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| Special Variation Application Form – Part BCouncil application for 2015/16 |
| Insert Name of Council: Gwydir Shire CouncilDate Submitted to IPART: 16/2/2015Council Contact Person: Mr Max EastcottCouncil Contact Phone: 0427 240 112Council Contact Email: meastcott@gwydir.nsw.gov.au |
|  |

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ISBN

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# Introduction

IPART will assess each application against the criteria set out in the Office of Local Government’s (OLG) *Guidelines for the preparation of an application for a special variation to general income for 2015/2016* (the Guidelines). Councils should refer to these guidelines before completing this application form.[[1]](#footnote-1)

Each council must complete this Part B application form when applying for a special variation to general income either under section 508A or under section 508(2) of the *Local Government Act 1993*.

The Part B form must be completed together with the Part A (spreadsheet) form for both s508(2) and s508A applications. The Guidelines also require the council to have resolved to apply for a special variation. You must attach a copy of the council’s resolution to make a special variation application. IPART’s assessment of the application cannot commence without it.

## Completing the application form

This form is structured to provide guidance on the information we consider necessary to assess a special variation application. To complete the form, the council will need to respond to questions and insert text in the boxed area following each section or sub-section.

The amount of information that a council provides will be a matter of judgement for the council, but it should be sufficient for us to make an evidence-based assessment of the application. Generally, the extent of the evidence should reflect the size of the variation sought. More complex applications or requests for a high cumulative percentage increase should be supported by stronger, more extensive evidence.

Councils may submit additional supporting documents as attachments to the application (refer to section 8). These should be clearly identified in Part B and cross-referenced. We prefer to receive relevant extracts rather than complete publications, unless the complete publication is relevant to the criteria. You should provide details of how we can access the complete publication should this be necessary.

We publish Fact Sheets on how IPART assesses special variations and on the nature of community engagement for special variation applications. These will assist in preparing the application. The latest Fact Sheets on these topics are dated October 2014 and are available on IPART’s website.[[2]](#footnote-2)

We may ask for additional information to assist us in making our assessment. If this is necessary, we will contact the nominated council officer.

This application form consists of:

* Section 2 – Preliminaries
* Section 3 – Assessment criterion 1
* Section 4 – Assessment criterion 2
* Section 5 – Assessment criterion 3
* Section 6 – Assessment criterion 4
* Section 7 – Assessment criterion 5
* Section 8 – List of attachments
* Section 9 – Certification.

## Using the Council Portal to submit the application

All councils intending to apply for a special variation must use the Council Portal on IPART’s website to register as an applicant council and to submit an application.

The Portal is at <http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt>. The [User Guide](http://www.ipart.nsw.gov.au/files/948b8fb1-2e6e-4647-b9d3-a10000a2552a/Local_Government_-_Council_Portal_User_Guide_-_November_2012.pdf) for the Portal will assist you with the registration and online submission process. If you experience difficulties please contact Himali Ranasinghe on (02) 9113 7710 or by email himali\_ranasinghe@ipart.nsw.gov.au

Councils intending to submit an application under either section 508(2) or section 508A must notify us of their intention to apply by **COB Friday, 12 December 2014.**

Councils should submit their applications via the Portal. File size limits apply to each part of the application. For Part B the limit is 10MB. The limit for supporting documents is 70MB for public documents and 50MB for confidential documents. These file limits should be sufficient for your application. Please contact us if they are not.

We ask that councils also submit one hard copy of their application to us (with a table of contents and appropriate cross referencing of attachments). Note, early in 2015 IPART will be relocating to the following address:

Local Government Team
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

2-24 Rawson Place, Sydney NSW 2000

We must receive your application via the Council Portal no later than **COB Monday, 16 February 2015.**

We will post all applications (excluding confidential content) on the IPART website. Confidential content may include part of a document that discloses the personal identity or other personal information pertaining to a member of the public or whole documents such as a council working document and/or a document that includes commercial-in-confidence content. Councils should ensure that documents provided to IPART do not expose confidential content.

Councils should also post their application on their own website for the community to access.

# Preliminaries

## Focus on Integrated Planning and Reporting

Councils must identify the need for a special variation to their General Fund’s rates revenue as part of their Integrated Planning and Reporting (IP&R) process.[[3]](#footnote-3) The IP&R documents will need to be publicly exhibited and adopted by the council prior to it submitting its application to us. Also refer to section 6 for a more detailed explanation.

The key IP&R documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and, where applicable, the Asset Management Plan. A council’s application may also include supplementary and/or background publications used within its IP&R processes. You should refer to these documents to support your application for a special variation where appropriate.

## Key purpose of special variation

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

|  |  |
| --- | --- |
| Maintain existing services | [x]  |
| Enhance financial sustainability | [x]  |
| Environmental services or works | [ ]  |
| Infrastructure maintenance / renewal | [x]  |
| Reduce infrastructure backlogs | [ ]  |
| New infrastructure investment | [ ]  |
| Other (specify) | [ ]  |

You should summarise below the key aspects of the council’s application, including the purpose and the steps undertaken in reaching a decision to make an application.

**Council Response**

Council has been deliberating on an SRV for some time, but has been hesitant to pursue this course of action – it has been seen as a course of last resort as it was not seen as an ideal solution for the ratepayer.

The decision to aim for a reasonably substantial rate variation has been brought to a head on a number of fronts. Firstly, in struggling to maintain service levels along with own source revenue obligations for Road to Recovery (Federal Government road funding initiative with strict compliance rules), General Fund cash reserves were run down to a level where significant expenditure cuts were required and Roads to Recovery participation is under pressure regarding non-compliance due to an inability to maintain own source expenditure funding – just one example of funding pressures. Maintaining existing services is becoming harder each year, and while rate increases are not enthusiastically embraced, reduced services are not in favour either.

While efforts have and are being made to improve performance and the mix of services, it is clear that many services will require significant reductions without additional revenue injections – the options for additional revenues are limited within this local government area.

Additional external pressures are also growing to improve Council’s sustainability, for example the IP&R and *Fit for the Future* initiatives of the State Government, who after all control how local government operates.

## Capital expenditure review

You should complete this section if council is undertaking major capital projects that are required to comply with the OLG’s Capital Expenditure Guidelines, as outlined in OLG 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 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 council to do a capital expenditure review in accordance with OLG Circular to Councils, Circular No 10-34 dated 20 December 2010 | Yes [ ]  | No [x]  |
| If *Yes*, has a review been done and submitted to OLG? | Yes [ ]  | No [ ]  |

# Assessment Criterion 1: Need for the variation

Criterion 1 within the OLG Guidelines is:

*The need for and purpose of a different revenue path for the council’s General Fund (as requested through the special variation) is clearly articulated and identified in the council’s IP&R documents, including its Delivery Program, Long Term Financial Plan and Asset Management Plan where appropriate. In establishing need for the special variation, the relevant IP&R documents should canvass alternatives to the rate rise. In demonstrating this need councils must indicate the financial impact in their Long Term Financial Plan applying the following two scenarios:*

* *Baseline scenario – General Fund revenue and expenditure forecasts which reflect the business as usual model, and exclude the special variation, and*
* *Special variation scenario – the result of approving the special variation in full is shown and reflected in the General Fund revenue forecast with the additional expenditure levels intended to be funded by the special variation.*

*Evidence to establish this criterion could include evidence of community need /desire for service levels/projects and limited council resourcing alternatives.*

*Evidence could also include the assessment of the council’s financial sustainability conducted by the NSW Treasury Corporation.*

The response to this criterion should summarise the council’s case for the proposed special variation. It is necessary to show how the council has identified and considered its community’s needs, alternative funding options (to a rates rise) and the assessment of its financial sustainability as conducted by the NSW Treasury Corporation (TCorp).

The criterion states that the need for the special variation must be identified and clearly articulated in the council’s IP&R documents especially the Long Term Financial Plan (LTFP) and the Delivery Program, and, where appropriate, the Asset Management Plan (AMP). The purpose of the special variation should also be consistent with the priorities of the Community Strategic Plan (CSP).

## Case for special variation - community need

Summarise and explain below:

* How the council identified and considered the community’s needs and desires in relation to matters such as levels of service delivery and asset maintenance and provision.
* How the decision to seek higher revenues above the rate peg was made and which other options were examined, such as changing expenditure priorities or using alternative modes of service delivery.
* Why the special variation is the most appropriate option. For example, typically other options would include introducing new or higher user charges and/or an increase in council loan borrowings, or private public partnerships or joint ventures.
* How the proposed special variation impacts the LTFP forecasts and how this relates to the need the council identified. Our assessment will also consider the assumptions which underpin the council’s LTFP forecasts.

In addressing this criterion, you should include extracts from, or references to, the IP&R document(s) that demonstrate how the council meets this criterion.

**Council Response**

Using various methods, we have surveyed residents regarding satisfaction with current service levels – overall, results are satisfactory.

In an endeavour to continue to meet community needs and expectations, particularly in the area of roads, which is an area of particular importance to ratepayers and the elected Councillors, council’s cash reserves have been depleted.

Additionally there are many other areas where council has ‘picked up the tab’ either in terms of cost shifting and/or where services have been threatened over the years.

Examples where this council is now providing services that many urban councils do not include aged care, preschool services, medical services. As part of our continual efforts to minimise costs, we have recently been successful in transferring responsibility for the day to day operations of our medical services to another party.

Specifically – the community survey results regarding the Council’s services highlighted a high degree of satisfaction across all areas. The only area where the respondents rated the Council’s service ‘poor’ more highly than ‘adequate’ was the maintenance of unsealed rural roads.

The table only details the responses made and excludes a ‘no opinion’ response.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Q 17. Please indicate your opinion on how the Council performs in the following areas of its operations.** | **Adequate Total Responses** | **Adequate % of Respondents** | **Poor Total Response** | **Poor % of Respondents** |
| Information availability - are you kept informed? | 336 | 63.52% | 193 | 36.48% |
| Donations and in-kind support to community groups | 351 | 80.50% | 85 | 19.50% |
| The maintenance of public infrastructure generally | 406 | 79.76% | 103 | 20.24% |
| The maintenance of unsealed roads | 249 | 46.46% | 287 | 53.54% |
| The maintenance of urban sealed roads | 360 | 67.54% | 173 | 32.46% |
| Emergency services - State Emergency Services | 413 | 87.50% | 59 | 12.50% |
| Emergency Services - Rural Fire Services | 376 | 83.00% | 77 | 17.00% |
| Aged services - Naroo and Community Care | 340 | 81.93% | 75 | 18.07% |
| Social and Community Planning | 251 | 65.19% | 134 | 34.81% |
| Family based services | 223 | 66.37% | 113 | 33.63% |
| Child and Youth services | 205 | 61.19% | 130 | 38.81% |
| Community housing | 176 | 52.85% | 157 | 47.15% |
| Council run Preschools (Bingara and Tharawonga) | 224 | 71.79% | 88 | 28.21% |
| Bingara Caravan Park | 255 | 68.00% | 120 | 32.00% |
| Warialda Caravan Park | 274 | 73.85% | 97 | 26.15% |
| Bingara Cemetery | 255 | 71.03% | 104 | 28.97% |
| Warialda Cemetery | 248 | 70.86% | 102 | 29.14% |
| Animal Control | 242 | 53.90% | 207 | 46.10% |
| Noxious weed control | 271 | 59.43% | 185 | 40.57% |
| Landfill management | 337 | 72.79% | 126 | 27.21% |
| **Q 17. Please indicate your opinion on how the Council performs in the following areas of its operations.** | **Adequate Total Responses** | **Adequate % of Respondents** | **Poor Total Response** | **Poor % of Respondents** |
| Domestic waste collection | 385 | 82.80% | 80 | 17.20% |
| Recycling | 391 | 78.99% | 104 | 21.01% |
| Recreational areas | 394 | 86.78% | 60 | 13.22% |
| Town sewerage services | 330 | 82.29% | 71 | 17.71% |
| Warialda water supply | 211 | 62.80% | 125 | 37.20% |
| Bingara water supply | 210 | 61.58% | 131 | 38.42% |
| Gravesend water supply (Note: only 10 of the 142 'poor' rating identified themselves as a Gravesend resident) | 86 | 37.72% | 142 | 62.28% |
| North Star water supply (Note: only 1 of the 139 'poor' rating identified themselves as a North Star resident and this respondent rated every service 'poor') | 71 | 33.81% | 139 | 66.19% |
| Bingara swimming pool complex | 222 | 69.81% | 96 | 30.19% |
| Warialda swimming pool complex | 232 | 70.09% | 99 | 29.91% |
| Cultural facilities | 213 | 66.56% | 107 | 33.44% |
| Tourism and events promotion | 342 | 75.66% | 110 | 24.34% |
| Economic development support | 200 | 59.00% | 139 | 41.00% |
| Libraries | 360 | 83.14% | 73 | 16.86% |

Additionally, if nothing is done in relation to funding as shown in Appendix A of the Long Term Financial Plan, service levels will need to be reduced and Council’s financial position will continue to deteriorate – the operating result will become worse, General Fund cash will remain in a poor state, equity will continue to reduce. In almost every respect Councils long term sustainability problems become worse.

The Special Rate Variation proposal of 2 x 15% rate rises (appendix B LTFP) will not be the panacea to all problems, but will go a long way to ensure current levels of service (in a broad sense) are within reach. Council continues to review services to ensure there is a high level of correlation to the needs and wants of the community and that we have the right mix.

We also continue to review the way the services are delivered. For example, a number of years ago, Council ‘took over’ the medical practice in Bingara to ensure it would continue service provision, as it looked like closing. Negotiations were also under way with a view to standardising the service with Warialda. Fortunately other negotiations have proved successful, whereby a third party provider was willing (after much negotiation) to take over these businesses and are now providing medical services to both towns with little Council involvement other than providing the actual buildings and doctors’ housing in both Bingara and Warialda. A great success story, that has saved Council approximately $200k - $250k pa going forward.

## Financial sustainability

The special variation may be intended to improve the council’s underlying financial position, or to fund specific projects or programs of expenditure, or a combination of the two. We will consider evidence about the council’s current and future financial sustainability and the assumptions it has made in coming to a view on its financial sustainability.

You should explain below:

* The council’s understanding of its current state of financial sustainability, its long-term projections based on alternative scenarios and assumptions about revenue and expenditure.
* Any external assessment of the council’s financial sustainability, eg, by auditors or TCorp. Indicate how such assessments of the council’s financial sustainability is relevant to supporting the decision to apply for a special variation.
* The council’s view of the impact of the special variation on its financial sustainability.

**Council Response**

Without the SRV, Council will not be able to maintain services at anything like current levels, Roads to Recovery funding is almost certain to go by the wayside and the majority if not all of Council’s sustainability indicators will worsen. This is supported by TCorp’s recent review in which Council was rated Very Weak and other recent reports.

Council has limited options in terms of improving sustainability. Alternative options to improve revenues are limited. Because of the population density of the shire (0.6/km2) and the fact there are two main centres that are not particularly large (each main town has significantly less than 2,000 residents) it is unlikely that changes in user charge rates – even if substantial, would result in significant other revenues. Even so, user fees and charges are under review and are expected to rise.

The SRV is not seen as the single answer to achieving sustainability. In fact, the 2 x 15% SRV (the most optimal presented and shown in appendix B of the LTP) shows that while there is a reprieve and significant improvement, the long term trend in the operating statement is still down and much more work is required to reverse this trend.

With adjustments to services, service levels and community expectations, in addition to the SRV, Council is confident that long term financial sustainability is within reach.

It is worth noting the auditor’s report for the financial year 2014 – especially page 6 of the auditor’s report relating to net current assets and cash restrictions, commentary on ratios and infrastructure renewals. Note that without the SRV, the asset maintenance ratio, which is already below par, will deteriorate significantly.

The 2014 year showed a significant deterioration, although many of the sustainability indicators have been below par for an extended period of time, indicating that the problems are entrenched and systemic.

Even with SRV approval there remains plenty of work for Council to do to work towards achieving sustainability benchmarks.

## Financial indicators

How will the special variation affect the council’s key financial indicators (General Fund) over the 10-year planning period? Please provide an analysis of council’s performance based on key indicators (current and forecast) which may include:

* Operating balance ratio excluding capital items (ie, net operating result before capital grants and contributions as percentage of operating revenue before capital grants and contributions).
* Unrestricted current ratio (the unrestricted current assets divided by unrestricted current liabilities).
* Rates and annual charges ratio (rates and annual charges divided by operating revenue).
* Debt service ratio (principal and interest debt service costs divided by operating revenue excluding capital grants and contributions).
* Broad liabilities ratio (total debt plus cost to clear infrastructure backlogs as per Special Schedule 7 divided by operating revenue).
* Asset renewal ratio (asset renewals expenditure divided by depreciation, amortisation and impairment expenses).

**Council Response**

The majority of the above are depicted in appendix E of the LTP – the results shown include the SRV of 2x 15%.

About the only ratio within target is the debt service ratio – this in itself indicates further capacity to borrow. With the tight financial position currently being experienced and the potential impact in other areas, caution will need to be exercised in contemplating further borrowings.

As with all of the commentary above, the SRV will not in itself result in meeting the benchmark ratios and continued work on service levels and expectations will be ongoing.

Further work is required – especially in the area of service levels, roads in particular, depreciation and stated backlog. There is a significant amount of work going into the fair revaluation of the road infrastructure network and there is expected to be substantial reductions in depreciation and backlog figures as a result of vastly improved data and methodologies coupled with more realistic service level commitments. Refining and reviewing the associated service levels, along with community consultation in relation to the same is expected to be ongoing for some time. These initiatives, along with the SRV are only parts of a much bigger puzzle, which has many pieces to the solution but the journey has well and truly commenced.

## Contribution plan costs above the cap

You should complete this section if the special variation seeks funding for contributions plan costs above the development contributions cap. Otherwise, leave this section blank.

Please explain how the council has established the need for a special variation to meet the shortfall in development contributions.

For costs above the cap in contributions plans, a council must provide:[[4]](#footnote-4)

* a copy of the council’s section 94 contributions plan
* a copy of the Minister for Planning’s response to IPART’s review and details of how the council has subsequently amended the contributions plan
* details of any other funding sources that the council is proposing to use
* any reference to the proposed contributions (which were previously to be funded by developers) in the council’s planning documents (eg, LTFP and Asset Management Plan (AMP).

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| **Council Response** There is limited/inconsequential development and/or developer contributions within the shire, which is an avenue of income available to larger local government areas with population growth but not Gwydir. |

# Assessment criterion 2: Community awareness and engagement

Criterion 2 within the OLG Guidelines is:

*Evidence that the community is aware of the need for and extent of a rate rise. The IP&R documentation should clearly set out the extent of the General Fund rate rise under the special variation. The council’s community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure an opportunity for community awareness and input to occur.*

In responding to this criterion, the council must provide evidence that:

* it has consulted and engaged the community about the special variation using a variety of engagement methods and that the community is aware of the need for, and extent of, the requested rate increases
* it provided opportunities for input and gathered input/feedback from the community about the proposal
* the IP&R documents clearly set out the extent of the requested rate increases.

In assessing the evidence, we will consider how transparent the engagement with the community has been, especially in relation to explaining:

* the proposed cumulative special variation rate increases including the rate peg for each rating category (in both percentage and dollar terms)
* the annual increase in rates that will result if the special variation is approved in full (and not just the increase in daily or weekly terms)
* the size and impact of any expiring special variation (see Box 4.1 below for further detail)
* the rate levels that would apply without the special variation
* proposed increases in any other council charges (eg, waste management, water and sewer), especially if these are likely to exceed the increase in the CPI.

More information about how the council may engage the community is to be found in the OLG *Guidelines*, the IP&R manual, and IPART’s Fact Sheet *Community Awareness and Engagement for special variation applications*, October 2014.

|  |
| --- |
| Box 4.1 Where a council is renewing or replacing an expiring special variation |
| The council’s application should show how you have explained to its community:There is a special variation due to expire at the end of the current financial year or during the period covered by the proposed special variation. This needs to include when the expiring special variation was originally approved, for what purpose and the percentage of (General Fund) general income originally approved.The corresponding percentage of general income that the expiring special variation represents for the relevant year.Whether the temporary expiring special variation is being replaced with another temporary or a permanent increase to the rate base.The percentage value of any additional variation amount, above the rate peg, for which the council is applying for through a special variation.If the proposed special variation was not approved ie, only the rate peg applies, the year-on-year change in rates would be lower, or that rates may fall.The council also must attach, to its application to IPART, a copy of the Instrument of Approval that has been signed by the Minister or IPART Chairman. |
|  |

## The consultation strategy

The council is required to provide details of the consultation strategy undertaken, including the range of methods used to inform and engage with the community about the proposed special variation and to obtain community input and feedback. The engagement activities could include media releases, mail outs, focus groups, statistically valid random or opt-in surveys, online discussions, public meetings, newspaper advertisements and public exhibition of documents.

The council is to provide relevant extracts of the IP&R documents that explain the proposed rate rises under the special variation and attach relevant samples of the council’s consultation material.

**Council Response**

Gwydir Shire Council’s Community Engagement Strategy **(Attachment 4.1)** provides an overview of Council’s approach to engaging with the Gwydir Shire Community.

Community engagement can involve a broad variety of activities, and consulting takes place when a project requires some input, feedback or advice before part of the project or decision is progressed. Active participation takes place when the Gwydir Shire Council collaborates with specific stakeholder groups or the community to work out what needs to be done and to develop solutions that are incorporated into our planning process.

As well as traditional face-to-face consultation, Council sought to adopt communication technologies to make it possible to engage with our wider community including the towns and Villages of Bingara, Warialda, Coolatai, Upper Horton, Gravesend, North Star, Croppa Creek, Cobbadah, Crooble and Warialda Rail, and to ensure that our more remote and isolated communities could be reached. The methods of engagement employed included shire wide focus groups, a community survey, media release, direct mail, indirect mail via ‘To the Householder’, Council’s website, and an online discussion forum made available via Council’s Facebook page.

**Focus Groups**

Council conducted a series of Focus Group meetings inviting shire wide participation held during the week of the 17 – 21 November 2014 **(Attachment 4.2 – Participant Invitation List)**. The Focus Group meetings were arranged by demographic and the categories included Young People, Older People, Women, Young Families, Business, Indigenous, Carers and Disability. These focus groups were aimed at determining the needs and views of the community regarding current service levels, service needs going forward, and the proposed special rate variation. Each participant was also asked to complete the Community Survey.

**Community Survey – November 2014**

Council complied a community survey **(Attachment 4.3)** to seek the views of the community regarding various aspects of Council’s Service operations, and included information regarding the NSW Government’s *Fit for the Future* reform, and suggested scenarios regarding the proposed Special rate variation.

The survey was launched electronically via the Council’s website <http://www.gwydirshire.com/Council/index.php?option=com_content&view=article&id=492:gwydir-shire-community-survey&catid=32:languages&Itemid=50> and Facebook page <https://www.facebook.com/GwydirShireCouncil> on Tuesday 11th November 2014, Council also emailed a copy to all community members listed on Council’s email register.

A copy of the Survey form was posted to each household in the shire as ‘To the Householder’ mail in mid November 2014, and included with the survey was an information flyer advising residents that Council was seeking their views and feedback regarding various aspects of Council’s Service operations, a copy of the accompanying flyer is provided below.

![GC Logo [vert]]()

**To The Householder**

**Have your Say - 2014 Community Survey**

As a requirement of the Office of Local Government’s Integrated Planning and Reporting process, Gwydir Shire Council is developing a new 10 Year Community Strategic Plan (CSP). The purpose of the CSP is to identify the community’s main priorities and aspirations for the future, and plan strategies to achieve them.

As a part of the community consultation process, Council is offering a survey to seek the views of the community regarding various aspects of Council’s Service operations.

To have your say, visit the Gwydir Shire Council website at [www.gwydirshire.com](http://www.gwydirshire.com)

or Gwydir Shire Council Facebook page [www.facebook.com/GwydirShireCouncil](http://www.facebook.com/GwydirShireCouncil)

to complete the survey. Alternatively, a copy of the survey has been enclosed for your convenience and copies will be available from either Council office at 33 Maitland Street, Bingara or 54 Hope Street, Warialda.

The completed survey must be returned to either Council office prior to 4 pm on Friday **12th December 2014** or posted to:

 The General Manager

 Locked Bag 5

 BINGARA NSW 2404

Yours faithfully,

Max Eastcott

General Manager

The Community Survey was also posted by direct mail to all 3031 rateable assessments in late November 2014 and included an information letter **(Attachment 4.4)** individually addressed and seeking feedback. The information outlined the details of the proposed rate variation, and the impact of the proposed rate increase on the various categories of ratepayer. Each ratepayer was encouraged to phone Council using a provided ‘Hot Line’ phone number to enable an individual assessment of the proposed rate increase. Each ratepayer was also provided with their associated rating assessment number(s).

**Extract:**

**Reduction in operating costs and levels of service** – Without any increase to the Council's overall rating income base beyond the rate pegging limit, there will need to be even greater reductions in the range and quality of the services provided to the Gwydir communities.

However, even with the proposed rating increases there will need to be an adjustment to the Council's operational effectiveness and this review is being undertaken at the moment, which will result in a reduction of the current service standards.

Without the additional income sought under the Special Rate Variation the Council will need to seriously consider the following measures;

 The closure of one of the Council’s swimming complexes;

The substantial reduction of the Council’s maintenance standards within its cemeteries, parks, reserves and sporting facilities;

The possibility of additional staff redundancies;

A substantial reduction to the Council’s donations program;

The closure of a number of Council’s public toilets;

The withdrawal from all tourism and economic development activities; and

A complete review and possible severe reduction to the Council’s community services’ area of its operations.

The maintenance of the Council’s road network is its main priority and to a great extent the Council has maintained the bulk of its road network in good order but the level of resourcing to achieve this will not be able to be maintained, while funding the other areas of the Council’s operations, without the special rate variation. Of particular concern is the Council’s ability to maintain its own source funding requirement under the Roads to Recovery program.

**Rate Income** - The Council resolved at its November Council Meeting to advise IPART that Gwydir Shire Council will be seeking an increase in its 2015/16 rates and that the preferred increase finally submitted for approval in February 2015 is likely to be:

***An annual rate increase of 15% per year (includes the allowable rate pegging increase) over the next two years (2015/16 and 2016/17) with an overall and permanent cumulative increase of 32.25%***

**Balancing rates with Services provided -** Further, Council has also resolved to take this opportunity to re-evaluate the breakup of the rating categories in an attempt to more equitably balance the rates received with the services provided funded largely from the Council’s rate base rather than grants.

|  |  |  |  |
| --- | --- | --- | --- |
| Current and Proposed | Farmland | Urban | Business |
| Current | 84.6% | 13.15% | 2.25% |
| Proposed | 80% | 16% | 4% |

**Integrated Planning and Reporting (IP&R)**

Council revised its Community Engagement Strategy and community consultation began in November 2014.

The findings from the consultation process were considered and incorporated into the Community Strategic Plan, Long Term Financial Plan, Delivery Program, and Workforce Plan.

As Council will be applying for a special rate variation on the basis of sustainability, and not for asset related expenditure, it has been advised by IPART that it is not necessary in this case to provide revised asset management plans with our application. These plans however will be revised and updated by June 2015. The current plans are provided as an attachment **(Attachment 4.5 – Building AMP), (Attachment 4.6 – Sewerage Asset Management Plan), (Attachment 4.7 – Transport AMP), (Attachment 4.8 – Water Supply AMP)**

Council resolved on the 18 December 2014 to place the IP&R plans on public display, the documents were advertised and distributed for public comment from the 6th January 2015 to Monday 2nd February 2015 throughout the various channels included in the advertising schedule provided below, as well as the various physical display locations outlined in section (6) of application part B.

**MINUTE 377/14**

**THAT the IP&R documents be placed onto public exhibition for 28 days from 6th January 2015 once the documentation has been finalised by the staff.**

**FURTHER, it was noted that the operational plan will not be required for display.**

 **(Moved Cr Pankhurst, seconded Cr McDonald)**

The proposed Special rate variation has been incorporated throughout the IP&R process, with references to the proposal found in the following pages of the IP&R documents:

* ***Community Strategic Plan***

 Pages 3, 4,

* ***Delivery Program***

 Pages 65, 66 & 68

* ***Long Term Financial Plan***

 Pages 6, 7, 12, 17, 19, 20, 22,

* ***Workforce Plan (related but the SRV not specifically mentioned)***

Pages 3, 4, 62

**Advertising**

The community survey, proposed special rate variation, and integrated planning and reporting documents were all advertised through various media including Newspaper, Radio, Community Notice Boards, email notification, Council’s Website, and Council’s Facebook page as per the advertising schedule below.

Included in this schedule is a Mayoral Column published on the 21st January 2015 **(Attachment 4.9)** which provides a follow-up overview of the proposed rate variation and reiterates to the community the need to re-evaluate current service levels.



Council published an additional advertisement on the 28th January 2015 **(Attachment 4.10)** offering clarification to residents highlighting the relevant line items on a typical rates notice that would be affected by the rates increase, this advertisement is attached.

## Feedback from the community consultations

Summarise the outcomes and feedback from the council’s community engagement activities. Outcomes could include the number of attendees at events and participants in online forums, as well as evidence of media reports and other indicators of public awareness of the council’s special variation intentions. Where applicable, provide evidence of responses to surveys, particularly the level of support for specific programs or projects, levels and types of services, investment in assets, as well as the options proposed for funding them by rate increases.

Where the council has received submissions from the community relevant to the special variation, the application should set out the views expressed in those submissions. Please refer to Section 1.2 concerning how the council should handle confidential content in feedback received from the community. The council should also identify and document any action that it has taken, or will take, to address issues of common concern within the community.

**Council Response**

All ratepayers were provided with a community survey and information letter posted directly to them, each community member received a survey and flyer, and 129 community members were invited to participate in Focus Groups from across the shire.

The results of the Focus Groups are outlined below and provide the main issues deemed important by the associated demographic areas surveyed, almost 50% of the community members invited attended the focus groups and many indicated that they were willing to participate in future meetings and would encourage other members of the community to participate as well.

The results from each of these meetings are as follows:

**Youth -** The Youth demographic expressed a need for more awareness on how to access council services available to them, there was an understanding that any Special rate variation would have a financial impact on their families, however there was acknowledgement the importance of current and future sustainability, and expressed that they did not want the shire to be amalgamated.

**Older People -** The Older demographic indicated that Information, Mobility, Transport and Communication were the main areas of concern. The aged care services in Gwydir were noted as currently being very good and this group would like to expand this by offering a telephone service for older people who live alone. This group also understood the need to enforce fees and charges and the necessity of a Special rate variation for the maintenance of current service levels.

**Women -** The Women demographic indicated that Drought, New Business, Mentoring, the Gwydir Learning Region (GLR), and communication were the main areas for them, indicating that they would like to explore the possibility of attracting new business and expanding on the tourism potential of the Shire. This group felt that Fees and charges needed to be explained fully and communicated to the community in a manner that they will understand. This group agreed that the rate rise is necessary for ongoing sustainability but felt that a rise would impact on those families struggling with drought issues.

**Young Families -** The Young Families demographic expressed that continued services, Education, Gwydir Learning Region (GLR), Child Care and Communication were issues important to them, and that they were happy with the current service levels across the shire.

The Toy Library and Play Groups are essential services for this group as they have addressed the issues of isolation, depression and anxiety around sometimes experienced while bringing up a family in rural/remote Australia. The Preschool in Bingara is one of the only child care options and this group seemed to be happy to have the fees increased to ensure ongoing service.

**Business -** The Business community see Entrepreneurship, Mentoring and Tourism as important and would like to see regular focus group meetings on these areas.

**Indigenous -** The indigenous demographic expressed that Shared History, Communication and Education were important and felt that more indigenous recognition is needed in schools and within the community.

**Disability/Carer -** The main areas of concern for the Disability/Carers demographic were Information, Access, Mobility and Mentoring. **(Attachment 4.11 – Key Findings)**

**Ratepayer Mail out**

The Community Survey was also posted by direct mail to all 3031 rateable assessments in late November and included an information letter outlining the details of the proposed rate variation ratepayers seeking feedback and offered the following guidance regarding Council’s strategies for financial sustainability.

The mail out provided each ratepayer with the Council’s proposal for the rate variation, the reasoning behind the proposal, and subsequent impact. Each ratepayer was encouraged to phone a Council provided ‘Hot Line’ to allow for an individual assessment of the proposed rating variation on their rating assessments. Each ratepayer was also provided with their associated rating assessment number(s).

The queries received by Council regarding specific rateable assessment via the ‘Hot Line’ are provided below:



The feedback from Council’s online community forum via the Gwydir Shire Council’s Facebook page <https://www.facebook.com/GwydirShireCouncil> is outlined below:



Council provided via direct email a more comprehensive response to a community member regarding her concerns **(Attachment 4.12 – Email response to Community Member)**

**Community Survey results**

A copy of the preliminary report is attached outlining the survey results **(Attachment 4.13)**. The Council received 790 responses and the effort of completing a complete evaluation is beyond the Council’s resources within the time available so hence a preliminary evaluation.

# Assessment criterion 3: Impact on ratepayers

Criterion 3 within the OLG Guidelines is:

*The impact on affected ratepayers must be reasonable, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the variation. The IP&R processes should:*

* *clearly show the impact of any rises upon the community*
* *include the council’s consideration of the community’s capacity and willingness to pay rates and*
* *establish that the proposed rate increases are affordable having regard to the local community’s capacity to pay.*

The impact of the council’s proposed special variation on ratepayers must be reasonable. To do this, we take into account current rate levels, the existing ratepayer base and the purpose of the special variation. We also review how the council’s IP&R processes have assessed whether that the proposed rate rises are affordable having regard to the community’s capacity and willingness to pay.

## Impact on rates

Much of the quantitative information we need on the impact of the special variation on (General Fund) rate levels will already be contained in Worksheet 5a and 5b of Part A of the application.

To assist us further, the application should set out the rating structure under the proposed special variation, and how this may differ from the current rating structure, or that which would apply if the special variation is not approved.

We recognise that a council may choose to apply an increase differentially among categories of ratepayers. If so, you should explain the rationale for applying the increase differentially among different categories and/or subcategories of ratepayers. This will be relevant to our assessment of the reasonableness of the impact on ratepayers.

Councils should also indicate the impact of any other anticipated changes in the rating structure.

**Council Response**

The rating structure will be set as 80% Farmland, 4% Business, and 16% Residential as opposed to the current structure of 84.4% Farmland, 2.3% Business, and 13.3% Residential. This change in structure will create the following changes:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Farmland | 80% |  $ 5,254,837.81  | -$291,840.27 | -5.6% |
| Residential | 16% |  $ 1,050,967.56  | $179,011.02 | 17.0% |
| Business | 4% |  $ 262,741.89  | $112,829.25 | 42.9% |

### Minimum Rates

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

|  |  |  |
| --- | --- | --- |
| Does the council have residential minimum rates? | Yes [ ]   | No [x]  |

If *Yes*, Does the council propose to increase the minimum residential rate by:

The rate peg percentage [ ]

The special variation percentage [ ]

Another amount [ ]  Indicate this amount \_\_\_\_\_\_\_\_\_\_\_\_\_

What will the residential minimum rate be after the increase? \_\_\_\_\_\_\_\_\_

The council must 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 rating categories that will occur as a result.

You should also explain the types of ratepayers or properties currently paying minimum rates, and the rationale for the application of the special variation to minimum rate levels.

## Consideration of affordability and the community’s capacity and willingness to pay

The council is required to provide evidence through its IP&R processes, and in its application, of how it assessed the community’s capacity and willingness to pay the proposed rate increases. This is to include an explanation of how the council established that the proposed rate rises are affordable for the community.

Evidence about capacity to pay could include a discussion of such indicators as SEIFA rankings, land values, average rates, disposable incomes, the outstanding rates ratio and rates as a proportion of household/business/farmland income and expenditure, and how these measures relate to those in comparable or neighbouring council areas.

As many of these measures are highly aggregated, it may also be useful to discuss other factors that could better explain the impact on ratepayers affected by the proposed rate increases, particularly if the impact varies across different categories of ratepayers.

We may also consider how the council’s hardship policy (see Section 5.3 below) might reduce the impact on socio-economically disadvantaged ratepayers.

**Council Response**

From the tables below it can be seen what impact the Special Rate Variation is going to have on ratepayers on a weekly basis. The average land values, and also the highest and lowest values have been included to show that the impact of the Special Rate Variation is not going to be excessively high to our rate payers.



In considering the ability of the Gwydir Shire Community to afford the proposed increase that will be incurred in the rating burden a comparison of the current rates with the Shire’s adjoining Council areas was undertaken.

**The Various Options**

The following table details the impact on the Council’s rating revenues with respect to the various options being considered. In the years where no Special Rates’ Variation applies a rate pegging amount of 2.4% is assumed.



From a budgetary point of view the SRV of 15% (inclusive of the rate pegging allowed) is the preferred option for the following reasons:

It will create a larger base for rate pegging limits after the 2016/17 rating year;

It will create the best opportunity to meet the Fit for the Future target benchmark outcomes, which the Council received a mandate for in the Community Survey responses; and

It will allow essentially the existing range of service delivery options, which were supported in the Community Survey, with ongoing efficiencies and improvements, while assisting in meeting the Roads to Recovery self-funded criteria.

**Impact of rating category changes**

The proposed changes to the percentage of rates collected from the various categories (Farmland; Residential; and Business) will have consequences in terms of the actual percentage increases of every individual rating assessment.

|  |
| --- |
| **Proposed Category Change Options Year 1** |
|
| **Category** | **Possible Increase** | **Amount** | **Shift Amount** | **Percentage Change** |
| **2.40%** |
| Farmland | 80% | $4,679,811.03  | ($260,005.06) | -5.6% |
| Residential | 16% | $935,962.21  | $159,506.70  | 17.0% |
| Business | 4% | $233,990.55  | $100,498.36  | 42.9% |
|   |   | $5,849,763.78  |   |   |
|   |   |   |   |   |
| **2.40%** |
| Farmland | 81% | $4,738,308.66  | ($201,507.42) | -4.3% |
| Residential | 16% | $935,962.21  | $159,506.70  | 17.0% |
| Business | 3% | $175,492.91  | $42,000.73  | 23.9% |
|   |   | $5,849,763.78  |   |   |
|   |   |   |   |   |
| **10%** |
| Farmland | 80% | $5,026,652.57  | ($279,207.25) | -5.6% |
| Residential | 16% | $1,005,330.51  | $171,271.21  | 17.0% |
| Business | 4% | $251,332.63  | $107,936.04  | 42.9% |
|   |   | $6,283,315.71  |   |   |
|   |   |   |   |   |
| **10%** |
| Farmland | 81% | $5,089,485.73  | ($216,374.10) | -4.3% |
| Residential | 16% | $1,005,330.51  | $171,271.21  | 17.0% |
| Business | 3% | $188,499.47  | $45,102.88  | 23.9% |
|   |   | $6,283,315.71  |   |   |
|   |   |   |   |   |
| **15%** |
| Farmland | 80% | $5,254,837.80  | ($291,840.27) | -5.6% |
| Residential | 16% | $1,050,967.56  | $179,011.02  | 17.0% |
| Business | 4% | $262,741.89  | $112,829.25  | 42.9% |
|   |   | $6,568,547.24  |   |   |
|   |   |   |   |   |
| **15%** |
| Farmland | 81% | $5,320,523.27  | ($226,154.80) | -4.3% |
| Residential | 16% | $1,050,967.56  | $179,011.02  | 17.0% |
| Business | 3% | $197,056.42  | $47,143.78  | 23.9% |
|   |   | $6,568,547.24  |   |   |
|   |   |   |   |   |
| **20%** |
| Farmland | 80% | $5,483,023.02  | ($304,473.29) | -5.6% |
| Residential | 16% | $1,096,604.60  | $186,750.84  | 17.0% |
| Business | 4% | $274,151.15  | $117,722.46  | 42.9% |
|   |   | $6,853,778.78  |   |   |
|   |   |   |   |   |
| **20%** |
| Farmland | 80% | $5,551,560.81  | ($235,935.51) | -4.2% |
| Residential | 16% | $1,096,604.60  | $186,750.84  | 17.0% |
| Business | 4% | $205,613.36  | $49,184.67  | 23.9% |
|   |   | $6,853,778.78  |   |   |

**Residential Rating Category**

The 2012/13 Comparative Data reports issued by the Office of Local Government (OLG) details the following comparisons between the Councils listed and Gwydir Shire Council. However averaging can be deceptive due to the range of different rating strategies adopted within individual Councils but it does give a sense of the relative cost burden shared within those Council areas.

The OLG data may be viewed at [www.olg.nsw.gov.au/public/my-local-council/NSW-local-government-comparative-information/individual-council-reports](http://www.olg.nsw.gov.au/public/my-local-council/NSW-local-government-comparative-information/individual-council-reports)

The population and income data is sourced from the Australian Bureau of Statistics (ABS) at <http://stat.abs.gov.au/itt/r.jsp?RegionSummary&region=13660&geoconcept=REGION&dataset=ABS_NRP9_LGA&datasetLGA=ABS_NRP9_LGA&datasetASGS=ABS_NRP9_ASGS&regionLGA=REGION&regionASGS=REGION>



The comparative data does indicate that Gwydir’s rating structure for its residential rates could justify an additional increase beyond the limit set under the rate pegging regime.

It is proposed that this rating category will increase from 13.15% of the total rates’ levy to 16% under both Category Options 1 and 2.

**Business Rating Category**

Using the same OLG data the following table outlines the comparative average rates levied within Gwydir Shire compared to the selection of surrounding Councils.



The comparative data does indicate that Gwydir’s rating structure for its Business rates could justify an additional increase beyond the limit set under the rate pegging regime.

It is proposed that this rating category will increase from 2.28% of the total rates’ levy to either 4% under Category Option 1 or 3% under Category Option 2.

**Farmland Rating Category**

Using the same OLG data the following table outlines the comparative average rates levied within Gwydir Shire compared to the selection of surrounding Councils.



However the outcome is distorted due to the relative higher farmland property values of Gwydir when compared to all the comparative Councils listed other than Moree Plains.

The following table details what the rates would have been in each of the Council areas listed if the average farmland property value ($1,105,548) in Gwydir had have been rated in that area.

|  |  |  |
| --- | --- | --- |
| **Council Area** | **Notional Rates Charged** | **Difference** |
| Gwydir | $4,268.17 | - |
| Moree Plains | $4,756.95 | $488.78 |
| Inverell | $4,740.96 | $472.79 |
| Narrabri | $5,750.96 | $1,482.79 |
| Tamworth | $3,463.89 | $804.28 |

Tamworth Regional Council’s (TRC) rating structure relies far more heavily on its residential and business ratepayers than does Gwydir. The following table highlights the various percentages of rates ($31,421,802) collected by TRC from its various categories.

|  |  |
| --- | --- |
| **Category** | **Percentage Collected** |
| Farmland | 16.95% |
| Residential | 65.13% |
| Business | 17.87% |
| Mining | 0.05% |

The Council also reviewed the available information on the Australian Bureau of Statistics (ABS) with regard to the Socio-economic Indexes for Gwydir and its surrounding local government areas.



The data shows that it is quite reasonable to use the adjoining Councils’ current rate base as an indicator of the Gwydir community’s capacity to contribute more resources through the payment of a higher rating structure.

However given the comparative data available for farmland rates the Council has resolved to modify the percentages received from the various rating categories from the current break-up of approximately Farmland 85%, Residential 13% and Business 2% to Farmland 80%, Residential 16% and Business 4%.

The Council were confronted with the usual issue regarding any rate rise. The Community Survey, assessed elsewhere is this submission, highlighted the distinct ambiguity of a community that wants its services maintained, wants to be financially sustainable but a majority do not favour any rate increase.

The elected Council resolved to seek the SRV because it believes that the capacity does exist within the community to pay the proposed increase, that the rating category changes will relieve as far as is reasonably possible the Farmland rating increases and the SRV will assist the Council to become financially sustainable with the other cost saving initiatives being pursued internally.

It is also the position of the elected Council that the vast majority of the community respondents to the survey do not favour any merger with any of the adjoining Councils and want to stand alone into the future. To achieve this outcome the SRV is essential and that an even larger increase could have been justified. The Council also believes that any merger would inevitably result in an increase in the rates paid by Gwydir ratepayers that would exceed the SRV sought under this submission.

Neither the current Gwydir Shire Council nor the former Bingara or Yallaroi Shire Councils have ever sought a SRV in the past.

## Addressing hardship

In addition to the statutory requirement for pensioner rebates, most councils have a policy, formal or otherwise to address issues of hardship.

|  |  |  |
| --- | --- | --- |
| Does the council have a Hardship Policy? **(see attachment 5.1 – policy)** | Yes [x]  | No [ ]  |
| If Yes, is an interest charge applied to late rate payments? | Yes [x]  | No [ ]  |
| Does the council propose to introduce any measures to limit the impact of the proposed special variation on specific groups in the community? | Yes [x]  | No [ ]  |

You should attach a copy of the Hardship Policy and explain below who the potential beneficiaries are and how they are assisted.

Please provide details of any other measures addressing hardship to be adopted, or alternatively, explain why no measures are proposed.

The council is also to indicate whether the policy or other measures are referenced in the council’s IP&R documents (with relevant page reference or extract provided).

The Council has a Debt Recovery Policy and this policy is attached to this submission. This policy makes reference to ‘hardship’:

***PENSIONERS/HARDSHIP***

*In the circumstances where the debtor is a pensioner or a person suffering from financial hardship, the ability of the debtor to make full or part payments shall be carefully examined. Subsequent demands or arrangements shall be made without causing further financial hardship. Information provided by debtors to enable an assessment of their overall financial position shall, at all times, be treated as ‘Confidential’.*

***CONCLUSION***

*It is not the intention of Council to cause hardship to any ratepayer through implementation of this policy. At all times, consideration shall be given to clearing the debt by way of mutually agreed arrangements of payment with a view to clearing the debt prior to the end of the current financial year. This will minimise the possibility of compounding manageable repayment programs into long term debtor problem.*

Gwydir Shire is always prepared to work with any ratepayer who is suffering genuine hardship. At the moment the Council has specific arrangements with a number of ratepayers who are in financial distress. It is the Council’s practice to accept any reasonable attempt on the part of a ratepayer to address his or her outstanding rates, water and sewerage charges.

The Council’s lenient attitude to assisting ratepayers in genuine distress is well known within this community and every avenue is explored to assist wherever the Council can assist. For example if ratepayers enter and maintain their agreed arrangement the Council adjusts the interest as an incentive for their continued involvement in the agreed arrangement.

The outstanding rates’ percentage for the last 7 financial years is outlined in the following table. Drought conditions are usually reflected in a higher outstanding percentage.

|  |
| --- |
| Outstanding Rates as a percentage |
| *2007* | *2008* | *2009* | *2010* | *2011* | *2012* | *2013* |
| *9%* | *10.4%* | *8.1%* | *9.2%* | *10.3%* | *7.7%* | *6.7%* |

# Assessment criterion 4: Public exhibition of relevant IP&R documents

Criterion 4 within the OLG Guidelines is:

*The relevant IP&R documents[[5]](#footnote-5) must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general revenue.*

Briefly outline the significant IP&R processes the council has undertaken to reach the decision to apply for a special variation. Include the details of and dates for key document revisions, public exhibition period(s) and the date(s) that the council adopted the relevant IP&R documents.

You should also include extracts from council minutes as evidence that the documents were adopted.

The council is reminded that amendments to the Community Strategic Plan and Delivery Program require public exhibition for at least 28 days prior to adoption, while amendments to the Long Term Financial Plan and Asset Management Plan/s do not require public exhibition.[[6]](#footnote-6)

Council first started the SRV process in 2013 with the intention of applying for an SRV for the 2014 financial year. Due to drought conditions and some hesitancy by Council, it was decided to defer the decision for 12 month to allow further investigation and consultation.

During the past year a number of issues have arisen to provide further urgency and argument for a special rate variation. These included a significant deterioration of General Fund financial position and the *Fit for the Future* program instigated by the state government

The NSW TCorp report and the Local Government Review Panel’s interim report “Future directions” both highlighted Gwydir’s “very weak” sustainability rating, this report is attached to this application.

The Local Government Review Panel has also been promoting that future grant funding should be dependent on councils’ performance, in particular efforts regarding IP&R planning improvements and moving towards sustainability.

Council’s income is capped from year to year by the Rates Capping Take up. If at any time Council (or previous Council’s in this case) forgoes the maximum capped rates increase the consequences are ongoing.

Historically this impact has occurred when previous Councils (Yallaroi, Bingara & Barraba) did not take up the maximum rates percentage available or only adopted to take up part of the increase. There effects of these decisions are one of the reasons Council’s rates revenue base is at the level which currently exists.

Council, at its Ordinary Meeting held 20th February 2014 resolved to withdraw its initial decision under Section 508a to apply for a special rate variation for the 2014/2015 year due to the drought situation at the time, however sought to consider a review of the possibility of a special rate variation during the 2015/2016 financial planning process.

An evaluation of the former Bingara and Yallaroi Shire Council’s take-up of the past rate pegging limits indicated that at the date of amalgamation (17th March 2014) the shortfall in income that could have been available to the new Council was around $364,000 per annum.

**20th February 2014 - MINUTE 5/14**

 **THAT Council withdraw its decision under Section 508a to apply for a special rate variation for the 2014/2015 year. Council to consider a review of the possibility of a special rate variation during the 2015/2016 financial planning process.**

 **FURTHER that the General Manager be authorised to inform IPART of the intention to withdraw the application. IPART are to be advised that the council has decided to withdraw its application due to the current drought situation.**

 **FURTHER that internal efficiencies be considered and reported to Council as part of the IP&R process over the coming months.**

 **FURTHER that in consideration for the rate variation application applying to the 2015/2016 year that a comprehensive community engagement and consultation strategy be implemented with a view to engaging the community in the planning process.**

 **(Moved Cr Egan, seconded Cr Pankhurst)**

In September 2014, the Gwydir Shire Management team held a management weekend at the Living Classroom in Bingara NSW to look at current service levels for each division of Council. An internal service delivery review of all Council divisions was then conducted in October 2014. From this meeting a small internal middle management team (*Fit for the Future* Working Group) was formed to drive the process of the operational review. **(Attachment 6.1 – Timeline Summary)**

Council’s Community engagement strategy was revised in October 2014 to ensure that the methods for engagement were based on social justice principles and ensured that Council had in place a variety of methods that would enable consultation with each member of the community.

Council’s consultation commenced with the community through shire wide community Focus Groups held in November 2014.

Council had already conducted shire wide community meetings in January 2014 seeking feedback from the community regarding the Council’s initial proposal for a 5% special rate variation in 2014/15.

Council efficiencies were discussed in terms of what Council have done in conjunction with the proposed rate rise as well as the he potential for pooling resources with other shires such as Moree Shire to perhaps participate in a cooperative arrangement. Overall, some residents were against a rate rise given the current economic climate, recent draught and the rising cost of living making it ever more difficult for farmers to contend with further rises.

The meetings were advised that along with carrying out the current efficiency strategies, if the application for a rate rise is not progressed, the Council will need to investigate decreasing current service levels, with the community requested to advise Council of suggestions of where these cuts could be made. No suggested cuts were put forward and often the community meetings resulted in support for the 5% special rate variation.

However the Council decided against seeking the 2014/15 5% special rate variation until more internal work was undertaken to ensure that an application when made would address the Council’s long term needs.

It was however understood at the time that the threat of amalgamation is ever present and each community voiced their desire for the shire to retain its identity.

A Councillor workshop was held in November 2014 to consider the Council’s current Service Levels, Business Plans and Fees & Charges resulting from the internal service review carried out in October 2014. The service level reviews was the result of the work of the *Fit for the Future* Working Group (internal middle management ad hoc committee) set up following the September 2014 Gwydir Shire Management team planning weekend.

Council resolved on the 19th November 2014 to set the special rate variation and category changes.

**Fit for the Future (Ref: 343/14)**

 **FURTHER that IPART be advised that Council will be seeking a 15% Special Rate Variation (inclusive of rate pegging) for 2015/2016 year and a 15% Special Rate Variation (inclusive of rate pegging) for 2016/2017 year (Ref: 344/14).**

 **FURTHER that as far as possible the breakup of the rating categories be Business 4%, Residential 16% and Rural 80% (Ref: 345/14).**

Feedback resulting from the community focus groups and internal service review was disseminated and the Community Strategic Plan was revised, followed by the results being incorporated into the revised Delivery Program, Long Term Financial Plan, and Workforce Plan, these plans were updated in December 2014.

On the 18th December 2014, the Council resolved to place the associated Integrated Planning and Reporting (IP&R) documents on display:

 **MINUTE 377/14**

 **THAT the IP&R documents be placed onto public exhibition for 28 days from 6th January 2015 once the documentation has been finalised by the staff.**

 **FURTHER, it was noted that the operational plan will not be required for display.**

 **(Moved Cr Pankhurst, seconded Cr McDonald)**

The IP&R plans were reviewed by the Council and advertised via the various media channels, and hard copies of the documents were made available for inspection at the various locations around the shire as per the advertisement below.



**NOTICE OF DOCUMENT DISPLAY**

**INTEGRATED PLANNING AND REPORTING (IPR) PLANS**

**2014/2015 to 2023/2024**

Gwydir Shire Council is preparing its Integrated Planning and Reporting (IPR) Plans for the 2014/2015 to 2023/2024 financial years. The following plans, in draft form, will be on public display for comment from **Tuesday 6th January** **2015 to Monday 2nd February 2015.**

• Community Engagement Strategy

• Community Strategic Plan

• Delivery Program

• Long Term Financial Plan

• Workforce Plan

The Council welcomes and encourages written or emailed submissions at any time up to **4.00pm Tuesday 2nd February.** Copies of the draft plans are available for public inspection at the following locations:

Council’s website: <http://www.gwydirshire.com/Council/>

Bingara Council Office Bingara Public Library Warialda Council Office Warialda Public Library Gravesend Post Office Croppa Creek Store North Star Post Office

Tamworth Regional Council’s Office Barraba Office

Barraba Public Library

Upper Horton Sports’ Club

The Council’s forward plans cover a period of 10 years.

Max Eastcott

General Manager

The public exhibition period for the documents ended on Tuesday 2nd February 2015, and the plans were adopted at a Special Meeting of Council held Thursday 11th February 2015.

**COUNCIL RESOLUTION:**

**MINUTE 18/15**

 **THAT the Council confirms its previous decision to submit to IPART a 15% Special Rate Variation (inclusive of rate pegging) for 2015/2016 year and a further 15% Special Rate Variation (inclusive of rate pegging) for 2016/2017 year with a cumulative effect of 32.25%.**

 **FURTHER that the Special Rate Variation is for a permanent increase in the Council’s notional rates’ income.**

 **FURTHER that as far as possible the breakup of the rating categories be Business 4%, Residential 16% and Rural 80% irrespective of the final determination of the Special Rate Variation submission.**

 **(Moved Cr Egan, seconded Cr Smith)**

There were no public submissions received but this is not unusual as the Council very rarely receives any submissions to documents placed on public display no matter how it promotes and encourages public input. There were also no members of the public at the Special Council Meeting present as the issue was discussed, only representatives from both local newspapers.

Adopted Integrated Planning and Reporting documents are provided as attachments to this application:

 1. Community Strategic Plan (Attachment 6.2)

 2. Delivery Program (Attachment 6.3)

 3. Long Term Financial Plan (Attachment 6.4)

 4. Workforce Plan (Attachment 6.5)

 5. Revenue Policy (Attachment 6.6)

 6. Minutes – Special Meeting 11 February 2015 (Attachment 6.7)

# Assessment criterion 5: Productivity improvements and cost containment strategies

Criterion 5 within the OLG Guidelines is:

*The IP&R document or the council’s application must explain the productivity improvements and cost containment strategies the council has realised in past years, and plans to realise over the proposed special variation period.*

In this section, you must provide details of any productivity improvements and cost containment strategies that you have implemented in the last two years (or longer) and any plans for productivity improvements and cost containment during the period of the special variation.

These strategies, which may be capital or recurrent in nature, must be aimed at reducing costs and/or improving efficiency. Indicate if any initiatives are to increase revenue eg, user charges. Identify if the proposed initiatives (ie, cost savings), have been factored into the council’s resourcing strategy (eg, LTFP and AMP).

Where possible, the council is to quantify in dollar terms the past and future productivity improvements and cost savings.

The council may also provide indicators of efficiency, either over time or in comparison to other relevant councils. We will make similar comparisons using various indicators and OLG data provided to us.

**Council Response**

Council has worked on a number of fronts in this area. Initiatives over the past few years include:

Participation in a regional waste tendering process, resulting in a reduction of domestic waste collection charges from $500p.a. in 2012-2013 to $422 in 2014-2015. It’s interesting to note that if the Council had continued with its 5% SRV in the last financial year the waste saving would have offset completely the residential rate increase.

Transfer of medical centre operations to an external operator, effective from 1/7/2014, resulting is savings of approximately $200k-$250k p.a.

Extensions to Naroo aged care facility to improve profitability and enhance employment prospects for the community. Since the 2004 amalgamation to form Gwydir there has been two significant upgrades designed to improve the long term financial viability of this service.

The restoration of the Roxy theatre and café (believed to be the only example of its type remaining) – to enhance tourism and community amenity.

Contracting Pool services – while this has not led to reduced costs, it has substantially increased service levels without further costs and has created the opportunity to consider the packaging of the Bingara Swimming Pool Complex with the adjoining Council run Caravan Park as a leasing out option.

Contracting out cleaning services – this has led to a reduction in costs, especially in the area of overtime.

The Living Classroom and other Trade Training Centres project – a project to enhance tourism/economic development and employment prospects.

Previous reviews have resulted in a number of redundancies as obsolete positions have been removed from the organisational structure.

Further activities that Council is pursuing are:

Fully reviewing all services to ensure they are appropriate fit for purpose with community expectations. This will lead to re-adjusted service levels in some areas. As part of this review, Council’s organisation structure is constantly being reviewed with a view to increasing efficiency.

Some further services have already been targeted for outsourcing, for example some gravel carting and concreting services.

Some plant and buildings have been earmarked as surplus to requirements and arrangements have been/are being made for disposal, which will lead to a much needed capital injection and reduction in future maintenance and renewal requirements.

Reviewing the rate burden across all rate categories. The current ratios are approximately farmland 85%, Residential 13% and Business 2%. The proposed split from 2015-2016 will be Farmland 80%, Residential 16% and Business 4%. Investigation is required to determine if further adjustments are required.

# List of attachments

The following is a list of the supporting documents to include with your application. Some of these attachments will be mandatory to all special variation applications eg, Attachment 1, extracts from the Community Strategic Plan. Other attachments will be required from some, but not all, councils. For example, Attachment 10, extracts from the Asset Management Plan, would be required from a council seeking approval of a special variation to fund infrastructure. Councils should submit their application forms and attachments online through the Council Portal in the following order.

|  |  |
| --- | --- |
| Item | Included? |
| **Mandatory forms and Attachments** |  |
| Part A Section 508A and Section 508(2) Application form (Excel spreadsheet)  | [x]  |
| Part B Application form (Word document) – this document | [x]  |
| Attachment 1: Relevant extracts from the Community Strategic Plan | [x]  |
| Attachment 2: Delivery Program | [x]  |
| Attachment 3: Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format  | [x]  |
| Attachment 4: TCorp report on financial sustainability | [x]  |
| Attachment 5: Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and special variation | [x]  |
| Attachment 6: Community feedback (including surveys and results if applicable) | [x]  |
| Attachment 7: Hardship Policy | [x]  |
| Attachment 8: Resolution to apply for the special variation | [x]  |
| Attachment 9: Certification | [x]  |
| **Other Attachments** |  |
| Attachment 10: Relevant extracts from the Asset Management Plan  | [ ]  |
| Attachment 11: Past Instruments of Approval (if applicable) | [ ]  |
| Attachment 12: Resolution to adopt the revised Community Strategic Plan (if necessary) and/or Delivery Program | [x]  |
| Attachment 13: Other (please specify)General Purpose Reports 2012General Purpose Reports 2013General Purpose Reports 2014Minutes Extract – 12 December 2013Minutes Extract – 18 December 2014Minutes Extract – 27 February 2014Community Engagement Strategy | [x]  |

# Certification

**APPLICATION FOR A SPECIAL RATE VARIATION**

**To be completed by General Manager and Responsible Accounting Officer**

Name of council: Gwydir Shire Council

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

General Manager (name): Max Eastcott

Signature and Date:       16th February 2015

Acting Responsible Accounting Officer (name): Helen Thomas

Signature and Date:       16th February 2015

Once completed, please scan the signed certification and attach it as a public supporting document online via the Council Portal on IPART’s website.

1. The Guidelines are available at [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au) [↑](#footnote-ref-1)
2. See [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au). [↑](#footnote-ref-2)
3. The OLG’s October 2014 *Guidelines* and the IP&R Manual outline this link between the special variation and the IP&R process. [↑](#footnote-ref-3)
4. See Planning Circular 10-025 dated 24 November 2010 at [www.planning.nsw.gov.au](http://www.planning.nsw.gov.au) and for the most recent Direction issued under section 94E of the *Environmental Planning and Assessment Act 1979*. See also Planning Circular PS 10-022 dated 16 September 2010. [↑](#footnote-ref-4)
5. Relevant documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and where applicable, the Asset Management Plan. [↑](#footnote-ref-5)
6. Office of Local Government (the then Division of Local Government), *Integrated Planning and Reporting Manual for local government in NSW*, March 2013, pp 5 - 6. See http://www.olg.nsw.gov.au/sites/default/files/Intergrated-Planning-and-Reporting-Manual-March-2013.pdf [↑](#footnote-ref-6)