

## **Special Variation Application Form – Part B**

### **Hunter's Hill Council**

Date Submitted to IPART: 11 March 2013

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

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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 I&PR 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).

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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 councils 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.

Whilst completing the requirements for the IP & R reporting framework, which included the development of a comprehensive Hunter's Hill Council Asset Management Plan as part of the Resourcing Strategy, Council discovered that the bulk and backlog of its ageing infrastructure, including roads, footpaths, stormwater drainage and kerbs/gutters would need greater financial input to bring it up to a satisfactory standard.

Further, Council's IP & R documentation was completed in June 2012 (as HHC is a Group 3 Council). However, due to the local government elections in September 2012 a complete review has been required. Council's internal review of the Community Strategic Plan, Delivery Program, Operational Plan, Resourcing Strategy (including the Asset Management Plan, Long Term Financial Plan and Workforce Plan) has been completed and the complete scope of documents will be advertised and placed on public exhibition in March 2013 for community feedback. Whilst the community have not yet provided comment on the Community Strategic Plan, Delivery Program and Operational Plan it is anticipated that there will be no changes to Council's Asset Management Plan, which provides the evidence for the need of a special rate variation.



### 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.

The basis of Council's Community Strategic Plan (CSP) was completely community driven. Therefore, the goals, directions and outcomes listed in the plan were clearly important and relevant to local residents.

Below are some extracts from Council's CSP, Delivery Program and Operational Plan which highlight the community's expectations in regards to asset maintenance and in particular; footpaths, kerbs/guttering, traffic facilities, seawalls, reserves and stormwater.

##### Theme 1. Our Heritage and Built Environment

**Goal 1:** To ensure the preservation of our heritage buildings, garden areas, views, streetscapes and tree canopy

**Directions:** Retain the existing historic buildings, sandstone walls, trees and leafy streetscapes to maintain the heritage character of the area

##### Theme 2 Our Community & Lifestyle

**Goal:** To ensure a caring and safe community where people enjoy living

**Direction:** Future generations are assured of enjoying at least the same opportunities for access to recreational and healthy activities, as those who came before them

**Outcomes:** Maximised sustainable and equitable access and use of high quality sporting and recreational facilities

Increased level of participation in a range of healthy lifestyle activities

**Delivery Program Strategy:**

Ensure maximum access to and usage of Council's community and sporting facilities

**Operational Plan Action:**

Review and implement reserves improvements program

**Delivery Program Strategy:**

Maintain sporting and community facilities to a standard that meets community expectations

**Operational Plan Action:**

Document the standards for maintenance of sporting and recreational facilities

Regular maintenance of Council sporting & recreational facilities

Bring Bedlam Bay Regional Park under the care, control and management of Council

Construct amenities building at Riverglade Reserve

**Delivery Program Strategy:**

Provision of high quality, accessible walking paths

**Operational Plan Action:**

Optimise grant funding opportunities to facilitate access to Harbour foreshore

**Delivery Program Strategy:**

Take action to address issues arising in the community

**Operational Plan Action:**

Address street lighting and pedestrian safety

**Theme 3. Our Environment**

**Goal 1.** To work in partnership with the community to achieve an environmentally sustainable Hunters Hill and to preserve and restore our bushlands and waterways

**Goal 2.** Achieve a balance of environmental, social and economic interests today, without harming the prospects of the generations of tomorrow

**Theme 4. Moving Around**

**Goal:** To provide for safe and orderly movement and coordination of vehicular, pedestrian, bicycle and public transport traffic throughout Hunters Hill

**Direction:** Bicycle and pedestrian networks encourage easy and safe movement of people within Hunters Hill between key facilities, and which integrate with public and private transport

**Outcomes:** Extended and integrated bicycle track network and improved safer pedestrian facilities connected to transport nodes, activity areas and village centres that are pedestrian friendly

**Delivery Program strategies:**

Implement local area traffic management plans to manage traffic flow and speed

Improve the safety and amenity of the local road network

**Operational plan actions:**

Continue review and implement nominated traffic management scheme and identify other areas of need

Complete road and footpath utility restoration works

Complete traffic facilities and inspection program

**Theme 5 Our Council**

**Goal:** Hunter's Hill Council is efficient, effective and sustainable

**Outcome:** Assets maintained to a level that maximizes their economic life and sustainability

**Delivery Plan strategy:** Adopt a planned approach to asset management

**Operational Plan action:** Review and update the asset management plan annually

As has been evidenced by the extracts from the CSP, Delivery Program and Operational Plan above the community has prioritized the need for Council to maintain assets and services at a satisfactory standard.

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.

The benefits that form the basis of this application are a structured approach to the maintenance of Council's asset management program, which for this application include:

- Footpaths
- Kerbs/gutters
- Traffic facilities
- Seawalls
- Reserves
- Stormwater

Examples of specific benefits will include:

- Footpath repairs and maintenance
- Fencing repairs
- Clearing sedimentation ponds
- Sporting field playing drainage improvement
- Relining a stormwater pipeline
- New amenities building in a reserve
- Restoration of seawalls, including replacing piles and decking

The overall benefits to the community will therefore be that assets will be maintained to an acceptable level, and Hunter's Hill Council will remain financially sustainable.

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.
- 

### 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.

[Refer to item 2 in the supporting documents for 2013/14.](#)

#### 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.

### 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.

As per the 2012 application Council has identified that its physical assets are not being maintained to a level that is able to support the provision of services to levels that the community expects and can afford.

Unless Council is able to expand its revenue base, whether by increasing its income from general rates, or from other fees and charges, it may not be able to continue to meet its statutory commitments in respect of its infrastructure, asset maintenance and ordinary services.

The cumulative impact of the continuation of rate pegging and ever increasing imposed costs from the State Government means that if Council wishes to hold existing service levels, provide a reasonable capital works and asset replacement program and fund an environmental protection program then its overall revenue base must be increased to a level that is able to sustain such an approach.

Council has adopted and is developing a number of alternate strategies and revenue opportunities. A commitment to these strategies, backed by sound financial discipline and adherence to adopted financial objectives will enable Council to remain a sustainable and vibrant local government entity that is able to meet the needs of its community.

In order to fund the Delivery Program for the CSP, a LTFP has been prepared that also includes a proposed ten-year rate strategy. Within Council's LTFP Council has set clear goals:

- Practising fiscal restraint
- Pursuing micro economic reform
- Concentrating on service outcomes delivered to the community
- Value for money

On a cash basis Council has previously been able to achieve a small surplus each year, however, when depreciation (as per the TCorp Report) of assets is factored in this becomes a deficit. This deficit will continue to grow unless a revaluation of assets is completed and funds are provided to reasonably maintain, repair or replace assets.

In addition there has been a continued rise in cost shifting from other levels of government, including street lighting, energy costs, payments of additional superannuation contributions and an increase of the Fire and Rescue Levy. Some of these costs have increased by significantly more than inflation over the past three years and Council cannot continue to absorb these costs.

The main contributor to Council revenue in the LTFP and the TCorp Report is land rates. The current rate structure is based on the following outcomes identified by Council and community through a number of sources and included in the LTFP. These desired outcomes include:

1. Maintaining equity on cost sharing and revenue raising.
2. The need to maintain a level of expenditure on infrastructure and capital works.
3. The need to continue implementation of sustainability initiatives contained in the Environmental Management Plan.
4. The need to protect Council's operational revenue base from being eroded by statutory and legislative changes and devolution of powers to local councils without the provision of additional funding or adequate recognition of financial impact.

The proposed rate structure for both the 2012 and 2013 SRV applications is based on maintaining these desired outcomes.

### **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 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.

[Refer to item 2 in the supporting documents for 2013/14.](#)



## 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 LTFF 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 (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
  - Ratepayers/residents
  - Staff
  - Councillors
  - Existing community groups and Council committees
  - Volunteer groups
  - User groups
  - Interested residents
  - Business community
- ▼ the information that was presented to the community regarding the special variation proposal

The information presented to the community for the 2013 application was provided via newsletter, website and advertisement (attached).

- ▼ methods of consultation and why these were selected

All information presented to the community is attached in conjunction with Council's consultation materials, for example SRV information appeared on Council's web page

- ▼ timing of the consultations (including exhibition of Draft Community Strategic Plan, Draft Delivery Program and Draft Operational Plan as applicable).

Consultation for the 2013 application commenced in December 2012 and continued through until March 2013.

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

**\* Community Engagement Strategy for 2012 and 2013 application Attached**

**\* Examples of consultation materials attached (including examples from the 2012 application which forms the bulk of the strategy)**

## 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.

Copies of all feedback received for both the 2012 and 2013 application are attached (there have only been approximately 7 responses received to date). In generic terms the feedback ranges from the community believing that they pay the highest rates in Sydney and therefore not understanding the need for a rate increase, to feeling that other sources of revenue need to be raised through parking meters for example (when the community has continually opposed such an option).

Comments regarding the 2013 application have been received via email and through Council's portal, and as mentioned above have been attached to this application.



## 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 following is the proposed SRV for Residential and Business properties.

Proposed Residential Rating Structure - if approved											
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1	Rate Peg	3.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
2	Continuation of Local Loan 2 to become Special Rate - Infrastructure (Further 10 years)	3.10%									
3	Continuation of Environmental Special Rate (Further 10 years)	2.17%									
4	Continuation of the Community Facilities Asset Infrastructure Special Rate (further 10 years)					4.16%					
5	Continuation of the Roads Infrastructure Special Rates and the 2% funding of operating expenses (further 10 years)										6.80%
	<b>Subtotals</b>	8.67%	3.00%	3.00%	3.00%	7.16%	3.00%	3.00%	3.00%	3.00%	9.80%
6	Operational Catch Up (Permanent)	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>Total Proposed Decrease/Increase</b>	10.67%	3.00%	3.00%	3.00%	7.16%	3.00%	3.00%	3.00%	3.00%	9.80%
	<b>Increase Above Existing Rate</b>	5.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Proposed Business Rating Structure - if approved											
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1	Rate Peg	3.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
2	Continuation of Local Loan 2 to become Special Rate - Infrastructure (Further 10 years)	3.10%									
3	Continuation of Environmental Special Rate (Further 10 years)	2.17%									
4	Continuation of the Community Facilities Asset Infrastructure Special Rate (further 10 years)					4.16%					
5	Continuation of the Roads Infrastructure Special Rates and the 2% funding of operating expenses (further 10 years)										6.80%
Subtotals		8.67%	3.00%	3.00%	3.00%	7.16%	3.00%	3.00%	3.00%	3.00%	9.80%
6	Operational Catch Up (Permanent)	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Proposed Decrease/Increase		10.67%	3.00%	3.00%	3.00%	7.16%	3.00%	3.00%	3.00%	3.00%	9.80%
Increase Above Existing Rate		5.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

If the proposed options are not approved the following will apply and this will effectively decrease Councils rate revenue and erode the rate base that has been in place for the past 10 years.

Alternative Residential Rating Structure - if not approved											
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1	Rate Peg	3.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
2	Discontinuation of Local Loan 2 to become Special Rate - Infrastructure	-3.10%									
3	Discontinuation of Environmental Special Rate	-2.17%									
4	Stormwater Management Charge*	1.97%									
5	Expiration of the Community Facilities Asset Infrastructure Special Rate					-4.16%					
6	Expiration of the Roads Infrastructure Special Rate and the 2% funding of Operating Expenses										-6.80%
<b>Subtotals</b>		0.10%	3.00%	3.00%	3.00%	-1.16%	3.00%	3.00%	3.00%	3.00%	-3.80%
7	Operational Catch Up (Permanent)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Proposed Increase/Decrease</b>		0.10%	3.00%	3.00%	3.00%	-1.16%	3.00%	3.00%	3.00%	3.00%	-3.80%
<b>Increase/Decrease Above Existing Rate</b>		0.10%	3.00%	3.00%	3.00%	-1.16%	3.00%	3.00%	3.00%	3.00%	-3.80%

\*Stormwater Management Charge is \$25 levied to residential dwellings and \$12.50 to residential strata units. The percentage increase given is the average increase across all residential properties



Alternative Business Rating Structure - if not approved											
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1	Rate Peg	3.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
2	Discontinuation of Local Loan 2 to become Special Rate - Infrastructure	-3.10%									
3	Discontinuation of Environmental Special Rate	-2.17%									
4	Stormwater Management Charge*	1.97%									
5	Expiration of the Community Facilities Asset Infrastructure Special Rate					-4.16%					
6	Expiration of the Roads Infrastructure Special Rate and the 2% funding of Operating Expenses										-6.80%
<b>Subtotals</b>		0.10%	3.00%	3.00%	3.00%	-1.16%	3.00%	3.00%	3.00%	3.00%	-3.80%
7	Operational Catch Up (Permanent)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Proposed Increase/Decrease</b>		0.10%	3.00%	3.00%	3.00%	-1.16%	3.00%	3.00%	3.00%	3.00%	-3.80%
<b>Increase/Decrease Above Existing Rate</b>		0.10%	3.00%	3.00%	3.00%	-1.16%	3.00%	3.00%	3.00%	3.00%	-3.80%

\*Stormwater Management Charge is \$25 levied to all business properties and \$12.50 to business strata units. The percentage increase given is the average increase across all business properties



## 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.

[Please refer to 2012/2013 application.](#)

**Table: Impact of Proposed SRV on Residential Rates**

Land Value	Ordinary	Special Roads	Special CFAI	Special Infrastructure (NEW)	Special Environmental (NEW)	Total 2013/14	2012/13	Difference (\$)	Difference (%)
<b>50,000</b>	\$492.00	\$31.77	\$27.04	\$20.95	\$14.67	\$586.43	\$560.97	\$25.46	4.54%
<b>100,000</b>	\$492.00	\$33.87	\$29.14	\$22.39	\$15.67	\$593.06	\$567.51	\$25.55	4.50%
<b>150,000</b>	\$492.00	\$35.96	\$31.23	\$23.83	\$16.68	\$599.69	\$574.06	\$25.63	4.47%
<b>250,000</b>	\$492.00	\$40.15	\$35.41	\$26.70	\$18.70	\$612.96	\$587.15	\$25.81	4.40%
<b>350,000</b>	\$519.22	\$44.33	\$39.60	\$29.58	\$20.71	\$653.44	\$625.15	\$28.29	4.53%
<b>450,000</b>	\$667.57	\$48.52	\$43.78	\$32.46	\$22.72	\$815.05	\$778.80	\$36.25	4.65%
<b>550,000</b>	\$815.91	\$52.71	\$47.97	\$35.33	\$24.74	\$976.66	\$932.43	\$44.23	4.74%
<b>650,000</b>	\$964.26	\$56.90	\$52.15	\$38.21	\$26.75	\$1,138.27	\$1,086.07	\$52.20	4.81%
<b>750,000</b>	\$1,112.61	\$61.08	\$56.34	\$41.09	\$28.77	\$1,299.88	\$1,239.71	\$60.17	4.85%
<b>850,000</b>	\$1,260.96	\$65.27	\$60.52	\$43.96	\$30.78	\$1,461.49	\$1,393.75	\$67.74	4.86%
<b>950,000</b>	\$1,409.31	\$69.46	\$64.71	\$46.84	\$32.79	\$1,623.10	\$1,546.99	\$76.11	4.92%
<b>1,000,000</b>	\$1,483.48	\$71.55	\$66.80	\$48.28	\$33.80	\$1,703.91	\$1,623.81	\$80.10	4.93%
<b>1,100,000</b>	\$1,631.83	\$75.74	\$70.99	\$51.16	\$35.81	\$1,865.52	\$1,777.45	\$88.07	4.95%
<b>1,150,000</b>	\$1,706.00	\$77.83	\$73.08	\$52.60	\$36.82	\$1,946.33	\$1,854.27	\$92.06	4.96%
<b>1,250,000</b>	\$1,854.35	\$82.02	\$77.26	\$55.47	\$38.84	\$2,107.94	\$2,007.91	\$100.03	4.98%
<b>1,500,000</b>	\$2,225.22	\$92.49	\$87.73	\$62.67	\$43.87	\$2,511.97	\$2,392.01	\$119.95	5.01%
<b>1,750,000</b>	\$2,596.09	\$102.95	\$98.19	\$69.86	\$48.91	\$2,915.99	\$2,776.10	\$139.89	5.04%
<b>2,000,000</b>	\$2,966.96	\$113.42	\$108.65	\$77.05	\$53.94	\$3,320.02	\$3,160.20	\$159.82	5.06%
<b>2,500,000</b>	\$3,708.70	\$134.36	\$129.58	\$91.44	\$64.01	\$4,128.08	\$3,928.40	\$199.68	5.08%
<b>3,000,000</b>	\$4,450.44	\$155.29	\$150.50	\$105.82	\$74.08	\$4,936.13	\$4,696.59	\$239.54	5.10%
<b>3,750,000</b>	\$5,563.05	\$186.69	\$181.89	\$127.40	\$89.19	\$6,148.21	\$5,848.88	\$299.33	5.12%

Table: Impact of Proposed SRV on Business Rates									
Land Value	Ordinary	Special Roads	Special CFAI	Special Infrastructure (NEW)	Special Environmental (NEW)	Total 2013/14	2012/13	Difference (\$)	Difference (%)
50,000	\$139.06	\$31.77	\$27.04	\$20.95	\$14.67	\$233.49	\$225.47	\$8.02	3.56%
100,000	\$218.50	\$33.87	\$29.14	\$22.39	\$15.67	\$319.56	\$306.95	\$12.61	4.11%
150,000	\$297.94	\$35.96	\$31.23	\$23.83	\$16.68	\$405.63	\$388.43	\$17.20	4.43%
250,000	\$456.82	\$40.15	\$35.41	\$26.70	\$18.70	\$577.78	\$551.40	\$26.38	4.78%
350,000	\$615.70	\$44.33	\$39.60	\$29.58	\$20.71	\$749.92	\$714.36	\$35.56	4.98%
450,000	\$774.58	\$48.52	\$43.78	\$32.46	\$22.72	\$922.06	\$877.32	\$44.74	5.10%
550,000	\$933.46	\$52.71	\$47.97	\$35.33	\$24.74	\$1,094.21	\$1,040.28	\$53.93	5.18%
650,000	\$1,092.34	\$56.90	\$52.15	\$38.21	\$26.75	\$1,266.35	\$1,203.24	\$63.11	5.24%
750,000	\$1,251.22	\$61.08	\$56.34	\$41.09	\$28.77	\$1,438.49	\$1,366.21	\$72.29	5.29%
850,000	\$1,410.10	\$65.27	\$60.52	\$43.96	\$30.78	\$1,610.64	\$1,529.17	\$81.47	5.33%
950,000	\$1,568.98	\$69.46	\$64.71	\$46.84	\$32.79	\$1,782.78	\$1,692.13	\$90.65	5.36%
1,000,000	\$1,648.42	\$71.55	\$66.80	\$48.28	\$33.80	\$1,868.85	\$1,773.61	\$95.24	5.37%
1,100,000	\$1,807.30	\$75.74	\$70.99	\$51.16	\$35.81	\$2,040.99	\$1,936.57	\$104.42	5.39%
1,150,000	\$1,886.74	\$77.83	\$73.08	\$52.60	\$36.82	\$2,127.06	\$2,018.05	\$109.01	5.40%
1,250,000	\$2,045.62	\$82.02	\$77.26	\$55.47	\$38.84	\$2,299.21	\$2,181.02	\$118.19	5.42%
1,500,000	\$2,442.82	\$92.49	\$87.73	\$62.67	\$43.87	\$2,729.57	\$2,588.42	\$141.15	5.45%
1,750,000	\$2,840.02	\$102.95	\$98.19	\$69.86	\$48.91	\$3,159.92	\$2,995.83	\$164.10	5.48%
2,000,000	\$3,237.22	\$113.42	\$108.65	\$77.05	\$53.94	\$3,590.28	\$3,403.23	\$187.05	5.50%
2,500,000	\$4,031.62	\$134.36	\$129.58	\$91.44	\$64.01	\$4,451.00	\$4,218.04	\$232.96	5.52%
3,000,000	\$4,826.02	\$155.29	\$150.50	\$105.82	\$74.08	\$5,311.71	\$5,032.85	\$278.86	5.54%
3,750,000	\$6,017.62	\$186.69	\$181.89	\$127.40	\$89.19	\$6,602.78	\$6,255.07	\$347.72	5.56%

Table: Cumulative Distribution of Residential Land Values 2013/14			
Land Value Bracket	Count	% of Total	Cumulative %
\$0 - \$99,999	140	3.0%	3.0%
\$100,000 - \$199,999	532	11.5%	14.5%
\$200,000 - \$299,999	344	7.4%	22.0%
\$300,000 - \$399,999	223	4.8%	26.8%
\$400,000 - \$499,999	184	4.0%	30.8%
\$500,000 - \$599,999	250	5.4%	36.2%
\$600,000 - \$699,999	484	10.5%	46.7%
\$700,000 - \$799,999	381	8.2%	54.9%
\$800,000 - \$899,999	430	9.3%	64.2%
\$900,000 - \$999,999	239	5.2%	69.4%
\$1,000,000 - \$1,499,999	579	12.5%	81.9%
\$1,500,000 - \$1,999,999	367	7.9%	89.9%
\$2,000,000 - \$2,999,999	291	6.3%	96.2%
\$3,000,000 and greater	177	3.8%	100.0%
<b>Total</b>	<b>4621</b>	<b>100.0%</b>	

Table: Cumulative Distribution of Business Land Values 2013/14			
Land Value Bracket	Count	% of Total	Cumulative %
\$0 - \$99,999	53	21.8%	21.8%
\$100,000 - \$199,999	32	13.2%	35.0%
\$200,000 - \$299,999	10	4.1%	39.1%
\$300,000 - \$399,999	29	11.9%	51.0%
\$400,000 - \$499,999	28	11.5%	62.6%
\$500,000 - \$599,999	18	7.4%	70.0%
\$600,000 - \$699,999	12	4.9%	74.9%
\$700,000 - \$799,999	12	4.9%	79.8%
\$800,000 - \$899,999	5	2.1%	81.9%
\$900,000 - \$999,999	6	2.5%	84.4%
\$1,000,000 - \$1,499,999	13	5.3%	89.7%
\$1,500,000 - \$1,999,999	13	5.3%	95.1%
\$2,000,000 - \$2,999,999	7	2.9%	97.9%
\$3,000,000 and greater	5	2.1%	100.0%
Total	243	100.0%	

Figure: Histogram of Residential Ordinary Rates 2013/14

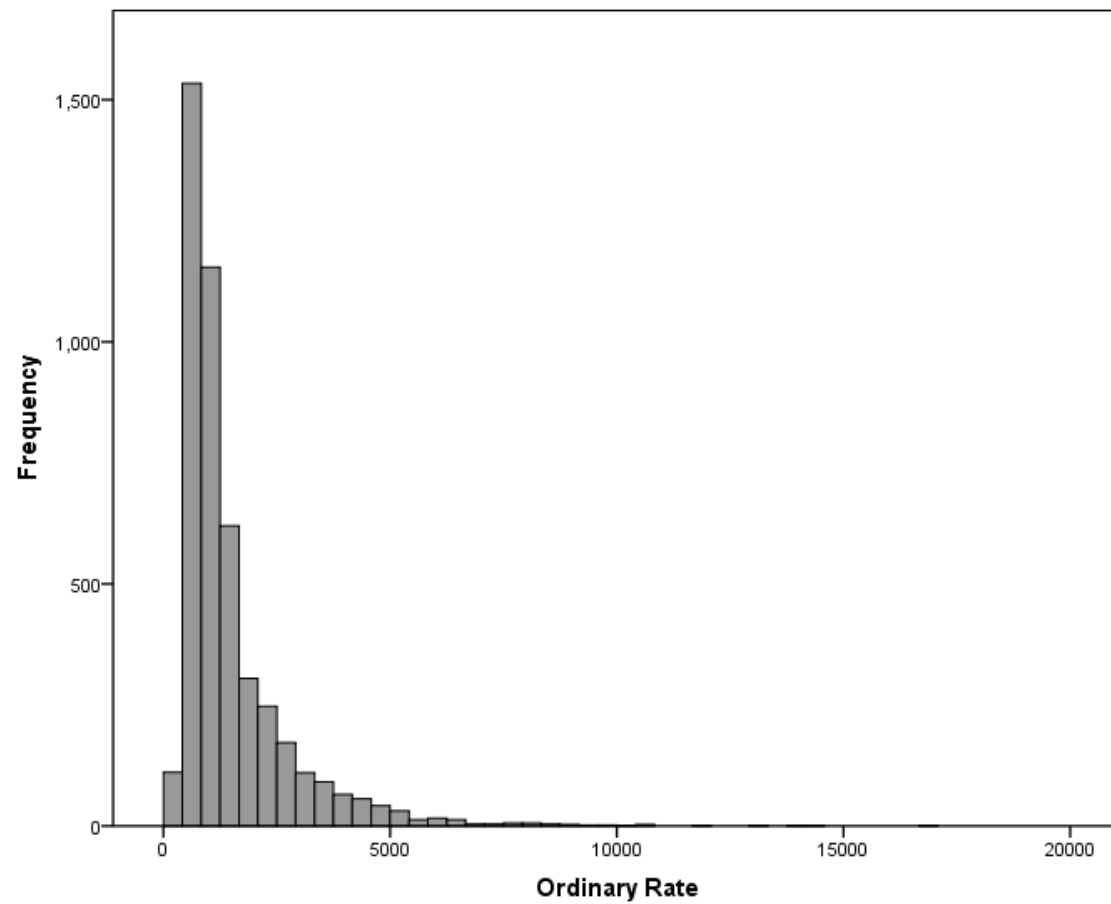
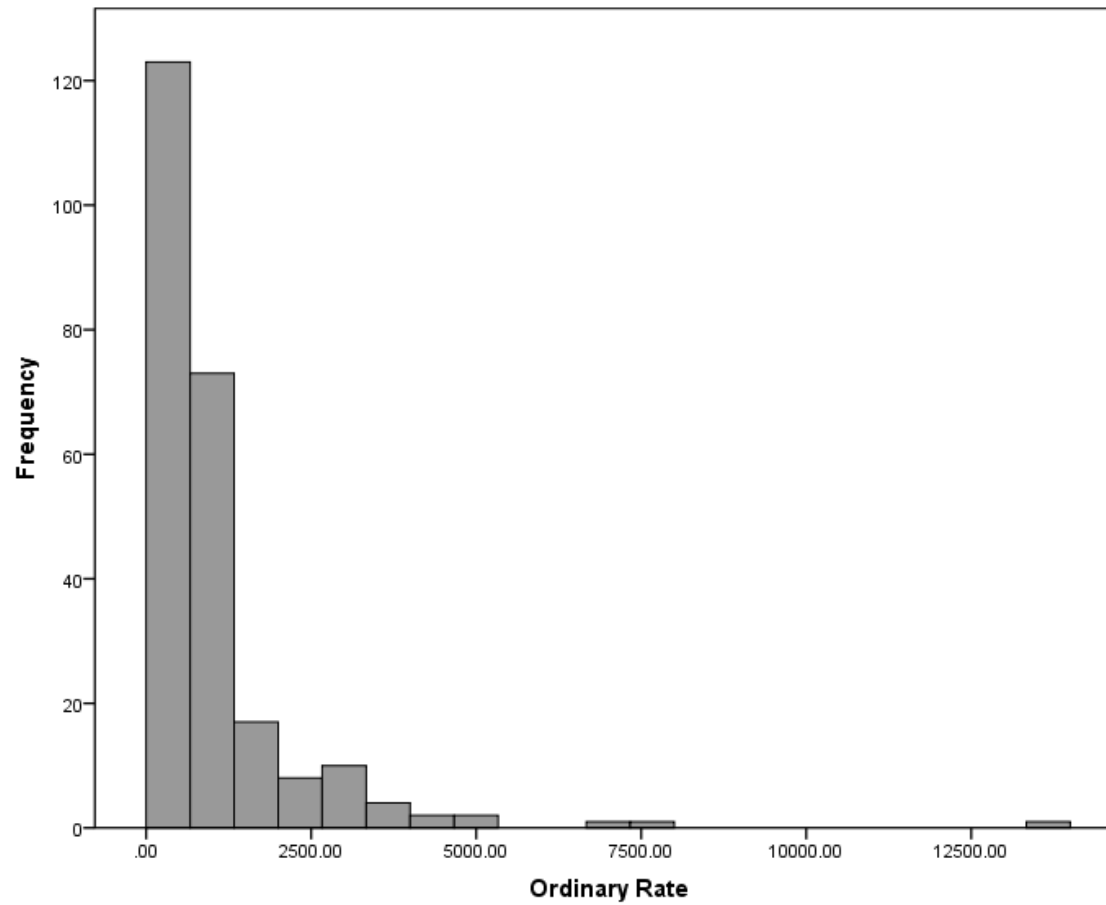




Figure: Histogram of Business Ordinary Rates 2013/14





From the tables on the previous, residential properties with land valuation under \$1,500,000 will attract an increase in rates below 5%, whereas rates for properties with land valuations between \$1,500,000 and \$3,750,000 will increase between 5.00 - 5.12%.

For commercial properties, rates will increase at most by 5.3% for land valuation below \$750,000 and between 5.3 - 5.56% increase for land valuations between \$850,000 and \$1,750,000.

Council would argue that average rate is a misnomer as it is not an effective measure of performance. The histogram of land values is seen to be heavily skewed to the right, which pushes the average rate figure along with it, thus is not a good measure of centre. We prefer the use of median as a better measure of centre since it's more robust against skewed data as in this case. The median residential ordinary rate is \$1,082.94 with the SRV and \$1,062.33 without the SRV. The median business ordinary rate is \$670.51 with the SRV and \$652.34 without the SRV.

### 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.

Council is planning to increase the minimum rate for 2013/14 to \$492.00, which is above the statutory set for 2013/14.

This increase is approximately 5.4% (3.4% rate peg plus the 2% operational catch-up SRV) over the minimum of \$467.00 in 2012/13. In 2013/14, one thousand and eleven (1,011) residential properties will attract the minimum rate of \$492.00. This figure represents 20.9% of all properties.

If the special rate variation is not approved, the minimum rate will increase to \$483.00 in 2013/2014 (which is still above the statutory minimum set down for 2013/14) for all residential properties. This equates to an increase of 3.4% over 2012/13. This is made up of the 3.4% rate peg only. The number of residential properties that will attract these minimums is 1,011, the same if the SRV is approved.

Minimum rates do not apply to the business category.

Increase in yield would be \$38,559 with SRV approval, and without the approval would be \$28,544.

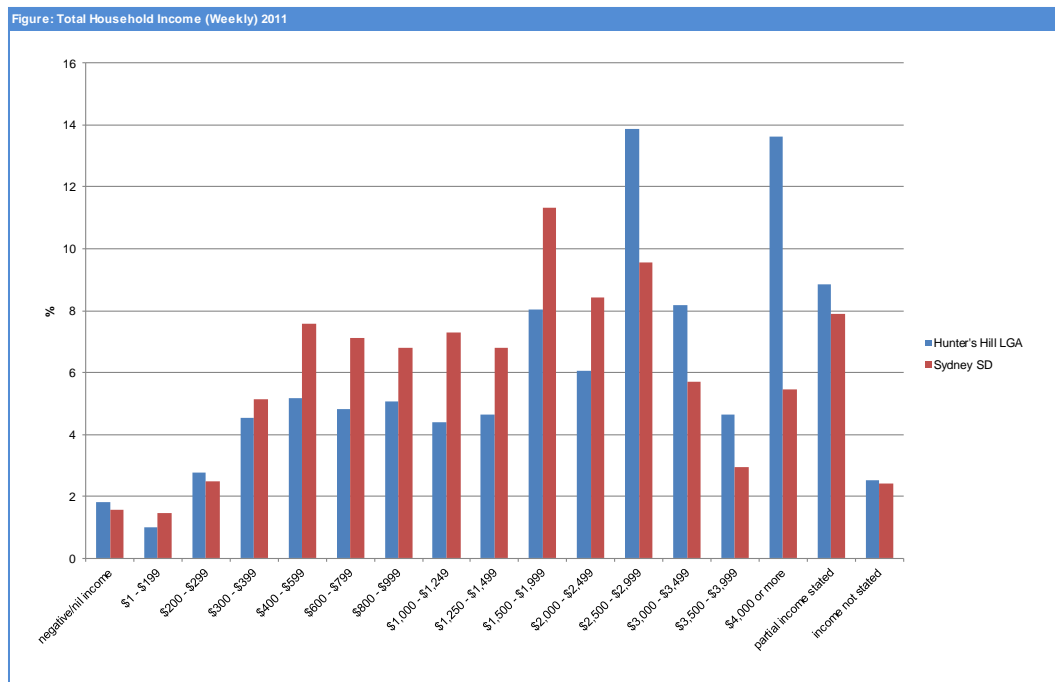
### 5.3 Community's capacity to pay proposed rate increases

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.

Table: Total Household Income (Weekly) 2011			
Income Bracket	Count	%	Sydney Statistical Division %
negative/nil income	81	1.8	1.6
\$1 - \$199	45	1.0	1.5
\$200 - \$299	125	2.8	2.5
\$300 - \$399	204	4.5	5.1
\$400 - \$599	232	5.2	7.6
\$600 - \$799	217	4.8	7.1
\$800 - \$999	227	5.1	6.8
\$1,000 - \$1,249	198	4.4	7.3
\$1,250 - \$1,499	209	4.7	6.8
\$1,500 - \$1,999	360	8.0	11.3
\$2,000 - \$2,499	272	6.1	8.4
\$2,500 - \$2,999	623	13.9	9.6
\$3,000 - \$3,499	367	8.2	5.7
\$3,500 - \$3,999	208	4.6	3.0
\$4,000 or more	611	13.6	5.5
partial income stated	397	8.8	7.9
income not stated	113	2.5	2.4
<b>Total</b>	<b>4,489</b>	<b>100.0</b>	<b>100.0</b>

Source: Australian Bureau of Statistics, Census of Population and Housing 2011



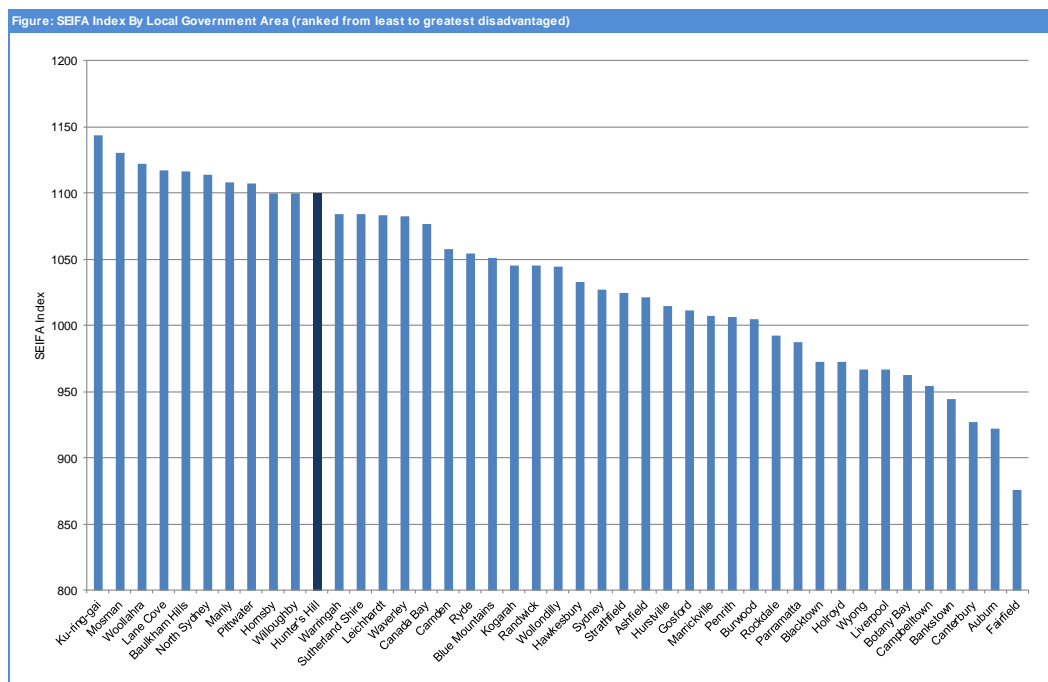
## Household Income Levels

The table and chart on the previous page depicts weekly income levels for 2011 for both Hunters Hill Municipality and Sydney Statistical Division. Analysis of income levels shows there is a significantly higher proportion of high income earners compared with Sydney SD. We can see that 40.3% of Hunter's Hill households earn \$2,500 more compared with just 23.7% for Sydney SD.

Conversely, Hunters Hill households have a smaller proportion of low income earners than Sydney SD. 23.4% of Hunters Hill households earn less than \$1,000 in weekly income compared with 30.6% for Sydney SD.

Table: SEIFA Index 2011 By Council in Sydney SD		
Rank	Local Government Areas	Score
1	Ku-ring-gai	1143.3
2	Mosman	1130.1
3	Woollahra	1121.7
4	Lane Cove	1116.9
5	Baulkham Hills	1116.5
6	North Sydney	1114.1
7	Manly	1107.9
8	Pittwater	1106.9
9	Hornsby	1099.8
10	Willoughby	1099.6
11	<b>Hunter's Hill</b>	<b>1099.4</b>
12	Warringah	1084.1
13	Sutherland Shire	1083.8
14	Leichhardt	1082.9
15	Waverley	1082.2
16	Canada Bay	1076.5
17	Camden	1057.2
18	Ryde	1054.4
19	Blue Mountains	1051.2
20	Kogarah	1045
21	Randwick	1045
22	Wollondilly	1044.7
23	Hawkesbury	1033
24	Sydney	1026.9
25	Strathfield	1024.4
26	Ashfield	1021.5
27	Hurstville	1014.3
28	Gosford	1011.7
29	Marrickville	1007.2
30	Penrith	1006
31	Burwood	1004.5
32	Rockdale	992.5
33	Parramatta	987.4
34	Blacktown	972.8
35	Holroyd	972.4
36	Wyong	966.8
37	Liverpool	966.4
38	Botany Bay	962.3
39	Campbelltown	954.5
40	Bankstown	944.7
41	Canterbury	927.1
42	Auburn	922.1
43	Fairfield	876.1

Source: Australian Bureau of Statistics,  
Census of Population and Housing 2011



## SEIFA Index

High scores on the Index of Relative Socio-Economic Disadvantage occur when the area has few families of low income and few people with little training and in unskilled occupations. Low scores on the index occur when the area has many low income families and people with little training and in unskilled occupations. A high score reflects lack of disadvantage rather than high advantaged.

From the table and chart on previous pages, we can see that Hunter's Hill is ranked favourably on the index compared with other Sydney Local Government Areas. According to the ABS data Hunter's Hill LGA is ranked 11<sup>th</sup> out of 43 LGA's. This shows that the people of Hunter's Hill are relatively well-off with high income earners, employed in skilled occupations and have higher levels of education.

## 5.4 Addressing hardship

Does the council have a Hardship Policy in place? Yes ☒ No ☐

If Yes, is the Policy identified in the council's IP&R documentation? Yes ☒ No ☐

Please attach a copy of the Policy to the application.

Does the council propose to introduce any measures to limit the impact of the proposed special variation on vulnerable groups such as pensioners? Yes ☐ No ☒

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

It is not proposed to have any special measures to limit the minimal impact of the proposed special variation. Pensioners who are in receipt of a Pensioner Concession card from Centrelink or Veteran Affairs are eligible for the rebate (maximum \$250.00 per annum) provided they meet all of the criteria. Any other ratepayers in financial difficulty (usually through unemployment or illness) can then enter into an arrangement to pay an agreed amount either on a weekly, fortnightly or monthly basis to ease them over their time of hardship.



## 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?

During Council's review of its IP & R documentation there was a clear indication that the community's priorities will be met, whilst Council was/is practising restraint with any unnecessary spending relating to operational function. Maintenance of Council's assets is the key area of concern in terms of community priority where there is concern over meeting targeted maintenance programs and schedules.

- ▼ 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.

The outcomes from the Community Strategic Plan have been rolled into the Delivery Program and have been further clarified to become the Delivery Program Strategies. These are the high order strategies that then follow into the Operational Plan. The following are the community priorities (not in particular order)

#### **Our Heritage and Built Environment**

Compliance with the Hunters Hill LEP/DCP  
Heritage issues and maintenance of heritage sites  
DA compliance  
Maintenance of the tree canopy  
Maintain character of Hunters Hill  
Mix use development meet provisions  
Establishments of main street committees  
Urban Design Plan developed  
Maintain public domains  
Compliance with the Swimming Pools Act  
Building safety is maintained  
Ensure sustainable development

#### **Our Community and Lifestyle**

Community involvement in cultural events  
Provisions of cultural services  
Promotion of art and public art  
Provision and promotion of diversity  
Ensure high quality library service  
Participation in community life  
Facilitate community connection  
Enhance access to services from NESB  
Promotion of volunteering  
Support local organisations  
Improve access to youth services, children services, family services, aged and disability services  
Provision of information  
Safety issues are addressed  
Reduce graffiti  
Support emergency services  
Ensure public health

#### **Our Environment**

Maintain the tree canopy  
Protect significant trees  
Greater use of renewable energy options  
Enhance biodiversity  
Compliance of bushland management  
Increase habitat restoration  
Increase ecosystem resilience  
Minimise biodiversity loss  
Decrease waste sent to landfill  
Increase recycling

Waste service meets community expectations  
Increase recycled water  
Improve water quality  
Educate the community about the environment

### **Moving Around**

Advocate to improve public transport  
Review DCP to ensure bike/pedestrian connections  
Improve cycleways  
Develop network plan of footpaths, bike paths, etc  
Improve safety  
Implement traffic plans  
Deliver road safety programs  
Provide education programs  
Minimise the impact of parking overflow  
Provide off street parking  
Undertake parking studies  
Reduce risk of falls and improve access  
Maintain and monitor footpaths

### **Our Council**

Promotion of Council services and information  
Greater community involvement  
Information and services are accessible  
Councillors to be well informed  
Collect and use relevant data  
Taff are aware of statutory reporting requirements  
Manage the CSP, etc  
Accounting management policies comply with legislation  
A shared vision of improvement  
Accurate levy and collection of rates and charges  
Improve Council's financial sustainability  
Managers to focus on initiatives that generate revenue or reduce costs  
Attract and retain qualified staff  
Adopt a planned approach to asset management  
Develop people  
Council will become an employer of choice  
Undertake quarterly reviews  
Demonstrate best practice  
Focus on efficiencies  
Customers can do business electronically  
Core systems are well supported  
IT operations are efficient  
Obtain better value for money

The above priorities demonstrate the community's ability to understand the key vital planning areas within council, with particular focus on asset management, financial sustainability and managing the Council effectively.

### **Proposed levels of service for assets**

Fundamentally, asset management plans include the setting of levels of services for Council.

Levels of service have been developed to support Council's strategic goals. These goals have been articulated in the Community Strategic Plan.

Levels of service are intended to:

- inform the community of the proposed type and standard of service to be offered.
- assist with the identification of the costs and benefits of services.
- provide guidance for current and future services to be offered, the manner of the service delivery and definition of the specific levels of service which Council wishes to achieve.

Levels of services are based on;

- strategic and corporate goals
- legislative requirements
- availability of resources and financial environment.

### **Speed at which asset backlogs are to be addressed**

Asset lifecycle management enables Council to plan interventions at the optimum stage of an asset's deterioration to enable cost effective extensions of its useful life.

The application of appropriate maintenance strategies at optimal stages of the asset's deterioration state enable the useful life to be extended over a considerably longer period than its deterioration curve would indicate.

The lifecycle activities undertaken on an asset are:

Operations: such as cleaning, which have no effect asset condition, but are necessary to keep the asset appropriately utilised.

- Maintenance: such as painting a building, which maintain the asset's ability to provide the agreed level of service, but does not extend the life of the asset.
- Rehabilitation: such as re-roofing a building, which is significant work, which restores the asset to its original condition.
- Capital Works: such as a new building, which creates a new or expanded asset.

The condition of an asset is assessed and given a rating from excellent to poor, depending on its serviceability and expected residual life.

Various strategies can then be developed to improve the condition of the asset according to its assessed priority and available finances.

The setting of strategies and priorities is undertaken giving due consideration to Council's risk management regime. This assists with ensuring that works are undertaken in the areas of highest priority. For example, giving priority to buildings with the highest usage.

Details regarding Council's speed at addressing backlogs in asset maintenance and renewal can be found with Council's Asset Management Plans.

#### **Speed at which other identified gaps in service provision are addressed**

Service provision gaps (outside of the asset management plans) have been identified through the development and implementation of the IP & R documentation. Each department has set service standards, which have been incorporated into the CSP and Delivery Program/Operational Plan, with individual workflow programs established to ensure compliance.

## **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.

Refer to item 2 in the supporting documents for 2013/14.

## 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.

### ALTERNATE REVENUE SOURCES

Additional revenue will also be required to fund initiatives and projects identified by the community during the community strategic planning process. A number of alternative funding options have also been considered and these will also need to be prioritised.

#### 2.2.1 Non-Resident Paid Parking Revenue

In adopting the 2005/2006 Management Plan, Forward Financial Plan and Budget Council resolved that paid parking be introduced in Clarke's Point Reserve in conjunction with the construction of a new car park and amenities block. These facilities were completed in 2009 and it is proposed that a Non-Resident Paid

Parking scheme is commenced in Clarke's Point Reserve, Clarke Road and Franki Avenue in conjunction with the implementation of the Woolwich Parking Scheme.

Council adopted the Woolwich Parking Scheme at OM 4303 held on 11 April 2011 and it is anticipated that paid parking in Clarke's Point Reserve will commence in 2013, subject to obtaining an agreement with the Sydney Harbour Federation Trust on the management of adjoining parking on Trust land (this agreement is near finalisation).

Council also resolved to introduce of paid parking in Buffalo Creek Reserve to fund a new amenities building would be considered, following further investigation on the potential to extend the existing car park and traffic safety issues at the Pittwater Road entry point.

At the OM held on 24 May 2010 Council resolved to enter into an agreement with Ryde City Council that will see a new roundabout constructed in Pittwater Road at the Reserve entrance by the end of 2011.

It is proposed that Non-Resident Paid Parking is commenced at Buffalo Creek Reserve following completion of construction of the roundabout and upgrade works to Pittwater Road in 2013/14.

Council has also previously resolved to:

1. Undertake community consultation in conjunction with an investigation into the possible commencement of Non-Resident Paid Parking at Valentia Street Wharf and Huntley's Point Wharf. Due to the complexity that arose from the Woolwich Scheme, the involvement of Crown Lands and the need to amend Plans of Management, this matter was deferred until 2013.
2. Refer the possible implementation of paid parking at Gladesville Shopping Village Carpark and Signal Hill Carpark, based on the first three (3) hours being free, to the Gladesville Main Street Committee for discussion and consultation. The Committee has not been formed and it is anticipated that this process will not commence until 2013.

#### 2.2.2 Mobile Phone Tower Revenue

Council has been successful in negotiating with a number of mobile phone providers the installation of facilities on Council owned land for which an annual rental is paid.

These facilities are currently located at Boronia Park (2) within the floodlighting towers and the Council Chambers (1) chimney.

The Capital Works Program is to be the beneficiary of any future revenue gained from parking or mobile phone tower rental, as Council is unlikely to receive any funding support from the State or Federal Government other than on a dollar for dollar basis, if any, or where Council borrows monies to fund its capital works.

The purpose of this philosophy is to ensure that revenue from these alternate sources is not simply placed into general revenue to meet operating costs, but to be set aside

for capital works projects that would otherwise not happen, or take an unacceptable timeframe to achieve.

#### 2.2.3.1 Asset Sales & Development Activities

Council is investigating the feasibility of a number of development opportunities and/or asset sales.

##### 2.2.3.1 Partial Road Closure and Proposed Subdivision – Serpentine Rd, Hunters Hill

Council is considering a proposal to close part of an unmade road, aggregate the part closed with adjoining Council land and dispose of the resultant lot created by subdivision. Preliminary notification to residents has been undertaken and survey work commenced. It is likely that this project will come to fruition in 2013/14.

The proceeds may be expended on Capital Works such as Roads, Parks and Reserves and Community Facilities and Buildings. Alternatively, Council may decide to retire some or all of the debt raised to fund the Footpath Improvement Program.

Council has obtained care, control and management of 'The Priory'. A proportion of these proceeds could also be expended on identified repair and restoration works required on the property and its curtilage.

#### 2.2.3.2 Development Opportunities

A revised LEP and DCP to guide the future development of Gladesville, has been completed and gazetted. This work was undertaken in conjunction with Ryde City Council.

Council owns a number of properties within the precinct that may present development or re-development opportunities to Council.

##### (a) Sale or Joint Venture Development of Commercial Property – No. 4, 6 and 10 Cowell Street, Gladesville

Council owns commercially zoned vacant land at No. 4 and No. 6 Cowell Street and occupied land at No. 10 and is near completion of the land sale

Proceeds from sales, or revenue earned, could be returned to the Capital Works Reserve and used to fund future Capital Works programs.

##### (b) Signal Hill car park construction and redevelopment – No.3A Cowell Street, Gladesville

This site is classified as operational land.

Council has identified the need to increase the number of car parking spaces for shoppers and has identified that an underground parking station could be constructed at the Signal Hill Car Park (Cowell Street).



Although commercial property owners often fund these types of projects, there are an insufficient number of commercial properties in Gladesville to create a Special Parking Rate for the purpose of funding the whole project. Construction could also be funded by way of 'user pays' fees from the introduction of paid parking for the car park. Council is considering the construction of two levels of underground parking on the basis of creating a commercial car park.

A DA has been approved for this project with an allowance being included for the car parking requirements of any future development on the ground level car park land.

The ground level car park land has been zoned 3(b) Business General in the new LEP and the site could then be developed or sold via an expression of interest process, which may or may not include the underground car park.

Council has also recently commissioned consultants to consider other development options for the site including 'key worker housing'.

Proceeds from sales, or revenue earned, could be returned to the Capital Works Reserve and used to fund future Capital Works programs.

#### (c) 6 Pittwater Road (Early Childhood Centre)

This site is located in the Ryde City Council area and adjoins the Gladesville Library. There is a possibility that Ryde City Council may seek an opportunity to re-develop their substantial land holdings in this area in conjunction with the Gladesville Masterplan and it would be logical that this site is included in any future proposals. RCC has recently commissioned consultants to consider development options for the site.

Proceeds from sales, or revenue earned, would be returned to the Capital Works Reserve and used to fund future Capital Works programs.

#### (d) 40, 42, 44, 46 & 48 Gladesville Road, Hunters Hill

These sites have been re-zoned within the Hunters Hill Village Masterplan for the purpose of using a potential redevelopment opportunity to construct new and significantly improved community facilities and car parking.

The LEP for Hunters Hill Village has been gazetted and plan for a potential development strategy is being developed and will be placed on public exhibition in 2012.

Proceeds from sales, or revenue earned, could be returned to the Capital Works Reserve and used to fund future Capital Works programs.

### 3. Fees and Charges

Council will also be undertaking a comprehensive review of its fees and charges in 2013/2014. This will include a review of all recreational facilities. A full review has

not been undertaken in the past 10 years. Whilst occupancy rates at some community centres/halls/playing fields are close to being fully booked, there are still avenues to pursue in maximising capacity.

#### 4. Workforce Plan

The Hunters Hill Council Workforce Plan, which was completed as part of the IP & R documentation and Resourcing Strategy identified that our workforce consists of permanent, temporary and casual staff (and contractors when warranted) and this combination contributes to not only commitment and loyalty but also allows flexibility in responding to the needs of our community.

Considerable progress has been made in creating a cross functional culture between finance, assets, human resources, sustainability, corporate strategy and community services. The need for integrated service planning is further reinforced as the business addresses financial and asset challenges, while continuing to provide satisfactory and affordable service levels to meet community expectations.

Whilst the IP & R process has outlined a number of areas in which additional staff are needed, such as traffic and facility management, until a comprehensive structure review has been completed in 2013 no new appointments will be made.

Continuation of the present revenue structure of special rates to fund Capital Works is essential to the long-term financial sustainability of Council, as is an increase in the general rate to meet the additional costs of street lighting, increasing energy costs, payment of additional superannuation contributions, increases in the Fire & Rescue Levy and the impacts of the commencement of the carbon tax.

## 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.

Attached is a copy of the Instrument of Approval for the Expiring special variation approved on 9<sup>th</sup> July 2003 for 10 years.

### 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.

The performance measures for the asset maintenance program will specifically be related to level of service of the assets outlined in the Asset Management Plans, and whether the scope of works has been completed on time and within budget as identified in the Operational Plan. This will be reported to the community via the community newsletter distributed quarterly and the Community Report distributed in November of each year outlining the completed works programs for the previous financial year, which is also a key performance indicator in the Operational Plan.

### **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 resolution attached.](#)

## 9 Checklist of application contents

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

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

#### **Index of supporting documentation (2013/2014)**

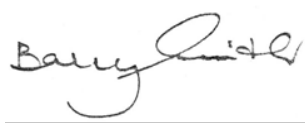
1. Community engagement strategy – report to Council Meeting 4336
2. Long Term Financial Plan Budget Scenarios
3. Revised Asset Works Program
4. Community feedback 2013/14
5. Hardship policy – Council policies for Debt Recovery and Pensioners Reduction
6. Past Instruments of Approval
7. Resolution to apply for Special Variation – report to Council Meeting 4336 with Resolution
8. Report to Council for Application for a Special Rate Variation 2013/14 dated 10 December 2012
9. Consultation material from Community Engagement Strategy 2013/14

#### **Index of supporting documentation (2012/2013)**

1. Consultation material from Community Engagement 2012/13
2. Community feedback 2012/13

## 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 is correct and complete.



General Manager (name): Barry Smith

Signature Date: 11/3/2013



Responsible Accounting Officer (name): Debra McFadyen

Signature Date: 11/3/2013

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