

## Special Variation Application Form – Part B

### Lismore City Council

Date Submitted to IPART: 13 March 2013

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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](http://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](http://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](http://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?

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).

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### 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.

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### 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.

Council is in the process of preparing a new Community Strategic Plan and associated Resourcing Strategy including Asset Management Plan, Long Term Financial Plan and Workforce Management Plan. These are scheduled to be adopted by Council at its 25 June 2013 Extraordinary Meeting. This is the end of an extensive process that commenced in July 2012.

This application is in response to an existing Special Rate Variation (SRV) approval for Business Promotion that ceases on 30 June 2013. The Lismore Business Promotion Panel, a business based committee of Council which prepares and manages the business plan for the existing SRV, requested Council undertake a consultation with the business community, who pay the SRV, with the view to making an application to continue it for Business Promotion purposes another five (5) years. Subsequent to the Panel's request, the Council resolved that comprehensive consultation with the Lismore Business community take place. The consultation resulted in overwhelming support for the proposal and Council unanimously supported the application being submitted at its 12 March 2013 meeting.



### 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? No

If Yes, has a review been undertaken? N/A

If Yes, has this been submitted to DLG? N/A

#### 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 (i.e., 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.<sup>1</sup>

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<sup>1</sup> See Planning Circular 10-025 at [www.planning.nsw.gov.au](http://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.

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**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.

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If approved, it will enable the marketing of Lismore's business and commercial sector to increase, expand and adapt to circumstances over the next 5 years. It will also enhance the City Centre revitalisation process and enable non-CBD business areas in the Lismore Urban Area (LUA) to be promoted effectively, whilst helping the Lismore Business Promotion Program to achieve its vision, which remains unaltered: "Lismore's City Centre will be a vibrant meeting place for locals and visitors seven days a week and the most desirable location for business and pleasure."

#### 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.

This application is in response to an existing Special Rate Variation (SRV) approval that ceases on 30 June 2013. The Lismore Business Promotion Panel had requested that Council consider making a SRV application at its November 2012 meeting.

As such, and considering Council is in the process of preparing a new Community Strategic Plan, there is a need for the SRV to be included in

Council's financial planning. The LTFP is being prepared to cater for this application being approved or not approved.

### **3.2.1 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.

If a lesser amount were approved, the amount allocated to the four major components in the annual Lismore Business Promotion Program Business Plan being Marketing, Events, Placemaking and Business & Community, would need to be reassessed by both the Lismore Business Promotion Panel and Council.

### **3.2.2 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 (i.e., 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 SRV application is based on the existing SRV approval funding arrangement. That is, should the SRV application be approved, it will be rated to properties classified as 'business' within the Lismore Urban Area. This will affect approximately 1080 business rated properties.

To put the quantum into perspective, the existing SRV approval generated \$106,434 in 2012/13. If this application is approved, it will generate \$106,500 in 2013/14.

### **3.2.3 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 LTFP. 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.

As the SRV application is for \$106,500 or a 0.42% increase above the rate peg percentage, and it is for business promotion purposes, the impact on Council's key financial indicators is considered negligible.

As a guide the following key financial indicators are provided, but they are subject to the final adoption of Council's Long Term Financial Plan in June 2013:-

Key Performance Indicator	2013/14	2014/15	2015/16	2016/17	2017/18
Unrestricted Current Ratio	1.43	1.62	1.90	2.23	2.56
Debt Service Ratio	11.01%	6.89%	6.40%	6.22%	5.60%
Rates & Annual Charges Coverage Ratio	48.67%	48.93%	48.87%	48.95%	49.02%

## 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.

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### **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 (i.e., 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.
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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 consultation strategy**

### **Key stakeholders**

The key stakeholders in the consultation process were Business Property Owners, Business Owners and Business Managers in the Lismore Urban Area, plus the Lismore Business Promotion Panel, the Lismore Chamber of Commerce and Lismore City Council.

### **Information provided to the business community**

In early January 2013, 1080 Lismore Business Property Owners were posted a 4-page printed information bulletin ([Attachment 1](#)), accompanied by a Mayoral cover letter ([Attachment 2](#)). The bulletin described the proposed continuation of the current Additional SBRVL, along with an explanation of the origin and effect of the levy on continuation or cessation of the promotional levy. Recipients were informed that they might be contacted by contracted specialist supplier IRIS and invited to attend a special workshop with the business community on 13 February, and encouraged to consider giving their time to the workshop process.

In addition to the printed bulletin sent by post, approximately 2700 businesses received the email version of the 4 page bulletin, with similar advance notice of the mid-February workshop. As well, consultant Stephen Nelson briefed the Lismore Chamber of Commerce board on the proposed communications and consultation strategy, on 21 November 2012.

Print Media articles also informed business and the wider community of the proposed workshop and included a Council contact point so that any businesses that had not received the 4 page business bulletin could request that one be posted or emailed to them.

### **Methods of consultation and why selected**

It was determined that a combination of:

- the voluntary participation by business people in the survey used by Southern Cross Business School in its Review of the Lismore Business Promotion Program;
- the use of 'random selection' to assemble a wholly representative sampling for the 13 February workshop with the Lismore business community;
- a specific briefing for the Lismore Chamber of Commerce; and
- media articles to inform any businesses which may have not been contacted in the lead up to the workshop where they could obtain the information linked to the outcomes of the SCU Review would provide a more than adequate level of consultation and communications.

The proven benefits of the 'random sample' methodology used for the 13 February workshop include:

- participants can make an informed decision, based on the pros and cons of the issue;
- it is not possible for vested interests (either 'for' or 'against' a particular proposition) to arrange for representation; and
- genuine consensus is able to be reached.

This form of engagement involving random selection has been used successfully by Lismore Council, most recently in the 'Imagine Lismore' community consultation process. Former NSW Premier and current Chair of Infrastructure NSW, Nick Greiner, and former WA Premier, Geoff Gallup, wrote to Council in 2012 to commend this consultation process in their capacity as directors of the New Democracy Foundation.

## **CONSULTATION METHOD #1:**

### **Survey with Businesses in Southern Cross Business School review of the Lismore Business Promotion Program**

The review was commissioned by the Lismore Business Promotion Panel in September 2012. The Review of the Lismore Business Promotion Program was undertaken by Dr Peter Vitartas and Ms Sarah Biersteker from Southern Cross Business School at Southern Cross University. The review was requested by the Lismore Business Promotion Panel in order to obtain feedback on the performance of the Business Promotion Program in order to identify directions for future promotional and 'revitalisation' activities in the city centre. The methodology used included:

- a literature review
- a call for public submissions (8 received)
- In-depth discussion with Panel members
- In-depth discussion with LUA business people
- Online Survey of Businesses (95 responses)
- Online Survey of Public (118 responses).

The report identified positive outcomes that have come from the Lismore Business Promotion Program as well as highlighting areas where things could be done better to enhance the CBD's image. It recognised the success of the 'Lismore – Come to the Heart' branding, the creation of an extensive calendar of events and activities ranging from community entertainment to retail promotions, and the launch of a comprehensive 'Come to the Heart' website featuring more than 450 businesses.

The overall findings of the report supported the continuation of the Lismore Business Promotion Program and recognised that a combination of the 'Lismore – Come to the Heart' branding and year-round events and activities has been positive for the CBD.

NOTE: the key findings from the SCU Review Final Report have been incorporated in the Lismore Business Promotion Program 2013-2016 Draft Business Plan workshopped by the LBPP at a special meeting/workshop held on Friday 15 February 2013 and subsequently approved in order to inform the Application to IPART. It is also worth noting that approximately 30% of the businesses which participated in the SCU Review are members of the Lismore Chamber of Commerce.

## **CONSULTATION METHOD #2:**

### **Special workshop with Lismore Business Community**

IRIS, a company based at the University of Wollongong's Innovation Campus which specialises in Local Government and Community Consultation was commissioned by Council to assist the consultation with the Lismore Urban Area (LUA) business community by providing a random sample of > 60 businesses, wholly independent of Council.

A special workshop was held on Wednesday 13 February 2013, in the Council Chambers, attended by a representative sample of the LUA business community. The purpose of the workshop was to determine the level of support, or otherwise, for the proposed 5 year extension of the current Additional SBRVL. Actual attendance on the day (31, from 60 positive RSVPs) confirmed earlier advice from IRIS regarding likely eventual numbers, based on the company's prior experience.

### **Selection Process**

Working from extensive databases supplied by Council, IRIS staff members phoned Lismore property owners and business owners/managers and asked if they were willing to attend the February 13 workshop. 60 business people selected at random by IRIS accepted the invitation to attend the workshop: the invitees were from across the LUA and included business property owners, business owners and managers in the widest possible range of business sectors, including retail, professional services, real estate, banking and finance, trades and industrial services.



Actual attendance on the day (31, from 60 positive RSVPs) confirmed earlier advice from IRIS regarding likely eventual numbers, based on the company's prior experience. It is worth noting that a similar and successful consultation process with the Lismore business community in 2010 (when the present Additional SBRVL was first applied for) involved two weekly workshops attended by businesspeople from across the Lismore LUA. 29 people attended the first evening workshop and this number dropped to 22 in the subsequent week.

### **Workshop Process**

The workshop was moderated by Council's Community Services Coordinator, Ms Annie McWilliam, assisted by 7 Council staff members, who acted as table monitors for group discussions. The workshop commenced at 8.30am sharp with a Mayoral Council welcome, followed by three separate presentations:

1. Outcomes of the promotional program to date and the effects of both discontinuing OR extending the Additional SBRVL (Stephen Nelson)
2. Key findings of the SCU Review of the Lismore Business Promotion Program and recommendations arising (Dr. Peter Vitartas, Southern Cross Business School)
3. Detailed information on the origins, costs and administration of the original and subsequent Additional SBRVL plus a description of the process involved in making an application to IPART (Rino Santin, Council Manager Finance).

After the last of the presentations, workshop participants were broken up into groups in order to discuss the effect on the Lismore Business Promotional Program of either discontinuing OR extending the Additional SBRV. During this 'breakout' session the three presenters were on hand to answer questions from the business people present. At the formal close of the workshop attendees were thanked for their input and reminded that this unequivocal level of support was only one step in the process.

### **Attachment 3: Workshop Presentations (PowerPoint)**

#### **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.

#### **OUTCOME #1: Business support for extension of the Additional SBRVL from the SCU Review**

73% of the business survey respondents in the SCU Review supported the proposed continuation, for the proposed 5 year period.

#### **Attachment 4: SCU Lismore Business Promotion Program Review - Final Report**

#### **OUTCOME #2 Special workshop with Business Community**

Following on from intensive discussion among all the 'breakout' groups a vote was taken at the end of the workshop. 29 of the 31 business representatives present (93.5%) voted to extend the Additional SBRVL for a further period of 5 years.

#### **Attachment 5: Report to Council 12/3/13 - Additional Special Business Rate Variation Levy funding application to NSW Independent Pricing and Regulatory Tribunal**

#### **AT A GLANCE: Outcomes from the consultation with the Lismore business community**

- 73% of the 95 (voluntary) business survey respondents in the SCU Review supported the proposed continuation, for the proposed 5 year period.
- 93.5% **or** 29 of the 31 business representatives present via the random selection process voted to extend the Additional SBRVL for a further period of 5 years.
- Local media showed interest in both the SCU Review and the lead up and outcome of the 13 February Workshop

#### **Attachment 6: Media releases**

#### **Attachment 7: Media clippings**

## 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.

Both the existing SRV and proposed SRV application are applied to the same rating sub-category in Council's rating structure being Business – Inner CBD and Business – Other. These relate to business rated properties within the Lismore Urban Area.

### 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.

Both the existing SRV and proposed SRV application are proposed to be applied to the same rating sub-category in Council's rating structure being Business – Inner CBD and Business – Other. These relate to business rated properties within the Lismore Urban Area.

As a guide, the following scenarios are provided as per Worksheet 5:-

**Scenario 1 – Existing SRV ceases and SRV application not be approved (As per Worksheet 5):-**

Inner CBD – Average rates would increase by \$83 (1.12%) to \$7,490.

Other – Average rates would increase by \$47 (1.23%) to \$3,876.

**Scenario 2 – Existing SRV ceases and SRV application approved (As per Worksheet 5):-**

Inner CBD – Average rates would increase by \$247 (3.33%) to \$7,654.

Other – Average rates would increase by \$127 (3.32%) to \$3,956.

**5.2.1 Minimum Rates**

Does the council have minimum rates?

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.

N/A

**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.

Based on the scenarios in Worksheet 5, the impact of the rate increase, if approved, is approximately as the rate peg increase (3.4%).

As such, it is not considered to be detrimental to the business community's capacity to pay.

As a guide, the following scenarios are provided:-

**Scenario 1 – Existing SRV ceases and SRV application not be approved (As per Worksheet 5):-**

Inner CBD – Average rates would increase by \$83 (1.12%) to \$7,490.

Other – Average rates would increase by \$47 (1.23%) to \$3,876.

**Scenario 2 – Existing SRV ceases and SRV application approved (As per Worksheet 5):-**

Inner CBD – Average rates would increase by \$247 (3.33%) to \$7,654.

Other – Average rates would increase by \$127 (3.32%) to \$3,956

## 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? N/A

Please attach a copy of the Policy to the application Not applicable to business rated properties

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

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

If approved, the SRV would appear to business rated properties. Council's Rates & Charges Hardship policy does not apply to business rated properties.

## 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 undertaken eg, 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.

Council is in the process of preparing a new Community Strategic Plan and associated Resourcing Strategy including Asset Management Plan, Long Term Financial Plan and Workforce Management Plan. These are scheduled to be adopted by Council at its 25 June 2013 Extraordinary Meeting.

As such, the Delivery Plan assumptions have not been formally adopted by Council.

With regards to Council asset management and financial sustainability responsibilities, this is being addressed during the CSP process.

## 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.

Council is in the process of preparing a new Community Strategic Plan and associated Resourcing Strategy including Asset Management Plan, Long Term Financial Plan and Workforce Management Plan. These are scheduled to be adopted by Council at its 25 June 2013 Extraordinary Meeting.

As such, the Long Term Financial Plan assumptions have not been formally adopted by Council, however the draft LTFP is being prepared on the following principles:-

- Progressively achieve long term financial sustainability by generating at least a balanced annual result before capital grants and contributions by 2023.
- Maintain a balanced annual budget from a "cash perspective" - that is, operations are fully funded.
- Progressive increases to asset maintenance and renewal funding in order to maintain current asset service levels and conditions.
- Committed to identifying and implementing initiatives which reduces expenditure and/or increases income and therefore improves Council's bottom line and/or its capacity to deliver services.
- Eliminate borrowings as a funding source for asset renewals, as opposed to major new projects where inter-generational equity issues justify borrowing.
- Maintains debt service ratio with accepted industry benchmarks.
- TCorp's Indexation benchmarks:
  - Rates and annual charges: 3.0%

- Interest and investment revenue: annual return of 5%
- All other revenue items: the estimated annual CPI increase of 2.5%
- Employee costs: 3.5% (estimated CPI+1%)
- All other expenses: the estimated annual CPI increase of 2.5%.



## 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, LTTP 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.

Council is constantly reviewing cost containment strategies and opportunities.

Recent examples of where action has been taken include Council effectively withdrawing from the child care services (by selling Koala Long Day Care Centre & leasing Gingerbread Occasional Care Centre) market primarily because it was assessed that this market was being well serviced by the other providers.

Other actions include the HR Review where the range and delivery method of employee services was independently assessed against best practice benchmarks. Changes are to be progressively implemented.

Council's purchasing policy and procedures have also been reviewed to ensure processes are best value for money and cost effective, meet the needs of the

community, promote good management practices, ensure transparency and probity, and promote sustainability.

The preparation of Asset Management Plans (AMP) has highlighted the need for more funding to be allocated to infrastructure asset renewal and maintenance. This challenge is being addressed with the preparation of the new Community Strategic Plan.

The information from the AMP and community consultation from the CSP has resulted in Council proposing to reallocate approximately \$700,000 in 2013/14 to infrastructure renewal and maintenance with a view to increasing this to \$4.3 million over a 10 year period, and potentially \$300,000 in 2013/14 to CSP related initiatives from Council's recurrent budget. If adopted, this will result in changes to current services and service levels. This has already received support from Councillors, but not formally considered by Council. The CSP will also set out the planning to achieve financial sustainability over a ten (10) year period.

## 8 Other information

### 8.1 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.

N/A

### 8.2 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.

#### **Mechanisms in place to advise the community of the application being made to IPART**

- Council's website will feature the application in full, along with brief introductory text to explain to first-time viewers why the extra funding is being sought and the potential benefits of any eventual approval by IPART.
- Media articles will advise the Lismore LGA population (Northern Rivers Echo) and wider afield (The Northern Star) of the application being made.

## **Mechanisms for reporting back to the business and wider community**

Should the application for the special variation being applied for prove successful, Council will report back to the business sector and wider community in Lismore through the following mechanisms:

### **1. *Business community***

- Business owners and /or managers on Council's 2,700+ database will be sent notice of any successful outcome by email
- Business owners and /or managers in the defined City Centre area will be advised via a hand-delivered 'flyer' or mini-bulletin
- Business property owners will be informed in the mid-year issue of the 'Lismore *heartbeat*' the 8pp bi-annual publication produced by the Lismore City Centre Manager on behalf of the Lismore Business Promotion Program

### **2. *Wider community***

- Media articles will advise the Lismore LGA population (Northern Rivers Echo) and wider afield (The Northern Star) of any successful outcome.

## **Performance measures**

As in previous Business Plans, a series of performance indicators are linked to the three year Lismore Business Promotion Program over the period 2013 - 2016. In broad terms these include:

1. Improved profile of the Lismore Business Panel;
2. Attendance numbers at the various events and activities coordinated or assisted by the City Centre Manager
3. Participation rates in co-operative marketing campaigns and events such as the three major retail promotions conducted each year;
4. Media coverage of Lismore Business Promotion Program activities throughout the year;
5. Increased take up and use of the 'Lismore-come to the heart' brand by LUA businesses;
6. Improved communications and education with stakeholders.

## **Subsequent review**

Should the proposed 5 year Additional SBRVL funding eventuate, a mid-term review will be undertaken in the first half of the 2015 - 2016 financial year, using

the same methodology as that employed in the SCU review presented in February 2013, in order to obtain business and community feedback on the progress and effectiveness of the Program.

### **Timing**

As advised in a preliminary teleconference involving representatives of Lismore City Council and IPART, there are several issues relating to the timing of the Application which need to be noted.

In the normal course of events, in any given year the Lismore Business Promotion Panel (which governs the Promotion Program) reviews annual, bi-annual or (currently) triennial Business Plans in March. The Panel then recommends adoption of the relevant Lismore Business Promotion Program Business Plan to Council.

The Lismore City Centre Manager ordinarily briefs Councillors on the objectives, content and performance measures of the Business Plan at a workshop in early April, with Council approval taking place at its May 2013 meeting.

### **Link to the Draft 2013-2016 Lismore Business Promotion Program Business Plan**

The 2013-2016 Draft Business Plan has already been workshopped with the Lismore Business Promotion Panel and is slated for approval by the LBPP and subsequent recommendation to Council at the Panel's scheduled monthly meeting on Friday 15 March. As a result of this timeframe, it is not possible to provide a final and *approved* document to IPART. However, based on Council's record of approval of the past four years' business plans it is deemed appropriate to provide this Business Plan as it contains information on what projects and initiatives the proposed 5 year extension of the Additional SBRVL will be used for.

### **Key objectives of the Business Plan**

Successive LBP Program Business Plans have contained consistent key objectives, which seek to position Lismore as the pre-eminent shopping destination for residents and visitors under the branding "Lismore – Come to the Heart" (and at a regional level "Lismore – Heart of the Northern Rivers"). Key objectives for the next three years incorporate the findings of the SCU Review, presented to the Lismore Business Promotion Panel in February 2013.

The key objectives include:

1. To expand marketing and promotional activities, whilst reinforcing the 'refreshed' 'Come to the Heart' brand (complete with a call to action) and encouraging its use by local businesses;
2. To improve communications with the business and wider community;

3. To increase awareness of both the Program and the role of the Panel that governs it;
4. To consolidate the calendar of events and activities in the CBD;
5. To expand and develop the new 'Lismore come to the Heart' website for the benefit of business and other stakeholders;
6. To sustain the pace of place management in the CBD exemplified by the laneways activation;
7. To assist the new strategic alliance of all arts and cultural bodies, 'Creative Lismore', in order to provide extra reasons to visit the city centre;
8. To increase the number of relevant and timely business education and development seminars and programs and ensure they are made available to all businesses in the Lismore Urban Area;
9. To secure additional funding and in-kind support wherever possible through sponsorships, grants and other funding avenues for events, activities and projects; and
10. To work effectively with the Lismore Chamber of Commerce and other similar local business networking organisations in order to assist the growth of the Lismore business community.

### **Key projects which would benefit from the Additional SBRVL being sought**

Successive Business Plans all contain four major components:

1. Marketing;
2. Events;
3. Placemaking; and
4. Business and Community.

### **Broadstroke projects or activities to be funded from the variation, within the Business Plan**

As a general guide, the list of individual projects nominated within each of the four Business Plan components includes:

1. MARKETING
  - Refreshing the 'Lismore-come to the Heart' brand and providing a call to action.
  - Increasing advertising to local and regional markets and expanding the use of social media.
  - Increasing the level of interaction and marketing support for Outer LUA businesses.

- Reinforcing Lismore's role as the regional hub.

## 2. EVENTS

- Scoping potential new signature events such as a 'Taste of Lismore' food and wine festival.
- Working to achieve a critical mass of quality events to ensure that scheduled attractions and activities take place in the city centre throughout the year.
- Continuing to support major cultural and sporting events with proven benefits to Lismore.
- Reviewing existing SBRVL event funding guidelines to maximise outcomes.

## 3. PLACEMAKING

- Activating spaces in the Lismore CBD with currently little or no activity or life via performances, small-scale special events, commercial promotions and community activities.
- Identifying a section of the laneway network that could become a shared pedestrian zone, and host a café, performance space and other uses attractive to consumers.
- Supporting Council's bid to redevelop 'Library Square' and subsequently transferring markets and other CBD activities and drawcards to this proposed central meeting space.

## 4. BUSINESS AND COMMUNITY

- Boosting funding for business educational seminars, skills development and emerging technology workshops, year round.
- Ensuring 'shorter/smarter/quicker' communications with the business community on a fortnightly basis.
- Expanding participation in the 'Lismore-come to the Heart' website which currently lists 450 businesses.
- Obtaining business support for and then publicising extended trading hours requested consistently by shoppers

## **Attachment 8: Draft 2013-2016 Lismore Business Promotion Program Business Plan**

### **5 year Business Plan content and related Budget in this Application**

IMPORTANT: Lismore City Council's application in 2010 for the Additional SBRVL for a period of three years approved by (then) relevant authority the NSW Department of Local Government contained various budget line items as small as \$5,000 within the overall \$100,000 increase. This level of detail proved to be problematic in terms of the time and reporting required when an adjustment to the \$5,000 line item was requested, and subsequently granted by the NSW DLG.

As a result, Lismore City Council is requesting that the Business Plan content and related Budget in this Application for a 5 year extension to the current Additional SBRVL can purposefully remain fairly general in nature, and simply retain the four major components identified previously:

1. Marketing;
2. Events;
3. Placemaking; and
4. Business and Community.

In return, Council and the Lismore Business Promotion Panel can provide detailed evidence of the outcomes of the Additional SBRVL being sought linked to these four component areas, via Council's Annual Report and reporting by the Lismore Business Promotion Panel.

## **Attachment 9: Five Year simplified Business Plan Budget**

### **8.3 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.

Council has considered two reports on this matter.

The first report titled "Special Business Rate Variation Levy funding application" was considered by Council at its 11 December 2012 meeting. The outcome was:-

239/12 RESOLVED that:

1. Council reduce the rates paid by the Lismore Urban Area business rated properties in 2013/14 by the existing additional Special Business Rate Variation Levy of approximately \$106,500, due to its cessation at 30 June 2013.



2. Council undertake a comprehensive consultation with the Lismore Urban Area business community, including property owners and business owners/managers, on a Special Rate Variation application to raise \$106,500 per annum for 5 years to be spent on business promotion activities, from 1 July 2013 onwards.
3. The results of the consultation be reported back to Council in March 2013 to determine if a Special Rate Variation application is to be submitted to IPART.
4. Council increase the rates paid by the Lismore Urban Area business rated properties in 2013/14 by \$106,500 should the Special Rate Variation application be approved by IPART.

(Councillors Smith/Marks) (BP12/638)

Voting for: Councillors Dowell, Ekins, Houston, Marks, Scheibel and Smith

Voting against: Councillor Bennett

The second report titled "Additional Special Business Rate Variation Levy funding application to NSW Independent Pricing and Regulatory Tribunal" was considered by Council at its 12 March 2013 meeting. The outcome was:-

29/13 RESOLVED that Council resolves that a Special Rate Variation application of \$106,500 per annum for five years commencing 1 July 2013 (2013/2014 financial year) be made to Independent Pricing and Regulatory Tribunal (IPART) as outlined in the report given the demonstrated support for the proposal by the Lismore Business Community as per the outlined consultation outcomes.

(Councillors Smith/Ritchie) (BP13/136)

Voting for: Councillors Battista, Bennett, Dowell, Ekins, Houston, Marks, Meineke, Ritchie, Scheibel and Smith

Voting against: Nil

## 9 Checklist of application contents

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

Check list of Attachments provided:

1. 4 Page Bulletin for Business
2. Mayoral cover letter
3. Workshop Presentations (PowerPoint) 13 February 2013
4. Southern Cross University Lismore Business Promotion Program Review - Final Report
5. Report to Council 12/3/13 - Additional Special Business Rate Variation Levy funding application to NSW Independent and Regulatory Tribunal
6. Media releases
7. Media clippings
8. 2013-2016 Draft Lismore Business Promotion Program Business Plan
9. 5 Year simplified Business Plan
10. Certification by the General Manager and the Responsible Accounting Officer

## **10 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 (Lismore City Council - 2013/14 Special Variation) is correct and complete.

General Manager: Gary Murphy

Signature Date: 13 March 2013

Responsible Accounting Officer: Rino Santin

Signature Date: 13 March 2013

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