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| Special Variation Application Form – Part B  For 2016-17  Issued January 2016 |
| The City of Wagga Wagga:  Date Submitted to IPART:12/02/2016  Council Contact Persons:  **Craig Katsoolis:** (02) 6926-9471  [katsoolis.craig@wagga.nsw.gov.au](mailto:katsoolis.craig@wagga.nsw.gov.au)  **Carolyn Rodney:** (02) 6926-9293  [rodney.carolyn@wagga.nsw.gov.au](mailto:rodney.carolyn@wagga.nsw.gov.au)  **Craig Richardson:** (02) 6926-9200  [richardson.craig@wagga.nsw.gov.au](mailto:richardson.craig@wagga.nsw.gov.au) |

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Ms Catherine Jones

Mr Ed Willett

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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 2016/2017* (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*.

In addition, councils must complete the Part B form 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. IPART’s assessment of the application cannot commence without it.

If the proposed special variation includes increasing minimum rates above the statutory limit, or is to apply a higher rate of increase to an existing minimum rate than to its other rates, it is not necessary for the council to also complete the separate Minimum Rates Application form. However, this must be clearly identified and addressed in the special variation application. In such circumstances, councils are encouraged to discuss their proposed application with IPART as soon as possible.

As outlined in the OLG’s Guidelines, councils that are the subject of merger proposals will not be eligible for a special variation for the 2016-17 rating year.

## Completing the application form

This form is structured to provide guidance on the information we consider is necessary for us 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 attachments should be clearly cross-referenced in Part B. We prefer to receive relevant extracts rather than complete publications, unless the complete publication is relevant to the criteria. If you provide complete documents when only an extract is relevant, we may ask you to resubmit the extract only. (You should provide details of how we can access the complete publication should this be necessary.)

We publish videos and 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 videos and Fact Sheets on these topics 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.

## Notification and submission of the special variation application

Notification of intention to apply

Councils intending to submit an application under either section 508(2) or section 508A should have notified us of their intention to apply, via the Council Portal, by Friday, 11 December 2015.

**Any councils that did not notify but intend to apply for a special variation for 2016-17 should contact us as soon as possible.**

On-line submission of applications

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](mailto:himali_ranasinghe@ipart.nsw.gov.au)

File size limits apply on the Council Portal to each part of the application. For this Part B application form the limit is 10MB. The limit for supporting documents is 50MB 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 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 are redacted so that they do not expose confidential content.

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

Hardcopy of application

We ask that councils also submit one hardcopy of their application to us (with a table of contents and appropriate cross-referencing of attachments) at the following address:

**Local Government Team**Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop NSW 1240

or

Level 15, 2-24 Rawson Place, Sydney NSW 2000.

We must receive your application via the Council Portal no later than **COB Monday, 15 February 2016.**

# Preliminaries

## Focus on Integrated Planning and Reporting

Councils must identify the need for a proposed special variation to their General Fund’s rates revenue as part of their Integrated Planning and Reporting (IP&R) process. 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 proposed special variation by marking one or more of the boxes below with an “x”.

|  |  |
| --- | --- |
| Maintain existing services |  |
| Enhance financial sustainability |  |
| Environmental services or works |  |
| Infrastructure maintenance / renewal |  |
| Reduce infrastructure backlogs |  |
| New infrastructure investment |  |
| Other (Upgrade Levee System) |  |

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.



**THE APPLICATION**

PURPOSE

The City of Wagga Wagga is seeking a Special Rate Variation (SRV) of 5.63% for 2016/17 retained for a 5 year period to raise $7.75M strictly for the purpose of funding its one-third share of an upgrade to its existing levee system, which includes the Main City levee and the North Wagga levee at an estimated cost of $23.3M. At the end of the five (5) year SRV period Council’s rates will be adjusted down to the rates path which would be applicable if the SRV had not been applied.

This upgrade will bring the Main City levee up to a 1 in 100 year level of flood protection at an estimated cost of $14.6M, and the North Wagga levee up to a 1 in 20 year level of flood protection at an estimated cost of $8.7M.

In March 2012, thousands of Wagga residents from the CBD and North Wagga were evacuated due to a major flood event, which flooded North Wagga, and threatened to flood the Wagga CBD. National news coverage of the event can be viewed via these links:

<http://www.youtube.com/watch?v=Tiqych4TaoE>

<http://www.theaustralian.com.au/in-depth/queensland-floods/flood-threat-forces-mass-evacuation-of-wagga-wagga/story-fn7iwx3v-1226289944246>

<http://www.abc.net.au/news/2012-03-07/julia-gillard-surveys-flood-damage-in-wagga-wagga/3874964>

The March 2012 flood event affected over 2,500 residential and commercial properties, with an estimated infrastructure value in excess of $1.5 billion.

North Wagga Wagga residents in particular suffered substantial financial and personal hardship from the March 2012 flood event with the majority of North Wagga properties suffering flood damage which required many North Wagga residents to relocate whilst those who could afford, attempt to rebuild their homes.

Wagga Wagga residential and business property owners have also experienced significant increases in insurance premiums since the 2012 flood event. Advice received from property developers and potential business investors into the city have indicated that they are hesitant to invest in the city with the current levee heights. The Insurance Council of Australia (ICA) (Additional Attachment 1) indicates that if the levee heights are increased to the levels proposed, insurance premiums would decrease.

**LEVEE UPGRADE FUNDING MODEL**

The Levee Bank upgrade project has an estimated cost of $23.3M:

\* Main City levee Upgrade - $14.6M

\* North Wagga levee Upgrade - $ 8.7M

**$23.3M**

Council has an estimated project timeline of 5 years, with two thirds ($15.5M) funded from the State Government and one third ($7.75M) required to be funded from Council.

The undertaking of the levee upgrade project is dependent on Council receiving two thirds funding for the levee bank project from the State Government. Council submitted an application in the 2015/16 Flood Grant Program for Stage 1 of the levee bank project seeking a first round grant of $2M. Advice of Council’s successful application for this $2M funding was received in January 2016.

Council’s funding required of $7.75M equates to a one-off special rate variation (S508 (2)) of 5.63% (which includes the 1.8% rate peg amount for 2016/17) maintained for five (5) years. At the end of the 2020/21 financial year, Council’s rate base will be adjusted to match the rate peg path.

The proposed special rate variation will be shown as a separate charge on the rate notices, to provide a higher level of transparency, and also to validate to the community that the special rate variation levy is removed after the fifth year of the special rate variation.

**BACKGROUND**

**CITY OF WAGGA WAGGA - NSW’S LARGEST INLAND CITY AT MAJOR FLOOD RISK**

Wagga Wagga is the largest inland city in regional NSW and is known for its quality industrial, commercial, education and defence facilities together with a rich arts community and sporting culture. Straddling the Murrumbidgee River, Wagga Wagga is midway between the two largest cities in Australia, Sydney and Melbourne, and is the major regional centre for the Riverina and South West Slopes regions.

Wagga Wagga is home to the Charles Sturt University Riverina Campus, TAFE NSW Riverina Institute, Kapooka Army Recruit Training Base, RAAF Base Wagga (Forest Hill), and arts, cultural, and recreational facilities including the Wagga Wagga Art Gallery, National Art Glass Collection, Museum of the Riverina, Civic Theatre and Performance Spaces, Wagga Wagga Botanic Gardens, Oasis Aquatic Centre, Lake Albert, Livingstone National Park, Willans Hill Reserve and a wide range of boutique wineries.

Several regional services such as Police, Ambulance, Education and State and Federal Government agencies are administered from Wagga Wagga’s central business district (CBD) area. The Murrumbidgee River is less than 100 metres from Wagga Wagga’s CBD, and currently has a levee bank protecting the city with a design height of 1 in 60 years.

**Flood Risk for Wagga Wagga - upgrading the levee protection system**

During the higher than normal rainfall in March 2012 a flood greater than the existing Wagga Wagga levee design height was predicted. All of Wagga Wagga’s CBD area and adjacent residential area of 8,000 people were evacuated. The North Wagga levee was overtopped, resulting in a flood event effecting 450 people in the North Wagga area.

Based on modelling developed by WMA Water it is estimated that if Wagga Wagga’s Main City levee was to fail or overtop in a major flood event i.e. currently 1 in 60 year flood level, the CBD would be subject to an average flooding depth of 1.4m over an area of 2.5 square kilometres. This area accounts for approximately 2,500 commercial and residential properties.

The upgrade of the Wagga Wagga levee protection system is crucial in providing the residents and businesses of Wagga with a suitable level of protection during major flood events.

Prior to the recent floods, Councils level of protection had been assessed at a 1 in 100 year level of protection for the main city and a 1 in 20 year level of protection for North Wagga. After the recent flood events, extensive flood modelling studies have shown that the actual level of protection provided by the levee system is a 1 in 60 year level for the main city and a 1 in 16 year level for North Wagga.

Council in 2014 engaged NSW Public Works to design a levee upgrade for the main city to the 1 in 100 year level of protection and North Wagga to a 1 in 20 year level of protection. Council is further investigating the potential to increase the North Wagga levee to a 1 in 100 year level of protection.

NSW Public Works have provided cost estimates for both levee upgrades, and with appropriate indexing over the estimated construction period, the current total estimate for upgrading both levee systems is $23.3M.

The City of Wagga Wagga does not have the financial resources to fully fund the levee upgrade project due to the sheer size of the project. Due to this, included in Council’s 2015/16 Long Term Financial Plan is Council’s proposal to fund its one third share of the cost of the upgrade ($7.75M) via a special rate variation and the other two thirds ($15.5M) from grant funding.

**FLOOD HISTORY**

The following provides a history of flood events since the Wagga Wagga current levee bank system was constructed in 1960:

• 1974 - The largest officially recorded flood at Wagga Wagga within European history which reached a peak level of 10.75m at the Hampden Bridge

• 2009 - Council adopted the Wagga Wagga Floodplain Risk Management Plan with a recommendation that the levee bank be upgraded

• 2010 – Wagga declared a natural disaster area after experiencing local flooding with the river reaching a height of 9.7metres. Residents in North Wagga, East Wagga and Gumly Gumly were evacuated

• 2012 - Council engaged consultants WMA Water to update the flood flow model for the entire floodplain within the Wagga Wagga Local Government Area

• 2012 – In March 2012, a flood greater than the existing levee design height was predicted. The Murrumbidgee River reached a peak level of 10.60m at the Hampden Bridge gauge, the second highest flood since 1870. All the CBD area and adjacent residential area of 8,000 people were evacuated. Council’s road infrastructure was significantly damaged in excess of $50M from both the 2010 and 2012 flood events

PHOTO PROVIDED UNDER SEPARATE VERSION EMAILED TO IPART Shockeroo Bridge, Wagga Wagga - damage incurred during March 2012 flood

**TIMELINE**

The following provides the actions leading towards the decision of Council to apply for a special rate variation:

\* **2013/14** - Council, through WMA Water, amended its 2010 flood model to accommodate the revised rating tables for the Murrumbidgee River and validated and calibrated the model using survey and mapping data obtained following the 2010 and 2012 flood events, as well as a comparison to the 1974 flood event. WMA Water also increased the predicted 1 in 100 flood level to 11.3m at the Wagga Wagga gauge. The current height of the levy was revised to a 1 in 60 year flood event, and the North Wagga levy was revised to a 1 in 16 year flood event.

\* **2014/15** - Council engaged Public Works Department (PWD) to undertake a detailed investigation and design of the upgrade of the Main City Levee to a 1 in 100 year level of protection and the North Wagga Levee to a 1 in 20 year level of protection. The total indexed cost of the upgrades were $23.3M

\* **2014/15** – In preparing the 2015/16 Long Term Financial Plan (LTFP), Council included a scenario to fund its one-third share ($7.75M) of the upgrade of the levee banks by way of a special rate variation.

\* **2014/15** – In April 2015, Council made application to the NSW Office of Environment and Heritage under the Flood Management Program for two-thirds funding of the Levee upgrade project.

A copy of Council’s grant application can be viewed as Additional Attachment (3).

\* **2014/15** – In July 2015, Council resolved to:

*a proceed with construction of the Main City levee to provide a 1 in 100 year level of protection, making allowance for the possibility that the North Wagga levees may also be constructed to provide a 1 in 100 year level of protection*

*b incorporate an investigation into providing a 1 in 100 year level of protection for North Wagga into the upcoming review of the Wagga Wagga Floodplain Risk Management Study and Plan*

When Council receives the updated Wagga Wagga Floodplain Risk Management Study and Plan (due December 2016), and if it is recommended for the North Wagga levee to be increased to a 1 in 100 year level, Council will fund the additional indicative costs of $820K from within its existing budget.

\* **2014/15** – In October 2015, Council resolved to:

*a receive and endorse the Community Engagement Plan “funding the levee upgrade”*

*b endorse the amended Long Term Financial Plan 2015/25 and the Combined Delivery Program and Operational Plan 2015/16 and place on public exhibition for a period of 28 days and invite public submissions*

*c receive a further report following the public exhibition period:*

*(i) addressing any submission made in respect of the amended Long Term Financial Plan 2015/25 and the Combined Delivery Program and Operational Plan 2015/16*

*(ii) proposing adoption of the amended Long Term Financial Plan 2015/25 and the Combined Delivery Program and Operational Plan 2015/16 unless there are any recommended amendments deemed to be substantial and requiring a further public exhibition period*

*d receive a further report in January 2016 on the Special Rate Variation (SRV) application to Independent Pricing and Regulatory Tribunal (IPART) following the proposed community engagement*

*e apply the SRV equally over the rating categories as indicated in Table 1 contained in the body of this report*

The 2015/25 Long Term Financial Plan and Combined Delivery Program and Operational Planswere amended to include the most recent cost estimates for the levee projects.

Council also provided further information in regards to the special rate variation impact for the average ratepayer by rate category.

**\* 2015** – In December 2015, Council resolved to apply to IPART for a Special Rate Variation:

That Council:

*a receive and note the report including details of the community engagement undertaken to date*

*b make an application to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) of 5.63% comprising a single increase of 3.83% in addition to the rate pegging increase of 1.80% as announced by IPART and maintain the single increase within Council’s rating base for five (5) years*

*c note that the application referenced in (b) above will commence from 1/7/2016 and is subject to Council obtaining confirmation of external grant funding by 30/6/2016. In the event that Council does not receive this confirmation by 30/6/16, the SRV will commence from 1/7/2017 subject to positive confirmation of grant funding by 30/6/17.*

*d separately disclose the amount of the SRV on the rate notices*

*e confirm that the SRV increase of 3.83% will be applied to the rating categories on the following basis:*

*\* Farmland category 1.9%  
 \* Other rating categories 4.1%*

*f urgently make further representations to the NSW Minister for Environment & Heritage and local State and Commonwealth MP’s to facilitate additional funding for essential flood mitigation projects including the Wagga Wagga Levee upgrades*

**2016** – In January 2016, Council received advice that it had been successful for $2M of grant funding under the Flood Management Program Stage 1.

## Capital expenditure review

You should complete this section if the council intends to undertake 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 |
| 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, in particular 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 implementing 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).

The criterion states that the need for the proposed 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 proposed 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 proposed 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 for the General Fund 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.

### How the Council identified and considered the community’s needs and desires relating to service delivery and asset maintenance and provision



There has been extensive community consultation dating back to 2007 regarding the development of Flood Management plans for the Wagga Wagga local Government area.

In 2009 Council adopted the Wagga Wagga Floodplain Risk Management Plan, which recommended Council undertake a feasibility study to upgrade the levee systems. In 2010 Council engaged the services of NSW Public Works to undertake the feasibility study, produce a set of concept designs and provide a cost estimate. The resulting plans were presented to Council in 2011.

As a result of the report which went to Council in December 2011, Council staff were asked to deliver a community engagement project which provided members of the community, land owners, commercial operators, external stakeholders and other interested parties with an opportunity to view the associated documents, request further information and provide comment to the concept deigns.

The project saw over 5,000 letters sent directly to impacted community members, 500 letters were hand delivered to property owners adjacent to the levee systems, 400 people attended the various community information sessions, 61 formal submissions were received and over 120 individuals in the community met with Council staff, usually within their own home to review the documents relating to the levee upgrade and share their flood stories.

The community provided hundreds of photos of the flood events during the project which have been used to improve Council flood models and flood preparedness.

In March 2015 Council held six (6) community information sessions to outline the detailed designs for upgrades of the Main City and North Wagga Levees. In addition to this, members of the community were encouraged to provide specific feedback via an online survey or contact Council using traditional methods such as letters or telephone.

For those that supported the Main City Levee upgrade, there was a strong emphasis on protecting the city and spending money now to save money later if the CBD flooded. Of those that supported an upgrade of the North Wagga levee, there was a strong emphasis on protecting the community that many people have lived in for a long time and grown to be a part of.

**SRV Community Engagement Plan “funding the levee upgrade”**

The Integrated Planning and Reporting documents for 2014/15 and 2015/16 included details regarding the proposed SRV. Community discussions regarding the proposed SRV were included as a part of the exhibition process.

Council at its October 2015 meeting endorsed the SRV Community Engagement Plan “funding the levee upgrade”.

The key elements of the SRV Community Engagement Plan were:

*• “That Council continues to engage the community and adequately communicate its intentions and the reasons for going down this path in the lead up to making an application to IPART.*

*• As part of the community engagement plan the community will be informed with more detail about the SRV through a variety of mediums including distribution of a flyer as a rates notice insert reaching over 26,000 Wagga ratepayers along with advertising and promotion through Council News and other mediums.*

*• Fact sheets and further information will be available in the Civic Centre and on a dedicated project page on the “Your Say Wagga” website. Community members will also have the opportunity to have their questions answered through an online discussion forum, community meetings, public stalls and a contact advice line to request any additional information relating to the SRV. The community engagement plan promotes conversations between Council and community stakeholders to ensure the community is well informed throughout the process.*

* *The aim of the community engagement plan is to ensure that as many community members are informed as possible through this process and data will be collected to support this”*

A detailed summary of the results of the SRV Community Engagement Process is detailed in part4 of this application and specifically via the following attachments:

* Attachment 2 –Delivery Program and LTFP (relevant sections)
* Attachment 5 (a) Media Coverage
* Attachment 5 (b) Engagement Plan
* Attachment 5 (c) Consultation Materials
* Attachment 5 (d) Online
* Attachment 6 – Community Feedback

### How the decision to seek higher revenue was made (and other options considered)

The 2013 TCorp Financial Assessment concluded The City of Wagga Wagga’s financial sustainability as:

*“Moderate, with a negative outlook”*

[*https://www.olg.nsw.gov.au/sites/default/files/TCorp-Report-Financial-Sustainability-of-the-New-South-Wales-Local-Government-Sector-April-2013.pdf*](https://www.olg.nsw.gov.au/sites/default/files/TCorp-Report-Financial-Sustainability-of-the-New-South-Wales-Local-Government-Sector-April-2013.pdf)

To improve Council’s financial sustainability into the future, The City of Wagga Wagga has undergone extensive budget cuts and reduced service levels. The recent Fit for the Future (FFF) reform further heightened the requirement for Council to continue to look for efficiencies in the form of operating expenditure reductions, while also increasing operating revenue opportunities.

Council was deemed Fit For the Future following the FFF assessment process. Council’s FFF Improvement Proposal detailed Council’s intention to apply for a Special Rate Variation in 2016/17 to fund its one third share of the levee upgrade. In IPART’s assessment, it was noted that Council’s Fit status relies on the successful application for and adoption of a special variation in 2016/17.

[http://www.ipart.nsw.gov.au/files/sharedassets/website/shared\_files/investigation\_-\_section\_9\_-\_legislative\_requirements\_-\_review\_of\_local\_council\_fit\_for\_the\_future\_proposals/assessment\_of\_council\_fit\_for\_the\_future\_proposals\_-\_Attachment\_c\_-\_council\_assessments\_-\_october\_2015.pdf](http://www.ipart.nsw.gov.au/files/sharedassets/website/shared_files/investigation_-_section_9_-_legislative_requirements_-_review_of_local_council_fit_for_the_future_proposals/assessment_of_council_fit_for_the_future_proposals_-_appendix_c_-_council_assessments_-_october_2015.pdf)

Council has included a scenario in the Long Term Financial Plan which continues to fund Council’s one third share by loan borrowings in the event that the application for an SRV to IPART is not approved.

If this scenario eventuates, Council will need to make additional budget deductions from the 2017/18 year to accommodate the additional debt servicing costs arising from borrowings.

The costs of borrowing $7.75M over five years would be $10.91M over 14 year repayment period.

|  |  |
| --- | --- |
| YEAR | REPAYMENT AMOUNT |
| 2017/18 | $ 218,150 |
| 2018/19 | $ 436,300 |
| 2019/20 | $ 645,450 |
| 2020/21 | $ 872,600 |
| 2021/22 | $ 1,090,750 |
| 2022/23 | $ 1,090,750 |
| 2023/24 | $ 1,090,750 |
| 2024/25 | $ 1,090,750 |
| 2025/26 | $ 1,090,750 |
| 2026/27 | $ 1,090,750 |
| 2027/28 | $ 872,600 |
| 2028/29 | $ 645,450 |
| 2029/30 | $ 436,300 |
| 2030/31 | $ 218,150 |
| **TOTAL** | **$10,907,500** |

Council’s 2015/16 LTFP notes that should Council be required to borrow funds for the levee upgrade, it will mean a significant reduction to the services it currently provides. Services that could be impacted include Council’s road and footpath maintenance program, facilities such as the Oasis Aquatic Centre, cultural programs such as community festivals and further staff cuts.

Given that Council has already made a number of significant reductions to program budgets and staffing levels, this option is not preferred.

The FFF assessment noted that Wagga does not satisfy the infrastructure and service management criterion. This assessment contributed to Council’s decision to seek a temporary five (5) year increase to rates via a special rate variation in order to fund this vital infrastructure upgrade project.

### Why the special variation is the most appropriate option

Council’s preferred option to fund its one third share ($7.75M) of the levee bank project is with a special rate variation and the remaining two thirds required ($15.5M) dependent on seeking funding from the State Government. Council does not have the financial resources available to fund such a large capital project by itself, as can be seen in the below table from the 2015/16 LTFP, with deficit budgets and/or small surplus budgets projected for future financial years.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2015/16** | **2016/17** | **2017/18** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** | **2024/25** |
| **Surplus/**  **(Deficit)** | **$0** | **$0** | **$385K** | **$572K** | **$95K** | **($12K)** | **$6K** | **($279K)** | **$53K** | **$472K** |

Council detailed the proposed SRV in its FFF Improvement Proposal as a key strategy to maintain financial sustainability. The proposed Special Rate Variation is for a set period of five (5) years with an overall one-off rate increase in 2016/17 of 5.63%. Council has considers this to be the most appropriate option for the following reasons:

• reasonable – the proposed increase is considered measured and affordable

• transparent – the SRV (levee upgrade component) will be shown separately on rate notices and removed after the 5 year SRV period

• financially responsible – commitment to addressing infrastructure backlog is maintained

• leadership – Council demonstrates strongly its commitment to funding its share

• realistic – the scale of the project requires partner funding

As previously mentioned, if Council’s special rate variation application is unsuccessful, Council would have to borrow the funds, which would place, at its peak over $1M annual additional expenditure in debt servicing costs.

Council has recently cut over $3M annually from its operating expenditure budget. Further reductions would result in decreased service levels and reduced funding available to decrease the current infrastructure gap.

**Funding** **from other levels of Government**

As noted earlier, Council has been successful in obtaining funding of $2M for stage 1 of the upgrade project under the 2015/16 round of Floodplain Management Program. Council will be applying in March 2016 for the 2016/17 round of Floodplain Management Program for stage 2 of the project.

### How the proposed special variation impacts the LTFP forecasts and addresses council needs. Our assessment will also consider the assumptions which underpin the council’s LTFP forecasts

The adopted 2015/16 LTFP includes the levee bank project and additional funds proposed to be funded either via a special rate variation or loan borrowings (in the Scenario section). Funds raised via the proposed special rate variation of $7.75M will be used entirely to fund Council’s one third share of the $23.3M levee bank upgrade.

The special rate variation allows Council to responsibly maintain its focus on continuing to reduce the City’s current infrastructure gap. Without a special rate variation, Council’s funds would have to be redirected from renewing and maintaining assets, to potentially repaying loan borrowings or cutting service levels to fund the levee bank project.

The financial assumptions applied by Council to inform the LTFP (which are updated annually to reflect the most current information available) are as follows:

|  |  |  |
| --- | --- | --- |
| **Item** | **2015/16 LTFP - Proposed annual increase** | **Comments** |
| **OPERATING INCOME** | | |
| Rates | 3% | The 2016/17 LTFP is in the process of being finalised, and incorporates a rate peg amount of 1.8%, and future years of 2.5% annual increase |
| Fees and Charges | 3% | Standard CPI increase.  The 2016/17 LTFP will incorporate a 5% annual increase as a standard, unless the fee is prescribed by legislation |
| Annual Charges – Domestic & Commercial Waste | 3% | 2016/17 LTFP – 3% annual increase |
| Sewer Charges | 4.5% - Years 1 to 3  2.5% - Years 4 to 10 | 2016/17 LTFP –  4.5% - Years 1 to 3  2.5% - Years 4 to 10  Council’s annual sewer charges are among one of the lowest in NSW. |
| Stormwater Services | 0% | As per legislation |
| Interest income | 3.75% - 3.94% - Years 1 to 3  3.58% - 3.86% - Years 4 to 7  3.70% - 3.98% - Years 8 to 10 | Annual proposed investment income percentages obtained from Council’s independent financial advisor.  2016/17’s investment revenue forecasts have been adjusted slightly down as per more recent advice. |
| Grants Commission Allocation | 0% for 2015/16 + 2016/17  2.5% from 2017/18 onwards | As per Federal Government freeze on the Grants Commission allocation. |
| **OPERATING EXPENDITURE** | | |
| Employee Expenses | 2.5% cap for 2015/16 + 2016/17  4% from 2017/18 onwards | The 2.5% increase requires Council to reduce staff numbers |
| Borrowing Costs | 6% | 10 to 15 year terms.  Conservative approach applied for risk management. |
| Materials and Contracts | 0% | The cost of materials and contracts is to be maintained within existing budgets where possible – efficiencies are required to be sourced. |
| Utilities | 9% | Adjusted slightly down for 2016/17 to an annual increase of 8%. This is due to the reduction in contract with Origin Energy and the repeal of the carbon charge. |
| Insurance | 5% | 2016/17 LTFP – 5% annual increase |
| Depreciation | Straight line method |  |
| Other operating expenses | 0% | The cost of other operating expenses are to be maintained within existing budgets where possible |

## Financial sustainability

The proposed special variation may be intended to improve the council’s underlying financial position for the General Fund, 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, Treasury Corporation. 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 proposed special variation on its financial sustainability.

The City of Wagga Wagga is well managed financially. The 2014/15 Financial Statements reported an Operating Deficit before Capital Grants and Contributions of ($3.6M). This figure includes $22.3M in depreciation expense, which is largely due to Council’s large road network spanning approximately 2,300 kilometres.

Wagga’s Cash & Investments at 30/06/2015 were $82M, of which $3.7M was unrestricted. Major external and internal restrictions are as follows:

Unrestricted Working Capital at 30/06/2015 was ($2.7M). This is a $5.6M improvement since 30/06/2013. Council is committed to further improving on this unrestricted working capital figure.

Council’s 30/06/2015 Key Financial Indicators were:

|  |  |  |  |
| --- | --- | --- | --- |
| **Ratio** | **Benchmark** | **City of Wagga Wagga result – 30/06/2015** | **Comment** |
| Operating Performance Ratio | >=0% | -2.41% | Council improved by 9.22% moving from -11.63% at 30/06/2014 to -2.41% at 30/06/2015, due in part to finalisation of the flood recovery program. |
| Own Source Operating Revenue Ratio | >60% | 66.36% | With a ratio of 66.36% Council’s ability to generate its own sources of funding from rates and user fees is sound. |
| Unrestricted Current Ratio | >1.5% | 2.68% | A ratio of 2.68 is considered sound |
| Debt Service Cover Ratio | >2.0 | 3.75 | Council’s ability to generate sufficient cash to cover its debt payments is sound. |
| Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | N/A | 6.21% | This ratio has continued to decrease from 7.23% in 2012/13. |
| Cash Expense Cover Ratio | >3.0 | 7.38 | Council’s ability to continue paying for its immediate expenses without additional cash inflow is sound. |
| Infrastructure Backlog Ratio | <0.02 | 0.04 | This ratio demonstrates the current state of Council’s infrastructure backlog. Council is committed to decreasing this backlog, with the ratio decreasing from 0.11 in 2012 to its current level of 0.04. This still represents a significant challenge for Council. |

The City of Wagga Wagga‘s 2015/16 Base Case Long Term Financial Plan (LTFP) has the following annual budget position projections:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2015/16** | **2016/17** | **2017/18** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** | **2024/25** |
| **Surplus/**  **(Deficit)** | **$0** | **$0** | **$385K** | **$572K** | **$95K** | **($12K)** | **$6K** | **($279K)** | **$53K** | **$472K** |

Council’s Auditor’s, Crowe Horwath, made the following recommendation on Council’s financial position at 30 June 2015:

*“We recommend that Council continue to monitor its unrestricted working capital position when reviewing its financial position. It is also recommended that Council continue to be mindful of its unrestricted working capital position when considering its future spending requirements.*

The TCORP Financial Assessment Report dated 8/10/12 stated:

*“Overall, the review has found that the Council has been well managed over the review period based on the following observations:*

*\* While the Council has incurred operating deficits (excluding grants and contributions for capital purposes), Council’s underlying results (measured using EBITDA) have improved from $6.6M in 2009 to $20.8M in 2011*

*\* The increase in rates income was supported by an approved SRV from 2007 to 2012. In 2011, the SRV generated an additional $3.7M of revenue which was used to improve service standards on infrastructure and community facilities.*

TCorp further noted:

*“Council’s financial results have been improving and whilst future operating deficits are forecast, Council is undertaking a review to identify cost saving initiatives. Achievement of savings is necessary to strengthen the Council’s forecast position.*

The TCorp report can be accessed via the following link:

[*www.olg.nsw.gov.au/sites/default/files/Wagga-Wagga-Financial-Assessment-Report.pdf*](http://www.olg.nsw.gov.au/sites/default/files/Wagga-Wagga-Financial-Assessment-Report.pdf)

The additional revenue sought in this application via a temporary five (5) year rate increase is strictly for a specific purpose i.e: levee bank upgrade. Council is committed to undertake this project, and should the SRV application be unsuccessful, Council would be forced to borrow the $7.75M, which would place further strain on Council’s financial sustainability.

## Financial indicators

How will the proposed special variation affect the council’s key financial indicators (General Fund) over the 10-year planning period? Please provide, as an addendum to the LTFP, 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 has undertaken detailed financial modelling based on three different scenarios:

• Scenario 1 – Base Case Scenario – This scenario is the current adopted LTFP scenario and does not include the levee bank project (2015/16 LTFP – Base Case)

• Scenario 2 – SRV & Grant Funding – This scenario is based on a successful SRV application and receiving grant funding for the levee bank project (2015/16 LTFP - Scenarios 1a, 2a, 3a and 4a)

• Scenario 3 – Borrowings & Grant Funding – This scenario is based on Council borrowing to fund its one third portion of the levee bank project as well as receiving the grant funding (2015/16 LTFP - Scenarios 1b, 2b, 3b and 4b)

The following charts and commentary relates to Council’s General Fund only (excludes Sewer fund).

### Financial Indicators relating to Operating Position

**Operating Ratio**

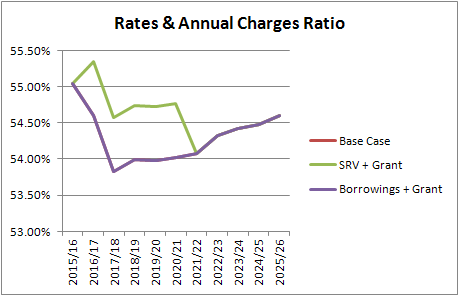
This ratio measures a Councils ability to contain its operating expenditure within operating revenue. A target of breakeven is considered as a minimum. It is measured as the Net Operating Result over Operating Revenue.



The operating ratio of Council is significantly better with Scenario 2 (SRV + Grant Funding). This is due to the inclusion of the special rate variation funding associated with the Levee upgrade project. Scenario 3 (Borrowings + Grant Funding) results in a decrease in the operating ratio due to the interest repayments associated with external loan borrowings to fund Councils portion of the Levee project. Following the finalisation of the Levee project in 2020/21, the operating ratio of Council in Scenario 2 returns to the same level as Scenario 1 (Base Case).

**Rates & Annual Charges Ratio**

This ratio measures Councils Rates & Annual Charges revenue as part of its operating revenue. This ratio outlines Councils reliance on Rates & Annual charges revenue. It is measured as Rates & Annual Charges income over Operating Revenue.

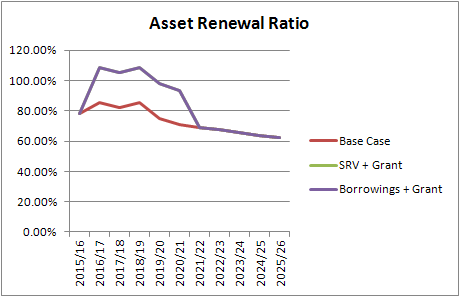


The Rates & Annual Charges ratio reflects Councils strong reliance on its Rates & Annual Charges income. The increase in the ratio for Scenario 2 is consistent with the increase rating income of the temporary special rates variation associated with the Levee upgrade project. It is noted under this ratio, that the Base Case and the Borrowings scenarios follow the same path.

### Financial Indicators relating to Infrastructure

**Asset Renewal Ratio**

This ratio measures Council’s intended expenditure on infrastructure asset renewals against total asset depreciation. It is measured as Asset Renewal Expenditure over Depreciation.

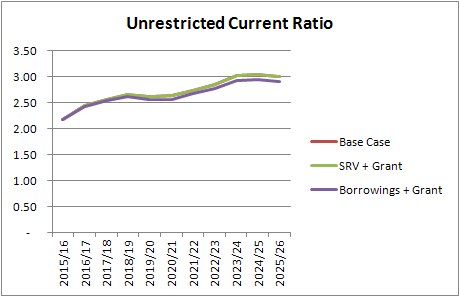


The asset renewal ratio significantly improves in Scenario’s 2 & 3 as shown above. This is due to the increased expenditure associated with the renewal of the Levee Bank. Following the five (5) year project timeframe, the asset renewal ratio for all scenarios continues to decrease. This is due to Councils depreciation increasing at a greater rate than its renewal program.

### Financial Indicators relating to Liquidity Position

**Unrestricted Current Ratio**

This ratio measures the adequacy of Councils unrestricted working capital and its ability to meet short term obligations as they fall due. It is measured as Unrestricted Current Assets over Unrestricted Current Liabilities. NSW Treasury Corporation sets a minimum benchmark of 1.50.

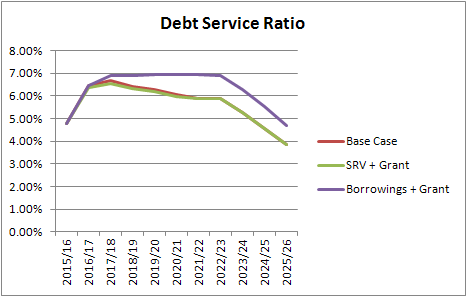


The unrestricted current ratio of Scenario 2 is consistent with that of the base case Scenario 1. Scenario 3 sees a slight drop off due to the increase current borrowings repayments associated with the Levee Bank project. All scenarios reflect Councils continued strong unrestricted working funds and are well above the NSW Treasury Corporations minimum benchmark.

### Financial Indicators relating to Debt/Borrowing

**Debt Service Ratio**

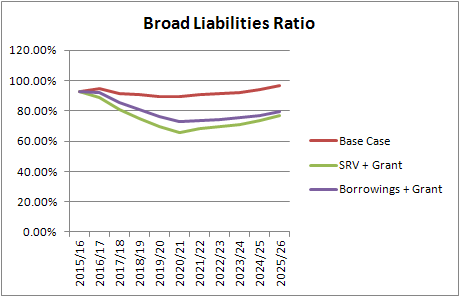
This ratio measures the portion of a Councils operating revenue that is needed to cover its current principal and interest debt servicing costs. It is measured as Debt Servicing Costs over Operating Revenue.



The debt service ratio of Council peaks at 6.96% in 2019/20 if it is to borrow in line with Scenario 3. The debt service ratio of Scenario 2 is consistent with the base case Scenario 1, the only difference being that the ratio is slightly lower of the years of the temporary special rate variation.

**Broad Liabilities Ratio**

This ratio measures a Councils combined debt and infrastructure backlog as a percentage of operating revenue. This ratio outlines a Councils ability to cover its debt and backlog liabilities if they were to fall due at once. It is measured as Total Debt & Infrastructure Backlog over Operating Revenue.



The broad liabilities ratio of Council sees a significant decrease in Scenario’s 2 & 3 when compared to Scenario 1. This is due to a significant reduction in the infrastructure backlog associated with the Levee Bank project.

## Contribution plan costs above the cap

You should complete this section if the proposed 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:[[3]](#footnote-3)

* 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, and
* 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).

|  |
| --- |
| Council is not seeking funding for contribution plan costs above the development contributions cap. |

# 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 Delivery Program and Long Term Financial Plan 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 community awareness and input occur. IPART’s fact sheet includes guidance to councils on the community awareness and engagement criterion for special variations.*

Our fact sheet on the requirements for community awareness and engagement are available on the IPART website.[[4]](#footnote-4)

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

* it has consulted and engaged the community about the proposed 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, and
* 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 major rating category (in both percentage and dollar terms)
* the annual increase in rates that will result if the proposed 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), and
* the rate levels that would apply without the proposed special variation.

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*, January 2016.

|  |
| --- |
| 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 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 rate rises under the proposed special variation and attach relevant samples of the council’s consultation material.

**Community Engagement Plan “funding the levee upgrade”**

Council’s intention to apply for an SRV as a means of funding the levee upgrades has been well documented and reported on in the local media.

The SRV has also been discussed at community forums where Council staff participated in discussions and formal feedback has been sought as a part of the exhibition process for Integrated Planning and Reporting documents such as the Long Term Financial Plan for 2014/15 and 2015/16.

PHOTO PROVIDED UNDER SEPARATE VERSION EMAILED TO IPART

Efforts to provide information and have a conversation with the community intensified from mid-October 2015 with the launch of Council’s campaign ‘**funding the levee upgrade’** to inform the community about the reason for, extent of and impact of the rate raise.

This campaign was anchored with a community engagement plan (Attachment 5(B)) and ensured that information was available to the wider community on a variety of platforms including a dedicated website, inserts in rates notices, media releases and news coverage in local media, public stalls, Council News stories, newspaper ads, a community forum, fact sheets, static information stand, online TV ad, Neighbourhood Meetings and other community gatherings. Residents were also encouraged to contact Council at any time using a method that suited them (phone, email, online, in person etc.) to provide feedback or ask any questions.

The aim of the Community Engagement Plan was to ensure that as many community members are informed as possible through this process and data was collected to support this. The results of the consultation process are detailed later in this application.

Overall the consultation process found that the community supports and understands the need for the upgrade to the Wagga Levee system which can be summarised as:

**Safety**

To protect the lives and homes of the Wagga Wagga Community.

**Prosperity**

To protect the investment that individuals and government have made to homes and commercial and public infrastructure in the Wagga Wagga CBD and North Wagga Village. Also to encourage future investment and economic growth.

**Community**

The community has supported the protection of the Wagga Wagga CBD and North Wagga Village recognising that important community assets which service the needs of not only the residents of Wagga but of the region, such as the Wagga Rural Referral Hospital, are at risk of a flooding event.

The main aim of the ‘funding the levee upgrade’ campaign was to ensure that Council was proactively distributing information and making it as easy as possible for people to ask questions and provide feedback. Instead of simply waiting for residents to contact us, we went to them. Meetings were held with key stakeholders Committee 4 Wagga and the Wagga Wagga Business Chamber about how the SRV would work and what the impact would be.

The campaign’s online presence (Attachment 5(D)) includes a dedicated website, live and public ‘q and a’ forum (with 17 questions responded to in detail), online TV ad, videos, rates calculator, library of documents such as relevant Council reports and media releases, details of information stalls/forums, and details on the many ways to contact Council to ask questions and provide feedback.

Information was also distributed (Attachment 5(C)) as inserts in rates notices, in fact sheets of varying length depending on how much detail people wanted, at multiple public stalls operated by staff from Council’s Finance and Communications teams, in a static information stand, at a community forum, at Neighbourhood Meetings and other community gatherings. Amended IP & R documents (Attachment 2) with the most up to date figures were placed on public exhibition for 28 days over October/November 2015.

Discussion in the local media (Attachment 5(A)) was encouraged with a dedicated media launch allowing journalists to interview the Mayor and General Manager, media releases, ads in the local newspaper and stories in Council News. The conversation in local media was robust with more than 40 articles, stories or letters to the editor dedicated to the topic. The nature of Council’s intended application for an SRV altered slightly upon learning that it was not successful in securing external grant funding for the project to ensure that the SRV would only be applied if external funding was secured in the future - this was communicated in local media and on Council’s website.

All of these engagement platforms promoted conversations between Council, residents and stakeholders to ensure the community was well informed throughout the process. Residents were also encouraged to contact Council at any time using a method that suited them (phone, email, online, in person etc.) to provide feedback or to ask any questions.

Below is a summary of the number of quantifiable interactions with residents:

• 17,382 rate payers received an information flyer in their rates notice in November 2015

• 573 visits to the website

• 33 residents attended the Community Forum

• 190+ interactions at public stalls

• 17 questions and responses via the online question and answer forum

• 1 letter received

• 8 emails received

• 6 phone calls

• 2 drop in to Civic Centre

• 400 flyers handed out at public stalls

• 10 attendees at Forest Hill Neighbourhood Meeting

• 6 attendees at Collingullie kerbside waste meeting

TOTAL: 18,624 quantifiable interactions

Unquantifiable interactions include those with residents that heard about the proposed increase via local media and those that stopped to read the static information stall or took a fact sheet from Customer Service. Feedback from Council’s customer service team suggests that people were constantly stopping to read at the static display, this was also evident at public stalls with people coming up to read information whilst staff were answering questions with other residents.

## 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 proposed 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.

### Feedback from Community Consultation

As outlined in the Community Engagement Plan (Attachment (5B), previous surveys have indicated overwhelming support for the levee upgrade project. Feedback on the proposed special rate variation was mixed with many people understanding the need for the upgrade project and the reason behind the funding proposal. These people often remarked that the proposed increase in rates was minor compared to the benefits for the City. The full report on feedback from Community Consultation for the project is provided in Attachment (6).

Those against the proposed special rate variation remarked that rates are high enough already, they don’t live in a floodplain so shouldn’t have to pay, that Council should have already sorted out a different funding source, and that State and Federal Governments should pay for the full amount. A small number of people were against the rate increase because they did not think the levee upgrade project should proceed at all. Other concerns included how the money raised would be handled by Council compared to the funds raised by the previous SRV, implemented in 2006/07. All concerns were addressed as they came to light from individuals and in the local media. In response to concerns about the previous SRV, documents such as an outline of outcomes were provided online in addition to direct responses.

Staff from Council’s Communications and Finance teams ensured that they were available to record feedback and respond to any questions and concerns as a priority. The result was an active conversation with the community that will continue throughout the application process and beyond if Council is successful with its application to apply an SRV. The feedback received was presented back to the Councillors in full in a publically available report presented to the 14 December 2015 Council Meeting. The Community Engagement Plan is attached along with details of the feedback received from residents and community members via the following methods:

\* Emails

\* Phone Calls

\* Letter

\* In person at Civic Centre

\* Public Stalls

\* Online Q&A forum

\* Community Forum

The following is a summary of feedback received via the different mediums between 14/10/15- 21/01/16. All feedback and responses are detailed in Attachment 6.

### Phone calls and drop in to the Civic Centre

Of the eight people that called or dropped in to talk about the proposed SRV four (4) were in favour, one (1) was neutral and three (3) opposed it on the grounds that only those that are in flood prone areas should pay.

### Online Forum

The purpose of the online forum was to give residents another platform to ask questions and participants did not necessarily express a firm view either for or against the proposed SRV. The questions primarily centred on the following themes:

\* If Council is “Fit for the Future” why does it need an SRV?

\* Outcomes of the previous SRV (with a focus on the MPS project) imposed by The City of Wagga Wagga and how it was administered

\* General distrust of Council’s ability to manage the funds raised and to deliver the project

\* Debate about the inclusion of an upgrade to the North Wagga levee in the project planning

\* What services might be cut under the loan borrowings scenario

Council staff aimed to provide as much information as quickly as possible in answering these questions with most answered within 24 hours.

Common themes such as questions around the previous SRV were further addressed by supplying additional documentation on the website.

### Emails and letters

Of the nine emails or letters received three (3) were in favour of the proposal and six (6) were against. Those against argued that they shouldn’t have to pay because they don’t live on the floodplain, that other levels of Government should be paying for the full amount, that it is generally unfair and concerns about how Council handles finances. One (1) person objected to the project itself.

Those that support the SRV argue that the cost of upgrading the levee system far outweighs the cost of recovering from a flood event and that the prospect of the CBD flooding is ‘horrifying’. Those in support also raised a need to look after low income earners and for Council to make a firm commitment on upgrading the North Wagga levee.

All emails were responded to and where appropriate questions were answered.

### Public stalls

Staff from Council’s Corporate Services Directorate opened pop up stalls in four (4) highly visible locations at major shopping centres and a local market from 29/10/15 – 26/11/15 to capture a wide cross section of the community. These stalls were publicised as an opportunity for people to drop in and have a conversation with staff about the proposed SRV, however they also allowed staff to talk to those who may not have yet heard about it and provide information.

The main purpose of the stalls was to ensure that people had access to the correct information and to answer any questions that they had about the proposed SRV and, where possible, the project itself. As a result not everyone provided a comment about whether they were for or against the proposal, however the comments collected demonstrate that more people agree with the SRV then those that disagree.

In some cases people were against the SRV at first but this was often based on misinformation and when the reasons for the SRV and how it would work were explained they often left in agreement with the proposal. However, staff had no intention of arguing and in many cases people were happy to simply be listened to and have their feedback recorded.

The following quotes demonstrate how split people’s views are on the issue:

*“I am totally cheesed off that people don’t want to pay for the levee upgrade. It’s not like you’re asking for a fortune.”*

*“Don't upgrade the levee at all, let both sides flood or collect $10 a night from caravaners at Wilks Park to raise the money.”*

*“I don't understand why all of us should compensate those that chose to live on the floodplain.”*

*“You* *have to do it, money doesn’t grow on trees.”*

*“Fantastic. Get on with the rate rise, raise the money and build it!*

*“I don’t agree with the rate increase because Council has wasted money on too many other things. Oasis (Aquatic Centre) runs at a loss and the Equex should have been an equestrian facility. Start spending the money you already have more wisely.”*

*“Everyone should pay for the upgrade because everyone uses the CBD in some way. It will also bring down insurance costs.”*

To summarise the comments collected at the stalls many of those in favour of the SRV just want Council to get on with the project and often noted that the proposed increase was minor compared to the cost of flood recovery. Although, many on low incomes or pensions noted that even if they agreed it had to go ahead, the SRV would impact their household budget. In these cases staff were able to explain options available to assist those that are struggling to meet payments. Some renters also noted that they would be making sure their rent wouldn’t increase too much.

Those against the SRV often stated that Council has mismanaged funds in the past and doesn’t have a great record of completing projects. Another common argument was that those that don’t live in the floodplain will pay the increase and get no benefit.

Some stated that they would only support an SRV for the main city levee, others were adamant that North Wagga be included. There was very little opposition to upgrading the main city levee.

### Community Forum

PHOTO PROVIDED UNDER SEPARATE VERSION EMAILED TO IPART

During the SRV consultation period Council hosted a Community Forum Information session at the Civic Centre. This was chaired by Councillor Paul Funnell with the General Manager and other staff on hand to answer questions.

Comment forms were made available for those that did not wish to speak publically. The Finance Team set up three computer stations so that they were able to sit down with land owners and provide them a comprehensive, written outline of what impact the SRV would have on their individual property.

As expected the open session of the forum generated a lot of discussion about the levee project itself, however the Chair tried to keep the focus on the SRV.

There was a robust discussion with the following themes emerging:

\* Concern around certainty and timing of external funding

\* What happens if the SRV was not approved

\* Inequity particularly for those on the floodplain not protected by the levee and will be worse off

\* The increasing cost of the project over time

\* General questions about the project and timeline

\* Council should borrow the money instead

\* The community needs Council to just get on with the SRV and build the levee

\* The longer the levee isn’t upgraded the longer the local economy suffers because there is no major investment in development in the CBD

\* Inequity for businesses who will have to pay more under the rate increase

\* Pensioners can’t afford to pay any more

\* Council should postpone other projects before implementing a rate increase

\* The community needs to be reminded of how disastrous the 2012 flood was

\* Council has known about the need for a levee upgrade for a long time and should have saved the money by now

# 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 Delivery Program and Long Term Financial Plan 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 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 proposed special variation. We also review how the council has 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 proposed special variation on 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, and how this was communicated to the community. 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.

To generate the additional $7.75M rates revenue required to fund Council’s one third share of the Levee upgrade costs over five (5) years, Council’s overall rates income is required to be increased by 3.83% excluding the rate cap maintained for a five (5) year period.

The rate peg cap for 2016/17 announced in December 2015 was 1.8% - therefore Council’s 2016/17 SRV application is for a total SRV rate increase of 5.63%, comprising:

3.83% Levee Upgrade component

1.80% Rate Cap component

For transparency purposes Council proposes to create a special rate consisting of six (6) new rating charges for a five (5) year term only in addition to the existing rating structure:

|  |  |
| --- | --- |
| **WWCC Current Rating Structure** | **WWCC Proposed Rating Structure** |
| Residential Wagga | Residential Wagga |
| Residential Village | Residential Village |
| Residential Other | Residential Other |
| Business Wagga | Business Wagga |
| Business Village | Business Village |
| Farm Land | Farm Land |
|  | Residential Wagga – Levee Upgrade |
|  | Residential Village – Levee Upgrade |
|  | Residential Other – Levee Upgrade |
|  | Business Wagga – Levee Upgrade |
|  | Business Village – Levee Upgrade |
|  | Farm Land – Levee Upgrade |

The proposed SRV rate (levee upgrade component) has a flat rate no minimum charge to spread the cost of the levee upgrade on the basis of land value i.e. those property owners with the lowest land value will be impacted the least by the proposed SRV.

In order to remove some of the burden on local farmers in the Wagga Wagga Local Government Area who have suffered significant financial hardship due to drought conditions over the past decade, Council has elected to apply the special variation (Levee Upgrade component) percentage increase for the farmland category at 50%, with the remaining categories adjusted to compensate.

It should be noted and as detailed in the community engagement plan the proposed special rate increase of included the assumption that the rate peg for 2016/17 would be 3%. As the announced rate peg for 2016/17 is only 1.8%, the impact of the exhibited proposed SRV has been reduced accordingly by 1.2%:

|  |  |  |  |
| --- | --- | --- | --- |
| **EXHIBITED - Overall SRV rate 6.83% increase (assumed 3% rate cap for 2016/17)** | | | |
| **Rates Category** | **SRV – Levee Upgrade component** | **SRV - Rates Cap Component** | **Total SRV % increase** |
| Farm land | 1.9% | 3.00% | 4.9% |
| All other rates categories | 4.1% | 3.00% | 7.1% |

|  |  |  |  |
| --- | --- | --- | --- |
| **PROPOSED - Overall SRV 5.63% rate increase proposed (after 1.8% rate peg announced for 2016/17)** | | | |
| **Rates Category** | **SRV – Levee Upgrade component** | **SRV - Rates Cap Component** | **Total SRV % increase** |
| Farm land | 1.9% | 1.8% | 3.7% |
| All other rates categories | 4.1% | 1.8% | 5.9% |

The following tables provide a snapshot of the impact of the proposed SRV over the next two (2) years for the minimum and average landholder for each category.

**Residential Wagga – Impact of SRV**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Residential Wagga – Minimum & Average Rates impact – 2016/17 increase 5.9% including rate cap** | | | | | | |
|  | | **2015/16** | **2016/17** | **Increase** | **2017/18**  **Assuming rate cap 2.5%** | **Increase** |
| Minimum | Rate peg only | $645.00 | $656.61 | $11.61 | $673.02 | $16.41 $16.41 |
| Minimum – Special Levy N/A  Example provided | N/A  example say Land Value $78,436 | Nil | $26.43 | $26.43 | $27.09 | $0.66 |
| **RESIDENTIAL MINIMUM** | | **$645.00** | **$683.04** | **$38.04** | **$700.11** | **$17.07** |
| Average | SRV Rate peg only 1.8% | $1,018.46 | $1,036.55 | $18.09 | $1062.71 | $26.16 |
| Residential Wagga Special Levy Average (New 5 Year Levee contribution) | SRV- 4.1 % Levee Component | Nil | $40.57 | $40.57 | $41.58 | $1.22 |
| **RESIDENTIAL AVERAGE** | | **$1,018.46** | **$1,077.12** | **$58.66** | **$1,104.29** | **$27.38** |

The impact for ratepayers paying the Residential Wagga minimum rate under the SRV will be approximately $38.04 increase in 2016/17 and $17.07 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $11.61 and $16.41 with only the rate peg. Approximately 19% of residential ratepayers pay the minimum rate.

The impact for ratepayers paying the average residential rate under the SRV will be a $58.66 increase in 2016/17 and $27.38 in 2017/18 compared to $18.09 and $26.16 with only the rate peg.

**Residential Village – Impact of SRV**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Residential Villages - Minimum & Average Rates impact - 2016/17 increase 5.9% including rate cap** | | | | | | |
|  | | **2015/16** | **2016/17** | **Increase** | **2017/18**  **Assuming rate cap 2.5%** | **Increase** |
| Minimum | Rate peg only | $244.00 | $248.39 | $4.39 | $254.59 | $6.20 |
| Minimum – Special Levy N/A  Example provided | N/A  example say Land Value $43,908 | Nil | $10.01 | $10.01 | $10.26 | $0.25 |
| **RESIDENTIAL VILLAGE MINIMUM** | | **$244.00** | **$258.40** | **$14.40** | **$264.85** | **$6.45** |
| Average | SRV Rate peg only 1.8% | $386.74 | $393.59 | $6.85 | $403.42 | $9.83 |
| Residential Villages Special Levy Average (New 5 Year Levee contribution) | SRV- 4.1 % Levee Component | Nil | $14.36 | $14.36 | $14.71 | $0.35 |
| **RESIDENTIAL VILLAGE AVERAGE** | | **$386.74** | **$407.95** | **$21.21** | **$418.13** | **$10.18** |

The impact for ratepayers paying the Residential Village minimum rate under the SRV will be a $14.40 increase in 2016/17 and $6.45 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $4.39 and $6.20 with only the rate peg.

The impact for ratepayers paying the average Residential Village rate under the SRV will be a $21.21 increase in 2016/17 and $10.18 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $6.85 and $9.83 with only the rate peg.

**Residential Other – Impact of SRV**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Residential Other - Minimum & Average Rates impact - 2016/17 increase 5.9% including rate cap** | | | | | | |
|  | | **2015/16** | **2016/17** | **Increase** | **2017/18**  **Assuming rate cap 2.5%** | **Increase** |
| Minimum | Rate peg only | $290.00 | $295.22 | $5.22 | $302.60 | $7.38 |
| Minimum – Special Levy N/A  Example provided | N/A  example say Land Value $45,080 | Nil | $11.90 | $11.90 | $12.19 | $0.29 |
| **RESIDENTIAL OTHER MINIMUM** | | **$290.00** | **$307.12** | **$17.12** | **$314.79** | **$7.67** |
| Average | SRV Rate peg only 1.8% | $1,416.12 | $1,441.61 | $25.49 | $1,477.65 | $36.04 |
| Residential Other Special Levy Average( New 5 Year Levee contribution) | SRV- 4.1 % Levee Component | Nil | $57.89 | $57.89 | $59.33 | $1.44 |
| **RESIDENTIAL OTHER AVERAGE** | | **$1,416.12** | **$1,499.50** | **$83.38** | **$1,536.98** | **$37.48** |

The impact for ratepayers paying the Residential Other minimum rate under the SRV will be a $17.12 increase in 2016/17 and $7.67 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $5.22 and $7.38 with only the rate peg.

The impact for ratepayers paying the average Residential Other rate under the SRV will be an $83.38 increase in 2016/17 and $37.48 in 2017/18 (assuming 2.5% rate cap 17/18) compared to $25.49 and $36.04 with only the rate peg.

**Business Wagga – Impact of SRV**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Business Wagga - Minimum & Average Rates impact - 2016/17 increase 5.9% including rate cap** | | | | | | |
|  |  | **2015/16** | **2016/17** | **Increase** | **2017/18**  **Assuming rate cap 2.5%** | **Increase** |
| Minimum | Rate peg only | $618.00 | $629.00 | $11.00 | $644.72 | $15.72 |
| Minimum – Special Levy N/A  Example provided | N/A  example say Land Value $43,594 | Nil | $25.32 | $25.32 | $25.96 | $0.64 |
| **BUSINESS WAGGA MINIMUM** | | **$618.00** | **$654.32** | **$36.32** | **$670.68** | **$16.36** |
| Average | SRV Rate peg only 1.8% | $6,346.94 | $6,461.18 | $114.24 | $6,622.70 | $161.52 |
| Business Wagga Special Levy Average( New 5 Year Levee contribution) | SRV- 4.1 % Levee Component | Nil | $259.47 | $259.47 | $265.95 | $6.48 |
| **BUSINESS WAGGA AVERAGE** | | **$6,346.94** | **$6,720.65** | **$373.71** | **$6,888.65** | **$168.00** |

The impact for ratepayers paying the Business Wagga minimum rate under the SRV will be a $36.32 increase in 2016/17 and $16.36 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $11.00 and $15.72 with only the rate peg.

The impact for ratepayers paying the average Business Wagga rate under the SRV will be a $373.71 increase in 2016/17 and $168.00 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $114.24 and $161.52 with only the rate peg.

**Business Village – Impact of SRV**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Business Village - Minimum & Average Rates impact - 2016/17 increase 5.9% including rate cap** | | | | | | |
|  |  | **2015/16** | **2016/17** | **Increase** | **2017/18**  **Assuming rate cap 2.5%** | **Increase** |
| Minimum | Rate peg only | $105.00 | $106.89 | $1.89 | $109.56 | $2.67 |
| Minimum – Special Levy N/A  Example provided | N/A  example say Land Value $14,995 | Nil | $4.30 | $4.30 | $4.40 | $0.10 |
| **BUSINESS VILLAGE MINIMUM** | | **$105.00** | **$111.19** | **$6.19** | **$113.96** | **$2.77** |
| Average | SRV Rate peg only 1.8% | $533.60 | $542.94 | $9.34 | $556.51 | $13.57 |
| Business Village Wagga Special Levy Average( New 5 Year Levee contribution) | SRV- 4.1 % Levee Component | Nil | $21.19 | $21.19 | $21.71 | $0.52 |
| **BUSINESS VILLAGE AVERAGE** | | **$533.60** | **$564.13** | **$30.53** | **$578.22** | **$14.09** |

The impact for ratepayers paying the Business Village minimum rate under the SRV will be a $6.19 increase in 2016/17 and $2.77 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $1.89 and $2.67 with only the rate peg.

The impact for ratepayers paying the average Business Village rate under the SRV will be a $30.53 increase in 2016/17 and $14.09 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $9.34 and $13.57 with only the rate peg.

**Farmland – Impact of SRV**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Farmland - Minimum & Average Rates impact - 2016/17 increase 3.7% including rate cap** | | | | | | |
|  |  | **2015/16** | **2016/17** | **Increase** | **2017/18**  **Assuming rate cap 2.5%** | **Increase** |
| Minimum | Rate peg only | $280.00 | $285.00 | $5.00 | $292.12 | $7.12 |
| Minimum –Special Levy N/A  Example provided | N/A  example say Land Value $73,548 | Nil | $5.36 | $5.36 | $5.49 | $0.13 |
| **FARMLAND MINIMUM** | | **$280.00** | **$290.36** | **$10.36** | **$297.61** | **$7.25** |
| Average | SRV Rate peg only 1.8% | $2,433.19 | $2,477.28 | $44.09 | $2,539.21 | $61.93 |
| Farmland Special Levy Average( New 5 Year Levee contribution) | SRV- 1.9 % Levee Component | Nil | $46.30 | $46.30 | $47.45 | $1.15 |
| **FARMLAND AVERAGE** | | **$2,433.19** | **$2,523.58** | **$90.39** | **$2,586.66** | **$63.08** |

The impact for ratepayers paying the Farmland minimum rate under the SRV will be a $10.36 increase in 2016/17 and $7.25 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $5.00 and $7.12 with only the rate peg.

The impact for ratepayers paying the average Farmland rate under the SRV will be a $90.39 increase in 2016/17 and $63.08 in 2017/18 (assuming 2.5% rate cap 2017/18) compared to $44.09 and $61.93 with only the rate peg.

**Summary – Rate peg and levy component average charge**

The chart below shows the average rate peg and levee upgrade component of the SRV, as shown in the above tables.

The additional rates income of $1,464,497 for the first year of the SRV excluding the 1.8% cap increase is summarised by rates category below:

The City of Wagga Wagga currently has a total of 27,436 rateable assessments, with the following chart showing the number of assessments per rate category:

### Minimum Rates

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

As previously discussed, if the proposed special variation includes increasing minimum rates above the statutory limit, or is to apply a higher rate of increase to an existing minimum rate than to its other rates, it is not necessary for the council to also complete the separate Minimum Rates Application form. However, this must be clearly identified and addressed in the special variation application.

|  |  |  |
| --- | --- | --- |
| Does the council have minimum Ordinary rates? | Yes | No |

If *Yes*, does the council propose to increase minimum Ordinary rates by:

The rate peg percentage  1.80%

The special variation percentage  0%

Another amount  Indicate this amount \_\_\_\_\_\_\_\_\_\_\_\_\_

What will minimum Ordinary rates be after the proposed increase? $656.61

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.

Council’s rate structure includes ordinary minimum rates across all rates categories. In 2015/16 the minimum residential rates was $645.00. 4,186 rate payers currently pay the minimum rate, which equates to 19% of the residential rates category.

It is proposed to apply the approved 2016/17 rate cap of 1.8% to the ordinary minimum rates for each existing rates category.

The proposed Special rates component of the SRV to fund the Levee upgrade will be applied at flat advalorem rate with no minimum.

The advalorem special rates charge will represent approximately a 1.9% increase for the farming rate category and 4.1% for all other rate categories. The overall SRV rates increase including the rates cap component is a SRV of 5.63% noting that the exhibited rate during the public consultation for the SRV was 6.83% due to using a higher assumption of 3% for the rates peg for 2016/17.

## 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.

The City of Wagga Wagga has taken a number of steps in assessing the community’s capacity and willingness to pay the proposed rate increase. The history of Council’s previous SRV applications, Council’s average rates compared to its peer 4 group Council’s was reviewed, in additional to consideration of Council’s Socio-Economic Indexes for Areas (SEFIA) ranking and current economic conditions including employment rates and housing affordability.

The City of Wagga Wagga has applied the IPART rates cap approved level of rating increase for the last 4 years, as shown by the shaded rows in the table below.

Council’s rate increases since 2004/05 are noted below:

|  |  |  |
| --- | --- | --- |
| **Year** | **Rate Cap** | **WWCC – Rates Increase** |
| 2004/05 | 3.50% | 3.50% |
| 2005/06 | 3.50% | 3.50% |
| 2006/07 | 3.60% | 9.25% |
| 2007/08 | 3.40% | 5.63% |
| 2008/09 | 3.20% | 9.25% |
| 2009/10 | 3.50% | 9.25% |
| 2010/11 | 2.60% | 4.18% |
| 2011/12 | 2.80% | 4.18% |
| 2012/13 | 3.60% | 3.60% |
| 2013/14 | 3.40% | 3.40% |
| 2014/15 | 2.30% | 2.30% |
| 2015/16 | 2.40% | 2.40% |

**Average Residential Rates Comparison 2013/14**

The following information compares Wagga Wagga’s average residential rates for 2013/14 with other Group 4 Councils:



Source: OLG 2013/14 Council Reports

As noted from the above table The City of Wagga Wagga’s average residential rate is around the average rate level for Group 4 Councils.

**Average Farmland Rates Comparison 2013/14**



Source: OLG 2013/14 Council Reports

The City of Wagga Wagga average farmland rates are moderately above average for Group 4 Council’s.

**Average Business Rates Comparison 2013/14**



Source: OLG 2013/14 Council Reports

The City of Wagga Wagga’s Business average rate is higher than the group average however is 14% lower than the highest Council in this group. The proposed increase under this special rate variation application will have very little impact on the above figures.

**Wagga Wagga SEIFA Ranking**

The SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics. In 2011, The City of Wagga Wagga had a score of 997.6 on the SEIFA Index of Disadvantage.

The above SEIFA ranking places Wagga at 46 out of 156 NSW Local areas - ahead of other major regional areas such as Albury (SEIFA 978.6 placed (66)) and Orange (SEIFA 977 placed (68)). Council’s relatively strong SEIFA ranking reflects the status of Wagga Wagga as a regional hub.

(Source: Australian Bureau of Statistics, Census of Population and Housing 2011. Compiled and presented in profile.id by .id, the population experts)

As noted earlier, Council considers the proposed rate increase affordable, with the average residential ratepayer paying an additional $40.57 annually, or an extra $0.78 per week.

**Unemployment Rate**

The City of Wagga Wagga‘s current unemployment rate is relatively low at 4.22% compared to a regional NSW unemployment rate of 7.34% and NSW unemployment rate of 5.7%.

(Source: Australian Bureau of Statistics, [Labour force survey](http://www.abs.gov.au/websitedbs/c311215.nsf/0/BF6068ABC64802DECA256BD500169F18?Open)catalogue number 6202.0, and Department of Employment, [Small Area Labour Markets, June 2015](https://employment.gov.au/small-area-labour-markets-publication). Compiled and presented in economy.id by [.id](http://home.id.com.au/about-us/)the population experts)

Council is proactive at stimulating economic growth in the region, with projects like the Riverina Intermodal Freight and Logistics (RiFL) Hub which is proposed to be a competitive freight solution that will open up commercial opportunities for the region.

**Housing Costs**

The cost of housing in Wagga is lower than the regional and NSW average i.e.:

June 2015 – Wagga City Average house cost $326,706

June 2015 – Regional NSW Average house cost $386,543

June 2015 – NSW Average house cost $569,226

Source: [Home track](http://www.hometrack.com.au/)2010-2015, Housing Valuation System.

Council’s Spatial Plans promote residential development through the appropriate zoning of land for residential purposes.

**Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage**

A review of Note 13 within Council’s 2014/2015 Annual Financial Statements reveals that the Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage for the last 3 years are:

2012/13 7.23%

2013/14 6.43%

2014/15 6.21%

The Rates and Annual Charges outstanding percentage has continued to improve over the last three years with Council approaching its target level of 6%. Council’s Auditor in their 2014/15 Audit report noted in respect of the outstanding charges ratio that:

*“This ratio is a commendable outcome when compared to peer Councils.”*

**Comparison of Annual Charges**

Annual charges make up a significant component of the total charges levied on the ratepayer each year.

The City of Wagga Wagga provides a Sewerage Service and Domestic Waste Service.

It is noted that Councils Residential Sewer Charge is one of the lowest in the State with its Domestic Waste Charge being similar to peer Councils as shown in the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Sewerage Service** | | **Domestic Waste** | |
| **2015/16** | **2014/15** | **2015/16** | **2014/15** |
| Tamworth | $777.00 | $758.00 | $290.00 | $283.00 |
| Dubbo | $712.00 | $690.16 | $283.50 | $270.00 |
| Albury | $702.90 | $639.00 | $273.00 | $226.00 |
| Wagga | $453.50 | $434.00 | $294.00 | $285.00 |
| Orange | $452.24 | $422.65 | $209.62 | $201.57 |

## 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? | Yes | No |
| If Yes, is an interest charge applied to late rate payments? | Yes | No |
| Does the council propose to introduce any measures to reduce the impact of the proposed special variation on specific groups in the community? | Yes | 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 hardship policy or other measures are referenced in the council’s IP&R documents (with relevant page reference or extract provided).

**Hardship Policy**

Council’s Hardship Policy is available on Council’s website and can be found as Attachment 7.

**Additional Hardship**

Council has a demonstrated history of providing assistance to ratepayers if they experience difficulty in meeting their rate payments.

Following the devastating flooding of North Wagga in March 2012 Council made the unprecedented action when adopting its 2013/14 rates structure to reclassify the North Wagga area as a “Village” (formerly rated Residential Wagga) for rating purposes which effectively reduced their rates by approximately 30% recognising the financial hardship that North Wagga residents had suffered from the floods.

In addition, Council provided extended rate payment plans to flood effected residents who were faced with the substantial costs of relocating whilst attempting to rebuild their homes and lives.

On the back of Council’s rate instalment and overdue notice, ratepayers experiencing difficulty in meeting their payments are advised to contact Council’s Rates Department to discuss alternative arrangements. Legal action warning letters also advise ratepayers to contact Council to make an arrangement to pay.

Council currently has approximately 500 ratepayers on a periodical rate payment arrangement (27,387 rate payers).

Councils rate arrears has steadily fallen over the last three (3) years with Council staff taking proactive steps to communicate with ratepayers with rate arrears as early as possible to put in place payment arrangements.

It is important to note that the implementation of the levee upgrade will have the long term economic benefit of reducing sky rocketing flood insurance costs (following the 2012 flood event) and provide greater confidence to investors to develop property in Wagga Wagga.

Council’s SRV application clearly details that the proposed SRV is for a five (5) year period only and the rating path will be reduced back down at the end of the five (5) year period to the level that would have applied if the SRV had not been incorporated into the rating base.

At the end of the day it is salient to remember that the principal purpose of this SRV application is to prevent catastrophic financial hardship occurring to thousands of residents and businesses in Wagga Wagga caused by the next flood event.

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

Criterion 4 within the OLG Guidelines is:

*The relevant IP&R documents 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.[[5]](#footnote-5)

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

The council is reminded that the Community Strategic Plan and Delivery Program (if amended), require public exhibition for at least 28 days prior to adoption. Amendments to the Long Term Financial Plan and Asset Management Plan do not require public exhibition.[[6]](#footnote-6) However, it would be expected that the Long Term Financial Plan would be posted, in a prominent location, on the council’s website.

The history of the significant IP&R processes to reach the decision to apply for an SRV is noted below:

**June 2014**

Council at its meeting held 30 June 2014 adopted the 2014/24 IP&R documents after exhibition which included a SRV funding scenario in its 2014/24 Long Term Financial Plan (LTFP) 2014/24.

The 2014/24 LTFP noted:

*“At this point in time Council has determined that it will not apply for an SRV to increase rates. However, Council may consider an application to fund one third of the cost of increasing the height of the City Levee once the design is complete. This is conditional upon Council receiving a commitment for the remaining two thirds of the cost from the State and Commonwealth Governments. This is not included in the base case scenario in the Long Term Financial Plan however Council has presented an alternative scenario (Scenario 2) that highlights the additional rate revenue required for Council to fund this project.”*

The adopted 2014/2014 Long Term Financial Plan can be accessed via the following link:

<http://www.wagga.nsw.gov.au/__data/assets/pdf_file/0006/29940/LTFP_2014_FINAL.pdf>

**June 2015**

Council at its meeting held on the 29 June 2015 adopted the 2015/25 IP&R documents after exhibition which included a SRV funding scenario in its 2015/25 Long Term Financial Plan (LTFP) 2015/25.

Council’s Delivery Program & Operational Plan (DP&OP) also included discussion regarding a future SRV for the Levee Upgrade as noted in the introduction of the 2014/15 DP&OP:

*“The Delivery Program and Long Term Financial Plan highlight Council’s intention to fund its one –third share of the City Levee project from a Special Rating Variation commencing from 2016/17 which will require a contribution from all ratepayers within the Local Area.*

*“Council has added a further scenario to the Long Term Financial Plan which continues to fund Council’s one-third share by loan borrowings in the event that the application for a Special Rate Variation to IPART is not approved. If this scenario eventuates, Council will need to make additional budget reductions from the 2017/18 year to accommodate the additional debt servicing costs arising from the borrowings.”*

Council’s 2015/25 Long Term Financial Plan under part 6 Major Projects discussed in detail the proposed Levee Bank upgrades noting:

*“At the time of preparing the 2015/25 LTFP, Council is completing the investigation and detailed design of the upgrade of the main City Levee and the North Wagga Levees. Council is undertaking community consultation on the detailed investigation and design with alternative options for North Wagga.”*

*The 2015/2025 Long Term Financial Plan discussed 4 possible Scenarios to fund the Levee upgrade plus a possible additional SRV in later years of the LTFP to fund road renewals i.e.*

*1) Upgrade Main City levee*

*a) Funded by SRV*

*b) Funded by Loan Borrowings*

*2) Upgrade Main City Levee + North Wagga Levee*

*a) Funded by SRV*

*b) Funded by Loan Borrowings*

*3) Upgrade Main City Levee + further SRV commencing 2021/22 to fund road renewals*

*a) Funded by SRV from 16/17 & further SRV from 2020/21*

*b) Funded by Loan Borrowings & SRV from 2020/21*

*4) Upgrade Main City Levee + North Wagga further SRV commencing 2021/22 to fund road renewals*

*a) Funded by SRV’s from 16/17 & further SRV from 2020/21*

*b) Funded by Loan Borrowings & SRV from 2020/21*

**October 2015**

Having received final cost estimates from the NSW Public Works Department for the Levee Upgrade, Council resolved to place amended IP&R documents on exhibition to commence formally the 2016/17 SRV application process.

Council at its Supplementary meeting held 14 October 2015 resolved as noted below:

***RP-3 FUNDING THE LEVEE UPGRADE - SPECIAL RATE VARIATION***

*15/302 RESOLVED:*

*That Council:*

*a receive and endorse the Community Engagement Plan “funding the levee upgrade”*

*b endorse the amended Long Term Financial Plan 2015/25 and the Combined Delivery Program and Operational Plan 2015/16 and place on public exhibition for a period of 28 days and invite public submissions*

*c receive a further report following the public exhibition period:*

*(i) addressing any submission made in respect of the amended Long Term Financial Plan 2015/25 and the Combined Delivery Program and Operational Plan 2015/16*

*(ii) proposing adoption of the amended Long Term Financial Plan 2015/25 and the Combined Delivery Program and Operational Plan 2015/16 unless there are any recommended amendments deemed to be substantial and requiring a further public exhibition period*

*d receive a further report in January 2016 on the Special Rate Variation (SRV) application to Independent Pricing and Regulatory Tribunal (IPART) following the proposed community engagement*

*e apply the SRV over the rating categories as indicated in Table 2 contained in the body of this report*

*CARRIED*

The Combined DP&OP for 2015/16 and LTFP for 2015/25 were amended to include further details of the proposed 2016/17 SRV application including forecast rate increases associated with the SRV application.

The Community Engagement Process for the SRV application **“funding the levee upgrade”** intensified from October 2015, the outcomes of which were detailed in Part 4 of this application.

**November 2015**

Council at its meeting held on the 23 November 2015 resolved to adopt the exhibited amendments to The Combined Delivery Program and Operational Plan 2015/16 and Long Term Financial Plan 2015/25

***RP-8 ADOPTION OF UPDATED INTEGRATED PLANNING AND REPORTING DOCUMENTS FOLLOWING PUBLIC EXHIBITION***

*15/358 RESOLVED:*

*On the Motion of Councillors P Funnell and G Hiscock*

*That Council, having received no submissions relating to the exhibited documents by the closing date of 12 November 2015 adopt the amended Long Term Financial Plan 2015/25 and the Combined Delivery Program and Operational Plan 2015/16 which specifically outlined the most current figures relating to “funding the proposed levee upgrade” which will inform Council’s proposed application to IPART for a Special Rate Variation.*

*CARRIED*

The adopted re exhibited 2015/2015 Long Term Financial Plan can be accessed via the following link: <http://www.wagga.nsw.gov.au/city-of-wagga-wagga/council/planning-for-our-community/long-term-financial-plan>

**December 2015**

Council at its 14 December 2015 meeting endorsed making an application to IPART for a Special Rate Variation (SRV) of 5.63% for 2016/17 maintained for ive (5) years to fund its share of the levee upgrade as detailed in the relevant Council minutes shown below:

***RP-10 FUNDING THE LEVEE UPGRADE - SPECIAL RATE VARIATION***

*15/405 RESOLVED:*

*On the Motion of Councillors K Poynter and G Conkey OAM*

*That Council:*

*a receive and note the report including details of the community engagement undertaken to date*

*b make an application to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) of 5.63% comprising a single increase of 3.83% in addition to the rate pegging increase of 1.80% as announced by IPART and maintain the single increase within Council’s rating base for five (5) years*

*c note that the application referenced in (b) above will commence from 1/7/2016 subject to Council obtaining a commitment of external grant funding by 30/6/2016. In the event that Council does not receive this confirmation by 30/6/16, the SRV will commence from 1/7/2017 subject to positive confirmation of grant funding by 30/6/17*

*d confirm that the proceeds from a successful SRV application will be applied to fund Council’s one-third share of the construction costs to upgrade the Main City Levee to a 1 in 100 year level of flood protection and to upgrade the North Wagga Levee to at least a 1 in 20 year level of flood protection*

*e separately disclose the amount of the SRV on the rate notices*

*f confirm that the SRV increase of 3.83% will be applied to the rating categories on the following basis:*

*\* Farmland category 1.9%*

*\* Other rating categories 4.1%*

*g urgently make further representations to the NSW Minister for Environment & Heritage and local State and Commonwealth MP’s to facilitate additional funding for essential flood mitigation projects including the Wagga Wagga Levee upgrades*

*CARRIED*

**December 2015**

Council advised IPART of its intention to apply for a Special Rate Variation of 5.63% maintained for a five (5) year period to fund its one third share of the levee upgrade.

**February 2016**

Council received advice from the NSW Office of Environment & Heritage that it has been successful with grant funding of two thirds ($2M) of the cost of Stage 1 ($3M) of the Levee Upgrade.

A copy of the grant funding body approval is attached as Additional Attachment 2.

# Assessment criterion 5: Productivity improvements and cost containment strategies

Criterion 5 within the OLG Guidelines is:

*The IP&R documents 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 during the last two years (or longer) and any plans for productivity improvements and cost containment over the duration of the proposed special variation.

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

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.

**City of Wagga Wagga Productivity Improvements and Cost Containment Strategies**

The City of Wagga Wagga was determined as Fit for the Future following the IPART assessment process undertaken in 2015. An integral part of Council’s 2015 Fit For the Future Proposal was Council clearly demonstrating that Council has already implemented and will continue to implement operating efficiencies.

Detailed below are Productivity and Cost Containment Strategies which have been highlighted in recent Delivery Program & Operational Plans:

**2013/14 Delivery Program & Operational Plans**

Council in its 2013/23 LTFP noted that it has eight key strategies to enable it to remain financially sustainable. Financial Strategy 1 – Balanced Budgets outlines Council’s target of maintaining at a minimum balanced budgets to maintain a positive working funds balance. This position gives Council the flexibility to maintain liquidity and fund unforseen expenditures.

To arrive at a balanced budget for 2013/14 each area of the organisation was required to contribute significant budget reductions and operational efficiencies:

Some of the major 2013/14 efficiencies/savings identified were as follows:  
  
• Employees Cost Reductions $1,076K  
• Project Deferrals $ 665K  
• Program Reductions $ 572K  
• Other Budget Reductions $ 855K  
• Additional Fees Income $ 528K  
• Additional Grant Income $ 30K

**TOTAL $3,726K**

**2014/15 Delivery Program & Operational Plans**

Council’s 2014/2024 LTFP maintained Council’s focus of identifying and implementing productivity and cost containment strategies to achieve a balanced budget for 2014/15.

The major budget changes for the 2014/15 Operational Plan included:

• Staff Training & Education Assistance Reductions $ 100K  
• Planning & Regulatory Additional Income $ 148K  
• Reduced Opening Hours for Library, & Cultural Facilities $ 80K   
• Reduction in Support to Local Events & Scholarships $ 70K  
• Commercial & Economic Development Program Reductions $ 120K  
• Employee Salary Savings $ 500K  
• Reduction in Construction of Cycleway $ 117K  
• Solid Waste Commercial Charge Contribution to Gen Fund $ 500K

**TOTAL $1,635K**

**2015/16 Delivery Program & Operational Plans**

The substantial cost savings achieved in prior years have been embedded into future LTFP’s and have assisted in achieving a balance budget for 2015/16.

Council recognises that there is still significant work required to be done to continue to reduce costs and provide value for money for the Wagga Wagga Community.

Actions highlighted in the 2015/16 Combined DP&OP included:

• Reviewing Council’s asset depreciation methodology  
• Assessing the infrastructure backlog for road and road related asset types  
• Investigating shared services opportunities with neighbouring Councils  
• Continuing to focus on operating a lean organisation; and  
• Conducting operational efficiency reviews across the organisation

Council has recently completed a major service review of its Infrastructure Directorate which is Council’s largest directorate, with the aim of achieving best practice in service delivery. This review considered service delivery, equipment, staff, financing and project management and was undertaken by industry experts Freestyle Project Solutions with the outcomes of that review to be considered by Council in coming months.

**Council’s Improvement Proposal**

Council’s 2015 Fit For the Future Proposal details Council’s Improvement strategies which are reproduced below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **OBJECTIVE** | **STRATEGIES** | **KEY MILESTONES** | **OUTCOME** | **IMPACT ON OTHER MEASURES** |
| **Ensure the organisation is efficient in delivering the outcomes identified in Ruby and Oliver** | Reduce operating expenditure through formal operational and efficiency (Service) reviews and other Cost saving initiatives | * Review of all Council services completed by 30 June 2017 * Review day labour hire use across the organisation by 30 June 2016 * Review operational overtime use across the organisation by 30 June 2016 | * $800,000 annual savings by 2016/17 (This may also include salary savings and other efficiencies on top of the existing salary cap.   Savings to be directed to infrastructure renewals) | This will also impact on the Infrastructure Backlog and Asset Maintenance ratios as the savings will be directed to these priority areas |
| Cap employee salary costs to reduce operating expenditure | * Cap employee salary costs at 2.5% for 2015/16,2016/17 and 2017/18 | * Annual savings of approx.$2.8M   (already included in existing LTFP) | This has impacted positively on the Real Operating Expenditure Per Capita ratio |
| **Increase revenue through fees and charges** | Review and develop discretionary fees and charges strategies with a focus on cost recovery where applicable | * Develop a fees and charges cost recovery strategy by 30 June 2016 * Develop a strategy to identify existing facilities and we can increase existing usage by 31 December 2016 * Increase revenue from discretionary fees and charges by 5% * Review and update Leasing and Licensing Policy – POL 038 by 31 December 2016 | * Appropriate targets and measures put in place to incrementally increase certain charge types * Increased usage of existing facilities and potential increase of revenue through usage fees * Additional annual income of approx.   $300,000 by 2016/17   * A more up to date policy reflecting current pricing | This will also impact on the Infrastructure Backlog and Asset Maintenance ratios as the additional revenue will be directed to these priority areas |
| Apply for a Special Rate Variation for the Main City and North Wagga levees | * Community consultation completed by 31 December 2015 * S5082) SRV application to IPART completed by 15 February 2016 | * Increased income of $7.75M over the 5 year term of the SRV (2016/17 to 2010/21) (this is already included in Council’s LTFP as the preferred scenario) |  |
| Investigate opportunities for paid car parking within the CBD | * Complete the CBD car parking strategy by 30 June 2016. Strategy is to include analysis and impact of paid parking within certain areas of the CBD | * Potential additional income from paid parking | This may impact on the Infrastructure Backlog and Asset Maintenance ratios as the additional revenue will be directed to these priority areas |
| **Increase income through business operations and third party providers** | Conduct a review of the Livestock Marketing Centre (LMC) business operations | * Complete development of the LMC Master Plan by November 2015 * Develop a Return On Investment (ROI) approach and establish a target for the purpose of calculating annual dividends by 30 June 2016 | * Identify future commercial opportunities for the LMC * Potential increase in annual dividend (dependant on review) | This may impact on the Infrastructure Backlog and Asset Maintenance ratios as the additional revenue will be directed to these priority areas |
| Analyse potential future revenue streams at the Airport commercial precinct and increase the dividend payable. | * Review the potential to Increase dividend from the Airport by 30 June 2016 * Develop a Return On Investment (ROI) approach and establish a target for the purpose of calculating annual dividends by 30 June 2016 | * Potential increase in annual dividend (dependant on review) | This may impact on the Infrastructure Backlog and Asset Maintenance ratios as the additional revenue will be directed to these priority areas |
| Analyse potential to pay a dividend from the Sewer business once a surplus position has been achieved | * Update the Sewer Business Plan in 2015/16 | * Potential increase in annual dividend (dependant on review) | This may impact on the Infrastructure Backlog and Asset Maintenance ratios as the additional revenue will be directed to these priority areas |
| Request Riverina Water County Council pay a dividend to its constituent Councils | * Review the potential to receive a dividend from RWCC once they have achieved best practice pricing | * Potential annual dividend of approximately $250,000 by 2018/19 | As above |
| Riverina Intermodal Freight and Logistic (RiFL) Hub future revenue streams develop | Continue to investigate the viability of the RiFL Hub | * This project aims to increase economic growth within the city and may provide Council with another source of income |  |
| **Ensure that development contributions reflect the required community infrastructure the development requires** | Review existing developer contribution plans and the associated methodology utilised | Conduct full review of Contribution Plans by 31 December 2016 | * Potential realignment of the funding mix between developer contributions and general purpose revenue for new capital works |  |
| **Strengthen the partnership opportunities with state and federal agencies and community groups** | Increase successful grant funding outcomes and negotiate partnership in kind agreements | * Successful grant applications submitted * Finalised partnership in kind agreements negotiated | * $100,000 targeted annual increase in grant funding and partnership in kind contributions to go toward improving Council assets and the delivery of services and programs to the community |  |
| Increase sponsorship opportunities | * Review and identify additional sponsorship opportunities by 30 June 2016 | * Increase annual sponsorship by $10,000 by 2016/17 with an incremental increase of $5,000 per year until 2019/20 (additional income to be directed to the facilities ongoing maintenance and renewal | This will have a slight impact on the Infrastructure Backlog and Asset Maintenance ratios as the additional revenue will be directed to these priority areas |

**Update on Progress - 2015/16 Fit For the Future (FFF) Strategies**

Council has created an in house team commissioned to assist delivery of the FFF Strategies via a FIT2PERFORM platform. Council’s in-house team has undertaken significant reviews of a number of aspects of Council’s operations with the outcomes of those reviews being reflected in changes to work practices.

Some highlights to date of Council’s actions to achieve the FFF outcomes i.e. improving performance and financial sustainability in 2015/16 are noted below:

**a) Ensure the organisation is efficient in delivering the outcomes identified in Ruby and Oliver**

Council has completed a number of service reviews i.e. Planning Directorate and Infrastructure Directorate the outcomes of these review will be considered and actioned in coming months

**b) Increase revenue through fees and charges**

The development of the 2016/17 LTFP includes the 5% increase in discretionary revenue items.

Council has completed all steps of the SRV application process and will be submitting an SRV application to IPART in February 2016

**c) Increase income through business operations and third party providers**

The draft Livestock Marketing Centre Master Plan has been completed and is to be submitted to Council for consideration in the coming months

The Sewer Business Plan is being reviewed as part of the development of the 2016/26 LTFP with a view to achieving a break-even/small surplus to allow the payment of dividends to Council’s General Fund over the period of the LTFP.

The viability of the RiFL Hub is currently being assessed with the decision to proceed or not to proceed being required to be finalised in coming months.

A new Return on Investment (ROI) Policy has been developed for Council’s business activities and this is currently on public exhibition.

**d) Ensure that development contributions reflect the required community infrastructure the development requires**

A major traffic study has been commissioned to inform the next update of the Developer Contribution Plans. The outcomes of the Traffic study are expected in late 2016.

**e) Strengthen the partnership opportunities with state and federal agencies and community groups**

Council has received advice of the success of recent major grant applications including:

\*$4.4M - December 2015 National Stronger Regional Round 2 – Multi Purpose Community Facility

\* $4.M - December 2015 Regional Tourism Infrastructure Fund – Wagga Airport aircraft taxi network upgrade

**\*** $4.9M – January 2016 Bridges Renewal Program Round 2 – Eunony Bridge Replacement

**\*** $2M – January 2016 – Flood Plain Management Program – Main City & North Wagga Levee upgrade

Council has demonstrated its commitment to productivity improvements and cost containment over a number of years and as clearly detailed in its Fit For the Future (FFF) Improvement Proposal.

As detailed in Council’s FFF Improvement Proposal, the implementation of the proposed SRV in 2016/17 is critical for Council to continue its strong focus of maintaining and improving its financial sustainability and reducing the Infrastructure Backlog and improving Asset Maintenance ratios, whilst delivering value for money to the community.

Council’s 2015 Improvement Proposal submitted to IPART can be accessed via the following link:

<http://www.ipart.nsw.gov.au/files/sharedassets/website/shared_files/investigation_-_section_9_-_fit_for_the_future_proposal_-_wagga_wagga_city_council/attachment_1_-_council_improvement_proposal.pdf>

# 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, extracts from the Community Strategic Plan.

Other attachments will be required from some, but not all, councils. For example, 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. Councils may number the attachments as they see fit.

|  |  |
| --- | --- |
| Item | Included? |
| **Mandatory forms and Attachments** |  |
| Part A Section 508A and Section 508(2) Application form (Excel spreadsheet) |  |
| Part B Application form (Word document) – this document |  |
| Attachment 1: Relevant extracts from the Community Strategic Plan |  |
| Attachment 2: Delivery Program |  |
| Attachment 3: Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format |  |
| Attachment 4: NSW Treasury Corporation report on financial sustainability |  |
| Attachment 5 a-d: Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and proposed special variation |  |
| Attachment 6: Community feedback (including surveys and results if applicable) |  |
| Attachment 7: Hardship Policy |  |
| Attachment 8: Resolution to apply for the proposed special variation |  |
| Certification (see Section 9) |  |
| **Other Attachments** |  |
| Relevant extracts from the Asset Management Plan |  |
| Past Instruments of Approval (if applicable) |  |
| Resolution to adopt the revised Community Strategic Plan (if necessary) and/or Delivery Program |  |
| Other (Insurance Council of Australia Advice (City of Wagga Wagga letter)) |  |
| Other (Office of Environment & Heritage Stage 1 Grant funding approval) |  |
| Other – City of Wagga Wagga Flood Management Program –grant application 2015-16 |  |

# Certification

**APPLICATION FOR A SPECIAL RATE VARIATION**

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

Name of council: City of Wagga Wagga

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

General Manager (name): Alan Eldridge

Signature and Date:

Responsible Accounting Officer (name): Carolyn Rodney

Signature and Date:

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. 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-3)
4. [http://www.ipart.nsw.gov.au/Home/Industries/Local\_Govt/Special\_Variations\_and\_  
   Minimum\_Rates](http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Special_Variations_and_Minimum_Rates) [↑](#footnote-ref-4)
5. The IP&R 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 (then Division of Local Government), *Integrated Planning and Reporting Manual for local government in NSW*, March 2013, pp 5-6. [↑](#footnote-ref-6)