

Special Variation Application Form – Part B

For applications for 2014/15

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Holroyd City Council

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1 Introduction

Overview

Holroyd City Council is situated approximately 25km's west of Sydney CBD with a population of 99,163 (ABS 2011 Census data) which shows a 10.5% increase from the 2006 population (89,766). By 2031, projections show that Holroyd is expected to be home to an estimated additional 42,420 new residents (a projected increase of 42.8%), placing additional pressure on existing ageing infrastructure, assets and services.

Holroyd City Council is seeking to apply for a Special Rate Variation (SRV) to address the \$97.1m funding gap over the next 10 years, identified through the review of the condition rating and lifecycle costs of Council's assets and infrastructure. The SRV will be used for maintenance, renewals and operational costs associated with our assets and infrastructure portfolio and will provide for the sustainability of Council's existing services and infrastructure.

Need for Variation

Through the development and in turn, review of the Living Holroyd Community Strategic Plan, the community clearly indicated the need for sustainable infrastructure and assets to support Holroyd now and in the future. To further examine the needs of the community and to gauge the importance and performance of our services and infrastructure, a survey was conducted in 2012 with the community through Insync Surveys. The survey results indicated that whilst the community saw infrastructure – roads, buildings, stormwater, parks and recreational facilities - as important they clearly indicated their satisfaction with infrastructure standards was not as high as other services provided by Council with their focus being on roads, footpath renewals, access to parking, playgrounds, sporting facilities and amenities and infrastructure.

In response to this report, Council embarked on a full review of its infrastructure assets focusing on condition, service levels and lifecycle costings. In addition to this Treasury Corp (T Corp) identified the need for Council to review its long term financial outlook after providing a sustainability rating of Council as 'Weak' with a 'Moderate' outlook. Council questioned T Corp on their findings as Council was part way through a large scale review of its assets and infrastructure conditions and life cycle costs which was showing indications of the level of funding Council needed for infrastructure renewals. T Corp acknowledge the reviews in progress but chose to stand by their initial rating of Council.

T Corp's review of Council's level of financial sustainability identified that council would be:

"unlikely to address its operating deficits, manage unforeseen financial shocks and any adverse changes in its business, without the need for significant revenue and/or expense adjustments."

The results of the review of Council's infrastructure assets identified a funding gap of \$97.1m in operational, maintenance and renewal works that if not addressed would place a greater load on future generations to fund those assets or see them progressively deteriorate to the point that they would become both unserviceable and unusable.

Taking on board the information gathered through the Asset and Infrastructure Review, Council then reviewed its Long Term Financial Plan to model the long term sustainability options for the community.

Council again looked toward the community to consult them on the future financial sustainability options that would provide the services and infrastructure they desired. Micromex was engaged to conduct a community research survey to look at the issue of current and future services and gauge the community's priorities for the future and again their overall satisfaction in relation to Council services and infrastructure and Council's performance. Through the information gathered Council was also able to obtain feedback on three options for financial sustainability with 64.2% of the community supporting that Council develop a long term resourcing strategy that would at least maintain services and facilities, indicating their support for a rate rise.

Community Engagement

The community engagement process has involved a 7 month program that sought the opinions and decisions of the community. Throughout this process Council has demonstrated a significant program of consultation that has sought to educate, inform and generate conversation supporting the long term financial sustainability of Council. Through the 'Local Solutions' campaign, Council has asked the community to provide a solution to the renewal and maintenance of its infrastructure assets. Through this consultation the community themselves determined the options for consideration. As a result three options were developed, being:

- Option 1 – Reduce our services and infrastructure standards
- Option 2 – Maintain our services and infrastructure standards
- Option 3 – Enhance our services and infrastructure standards.

Arriving at an SRV

Council has acknowledged the growing need for additional funding for its assets and have implemented a range of initiatives over the years to address the growing gap but despite these initiatives, Council is now at the point that an SRV is essential to address the gap and maintain its services and infrastructure.

The condition assessment of all infrastructure assets resulted in material changes to the estimated operating, maintenance and renewal costs for the assets and significant improvement to the useful lives (i.e. depreciation) for those assets. The review completed on Council's assets was very positive in that it identified a reduced amount of funding than originally thought was required to ensure the long term sustainability of Council's infrastructure assets. The results of Council's infrastructure assets review have been independently verified by Tim McCarthy, Director Morrison Low, where he commended Council on the condition assessments referred to above being independently undertaken for Roads and Bridges, Buildings and Stormwater and concluded that Council has a very high level of confidence in the accuracy of the cost estimates for its infrastructure assets.

Council has worked very hard over the last 10 years to maintain a balanced budget by implementing a range of cost containment initiatives to reduce the need for an SRV. These initiatives include:

- Freezing a number of its major cost items for a period of 10 out of the last 15 years, resulting in forced efficiency savings in order to maintain services levels
- Savings through cost contestability of major supplier contracts
- Savings through building management recycling efficiencies
- Savings through recycled materials in road constructions
- Savings through continuous improvements programs which seek out efficiency savings across all operations

- Application of reserve funds to minimise the need for a special rate variation

These cost containment measures, whilst necessary and effective, are not sustainable and hence the need to reassess what services and infrastructure can be sustained and how they can be funded, including the option of a SRV, has arisen. Adding to the financial pressures Council is experiencing, and fundamental to reason for this SRV, is the fact that Holroyd has a statistically low rating base, being the fifth lowest average residential rate in the Sydney metropolitan area.

Having determined the true costs of operating, maintaining and renewing its infrastructure assets and taking into consideration the cost containment strategies already implemented, Council has decided on an option that minimises the funding it needs to seek from an SRV. Council tested the assumptions outlined in the Long Term Financial Plan (LTFP) against the findings of the review and further had the veracity of the LTFP independently assessed by Mr Dennis Banicevic (PriceWaterhouse Coopers/DMB Consulting) who concluded:

“Based on the information we have examined and our discussions with Council officers, the Special Rate Variation proposed, either in funding Scenario 2 or 3, is justified if Council’s to maintain services and provide the required levels of asset renewals and maintenance to its community” Dennis Banicevic, DMG Consulting/ PriceWaterhouse Coopers

Through a range of activities (which are outlined in Assessment Criterion 2 of this application), the community indicated that they wanted to maintain our services and infrastructure standards which required the introduction of an SRV of a maximum 9% for 4 years and maximum 8% for 1 year. However following a review of the Long Term Financial Plan, Council has been able to further reduce the rate increase required and will apply for an SRV of 8% for 3 years and 7% for 2 years which will fund the infrastructure funding gap of \$97.1m.

Our application for an SRV of 8% for 3 years and 7% for 2 years

Having undertaken an extensive community engagement process and developed a Delivery Program to articulate and support the findings of the engagement, Council, at its meeting of the 18 February 2014, resolved to adopt the ‘Living Holroyd’ Delivery Program (incorporating the 2014/2015 Operational Plan) nominating ‘Option 2’ as the preferred funding option. Council resolved to submit the application to the Independent Pricing and Regulatory Tribunal (IPART) based on this option 2, seeking a maximum 9% increase for 4 year and a maximum 8% increase for 1 year under a Section 508A. Following a review of the Long Term Financial Plan, Council has revised the required rate increase percentages and will apply for an SRV of 8% for 3 years and 7% for 2 years which will provide the necessary funding to address the identified infrastructure asset funding gap of \$97.1m.

The money collected through the SRV will, over the next 10 years, fund:

- \$57.1m in Asset Renewals
- \$10.5m in Asset Maintenance
- \$29.5m in Asset Operational costs

2 Focus on Integrated Planning and Reporting

Holroyd City Council, in line with Integrated Planning and Reporting (IP&R) Guidelines undertakes planning processes to ensure that its range of IP&R documents remain current and reflect the needs of the community it serves. Council developed its Community Strategic Plan (CSP), titled 'The Living Holroyd Community Strategic Plan', as part of the Living Holroyd Program, to meet requirements of Integrated Planning and Reporting (IP&R).

In 2010, Council developed an engagement strategy (the 'Living Holroyd' Engagement Strategy) to guide a comprehensive engagement process designed to articulate the community's aspirations and needs that would ultimately become the 'Living Holroyd' Community Strategic Plan (CSP). The CSP outlined the needs and aspirations of the community and established the long term vision for the City. From the CSP a number of key strategic documents and strategies were developed to help guide and drive Council to meet the community's needs whilst seeking to maintain the long term sustainability of Council.

In summary those documents included:

- Asset Management Strategy – identifies and accounts for all the assets under control of Council required to meet the community's needs and Council's statutory obligations and guides the development of Council's Asset Management Plans for each asset type now and into the future.
- Asset Management Plans (AMPs) – detail the plans for maintenance and renewal of Council's roads and bridges, drainage, buildings and parks & recreational assets so that those assets can continue to meet the needs of the community and provides estimated costs for those maintenance and renewal works. Council's AMPs record the funding gap that exists between the costs identified to maintain and renew our infrastructure assets and the funding that is currently available to undertake those works. This funding gap is fundamental reason for which the Special Rate Variation is being sought.
- Workforce Strategy – identifies and addresses the key human resourcing requirements of the organisation to ensure delivery of the services and infrastructure sought by the Holroyd Community.
- Long Term Financial Plan (LTFP) – models the financial resources needed over a 10 year period to implement the community aspirations and goals as identified in the CSP and translated into the actions in the Delivery Program and Operational Plans. The LTFP has modelled the additional funding needed to address the funding gap identified in the AMPs and determined the level of a Special Rate Variation needed to provide those funds in a sustainable way.
- 'Living Holroyd' Delivery Program (DP) incorporating the Annual Operational Plan (OP) – establishes the actions and priorities that Council will undertake over a four year period in order to achieve the community outcomes contained within the Community Strategic Plan. Council's DP records the need to address the sustainability that relates to its infrastructure assets, identifies three distinct funding options from which Council adopted the community's preferred funding option of a Special Rate Variation to generate those funds.

In 2012, the 'Living Holroyd' Community Strategic Plan (CSP) was reviewed in line with the DLG guidelines. The community endorsed the existing Vision, Outcomes and Strategies but sort to review and change the City Targets to articulate the different outcomes more clearly and provide a more robust basis on which Council could report the progress of the Community Strategic Plan to the community. Council adopted a revised 'Living Holroyd' Community Strategic Plan (CSP) on 19 February 2013.

In conjunction with the 2012 review of the Community Strategic Plan, the Long Term Financial Plan, Asset Management Strategy and Plans, Workforce Strategy and Delivery Program were all reviewed in line with the new Council term (2012 – 2016).

During this time, Council undertook a major condition rating, useful life and service level review of its existing infrastructure assets which identified a \$97.1m funding gap over the next 10 years to 2023. These revised infrastructure asset management costs were updated to Council's AMPs, along with the new capital works associated with Council's recently approved 2013 S94 Contributions Plan, to produce a set of AMPs that provided a very accurate assessment of the costs required to maintain the infrastructure required by our community so that they will be sustainable for current and future populations.

This major review of Council's Asset Management Plans identified the condition of much of Council's asset portfolio was in a better condition than previously recorded and consequently resulted in significant changes (improvements) to the remaining useful lives and applicable depreciation for those assets, helping to reduce the costs to sustain those assets and in turn to reduce the amount of Special Rate Variation needed to ensure the long term sustainability of Council's services and infrastructure.

To address the long term sustainability of Council's services and infrastructure, three broad ranging funding options were developed for the community's consideration. Council has conducted a broad range of engagement activities with the community to ensure that they had access to as much information as possible in relation to the three funding options under consideration.

At the beginning of the community engagement process, Council engaged an independent research company Micromex Research, to undertake a statistically representative random phone survey of the Community seeking their input into the range of long term funding options that should be presented to the community for their consideration. 400 community members provided their feedback and assisted in developing the final three funding options to be presented for widespread community for comment.

Prior to referring the identified three preferred funding options for detailed community consultation, they were workshopped in community focus groups to further assess any alternate preferred funding options that should be considered. These focus groups included:

- 5 focus groups (2 x general community, 1 x Council Committees community representatives, 1 x S355 Committee community representatives, 1 x Business community).
- 2 online community focus groups

It was based on this initial round of community engagement that the final preferred three funding options were developed which were then subsequently referred back to the community for detailed further consultation to determine which of the three identified

funding options was preferred. This second round of engagement included the following engagement activities:

- Use of Facebook through the 'Town Hall Social' facility
- 5 listening posts set up throughout the City, including attendance at Community Safety Day, Community Services Expo, Guildford Community Centre, Pemulwuy Shopping Centre and Stockland Merrylands
- Information on Council's website
- Letters sent to each Rate Payer (both residential and business) in Holroyd with reply paid survey cards outlining the three funding options
- Dedicated edition of the Holroyd Herald on the strategies for becoming sustainable over the long term, the three funding options which included a possible Special Rate Variation
- Brochures and Frequently asked questions developed and delivered
- Information in Council's Corporate News Publications
- Press Releases for local media (Sun and Parramatta Advertiser)
- Press Releases to Western Sydney Business Connect
- Press Releases to Community newspapers
- Email distribution through 'Have Your Say' contact list.
- "The Holroyd I know" YouTube clip on Instagram, Facebook, Website and YouTube
- Three public meetings – one for residential properties, one for small business and one for large business
- Exhibition of the Draft Delivery Program and all associated documents from Wednesday 18 December 2013 through to 7 February 2014.

Towards the end of the community engagement process, Council conducted a second random statistically representative telephone survey of 400 people to further clarify/identify the community's preferred long term funding option.

Following the above mentioned engagement process the 2013-2017 Delivery Program (incorporating the 2014/2015 Operational Plan) based on funding option 2, a maximum 9% increase in rates for a period of 4 years followed by maximum 8% for a period of 1 year, was adopted by Council at its meeting on 18 February 2014.

The IP&R structure has been the catalyst, as identified below, for Council to clearly understand that is essential to our community that action needed to be taken now if the stated needs of the community, in particular the infrastructure needs, are to be maintained now and into the future:

1. Council engaged with its community to determine their needs and long term aspirations (Engagement Strategy). This identified the community wanted to maintain the services and infrastructure that existed and held the provision of infrastructure to be of high importance.
2. The community's needs and aspirations were subsequently articulated in the 'Living Holroyd' Community Strategic Plan (CSP) and Delivery Program (DP) documents which also included the actions and strategies to be employed to achieve those needs and aspirations, including the provision of infrastructure.

3. The detailed review of Council's Asset Management Plans (AMPs) in 2013 to identify the operational, maintenance and renewal costs of Council's near \$1billion infrastructure asset portfolio to a high level of accuracy has provided the supportive evidence to back the long held view that Council was falling behind in the upkeep of its infrastructure assets.
4. The transition of the updated infrastructure costs into the Long Term Financial Plan (LTFP) highlighted the need for additional funding above that currently being generated if the infrastructure assets wanted by the community could be maintained now and into the future.

3 Assessment criterion 1: Need for the variation

At the highest level, please indicate the key purpose(s) of the special variation by marking one or more of the boxes below with an “x”.

Maintain existing services	<input checked="" type="checkbox"/>
Enhance financial sustainability	<input checked="" type="checkbox"/>
Environmental works	<input type="checkbox"/>
Infrastructure maintenance / renewal	<input checked="" type="checkbox"/>
Reduce infrastructure backlogs	<input checked="" type="checkbox"/>
New infrastructure investment	<input type="checkbox"/>
Other (specify)	<input type="checkbox"/>

3.1 Community needs

Community Strategic Plan (CSP) and Delivery Program (DP)

Through the Integrated Planning & Reporting (IP&R) process Council has been able to articulate the community’s needs through the development of the Community Strategic Plan, Resourcing Strategy and Delivery Program ensuring the balance between community needs, statutory requirements and professional/industry standards.

In 2009/2010, Council commenced its implementation of IP&R through a robust 12 month engagement process with the community with a focus on the aspirations of what the community wanted for the area in which they lived.

Through the process, the Community was asked how they would like the area to look, feel, operate as it changed over the next 20 years. Council conducted a wide range of engagement activities including:

- ‘Living Holroyd’ Pilot Survey and Interviews
- Your City Your Say printed survey to all households and Telephone Survey to 500 residents across the LGA
- Community Leaders Forums
- Local Business Survey
- Local Schools Forums
- Economic Development Program in partnership with the University of Western Sydney
- Living Holroyd displays and information kiosks at Council events and in local shopping centres
- Councillor and Staff engagement
- Living Holroyd Summit

The outcome of this process was the development of the ‘Living Holroyd Vision’ along with 5 key Directions, 20 Outcomes and 80 strategies with 20 City Targets to ensure that Council would achieve the Community’s expressed aspirations. To complete the partnership, the Community sought to

introduce a “What can I do?” list, a list actions/directions to help the community understand and further their role in achieving a Living Holroyd. The first Living Holroyd Community Strategic Plan came into effect in July 2011.

Council’s Community Strategic Plan was reviewed in 2012, with the input from over 800 people, and provided Council with an updated and clear understanding of the community’s needs, priorities and long term aspirations.

The 2012 review included a range of engagement activities, which included:

- Living Holroyd 2012 Community Survey
- Local Business engagement through surveys and discussions at the Small Business Awards and presentations at the local Business Chambers
- Youth engagement through youth services surveying with the young people
- Attendance at Events programs and survey activities
- Community Section and Committee engagement activities – presentations and surveys distributed through Council committees
- Living Holroyd displays and information kiosks at Council events and in local shopping centres
- Targeted stakeholder engagement – youth, disabilities, aged, service providers and other related Government Departments

The 2012 community survey (*see attachment 24*) was conducted both online and through a phone survey in April 2012. Council received 506 responses which included 104 online responses and 402 telephone responses. The main aims of this survey that relate to this application include:

- To quantify the importance of various Council services and facilities to its community
- To monitor community satisfaction with the Council’s service performance
- To raise awareness of the range of council services and facilities

Two key needs/priorities were raised by the Community in the 2012 review of the Community Strategic Plan that relate to this SRV application:

1. The community was concerned regarding matters relating to effective urban planning and sustainable management of growth of the city with particular concerns regarding infrastructure and services (*page 24 of the Living Holroyd Community Strategic Plan*)
2. Maintenance, location and range of community facilities with a focus on quality, location, type and availability were key topics of conversation throughout the Living Holroyd consultation (*page 26 of the Living Holroyd Community Strategic Plan*)

From the survey the community also voiced those matters of highest importance to them, as applicable to this submission, as being;

- Pedestrian Safety
 - Condition of footpaths
 - Traffic flow throughout the area
 - Condition of local roads

The community also voiced its lowest levels of satisfaction in the area of infrastructure assets across the City, which at the same time, was rated as highest in importance to their In relation to these satisfaction levels the assets as they relate to this application, included:

- Access to Parking
- Playgrounds
- Sporting facilities and amenities
- Conditions of roads
- Condition of footpaths
- Facilitating traffic flow

Along with a range of other key priorities, these priorities were then reflected in the Community's vision (*page 31 of the Living Holroyd Community Strategic Plan*):

"As a community, we have looked at our city today and created a vision of a sustainable city, with integrated transport options, a thriving local economy and well-planned and maintained development; a vision of a city with open parkland and accessible recreational facilities, encouraging our city to socialise and contribute towards their well-being; a vision of a city led by an innovative Council, working with our community, service partners and all levels of government to ensure the best for our area.

A vision of a city that is Active; Growing; Balanced; Connected; and Dynamic"

In conjunction with the 2012 review of the Community Strategic Plan, Council redeveloped and redesigned its Delivery Program, updating the alignment and linkages between the key documents, being the Community Strategic Plan, Long Term Financial Plan, Asset Management Strategy and Workforce Strategy, introducing a range of new performance measures for new programs, reflecting service level reviews as a result of the Asset Management Plan review and identifying works proposed under the Special Rate Variation.

The key planning documents identifying the need for a Special Rate Variation include:

- Living Holroyd Community Engagement Strategy – SRV version 2013 (*attachment 1*)
- Living Holroyd Community Strategic Plan – adopted 2012 (*see Attachment 2 Living Holroyd Community Strategic Plan provided via email to IPART*)
- Asset Management Strategy– 2013 to 2023 (*see attachment 3*)
- Building Executive Summary (*see attachment 4*)
- Building Works to be conducted under the Special Rates Variation, funding option 2 (*see attachment 5*)
- Parks and Recreation Executive Summary (*see attachment 6*)
- Parks and Recreation Works to be conducted under the Special Rate Variation, funding option 2 (*see attachment 7*)
- Roads and Bridges Summary (*see attachment 8*)
- Roads and Bridges Works to be conducted under the Special Rate Variation, funding option 2 (*see attachment 9*)
- Stormwater Summary (*see attachment 10*)

- Stormwater Works to be conducted under the Special Rate Variation, funding option 2 (*see attachment 11*)
- Long Term Financial Plan – 2013 to 2023 (*see attachment 12*)
- Living Holroyd Workforce Strategy (*see attachment 13*)
- 2013-2017 Delivery Program (incorporating the 2014/2015 Operational Plan) (*see attachment 14*)

A full set of the Asset Management Plans (AMPs) – Building, Roads and Bridges, Parks and Recreation and Stormwater can be found at www.holroyd.nsw.gov.au/your-say-contacts/local-solutions.

To address the needs and priorities identified above, a number of Outcomes and Strategies focusing on services and infrastructure were developed through the Community Strategic Plan and form the key focus points of service and infrastructure management throughout all IP&R documents. Through the use of colour the plans cascade down through the Resource Strategy and to the Delivery Program as highlighted in the following tables:

Active Holroyd

Active Holroyd – a place that is inclusive, healthy and safe

Active Holroyd aims to celebrate who we are and how we live in our city by focusing on social inclusion, enhancing community safety and prioritising a feeling of well-being

Community Strategic Plan Link through Outcomes and Strategies

I have services available to me when I need them

A2.1 Address community needs through provision of services and facilities targeting specific user groups (page 35)

I am part of a safe and inviting city

A3.1 Implement programs targeting key community safety concerns (page 35)

A3.3 Integrate safety-by-design into city planning and maintenance (page 35)

I have access to parks, facilities' and services that build on my sense of well-being

A4.1 Provide city parks and facilities to meet lifestyles priorities (page 35)

A4.2 Ensure equality of access and affordability of city park and facility usage (page 35)

A4.3 Effectively communicate the range, availability and operation of city parks and facilities (page 35)

A4.4 Build partnerships to foster and promote community well-being (page 35)

AMP and its role in delivering an Active Holroyd

Buildings

Council provides a range of Building Assets including community building and facilities, operational buildings and swimming centres. There are over 170 Council managed buildings facilities throughout Holroyd.

Parks and Recreation

Council's parks and recreation assets include natural areas, parks, sports grounds and other areas used for general community purposes such as drainage reserves. Fixed park assets include playgrounds, fencing, lighting, irrigation systems, signage, park furniture, seating, playing courts, cricket wickets and playing surfaces.

Turning Strategy into Action through the Delivery Program Link

Buildings

- 2.1.5 Provide quality library services and programs to all members of the community (page 64)
- 3.1.3 Ensure lawful development of buildings and land use that properties and buildings are maintained in a safe manner (page 74-75)
- 3.3.1 Maintain Council owned public spaces and facilities reflecting safety-by-design principles and Australian Standards (page 77)
- 4.1.2 Facilitate the optimal use of parks and public spaces (page 81)
- 4.1.4 Provide effective Council facilities for public use (page 83-84)
- 4.2.1 Ensure that equal access to facilities is provided to the community (page 85)
- 4.3.1 Provide information to the community on range, availability and operations of city parks and facilities using effective communication methods (page 86)

Parks and Recreation

- 3.3.1 Maintain Council owned public spaces and facilities reflecting safety-by-design principles and Australian Standards (page 77)
- 4.1.1 Provide parks and recreational facilities which meet the community needs and lifestyles priorities (page 80)

Growing Holroyd

Growing Holroyd – a place that is focused on effective urban planning and economic development

Heading towards 2031, a Growing Holroyd aims to solidify our position in the Western Sydney region through effective urban planning and the ongoing development of our vibrant local economy.

Community Strategic Plan Link through Outcomes and Strategies

Infrastructure and services are responsive to my city's needs

- G6.1 Deliver assets and infrastructure that are responsive to community needs (page 39)
- G6.3 Ensure all assets and infrastructure are effectively maintained to industry and community standards (page 39)
- G6.4 Ensure assets and infrastructure are effectively managed (page 39)

My city is prepared for future growth

- G8.3 Develop city infrastructure to support population projections (page 39)

Asset Management Plans and their role in delivering a Growing Holroyd

Buildings

Council provides a range of Building Assets including community building and Facilities, operational buildings and swimming centres. There are over 170 Council managed buildings facilities throughout Holroyd.

Parks and Recreation

Council's parks and recreation assets include natural areas, parks, sports grounds and other areas used for general community purposes such as drainage reserves. Fixed park assets include playgrounds, fencing, lighting, irrigation systems, signage, park furniture, seating, playing courts, cricket wickets and playing surfaces.

Stormwater

Council provides a drainage system to collect and convey stormwater to creeks within the Holroyd Local Government Area. Council also manages Flood Mitigation works to reduce flooding and Stormwater Environmental devices to improve the quality of stormwater to the natural drainage systems (creeks) within the LGA

Roads and Bridges

Council provides a Roads and Bridges network to support access and movement throughout the Holroyd Local Government Area and to meet the transport needs of our community. There are over 333 kilometres of Council managed roads in the Holroyd LGA.

Turning Strategy into Action through the Delivery Program Link

Buildings

6.3.1 Ensure delivery and maintenance of all Council owned facilities, parks and recreation equipment in accordance with Asset Management Plans. (page 106)

8.3.1 Ensure efficient and effective planning to optimise the provision of roads, stormwater and traffic facilities. (page 119)

Parks and Recreation

6.1.1 Maintain parks, bushland areas and other recreational facilities and equipment for the benefit of the community (page 100-102)

6.1.2 Maintain the local roads and drainage network (page 103-104)

6.3.1 Ensure delivery and maintenance of all Council owned facilities, parks and recreation equipment in accordance with Asset Management Plans (page 106-107)

6.4.1 Implement Asset Management initiatives to effectively manage Council owned facilities and assets (page 110-111)

8.3.1 Ensure efficient and effective planning to optimise the provision of roads, stormwater and traffic facilities (page 119)

Stormwater

6.1.2 Maintain the local roads and drainage network (page 103-104)

6.3.2 Implement floodplain management actions/plans (page 108-109)

8.3.1 Ensure efficient and effective planning to optimise the provision of roads, stormwater and traffic facilities (page 119)

Roads and Bridges

6.1.2 Maintain the local roads and drainage network (page 103-104)

8.3.1 Ensure efficient and effective planning to optimise the provision of roads, stormwater and traffic facilities (page 119)

Balanced Holroyd

Balanced Holroyd – a place that values its environment, open space and sustainable development

A Balanced Holroyd places equal priority on the sustainable development of our built environment and the enhancement of our city's natural assets

Community Strategic Plan Link through Outcomes and Strategies

My city values its natural environment

B9.2 Provide access to open spaces and bushland and maintain the biodiversity of the city (page 43)

I like the look of my city

B11.1 Enhance the atmosphere and appearance of local centres and neighbourhoods (page 43)

B11.3 Implement programs to encourage the use and community ownership of public spaces (page 43)

B11.4 Enhance response to graffiti, vandalism and disruption to cityscape (page 43)

Asset Management Plans and their role in delivering a Balanced Holroyd

Buildings

Council provides a range of Building Assets including community building and facilities, operational buildings and swimming centres. There are over 170 Council managed buildings facilities throughout Holroyd.

Parks and Recreation

Council's parks and recreation assets include natural areas, parks, sports grounds and other areas used for general community purposes such as drainage reserves. Fixed park assets include playgrounds, fencing, lighting, irrigation systems, signage, park furniture, seating, playing courts, cricket wickets and playing surfaces.

Roads and Bridges

Council provides a Roads and Bridges network to support access and movement throughout the Holroyd Local Government Area and to meet the transport needs of our community. There are over 345 kilometres of Council managed roads in the Holroyd

LGA.

Turning Strategy into Action through the Delivery Program Link

Buildings

- 11.1.1 Maintain centres, streets and supporting infrastructure to encourage the safe use of public space (page 138)
- 11.3.1 Review use of facilities by community groups in order to ensure equity amongst all groups (page 142)
- 11.4.1 Implement programs to remove graffiti and prevent its occurrence (page 143)

Parks and Recreation

- 9.2.1 Maintain appropriate access to bushland and open space across the city (page 127)
- 11.4.1 Implement programs to remove graffiti and prevent its occurrence (page 143)

Roads and Bridges

- 11.1.1 Maintain centres, streets and supporting infrastructure to encourage the safe use of public space (page 138)
- 11.4.1 Implement programs to remove graffiti and prevent its occurrence (page 143)

Connected Holroyd

Connected Holroyd – a place that is open and accessible for all

A well Connected Holroyd will enable its community to enjoy the city across efficient transport options and local connections which link to state-wide infrastructure

Community Strategic Plan Link through Outcomes and Strategies

I can get where I need to go

- C13.1 Ensure road planning is response to urban design and controls (page 47)
- C13.2 Maintain city's road and foot path network to community expectations (page 47)
- C13.3 Improve the city's road network (page 47)
- C13.4 Communicate changes to transport infrastructure in a effective, timely manner (page 47)

Asset Management Plans and their role in delivering a Connected Holroyd

Roads and Bridges

Council provides a Roads and Bridges network to support access and movement throughout the Holroyd Local Government Area and to meet the transport needs of our community. There are over 333 kilometres of Council managed roads in the Holroyd LGA.

Turning Strategy into Action through the Delivery Program Link

Roads and Bridges

13.1.1 Ensure strategic road upgrades and major road works are included in urban design and controls (page 162)

13.2.1 Ensure Holroyd's road and foot path network are well maintained (page 163-165)

13.3.1 Fulfil an advocacy role to lead improvements to the road network in and around Holroyd City (page 166)

13.4.1 Advise community stakeholders of changes to transport infrastructure in a timely manner (167)

16.3.1 Provide a mechanism for the community to advise of road and pedestrian related issues (page 180)

'Living Holroyd' Resource Strategy

The resource strategy is a critical document in the IP&R process and aims to show how Council will address the aspirations of the community through its finances, asset management and its workforce plans for areas which Council is responsible. Each of these documents and their relation with the Special Rate Variation is discussed below.

Asset Management Strategy (see attachment 3) and Asset Management Plans (AMPs) (please refer to www.holroyd.nsw.gov.au/your-say-contacts/localsolutions).

The Asset Management Strategy (see attachment 3) explains the relationship the document has with regard to the other IP&R documents. See Section 2.7 *Key Areas of Asset Management Planning* (page 16) of the Asset Management Strategy document.

TCorp's definition of sustainability states that "A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community." Currently Holroyd City Council is unable to generate enough funds to meet the operational, maintenance and renewal requirements of our ageing infrastructure assets at a service standard that our community expects and which also meet public safety standards.

In summary a number of circumstances have led to this position:

- Increases in construction costs in general have risen at more than the CPI rate for more than 10 years. In recent years the cost of key materials for civil infrastructure renewal such as asphalt and concrete has increased at around 7-8% pa.

- The budget for asset renewals has also had several years without increased funding.
- Rate pegging has limited Council's ability to raise the additional revenue needed to sustainably fund the operation, maintenance and renewal of its infrastructure assets.

Council's undertakes regular reviews of the conditions and services levels of its infrastructure assets to understand the order of life cycle costs necessary to sustain council's infrastructure asset services into the future.

Council's latest 2013 review of its infrastructure assets focused on a revised condition audit and service level audit of all major Asset Classes– Buildings, Roads and Bridges, Stormwater, Parks and Recreation – under the direct responsibility of Council, to accurately determine the costs of maintaining the infrastructure assets the community wanted over the life of those assets and to review these costs against the funding currently available.

The 2013 review involved independent condition audits/assessments of Council's infrastructure assets to better measure the operational, maintenance and renewal costs of those assets. The review included a revision of the useful asset lives across the range of asset classes which generally resulted in an increase in the useful life of assets and reduced depreciation costs which in turn led to a reduction in the overall backlog list of works.

To validate the findings of the review, Council engaged Morrison Low to ensure that the review process and calculations fairly represented the long term costs of maintaining Council's infrastructure assets as set out in the Asset Management Plans. Morrison Low summarised their findings as follows:

"I have reviewed the AMP that underpin Council's Long Term Financial Plan and the process upon which they have been compiled and advise that this valuation process used fairly represents the long term cost to maintain and renew the asset being reported." Tim McCarthy, Director, Morrison Low Consultants.

Following the above mentioned review of infrastructure assets Council's Asset Management Plans (AMPs) were updated for each of Council's key asset classes – i.e. Buildings, Parks and Recreation, Roads and Bridges and Stormwater.

Two versions of the AMPs are prepared for each asset class, a full AMP and an Executive Summary.

The Executive Summary versions summarise the asset and infrastructure data and details upon which the back log and 10 year Maintenance and Renewal Plan which outline the gaps between asset maintenance and asset renewal for each of the key asset classes – Buildings, Parks and Recreation, Roads and Bridges and Stormwater, have been determined.

The four Executive Summary documents have identified the following funding gaps noting that the AMP documents record costs in today's values where the Long Term Financial Plan records these asset costs as projected nominal values:

- Over \$1.653m for maintenance and \$18.063m for renewals exists for Buildings (see attachment 3 - page 8 – 10)
- Over \$4.238m for maintenance and \$7.845m for renewals exist for Parks and Recreation (see attachment 6 - page 8 – 10)

- Over \$4.532m for maintenance and \$28.100m for renewals exist for Roads and Bridges (see attachment 9 - page 8 – 10)
- Over \$0.124m for maintenance and \$3.085m for renewals exist for Stormwater (see attachment 12 - page 8 – 10)

In total a \$97.1m funding gap over the next 10 years must be addressed in order for Council's infrastructure assets to remain sustainable in a good condition (condition 3) over the life of those assets:

- \$57.1 for asset renewals
- \$10.5m for asset maintenance
- \$29.5m for assets operational costs

With the costs of Council's operations growing faster than its revenues, Council has over the years, in real terms, been reducing the funding it was making available to operate, maintain and renew its infrastructure assets to acceptable standards. This has resulted in a current funding shortfall for the operation, maintenance and renewal costs of Council's infrastructure assets. Accordingly Council has not been able to meet the relevant asset renewal ratio benchmarks, which further supports the need for additional funding to address this issue.

If left to continue without addressing this growing funding gap, Council's existing infrastructure asset portfolio will progressively deteriorate to the point they become unsafe and/or unusable.

Long Term Financial Plan (see attachment 12)

The Long Term Financial Plan (LTFP) identifies how Council will fund the services and asset operational, maintenance and renewal costs at levels expected by the community in a sustainable way. These expectations have been determined through extensive consultation conducted during the development of the Living Holroyd Community Strategic Plan of what services and infrastructure the community desire and the priority they place on these services and the development over the years of Council's asset management system.

The LTFP addresses the following as key challenges:

- Funding the backlog of work in the AMPs
- Determining, implementing and funding the ongoing operational, maintenance and renewal elements of Council's infrastructure assets
- Meeting the ongoing expectations of our community
- Ensuring financial sustainability

Council has modelled through its Long Term Financial Plan three alternate funding scenarios to determine the funding required that meet the outcomes sought in the three preferred funding options identified by our community through the engagement process. Note that the Long Term Financial Plan is discussed in detail later in this submission.

- Scenario 1 (The Base Case) – No rate increase above the IPART rate peg limit. Would result in a reduction in services and/or infrastructure in order to live within the funding available.
- Scenario 2 – An increase in rates of a maximum of 9% for four years, 8% for one year then return to the IPART rate peg limit. Would provide sufficient additional funding to address the current infrastructure asset funding shortfall and ensure Council can sustain its existing level of services and infrastructure.
- Scenario 3 – An increase in rates of a maximum of 9% for 6 years then return to the IPART rate peg limit. Would provide sufficient additional funding to address the current infrastructure asset funding shortfall and ensure Council can sustain its existing level of services and infrastructure and provide additional funding to provide new services and/or infrastructure.

It is funding 'Scenario 2' that the community advised was the preferred funding option and is accordingly the rating option that Council is applying for.

3.2 Alternative funding options

Holroyd City Council has always budgeted to 'live within our means'. Our budgets have always been balanced and we have reduced our expenditure in real terms over the years in order to maintain those balanced budgets. Council in considering making an application for a Special Rate Variation investigated a range of alternative revenue and financial options and has included these in the LTFP scenarios. These have included:

Changing Expenditure Priorities

- a) For over the last decade new capital works above Council's statutory S94 capital works obligations have been significantly curtailed. Focus has been to live within our means.
- b) For 10 of the last 15 years Council has implemented expenditure freezes on non-wage and statutory costs (i.e. general expenses), again to live within our means. The savings generated from those freezes has been channelled into meeting those costs that have regularly increased greater than rate peg limit, statutory obligations that have been passed onto Council without the ability to fully recover the associated costs and some limited new essential services and capital works.

Alternative Models of Service Delivery

The community surveys undertaken in late 2013, which were dedicated to determine the preferred option to address the sustainability of Council's services and infrastructure, clearly indicated that the community did not want to see a reduction in the services and/or infrastructure levels. Approximately two thirds (64.2%) of all respondents to Council's surveys stated they did not want a reduction in the existing levels of services and infrastructure and would be willing to accept a rate increase that would generate the funding needed (\$97.1m) to sustain the provision of existing services and infrastructure.

In the surveying done to review the Community Strategic Plan the respondents indicated that all services being supplied by Council were important. These results certainly limit the

opportunities for Council to reduce service levels to generate savings that could be applied to addressing the funding required to sustain Council's infrastructure.

The table below shows the importance our community have placed on the services and infrastructure that Council provides. The scores shown are to be interpreted based the scale used which was 1 – 7, where 1 indicated low importance and 7 indicating high importance. As can be seen a number of key infrastructure items have been rated very highly indicating that the community would not want to see these infrastructure assets reduced in levels or standards.

For the purposes of this application, the results below show those items that are specific to Council's infrastructure:

Holroyd City Council Community Survey Results, April 2012 All community Responses – 506 Responses	Importance Mean Score
<i>Roads Traffic and Infrastructure: Condition of footpaths</i>	6.00
<i>Roads Traffic and Infrastructure: Condition of local roads</i>	5.97
<i>Roads Traffic and Infrastructure: Availability of parking across the city</i>	5.85
<i>Roads Traffic and Infrastructure: Traffic flow throughout the area</i>	5.98
<i>Roads Traffic and Infrastructure: Storm water management</i>	5.97
<i>Roads Traffic and Infrastructure: Pedestrian safety</i>	6.02
<i>Roads Traffic and Infrastructure: Traffic safety devices</i>	5.95
<i>Roads Traffic and Infrastructure: Flood management</i>	5.90
<i>Roads Traffic and Infrastructure: Street signs and road markings</i>	5.93

Source: Holroyd City Council 2012 Community Survey Report

Whilst our community has clearly indicated that they do not want Council to reduce service or infrastructure levels or standards, Council continues to seek out cost saving initiatives. Council is in the process of investigating the construction a new aquatic/wellness centre to replace its existing three swim centres which are in need of urgent upgrading. This initiative has the potential to save Council up to \$1.6m annually, being the current operational costs of the three dated pools.

Alternative Revenue/Financing Options

The Long Term Financial Plan includes a range of financing options, in all three funding Scenarios, aimed at minimising the amount of an SRV needed to provide the necessary funding to address the sustainability of Council's infrastructure assets. These options include:

- a) Maximising use of reserves before seeking an SRV. The 10 year LTFP includes over \$21.7 million to be taken from existing Reserves.
- b) Maximising returns from Council's property assets. Council during 2013 adopted a Property Portfolio Strategic Plan that provides the framework to pro-actively maximise the returns from Council's property holdings. The 10 year LTFP includes an additional \$4.5 million from new property returns.

- c) Fees and charges are maximised wherever possible and are increased in line with the CPI or statutory limit and are at levels where subsidisation of the service provides for maximum utilisation of Council's services and facilities.
- d) Council actively seeks out grants as these are of great assistance in funding Council's activities. Council's Senior Management Team raise, discuss and pursue grants at their twice monthly meeting sourced from a wide variety of industry journals and papers including EasyGrants Newsletter, DLG, Department of Planning, LGNSW Circulars.
- e) Whilst Council is currently debt free, Council has no policy to be debt free and uses borrowings strategically for key asset/infrastructure purposes. It is noted that borrowing is not a revenue source but rather a valid method of fast tracking particular works and spreading the cost of such works over multi generations. Council will continue to implement borrowings throughout the 10 year LTFP for as much of the renewal works as possible as this also has a positive effect on reducing future maintenance cost of assets.
- f) Council in 2013 adopted a new LEP which provides for the development of an additional 15,000 new dwellings over the next 20 - 40 years. The 10 year LTFP has modelled this growth and includes additional rate revenue of \$25.7 million.

3.3 State of financial sustainability

Council's external auditor Mr Dennis Banicevic (PriceWaterhouse Coopers/DMB Consulting) in relation to the 2012/13 Annual Financial Reports (AFRs) advised that Council had maintained its "sound" financial position but noted that it needed to address a growing gap in required infrastructure funding if it was to maintain its infrastructure assets in a good condition over the long term. The financial KPIs in the 2012/13 AFRs support this statement, as all indicators were better than industry benchmarks excepting the Buildings & Infrastructure Renewals Ratio:

	Benchmark	2012/13	2011/12	2010/11
Unrestricted Current Ratio	1.00:1	3.00:1	3.43:1	6.84:1
Debt Service Ratio	10.00%	0.00%	0.00%	0.00%
Rates & Annual Charges Ratio		62.14%	57.55%	54.55%
Rates, Ann Charges, Interest O/S %	5.00%	2.86%	2.71%	3.38%
Building & Infrastructure Renewal Ratio	100.00%	63.81%	45.38%	69.57%

Special Schedule 7 (SS7) in those AFRs also bears out the gap that exists between the funding needed for assets maintenance and renewal and that actually being provided, where it records the:

- Estimated Cost to Bring Assets to a Satisfactory Condition = \$26.319m
- Required Annual Maintenance = \$ 5.317m
- Current Annual Maintenance = \$ 4.274m

Council has been able to contain the need to apply for a SRV over the last decade by implementing a number of financial efficiency measures, these include:

- Freezing a number of its major cost items from one year to the next, forcing savings;
- Savings through using contestability of major supplier contracts;
- Increased income from property assets;
- Savings through building management recycling efficiencies;
- Savings through using recycled materials in road construction;
- Savings through continuous improvements programs which seek out efficiencies savings across all operations; and
- Application of reserve funds to minimise the need for a special rate variation.

These financial efficiency measures have been invaluable in ensuring Council was maximising the work that could be done with the limited resources that were available and driven process and system improvements to ensure that the community were getting best value for their rating dollar. Whilst extremely beneficial those efficiency measures are not a long term solution to the growing costs of maintaining Council's infrastructure assets and hence the need for a SRV has evolved.

Council engaged Mr Dennis Banicevic (DMB Consulting/PriceWaterhouse Coopers) to review the impact of the infrastructure assets review and the implementation of a SRV on the 2013 TCorp Report on Council's financial sustainability. His findings are discussed in the next section of this submission

and reflect a significant improvement in Council financial sustainability would be achieved with the implementation of the SRV.

The 2013 TCorp Financial Assessment Sustainability and Benchmark Report noted that:

“As a Council’s core servicing function and main asset is infrastructure, its asset renewal and capital works program is an important factor in its long term sustainability.”

Holroyd was assessed as having a Financial Sustainability Rating (FSR) of “Weak” and a future Outlook Rating (OR) of “Neutral”. The “Weak” FSR rating reflected the additional funding that Council needs to put into the maintenance and renewal of its infrastructure assets if it is to be able to maintain those assets at a good standard over the long term. The “Neutral” Outlook rating reflected TCorp’s view that the FSR was unlikely to change if those infrastructure funding issues were not addressed.

TCorp further stated to Council that:

“The Outlook (rating) is TCorp’s current assessment of the potential movement of a Council’s FSR and will change as a Council undertakes actions to reduce perceived risks, such as completing Asset Management Plans, or obtaining approval for a special rate variation to increase investment in renewal capital expenditure.”

Council’s external auditor Mr Dennis Banicevic (PriceWaterhouse Coopers) has reassessed the original TCorp rating handed down to Council, basing his review on the recent review and updating of Council’s Asset Management Plans and the additional funding that would be generated from the SRV being applied for. Mr Banicevic assessment (*see attachment 25*) concluded that:

“It is probable that should TCorp have reviewed Council’s position at June 2013 it would have given a more favourable assessment than it did for June 2012. Further, success with the SRV would make any future assessment even more favourable, because all indicators would then stand better than the benchmarks used by TCorp.”

Based on Council’s 10 Year Long Term Financial Plan (LTFP), and the funding Scenario 2 that Council has adopted to base its SRV application on, the key financial indicators are calculated to change over the life of this 10 year model as follows:

<i>Indicator</i>	2008/9	2009/10	2010/11	2011/12	2012/13	2023/24		Target
						(Scenario 1)	(Scenario 2)	
<i>Unrestricted Current Ratio</i>	5.76	6.55	6.84	3.43	3.00	2.54	2.70	>2
<i>Debt Service Ratio</i>	1.17%	1.27%	0	0	0	0	0	<10%
<i>Rates & Charges Coverage Ratio</i>	49.2%	60.7%	54.55%	57.55%	62.14%	66%	70%	>60%
<i>Rates & Charges Outstanding %</i>	4.01%	3.75%	3.38%	2.71%	2.86%	3.50%	3.50%	<5%
<i>Building & Infrastructure Renewal Ratio</i>	68%	90%	70%	45%	64%	70%	102%	>100%

As can be seen by the end of the 10 year LTFP (ie. 2023/24), Council's Building & Infrastructure Renewal Ratio will have improved markedly from 64% in 2012/13 to 102% in 2023/24.

This shows that the funding from the SRV is key to Council ensuring its long term financial sustainability. The SRV will address the backlog of infrastructure works and will prudently provide a long term funding source that will allow Council to maintain its existing infrastructure asset portfolio for present and future generations.

3.4 Capital expenditure review

Councils undertaking major capital projects are required to comply with the DLG's Capital Expenditure Guidelines, as outlined in DLG Circular 10-34. A capital expenditure review is required for projects that are not exempt and cost in excess of 10% of council's annual ordinary rates revenue or \$1 million (GST exclusive), whichever is the greater. A capital expenditure review is a necessary part of a council's capital budgeting process and as such should have been undertaken as part of the Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

Does the proposed special variation require you to do a capital expenditure review in accordance with DLG Circular to Councils, Circular No 10-34 dated 20 December 2010?

Yes ☐ No ☒

If Yes, has a review been done and submitted to DLG?

Yes ☐ No ☐

4 Assessment criterion 2: Community awareness and engagement

4.1 The consultation strategy

Community Engagement Strategy (Attachment 1)

In preparation for the Special Rate Variation Campaign, Council developed a Community Engagement Strategy specifically structured to facilitate the communication necessary for the campaign. This strategy was designed to build a collaborative environment, to aid and inform the SRV process, to engage with the community and increase their awareness, to promote the outcomes of the SRV and any subsequent SRV implementation.

Carrying on from the consultation already conducted through the review of the Community Strategic Plan, Council chose to focus its engagement primarily on research in priorities, educating and informing the community on the type, purpose and reason for the SRV.

The aim of the engagement program was to explain to the community the issues Council was facing in bringing our assets to the satisfactory standards that the community needs and expects, to reduce the risk to Council and the community of these assets failing and involve the community in finding a local solution to the issue of securing the financial sustainability of our infrastructure assets.

The SRV Engagement Strategy was implemented between July 2013 and February 2014. The Strategy identifies the objectives, key messages and 4 distinct stages of consultation.

The objectives were:

- Access and establish the communities priorities and satisfaction in relating to Council activities, services and infrastructure
- To collect additional information from the community in relation to their needs and expected levels of service; and
- To determine community acceptance and support for a SRV

The strategy moved through 4 stages, with defined objectives as follows:

1	Engage
<i>Initial research to assess and establish the communities priorities and satisfaction in relation to Council activities services and facilities and examine funding options for the future</i>	Research of messaging and understanding of representative sample of residents in relation to SRV and its implications
	Focus Group engagement
	Identifying with our local solution
2	Connect
<i>Seeking a Local Solution</i>	Engagement and feedback
	Social Engagement and Feedback
	Community Awareness through a series of organised activities
	Community Exhibition and Feedback
3	Review
<i>Ensuring the community has been represented</i>	Social Engagement and feedback
	Internal Exhibition and Feedback
	Media relations and Feedback
4	Live
<i>Moving beyond the SRV</i>	Community Promotion
	Annual Reporting

Please see *Attachments 16* which includes the “*Holroyd City Council Engagement Summary Report*” and *engagement materials* showing the deliverables of each engagement activity and its associated evidence based attachments.

Holroyd City Council undertook a range of community engagement and consultation activities to determine and gauge the level of support for the possible funding Options that would enable the long term sustainability of services and infrastructure at a standard financially acceptable to the community.

The engagement activities commenced with a random telephone survey to establish an initial preferred set of funding options to be used as a basis for a broad range of community engagement activities that would determine the funding Option finally preferred by the Community and to introduce the concept of Local Solutions.

In total, Council has undertaken the following community engagement activities under the brand of Local Solutions, as part of this process:

- Two (2) random telephone surveys;
- Face to face focus groups;
- 2 online focus groups;
- 5 Listening Posts;
- Online survey;
- 36, 000 ratepayer letters and postcards mailed out; and
- 3 Public Meetings – Large Business, Small Business and Residents Business.
- Exhibition of the Draft 2013-2017 Delivery Program for a period of 55 days
- Articles in Holroyd City Council Corporate News
- Media articles in the Western Sydney Business Connect and the Daily Telegraph, Advertiser and the Holroyd Sun
- Brochures, Flyers, Frequently Asked Questions and Fact Sheets
- Dedicated Holroyd Herald Special Edition on the Special Rate Variation
- Flyers handed out at Pendle Hill, Westmead, Merrylands and Guildford Train Stations
- Town Hall Social on Facebook
- Dedicated Council Website
- Video – “ The Holroyd that I know”

(Copies of all engagement materials can be found under Attachment 16(1), 16 (2), 16(3))

4.2 Alternatives to the special variation

Through the engagement process our community identified three preferred Options (Alternatives) for consideration to address the issue of sustainability of Council’s services and infrastructure. Council widely consulted with the community on the three Options as identified.

The three Options are:

Option 1 - provided the community with an alternative to the Special Rate Variation being applied for. This option provided for a rate rise in line with IPART annual rate peg limit but would require a reduction in the services and infrastructure standards currently provided to fund the growing infrastructure/services funding gap. It was clearly explained to the community throughout Council's engagement activities that this Option 1, if chosen, would require further community consultation to determine which infrastructure/services would be reduced, it being noted that the community consultation conducted to date showed that the community has placed a high level of importance on the services/infrastructure currently being provided.

Option 2 – is the Option on which this Special Rating Variation Submission is based. This Option responded to the community consultation undertaken which showed that the community overall were happy to pay more in their rates if the services/infrastructure standards were maintained. This Option provides for the sustainability of existing services and infrastructure and requires a Special Variation of 9% for 4 years, 8% for 1 year then returning to the IPART annual rate peg limit.

Option 3 - looked to not only sustain existing services and infrastructure but to enhance the services and infrastructure that Council provided to include new projects and works. This option was well supported in line with Option 2. This Option required a Special Rate Variation of 9% for 6 years then returning to the IPART annual rate peg limit.

All three funding Options were equally advertised and promoted throughout the engagement processes discussed in detail in other sections of this submission.

4.3 Feedback from the community consultations

Throughout the community engagement process 36,000 households and rate payers were reached directly:

- Via a letter and postcard mail out; and
- Through the delivery of a dedicated edition of Council's Holroyd Herald newsletter; and
- Through the Parramatta Advertiser and Holroyd Sun local newspapers.

Over 11,000 Residents have viewed and shared information on Facebook, viewed the Local Solutions Website Page, expressed a view, completed a survey or sent in their postcard, attended a listening post, taken a flyer, attended a focus group or attended a Public Meeting.

The second phone survey sought to promote awareness of the process and seek final confirmation on which was the preferred of the three funding Options. Of the respondents to this phone survey, 42% indicated that they were aware that Council was considering an application to IPART for a Special Rate Variation and 40% supported Option 2 as their first preference (*see attachment 19*).

In developing a local solution to ensure the future sustainability of our infrastructure assets, engagement with the community commenced in July 2013 with the assistance of Micromex Consultants in conducting an initial phone survey to a random sample of 400 residents to assist in determining the financial sustainability options for the future through community research.

Stage 1: Engage

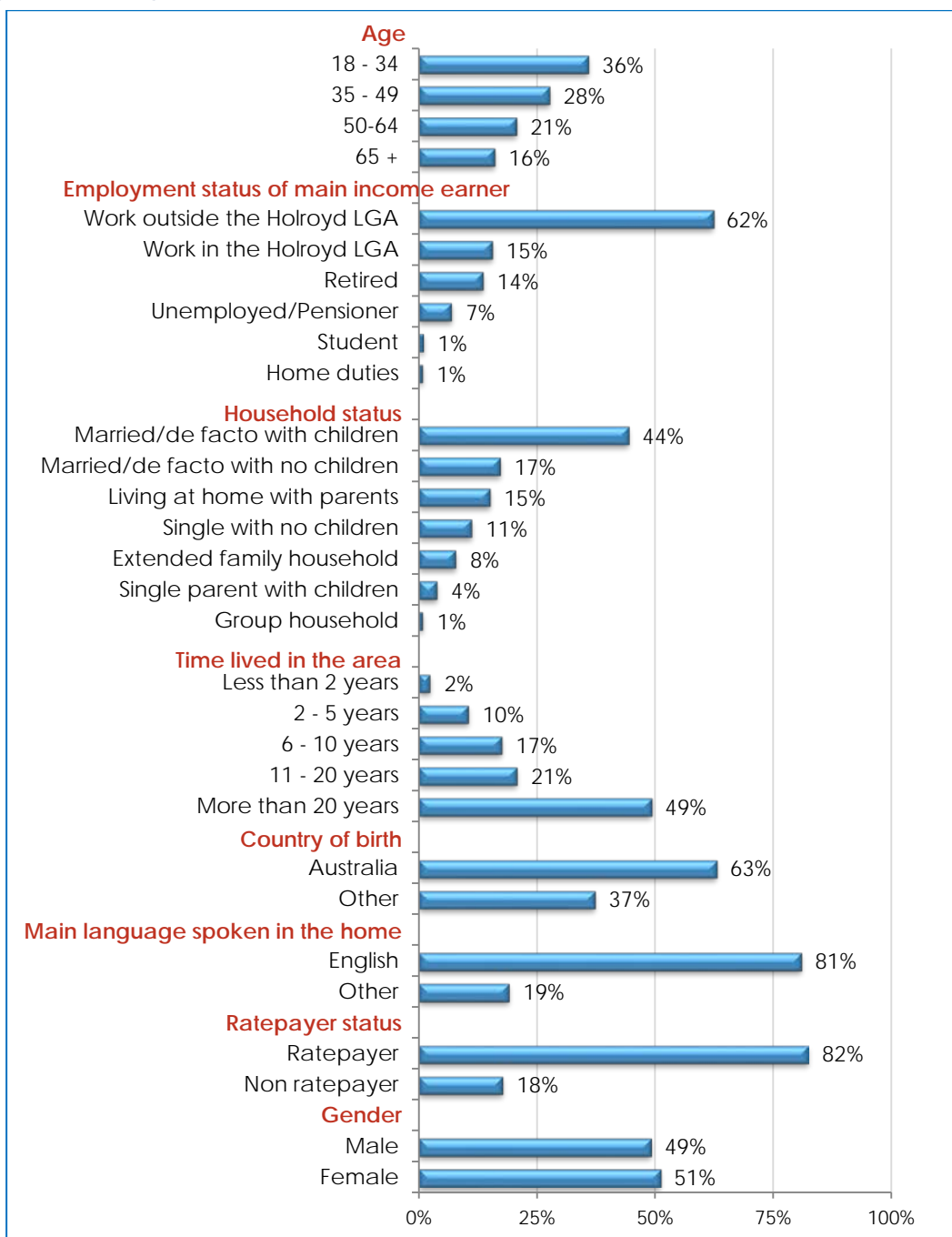
(a) Phone Survey (1):

Initially Council sought to examine the community attitude and perception towards current and future services and infrastructure /facilities provided by Council. The Key objectives were to:

- Assess and establish the community's priorities and satisfaction in relation to Council activities, services and facilities;
- Identify the community's overall level of satisfaction with Council's performance; and
- Understand and measure community response to a series of long term Council resourcing options

This was achieved through a random Telephone Survey of 400 residents which provides a maximum sampling effort of plus or minus 4.9% at 95% confidence. The survey was conducted between the 23rd to 29th July 2013 from 4.30pm – 8.30pm and from 10am – 4pm Saturday. The sample respondents were sourced by means of a computer based random selection process using the electronic white pages. Participants were pre qualified as having lived in the Holroyd City Council area for a minimum period of 6 months and over 18 years of age. The table below shows the demographic representation of the residents/ratepayers that took part in the Community Research Survey (see table 1):

Figure 1 Demographic profile of respondents



Key Results that informed the next stage of the campaign

Importance and Satisfaction

Holroyd City Council's first phone survey provided data to assist in the development of the Long Term Financial Plan and Delivery Program priorities considering data collected using a number of analytical tools:

- Quadrant analysis
- Shapley's analysis
- Gap analysis

The summary table below combines the outcomes of the regression analysis with the stated importance and satisfaction outcomes of the performance gap and quadrant analysis.

In developing future plans and strategies, Holroyd City Council considered the implications raised by each form of analysis.

	Shapley's Analysis	Gap Analysis	Quadrant Analysis
Promoting pride in the community	13.34	0.01	Secondary
Maintaining local roads	8.60	1.64	Improve
Financial management	5.97	1.20	Improve
Swimming pools	5.82	0.10	Secondary
Tree management	4.72	0.66	Niche
Community input to Council decision-making	4.64	1.21	Improve
Accessibility to Council and its services	4.17	0.77	Maintain
Community safety	3.74	1.19	Maintain
Provision of Council information to the community	3.34	0.97	Improve
Maintaining footpaths	3.21	1.49	Improve
Appearance of the City	3.01	0.79	Maintain

The results of this survey were positive for Holroyd Council, with 33 of the 36 services/facilities/criteria rated as being of 'moderate' to 'very high' satisfaction and overall satisfaction with Council exceeding all NSW Council Benchmarks and slightly above the Metro Council Benchmark.

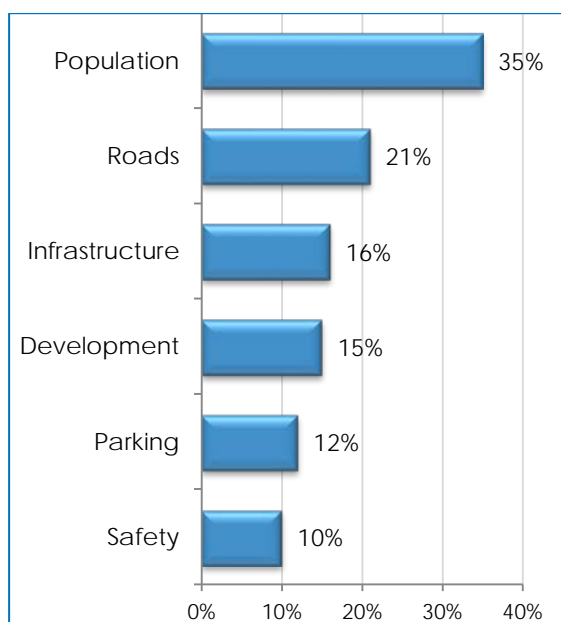
As with many residents living in metropolitan LGAs, the primary concerns for most residents of the Holroyd LGA revolve around population growth and a perceived lack of supporting infrastructure and facilities, i.e. parking, roads, parks, schools and hospitals to support the area.

The regression data identifies that 'promoting pride in the community' is a key driver of satisfaction. 'Maintaining local roads', 'financial management', 'swimming pools', 'tree management' and 'community input to Council decision-making' are also salient drivers of community satisfaction.

The outcomes of this research identified that the broader community are supportive of Council seeking to increase rates in order to maintain local services and facilities.

The Future of Holroyd

Respondents to the survey indicated that over population and its impact on infrastructure needs were key long term challenges that need to be addressed over the next 10 years – see table below.



(Table 2)

Some Verbatim responses from the phone survey were:

"Overpopulation of the area"

"Lack of car parking near the local shops"

"Preserving our environment"

"Infrastructure such as roads and transport for the growing population"

"Better maintenance of our entire residential areas"

"Overall safety for the public"

"Providing services whilst balancing the budget"

"Traffic management of vehicles through the area"

"Meeting the needs of the growing community and different cultures"

"Road maintenance of feeder roads to major roads"

"Maintenance and lopping of trees along the roadsides"

"Infrastructure for better shopping and parking options"

"Lack of parks and gardens"

"Financial management"

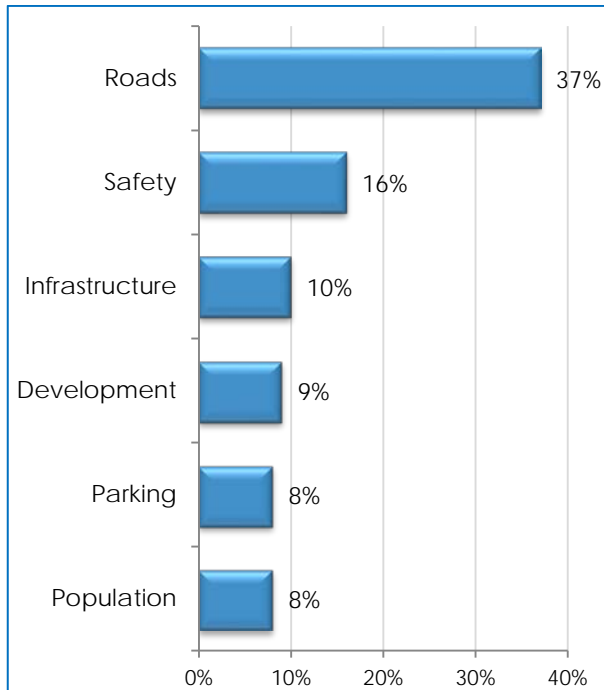
"Overdevelopment of townhouses and high rise buildings"

"Catering to population growth and having appropriate infrastructure while keeping the natural feel and heritage of the area"

"Infrastructure to keep up with increased residential density most especially parks, parking, and congestion"

These comments indicate a distinct desire for the provision of services and essential infrastructure. There is little to no indication from the survey comments that support a reduction in services and/or infrastructure standards.

However, the top priorities for Council over the next four years primarily focused on Roads in addition to general safety, infrastructure, development and parking (Table 3).



(Table 3)

Some Verbatim responses from the phone survey were:

"Improved cleanliness of our area particularly with the large amount of household waste left on the kerbsides"

"More environmental programs to look after the trees"

"Beautification and environmental status of the area"

"Improving the infrastructure"

"Reducing traffic congestion"

"Upgrading the roads to cater for traffic around Merrylands"

"Using rates to the best advantage"

"Roads and road safety, e.g. more police on patrol"

"Indoor pool for exercise"

"Upgrading roads and footpaths"

"Allowing high rise buildings to be 16 stories as Merrylands is a growing city and it is allowed in Parramatta Council"

"Ensuring infrastructure is able to support the growing population"

"Traffic congestion"

"Parking for commuters"

"Road safety on all roads in the area"

"Fixing up the business area in Merrylands"

Long Term Resourcing Strategy

To assist in the research to determine the long term Council resourcing options, residents were read a detailed explanation of the options available below, and then asked how supportive they were of each option, and to rank the options in order of preference.

OPTION 1 – Reduce services and maintain rates. This would result in a reduction of the current level of services and facilities and maintain an annual rate increase of around 3% as set each year by the State Government. It would not allow for new facilities and services to be introduced, and our asset backlog would not be addressed.

OPTION 2 – Maintain services at current levels and increase rates sufficiently to cover the growing funding gap. This would mean a rate increase above the 3% set by the State Government. This would maintain existing levels of services and facilities and address the backlog of asset renewal works but would provide for new services and facilities.

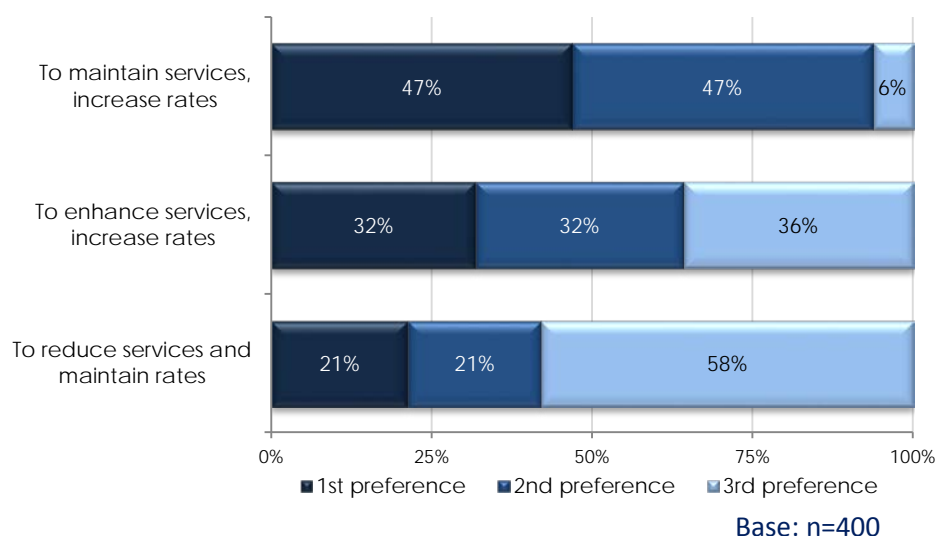
OPTION 3 – Enhance services and facilities, and increase rates sufficiently to cover increased provision of these to serve our growing population. This would mean a rate increase above the 3% set by the State Government, higher than that explored under Option 2. While the exact nature of changes would involve extensive community consultation, this could enable things such as:

When prompted, 47% of the community supported, as a first preference, for Holroyd Council to develop a long term resourcing strategy that would maintain services and facilities (Option 2), and increase rates sufficiently to cover increased provision of these to serve the growing population.

32% of the survey respondents supported a strategy that would enhance services and facilities (Option 3), and increase rates.

Only 21% of survey respondents wanted to retain rates and reduce Council services (Option 1) as a first option and 58% nominated this option as their lowest preference.

There were no significant differences between the sub-cells.



Some Verbatim responses from the phone survey were:

"Rates are expensive but I realise that Council needs money to maintain services"

"I recognise there is a need to get more revenue to maintain services, but increasing it further to obtain unknown goals would be unnecessary"

"Costs are going up, but it's best to pay as we don't want services to reduce"

"Services need to be maintained to accommodate the increasing population"

"Services need to be maintained to the current standards, although more information would be required regarding the increase in rate prices as most residents are already struggling to afford rates"

"Small rate increases are acceptable provided services are maintained"

"Maintaining services with a rate increase would be preferable rather than losing services as the infrastructure needs to keep up with the growing population"

"A small rate rise is needed to maintain current services and the cost to fund facilities will increase over time anyhow, so it is expected"

"The community cannot afford to go backwards but also cannot afford a huge rate increase"

"Community is struggling with the increased cost of living as it is however we need our services and facilities to be maintained, therefore this is the most realistic and affordable option of the three"

"Better to maintain without increasing rates too much"

"I'm happy with the current level of services and without knowing the full amount of the increase, it's better to stay with maintenance of services"

"Community areas need good quality facilities such as local pools and parks and paying higher rates in order to achieve that is acceptable"

"Higher rates are acceptable if there are results shown for the increase, so the upkeep of facilities (pools, parks) and services would display this"

Overall the research indicated that Council should:

- Develop a delivery plan that will ensure that service and facility levels are maintained and then take this plan back to the community for further consultation
- Explore and understand what residents see as Council's role in encouraging community pride. Council needs to focus on identifying and implementing strategies that will inform/engage/bring the community together
- Clarify and consult with the community to understand current and future expectations and aspirations with regard to the 'local roads', 'swimming pools' and 'tree management'

The Five Focus Groups

Considering the results from the research, Council conducted five(5) focus groups over a four week period from 24th September to 31st October plus two (2) online focus groups with residents on the 27th and 28th October. The focus groups conducted included:

2 x Residents focus groups (residents recruited through the Community Research Survey sample in order to seek validation on the responses received)

1 x Business focus group (recruited via local business networks and the business chambers)

1 x Council Committees focus group (recruited through membership of Council's 47 Committees – members of the Committees are residents of Holroyd)

1 x S355 Committees focus group (recruited through S355 Committees whose role is to oversee the parks, buildings and community gardens across the LGA – members of the S355 Committee are residents of Holroyd)

2x online focus groups (residents recruited through the Community Research Survey sample in order to seek validation on the responses received)

A total of 44 residents took part in these sessions with 7 participating online.

The purpose for the focus groups was to gain a greater understanding of the priority issues identified in the initial quantitative research and look more closely at developing Local Solutions of which the SRV options would be considered further and to further test the assumptions set out in the LTFP.

The participants indicated that they:

- Wanted a clean and tidy city;

- A city free of graffiti and rubbish ;
- To maintain the Town Centres – seeing this as an element of community pride;
- Bring diverse communities together;
- Improved communication with Council and Councillors;
- To consider the effects of population growth in relation to infrastructure especially traffic flow, public transport and parking;
- To increase access to open space with a growing population and development;
- Wanted Council to consider that Services and infrastructure were not meeting the needs of the community ;and
- Wanted Council to focus on services and facilities as they were either unavailable or in decline and wished for them to be improved over time

The participants of the focus groups expressed little negativity in regards to the SRV proposal and accepted that there was a need to pay in order to receive improved services. However they were adamant that Council should ensure that the community is kept informed about where and how the increase in rates would be spent. Affordability by the participants was not necessarily considered an issue.

Verbatim Responses

“I want to see a summary of the delivery plan. Something a layman can understand”

“Happy to pay whatever as long as I can see that they’re not wasting money”

“No one would say that there is sufficient maintenance but people say that rates shouldn’t go up”

“People need to see the improvements”

“Transparency and efficiency is important”

“With population growth, cost of services keep increasing”

“We want these services and realise we have to pay for them”

“Reality is, you have to pay more rates for more facilities”

“You have to pay for what you want”

The information collated from the initial phone survey and focus groups was used to determine the three Options to be put to the community, with a focus on messaging and reflecting the areas of importance and focus points provided by the focus groups. The three Options then became the three scenarios in which the Long Term Financial Plan were based as per the research suggested. To view the full report, – Community Satisfaction Research – Part B Qualitative Research Summary findings (Dec 2013) please see attachment 18.

Stage 2: Connect

Local Solutions – Our Future in Our Hands

The ‘Local Solutions’ Campaign was developed to respond to the findings of the research which clearly indicated that our community wanted financial sustainability through the development of a robust long term financial plan that would ensure sustainability over time and reduce the risk of losing services and/or infrastructure standards.

Three Options as per the research in Stage 1 were developed for consideration by the community and incorporated into Council’s Long Term Financial Plan. Those options were:

Option 1: Reduce Services/Infrastructure Standards - Increase rates by around 3%, in line with the IPART (State Government) rate peg limit. Under this option it was communicated that a reduction of

services and/or infrastructure standards would occur in order to be financial sustainable over the long term

Option 2: Maintain Services/ Infrastructure Standards- Increase rates by maximum 9% for 4 years, maximum 8% for 1 year then return to the IPART (State Government) rate peg limit of around 3%. Under this option it was communicated that the community could expect that their services/infrastructure standards would remain consistent with current services levels and assets and infrastructure maintenance and renewal program would be fully funded.

Option 3: Enhance Services/ Infrastructure Standards - Increase rates by maximum 9% for 6 years then return to the IPART (State Government) rate peg limit of around 3%. It was communicated that this option will provide additional rate revenue that will not only allow Council to maintain existing services and infrastructure but also deliver new infrastructure and services as identified by the Community.

Below is an extract from a document distributed to all ratepayers. This extract shows the percentage (%) and dollar (\$) impacts of funding Option 2 on average residential rates and charges. The full document, which provided the same information for all three funding Options for each of the residential, small business and large business rating categories, can be viewed in *Attachment 16*.

	Annual % Increase *	Average Total \$ Rates Charge	Average \$ Waste and Stormwater Charge	Total \$ Rate Waste and Stormwater Charge	Average Annual \$ Increase
2013/14	-	\$744	\$458	\$1,202	-
2014/15	9%	\$811	\$471	\$1,282	\$80
2015/16	9%	\$883	\$485	\$1,368	\$86
2016/17	9%	\$963	\$499	\$1,462	\$94
2017/18	9%	\$1,050	\$513	\$1,563	\$101
2018/19	8%	\$1,134	\$528	\$1,662	\$99
2019/20	3%	\$1,168	\$543	\$1,711	\$49

*includes annual rate increase set by IPART

Small Business ratepayers would pay on average \$329 more each year (\$82.25 per quarter) over this 6 year period to 2019/2020.

	Annual % Rate Increase *	Average Total \$ Rates Charge	Average \$ Stormwater Charge	Total Average \$ Rate and Stormwater Charge	Average Annual \$ Increase
2013/14	-	\$3,456	\$25	\$3,481	-
2014/15	9%	\$3,767	\$25	\$3,792	\$311
2015/16	9%	\$4,106	\$25	\$4,131	\$339
2016/17	9%	\$4,475	\$25	\$4,500	\$369
2017/18	9%	\$4,879	\$25	\$4,904	\$404
2018/19	8%	\$5,269	\$25	\$5,294	\$390
2019/20	3%	\$5,427	\$25	\$5,452	\$158

*includes annual rate increase set by IPART

These options were presented to the community in a number of ways:

- Five (5) listening post attended by staff to talk with the community about the reason and the three options currently being considered by Council. The five listening posts were conducted as follows:

Day	Date	Time	Location
Wednesday	16/10/13	9am-3pm	Holroyd Community Services Expo Wentworthville
Sunday	20/10/13	1pm – 3pm	Stockland Merrylands
Thursday	24/10/13	3pm-5pm	Pemulwuy Shopping Centre Pemulwuy
Saturday	26/10/13	10am -3.30pm	Community Safety Expo King Park Merrylands
Tuesday	29/10/13	6.00pm-7.30pm	Guildford Community Centre Guildford

- Brochure (Resident, Large Business and Small Business) outlining the reason for a Special Rate Variation and the three Options for the community/ businesses to consider and provide feedback on;
 - Separate flyer (Resident, Large Business and Small Business) focusing on the special rate variation in more detail in relation to the cumulative costs of the Special Rate Variation;

- Corporate News Articles in the Parramatta Holroyd Sun and the Parramatta Advertiser outlining the reason and the three Options for consideration requesting feedback and invitation to Public meetings for Residents;
- Article in the Western Sydney Business Connect outlining the reason and the three Options for consideration requesting feedback and invitation to Public Meeting for Large and Small Businesses;
- Facebook page link to Town Hall Social which outlines the Special Rate Variation with reasons and Options with an opportunity to vote ;
- Letter and Options Postcard sent to 36,000 rate payers along with invitation to Residents Forum;
- Letter and Options Postcard sent to 1,519 Small Business rate payers along with invitation to Small Business Forums;
- Letter and Options Postcard sent to 500 Large Business rate payers along with invitation to Large Business Forums;
- Three (3) Public Meetings;
- Presentations delivered at three (3) Public Meetings which outlined the need and options available;
- Dedicated Website outlining our challenge, our services and infrastructure, Our rates and funding gap, the conditions of our assets (with pictures to demonstrate), outline of what the SRV would bring and the supporting plans, the Options and Online Survey, a Frequently Asked Question section and finally a link to the “Holroyd that I know video”.
- “ The Holroyd that I Know video” which outlines the reason for a Special Rate Variation and speaks with residents about Holroyd ;
- Dedicated Holroyd Herald – SRV edition hand delivered to each household across the LGA outlining the reason for the Special Rate Variation, the Options available, promotion of the Delivery Program (which was out on exhibition at the same time) and a request for feedback; and
- Public Exhibition of the Draft 2013-2017 Delivery Program (incorporating the 2014/2015 Operational Plan), the Draft Long Term Financial Plan, the Draft Asset Management Strategy and Policy, the Draft Asset Management Plans, the Works Lists that outline the works to be completed under the proposed SRV and the Draft Workplace Strategy document. The proposed SRV was outlined across the documents for the community’s consideration calling for submissions with a closing date of 7 February 2014.

Stage 3: Review

Phone Survey (2):

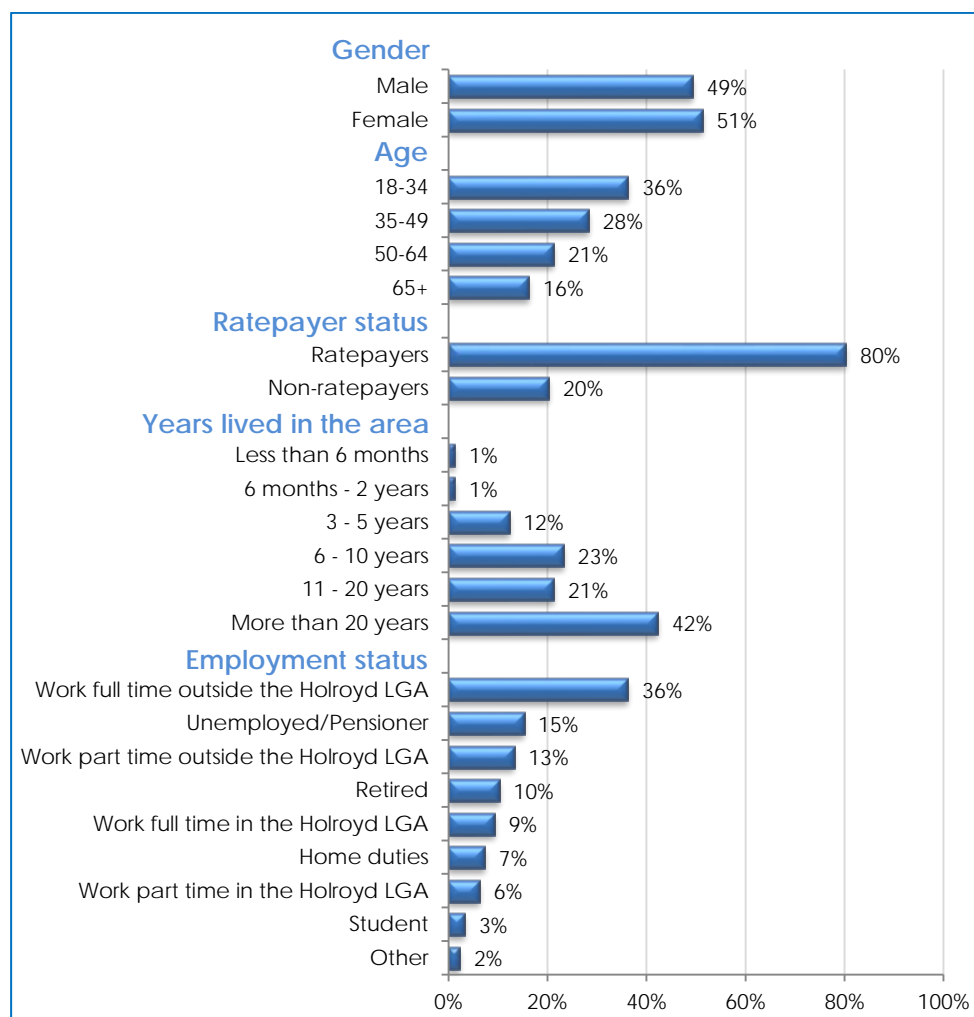
Council then conducted a second phone survey of 400 residents between the 23rd and 27th November 2013, to determine the preferred funding Option, and as such determine if there is as a need to apply for a special rate variation in order to fund future services, facilities, programs, initiatives and infrastructure for the community.

The objective of this phone survey was to:

- Determine the preferred funding Option; and
- Provide an avenue for feedback in order for residents to express their views on the preferred option to implement to address the long term sustainability of Council’s services and infrastructure.

The table below shows the demographic representation of the residents/ratepayers that took part in this second phone survey (see table 2):

Table 2: Demographic Profile of respondents



Respondents were asked about the options available for addressing the funding gap that was being experienced between costs of providing services and facilities and the available funding to meet those costs. The respondents were asked to comment on the three options that provided average costs and what the options, in effect, would have on Council services and infrastructure/facilities.

A majority of respondents (40 % for Option 2 and 35% for Option 3) recognised that there needed to be investment into services and facilities offered in the LGA. With 40% of residents preferring Option 2 as the preferred option indicating that they wanted to be able to invest in ensuring the quality of services and infrastructure is at least maintained. To view the full report, please see attachment 23 – *Special Rate Variation Research (December 2013)*.

Feedback from all Consultation:

Council provided both Opt-In surveys and Opt-Out Surveys to ensure that there was widespread opportunity for involvement and engagement.

The Opt-In Survey (Postcards, TownHall Social Survey and Online Survey) provided all members of the community with an equal opportunity to be involved. Whilst it is true that a significant proportion of the community do not wish to engage with Council, this group still needed to be engaged. Therefore Opt- Out surveys (two (2) phone surveys) were conducted as they provide those people, who would not normally choose to be involved in these processes, an opportunity to be involved.

i. Survey Postcard Mail out Results

Through the Opt In surveys, 2,236 participants provided a response. Of the 2,236 responses, 219 were invalid namely based on fictitious addresses, no address (not allowing them to be validated) or through returning a blank postcard. Of the 2,017 valid responses, 40.1% supported Option 1, 34.8% supported Option 2 and 25.1% supported Option 3 resulting in 59.9% support for a SRV of some kind and 40.2% not in support of a SRV.

Some Verbatim Comments attached in separate letters or written over the Survey Postcards regarding the three options included:

Option 1- (40.2%):

"Can't afford 2 or 3 being on pension as it is I can't see where we got pension out now"

"You need to encourage your workforce to be more efficient"

Option 2-(34.8%):

"With more focussed effort on efficiency, I believe there would not be a need to increase beyond 6%. EG Parks and gardens services staff are inefficient"

"Council needs to look at huge number of people employed. Especially area of outside road and parks, small trucks emptying bins. Heavily overstaffed."

"Please allocate funding to fix and maintain the gardens in Pemulwuy. The decline since handover to Council (From the developers) is quite obvious, and the areas don't seem to be maintained at all. Open space is slum-like and derelict, not green and inviting"

"Return to core (basic) services and infrastructure. Curb or impose a freeze on new services/infrastructure. Apply whole community approach to all services/infrastructure."

"I would like to ask that the grass on cnr Bayfield, Macquarie & Daffodil Sts Greystanes near bus stops be mowed on a more regular basis as I am sick and tired of long, messy grass."

Improve your planning so that infrastructure does not become aged."

"As long as you distribute evenly throughout the whole Council area. Not the majority spent in Merrylands side Hwy."

"Please clean streets"

"Increase to minimum without sacrificing necessities. As pensioners it is hard for us when any increase in costs occur although we know this must happen. Maybe Council could look at some cost cutting measures"

Option 3-(25.1%):

"Another option is do like the state and federal governments do and sell assets like Wentworthville swimming pool etc. It may have been built by the people so not it is Council property"

"With an increase in rates I want to see improvements. I see little in the way of services. I want to see changes in streetscape – streets clean, trees planted and more Council clean ups"

“It would be better if you had provided more information on what infrastructure/services you are going to cut or enhance for us to make an advance decision – also need to look at how to improve Council’s efficiencies”

“Note: while I have numbered as above, there is a better way. Be more innovative, involve the community, and take an asset based model to planning and community development. You can achieve above with little or no rate increase.”

Council also received feedback via 1 Speech, 11 letters and 5 emails from residents during the Postcards mail out. The main issues highlighted here included:

Issues	How council addressed the issue
<p>1. Speech sent via Email</p> <p>Cost Cutting and cost analysis Councillor expenses and financial statement Donations to sporting group Pemulwuy childcare centre Special leave for staff Consultation on 20 storeys Councillor expenses Councillors at conferences Swim Centre decision Special Rate Variation</p>	<p>Letter emailed to respondents outlining Council’s position on the issues raised including:</p> <ul style="list-style-type: none"> • Outline of Council’s cost minimisation strategies • Explanation of shortfall in funding • Explanation of donation and how it fits with Council’s Outcomes in the CSP • Funding source for Pemulwuy Childcare Centre which is not completed and not affected by the SRV • Explanation of staff entitlements • Engagement taken place during LEP consultation which has no effect on SRV • Councillors role in representing the community • Councils need to be sustainable in relation to the assets it is responsible for including the Swim Centres • Information regarding the SRV and its availability on the Website
<p>2. Letter hand delivered</p> <p>Aquatic Wellness Centre quarantined from the SRV Futures Fund Review of Departments and Non essential services Brochures Amalgamation Telephone Survey Survey results</p>	<p>Letter mailed back to respondent outlining Council’s position on the issues raised including:</p> <ul style="list-style-type: none"> • Explanation that the maintenance of the swim centres would come under the SRV in that it is an asset of Council and that Council’s three current pools have reached the end of their life cycle and are no longer sustainable • Provided a list of works that have been completed using the Futures Fund. • Outlining how Council regularly reviews its services and outline of Council’s cost minimisation strategies • Explanation on why brochures are used to provide information as a form of engagement • Explanation that by enhancing Council’s sustainability will reduce the risk of amalgamation. • Explanation of method used in telephone survey to ensure a proper random sample • Availability of survey results in council’s reports.

<p>3. Email</p> <p>Request for further information regarding the decision of the Swim Centres</p>	<p>Email sent back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • An explanation of the report tabled in relation to Aquatic Wellness Centre and the decisions on the future of the three pools.
<p>4. Email</p> <p>Concerns re increase of \$350 per year in rates and capacity to pay</p>	<p>Email sent back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Explanation that rates were not rising by \$350 per year • Outlined the three options in relation to the Proposed Special Rate Variation and the average costs on a year by year basis. • Information provided regarding the Hardship Policy and information for pensioners. • Information regarding the SRV and its availability on the Website
<p>5. Letter</p> <p>Request for further information in relation to: Developers and their contribution to the area What infrastructure will be worked on in the Pendle Hill/Toongabbie area Request for information on what works have been done in the past four (4) years What infrastructure does Council provide? Provided list of assets /services requiring assets including creeks, causeways, road safety programs and signage, electricity costs, water costs and SRV, domestic waste charge.</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Explanation between Developer Costs (\$94) and the SRV maintenance and renewal • Pools and Council's subsidization • Rates and the payment of electricity for street lighting and water usage costs incurred on Council facilities and assets etc • Outlined Council's list of assets and infrastructure • Maintenance of creeks and causeways would be addressed in the SRV • The Domestic waste charge and how it is calculated • The Road safety program and signage
<p>6. Letter</p> <p>Criticize Council and suggesting that Council books illegally parked cars</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration
<p>7. Letter</p> <p>Providing suggestions on cost cutting measures including investigating private public partnerships for Swim centres; suggestions of increasing the use of volunteers; investigating the option for Community organisations to deliver</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration • Providing more information by directing the respondent to the website

community services with concessions on facilities to run programs; suggestion of cost sharing with neighbouring councils.	
<p>8. Letter</p> <p>Suggesting a fourth option that focuses on getting new residents to pay to maintain and develop the area as they are the ones that put the strain on the infrastructure; suggestion that the rates should rise in line with new development per house on a parcel of land i.e. duplexes should pay double</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration • Explaining the double up of rates per property was not permitted under the Local Government Act • The role of S94 and that they cannot fund maintenance and renewal costs
<p>9 Letter</p> <p>Stating a case for rate pegging and expressing concern with people lack of trust in all levels of Government. Agreeing to a moderate rate rise and requesting to see more information on projecting the costs associated with the SRV proposal and requesting a list of the top 20 services council provides</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration • List of all the services Council provides to the community and a copy of the new residents kit that outlines all Council activities
<p>10. Letter</p> <p>List of grievances against Council</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration
<p>11. Email</p> <p>Issues relating to granny flats, unrateable land in Holroyd; suggestion of charging for letterbox advertising; reducing services</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration
<p>12. Email</p> <p>Issues relating to charitable organisations not paying rates; ceasing provision of child care; reviewing services</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration

provided by Council in relation to mental health and grievances with diverse communities and needs of individual communities and suggestion that council just look after rates roads and rubbish.	
<p>13. Email</p> <p>Issues relating to the local paper; three options and how they were developed; statement that Council is 57% renters; S94 concerns and overseas investments</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration • Recommended that contact be made directly to newspapers as Council has no control over the media • Explained how the options were developed • Provided correct statistic for Rental population (33%) • Explanation of S94 and what it can be used for • Explained that Council did not lose investments overseas
<p>14. Letter</p> <p>List of services; concerns re cost and limited use of services; prefers a user paid system; happy with area but not happy to pay increase rates</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration
<p>15. Letter</p> <p>Rejecting a rate rise; concerns that money will be spent cleaning up outside multilevel establishments; Concerns re overdevelopment</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration
<p>16. Letter</p> <p>Concern re cost of increase and collection of papers</p>	<p>Letter mailed back to respondent outlining Council's position on the issues raised including:</p> <ul style="list-style-type: none"> • Thanking resident for providing feedback and ensuring that it would be taken into consideration
<p>17. Email</p> <p>Requiring extra information relating to the works to be completed under Option 2 and 3</p>	<p>Response provided in relation to works to be completed under Option 2 and 3</p>

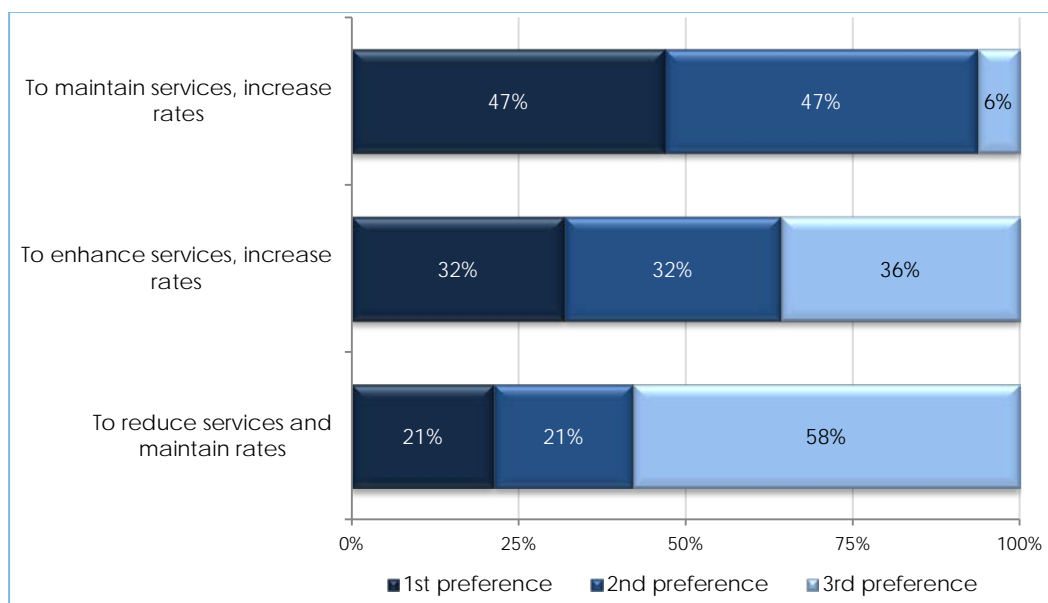
ii. Phone Survey Results:

Council also conducted two random Telephone Surveys (Opt out).

Phone Survey (1):

Phone Survey 1 was conducted from 23 July – 29 July 2013, and indicated that 21% supported Option 1, 47% supported Option 2 and 32% supported Option 3 resulting in 79% support for a SRV of some kind and 21% not in support of a SRV. (See Attachment 21- Holroyd City Council Community Research Document – Micromex Sept 2013 – page 47 – 51).

Figure 2: Three Options in order of preference



Verbatim Comments:

Option 2 – (47%):

“Rates are expensive but I realise that Council needs money to maintain services”

“I recognise there is a need to get more revenue to maintain services, but increasing it further to obtain unknown goals would be unnecessary”

“Costs are going up, but it’s best to pay as we don’t want services to reduce”

“Services need to be maintained to accommodate the increasing population”

“Services need to be maintained to the current standards, although more information would be required regarding the increase in rate prices as most residents are already struggling to afford rates”

“Small rate increases are acceptable provided services are maintained”

“Maintaining services with a rate increase would be preferable rather than losing services as the infrastructure needs to keep up with the growing population”

“A small rate rise is needed to maintain current services and the cost to fund facilities will increase over time anyhow, so it is expected”

“The community cannot afford to go backwards but also cannot afford a huge rate increase”

"Community is struggling with the increased cost of living as it is however we need our services and facilities to be maintained, therefore this is the most realistic and affordable option of the three"

"Better to maintain without increasing rates too much"

"I'm happy with the current level of services and without knowing the full amount of the increase, it's better to stay with maintenance of services"

"Community areas need good quality facilities such as local pools and parks and paying higher rates in order to achieve that is acceptable"

"Higher rates are acceptable if there are results shown for the increase, so the upkeep of facilities (pools, parks) and services would display this"

Option 3 – (32%)

"Improvements are required in our area, therefore I would prefer to pay an additional increase to have improved services and facilities"

"This option would be beneficial in preventing overpopulation issues, as the resources would be available for our infrastructure"

"With the population increasing in Holroyd every year, better and enhanced services are needed to serve the community"

"Services need to be improved and are a necessity for the future of Holroyd to keep up to date with technology and the growing population"

"Funds are required for these additional services and facilities"

"It is a growing community with a lot of young families with no backyards, so we need better recreation areas"

"Having a young daughter, I want her to be proud of her community and have every option available to her"

"Our area needs to grow and improve, therefore our services and facilities need to be improved or our area will stagnate"

"Council do a good job but I believe that they need to charge more to provide quality services for the community"

"Local services need a major upgrade to make the area look better"

"The community would like new facilities so we have to pay a little extra to get what we need"

"If we improve town centres, facilities and services, the assets of the area will increase and provide better services in the long run"

"Services need to be enhanced if we want a better community, and residents will need to pay higher rates for this to be achieved"

"In comparison to every other council in NSW, we pay some of the lowest council rates; therefore our area is neglected and has deteriorated"

Option 1- (21%)

"Rates are already too high"

"I think rates are very expensive now and couldn't afford a rise"

"We already have a rate increase and the current cost of living is too high to increase rates further at this time"

"There are other avenues to raise money apart from increasing rates, and these other areas should be explored first, e.g. investments"

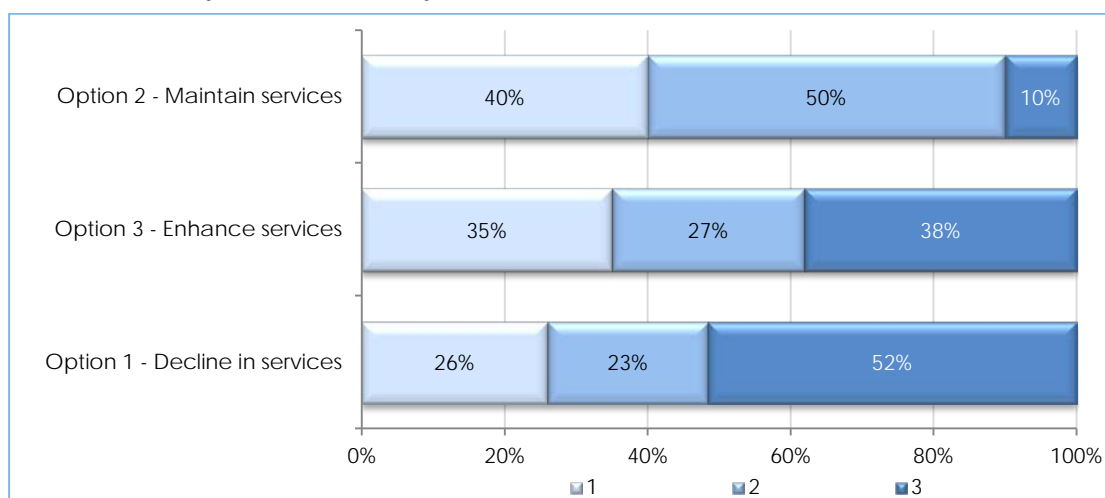
“Rates are high enough as they are and Holroyd is developed, not growing, so should be able to maintain services”

“Holroyd is already the highest rated Council in the Western Suburbs, therefore putting up our rates further will not improve anything as this increase is being requested due to poor financial management by Council”

Phone Survey (2)

The second random Telephone Survey (Opt out) was conducted 27 November 2013 – 29 November 2013, and indicated 25% supported Option 1, 40% supported Option 2 and 35% supported Option 3 resulting in 75% support for a SRV of some kind and 25% not in support of a SRV (See Attachment 23- Holroyd City Council Special Rate Variation Research – Micromex December 2013- no pages numbers available)

Table 1: Three Options in order of preference



Verbatim Comments:

Option 2 – (40%):

"Services need to be maintained for the increasing population"
"It is financially, a better option for most people in the area"
"I am happy to pay a light increase to see the area maintained"
"Council needs to maintain services but ensure extra funding is spent in the right areas"
"The area is already better than most other surrounding Councils and it doesn't need much improvement, but I don't want services to deteriorate in the areas"
"Council needs to be more efficient with how funds are spent"
"Council needs to maintain current services without too high a rate increase"
"The community needs services to maintained so they don't go backwards"

Option 3 – (35%)

"It will be a greater benefit to the community as the local area has to be sustainable"
"Everything needs to be improved and I don't mind paying a little more for this"
"Growth is required so services don't go backwards"
"If no one pays for a rate increase then nothing will get done and everything will decline"
"Rates are going to increase regardless so I would prefer to see improved services in the area as a result of a rate increase"
"It creates jobs for people within the community"
"This allows for new projects and developments in the area"

Option 1 – (26%):

Verbatim Comments:

"Rates are already too high"
"I think rates are very expensive now and couldn't afford a rise"
"We already have a rate increase and the current cost of living is too high to increase rates further at this time"
"There are other avenues to raise money apart from increasing rates, and these other areas should be explored first, e.g. investments"
"Rates are high enough as they are and Holroyd is developed, not growing, so should be able to maintain services"
"Holroyd is already the highest rated Council in the Western Suburbs, therefore putting up our rates further will not improve anything as this increase is being requested due to poor financial management by Council"

During this survey, resident respondents were asked if prior to this call they were aware that Council is potentially seeking to make an application for a special rate variation. 42% of the respondents were aware of council potentially applying for a Special Rate Variation:

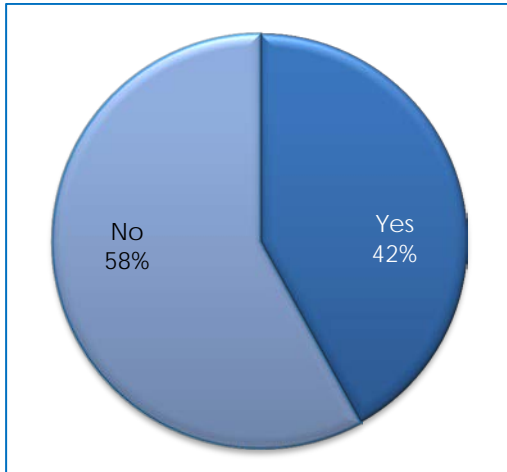


Figure 4: Awareness of a potential SRV

The Opt out (Random Telephone Survey) measure is considered a more robust and statistically balanced measure of response as it is inclusive, accurate and a more representative measure of the community as a whole.

iii. Public Meetings:

As part of the ongoing consultation with the community regarding funding Options for services and infrastructure, Council held three (3) public meetings during the last week of November. The forums were for Large Business, Small Business and Residents. This allowed Council to gauge the view of both businesses and residents of Holroyd about the future challenges in addressing funding for infrastructure and services delivered across the community.

There were no representatives at the big business forum, two representatives at the small business forum and 60 representatives at the Residents forum.

Within the Small Business Forum, one small business operator was opposed to a Special Rate Variation whilst the other was in support of either option 2 or 3.

The Residents Forum was well represented and there were many questions and comments from residents surrounding the themes of:

- Alternate funding revenues for Council (rather than a SRV);
- Services to be cut if council isn't granted a SRV;
- What types of infrastructure would be delivered by Council under a SRV;

Accordingly the request for a list of works to be completed under the proposed SRV was requested to be included in the Draft Documents to be exhibited along with the Draft Delivery Program. This was completed as part of the Public Exhibition of the Draft Delivery Program (incorporating the 2014/2015 Operational Plan), Draft Long Term Financial Plan, Draft Asset Management Strategy, Policy and Asset Management Plans, Draft Workforce Strategy and list of proposed work as well as unfunded works as per the community request all highlighting the need for a Special Rate Variation.

Comments made during the Residents Public Meetings:

"The most useful document on the HCC website was the census. I am amazed at the population and the size of the LGA. Medium density, high density, is going to be pretty limited going forward. Many of the services that Council run are duplicated in state and federal government. The Council appears to have funded growth for the sake of growth. 15 function halls, 11 meetings rooms, they don't make a profit. Perhaps look at getting rid of some of that infrastructure. Nobody here could make an informed decision based on the information. Information on the website is very hard to find. A lower percentage of maybe 6% would have been fairer." Christine Steele

"Self funded retiree. Have lived in Holroyd for 25 years. Has the Council looked at any way to reduce the amount of services to the community? A range of services I can't access but are available. A lot of services I don't agree with. Tree management, very good idea – but you get people who will never plant a tree in their property. What are you going to do about reducing Council services?" Mr Robert Ongley

"I was on one of the first focus groups that were held. I was provided with more information by council staff. After going through it decided it was a good idea to put up its rate because I would not like council to be non financial when amalgamation comes about. I then attended a meeting on Tuesday 29th and at that meeting there were two major items on the agenda – the bonds site and the three pools and the wellness centre. The Councils chances of receiving one of the options would be enhanced if there would be a rate increase put through and that only depends on funding received from the grant received. I would like Council to give an iron clad guarantee to quarantine any increases that go through to the aquatic and wellness centre – they wouldn't want it go to a new infrastructure (an iconic landmark facility) I think the rate increase could better be used elsewhere. The rates should be used for more pertinent requirements. Council would be in a better state to assess the financial position in 15 years. I would ask that perhaps if there is a rate increase given by the ratepayers that it is quarantined and it does not go into the new aquatic centre." Margaret Chapman

"My understanding of local council – particular in what services it used to offer – we have moved a long way away from what we used to be doing - big items traffic roads sportsgrounds etc to things such as youth, aged etc, also donations and a number of grants etc. I would like to see a full list of services that council provides so that the community can have a proper analysis of the funds. Services council is providing should not be in competition to the local businesses in the area – for example – child care facilities, even though the federal government provide subsidy for children to put their kids in care. The example of the pools – 1,000 people wrote a petition to council that was brought up in state govt and supported for three pools and a new range of councillors come in and say they don't want the pools anymore without paying attention to what the residents want council made a decision anyway. The new wellness will contain a new gym, why are we competing with other businesses that provide the service. The difference between options 2 and 3 is financially very close when you get to the end of the road. It's about reducing services or increasing them both of which we don't know what they are. Council is also going to spend all of its reserves by the end of the period and by the end of the period what is going to stop council from putting their hands in our pocket again." Carol Termic

The postcard – there was not a lot of information. 6 years is a long-time.

In relation to the pools – the difference between the pools is \$20million dollars. One pool would only last 25 years; it doesn't make sense to fix it then have to just fix it up again. I think everyone needs to come away with a bit of a clearer mind between option 1 and option 3 – I would pay if I know where the money is going. Is council going to provide a roadmap? Where is the list of work on the internet on where the money is going? You need to sell it to the people as it needs to be sold.” Steve Lopez

“Just very briefly I would like to comment I would not mind a rate rise if council identifies where money will be spent in each area. Apart from rate notices I have never received a letter asking which services would you like in your area. Council needs to be more demographic in its area and the needs.” Mr Mokki

It should be noted that at the time of the Public meetings, a comprehensive list of works was available on Council's website clearly marked under the heading “What you get and our supporting plans”. Copies of the works were also available on the night.

iv. Online Survey

Council conducted an online survey to ensure that everyone has equal access to the information. 79 participants provided a response to the three options in order of preference.

The results show that 53.2% prefer Option 1 as their first Option, 26.6% prefer Option 3 as their second Option and 20.3% preferred option 2.

Resulting in 46.9% agreeing to a SRV of some sort whilst 53.2% preferring to not increase their rates.

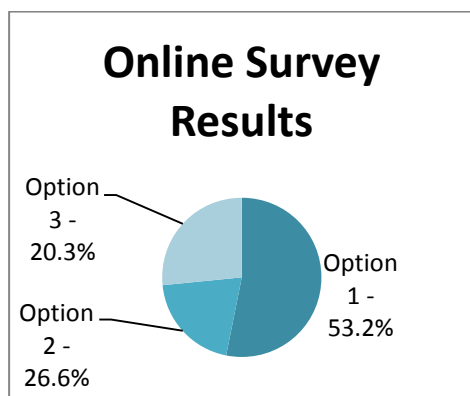


Figure 5 Online Survey Results 1

v. Facebook – Town Hall Social

The results through Facebook – Town Hall Social shows that 2625 people viewed the page, 417 people visit the consultation giving a 15.8% conversion rate. Of the 12 community members who decided to vote using this method, Option 3 was voted as their preferred Option.

This ranking ran from 17th October, 2013 to 23rd December, 2013 and is now finished.

Here's what 12 community members thought:

- 1** Option 3: Maintain services, renew infrastructure & deliver new services/infrastructure
- 2** Option 2: Maintain our services and renew our current infrastructure
- 3** Option 1: Reduce our services and/or infrastructure standards



Options with this icon have been contributed by the crowd.
Crowd contributed content must comply with our [submission policy](#).

✓ Recommend Share 95 Tweet 10

VOTES	12	Participation in this consultation resulted in 275% increase from an average of 2.4 likes per post.
VISITORS	417	417 people viewed the consultation.
SHARE	105	The campaign increased engagement by achieving a 200% increase on an average of 35 shares per post. (December figures)
REACH*	2,625	The campaign was seen by an estimated 2,625 Facebook users.

Public Exhibition of the 2013 – 2017 Delivery Program (incorporating 2014/2015 Operational Plan and additional documents

Council resolved on the 17 December 2013 to place the 2013 – 2017 Delivery Program (incorporating 2014/2015 Operational Plan) and additional documents on public exhibition from the 18 December 2013 – 7 February, being 55 days (as opposed to 28 statutory days), and invited submissions from the community. During the public exhibition period, Council received 5 submissions. A summary of the issues raised and responses have been provided below and a full copy of each submission is provided under *attachment 20 - Public Submissions to the Report*.

Submission	Comments by Parties making submissions	Council's Response
1	Concerns that Council has made itself unsustainable by providing all the things that everyone wants.	During the development of the Community Strategic Plan, the community outlined the main priorities for the future of Holroyd. Council has responded to those priorities.
	Concern regarding the increase in population and people moving into the area.	The NSW Government requires all Metropolitan Councils to accommodate a proportion of Sydney's projected population growth.
	Proposes that Council examine other fund raising options apart from rates.	Council utilises fund raising options where relevant and continues to examine fund raising opportunities as part of its general operations and at the time of preparing annual budgets.
	Proposes expansion of the user pays system.	Council implements the user pays system where appropriate.
	Proposes new residents to pay greater proportion of rates.	Under the Local Government Act, rates are raised against the value of the property. This is a matter for the State Government.
	Suggests that the identified "wish lists" is a luxury list and should be outsourced to business networks.	The lists provided are not "wish lists" but a list of renewal and maintenance works (including backlog) that will maintain Council's infrastructure sustainably into the future.
2	Suggests Option 1 is not a good option if it means reduction in services.	Noted for Council's consideration.
	Suggests Option 2 should fund more than maintenance of service and standards but considers the increase will place hardship on the community.	Noted for Council's consideration.
	Suggests Option 3 is a heavy burden on ratepayers.	Noted for Council's consideration.
3	Objects to any additional increase over the 2.3% approved by IPART. No reason given.	Noted for Council's consideration.

4	Raises concerns regarding the impact on ratepayers in relation to Holroyd having “lower income levels and higher unemployment rates compared to greater Sydney”.	Noted for Council’s consideration.
	Questions the need for an SRV and refers to the use of Closed Council for property matters.	These matters are considered in Closed Council in accordance with State legislation and the Code of Meeting Practice.
	Raises concerns regarding lack of cost containment/cost cutting strategies focusing on impact of productivity and costs associated with 3 days special leave for all staff over the Christmas period, excessive annual leave accruals, “at whim” spending in relation to sponsorship of the Western Sydney Wanderers, excessive Councillor expenses, contradictions between the annual report and financial statements, cost containment suggestions provided in submission regarding Councillor expenses and provision of facilities and legal costs associated with a privacy complaint.	<p>These matters are noted. The author of this submission has been provided with responses to previously these matters and in summary these responses include:</p> <ul style="list-style-type: none"> - While Council grants 3 days leave to staff, Council offices are open on these days to ensure the community have full access to Council services. - Action is in hand to reduce annual leave accruals in accordance with the relevant award. - Sponsorship is used by Council to foster community engagement and to market the Holroyd LGA. - The proposed SRV will fund the identified shortfall in infrastructure and asset funding. It is not being used to fund Councillor expenses. - Council complies with the requirements of the Local Government Act in the preparation of the statement of accounts and the Annual Report which are certified by the external auditor. The “contradiction” relates to the rounding of figures. - The provision of expenses and facilities for Councillors is made in accordance with the Local Government Act

		<p>following public consultation on the adopted Policy.</p> <ul style="list-style-type: none"> - Council seeks legal advice from time to time in relation to the Code of Conduct, GIPA, privacy issues and other statutory matters where considered appropriate.
	<p>Delivery Program and Long Term Financial Plan assumptions including:</p> <ul style="list-style-type: none"> - Concerns regarding Program and level of Community engagement refuting the number of community members involved in the development of the Community Strategic Plan and Delivery Program in 2010. - Concerns regarding the deficiencies in plan assumptions regarding Council's service and infrastructure provision citing the limited knowledge of services and infrastructure namely the Hyland Road Rifle/Pigeon club, strategic alliances with Hay, Auburn, Albury and WSROC and questions the need for Council to provide childcare services such the Pemulwuy Childcare Centre and future centres identified in S94 Development Plan and in citing the above questions the ratepayers knowledge of what their rates provide, presumed community disagreement with what Council will fund, consultation on ranking services and the assumptions not being realistic. - Concerns with "flaws in Council's facilities and service management and decision making" with particular focus on Council Swim Centres. - Inconsistency in Council's consultation citing that the full SRV amounts to \$207m the instead of the \$97.1m recorded in engagement documentation. - Deficiencies in asset management. - Concerns raised in the quality of performance measures contained within the Draft Delivery Program citing the feedback from the Division of Local Government's Promoting Better Practice Review Report "performance 'outputs' in the Operational Plan should be reviewed to ensure they are specific and measurable". 	<ul style="list-style-type: none"> - The 2,800 participants on page 23 of the Delivery Program, refers to the original development of the Living Holroyd Program in 2010. This 12 month engagement process led to the development of the Living Holroyd Community Strategic Plan and Delivery Program (Operational Plan) which was adopted in 2011. A range of engagement activities took place and are listed in the Community Strategic Plan. In relation to the consultation for the SRV engagement (which is a different program from the previous engagement schedule for the development of the Community Strategic Plan), Micromex conducted two (2) phone surveys of 400 participants each. One at the beginning of the program (July 2013) and one at end of the program (November 2013). The sample size of 400 residents provides a maximum sampling error of plus or minus 4.9% at 95% confidence. The sample was weighed by age to reflect the 2011 ABS census data. In the first survey of 400 participants, 82% of participants were rate payers and 18% were

		<p>non ratepayers. The second survey, of an additional 400 participants was made up of 80% ratepayers and 20% non-ratepayers.</p> <p>- Council has placed the Draft Delivery Program on public exhibition with the full suite of documents. Council provides a range of methods in communicating to its residents including items in the corporate news, newspaper articles, the Holroyd Herald, Facebook, a Council Website, brochures, flyers, emails, 'Have your Say' section of the website, community representation on Council Committees, End of Term Report, Annual Report and Quarterly Reports which are available on Council's website plus a range of engagement programs that the community may choose to be involved in. All these methods seek to provide the community with information and updates on activities conducting by Council. Council continues to explore ways to communicate with its residents and ratepayers. The SRV will be used to fund the asset maintenance, renewal and operational costs of works across the LGA for the entire community.</p> <p>- Council is in the process of consult with the community on this issue in accordance with the strategy adopted by Council.</p>
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		<p>- The SRV in Option 2 is to fund the backlog of \$97.1m. If Option 3 is the preferred Option, an additional amount of \$14.7m would be raised. Council and the community would then choose to complete a further \$14.7m of works from the Unfunded Works, Renewal and Services List (which amounts in total to \$135m).</p> <p>As Part of Council's continuous improvement program, Council continues to review its asset management processes for all public assets. It is noted that in the Premier and Cabinet Division of Local Government "Local Government Infrastructure Audit" June 2013, Holroyd City Council was assessed to have "strong" infrastructure management assessment and competencies.</p> <p>Council's Delivery Program has been developed in accordance with the Local Government Act and reviewed by the Division of Local Government. The suitability of the performance measures is reviewed on an annual basis by Council whilst when adopting the Draft Delivery Program and Budget. The Division of Local Government Promoting Better Practice Review stated that "Holroyd City Council presents as a well-managed and efficient local government body with strong links to the local</p>
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		community.”
	Concerns regarding community engagement and awareness in relation to the depth of the SRV consultation including real engagement of the community, CALD engagement and inability to advocate or self-advocate and the inability or unwillingness for Council to listen to the community.	<p>The public process used to develop the SRV has been extensive. The engagement process for the proposed SRV and Draft Delivery Program commenced in July 2013 and included a broad and in-depth consultation with the community. Council extended its exhibition period for the Draft Delivery Program and associated documents from the statutory 28 days to 55 days and Council received 2, 895 individual responses to the project. The program has been summarised previously in this report along with the results of the online, phone and survey postcard.</p> <p>Council provided media releases to 42 different CALD papers and had multilingual staff available at the Redgum Centre and the Community Safety Day. Council also provided the same level of support for counter and phone enquiries during the consultation period through the utilisation of existing multilingual staff to answer questions.</p> <p>Council in its engagement process undertook a broad range of communication methods and advocated to the community to contact Council officers to discuss matters relating to the SRV.</p> <p>Council has responded to all feedback during the consultation period and all submission during the</p>

		exhibition period. It is Councils role to consider Submissions received and will make their decision based on all information provided.
	Encourages Council to carefully consider three Options and include cost cutting options and implementing cost effective strategies, services and infrastructure options before deciding on an SRV.	<p>It has been noted that Council has implemented over a number of years a range of efficiency gains including:</p> <ul style="list-style-type: none"> - freezing a number of major cost items from one year to the next forcing savings - savings through contestability of major supplier contracts, building management recycling efficiencies, using recycled materials in road construction, continuous improvements program which identify efficiency savings across all operations - increased income from property assets - application of reserve funds to minimise the need for an SRV. <p>Council continues to develop its revenue generated capacity for property development to reduce reliance on rates as part of the Property Management Strategy adopted by Council. An SRV is a last option in securing a sustainable level of income for Council.</p>
5	<p>Requests for Council to focus on revitalisation of Merrylands Road shopping "Strip" with suggested improvements including:</p> <ul style="list-style-type: none"> - footpath levelling and maintenance - beautification through tree and flowering planting and sculptures - improved civic amenities - modern clean toilet facilities 	<p>Under the new Section 94 Plan, a range of works for Merrylands are proposed. In addition, Council has provided the framework for regeneration of building stock through the new LEP. The funds raised through the Special Rate Variation</p>

	- regular hosting of events such as farmers markets/ concerts	(SRV) will be used to fund asset maintenance and renewal across the LGA over the next 10 years including works identified in Merrylands through the works lists.
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Decision of Council

At its meeting of the 18 February 2014, Council resolved to proceed with an SRV application being funding Option 2 - maximum 9% per year for 4 years followed by maximum 8% for 1 year. In doing so, the following factors were considered:

- Two telephone surveys provided the best chance for an unbiased representation of the community's response. It was conducted by an Independent provider and sought the opinion of 800 residents chosen at random in two separate surveys across the wide demographic of Holroyd. The sample size per survey of 400 (each) is statically proven to provide a maximum sampling error of approximately +/- 4.9% at 95% confidence. In the first phone survey, 47% of residents indicated that they supported Option 2 as a preferred rate rise. The second phone survey provided more details based on the long term financial plan and again 40% of residents preferred Options 2 was the preferred.
- Based on information gathered through the second survey, the community indicated a preference to invest in ensuring the quality of services and infrastructure were at least maintained
- Residents had strong satisfaction with current levels of services and infrastructure standards and believed that it was important to maintain services at their current levels.
- Residents have indicated strongly that they would support an increase in rates to maintain or enhance their services and infrastructure standards through the postcard survey to each household showing 64.2% support for an SRV of some sort.
- Review of survey results and a clear indication from the community that Option 2 was the preferred option to maintain services and infrastructure.

4.4 Considering the impact on ratepayers

Holroyd City Council provided the community with a range of information to assist them in assessing what the impact of each the three Options might be on their individual circumstances including deciding on the affordability of the rate rise. This information includes:

- Fact sheet outlining the three options showing the proposed increase year by year and separating the stormwater charge and domestic waste charges for Residential Properties, Large Business Property and Small Business Property;
- Brochure outlining information regarding the costs associated with the Special Rate Variation for Residents, large Business and Small Business;
- The SRV tables exhibited in the Draft Delivery Program during the public exhibition phase;
- Discussion regarding cost in the 5 focus groups;
- Dedicated section on the webpage dedicated to the Tables and “Maths” of the SRV
- Frequently asked Questions answered the issue in relation to affordability
- Special edition of the Holroyd Herald outlining the costs of the SRV for Residential properties and hand delivered to all Residential properties in the area.
- Postcard outlining three Options for consideration
- Options discussed at the Residents and Business Public meetings
- Promotion of the hardship Policy and Pensioner rebates available to residents

In considering the impact of the Special Rate Variation on ratepayers Council resolved to maintain the additional \$15 pensioner rebate that it provides over and above the \$250 statutory rebate.

Council also has a “Hardship Policy” to assist all ratepayers who may be having difficulties in paying their rates.

Council’s ‘Rates and Charges Outstanding’ ratio is an indicator of whether the community is under stress in its ability to pay their rates. This ratio has consistently been below the industry benchmark of 5% and has been improving markedly over the last 5 years:

<u>Year</u>	<u>Holroyd %</u>	<u>DLG Group Average</u>
2008/2009	- 4.01%	4.28%
2009/2010	- 3.75%	4.10%
2010/2011	- 3.38%	3.69%
2011/2012	- 2.71%	3.52%
2012/2013	- 2.86%	3.61%
2023/2025 (Predicted)	- 3.50%	

This very low level of outstanding rates and charges indicates that the proposed Special Rate Variation will have limited impact on the level of individuals who might have difficulty paying their rates and still leaves this ratio significantly better than the industry benchmark. This is a strong indicator of the capacity of the community to absorb the proposed increase.

4.5 Considering the community’s capacity and willingness to pay

The capacity of ratepayers in each sub-category to pay for a rate variation is outlined below including comparisons with other surrounding Councils in the DLG Group 3 and those with a similar ranking in the SEIFA index.

The Holroyd Community has shown, through the results of the engagement activities undertaken and discussed in other parts of this submission that it is willing to pay for a rate rise. Some 64.2%, almost two thirds, of survey respondents supported an increase above the annual rate peg limit.

Council has analysed the community's capacity to pay using a range of affordability measures and concludes that there is a capacity within the community to support the proposed increase.

Comparison of the other DLG Group 3 Councils across a range of socio-economic indicators from the ABS Census 2011 shows that Holroyd has a mid range medium weekly income and a 7.2% unemployment rate compared to Bankstown (7.6%) and Blacktown (7.2%) yet lower than Auburn (8.6%). It also shows that Holroyd has below average housing costs for both rent and mortgage and given that housing costs are the biggest single expense item in most households, the relative level of disadvantage is reduced.

Comparative Data Table: Surrounding Group 3 Socio economic comparison

Council	Medium Weekly Household Income	Medium Rent (\$1 per week)	Medium Housing Loan Repayment (\$ /month)	SEIFA Index Score	SEIFA Index NSW Rank (DLG comparative data)
Holroyd	\$1,209	\$330	\$2,058	965.6	91
Auburn	\$1,106	\$350	\$2,000	916.7	62
Bankstown	\$1,361	\$330	\$2,200	931.7	67
Blacktown	\$1,816	\$370	\$2,383	968.5	93
Fairfield	\$1,022	\$280	\$1,800	854.5	5
Ryde	\$1,466	\$370	\$2,329	1050.4	136

Previous IPART successful Council SRV Applications

Council	Medium Weekly Household Income	Medium Rent (\$1 per week)	Medium Housing Loan Repayment (\$ /month)	SEIFA Index Score
Wyong	\$934	\$260	\$1733	951.7
Shell harbour	\$1,126	\$250	\$1,990	968.6
Bega Valley	\$847	\$200	\$1,300	968.7
Parkes	\$920	\$165	\$1,387	943.5

Comparative Data Table: Surrounding Group 3 Socio economic comparison				
Council	Average Residential rates	Average Business rates	Group Average Residential	Group Average Business
Holroyd	\$653.87	\$5,169.40	\$790.15	\$4,892.81
Auburn	\$554.58	\$6,402.37	\$790.15	\$4,892.81
Bankstown	\$891.13	\$5,252.68	\$790.15	\$4,892.81
Blacktown	\$808.06	\$6,315.14	\$790.15	\$4,892.81

Fairfield	\$655.10	\$6,417.26	\$790.15	\$4,892.81
Ryde	\$629.45	\$6,886.86	\$790.15	\$4,892.81
Previous IPART successful Council application				
Council	Average Residential rates	Average Business rates	Group Average Residential	Group Average Business
Parkes	\$526.79	\$2,111.29	\$632.67	\$1,728.02
Bega	\$814.45	\$2,151.05	\$836.70	\$2,982.91
Shell Harbour	\$942.88	\$3,413.56	\$836.70	\$2,982.91
Wyong	\$798.43	\$2,930.43	\$911.75	\$3,603.66

The above statistics provide support that the Holroyd community have a capacity to afford the increase associated with proposed Special Rate Variation:

- Holroyd's average wage is better than a number of its neighbouring Councils
- Holroyd's average rate is the fifth lowest in all of Metropolitan Sydney and the second lowest of its neighbouring Councils
- Council's SEIFA index is better than several of our neighbouring Councils several of which have higher average rates than Holroyd
- The medium housing loan costs for Holroyd is low in comparison to our neighbouring Councils

During the engagement for the Special Rate Variation, Council has addressed the issue of affordability through the following means:

- Promotion of Council's Hardship Policy
- Promotion of the mandatory \$250 rebate to eligible pensioners and Council's additional voluntary rebate of \$15 to all eligible pensioners
- Providing a pay by the month option for Rate Payers
- Fact sheets online and hard copies of average increase in rating

As mentioned previously, Council's 'Rates and Charges Outstanding Ratio' over the last 10 years has been below the industry benchmark of 5%, is currently at a historically low level of 2.86% and is predicted to remain significantly below the industry benchmark at 3.50% once the SRV is fully implemented. This provides a strong indicator of the capacity of the community to manage the proposed rise in rates associated with the SRV.

5 Assessment criterion 3: Impact on ratepayers

5.1 Impact on rates

In assessing the options to ensure the sustainability of Council's services and infrastructure, which included a possible Special Rate Variation, Council was mindful that it had one of the lowest rating bases. Holroyd Council is currently has the fifth lowest average residential rate in the Sydney metropolitan area.

This provided Council an indication of the rating relativity of other Sydney ratepayers and a general capacity for Holroyd ratepayers to be able to afford an increase.

The impact of the proposed Special Rate Variation in comparison to the adopting the IPART rate peg limit is shown in the tables below. Note the full suite of rating scenario comparisons is included as in *attachment 16*.

Option 1: No rate increase above the State restricted level - *Reduce our services and infrastructure standards.*

Increase rates by State restricted level only, estimated at around 3%. Residential ratepayers would pay on average of around \$38 more each year (\$9.50 per quarter). This would mean that by 2019/2020 the average annual rate charge would be \$1,431 (or a quarterly charge of \$358)

	Annual % Rate Increase*	Average Total \$ Rates Charge	Average \$ Waste and Stormwater Charge	Total \$ Rate Waste and Stormwater Charge	Average Annual \$ Increase
2013/14	-	\$744	\$458	\$1,202	-
2014/15	3%	\$766	\$471	\$1,237	\$35
2015/16	3%	\$789	\$485	\$1,274	\$37
2016/17	3%	\$813	\$499	\$1,312	\$38
2017/18	3%	\$838	\$513	\$1,351	\$39
2018/19	3%	\$863	\$528	\$1,391	\$40
2019/20	3%	\$888	\$543	\$1,431	\$41

Option 2: Increase rates by 9% for 4 years and 8% for 1 year - Maintain our current services and renew our existing infrastructure.

Increase rates by a maximum 9% for 4 years and maximum 8 % for 1 year. Residential ratepayers would pay on average of around \$85 more each year (\$21.25 per quarter) over this 5 year period. This would mean that by 2019/2020 the average annual rate charge would be \$1,711 (or a quarterly charge of \$428)

	Annual % Increase *	Average Total \$ Rates Charge	Average \$ Waste and Stormwater Charge	Total \$ Rate Waste and Stormwater Charge	Average Annual \$ Increase
2013/14	-	\$744	\$458	\$1,202	-
2014/15	9%	\$810	\$471	\$1,282	\$80
2015/16	9%	\$884	\$485	\$1,368	\$86
2016/17	9%	\$963	\$499	\$1,462	\$94
2017/18	9%	\$1,050	\$513	\$1,563	\$101
2018/19	8%	\$1,134	\$528	\$1,662	\$99
2019/20	3%	\$1,168	\$543	\$1,711	\$49

The survey results from Council's community consultation gave clear indication that the community would accept the Special Rate Variation proposed on the basis that services and infrastructure levels and standards were maintained. Some 64.2% of residents surveyed indicated they would be willing pay more, and hence found the increase as reasonable.

5.1.1 Minimum Rates

The special variation may affect ordinary rates, special rates and minimum rates.

Does the council have minimum rates?

Yes ☒ No ☐

If Yes, explain how the proposed special variation will apply to the minimum rate of any ordinary and special rate, and any change to the proportion of ratepayers on the minimum rate for all relevant categories that will occur as a result.

Council's adopted rating structure distributes the total amount of rates that can levied in the LGA between the residential and business categories on the following basis:

Residential - 69%

Business - 31%

Council applies a minimum rate, in conjunction with an ad valorem rate, in the 'Business' category only.

The minimum 'Business' rate for 2013/2014 is \$814.67 and applied to 502 properties. Under the Special Rate Variation being applied for, that is 8% for 3 years followed by 7% for 2 years, the minimum rate would rise to \$879.84, an 8% increase, and apply to 484 properties.

The increase in the number of business properties that would move from the minimum rate onto the ad valorem rate is 18 properties and considered a minimal increase. The impact on those 18 properties has been modelled to show that the average of their combined rates, under the SRV, would be

\$905.81, noting that they ranged from \$884.35 to \$915.06. This increase is considered reasonable and affordable.

5.2 Affordability and community capacity to pay

Sections 4.4 and 4.5 of this submission set out how the engagement process undertaken with the community provided the factual evidence that a vast majority, some two thirds, of the community support the proposed rate increase and that the relevant indicators (Average Rates, Average Wage, Average Housing Loan/Rentals and SEIFA Index) show the community has a capacity to afford the increase. This information is the basis on which Council supported the need to apply for a Special Rate Variation.

Council	Medium Weekly Household Income	Medium Rent (\$1 per week)	Medium Housing Loan Repayment (\$ /month)	SEIFA Index Score	SEIFA Index NSW Rank (DLG comparative data)
Holroyd	\$1,209	\$330	\$2,056	966	91
Auburn	\$1,106	\$350	\$2,000	917	62
Bankstown	\$1,091	\$310	\$2,005	932	67
Blacktown	\$1,388	\$300	\$2,100	968	93
Fairfield	\$1,022	\$280	\$1,800	854	5
Ryde	\$1,466	\$370	\$2,328	1050	136
Wyong	\$934	\$260	\$1733	951.7	56
Shell harbour	\$1,126	\$250	\$2,000	968.6	81
Bega Valley	\$848	\$200	\$1,400	968.7	71

Council in utilising the IP&R processes it had established was able to gain a clear indication from its community of which long term funding option it preferred to implement in order to ensure Council could sustainably maintain the services and infrastructure they required. In summary this process involved:

1. Reviewing our Community Strategic Plan to gain a contemporary view of the needs and aspirations of our community. This established the community's desire to maintain the existing standards of service and infrastructure being provided and gave a clear indication that sustaining Council's current infrastructures was of high importance.
2. Council identified through its Asset Management Plans and Long Term Financial Plan that the funding gap for infrastructure maintenance and renewals had grown to a level that required immediate action.
3. In accordance with Council's Community Engagement Strategy specific consultation was undertaken to both inform and educate the community on the emerging need to urgently address the issue of the sustainability of the Council's infrastructure assets. The engagement activities also were designed to provide Council the feedback necessary to determine which option was preferred for addressing the infrastructure sustainability issue.

4. The community surveying clearly indicated that the community did not want to see its services or infrastructure standards reduced and would prefer to incur an additional rate rise to ensure existing services and infrastructure standards were maintained.
5. Council assessed the community's view against a range of indicators such as average wage, housing loan/rent commitments and SEIFA Index to assess their capacity to afford the rate increase being proposed and concluded that such capacity did exist within its community and for those who may suffer some hardship Council's 'Hardship Policy' and additional voluntary Pensioner Rebate were in place to assist.

5.3 Other factors in considering reasonable impact

5.3.1 Addressing hardship

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

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

Please attach a copy of the Policy and explain who the potential beneficiaries are and how they are addressed.

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

Holroyd City Council has had a Hardship – Rates Policy in place for those who are suffering hardship in meeting the costs of their rates. Council provides the following options, as set down in the Local Government Act 1993, for those ratepayers suffering hardship:

- Arrangements under section 564 which allow Council to accept payment of rates and charges different to the original four instalments. This arrangement can be weekly, fortnightly or monthly through a direct debit system. Council may also write off or reduced interest on outstanding amounts in this instance.
- Accrued Interest under Section 567 which allows Council to write off accrued interest on rates and charges payable by a person if the reasons are beyond the persons control or the accrued interest would cause the person hardship.
- Extension of concession under Section 577 relating to the Pensioner Rate Rebate.
- Pensioner Abandonments under Section 582 whereby Council may waive or reduce rates, charges and interest due by any person prescribed by the regulations who is in receipt of a pension or allowance under the Social Security Act 1991.
- Valuation Changes under Section 601 which provides Council with assisting ratepayers who may suffer hardship due to a valuation change to their land value. Council also has the discretion to waive, reduce or defer payment of any part of the increase.
- Council also refers those experiencing financial hardship to welfare agencies that can assist ratepayer with financial grants and family related counselling.

- Pensioner rebate of \$250.00 is offered to all eligible Pensioners and Council provides an additional \$15.00 to that rebate for eligible Pensioners.

Holroyd City Council's Hardship – Rate Relief Policy outlines the eligibility criteria for ratepayers under each circumstance (*See attachment 21 – Hardship – Rates Policy*)

Council is very mindful of the need to closely monitor the impact on ratepayers of the Special Rate Variation and to assess if additional financial support measures need to be implemented.

Council will monitor for any increase in the number of ratepayers seeking assistance with their paying Council rates either formally under Council's 'Hardship Policy' or anecdotally through general rating enquiries.

Council will also closely monitor the Rates and Charges Outstanding Ratio as another indicator of whether additional financial support measures need to be implemented.

6 Assessment criterion 4: Assumptions in Delivery Program and LTFP

6.1 Community Expectations and Desires

Through the community engagement undertaken in developing the Community Strategic Plan, a number of key priorities were identified that help to inform the outcomes and strategies developed in the Community Strategic Plan, Delivery Program and Long Term Financial Plan.

These key priorities included:

1. Willingness to be involved
2. Urban Planning, Growth and Development
3. Barriers to communication
4. Community Facilities and Accessibility
5. Social Diversity and Safety

The key priorities of Urban Planning, Growth and Development and Community Facilities and Accessibility provide the platform for Council to address the community's expectation to meet the needs of a growing population and the provision of reliable services and infrastructure standards so that they are sustainable for generations to come.

Based on the most recent Community Research findings conducted by Micromex (*see attachment 21*) through the initial Phone survey of 400 residents, it was identified that all services provided were in fact considered to be important. When analysing the performance gaps, it is important to recognise that, according to benchmark studies, a gap of up to 1.0 is acceptable when the initial importance rating is 4.0+, as it indicates that residents consider the attribute to be of 'high' to 'very high' importance and that the satisfaction they have with Holroyd City Council's performance on that same measure, is 'moderate' to 'moderately high'.

In summary the smaller the gap recorded in the 'performance gap' column the less of an issue this item was for the community. The overall findings from this research are that Council is performing well, noting that the main concerns related to our infrastructure.

Ranking 2011	Service/Facility	Importance Mean	Satisfaction Mean	Performance Gap
1	Traffic flow and congestion	4.59	2.90	1.69
2	Maintaining local roads	4.68	3.04	1.64
3	Availability of car parking	4.51	2.90	1.61
4	Maintaining footpaths	4.50	3.01	1.49
5	Illegal dumping	4.61	3.30	1.31
6	Long term planning for Holroyd	4.50	3.26	1.24
	Road safety	4.71	3.47	1.24
8	Community input to Council decision-making	4.31	3.10	1.21
9	Financial management	4.44	3.24	1.20
10	Community safety	4.63	3.44	1.19
11	Supporting local jobs and businesses	4.53	3.37	1.16
12	Development and building applications	4.05	2.98	1.07
13	Graffiti removal	4.23	3.22	1.01
14	Provision of Council information to the community	4.29	3.32	0.97
15	Economic development	4.14	3.24	0.89
16	Recycling and waste minimisation	4.55	3.72	0.83
17	Parks and playgrounds	4.49	3.68	0.81
18	Appearance of the City	4.20	3.41	0.79
19	Accessibility to Council and its services	4.29	3.52	0.77
20	Support services for people with a disability	4.18	3.43	0.75
21	Protecting the natural environment such as bush care	4.25	3.54	0.71
22	Stormwater management	4.25	3.57	0.68
23	Tree management	3.97	3.31	0.66
24	Environmental education programs	3.98	3.39	0.59
25	Ovals and sportsgrounds	4.33	3.75	0.58
26	Youth programs	3.88	3.34	0.54
	Support services for Seniors	4.10	3.56	0.54
28	Flood management	4.11	3.62	0.49
29	Renovating town centres	3.83	3.45	0.38
30	Enhancing heritage buildings	3.70	3.53	0.17
31	Community buildings and halls	3.84	3.70	0.14
32	Swimming pools	3.74	3.64	0.10
33	Maintaining cycleways	3.60	3.54	0.06
34	Promoting pride in the community	3.62	3.61	0.01
35	Library services	4.10	4.15	-0.05
36	Festival and events programs	3.54	3.64	-0.10

The results of this survey did not support Council making savings by reducing service levels as the community placed a high importance on the vast majority of services Council provides and was overall satisfied with the performance of the services/infrastructure standards and, in fact, wanted to be able to continue to maintain what was already provided which is consistent with the findings outlined in all areas of engagement and feedback.

From the community engagement undertaken that was specific to the SRV (ie. the sustainability of Council's services and infrastructure) the findings that the community initially identified three distinct funding options formed the basis for which funding models would be developed for inclusion in the Long Term Financial Plan.

6.2 Delivery Program Assumptions

In accordance with the findings from the latest round of Council's community engagement activities the 2014/2015 Delivery Program (incorporating the 2014/2015 Operational Plan) was based on maintaining the existing service and infrastructure levels.

Council has received a clear message from the research conducted that we need to reassess how we maintain and review our ageing infrastructure, continue to provide the services and infrastructure service standards that our community currently experiences and prepare for a growing community plus maintain a balanced budget. If the funding gap is not addressed, Council will be forced to reduce services and infrastructure standards that the community has expressed that they are happy to maintain.

The Draft Delivery Program that was exhibited to the community was premised on these findings and accordingly presented three distinct options which represented the three distinct community views that prevailed at the time, being:

1. No rate increase above the IPART rate peg limit
2. Increase rate sufficiently to maintain and sustain existing services and infrastructure
3. Increase rates to not only maintain and sustain 'existing' services and infrastructure but to provide for new or expanded services and infrastructure

6.3 Long Term Financial Plan

Council has prepared a Long Term Financial Plan (LTFP) to support the discussion with the Holroyd community and decision making required of Council in relation the sustainability of its services and infrastructure. The key assumptions on which the LTFP have been modelled are recorded in detail in the LTFP and are summarised as follows:

1. Three separate budget scenarios developed in line with the three distinct funding options sought by the community as identified through the community engagement activities
2. Each funding option needed to provide a balanced funding situation (ie. no surplus or deficit results)
3. Each scenario needed to identify and be linked to a specified level of service and infrastructure sustainability (ie. reduce services, maintain services or increase services)
4. The scenarios for maintaining or increasing services/infrastructure needed to align with the costings from the latest versions of Council's Asset Management Plans.
5. Scenario 1 was modelled on a 'no increase above the rate peg limit' situation and was premised on the need for reductions in services and/or infrastructure standards in order to be able to achieve sustainability in the provision of services and infrastructure
6. Scenario 2 was modelled on the basis of determining the level of a Special Rate Variation that was needed to maintain existing levels of services and keep infrastructure at no less than a 'Good' standard (with 'Good' being a rating of 3 out of 5, where 1 = Very Good and 5 = Very Bad).
7. Scenario 3 was modelled such that it looked to expand on Scenario 2 and not only maintain the existing levels of services and infrastructure but provide for the expansion of services and infrastructure standards being provided.
8. The LTFP factored in the impact on Council of new planning controls which are predicted to see the Holroyd LGA grow by 40,000 new residents, 10,000 new dwellings and an additional 5,500 jobs created in the next 20 – 40 years. This is reflected in the new infrastructure modelled in

Council's Asset Management Plans, to cope with the increased population, which has been costed into the LTFP and an increase in rating revenue from this growth.

9. The Long Term Financial Plan has as its base an inflation figure of 3%. This figure is based on the Reserve Bank of Australia's target inflation range of 2% to 3%.
10. Infrastructure - There are no major asset sales or change in management of significant assets that is forecast in this plan. Holroyd City Council will continue to manage its' significant portfolio of assets and infrastructure to support the community, in accordance with the Asset Management Plans.
11. Reserves – Significant utilisation of existing reserves has been factored into the LTFP model to show our community we are implementing initiatives which have minimised the amount of an SRV that needs to be applied for.
12. Income assumptions:
 - a) Rates - modelled in accordance with each of the three funding scenarios proposed
 - b) Stormwater Management Charge - modelled in line with the statutory limits that apply noting that Council is already charging the maximum amounts permissible
 - c) Domestic Waste Charges - have no impact on the Rate Levy as they are raised to recover only the costs of providing domestic waste collection services
 - d) Interest on Investments – modelled to provide returns to Council at the rate of 5% annually
 - e) User Charges & Fees – modelled to increase in line with the CPI figure of 3%
 - f) Grants & Contributions – maintained at real current levels with variation for known circumstances such as increases in S94 contributions from new planning controls that promote increased development
13. Expenditure assumptions:
 - a) Staff costs – based historic and anticipated award increases are modelled to increase at 3.00% annually
 - b) Borrowing costs – Council is currently debt free. Council has no policy to be debt free and continues to borrow when it is strategically prudent to do so. Council will look to borrow throughout the 10 year LTFP as a mechanism to bring forward the construction of the renewal assets or new S94 funded assets.
 - c) Materials, Contracts and Other Expenses – modelled on the IPART Local Govt Cost Index to increase at 3.00% annually
 - d) Depreciation – modelled in accordance with Council's Asset Management Plans

A number of limiting factors that place restraints on Council's ability to become and maintain a sustainable financial position were also taken into consideration in preparing the Long Term Financial Plan, these included:

- Costs increasing faster than revenues;
- Requests from communities for expanding services;
- Resources being diverted from traditional areas of local government expenditure via shifting of responsibilities and costs from other levels of government;
 - Rate pegging constraints;
 - Uncertainty over grant income;
 - Imposed limits on local development contributions; and
 - Increased maintenance due to an ageing infrastructure network
 - Significant population growth

Council had its Long Term Financial Plan independently reviewed by Mr Dennis Banicevic (DMB Consulting/PriceWaterhouse Coopers) to test the veracity of the figures it produced and the quantum of Special Rate Variation that had been calculated as necessary to fund the financial position that Council was seeking to achieve. Mr Banicevic review is included as part of *Attachment 22*. In his review Mr Banicevic concluded that:

“Based on the information we have examined and our discussions with council officers, the Special Rate variation proposed, either in funding Scenario 2 or 3, is justified if Council is to maintain services and provide the required levels of asset renewals and maintenances to its community” Dennis Banicevic, Director DMB Consulting/PriceWaterhouse Coopers.

6.4 Asset Management Plans

Holroyd City Council controls a large portfolio of community assets with an estimated current replacement value of \$959.6M.

In the latest review of Council’s Asset Management Plans a full re-assessment of the condition of Council’s infrastructure assets was undertaken through a series of independent condition audits that were commissioned for the Roads and Bridges, Drainage and Buildings assets. Council’s Parks and Recreation assets were subject to an internal condition audit.

The condition audits provided significant new data that verified the remaining useful of many assets was greater currently recorded. Based on this new data Council’s Asset Management Plans were reviewed which resulted in a significant reduction in the levels of depreciation currently being recorded, a reduction from \$16.76m to \$10.23m and a significant reduction in the amount of funding required to bring Council’s infrastructure assets up to a ‘Satisfactory’ standard from \$49.45m to \$26.32m.

The results of these reviews were significant in reducing the modelled costs for operating, maintaining and renewing Council’s infrastructure assets, which in turn helped to reduce the amount of a Special Rate Variation that Council needed to consider in order to maintain those assets at a satisfactory standard.

The assumptions on which the AMPs are compiled are:

1. Maintaining infrastructure assets to a minimum ‘Good’ standard as identified by the community through the consultation undertaken in relation to the recent reviews of the Community Strategic Plan;
2. Assets are rated on a scale of 1 – 5, where 1 is ‘Excellent’ and 5 is ‘Very Poor’;
3. Levels of Service which has been developed on all assets based on community and technical considerations;
4. Levels of service consider quality, safety, function, conditions, cost/affordability, responsiveness and appearance/presentation;
5. Average CIP in construction costs has been included; and
6. All modelling standards deterioration curves have been assumed for each asset class.

The management of Council’s infrastructure assets is heavily impacted by the following factors which have been taken into consideration in preparing the relevant AMPs:

- Increasing demand from the community to provide higher levels of service
- Changing risk environment and increasing standards for the provision of infrastructure
- Competing priorities for other services and for funding
- Funding constraints particularly as a result of policies of higher levels of government and the transfer of responsibilities from State to Local Government
- Steadily increasing number of new residents
- Increasing costs above the CPI for materials used for civil infrastructure such as concrete and asphalt.

To test the soundness and veracity of the Asset Management Plans (AMPs) that Council was basing much of its decision making on Council had the AMPs independently reviewed by Mr Tim McCarthy from Morrison Low who reviewed the processes and methodology that Council employed in undertaking its review of its AMPs. Mr McCarthy concluded:

“I have reviewed the AMP that underpin Council’s Long Term Financial Plan and the process upon which they have been compiled and advise that this valuation process used fairly represents the long term cost to maintain and renew the asset being reported.”

7 Assessment criterion 5: Productivity improvements and cost containment strategies

As referred to in Section 3.3 of this submission Council has been able to contain the need to apply for a SRV over the last decade by implementing a number of financial efficiency measures, these include:

- Preparing budgets that freeze the costs of Council's non-wage and non-statutory components of its operations for 10 of the last 15 years (*see attachment 26*). This has resulted in the general expenses part of Council's budget, which during this period has ranged between 20% - 30% of the total budget, generating savings which add an expected 3% increase has resulted in savings that have ranged from \$450,000 to \$600,000 annually. These savings were generally applied to cover the increases of costs which are rising faster than revenues (wages, materials, State levies), the costs of increased regulatory compliance (which Council is unable to charge fees that will recover the related costs), the costs of non-avoidable increasing standards for Council's services and infrastructure (statutory and professional standards) and the costs from the increasing demands of a growing multicultural community. These expenditure freezes have been the major reason why Council has been able to delay the timing for a Special Rate Variation to this point in time.
- Application of reserve funds to minimise the need for a special rate variation. Council has aggressively committed to reallocating over \$23m, the majority of its internally restricted reserves, over the 10 year financial plan in order to minimise the amount of Special Rate Variation that needed to be applied for, showing that it is serious about living within its means.
- Savings through using contestability of major supplier contracts;
- Increased income from property assets. The Long Term Financial Plan has factored in an additional \$4.5m from property rentals over the next 10 years as Council aggressively looks to ensure it maximises the return on any land assets ;
- Savings through building management recycling activities efficiencies;
- Savings through using recycled materials in road construction;
- Savings through continuous improvements programs which seek out efficiencies savings across all Council operations

Council has already commenced a number of major initiatives aimed at increasing revenues and decreasing costs. These include:

- Marketing the sale/development of a major piece of Council land in the Merrylands CBD, the proceeds of which will be used to acquire income generating property assets.
- The development of a single aquatic/wellness centre, which will create opportunities to reduce the overall costs that Council currently incurs (some \$1.6m annually) on its three existing swim centres

These financial efficiency measures have been invaluable in ensuring Council was maximising the work that could be done with the limited resources that were available and driven process and system improvements to ensure that the community were getting best value for their rating dollar. Whilst extremely beneficial those efficiency measures are not a long term solution to the growing costs of maintaining Council's infrastructure assets and hence the need for a SRV has evolved.

8 Other information

8.1 Previous Instruments of Approval

Holroyd City Council does not have an expiring variation and therefore this section is not applicable.

8.2 Reporting to your community

A list of proposed works has been identified that will be undertaken with the additional income raised by the Special Rate Variation. This list was made available to the community throughout the consultation stage 2 and during the exhibition period of the 2013-2017 Delivery Program from the 18 December 2013 – 7 February 2014. The lists contained information regarding Suburb, Street, Work to be completed, funding source and then indication of which year work would be completed.

From the 1 July 2014, Council will clearly state in the Delivery Program (incorporating the Operational Plan) the following information:

The Rating Policy

- The amount of income to be raised in that year (Year 1 – 5)
- The amount of expenditure proposed to be spent on works that relate to the SRV in maintenance, renewals and operations.

Capital Works Program - SRV

- A detailed list of works to be undertaken including carry over works from previous years and details of any changes to priority of works and reasons.
- Reconciliation against the original SRV works list made available to the community during the consultation period.
- The Asset Management Plans for each asset class will be updated to identify progress being made in asset condition as a result of the SRV works and any reasons for variations in priorities.
- The Long Term Financial Strategy would be updated to reflect Council's financial position as a result of the approved SRV funding.
- Appropriate performance measures relating to the SRV can be found in the Delivery Program for example: (*Delivery Program page 102*)

	<i>Parks Maintenance</i> <i>6.1.1.10 Park equipment and infrastructure maintenance schedule is carried out in accordance with the levels of service outlined in the Asset Management Plans</i>	MAO	<i>Park maintenance schedule is completed</i>	WFS: ES-AO
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NB : See Delivery Program for all performance measure pertaining to the priorities outlined in the Operational Plan

- Progress reporting on the implementation of the Delivery Program and Operational Plan is formally adopted by Council on a quarterly basis. Any variation will be clearly explained during the quarterly reporting process.

- Annual Report will provide a progress report against the scheduled work funded by the SRV and will clearly explain any variance against the original program.
- Reports will be posted to Council's website
- The 'Local Solutions' page will remain on Council's website but will be changed to reflect the progress on works completed and next works scheduled.
- Regular media releases will provide the community with information on the progress of works completed.
- Signage (where possible) will identify works being completed as a result of the Special Rate Variation.

8.3 Council resolution to apply to IPART

Holroyd City Council approved at its meeting of the 18 February 2014 to apply for a SRV. A copy of the Council resolution has been attached (*Please see attachment 24*)

9 Checklist of contents

The following is a checklist of the supporting documents to include with your Part B application:

Item	Included?
Relevant extracts from the Community Strategic Plan(provided as a separate email as per IPART's request)	<input checked="" type="checkbox"/>
Delivery Program	<input checked="" type="checkbox"/>
Long Term Financial Plan	<input checked="" type="checkbox"/>
Relevant extracts from the Asset Management Plan	<input checked="" type="checkbox"/>
TCorp report on financial sustainability	<input checked="" type="checkbox"/>
Contributions Plan documents (if applicable)	<input type="checkbox"/>
Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and special variation	<input checked="" type="checkbox"/>
Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
Hardship Policy	<input checked="" type="checkbox"/>
Past Instruments of Approval (if applicable)	<input type="checkbox"/>
Resolution to apply for the special variation	<input checked="" type="checkbox"/>
Resolution to adopt the Delivery Program	<input checked="" type="checkbox"/>

10 Certification

APPLICATION FOR A SPECIAL RATE VARIATION

To be completed by General Manager and Responsible Accounting Officer

Name of council: Holroyd City Council

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

A handwritten signature in black ink, appearing to read 'Merv Ismay'.

General Manager (name): Merv Ismay

Signature and Date: 24 February 2014

A handwritten signature in black ink, appearing to read 'Tim Butler'.

Responsible Accounting Officer (name): Tim Butler

Signature and Date: 24 February 2014

Once completed, please scan the signed certification and attach it to the Part B form before submitting your application online via the Council Portal on our website.