Mr James Cox PSM, Chief Executive Officer and Full Time Member

Mr Simon Draper, Part Time Member

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

Tony Camenzuli (02) 9113 7706

Heather Dear (02) 9290 8481

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box Q290, QVB Post Office NSW 1230

Level 8, 1 Market Street, Sydney NSW 2000

T (02) 9290 8400 F (02) 9290 2061

www.ipart.nsw.gov.au

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1 Introduction

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

Councils should 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* (the Guidelines) in completing this application form. The Guidelines are available on the Division's website at www.dlg.nsw.gov.au.

In November, IPART will also publish Fact Sheets on our role in local government rate setting and special variations, and community engagement for special variation applications. The Fact Sheets will be available on our website at www.ipart.nsw.gov.au.

This part of the application (Part B) must be completed in conjunction with the relevant Part A form—either:

- ▼ *Section 508(2) Special Variation Application Form 2013/14 – Part A* for single year applications under section 508(2) or
- ▼ *Section 508A Special Variation Application Form 2013/14 – Part A* for multi-year applications under section 508A.

This part of the application consists of:

- ▼ Section 2 - Focus on Integrated Planning and Reporting
- ▼ Section 3—Criterion 1: Need for the variation
- ▼ Section 4—Criterion 2: Community engagement
- ▼ Section 5—Criterion 3: Rating structure and impact on ratepayers
- ▼ Section 6—Criterion 4: Delivery Program and Long Term Financial Plan assumptions
- ▼ Section 7—Criterion 5: Productivity improvements and cost containment strategies
- ▼ Section 8 - Other information (past Instruments of Approval (if applicable), reporting arrangements and the council's resolutions)
- ▼ Section 9 - Checklist of application contents
- ▼ Section 10 - Certification by the General Manager and the Responsible Accounting Officer.

1.1 Information requirements

The spaces provided in each section of this application form may be extended as required to fit information. Each section must be completed before we can assess the application.

Please note that the amount of information to be provided under each criterion is a matter of judgment for the council.

In general, the level of information to be provided should be proportional to the size or complexity of the council's request. Therefore, for relatively small requested increases in general income, less information is necessary than for larger increases. However, you still need to provide enough information and evidence to enable the Tribunal to assess each criterion.

The council may also submit supporting documents, including confidential documents, as part of the application. Supporting information should be relevant extracts of existing publications, if any, rather than the full publication.

If necessary, we may seek further information from you.

1.2 Submitting your application

Both Part A and Part B of the application should be completed and submitted online via the Council Portal on IPART's website at www.ipart.nsw.gov.au. A signed copy of the certification should be attached to the Part B form. We suggest that you access the User Guide for the Portal, also available on our website, to assist you in the online submission process.

Please note that file size limits apply to each part of the application in the online submission process. The limit for Part B forms is 10MB and the limit for all supporting documents together is 120MB (70MB for public documents and 50MB for confidential documents). This should generally be sufficient for the majority of council applications.

Please also submit your application to us in hard copy with a table of contents and appropriate cross referencing of attached plans and reports to:

Local Government Team
The Independent Pricing and Regulatory Tribunal
Level 17, 1 Market Street, Sydney NSW 2000 or
PO Box Q290, QVB Post Office NSW 1230

We will post all applications on our website. You should also make your application available to your community through your website.

You are required to submit your application online via the Council Portal on our website and in hard copy by **cob Monday 11 March 2013**. We encourage you to submit your application as early as possible.

Councils intending to submit an application under section 508A are also required to notify IPART of this intention by **cob Friday 14 December 2012**.

Notification is not a requirement for councils intending to submit an application for a single-year increase under section 508(2), but it would help us in our planning if you did notify us of your intentions by this date.

2 Focus on Integrated Planning and Reporting (IP&R)

How a council has considered and consulted on a special variation in its Integrated Planning and Reporting (IP&R) process is fundamental to our assessment of a special variation application. This is consistent with DLG's October 2012 Guidelines.

As part of our assessment, we will examine whether the council's planning and consultation, as evidenced in its IP&R documents, meets the Criteria for a special variation. For example, we will look closely at how the community's service priorities and feedback regarding various revenue options are reflected in the council's application for the special variation.

- ▼ Has the council completed its IP&R documents and relevant annual reviews of plans?

Yes ✓ No ☐

If the answer is *No* and your council still wishes to proceed with a special variation application, we advise you to discuss your IP&R progress and options with us.

The Guidelines provide for transitional arrangements in 2013/14 regarding IPART's assessment of criteria related to the IP&R process (see Box 2.1).

Box 2.1 Transitional arrangements for assessment in 2013/14

The Guidelines provide for transitional arrangements as follows:

In light of the 2012 local government elections and the requirement for councils to review the Community Strategic Plan and Delivery Program and develop an Operation Plan by 30 June 2013, it is recognised that the revised guidelines and application timing may create a difficulty for councils who wish to apply but have not yet completed the necessary IP&R review.

Therefore, for the 2013/14 rating year only, IPART will have the discretion to award a single year variation where it assesses that the general principles of need, community awareness, reasonable ratepayer impact, realistic financial planning assumptions and cost containment and productivity achievement related to the assessment criteria are met by a council, even though the evidence is not necessarily reflected within the council's IP&R documentation.

2.1 Summary of relevant IP&R documentation

Expand the space below to briefly explain the council's IP&R process in the context of the special variation. Include when plans (eg, Asset Management Plan (AMP) or Long Term Financial Plan (LTFP)) first identified the need for a special variation, and when all relevant IP&R documents were reviewed and finalised. If the council has not yet finalised all of the relevant reviews of plans, explain when this is likely to occur.

A review of the Randwick City Plan (Community Strategic Plan) and Delivery Program commenced in 2012 and was informed by a comprehensive State of the City Report (Attachment 19).

As part of the review, the resourcing requirements for the 2013-17 Delivery Program, addressing infrastructure, equipment, technology and staff were established. The Long Term Financial Plan calculations have determined the required rates as part of the Resourcing Strategy. This approach has been consistent with the *Guidelines for the preparation of an application for a special variation to general income* in that IP&R underpins decisions on revenue requirements.

The draft suite of IP&R documents was presented at the November 2012 Council meeting. The documents were placed on public exhibition from 11 December 2012 until 1 February 2013. All formal submissions were considered by the responsible Council officer, and if appropriate were included in the final documents which were adopted at the February 2013 Council meeting. The documents that were placed on public exhibition included:

- The 20-Year Randwick City Plan and Delivery Program
- The Community Engagement Strategy
- The Resourcing Strategy Executive Summary
- The Long Term Financial Plan
- The Asset Management Strategy
- Six Asset Management Plans (buildings, drainage, footpaths, kerb & gutter, open space and roads)
- The Workforce Plan

3 Criterion 1: Need for the variation

In this section, you should present a case for the proposed revenue increases by showing why the special variation is needed. The need must be identified and articulated in the council's IP&R documents, including the Delivery Program and LTFP, and AMP where relevant.

3.1 Variations for capital expenditure

Does the purpose of the proposed special variation require the council to undertake a capital expenditure review in accordance with Council Circular 10-34?

Yes ☐ No ☒

If Yes, has a review been undertaken?

Yes ☐ No ☐

If Yes, has this been submitted to DLG?

Yes ☐ No ☐

3.2 Strategic planning information

In the section below, provide commentary on how the need for the special variation is reflected in the council's strategic planning documents (ie, Community Strategic Plan and Delivery Program). Provide extracts from or references to the council's IP&R documents as relevant.

Explain the likely benefits of the project, works or other activity the council is proposing to undertake with the additional special variation funds, as outlined in the IP&R documents.

If you are seeking funding for contributions plan costs above the development contributions cap, see Box 3.1.¹

¹ See Planning Circular 10-025 at www.planning.nsw.gov.au for the most recent Direction issued under section 94E of the *Environmental Planning and Assessment Act 1979*. See also Planning Circular PS10-022.

Box 3.1 Special variations for development contributions plan costs above the developer cap

For costs above the cap in contributions plans, a council must provide:

- ▼ a copy of the council's s94 contributions plan
 - ▼ a copy of the Minister for Planning and Infrastructure's response to IPART's review and details of how the council has subsequently amended the contributions plan
 - ▼ details of any other funding sources that the council is proposing to seek to use
 - ▼ any reference to the proposed contributions (which were previously to be funded by developers) in the council's planning documents (eg. LTFP and AMP)
 - ▼ any necessary revisions to financial projections contained in the LTFP and AMP to reflect the special variation.
-

Responsible management underpins all of Randwick City Council's activities. It is about the integrity we apply to our financial management and governance and the way we value our staff. It is about leadership in sustainability and is the platform through which we deliver the other themes within the City Plan.

Under the theme of Responsible management the first direction in Council's Randwick City Plan (Attachment 8 p.27) is:

Council has a long term vision based on sustainability. The corresponding four year Delivery Program actions include:

- *Implement the Integrated Planning and Reporting framework including the Randwick City Plan, medium term plans and the Resourcing Strategy across the four year cycle.*
- *Ensure sound long term financial strategies underpin the Councils asset management policies and strategic vision.*
- *Review and incorporate the financial strategies, underpinning all short and medium term plans into the long term financial plan.*

The variation is needed in order to secure funding for the programs, services and management of community assets as outlined in the Delivery Program 2013-17 in line with community expectations and the resourcing requirements set out in the Long Term Financial Plan, Asset Management Plans and Workforce Plan.

We are achieving sustainability in our finances through our long term financial plan. This puts us in a position to deliver core services and programs that meet our high service standard levels as well as maintaining and developing our community's assets.

Randwick City Council has determined the resourcing requirements for the 2013-17 Delivery Program which includes infrastructure, equipment, technology and staff. The Long Term Financial Plan (LTFP) calculations have determined the required rates as part of the Resourcing Strategy. The following is an extract from the Randwick City Plan (Attachment 8, p.78):

The forward estimates have been derived from the 2013-23 Long Term Financial Plan (LTFP). The LTFP, along with the Asset Management Strategy and Workforce Plan, underpins the Council's Delivery Program and City Plan outlining how these will be resourced in the future. The forward estimates relate to LTFP Model 3. LTFP Model 3 is based on setting an Integrated Planning Rate of 3.59% per annum. The Asset Management Strategy and associated plans and the Workforce Plan are also based on Model 3. The projected financial result over the next 10 years indicates the Council will continue to generate operating surpluses with strong growth in capital expenditure. Refer to the LTFP for further information.

The calculated special variation annual index of 3.59%, for the Delivery Program 2013-17, is based on meeting our community's expectations operationally (as evidenced through the Community Satisfaction Survey), as well as providing our community with financial certainty and control relative to their rates.

3.3 Financial planning information

The justification for the special variation and its timing must be based on the council's Long Term Financial Plan (LTFP). The LTFP needs to include various budget scenarios, including scenarios with and without the special variation, that are based on clear and reasonable assumptions (see Section 6).

In the section below, explain the need for the variation in the context of the LTFP and the various budget scenarios. Provide extracts from or references to the LTFP as necessary.

It may also be useful to comment on external assessments of the council's financial sustainability (eg, by Treasury Corporation), or the council's recent revenue and expenditure history and how this relates to the need for the additional funding from the special variation.

The Randwick City Council Long Term Financial Plan (LTFP), Attachment 11, enables the Council to better plan and understand long term financial requirements. This includes consideration of sustainability, service provision levels and the creation, upgrading and renewal of infrastructure. Financial modelling is based on the activities outlined in the City Plan and the Delivery Program and the requirements of the Asset Management Plans and Workforce Plan. This modelling has determined the level of special variation required and the timing of these variations.

The LTFP is prepared under The Randwick City Plan theme 'Responsible management' and the related outcome 'Leadership in sustainability'. The role of the LTFP is to ensure the Council has a financially sustainable long term vision.

Financial sustainability is one of the key issues facing local government. This is due to several contributing factors including cost shifting from other levels of government, ageing infrastructure and constraints on revenue growth. Financial sustainability in local government has been the topic of several industry wide reviews and media articles in recent years.

In October 2007, an independent review of Randwick Council's financial position and long-term financial strategies was undertaken. This review concluded the Council's financial position is within sustainability guidelines, with a capacity to generate operating surpluses and fund capital works and infrastructure programs well into the future. The Council's auditor, in the Audit Report of the 2011-12 Financial Reports,

also assessed the Council's financial position and reported that, in his opinion, the overall financial position is sound.

In November 2012, the New South Wales Treasury Corporation (TCorp) prepared a Financial Assessment, Sustainability and Benchmarking Report for the Division of Local Government and the Independent Local Government Review Panel. The Report concluded the Council has been well managed over the review period based on the following observations:

- Operating surpluses have been posted in each review year when capital grants and contributions are excluded
- Liquidity has remained sound as indicated by an Unrestricted Current Ratio above benchmark
- Council's underlying operating performance, measured by EBITDA, has been on a positive trend between 2010 and 2012
- Council's financial flexibility is good as indicated by an Own Source Operating Revenue Ratio above benchmark in all four years

The TCorp Report concludes that, "From our review, Council appears to be in a sound position in terms of its long term sustainability".

The LTFP is a key component of the Randwick City Council Resourcing Strategy. This Strategy underpins the Council's Integrated Planning and Reporting framework and demonstrates how The Randwick City Plan will be resourced over the next 10 years.

The LTFP intends to achieve the following objectives over the 10 year timeframe:

1. Maintain the existing **service levels** to the community.
2. Maintain a strong **cash** position.
3. Maintain a **balanced** annual budget.
4. Maintain a sufficient **Employee Leave Entitlements Cash Reserve** based on the age and entitlements of all staff in accordance with the Council's Workforce Strategy.
5. **Capital expenditure** on asset renewal, upgrades and extensions represents at least 20 per cent of the annual budget.

6. The Council remains **debt free**.
7. All adopted plans have a **10 year financial plan** for incorporation into the LTFP.

The LTFP is created using a set of integrated spreadsheets that draw on information contained within the Council's City Plan, Delivery Program, Operational Plan, Current Budget and costed short, medium and long-term plans. The LTFP is developed in conjunction with the Workforce Plan and Asset Management Strategy and Plans.

The LTFP is based on clear and reasonable assumptions on forecasted growth in both income and expenditure over the next 10 years (see Section 6.2).

3.3.1 Prioritization of proposed spending

If possible, also explain how the council has prioritized the proposed spending in its program of expenditure (incorporated into its LTFP and as indicated in Worksheet 6 of Part A of the application form). If a special variation application is approved for a lesser amount than requested, it is useful for the council to be able to indicate which projects would be funded first.

The income generated from the special variation will be used to fund Council's operating expenses and capital expenditure, as shown in the LTFP Income and Expenditure Report and Capital Expenditure Report.

Please refer to Attachment 3: Extracts – Long Term Financial Plan to view:

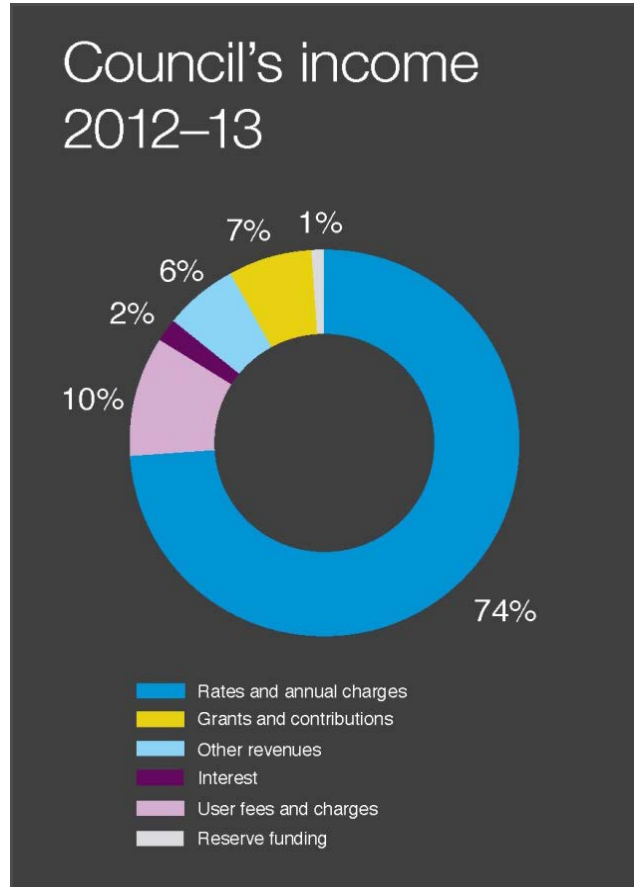
- Financial Model 3 – Income and Expenditure (p. 41)
- Financial Model 3 – Capital Expenditure (p. 42)

3.3.2 Alternative options

In explaining why the special variation is needed, you should indicate how the council has considered a range of alternative financing options (eg, borrowing, private public partnerships, joint ventures, user pays) and why the special variation is the most appropriate option. It is important that you explain how the decision to apply for the variation has been made after all other options (ie, alternative revenue sources, changing expenditure priorities, alternative modes of service delivery) have been considered. Once again, provide extracts from, or references to, the LTFP which shows the council's consideration of alternative revenue options.

The Council has carefully considered all other revenue options and productivity improvements and cost containment measures prior to the decision to apply for the special variation.

The Council is highly dependent on rate revenue. Rates and annual charges represent approximately 74% of total operating revenue. The breakdown of Council's revenue sources is illustrated below.



The Council has been pursuing alternative sources of revenue including:

- **Annual charges:** In 2011/12 Council received \$25.2m in annual charges, which consists of \$24m Domestic Waste Management Charge (DWMC), \$1.1m Stormwater Management Service Charge, and \$124k Section 611 Charges. Although it is a significant income to the Council, it is important to note that the use of the charges is restricted to their specific purposes only. The Council's DWMC is determined by the Domestic Waste Management Strategy which is supported by a 10 year financial strategy.

The Council is committed to achieving a 66% rate of recovery of recyclable materials from household waste within the next 2 years in accordance with Council's adopted policy and the State Government's target. Furthermore, the Council is committed to ensuring no untreated waste is sent to landfill by 2020. The increased cost of waste treatment has been included in the DWMC in the LTFP.

- **User charges & fees:** In 2011/12 Council received \$12.8m in user charges & fees. The majority of this income, such as Planning & Building Regulation, Regulatory/Statutory Fees, Microfilm Prints, is cost recovery and cannot provide significant additional funding for the Council.

The Council is currently constructing an Indoor Multi Purpose Fitness Facility at the Des Renford Leisure Centre (DRLC). The facility is expected to be operational by 1 January 2014. An increase in both income and expenses has been included in the LTFP. The majority of the additional revenue generated will be used for the maintenance of the DRLC.

- **Interest & investment revenue:** The Council has a large investment portfolio that is subject to movements in interest rates. Investments are placed and managed in accordance with the Council's adopted Investment Policy in compliance with the Local Government Act. As a custodian of the community's funds, the Council ensures funds are invested with the same care, diligence and skill that a prudent person would exercise.

- **Grants and contributions:** The amounts of grants from State and Federal Governments are difficult to predict and are dependent on other levels of government. Development contributions are restricted in their usage and cannot be used to fund Council general operations.

The Council has been debt free since 2001 and has adopted a policy to remain debt free. Borrowing is not a sustainable funding alternative for the Council's recurrent programs.

3.3.3 Impact of special variation on key financial indicators

Outline below how the special variation impacts the council's key financial indicators over the 10 year planning period, as identified in the LTFFP. This should include the impact on key indicators under the various budget scenarios (with and without the special variation).

Key indicators may include:

- ▼ Operating balance ratio (net operating result (excluding capital items) as a percentage of operating revenue (excluding capital items))
- ▼ Unrestricted current ratio (the unrestricted current assets divided by unrestricted current liabilities)
- ▼ Rates and annual charges ratio (rates and annual charges divided by operating revenue)
- ▼ Debt service ratio (net debt service cost divided by revenue from continuing operations)
- ▼ Broad liabilities ratio (total debt plus cost to clear infrastructure backlogs (Special Schedule 7) divided by operating revenue)
- ▼ Asset renewal ratio (asset renewals expenditure divided by depreciation, amortisation and impairment expenses)

If the variation is to fund asset or infrastructure expenditure, the application should include an explanation of relevant asset replacement, renewal or repair expenses, and how the expenditure addresses backlogs over time.

Three financial models have been developed to demonstrate the impact of changes in assumptions:

- **Model 1 – Rate peg (CPI):** It is assumed rate pegging will continue for the life of the LTFP and will be set at the CPI rate.
- **Model 2 – Rate peg (LGCI):** It is assumed rate pegging will continue for the life of the LTFP and will be set at the average Local Government Cost Index over the last four years (see Section 6.2).
- **Model 3 – Integrated Planning Rate:** based on the Council's application for a s508A Special Variation to General Revenue for the next four financial years. Under the new Integrated Planning and Reporting guidelines councils are encouraged to work with their communities to determine an acceptable level of rate revenue to deliver expected facilities and services. It is assumed rates will increase by 3.59 per cent annually.

The Council will remain financially sustainable over the 10 year period under Model 2 and 3 in terms of maintaining a balanced budget, sufficient unrestricted cash and available working capital, strong liquidity, sufficient cash reserves and a good debt collection ratio. However, the Council will not be able to maintain all categories of assets at a satisfactory level under Models 1 and 2.

The financial impact of each model is outlined below:

Model 1: Rate peg at CPI

Movements in CPI alone do not reflect the rising costs of a local government authority. As a result, under Model 1 Randwick Council would not be able to generate operating surpluses into the future. This would result in reduced service levels and a continuous decline in the funding available for capital and infrastructure programs. The Council would be unable to maintain infrastructure assets at a satisfactory level.

Model 2: Rate peg at average Local Government Cost Index 3.15%

The Council will remain financially sustainable and maintain current service levels under Model 2. The Council would be able to generate moderate operating surpluses into the future. However, under this model the Council would be unable to maintain assets at a satisfactory standard.

Model 3: Rate peg based on Integrated Planning Rate 3.59%

In this model, the Council will continue to be financially sustainable, with a capacity to generate operating surpluses well into the future and fund capital and infrastructure programs. Under Model 3, all categories of assets would be maintained at a satisfactory standard and the Council would be able to sustain current service levels.

Please refer to Attachment 3: Extracts – Long Term Financial Plan, to view the impact on key financial indicators over the 10 year planning period under the three models as outlined below:

- Financial Model 1 – impact on financial indicators (p.27-28)
- Financial Model 2 – impact on financial indicators (p.35-36)
- Financial Model 3 – impact on financial indicators (p.43-44)

4 Criterion 2: Community engagement

To meet this criterion, you must provide evidence from the council's IP&R documentation that the council has consulted on the proposed special variation and that the community is aware of the need for, and the extent of, the rate increases. You should also show that the council has sought to obtain community input on both the proposed spending area, the revenue path in the council's LTFP incorporating the council's proposal, and the community's willingness to pay the rate increases.

In assessing the evidence, we will consider how transparent the council's engagement with the community has been, and that the information provided to the community shows:

- ▼ the proposed rate increases including the rate peg;
- ▼ the alternative rate levels without the special variation;
- ▼ if the requested special variation includes an expiring special variation (see Box 4.1 below);
- ▼ rates on an annual increase basis (and not just on a weekly basis); and
- ▼ if the council is proposing increases for any of its other charges, for example, waste management, when these are likely to exceed CPI increases.

Box 4.1 Does the council seek to renew or replace an expiring special variation?

If so, this needs to be clearly explained to the community. Councils should explain:

- ▼ that there is a special variation due to expire during the time period covered by the current special variation application, or the time period immediately before
 - ▼ that, if the special variation were not approved (ie, only the rate peg were applied), the year-on-year increase in rates would not be as high, or there would be a rates decrease (whichever is applicable)
 - ▼ if applicable, that the expiring special variation is being replaced with a permanent increase to the rate base.
-

Refer to DLG's Guidelines, the IP&R manual, and IPART's fact sheet on community engagement for more information about how community engagement might best be approached.

4.1 The consultation strategy

In the section below, provide details of the consultation strategy undertaken, including the range of methods used to inform the community about the special variation proposal and to obtain community input on this option (eg, media release, mail out to ratepayers, focus group, survey, online discussion, town hall meeting, newspaper advertisement or public exhibition of documents). Provide relevant extracts from the IP&R documentation to explain the strategy, where possible.

The information should clearly identify:

- ▼ key stakeholders in the consultation process
- ▼ the information that was presented to the community regarding the special variation proposal
- ▼ methods of consultation and why these were selected
- ▼ timing of the consultations (including exhibition of Draft Community Strategic Plan, Draft Delivery Program and Draft Operational Plan as applicable).

Attach relevant samples of the council's consultation material to the application.

The Community Engagement Strategy for the review of the Randwick City Plan was developed using:

- relevant planning and reporting legislation and guidelines, and
- the Council's adopted Community Consultation Principles and Consultation Planning Guide

The strategy is Attachment 9 to this application and is also highlighted in the Randwick City Plan under the section 'Engaging with the community' (Page 11).

Stage one

The review of the Randwick City Plan was founded on information resulting from 47 consultations, and the relevance of the information in the plan against the current and future needs of our community. The review took the outcomes of 47 consultations undertaken during the past two years, and incorporated the identified issues into the draft four year delivery program 2013-17.

Council appointed Micromex Research to carry out the biennial Community Satisfaction survey and subsequent Focus Groups and Branding and Communication survey. It was during the Focus Groups and Branding and Communication survey that the proposed rate increase and impact was put forward to those surveyed.

Stage two

The Draft Randwick City Plan and the Draft Resourcing Strategy suite underwent further consultation via public exhibition during December 2012 and January 2013. The Plan and Strategy were disseminated to key stakeholders such as precinct groups and promotional material such as fliers and an article in the Randwick News was circulated. The public exhibition period provided the community with time and information to consider and comment on the proposed delivery program and resourcing options.


The range of methods used to inform and consult the community were:

- Your Say Randwick special consultation website (information and documentation)
- Three libraries, customer service centre and leisure centre (posters and documentation)
- Southern courier newspaper (advertisement)
 - Tuesday 11 December 2012
 - Tuesday 22 January 2013

- MyRandwick app (news story)
- Randwick e-news newsletter (article)
- JC Decaux bus timetable posters (29 posters across the city)
- Horizontal outdoor banners at Coogee and Randwick Racecourse (2 January 2013 until 13 January 2013)
- A direct notification to stakeholder's such as precincts, Members of Parliament and local institutions.

Examples of public exhibition methods:

1. JC Decaux bus shelter poster – Alison Road, Randwick.
2. Southern Courier Newspaper advertisement.
3. Your Say Randwick – consultation website.

HAVE YOUR SAY

Draft Randwick City Plan

Randwick City Council is seeking your feedback on the updated 20 Year Randwick City Plan and the Resourcing Strategy which are on public exhibition until Friday 1 February 2013.

The Randwick City Plan is a 20-year strategic plan that reflects our community's vision and long term goals for the health and well being of our people, our economy and the natural and built environment. Underpinning the Randwick City Plan is a Resourcing Strategy.

The Resourcing Strategy shows how we will deliver services to the community in a cohesive and sustainable way. It includes modelling options for future rates and revenue forecasts. The Strategy is made up of:

- a long term financial plan
- an asset management strategy and
- a workforce plan

View the Draft Randwick City Plan and Resourcing Strategy


You can view the Draft Randwick City Plan and Resourcing Strategy on Council's website and special consultation site www.yoursayrandwick.com.au/cityplanreview. You can also view hard copies of the documents at:

- Councils Administration Centre, 30 Frances Street, Randwick
- Margaret Martin Library, Level 1 Royal Randwick Shopping Centre, Randwick
- Bowen Library, 669-673 Anzac Parade, Maroubra
- Malabar Library, 1203 Anzac Parade, Malabar
- Des Renford Leisure Centre, corner Jersey Road and Robey Street, Maroubra

Have your say


Submissions in writing headed 'Draft Randwick City Plan and Resourcing Strategy' can be sent:

- by email to general.manager@randwick.nsw.gov.au
- by post to the General Manager, Randwick City Council, 30 Frances Street, Randwick NSW 2031
- through a submission form on www.yoursayrandwick.com.au/cityplanreview



Randwick City Council
a sense of community

Randwick City Plan Review



Home > Policy > City Plan Review

City Plan Review

[REGISTER](#) to get involved!

Documents

- Updated Randwick City Plan (4 MB) (pdf)
- Randwick Summary - Resourcing Strategy (488 KB) (pdf)
- Randwick Plan (1 MB) (pdf)
- Asset Management Strategy (1 MB) (pdf)

Resources

- [Deadline for submissions](#)
- [21 February 2013](#)

Related documents

- [Draft Randwick Comprehensive Development Control Plan 2007](#)
- [Refer to Council](#)
- [View your local council website South Coast Council](#)
- [Communications](#)
- [Randwick Environment Park](#)
- [Light Rail to Randwick](#)
- [Kernot Traffic](#)
- [Your Say Randwick](#)

A big thank you to everyone who sent in their views.
This community consultation has now closed.

We want our ideas on our updated Plan for Randwick City and our Resourcing Strategy.

The Randwick City Plan is a 20-year strategy plan that reflects our community's vision and long term goals for the health and well being of our people, our economy and the natural and built environment. Underpinning the Randwick City Plan is a Resourcing Strategy.

The Resourcing Strategy shows how we will deliver services to the community in a cohesive and sustainable way. It includes modelling options for future rates and revenue forecasts. The Strategy is made up of:

- a long term financial plan
- an asset management strategy and
- a workforce plan

The Resourcing Strategy is based on a total of \$100m in long term financial plan which is an integrated Planning Rate of \$10 per year for the next four years 2013-2017. We are keen to have your comments on the aspect of the Resourcing Strategy.

The outcome and direction in the Randwick City Plan is based on a number of key issues, such as our vision, our people and our culture. Our vision is to be a world class destination for our people, our economy and the natural and built environment. The Plan belongs to the community. Council prepared the Plan through engagement and consultation with residents and business, local government, private and business, other levels of government and major institutions within the City.

We originally adopted the Randwick City Plan in 2008 and revised it in 2010. This updated Plan is based on extensive research, input from ongoing community engagement processes and reflects the changes in community expectations shown in our general community survey.

4.2 Outcomes from community consultations

In this section provide a summary of the outcomes from the council's community engagement activities, as presented in the council's IP&R documentation (eg, number of attendees at events, percentage of responses indicating support for certain services/projects or rate increases, overall sentiment of representations, results of surveys).

Also provide a summary of submissions received in response to the exhibition of the Draft Operational Plan where they relate to the proposed special variation. Identify the nature of the feedback related to the proposal (including by relevant stakeholder group) and any action proposed by the council to address issues of common concern.

Attach copies of relevant documentation eg, survey reports to the council.

We are committed to implementing the 20-Year Randwick City Plan and reporting its progress to the community. The outcomes from the community consultation conducted in preparing the Plan and during public exhibition are outlined within the sections 'Measuring Success' (Page 10) and 'Engaging with the Community' (pages 11-14) of the Plan.

A summary of Council's community engagement activities and outcomes:

When	Consultation	Number of Participants	Outcome
2010-2012	Major project consultations i.e. review of the comprehensive LEP	47 consultations undertaken over two years.	Outcomes of the 47 consultations were used to inform the preparation of the draft Plan.
2012	The Community Satisfaction Survey 67% Satisfaction	1000 person telephone survey represented by an even spread of males and females, across all age groups.	At an overall level, residents expressed a 'moderately high' level of satisfaction with the performance of Council with 67% of the respondents giving a rating of 'satisfied' or greater.

2012	Focus Groups "The concept was supported by the community".	38 people during four focus group sessions represented by an even spread of males and females.	In response to the Integrated Planning Rate statement, Micromex provided an independent assessment of the community's response which was "The concept was supported by the community".
2012	Branding and Communication Survey 63% were supportive of the proposal	408 person telephone survey represented by an even spread of males and females, across all age groups.	In response to the Integrated Planning Rate statement, Micromex provided an independent assessment of the community's response which was "The outcome indicates that residents believe Council should make an application to IPART". Of the residents surveyed 63% were supportive of the proposal.
2012/13	Draft Plan Public Exhibition Submissions	Your Say Randwick consultation website.	765 – site visits 1431 – page views 631 – document downloads
		Formal submissions.	Three submissions were received by residents, one submission from Coogee precinct, with seven components and one submission from Womensport NSW. All submissions were acknowledged and the issues were

			considered by the relevant council staff and responses were collected. A number of practical minor enhancements were made to the plan in response to the submissions outlined.
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The Your Say Randwick consultation site had high levels of activity with 765 site visits, 1431 page views, and 631 document downloads.

There was strong interest during the exhibition period generally and this translated to five formal submissions. No submissions related to the Resourcing Strategy.

Overall these results reflect the success of the review process in maintaining alignment with the community's aspirations, which was made possible through Council's strong commitment to community engagement over the last two years.

5 Criterion 3: Rating structure and the impact on ratepayers

Councils must also fill in the worksheets in Part A of the application in order to provide the information and calculations underpinning the proposed rating structure, the impact of the special variation and rate increases.

5.1 Proposed rating structure

In the section below, provide an 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.

The proposed rating structure will generate an overall increase in yield of 3.59%. This is only marginally higher than the 2013-14 rate pegging limit of 3.4%.

Randwick has two rating categories, Residential and Business and no sub-categories. We have a minimum rate for both Residential and Business and we propose to increase each minimum by 3.59%. The existing relationship between the two categories will be maintained throughout the proposed variation period.

If not approved, the rating structure will remain exactly the same but with the rate pegging limit of 3.4% applied to the overall yield and to the respective minimum amounts rather than the requested 3.59% increase.

5.2 Impact on rates

Comment on the cumulative impact of the proposed increases on different rating types and categories, as detailed in Worksheet 5 of Part A of the application, and explain why the rate increases are reasonable.

Include an explanation of any differences between the requested percentage increases of different rating types or categories.

Also include commentary on average rates (defined as Notional Income Yield divided by the number of assessments for each rating category, sub-category or special rate) and the impact of the proposed rate increases across the rates distribution.

Provide references from the relevant pages in the council's IP&R documents to demonstrate reasonableness.

For a residential ratepayer on the minimum rate, the difference between the proposed increase of 3.59% and a rate-peg of 3.4%, is only \$1.24. (\$676.72 less \$675.48). Half of the residential ratepayers within Randwick pay the minimum rate. This increase is the equivalent of only 2.38 cents per week (\$0.0238).

After four years of cumulative increases, the difference between rate pegging and the proposed 3.59% increases for a ratepayer on the minimum rates will reach \$14.13. This represents an additional cumulative increase of 2.16% above rate pegging.

It is proposed to apply the full yearly variation amount of 3.59% to both our categories equally.

For a residential ratepayer on the average rate, the difference between the proposed increase of 3.59% and a rate-peg of 3.4%, is only \$1.91. (\$1,039.84 less \$1,037.93). This increase is the equivalent of only 3.67 cents per week (\$0.0367).

After four years of cumulative increases, the difference between rate pegging and the proposed 3.59% increases for a ratepayer on the average rate will reach \$21.71. This represents an additional cumulative increase of 2.16% above rate pegging.

5.2.1 Minimum Rates

Does the council have minimum rates?

Yes ☒ No ☐

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

Minimum rates exist for both rating categories, Residential and Business. It is proposed to increase each minimum rate amount by the SRV of 3.59% each year for the next four years.

Currently, in Year 0, we have 53.21% of all Residential ratepayers on the minimum rate. With new 2012 land values

being applied in 2013-14, there will be 53.12% of Residential ratepayers paying the minimum rate.

The 2012 land values will apply to rating years 1, 2 & 3 of this variation. During this time the minimum rate will increase by 3.59% each year while land values will remain constant. Therefore the number of ratepayers on the minimum rate will increase slightly each year with approximately 53.18% of residential ratepayers expected to be paying the minimum rate in Year 3 (2015-16).

New 2015 base date land values are expected to be applied in Year 4 (2016-17). It is therefore difficult to predict how the minimum rate will relate to Residential ratepayers as valuations will change again in accordance with this future revaluation.

Currently 32.72% of Business properties pay the minimum rate.

5.3 Community's capacity to pay proposed rate increases

Discuss the capacity of ratepayers (in each sub-category) to pay for the rate increases. Provide relevant supporting information from the council's IP&R documentation, in particular any reference to the "affordability" of the proposed increases. Examples of supporting evidence could include discussion of affordability measures such as SEIFA rankings, land values, average rates and disposable incomes, or the outstanding rates ratio. It could also include comparisons of socioeconomic indicators or rate levels with peer group councils. Remember that the amount of information required is generally proportionate to the size and complexity of the proposed increase.

IPART may consider indicators such as the SEIFA index rankings and income levels, as well as the council's current average rate levels, as part of its assessment of capacity to pay in the LGA, even if the council does not provide this information in its application.

The following information is an extract from the Long Term Financial Plan (Attachment 11, pages 6-9) under the heading of Revenue and funding assumptions and forecasts.

Capacity for rating

In compiling the Resourcing Strategy, Randwick Council has balanced the service needs of the community relative to their capacity and willingness to pay rates. In addition to community collaboration activities, the Council has assessed its rating policy and analysed the community's median household income and socio-economic index.

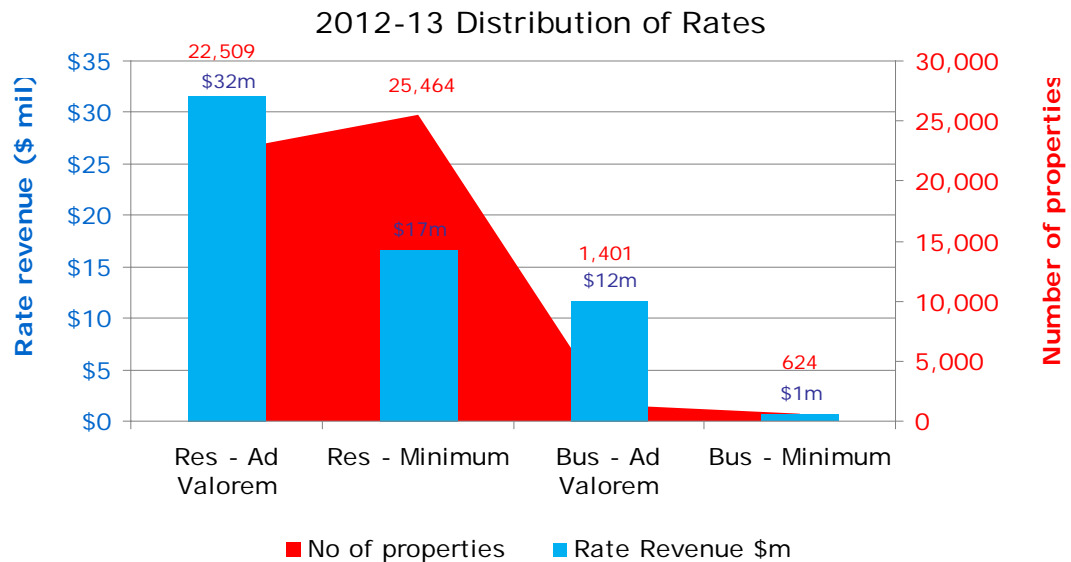
Rating policy:

The Council's rating policy is structured on an 'ad valorem' basis with two categories – residential and business. For each category, a minimum rate applies.

The rating structure is reviewed annually to ensure equitable distribution among ratepayers. Any change to the rating structure does not equate to additional income to the Council but redistributes the rating liability of different property types.

The following graph illustrates the existing rates distribution across Randwick City. The graph illustrates that while the majority of residential properties attract the minimum rate (predominately strata units) this group only pays 27 per cent of the Council's total rates revenue. The capacity to pay principle that underpins the 'ad valorem' rating system results in

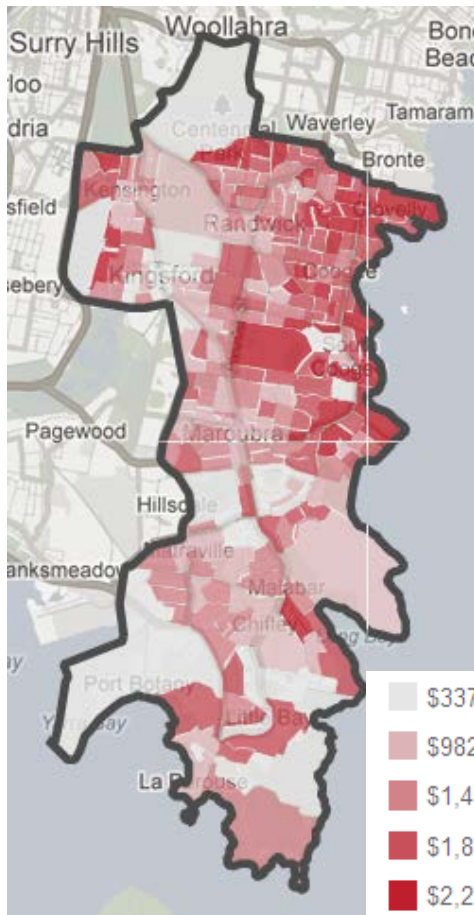
properties with higher rateable land values attracting a higher rate.



Land values are one of the key measures used by the Grants Commission to allocate the NSW Financial Assistance Grant to Local Government Area's (LGA) across the state. The land value of an LGA is considered a reflection of the revenue raising capacity of a Council. Randwick City has one of the highest average land values in the state and as a result receives the lowest Financial Assistance Grant per capita in Australia.

Properties with high land values are concentrated towards the north and coastal areas of the City. These areas tend to also have higher household incomes, illustrated in the adjacent map.

Median Weekly Household Income:



2011 Census Median Weekly Household Income

In the 2011 Census, households in Randwick City had a median weekly income of \$1,577. This was \$130 more than Greater Sydney. Within the City, median household weekly incomes ranged from a low of \$1,298 in Matraville to a high of \$2,391 in Clovelly.

The large range of incomes is reflective of the City's population mix. In the 2011 census, compared to the Sydney average, Randwick City's population had a higher proportion of young adults, people who rent and people living alone. There are also several public housing estates located in City, with rate charges paid by Housing NSW.

The population mix is largely reflective of Randwick City's proximity to the Sydney CBD, the attraction of its beaches and open space and the many places of education. These features ensure strong demand for property in the

area and in turn generate both a willingness and capacity to pay rates levied by the Council.

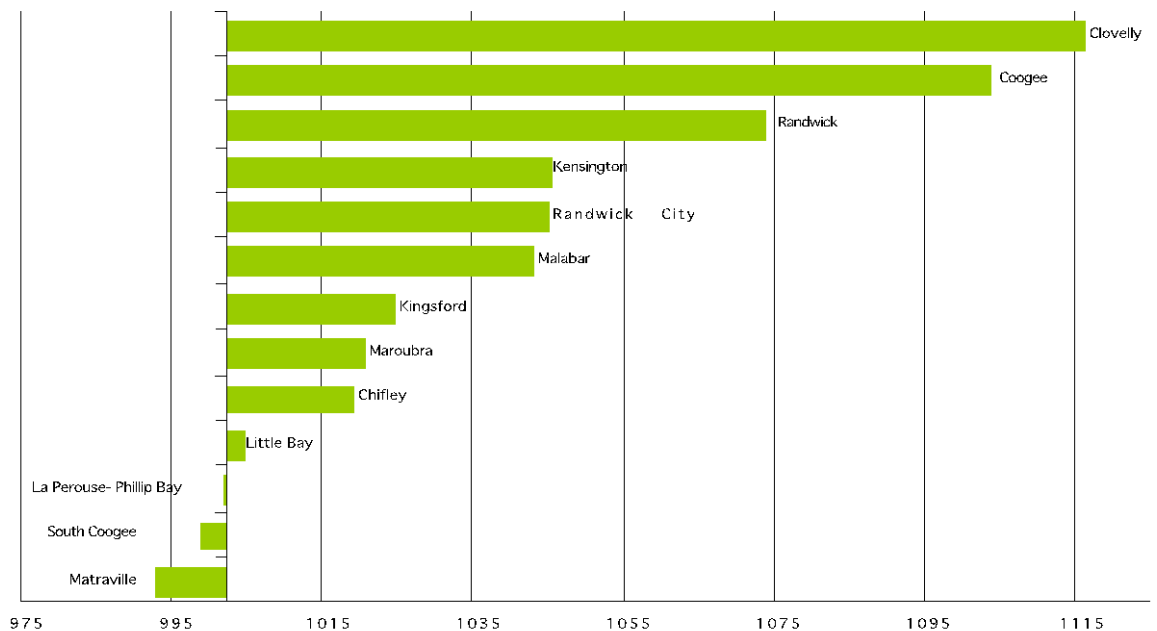
The Socio-Economic Indexes for Areas:

The Socio-Economic Indexes for Areas (SEIFA) are produced by the ABS using data collected through the Census of Population and Housing. The Index of Relative Socio-Economic Disadvantage (IRSED) is especially useful in identifying geographic areas that are relatively disadvantaged. An area with an IRSED index of 1,000 is considered average while an index of 600 or below is considered to be experiencing high levels of disadvantage.

The graph below shows the SEIFA Index for each of Randwick City's 12 suburbs based on the 2006 Census². The majority of

² The Socio-Economic Indexes for Areas based on the 2011 Census is due for release by the ABS on 28 March 2013

the population is relatively advantaged when compared to the overall Sydney population. The areas experiencing socio-economic disadvantage are the southern suburbs of Matraville and South Coogee, with La Perouse/Phillip Bay and Little Bay following closely behind. The three largest concentrated pockets of disadvantage within the LGA are located in and around the City's public housing estates. The Council's An Inclusive Randwick City Plan has been designed to enhance opportunities for people living within the City who experience social exclusion and disadvantage. The Council also has a Pensioner Concession Policy, Financial Hardship Policy and a Pensioners Accruing Rates and Charges Policy to assist those experiencing difficulties with paying rates.



Australian Bureau of Statistics, 2006, Socio-Economic Indexes for Small Areas (SEIFA 2006)

5.4 Addressing hardship

Does the council have a Hardship Policy in place?

Yes ☒

If Yes, is the Policy identified in the council's IP&R documentation?

Yes ☒

Please attach a copy of the Policy to the application.

Attached

Does the council propose to introduce any measures to limit the impact of the proposed special variation on vulnerable groups such as pensioners?

No ☒

Provide details of the measures to be adopted, or explain why no measures are proposed.

Although the proposed variation will equate to an increase in rates, the increase may be considered as nominal. In addition, we already have mechanisms in place to assist pensioners should they incur difficulty in keeping up with their rates payments. These measures include:

1. Pensioner Accrual Policy – whereby aged pensioners may accrue rates and interest against their estate for payment when their property is eventually sold.
2. Debt Recovery Policy – our recovery policy prescribes that we do not initiate court recovery actions against pensioners. Our preference is always to work with both pensioner and non-pensioner ratepayers at times when they may be facing financial difficulty. We offer flexibility in establishing payment plans for all ratepayers. Pensioners can pre-arrange with us to make payments throughout the year at times that are convenient to them and at the end of the year we will waive any interest accrued throughout the year so long as their current amount of rates has been paid in full.
3. Hardship Policy – as attached to this application (Attachment 6)

6 Criterion 4: Delivery Program and Long Term Financial Plan assumptions

The council's planned service delivery and budgeting must be based on realistic assumptions in order for an application to be approved by IPART.

Given the importance of the Delivery Program and LTFP in providing the strategic and financial justification for a special variation, it is critical that the assumptions underpinning these plans, in particular, are realistic. Questions that we will consider in assessing this criterion include:

- ▼ Is the proposed scope and level of service delivery in the Delivery Program appropriate given the council's financial outlook and the community's priorities?
- ▼ Are the council's estimates of specific program or project costs which have been incorporated into the LTFP feasible and based on an efficient allocation of resources?
- ▼ Are the council's projected cost components (including labour costs) in the LTFP based on realistic assumptions?
- ▼ Has the council incorporated other realistic assumptions about the expected rate of growth in the LGA?

In explaining the council's assumptions, identify any industry benchmarks or independent cost assessments that have been utilised by the council in developing them. Also include details of any relevant research or feasibility work undertaking, related to new program or project costs.

6.1 Delivery Program assumptions

Explain the key assumptions underpinning the council's Delivery Program and why they are realistic. For example, assumptions will relate to:

- ▼ the community's priorities and expectations, in order of importance
- ▼ proposed level of service for assets
- ▼ speed at which asset backlogs are to be addressed
- ▼ speed at which other identified gaps in service provision are addressed.

As outlined in the Resourcing Strategy Executive Summary (Attachment 10, p. 4) in reference to the LTFP...*It is created using a set of integrated spreadsheets that draw on information contained within the Council's City Plan, Delivery Program, Operational Budget, current budget and costed short, medium and long term plans. The LTFP is integrated throughout the Asset Management Strategy and the Workforce Plan.*

The community's priorities and expectations in order of importance are outlined within the results of the independent Community Satisfaction Survey. Micromex Research conducted the biennial community satisfaction survey in August 2012 and the community's priorities were identified via specialised analysis where community importance and community satisfaction with a range of specific service delivery areas were measured. The top six identified priorities in order of importance are:

Ranking	Service/ Facility	Importance Mean	Satisfaction Mean	Performance Gap
1	Maintaining local roads	4.49	2.90	1.59
2	Traffic management in the Randwick LGA	4.38	2.82	1.56
3	The availability of car parking in the town centres in the Randwick City area	4.20	2.72	1.48
4	Maintaining footpaths	4.43	2.99	1.44
5	Long term planning for the City	4.34	3.13	1.21
6	How Council plans for and assesses development	3.92	2.79	1.13

MICROMEX - Randwick City Council Community Satisfaction Survey 2012

Council has developed Asset Management Plans that form part of the Resourcing Strategy within the Integrated Planning process. The plans allow enhanced modelling of asset lifecycle costs based on service levels and desired asset condition. Information on condition, both current and desired in 2029-30, are provided in the following table.

With the implementation of the Building Levy (introduced in 2010), Council has invested more funds on buildings towards ensuring all our assets are in a satisfactory condition.

Asset condition table

Asset Class	Current Ave Condition	Desired In 2029-30
Roads	2	2
Footpaths	2	2
Buildings	3	2
Drainage	3	3
Kerb and Gutter	2	2
Open Space	2	2

Asset Condition "Key"	
based upon NSW Local Government Asset Accounting Manual	
1	Near Perfect - Ranges from New or Good
2	Superficial Deterioration - Ranges from Generally Good to Fair
3	Deterioration Evident - Ranges from Fair to Marginal
4	Requires Major Reconstruction - Ranges from Poor to Critical
5	Asset Unserviceable - Critical, Beyond Repair

The proposed levels of services for assets are set out in each Asset Management Plan. Indications of desired levels of service are obtained from various sources including the 2012 Community Satisfaction Survey, resident's feedback to Councillors and staff, service requests and correspondence. Asset Management Planning measures levels of service across a range of criteria including quality, function and safety. Community and technical levels of service are considered, as outlined in the following table which provides an example relating to footpaths. Asset management planning links levels of service to asset condition and to cost of service provision.

Defining asset service levels

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY LEVELS OF SERVICE				
Quality	Installation of new footpaths on streets with no footpath	Ongoing construction of new footpaths	Continued sustainable provision of new footpath assets on a priority basis.	15km of new footpath constructed between 2009 and 2012
TECHNICAL LEVELS OF SERVICE				
Condition	Identify condition of assets and create risk register	Routinely inspect Footpath Network	Inspect 20% of network annually	100% network inspected between 2008-2012

The Delivery Program is the key mechanism for the implementation of our medium term plans including:

- An Inclusive Randwick
- A Cultural Randwick
- Community Facilities Plan
- A Safer Randwick
- Recreation Needs Study
- Affordable Housing Strategy
- Economic Development Strategy
- The Randwick Bicycle Plan
- Road Safety Action Plan
- Energy Saving Action Plan
- Water Saving Action Plan
- Waste Management Strategy

The assumption that these plans are effectively implemented via the integrated planning framework, is further tested and developed in the preparation of the annual operational plans.

6.2 Long Term Financial Plan assumptions

Explain the key assumptions underpinning the LTFP and why they are realistic. For example, assumptions will relate to:

- ▼ the rate peg (if different from 3%)
- ▼ rate of growth in labour costs
- ▼ rate of growth in non-labour costs
- ▼ cost of service provision in the council's proposed program of expenditure (as per Part A)
- ▼ level of cost recovery for provision of services (eg, full or partial cost recovery)
- ▼ expenditure growth rate
- ▼ major asset disposals/investments/capital commitments
- ▼ population and rate assessment growth rate
- ▼ major borrowings/repayments
- ▼ grants and other revenue.

The 2012-13 adopted budget is the base year for the LTFP. The following assumptions have been used to forecast growth in both income and expenditure over the next 10 years (LTFP page 4-15).

- **Population:** LTFP is modelled on the Estimated Resident Population (ERP) which accounts for Australian resident absences on census night. According to the ABS, at 30 June 2011 Randwick City had an ERP of 137,757. Planning NSW projects the resident population will increase to 141,000 by 2021, representing an average annual growth rate of 0.2 per cent.
- **Inflation:** Inflation is based on the headline Consumer Price Index (CPI) published by the ABS. The headline CPI drives a number of revenue and expenditure items in the LTFP. The Reserve Bank (RBA) and the Federal Treasury provide the 'official' view of CPI forecasts. The RBA's August 2012 'Statement on Monetary Policy' includes forecasts to June 2014. The Federal Treasury in the 2012-13 Budget Papers (released in May 2012) forecasted CPI inflation at 2.5 per cent each year to 2015-16. The Council has used the Federal Treasury's forecasts to 2015-16 and the mid-point of the RBA's inflation target range of 2-3 per cent over the longer term (i.e. 2.5 per cent).

Inflation Year	Long Term Financial Plan Projection	RBA August 2012 Economic Outlook	Federal Treasury 2012-13 Budget Projections
2013-14	2.5%	2-3%	2.5%
2014-15	2.5%	n/a	2.5%
2015-16	2.5%	n/a	2.5%
2016-17	2.5%	n/a	n/a
2017-18	2.5%	n/a	n/a
2018-19	2.5%	n/a	n/a
2019-20	2.5%	n/a	n/a
2020-21	2.5%	n/a	n/a
2021-22	2.5%	n/a	n/a

CPI alone, however, is not a sufficient measure of the rise in costs for a local government authority. A number of other assumptions and forecasts have been included in the LTFP models to provide a more accurate reflection of the movements in costs over a 10 year period

- **The rate peg (for Model 2 only):** Model 2 assumes rate pegging will continue for the life of the LTFP and will be set at 3.15 per cent. 3.15 per cent is the average Local Government Cost Index (LGCI) less the 0.2 per cent productivity factor calculated by IPART for the past four years. An additional adjustment of -0.1 per cent will be applied to Year 1 (2013-14) and -0.3 per cent to Year 2 (2014-15) as IPART have already advised they will be deducting the Carbon Pricing Advance of 0.4 per cent provided to Councils that applied the rate peg in 2012-13.

Note: IPART has released the rate peg for 2013-14 as 3.4%. Sensitivity analysis shows that the 2013-14 rate peg does not have significant impact on the Model, compared to the calculations using the average LGCI.

- **Growth in the number of rate assessments:**
Opportunities for growth are limited in well established areas. An additional 0.11 per cent in rates growth has been applied to each year of the three models. Rates

growth has been based on a forecasted 100 new strata plan assessments per annum.

- **Building levy:** The Council established a building levy in 2010-11 to fund the approved Buildings for our Community Program. The levy was incorporated into the Ordinary Rate. While the building levy applied for three years at 2.69 per cent each year (2010-11 to 2012-13), the total funds for the program will be raised over seven years. The additional funds will be absorbed into the ordinary rate from Year 8 and applied to the Council's capital works and maintenance programs.
- **Environment levy:** The environment levy was first introduced in the 2004-05 financial year for five years. In 2009-10, a five year extension of the program was granted. The environment levy funds a number of sustainability initiatives which are detailed in a financial plan supporting the program. It is assumed this program will continue through to the end of the LTFP.
- **Statutory charges:** The Council has no discretion to determine the amount of the fee for a service when the amount is fixed by regulation or by another authority. Examples of statutory fees include development assessment fees, filming permits and planning certificates. The majority of statutory charges do not provide for annual, however some fees are charged on the basis of a percentage of the construction cost of a development. The income derived from these charges is expected to increase by CPI annually.
- **User fees and charges:** It is assumed these services will continue to be provided on the same pricing basis. Increases are based on the forecasted rise in the cost of the provision of these services. 75 per cent of the cost is related to employee expenses with the remaining 25 per cent based on movements in the CPI.

An increase in community facilities hire income has been projected for the new centres planned under the Buildings for our Community Program.
- **Commercial activities:** Fees for the commercial waste service, community nursery and childcare centre are expected to increase in line with CPI and employee costs.
- **Interest on investments:** Investments will be made in accordance with the Minister's Investment Order and the

Council's Investment Policy. Investment returns have been based on a rate of 0.5 per cent above the forecasted 90 day commercial bank bill rate (as per Access Economics Sept 2012). Movements in cash reserves have also been factored into the forecast.

- **Grants and subsidies:** It is assumed all recurrent grant funds will be maintained at current levels with CPI adjustments, with the exception of the pensioner rates rebate granted by the NSW State government which does not increase.
- **Borrowings:** No loans have been included in the LTFP.
- **Employee costs:** Increases in employee costs consist of two components: award increases and movements within the grading system as part of the annual performance review process.

Staff levels are planned to notionally increase over time to meet expected population growth and service level expectations, as outlined in the Workforce Plan. The rise in employee costs has been set with reference to forecasts provided by Access Economics (June 2012).

Employee costs	2013-14	2014-15	2015-16	Thereafter
Salaries	4.4%	4.5%	4.5%	Average 4.5%
Super Guarantee Contribution Rate	9.25%	9.50%	10.0%	10.5%
Defined Benefits Superannuation – Additional Contribution	No change	No change	No change	2016-17 – Additional contribution ceases
Other Employee Costs	CPI	CPI	CPI	CPI

- **Materials, contracts and other operating costs:** Expenditure on materials, contracts and other operating costs has been generally based on CPI with the exception of expenditure such as the local government election which only occurs every four years. An adjustment has also been made for payments to other levels of government, such as the emergency services levy, as these costs have

increased by an average of 6.79 per cent in the past three years. Utilities have been indexed 4.5 per cent annually.

Operating costs have also been adjusted to account for the opening of the DRLC Indoor Multi Purpose Fitness Facility and other new facilities planned under the Buildings for our Community Program.

Materials, contracts and other operating costs	2013-14	2014-15	2015-16	Thereafter
Materials, contracts and other operating costs	Generally CPI	Generally CPI	Generally CPI	Generally CPI
Payments to other levels of government	6.79%	6.79%	6.79%	6.79%
Utilities	4.5%	4.5%	4.5%	4.5%

- **Capital and sales:** All capital expenditure and sales are based on the Council's Asset Management Plans (AMP) and other short and medium term plans.
- The Council's AMPs (Attachments 14 – 19) outline the maintenance and renewal strategies for each of the Council's major assets including roads, footpaths, drainage, buildings and open space assets. The AMPs provide a cost schedule for work required for each asset class at present value costs.

Financial strategies exist for other assets outside of the infrastructure classes, including the Plant Replacement Strategy (LTFP Appendix 1) and the Information Technology Strategy (LTFP Appendix 2).

7 Criterion 5: Productivity improvements and cost containment strategies

In this section, provide details of any productivity improvements and cost containment strategies that the council has undertaken in the last 2 years (or longer), before considering an increase in rates.

Also provide details of plans for productivity improvements and cost containment strategies during the period of the special variation. These proposed initiatives, which may be capital or recurrent, must be to reduce costs.

Where possible, all productivity improvements and savings (including forward plans) should be quantified in dollar terms. The council may also wish to identify its current and/or projected financial position without the (savings) initiatives.

Productivity improvements should include consideration of:

- ▼ levels of service provision (eg, utilisation rates of community halls and number of service enquiries per FTE)
- ▼ measures of input (eg, FTE levels, contracting costs)
- ▼ reviews of organisational structures or service delivery.

Identify how and where the proposed initiatives have been factored into the council's resourcing strategy (eg, LTFP and AMP).

As additional supportive information, the council may wish to provide evidence of improvements in its performance on key indicators that measure productivity or efficiency. This information is not essential for this criterion to be met. However, we will be reviewing the council's labour costs against the DLG Group average, to help assess the council's costs.

Integral to Council's Long Term Financial Planning approach is the identification and implementation of productivity improvements. A sample of recent improvements which will continue to provide savings over the life of the Plan include: new IT system implemented which has been improving efficiency and saving up to \$1 million per annum; restoration of contaminated sites are expected to be substantially completed in 2019-20 with a reduction of the domestic levy of 2%; and the successful implementation of energy and water saving initiatives (LTFP page 13-14).

Through a Southern Sydney Regional Organisation of Councils (SSROC) joint procurement venture estimated savings as an SSROC tender compared to individually calling tenders, or

utilising an existing government contract, is approximately \$1.2 million for Randwick City Council annually. Across the region, approximately \$20.7 million was saved last year with estimated savings in excess of \$105 million over the past 10 years (SSROC Fact Sheet).

The full list of productivity improvement and cost containment measures includes:

- New IT system implemented which has been improving efficiency and saving up to \$1 million per annum
- Restoration of contaminated sites are expected to be completed in 2019-20 with a reduction of the domestic levy of 2%
- Cities for climate protection program reached milestone 5: energy improvements
- Five star water conservation rating verified by Sydney Water – savings created
- Through a Southern Sydney Regional Organisation of Councils (SSROC) joint procurement venture estimated savings as an SSROC tender compared to individually calling tenders, or utilising an existing government contract, is approximately \$1.2 million for Randwick City Council annually.
- New electricity consumption contract - \$118k per annum saving
- Domestic waste garbage and recycling collection - \$500k per annum saving
- Implementation of RFID (Radio Frequency Identification) at all libraries
- Department of GIS & Online Services created to manage online applications
- Online services: Council website with 255,000 unique visits in 2012 (18% increase from 2011); myRandwick smartphone application; YourSayRandwick.com.au for community consultation; BPoint to pay rates online (\$3.3m rates paid online 2011-12)
- Resource allocation to service level expectations
- Dashboard iPad Software – live up to the minute information to better inform councillors & senior management, which has saved a considerable amount of

time, staff resources and the costs associated with hard copy document production.

- New S94A contributions plan introduced in 2007 is simpler, more efficient to administer and easier for customers
- Revised community grants program procedures to accord with best practice
- Improvements to the community rental subsidies process – more efficient and equitable process
- Average \$35k reduction in recruitment costs per annum due to better targeted advertisements and improved staff retention rates
- Centralised costing for stationery, legal expenses, printing and training.
- A 10-year plant replacement strategy
- A sophisticated purchasing system and transparent purchasing process, which includes the ability to link all purchase orders to contracts.
- Overhead distribution model
- Review of fees and charges to ensure closer alignment to costs
- Employee entitlements
- Scanning of planning documents is now undertaken in house - \$39k per annum saving
- Installation of the latest search engine software which has the capability to retrieve information instantly, irrespective of which organisational system it is located in within. Used to assist in defence of insurance and other legal claims and for responses to GIPA applications.
- Installation of in-house document scanning software which has saved considerable time and staff resources.

Council has a programmed and disciplined budget management process whereby costs are contained. A number of mechanisms of cost containment include: centralised costing for stationary and training; a 10-year plant replacement strategy; and a sophisticated purchasing system and transparent purchasing process.

Other information

7.1 Previous Instruments of Approval for expiring special variations

If your council has an existing special variation which is due to expire in the proposed special variation period, we request that you attach a copy of the Instrument of Approval for this variation, which has been signed by the Minister or IPART Chairman.

The past instruments of approval are provided in Attachment 7 and relate to the Buildings for our Community Program and the Environmental Levy.

7.2 Reporting

Provide details of the mechanisms that the council will put in place to transparently report to the community on the special variation (being applied for).

Indicate how the council proposes to report this information to the community and what performance measures it will be putting in place to measure the success of the projects or activities funded from the variation.

As specified in the Guidelines, reporting information should clearly identify:

- ▼ the additional income obtained through the variation
- ▼ the productivity offsets outlined through the variation
- ▼ the projects or activities funded from the variation
- ▼ details of any changes to the projects or activities funded from the variation compared with the council's initial proposal (noting such changes must be consistent with the terms of the Instrument of Approval)
- ▼ the outcomes achieved as a result of the projects or activities.

Randwick City Council has determined the resourcing requirements for the 2013- 17 Delivery Program which includes infrastructure, equipment, technology and staff. The Long Term Financial Plan calculations have determined the required rates as part of the Resourcing Strategy.

Council is seeking approval for a s508A Special Variation to General Income to index rates by 3.59% annually for the term of the Delivery Program 2013-17. This will ensure the Council is able to deliver programs and services and maintain assets in line with our community's expectations.

Councils structured assessment framework is the mechanism that is used to report on the implementation of the Delivery Program. Information will be reported to the community via:

- The four-year Delivery Program actions
- The one-year Annual Operational Plan actions
- Quarterly reports to Council
- The Annual Reports
- The biennial Community Satisfaction Survey
- The Key Indicator Methodology
- The four-yearly review of the 20-year Randwick City Plan.

The key assessment mechanism that is used to assess the performance of the implementation of the variation is The Randwick City Plan Indicators Model (the Model). The Model was developed in 2010 to monitor and evaluate the state of the city in terms of the themes and directions set by the community in the Randwick City Plan. The Model measures the outcomes of the actions taken by Council, other organisations, the community and the impact of factors such as changes in the environment and economy, and considers the level of control and influence Council has on each indicator.

The model contains 70 indicators derived from a large number of sources and is designed to measure changes over time. The most recent available data has been used plus the available prior years to establish a base line. The targets have been derived from a variety of sources including industry benchmarks, state government planning targets, Randwick Council planning targets and through internal consultation with staff and community members.

Examples of sources used to measure the achievement of the targets include:

- Overall community satisfaction with the Council.
- Mains water consumed by the Councils operations per day on average – 20% reduction by 2012 from the 2005 baseline of 540kL per day.

7.3 Council resolution

Attach a copy of the council's resolution to apply to IPART for the special variation.

Note that IPART's assessment of the application cannot commence without a copy of this resolution.

ORDINARY COUNCIL 26/02/2013

RESOLUTION: (Garcia/D'Souza) that:

- a) Council adopt the 20-year Randwick City Plan and 10-year Resourcing Strategy;
- b) the General Manager be authorised to make any minor changes as requested by the Council or the NSW Division of Local Government;
- c) Council apply to IPART for a special variation to rates income of 3.59% per annum for each year of the four-year Delivery Program (2013-17), as per Model 3 of the LTFP;
- d) as per the Planning and Reporting guidelines for local government in NSW (2010), a copy of the plan be provided to the Director General of the NSW Division of Local Government, Department of Premier and Cabinet within 28 days of it being endorsed by Council.

The Report to Council and accompanying Resolution is Attachment 4 of this application.

Checklist of application contents

Item	Included?
Community Engagement Strategy, Community Strategic Plan, Delivery Program& Draft Operational Plan extracts	✓
Long Term Financial Plan extracts	✓
Asset Management Plan extracts	✓
Contributions Plan documents (if applicable)	N/A
Community feedback (including surveys and results if applicable)	✓
Hardship Policy (if applicable)	✓
Productivity/cost containment examples	✓
Past Instruments of Approval (if applicable)	✓
Reporting mechanisms	✓
Resolution to apply for the special variation	✓

It is the responsibility of the council to provide all relevant information as part of this application.

8 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.

Refer to Attachment 5 for signed Certification

General Manager (name): Ray Brownlee

Signature Date: 11.3.13

Responsible Accounting Officer (name): Geoff Banting,

Director Governance and Financial Services

Signature Date: 8.3.13

Once signed, this certification must be scanned and submitted with the council's application.