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| Special Variation Application Form – Part BFor 2016-17Issued January 2016 |
| Singleton Council:Date Submitted to IPART: 15 February 2016Council Contact Person: Anthony EganCouncil Contact Phone: 02 6578 7205Council Contact Email: aegan@singleton.nsw.gov.au |

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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

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 | [x]  |
| Environmental services or works | [ ]  |
| Infrastructure maintenance / renewal | [x]  |
| Reduce infrastructure backlogs | [x]  |
| New infrastructure investment | [ ]  |
| Other (specify) | [ ]  |

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

As part of the NSW Government reform agenda all NSW councils are required to meet seven indicators that measure financial sustainability within 5 years from 1 July 2015. In order to meet these financial indicators within the mandated timeframe, Singleton Council requires additional revenue to appropriately maintain our public assets maintenance and renewal requirements.

This was identified in Council’s Long Term Financial Plan and is also included in the Council’s Council Improvement Proposal (CIP) which has identified strategies and actions to implement to ensure Council’s long term financial sustainability. In October 2015, the Independent Pricing and Regulatory Tribunal (IPART) found Singleton Council “fit”.

Section 3.4 of the CIP provides details of eight (8) Actions to be undertaken by Council as shown in **Attachment 1**. Action 5 states “Increase rate revenue through a series of Special Rate Variations (SRV) to retain the expiring SRV together with additional funds to ensure Council’s future financial sustainability of Council’s asset management program.”

Singleton Council currently has in place a Special Rate Variation which expires on 30 June 2017 which will be replaced by this Special Rate Variation. Enclosed as **Attachment 2** is the Instrument under Section 508(2) of the Local Government Act for the expiring Special Rate Variation.

At the Council meeting held on 21 September 2015, Council resolved “to notify the Independent Pricing and Regulatory Tribunal (IPART) of Council’s intention to apply for a 9.75% increase to the total rates revenue each year for four years commencing in the 2016/17 financial year. The increase will principally address Council’s asset maintenance shortfall and meet the required benchmark indicators for Fit for the Future reforms, taking into account a rate increase factor annually and the expiration of an existing Special Rate Variation at the end of the 2016/17 financial year.”

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 [x]  |
| If *Yes*, has a review been done and submitted to OLG? | Yes [ ]  | No [ ]  |

# Assessment Criterion 1: Need for the variation

Criterion 1 within the OLG Guidelines is:

*The need for, and purpose of, a different revenue path for the council’s General Fund (as requested through the special variation) is clearly articulated and identified in the council’s IP&R documents, 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.

In 2011 Singleton Council commissioned a community survey to guage customer satisfaction with council. This and other community consultation assisted Council to develop and endorse Singleton's first Community Strategic Plan.

Following the election of a new Council in September 2012, the Plan was reviewed to ensure it still met the needs of our community. The revised Community Strategic Plan [Our Place: A Blueprint for 2023](http://www.singleton.nsw.gov.au/index.aspx?nid=215) was endorsed by Council on 17 June 2013. This document is available on Council’s website. The Plan is based on four pillars, or themes, identified by the community that outline the vision our community has for where it wants to be. Each pillar has some outcomes (how will this benefit our community) and strategies (how will we get there). These strategies link to Council's Delivery Program.

The information gathered in the community survey has also been used to assist Council in the allocation of resources in subsequent budgets. Below is a quadrant analysis extract from the 2011 Singleton Community Survey – Report depicting customer satisfaction across all areas of Council.

**Table 1 – Customer satisfaction across all areas of Council**



The survey also asked residents about their preferences for funding council services. Residents were asked about their support for two specific choices; Singleton Council introduce a user pays system for its services and Singleton Council subsidises more service through its rate collection. Table 2 below as extracted from the survey shows the community’s preference for funding council services.

**Table 2 – Preference for funding council services**



The survey identified overall there is more support for subsidising services through rate collection, with this choice receiving a mean score of 3.00 out of 5. Almost two in five residents (37.2%) do not support the introduction of a user pay system. Meanwhile, 33.4% are supportive of using rates to subsidise more services.

Following NSW Treasury’s assessment of NSW Council’s financial sustainability Council supported a two-phase special rate variation strategy, comprising:

For 2014/15: Apply for a permanent special rating variation of 5.00% above the rate peg limit of 2.30% to fund road associated works; and

For 2015/16: Apply for a further permanent variation to be phased in over four years to ensure Council’s long term financial sustainability. Due to the Fit for the Future reforms the 2015/16 variation was deferred to the 2016/17 financial year.

Prior to arriving at this decision Council introduced productivity and cost containment strategies that Council has been implementing over the past four years which are identified later in this application, taken on additional loan borrowings under the Local Infrastructure Renewal Scheme and secured additional grant funding to address Council’s infrastructure backlogs. Further details of the projects undertaken with grant funding are provided in Section 3.2 of this application.

As at 30 June 2015, Singleton Council’s infrastructure backlog has been calculated at $15.88 million which includes $10.13 million of general fund assets. Council has been addressing its backlog via securing funding under Round 1 and 2 of the Local Infrastructure Renewal Scheme (LIRS) and through internal efficiency gains to meet the associated loan repayments.

Council has also focused on ensuring services are provided efficiently and cost effectively. Over the past four years Council has been focusing on reviewing its key strategies, each in consultation with the community, policies and services with a view to identifying future needs. This included undertaking extensive work to develop new asset management plans to better inform Council’s Long Term Financial Plan.

Council’s Long Term Financial Plan – June 2015 (LTFP) was utilised to assist Council in developing its Actions identified in the CIP. The LTFP provides a base case which models the continuation of Council’s services as currently provided. It assumes Council will continue to achieve a balanced cash operating budget by closing any gap between revenue and expenditure by seeing improved efficiency gains in service delivery. The LTFP also provides a scenario as per the base case model with additional funds being realised via a Special Rate Variation which will generate additional revenue to enable Council to achieve long term financial sustainability and achieve the Fit for the Future performance measures as identified in Council’s Improvement Proposal.

Council’s Long Term Financial Plan – June 2015 is enclosed as **Attachment 3**.

## 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.

TCorp’s report into the Financial Sustainability of the New South Wales Local Government Sector (April 2013) assessed Singleton Council as having a Moderate Financial Sustainability Rating (FSR) and assigned a Neutral outlook.

A moderate FSR means that:

* Council has an adequate capacity to meet its financial commitments in the short to medium term and an acceptable capacity in the long term;
* Council has reported minor to moderate operating deficits;
* Council is likely to be able to address its operating deficits, manage unforeseen financial shocks and any adverse changes in its business, with moderate revenue and/or expense adjustments;
* These expense adjustments are likely to result in a number of changes to the range of and/or quality of services offered; and Council’s capacity to manage core business risks is moderate.

A Neutral outlook means that there are no known foreseeable events that would have a direct impact on the financial sustainability of the local government body. It is possible for a rating upgrade or downgrade to occur from a neutral outlook if warranted by an event or circumstance.

The TCorp report has recommended that councils with a Moderate FSR should examine a numbers of options to improve their financial position including the following:

* Devise programs and strategies to contain rising costs and improve efficiencies;
* Use debt funding; and
* Source additional revenue, such as Special Rate Variations to improve financial flexibility and to assist in reducing Council’s infrastructure backlog.

Council has over the past four years, been active in implementing all three of these strategies to contain rising costs, improve efficiencies and address priority infrastructure backlog which are highlighted in Section 7 of this application.

A full copy of the T-Corp report can be seen as **Attachments 4(a)** and **4(b)**.

Council has used debt funding and been successful in securing interest subsidies from Rounds 1 and 2 of the Local Infrastructure Renewal Scheme (LIRS). Under Round 1 Council raised a $2.2 million loan to fund the replacement of Bourkes Bridge, which was previously identified in Council’s infrastructure backlog works. Round 2 provided a subsidy towards a $4.0 million loan for works identified in Council’s road network infrastructure backlog of works. This work is nearing completion with the last projects underway. This additional funding has assisted in reducing Council’s infrastructure backlog on its road network.

Council has also been successful over the past three years in securing funding from the Resources for Regions program for the following projects:

* $1.9m towards the replacement of Herbert Street Bridge at Broke;
* $2.0m for the upgrade of the Bridgman Road and New England Highway intersection;
* $2.0m for the Pioneer Road Extension (Glass Parade), Hunterview;
* $9.0m for the revitalisation of the Town Centre;
* $2.9m towards the Ryan Avenue Pavement and Safety project;
* $6.0m for upgrades to the Singleton Regional Livestock Markets; and.
* $8.12m for the upgrade of Hermitage Road and Broke Road Pokolbin as a joint project with Cessnock City Council.

In addition to the above grant funds Council has also secured $5.71m for the upgrade and redevelopment of the Singleton Gym & Swim from the Hunter Infrastructure Investment Fund.

Council has also secured Voluntary Planning Agreement funds which has been directed towards infrastructure renewal.

In 2013 when deciding to apply for a SRV in the 2014/15 financial year it was also publicity identified that Council would need a further SRV to be phased in over four years to ensure Council’s long term financial sustainability. This position was further supported following the completion of Council’s Fit for the Future self-assessment for the year ended 30 June 2014, which indicated that Council only met 2 of the Fit for the Future financial indicators. Council financial modelling has shown that Council will not meet the Operational Performance Ratio within five years without increasing its revenue or dramatically changing services and possibly selling assets.

Council’s Operational Plan adopted by Council on 15 June 2015 contained Action 4.5.1.13 for a detailed review of Council’s financial position and its long term sustainability. This action required a report to be provided to Council on securing the financial sustainability of Council including the consideration of a Special Rating Variation. Refer to extract from the Singleton Council Operational Plan 2015-2016 enclosed as **Attachment 5** and **Attachment 6** being the report to Council meeting held on 21 September 2015.

Council’s Long Term Financial Plan – June 2015 provides Council’s Base Case without the proposed SRV and with a SRV Scenario which indicates Council’s Fit for the Future Financial Indicators greatly improve with an SRV, ensuring Council’s long term 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).

A summary of the impacts of the special variation on Council’s key financial indicators follows:

**Operating Balance Ratio**

The Operating Balance Ratio is the net operating result (excluding capital items) as a percentage of operating revenue (excluding capital items). If the special rate variation is approved (Scenario 1), this ratio will show a favourable increase as rates income will increase by the special rate variation amount thereby increasing both the operating revenue and net operating result.

Council’s LTFP forecasts a General Fund operating deficit up to and including the financial year ended 30 June 2024. With the proposed SRV, from the 2017/18 financial year Council will begin showing a General Fund operating surplus, providing a positive operating balance ratio.

 ***Unrestricted Current Ratio***

Council forecasts very little change to the Unrestricted Current Ratio. The level of Council’s current assets and current liabilities remain at levels where Council will be able to meet its obligations as and when they fall due.

***Rates and Annual Charges Outstanding Ratio***

The Rates and Annual Charges Outstanding Ratio is the rates and annual charges outstanding as a percentage of rates collectable. The rates and annual charges outstanding percentage assesses the impact of uncollected rates and annual charges on liquidity and is a measure of the effectiveness of council's debt recovery processes. The lower the percentage, the less income is tied up in receivables and the more revenue there is available for council purposes. The Office of Local Government's accepted benchmark are less than 5.0% for urban and coastal councils and less than 10% for rural councils. Council’s LTFP indicates that with the additional rate income and the community’s capacity to pay, Council will remain well below the industry benchmark.

***Debt Service Ratio***

The Debt Service Ratio is the net debt service cost (interest and principal) as a percentage of revenue from continuing operations. Council will see an increase in this ratio in the short to medium term as it draws on new loan(s) under the Local Infrastructure Renewal Scheme. With an SRV, the revenue from continuing operations will increase thus reducing the impact of debt service cost to Council. In 2015/16 Council is scheduled to renew an existing loan facility including a reset of the interest rate.

***Broad Liabilities Ratio***

The Broad Liabilities Ratio is the total debt plus cost to clear infrastructure backlogs (Special Schedule 7 of Annual Financial Statements) as a percentage of operating revenue.

With the proposed SRV, this ratio is expected to become more favourable as it will assist in reducing Council’s infrastructure backlog and operating revenue will increase.

***Asset Renewals Ratio***

The Asset Renewals Ratio is the asset renewals expenditure as a percentage of depreciation, amortisation and impairment expenses. In recent years, Council has not kept up with the required funding for asset renewals. This was addressed in 2013/14 as Council received approval to draw $4 million under Round 2 of the Local Infrastructure Renewal Scheme. This had a marked effect on this ratio for 2013/14, edging above the ideal 1:1, however in subsequent years the ratio falls to the 50-60% range. The SRV assists this ratio by providing additional funds to renew assets as and when due.

Following the introduction of the Fit for the Future indicators Council has commenced incorporating these indicators into Council’s LTFP. Refer to pages 32 to 34 of Council’s Long Term Financial Plan – June 2015.

## 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).

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| Not applicable to Council’s application. |

# 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.

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| 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.

Council indicated its intent to apply for a permanent special rate variation over four years in late 2013. It was reported at the Extraordinary Meeting on 9 December 2013 during consideration of a permanent special rate variation of 5 per cent above the rate peg limit for road maintenance commencing in 2014/15, that a second special rate variation over four years starting in 2015/16 would be required to ensure the Council’s long term financial sustainability. This was reflected in Council’s Delivery Program and Long Term Financial Plan adopted in February 2014.

Due to the release of the Fit for the Future reform package in September 2014, the second special rate variation was not sought in 2015/16 but deferred pending full understanding of the Fit for the Future requirements.

As part of the NSW Government’s Fit for the Future reforms, Singleton Council was required to lodge a Council Improvement Proposal by 30 June 2015 to demonstrate how Council plans to meet or work towards achieving seven key performance measures within a five-year period.

At an extraordinary meeting on 1 June 2015, Singleton Council endorsed the Council Improvement Proposal that included the introduction of a permanent special rate variation in 2016/17 of 9.75% per year for four years. The improvement proposal can be found in supporting documents as **Attachment 7**.

The Council Improvement Proposal takes into consideration the expiration of an existing Special Rate Variation at the end of the 2016/17 financial year. Included as **Attachment 8** is a calculation of the amount to be removed from Council’s Notional Rate Income in the 2017/18 financial year with and without the proposed Special Rate Variation as confirmed by the Office of Local Government.

On 21 September 2015, Council adopted a Community Engagement Strategy “Securing our future” for the purpose of undertaking consultation for the proposed special rate variation commencing in 2016/17. The strategy was based on International Association for Public Participation (IAP2) principles of engagement. The strategy identified stakeholder groups, outlined key messages to be released and consultation methods for engaging with the community. The strategy can be found in supporting documents as **Attachment 9.**

The objectives of the strategy were to:

**1. Inform the community**

*Council will use a range of communication mechanisms in order to inform the community of the NSW Government’s Fit for the Future requirements, its intention to apply for a special rate variation in 2016/17, the reasons why Council believes it is the only choice available, this impact that this will have on ratepayers, and how residents can provide feedback on the proposal.*

Tools used to inform the community included a dedicated page on Council’s website, print advertising, an information booklet, newsletters, explainer video, mayoral column, media releases, face-to-face information sessions and social media. Tools used to inform Council staff and the elected Council included the Weekly Wrap – an internal newsletter – Councillor briefings, Council reports and updates from the General Manager at staff functions.

Examples of information material can be found in supporting documents.

**2. Consult the community**

*Council will use a number of mechanisms for the community to be consulted and involved in the discussion about this proposal. Such mechanisms will include random and opt-in methods to enable Council to obtain a statistically valid sample of resident opinion.*

Tools used to consult with the community included a random phone survey of ratepayers, an online opt-in survey, follow-up qualitative surveys, online forums and in-depth interviews. Other feedback options were provided through written submissions and face-to-face information sessions.

Examples of consultation material can be found in supporting documents.

**3. Collate information to enable Council to make an informed decision**

*Consultants and staff will collate the information and feedback received from the community to prepare a report for consideration by Council and inform its decision for a special rate variation in 2016/17.*

The outcomes of the consultation phase were reported to Council via a Councillor workshop on 30 November 2015 and a report to the Council meeting on 21 December 2015. The data was collated by staff and consultants.

The results of the consultation are discussed in **4.2**.

**4. Report back to the community**

*Upon completion of the consultation period, staff will report back to Councillors and the community on the outcomes from the activities using a range of methods.*

Following the Council resolution on 21 December 2015, a media release detailing the outcome of the consultation phase and the Council decision was distributed to and taken up by the media, shared on social media and on Council’s website. In addition, the Summer edition of Your Council 2016 (a community newsletter) featured a story on the outcomes of the consultation and Council’s resolution to proceed with an application of 9.75 per cent per year for four years commencing in 2016/17

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## 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.

The tools, stakeholders and outcomes from Council’s consultation activities undertaken in accordance with the Community Engagement Strategy have been summarised in the table below, including attachments to relevant materials, copies of media articles and submissions received.

| **Stakeholder** | **Objective** | **Tool** | **Timing** | **Audience reach** | **Outcome** |
| --- | --- | --- | --- | --- | --- |
| **Singleton residents & ratepayers** | To provide information on the proposed special rate variation and options and opportunities for feedback | *Securing our future* – 8-page information brochure **Attachment 10** | Distributed to all ratepayers week commencing 2 November 2015 | 8,600 delivered to ratepayers (duplicates removed) and 1000 copies made available at all Council customer service points | 141 tear-off feedback templates returned |
| To provide information on the proposed SRV, options available, a rates calculator, frequently asked questions, links to Fit for the Future documents, links, link to online survey and digital copy of the Securing our future brochure | Fit for the Future webpage – [**singleton.nsw.gov.au**](http://www.singleton.nsw.gov.au)**/future Attachment 11** | Launched 29 May 2015 | 385 page views | The rates calculator and *Securing our future* information booklet was downloaded 367 times |
| To provide information about the Fit for the Future reforms, Council’s Improvement Proposal, the special rate variation proposal and Council resolution to apply for a special rate variation | Your Council newsletters **Attachment 12** | Summer 2016Spring 2015Autumn 2015Summer 2015Spring 2014 | Approx 10,500 ratepayers each edition | N/A |
| To provide a summary of the proposal and encourage people to have their say using the feedback options. | Video – shared through Facebook, Twitter and YouTube | Launched 17 November 2015 | 16,700 people | Viewed 12,700 times |
| To provide information on the proposed SRV and opportunities for feedback, including the community information sessions | Print advertising – Hunter Valley News **Attachment 13** | Two paid advertisements on 18 and 25 October 2015 | 18,170 print run – non-audited circulation | N/A |
| Print advertising – Singleton Argus **Attachment 13** | Two paid advertisements on 13 and 20 October 2015 and two paid classifieds on 13 and 17 November 2015 | 2,514 circulation  | N/A |
| To provide links to information on the proposed special rate variation, share the video and give residents the opportunity to ask questions. | Facebook **facebook.com/SingletonCouncil****Attachment 14** | 23 special rate variation-related posts between 30 October and 30 November 2015  | 3,224 followers | 28,254 impressions |
| Twitter **@Singleton\_NSW****Attachment 15** | 34 special rate variation-related tweets between 30 October and 30 November 2015 | 738 followers | 5,190 impressions |
| To ascertain the views of the community in relation to the proposed special rate variation and their willingness to pay more | Random phone survey  | 1-11 November 2015 | 465 residential and farmland ratepayers, 101 business ratepayers | 65 per cent residential ratepayers supported base case and 35 per cent supported special rate variation. 60 per cent of business ratepayers supported the base case and 40 per cent supported special rate variation **Attachment 16** |
| Online survey | 10-30 November 2015 | 115 opt-in respondents | 91 per cent supported the base case, 9 per cent supported the special rate variation. **Attachment 17** |
| To help fully understand the views ratepayers expressed in phone survey, and to gain greater insight into ratepayers’ perspectives on the relevant issues. | Online forums and in-depth interviews | 10-30 November 2015 | 50 respondents recruited, 6 in-depth telephone interviews | The follow up qualitative research confirmed that there is a lot of resistance to the proposition of a special rate variation. **Attachment 18** |
| To present Council’s proposal and provide opportunity for discussion, answer questions and take note of feedback | Community information sessions **Attachment 19** | Two-hour sessions held at Broke, Elderslie and Singleton on 10,11,12 and 18 November 2015 | A total of 11 people attended the four sessions. Two sessions were unattended by members of the community. | N/A |
| To provide an opportunity for feedback on the proposed SRV | Formal written submissions – mail, email or feedback template | 30 October 2015 – 30 November 2015 | 179 written submissions  | 87 per cent supported base case, 13 per cent supported special rate variation **Attachment 20** |
| **Media** | To inform the community about the Fit for the Future reforms and the Council Improvement Proposal including a special rate variation  | Media release – “Singleton Council has a plan to be Fit for the Future” **Attachment 21** | 29 May 2015 | N/A | “Rate rise on cards” – Singleton Argus, 2/06/2015 **Attachment 22** |
| To inform the community about a Council report to adopt the community engagement strategy for a proposed special rate variation and flagging Council’s intent to apply for a special rate variation to IPART  | Media release – “Singleton Council to consider a plan to secure its future” – **Attachment 23** | 18 September 2015 | N/A | “Rate rise needed to guarantee Singleton Council Fit for the Future” – Singleton Argus, 21/09/2015 **Attachment 24**“Singleton Council to vote on plan to increase business and mining rates” – ABC radio, 21/09/205 **Attachment 25** |
| To inform the community that IPART has determined that Singleton Council had been deemed “fit for the future” | Media Release – “Singleton Council deemed Fit for the Future” **Attachment 26** | 20 October 2015 | N/A | “Singleton Council deemed Fit for the Future” – Singleton Argus, 20/10/2015 **Attachment 27** |
| To inform the community about the proposed special rate variation and how they could provide feedback | Media Release – “Have your say on proposed special rate variation to secure Singleton’s future” **Attachment 28** | 3 November 2015 | N/A | “Singleton Council’s fitness for the future” – Cockfighter newsletter, 2/11/2015 **Attachment 29**“Have your say on rate rise” - Singleton Argus, 6/11/2015 **Attachment 30**“Rate rise discontent” – Singleton Argus, 9/11/2015 **Attachment 31**“Council rate rise pegged to 1.8 per cent” – Hunter valley News – 3/12/2015 **Attachment 32**“Singleton will be fit for the future” – editorial, Singleton Argus, 8/12/2015 **Attachment 33** |
| To inform the community about Council’s resolution to proceed with an application for a special rate variation | Media Release – “Singleton Council to apply for a special rate variation commencing in 2016/17” **Attachment 34** | 22 December 2015 | N/A | “Council to apply for rate rise” – Singleton Argus, 8/01/2016 **Attachment 35**“Singleton Council to seek rate variation” – ABC radio, 23/12/2015 **Attachment 36** “Singleton Council to apply for special rate variation” – 2NM radio, 22/12/2015 **Attachment 37** |
| To respond to inaccuracies surrounding the special rate variation reported in the local media. | Letter to the editor | 20 November 2015 | 2,514 circulation | Letter to the editor **Attachment 38** |
| To inform the community of the progress of Council’s proposal to be Fit for the Future. | Mayoral column – Singleton Argus  | 29 September 201520 November 20151 December 2015 | 2,514 circulation | **Attachment 39** |
| **Councillors** | To seek Council’s endorsement to submit the Council Improvement Proposal under the Fit for the Future reforms. | Extraordinary Council meeting | 1 June 2015 | Elected Council | Council endorse the Fit for the Future Council Improvement Proposal that includes a special rate variation of 9.75 per cent per year for four yearsRESOLUTION 89/15 –**Attachment 40** |
| To seek a Council resolution to change the rate mix, adopt the Community Engagement Strategy for a proposed special rate variation and indicate intent to apply for a special rate vartiation to IPART. | Council meeting | 21 September 2015 | Elected Council | Council resolve to indicate intent to apply for a special rate variation to IPART, adopt the Community Engagement Strategy, and make changes to the rate mix RESOLUTION 193/15**Attachment 41** |
| To inform and discuss with Councillors the results of the consultation on the proposed special rate variation. | Councillor workshop **Attachment 42**  | 30 November 2015 | Elected Council | N/A |
| To seek a Council resolution to proceed with an application for special rate variation. | Council meeting | 21 December 2015 | Elected Council | Council resolve to proceed with an application for a special rate variation of 9.75 per cent per year for four years RESOLUTION 251/15 **Attachment 43** |
| **Council staff** | To keep staff informed about the progress of the Fit for the Future reforms, the proposed special rate variation | Weekly Wrap – internal newsletter **Attachment 44** |  | All Council staff and Councillors | N/A |

Inform the community

**Booklet - Securing our future**

Council produced an eight-page information booklet called *Securing our Future*. There were 8,600 copies delivered to ratepayers and an additional 1,000 copies made available at all Council’s customer service points including the library, visitor information centre, youth venue and child care facilities. The booklet included a tear-off feedback form for ratepayers to have their say and submit as a formal submission.

**Website**

Council published a webpage that included frequently asked questions, a rates calculator, a link to an online survey, copies of the information booklet and detailed background information regarding Fit for the Future, previous Council reports, Council’s Improvement Proposal and information on how ratepayers could have their say.

During the consultation period, the webpage was viewed 385 times. The rates calculator was accessed 267 times.

**Newsletters**

Council ran stories regarding the Fit for the Future reforms, the improvement proposal, the proposed special rate variation and the resolution of Council to proceed with an application in five editions of Your Council. Your Council is a quarterly newsletter distributed to ratepayers through the rate instalment notices. Some editions were also inserted into the *Singleton Argus*. Copies of each newsletter are also made available at all Council facilities.

**Video**

Council engaged a media company to produce a 2½ minute explainer video for distribution online to provide a brief summary of the proposed special rate variation, to encourage people to have their say and visit the website for more information. The video was viewed 12,700 times on Facebook and was seen by 16,700 people in a three-week period. It was also promoted on Twitter and YouTube.

**Print advertising**

Four advertisements were printed in the *Singleton Argus* and the *Hunter Valley News* to promote the proposed special rate variation and detail how people could provide feedback. Two classifieds were also run in the *Singleton Argus* to promote the additional Singleton community information session.

No one from the community attended the additional fourth information session.

**Social Media**

Posts related to the proposed special rate variation were scheduled 23 times to Facebook during the consultation period and 34 times on Twitter. There was significant interest and discussion on the proposal on Council’s Facebook page and other pages and groups not moderated by Council. According to Council’s Social Media Policy, Facebook comments will not be accepted as formal submissions and moderators of the page encouraged users to provide feedback

using the appropriate channels. The feedback was used to refine the frequently asked questions available on the website and provided an indication of sentiment for a special rate variation within the community. This feedback was reported to the Executive Leadership Team weekly. Examples of this feedback and Council’s responses can be found in **Attachment 45**.

One community member used social media to start an online petition opposing the proposed special rate variation. The user attended one of the information sessions and the following day had a face-to-face meeting with the Mayor and Director of Corporate Services to discuss her concerns.

Subsequent to this, the social media campaign surrounding it disappeared the petition was never tabled with Council.

**Media Releases**

Council issued five media releases specific to the proposed special rate variation and the Council Improvement Proposal. The media releases are emailed directly to 41 media contacts in addition to being shared on Council’s website and via social media.

Council is unable to monitor every outlet that may have run the media releases, however, an indicative sample is provided in the supporting documents. Coverage is almost guaranteed in the local newspaper and local ABC radio.

**Community information sessions**

Council hosted four community information sessions on the proposed SRV – one in Broke, one in Elderslie and two in Singleton. A total of 11 people attended the four sessions. The fourth session was put on in response to community feedback about the timing of the other sessions. No one attended the additional session.

Feedback from attendees at the sessions is discussed below.

Consulting the community

**Surveys**

Council engaged consultants Instinct and Reason to undertake consultation using a random phone survey of ratepayers, an online opt-in survey and qualitative online forums to follow up with phone survey participants.

*Phone survey*

There were 465 residential and farmland ratepayers surveyed and 101 business ratepayers between 1 and 11 November 2015. Households were randomly selected and the ratepayer/head of household interviewed. Businesses were randomly called and interviews undertaken with the owner-proprietor or an appropriate director/senior manager. The survey was structured to recruit a cross-sectional sample of ratepayers based on ABS data for the Singleton Local Government Area.

The two scenarios of the Base Case model and the Programmed model, Base Case being the rate peg only increase of around 2.5 per cent pa and Programmed being a 9.75 per cent pa increase for the next four years, including the rate peg. The total increases over the four-year period were clarified. The implications were also outlined, with the Programmed option enabling asset renewal and maintenance of current service levels, and the Base Case having potentially adverse impacts on service levels.

Asked which scenarios (options) they would prefer Council to choose, a majority of both residential ratepayers and business ratepayers favoured the Base Case but with a substantial proportion favouring the more costly Programmed option.

Residential ratepayers split 65 per cent Base Case and 35 per cent Programmed. Business ratepayers split 60 per cent Base Case and 40 per cent Programmed.

There is a clear relationship between the preferences expressed and the amount that ratepayers (say they) currently pay in general rates.

Income and other socio-economic factors are not key drivers of preferences, but the survey suggests two other factors are key – affordability and perceptions of value from what ratepayers currently pay.

A key differentiator is how much they currently pay – 80 per cent of residential ratepayers paying $2,000+ would be unhappy with the Programmed option compared with 54 per cent of those paying under $1,000. Note that this means even among those paying under $1,000, a majority would be unhappy with the Programmed option. Also note that a majority of those paying $2,000+ would be very unhappy with Programmed option (58%).

The survey results highlight the relationship between views on the two options and affordability and perceptions of value from what ratepayers currently pay. The results provided no relationship between ability to pay and views.

Half of those who can afford to pay and want more investment would be unhappy if Singleton Council chose the Base Case, although this group is a minority (just 13 per cent of all ratepayers). Among those who perceive poor value, 83 per cent would be unhappy with the Programmed option, 66 per cent very unhappy; and this is a more prevalent sub-group (28 per cent of all ratepayers).

Despite the hard evidence of Singleton having relatively low rates, the perception among ratepayers is that rates are high, and almost one in three challenge any proposition that rates or rate increases have been historically low. Many more say they simply don’t know.

Most ratepayers think that Singleton Council needs to provide more services and facilities but there is a reluctance to pay more.

Almost two in three ratepayers think that Singleton Council gets an appropriate contribution from big business, and around half think it does all it can to get Federal or State government funding, although more than one in three don’t know how it works with other councils, and don’t know about scope to reduce service levels.

*Online survey*

In addition to the tightly controlled cross-sectional survey carried out by telephone, an online version of the survey was set up to provide an opportunity for other ratepayers to opt-in to comment via the website, following comprehensive information being provided by Singleton Council. 115 residential ratepayers completed the online survey between 10-30 November 2015.

Among the residential ratepayers completing the online survey, nine in ten (91%) would prefer Singleton Council to choose the rate peg only increase, compared with two in three of the residential ratepayers taking part in the telephone survey (65%). A majority of those completing the online survey (52%) would be happy if Singleton Council chose the rate peg only increase, compared with just one in three (36%) in the telephone survey. Almost nine in ten of those completing the online survey (87%) would be unhappy if Singleton Council chose to proceed with a special rate variation of 9.75% pa increase over 4 years, with almost two in three (64%) very unhappy. In each case, the figures are much higher than for residential ratepayers in the telephone survey, which were already high (65% unhappy, 42% very unhappy).

A majority of those completing the online survey (56%) are not prepared to pay anything more in rates ‘to maintain local facilities and services at a satisfactory level’. This is almost twice as high as in the telephone survey (29%).

*Qualitative surveys – online forum and interviews*

The follow up qualitative research was designed to help fully understand the views of ratepayers being expressed in the surveys, and to gain greater insight into ratepayers’ perspectives on the relevant issues.

The intention was to probe further on the explicit issues of options for rate increases, asset renewal and service levels; and also to better understand the context behind the views being expressed.

More than 50 of the survey respondents were contacted to clarify certain answers, and to ‘recruit’ for more in-depth research.

Twenty respondents were invited to take part in the online forum, with a mix by their responses in the survey – preference for the rate peg only model or the proposed special rate variation, current rates paid, income, home location, age and gender. 11 of those 20 were active participants throughout, providing context, giving their views on the key issues, and explaining the reasons behind their views.

Six in-depth telephone interviews were also carried out lasting about 30 minutes each.

The follow up qualitative research confirms that there is a lot of resistance to the proposition of a 9.75% per annum increase for the next 4 years. Ratepayers do not feel it is justified or affordable or both. This opposition is strong, passionate, and based on deeply held beliefs about what they should pay and how Singleton Council operates, not just superficial, reactive opinions.

Even after reading all of the information provided by Council, ratepayers tend not to be persuaded by the case. They tend to conclude that an increase of 4, 5 or maybe 6 per cent per annum, perhaps for an extended period of more than 4 years, would be more reasonable and realistic, although some even baulk at this.

Based on the survey results and the follow-up qualitative research, there is no doubt that if Singleton Council were to press ahead with the Programmed option (Option B in our research) with the 9.75 per cent pa rate increase, it was concluded that there would be high levels of dissatisfaction among ratepayers.

**Community information sessions**

A total of 11 people attended the four community information sessions, excluding staff and Councillors. The issues raised included:

* Confusion surrounding whether the special rate variation included or was in addition to the rate peg amount
* Discrepancies between high income and low income families
* Wasting money on projects like the town centre revitalisation, line marking and redoing roads that don’t need work
* Questions surrounding amalgamations and whether Singleton council amalgamate with a high performing council elsewhere
* Rural residents don’t use the services in town and shouldn’t have to pay for them
* If Council has been so successful at getting grants, why does it need more money
* Increases to pension don’t even meet rate peg increase
* The compounding effect of the proposed special rate variation is too high
* No other business could increase prices by 40 per cent in four years
* Council don’t listen to feedback from the community

Most of these issues were also raised in the written submissions and they have been responded to in the following section.

Notes from the community information sessions can be found as **Attachment 46**.

**Submissions**

During the consultation period, Council received 141 feedback forms from the *Securing our future* booklet and 38 written submissions provided via email, mail or handed in person to our Customer Service team. Of those, 87 per cent supported the Base Case of increasing rates by the rate peg only, while 13 per cent supported the Programmed model for a special rate variation.

Council acknowledged all submissions received that provided a contact email or postal address. The acknowledgment advised that all the feedback received would be considered by Council at the ordinary Council meeting in December 2015. Responses also addressed any specific enquiries or questions the submission may have asked or directed the writer to Council’s website for more information.

A summary of the issues raised in the submissions and Council’s responses to each can be found in the table below.

| **Issue** | **Details and Council response** |
| --- | --- |
| Council needs to demonstrate internal savings.  | As outlined in the *Securing our future* booklet there have been a number of efficiency gains in recent years. Council has taken advantage of collective procurement with neighbouring councils for activities such as weed management, records storage and recycling services. Council has also realised savings in wages with reductions to the Executive Team from six positions to four and reductions in management numbers. |
| Reduce the number of Councillors and Council staff.  | In 2010 Singleton Council held a constitutional referendum to reduce the number of Councillors from 12 to 10. The organisational structure was reviewed in March 2013 and reduced the Executive Team from six positions to four. This change, along with ongoing reviews and staff reductions, has resulted in savings of about $2 million to date.  |
| Council is not being fiscally responsible/reasonable in the face of Singleton’s economy. (There is a culture of spending)  | There has been a focus of gaining external funding. Council has successfully obtained $39 million in external grants that has assisted Council in reducing its infrastructure backlog and has funded long wanted community enhancements such as the revitalisation of John Street. This expenditure will assist in the community in establishing economic diversification and reduce its dependence on mining.  |
| Information booklet was misleading with average rate figures.  | The rates table on page six of the *Securing Our Future* booklet provides an average of the General Rates for the specific rate category. The General Rate in which the Special Rate Variation will be applied is made up of the Ad Volorem and Base Rate components found on a rates notice. The Special Rate Variation will not be calculated on the total amount due as this figure contains water, sewer and waste collection charges. This information has been prepared based on the requirements from IPART. To further assist ratepayers an online calculator was also made available on Council’s website for ratepayers to undertake a calculation of rates on their own properties. The rates calculator has been accessed 356 times. |
| Not everyone is a miner and on mining salaries making the Special Rate Variation unreasonable.  | Council does understand that not every household is fortunate enough to have the financial benefits of working in the mining industry. Council’s Hardship Policy outlines the process in which ratepayers can seek assistance to pay their rates. The Western Research Institute report addresses this matter –Refer to section 5.2 of this Application for further information. |
| Seek further funding from mining companies before you ask residents to pay more.  | Under the adopted rate mix change the mining category will contribute 35.5 per cent of Council’s general rate income from 1 July 2016. This equates to $6.11 million in the 2016/2017 financial year. In addition, the mining companies have entered into Voluntary Planning Agreements that provide millions of dollars to fund specific projects within the Singleton LGA. Council has benefited from $31.92 million from the Resources for Regions program alone that returns mining royalties to communities impacted by mining. The projects funded are those that contribute greatly to economic diversification. |
| Spend Council reserves before asking residents to pay more.  | While Council does have cash reserves, these reserves are held as restricted funds for a specific purpose as required by the relevant legislation and are not available to fund Council’s general purpose infrastructure assets or operations. |
| Council needs a balanced model with a smaller increase or a longer implementation period.  | Council is required under the Fit for the Future reforms to meet seven financial indicators within a five-year period. The proposed special rate variation will ensure that Council meets or is working to meet those indicators. Council has endorsed a Council Improvement Plan to ensure that Council is Fit for the Future. The special rate variation is one of eight actions that Council will implement to ensure its long term financial sustainability. A smaller increase will not enable Council to meet these indicators without a major reduction in service levels across all program areas, nor will asset maintenance costs be met as required. |
| Reduce capital expenditure and services such as place making, childcare, library, youth services livestock saleyards, tourism and community events.  | Capital expenditure is determined in line with Council’s Long Term Financial Plan and Asset Management Plans to ensure that adequate funds are available to maintain Council’s existing infrastructure assets. Where possible Council has sought grant funds to assist with the upgrading of facilities such the Singleton Gym & Swim and the Singleton Regional Livestock Markets. There has been a focus in recent years on community events following feedback during development of the Community Strategic Plan that there were not enough community events. There is a view that local businesses/the Chamber should be coordinating community events and Council is active in working with other organisations to achieve this. There were equal levels of support and opposition to the promotion of tourism.  |
| Reduce services in all other areas than roads, parks, waste collection and water supply. | The proposed special rate variation will only fund Council’s general fund activities such as roads, parks and facilities, community services, development and planning services. Reducing services to all other areas than roads and parks will remove other key services provided by Council such as youth services, child care, community activities, public swimming pool, library services, community development and environmental sustainability. |
| Inefficient and wasteful spending on projects. | Examples provided were Glass Parade, the town centre revitalisation, Dunolly Rd upgrade and the Ryan Ave upgrade. The projects had all been identified as due for renewal in Council’s asset management plan and were funded by external grants and contributions as well as loan borrowings.  |
| Rates are already too high making them higher is unaffordable.  | Singleton Council has some of the lowest rates for comparable councils in NSW. Singleton is a Group 4 council for the purposes of comparison by the NSW Government. In Group 4, Singleton Council has the third lowest residential, the lowest business and the eleventh lowest farmland rates out of 31 councils. Singleton’s residential and business rates in 2020, even with the proposed special rate variation, will not exceed the 2014/15 average rates in Maitland and Cessnock.  |
| Decreasing house prices are making it harder to maintain multiple properties.  | Council does not have any influence on the property market within the Singleton LGA.  |
| Wasting funds on consultants, legal expenses and poor investments.  | There is a view that consultant expenditure is too high. The Code of Conduct court case and investment losses in the Global Financial Crisis were also mentioned a number of times. These statements are incorrect. For the financial year ending 30 June 2015, Council’s expenditure on consultants totalled 4.65 per cent of total operating expenditure, legal expenses net of recovered costs totalled $12,576. In regards to Council’s investment portfolio during the GFC, council wrote down investments to reflect the market value, however, all principal on investments was returned to Council on maturity. Council’s rate of return on investments exceeds benchmark returns and are reported monthly to Council.  |

Based on the survey results and the follow-up qualitative research, Council staff determined that the proposed special rate variation of 9.75 per cent per year increase would generate high levels of dissatisfaction among some ratepayers. Staff recommended to Council on 21 December 2015 that the Council reduce the proposed special rate variation to 8.75 per cent, reducing the cumulative increase from 39.09 per cent to 34.20 per cent over the four years.

The reduced special rate variation would be combined with increased efficiency savings of $150,000 to the 2016/17 financial year budget to meet the total quantum of what is required to meet Council’s obligations under Fit for the Future.

The elected Council resolved at the meeting on 21 December 2015 to amend the recommendation and proceed with the original special rate variation of 9.75 per cent per year for four years.

# 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.

The Office of Local Government 2013/14 Comparative Data report shows that Singleton Council has the 3rd lowest average ordinary residential rates, the 11th lowest average ordinary farmland rates and the lowest average ordinary business rates for Group 4 councils as shown in the graphs below:







Singleton Council’s average rates across all rate categories are lower due to the fact that Council also has mine rating. This category contributes 34.52% of Council’s general rate income. The majority of other councils in this group do not have mining activities and as such they are more reliant on their income coming from residential, business and farmland category assessments.

**Table 3** below compares Council’s 2015/16 average rates to its neighbouring councils.

|  |  |  |  |
| --- | --- | --- | --- |
| **Council** | **Average Residential Rate**  | **Average****Farmland Rate** | **Average****Business Rate** |
| Cessnock City  | $1,131.00 | $2,080.81 | $3,468.09 |
| Maitland City | $1,186.71 | $3,027.60 | $5,812.02 |
| Muswellbrook Shire | $752.18 | $2,811.04 | $2,369.58 |
| Singleton | $833.51 | $1,516.37 | $1,704.66 |
| Upper Hunter | $763.22 | $3,225.81 | $1,061.32 |

Included in the report presented to the Council held on 21 September 2015, were the following tables which shows the proposed SRV increase on the average rate per rate sub-category.

**Table 4 – Estimated average rate with SRV increase on the average rate assessment per rate sub-category.**



As at 1 July 2015 Council had 10,673 rateable rate assessments. The percentage of rate assessments per rate category is also shown in Table 5.

**Table 5 – Estimated average cumulative impact of the proposed SRV above 2015/16 levels on the average rate assessment per rate category.**



Table 6 provides an estimate of the weekly impact on the average rate assessment in each rate category compared to the prior financial year rates.

**Table 6: Estimated average cost per week movement to prior financial year rates**



Councillor workshops leading up to the report to Council on 21 September 2015 also considered revising the rating mix. Council resolved to alter the rate category mix which will result in the following changes from the 2016/17 rating year.

• Residential 44.81% - down from 46.66%

• Business 10.50% - up from 9.63%

• Farmland 9.19% - no change

• Mining 35.50% - up from 34.52%

The change to the rate mix would benefit 81.69% of ratepayers, compared to the existing rate mix and share the rate burden more equitably among business and mining categories.

The changed rating mix is reflective in the table presented above.

With a change to the rate mix, and with the proposed special rate variation, the impact on average business ratepayers would be an additional $7.38 per week, or a $383.53 total increase in 2016/17. The cumulative impact of the special rate variation at the end of four years would be an additional $19.97 per week. The average business rate in 2019/20 would be $2,973.61. This average rate is still cheaper than the average rate paid by the Cessnock City and Maitland City Council business ratepayers in 2015/16.

With the proposed special rate variation, and no change to farmland rate category, the impact on average farmland ratepayers would be an additional $2.83 per week, or a total $147.19 increase in 2016/17. The average farmland rate in 2019/20 would be $2,134.72. This average rate is still below the current average farmland rates payable in Maitland, Muswellbrook and Upper Hunter LGAs.

The impact on the average residential ratepayer would be an additional 84 cents per week, or a $43.89 total increase in 2016/17 and the cumulative impact of the special rate variation at the end of four years would be an additional $5.51 per week. The average residential rate in 2019/20 would be $1,098.64. This average rate is still below the average residential rate paid in the Maitland and Cessnock LGAs.

The average rates in the above tables have been calculated using land values with a base date 1 July 2013 which are supplied to Council by the Lands Department – Valuer General’s Office. These land values are used to determine the amount of ordinary rates payable for each rateable property.

A General Revaluation of the Singleton LGA was completed in October 2013 and a revaluation is due to be undertaken during the 2016/17 financial year and will be used for rating for the 2017/18 financial year. When a revaluation occurs, the rating distribution within the council area may change. Although the total income generated from rates is restricted by the rate pegging limit, fluctuations in rates levied occur where the individual land valuation increases or decreases outside the average percentage increase range for the rate category of each particular property.

### 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 [x]  |

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

The rate peg percentage [ ]

The special variation percentage [ ]

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

What will minimum Ordinary rates be after the proposed increase? \_\_\_\_\_\_\_\_\_

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

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

Not applicable for Singleton Council’s application.

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

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

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

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

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

Council has 10,673 rateable assessments and the majority of those are in the residential rate category (approximately 81.69% or 8,731 properties). The average residential ratepayer in Singleton is expected to pay an additional $286.69 per annum above the average residential rates in 2015/16.

Council’s level of outstanding rate debt at the end of the financial year has, for the past five years, remained relatively low between 2.0% and 3.0% of the total rates collectable amount. It is expected that the proposed special rate variation will not adversely impact this indicator.

**Socio-Economic Indexes for Area (SEIFA)**

IRSAD summarises information about the economic and social conditions of people and households within an area, including both relative advantage and disadvantage. This is the preferred index where users want a general measure of advantage and disadvantage.

Based on ranking and percentiles, it could be stated that Singleton has a high index score which is indicative of a relative lack of disadvantage and greater advantage in general.

The 2011 SEIFA index for the Singleton LGA was 1007 and was ranked 116 in NSW and 422 across Australia.

This would indicate that the LGA is not an unduly disadvantaged area and has the capacity to pay the proposed SRV.

Council commissioned Western Research Institute (WRI) to undertake an assessment of the impact of the implementation of the proposed rates increase. WRI has analysed the rate increases proposed in terms of comparison with other costs and prices, impact on households, farms and non-farms businesses, and the ranking of Singleton Council against peer LGAs.

The report on the proposed special rate variation undertaken by WRI is enclosed as **Attachment 47**. In summary the report states:

“For households, compared to other costs and prices, understanding the impact and the ranking of the Council against its peers, the reasonableness tests are partially satisfied. The following results were found:

• The proposed rate increase will be below experienced and forecast price changes in childcare, electricity and gas prices. The rate increase will exceed experienced and forecast price changes in all other cost categories. However, when examining the impact of the SRV only (without a notional rate mix change) on price changes, the planned SRV will be below experienced and forecast changes for only 1 out of the 19 cost categories.

• The proposed increase of residential rates in Singleton is likely to have a negligible impact, because under the proposed SRV, rates as a percentage of total household expenditure will not change, remaining constant at 0.01% between 2016/17 and 2019/20 in the ‘All households’ category. Therefore, the proposed SRV will not unduly compromise residents overall expenditure and the reasonableness criterion is satisfied.

• Singleton residential rates have been rising in accordance with its peer LGAs’ rates, Singleton Council ranks favourably, having rates well below the respective peer group median. This indicates that Singleton residents are likely to be able to continue to pay their rates under the SRV.

• Regarding the affordability of the increase across socio-economic indicators, Singleton is ranked favourably against its peers and within NSW LGAs. Socio-Economic Indexes for Areas (SEIFA) rankings suggest Singleton is less disadvantaged relative to its peers. In addition, Singleton Council has a rates hardship policy in place that provides assistance to ratepayers who are experiencing genuine difficulties with the payment of their rates and charges.

The results for farmland businesses are variable; on price comparisons the reasonableness test is not satisfied however in understanding the impact and ranking of the council to its peers, the reasonableness tests are satisfied in part.

The following results were found:

• The rates increase under the SRV will be above assumed changes in all input and output prices and wage costs. Under the SRV, the proposed farm rate increases will exceed experienced and forecast price changes in all categories.

• In terms of impact, the rates/value added ratio is above 1%, however the change in this ratio is less than 1%.

• Singleton rates have been rising steadily along with those of Group 4 LGAs and neighbouring LGAs. When comparing Singleton farmland businesses to other farmland rates in peer LGAs, it is considered to have relatively lower rates. Its position is expected to remain unchanged throughout the SRV period.

The results for non-farm businesses are considered to be variable; on price comparisons the reasonableness test is not satisfied, however in understanding the impact and ranking of the council to its peers the reasonableness test is satisfied in part. The following results were found:

• The rates increase under the SRV will be above assumed changes in all input and output prices and wage costs. Under the SRV the proposed business rates increase will exceed experienced and forecast price changes in all other non-farm cost categories. Therefore, the reasonableness test for input and output prices and wages is not satisfied.

• The proposed rates increases under the SRV are considered serviceable for non-farm businesses and will not have a significant impact on their financial bottom line.

• Singleton rates have been rising in line with those of Group 4 LGAs and neighbouring LGAs. When comparing Singleton non-farm businesses to other non-farm business rates they remain well below their peer LGAs. It is expected that Singleton’s non- farm business rates position is expected to remain unchanged throughout the SRV period.”

## 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 [x]  | No [ ]  |
| If Yes, is an interest charge applied to late rate payments? | Yes [x]  | No [ ]  |
| Does the council propose to introduce any measures to reduce the impact of the proposed special variation on specific groups in the community? | Yes [ ]  | No [x]  |

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).

Singleton Council has a number of existing policies in place to reduce the impact of rates and charges on vulnerable groups. These policies have been in place for a number of years and are used appropriately. The individual policies are discussed below.

Council provides a voluntary pension rebate to residential properties which are subject to the Stormwater Management Service Charge of 50% where any or all owners are eligible pensioners. This voluntary rebate is automatically granted at the time the mandatory pensioner rebate is calculated. The average annual cost of providing this additional voluntary rebate to pensioners is $4,000.

Council officers have delegated authority as per legislative provisions and Council’s Delegation Register to waive interest charges for vulnerable persons who are suffering financial hardships (such as pensioners and ratepayers on payment arrangements). Requests are assessed on a case-by-case basis depending upon the individual circumstances. Page 87 of Council’s current Operational Plan for 2015/16 makes reference to this matter and is also referred to in Council’s Hardship Policy which is enclosed as **Attachment 48**. This policy has been revised and is to be adopted by Council at its meeting to be held on 15February 2016. A copy of the revised Hardship Policy is enclosed as **Attachment 49**. Changes to the policy are shown in red.

Singleton Council officers also have delegated authority to limit the impacts associated with hardships caused by general valuation increases. Where necessary these delegations are used to assist any adversely impacted ratepayers.

Singleton Council supports the rural halls in the LGA under Council Policy 6003.1 Rural Hall – Rating. Under this policy subject to the rate assessment in respect of a rural hall being paid in full, Council makes a donation equivalent to 100% of the rates and water base charges paid under the provisions of Section 356 of the Local Government Act. So far to date in 2015/16 Council has made donations totalling $5,124 to nine Rural Hall Committees.

Council has also made a donation under Section 356 of the Local Government Act to the Branxton Rodeo Committee for an amount of $1,700, equivalent to 100% of the rates payable to assist this organisation with its ongoing activities.

To further assist Council’s ratepayers who receive a domestic waste management service, a waste voucher system has been in operation for a number of years. The system provides each rate assessment subject to a domestic waste management charge a voucher to allow free entry to Council’s landfill site for waste disposal.

# 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.

In April 2012, Singleton Council endorsed Singleton's first Community Strategic Plan following extensive community consultation. Following the election of a new Council in September 2012, the plan was reviewed to ensure it still met the needs of our community.

The revised Community Strategic Plan Our Place: A Blueprint for 2023 was endorsed by Council on 17 June 2013 after a public exhibition period commencing 19 April 2013 ending 20 May 2013. **Attachment 50**

Under the pillar of Community Leadership, Council endorsed strategy 4.5 to Lead, govern and regulate transparently and ethically.

Council’s Delivery program 2013-2017 was adopted by Council on 17 June 2013 but was revised in 2014.

Council’s Delivery Program 2014-2018 was adopted by Council on 17 February 2014 after a public exhibition period commencing 20 December 2013 and ending on 6 February 2014. **Attachment 51**

In the Mayor and General’s Manager introduction, they state that Council is working on a range of financial scenarios that will enable Council to work towards meeting the seven Fit for the Future financial indicators.

“Singleton Council has one of the lowest rates across all rating categories in NSW and has the lowest commercial rates in the Hunter Region. Council will need to consider its reliance on external funding sources by increasing own sources revenues (rates and charges and fees and charges) to enable Council greater ability to manage external shocks and challenges. Increasing owner source revenue via Special Rate Variations will assist Council in having sufficient capacity to meet ongoing expenditure requirements.” – Singleton Council Delivery Program 2014-2018

Council’s Operational Plan 2015/16 was adopted by Council on 15 June 2015 after a public exhibition period commencing 27 April 2015 and ending on 25 May 2015. **Attachment 52**

“Action 4.5.1.13 - Complete a detailed review of Council's financial position and its long-term sustainability.

“Performance Indicator - Provide options in a report to Council on securing the financial sustainability of Council including a Special Rate Variation (SRV).”

Council exhibited its Long Term Financial Plan December 2013 commencing 20 December 2013 and ending on 6 February 2014. The latest version of Council’s Long Term Financial Plan June 2015 states:

“The base case models the continuation of Council’s services as currently provided. It assumes Council will continue to achieve a balanced cash operating budget by closing any gap between revenue and expenditure by seeing improved efficiency gains in service delivery. Whereas, scenario 1 is as per the base case model with additional funds being realised via a Special Rate Variation which will generate additional revenue to enable Council to achieve long term financial sustainability and achieve the Fit for the Future performance measures as shown in Council’s Improvement Proposal.” – Long Term Financial Plan June 2015

All Council’s IP&R documents are available on Council’s website www.singleton.nsw.gov.au

# 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.

Council has undertaken a range of measures in the past, and will continue with special projects currently planned over coming years to reduce costs or improve productivity. In daily management, Council has recognised the need to provide services efficiently and is dedicated to containing and or reducing costs associated with service delivery as far as possible.

Council not only looks for cost management but also improved productivity. When both can be combined, this is of benefit to both Council and the community.

Shown below are some of Councils achievements to date:

**Internal Audit Committee**

Council has had an Internal Audit function operating for eight years. The Internal Audit Committee currently comprises of one elected Councillor, three member of the public, the Director Corporate Services Group and the partner from the firm that undertakes the internal audit for Council.

The Committee works with appointed auditors to develop an annual audit program. Areas targeted include those with high risk of fraud such as cash handling, accounts payable, insurances, purchasing and payroll, through to areas with complex processes and legislative compliance, like tenders, rating, contracts and development assessment processing.

The results of annual internal audits (usually undertaken in 6 to 8 areas each year), are used to inform process change and continuous improvement, in addition to being a rigorous independent check of Council’s compliance, risk and fraud control.

**Strategic Services Australia Limited**

Singleton Council is a member of Strategic Services Australia Limited (formerly known as Hunter Councils), the regional organisation jointly owned by all the councils within the Hunter Valley region, including Singleton Council.

Strategic Services Australia Limited operates a number of direct delivery services to member councils as well as other councils, private industry and government agencies. It operates a Records Repository for the storage of records in accordance with the state Records Act and is able to provide this service at a lower cost and more efficiently than each Council doing it separately, including Singleton Council.

Strategic Services Australia Limited provides a procurement service through Regional Procurement which includes joint tendering for services at a lower cost and economy of scale through volume tendering which significantly lower costs of materials, which make a significant cost saving. Council’s spend at Regional Procurement is annually about $2.0 million with a projected saving of at least 5%, overall. As at 30 June 2015, Singleton Council is participating in 19 Regional Procurement contracts.

Strategic Services Australia Limited provide legal services through Local Government Legal and training and staff development through the Local Government Training Institute which both provide specialist services at a lower cost than each council could achieve individually.

**Hunter Resource Recovery**

Hunter Resource Recovery Pty Ltd (HRR) is the contract manager of kerbside collection, sorting and marketing of dry recyclables for Council. Singleton, Maitland, Cessnock and Lake Macquarie City Councils jointly own and operate the service. HRR manages the collection and processing contract with Solo Resource Recovery. This company is owned via an equalised service payment across all member councils and paid on the number of collections provided.

Since joining HRR in March 2013 will realised a $4.0m in savings over 10 years from 2013 on a new recycling contract.

**Outsourcing**

Council regularly uses specialist contractors and consultants to deliver a range of non-core tasks such as bitumen sealing, pavement stabilisation and bridge design and construction. These tasks have high capital set-up costs and/or specialist knowledge. These ‘specialist’ contractors can be a more efficient and cost effective way of delivering quality services to the community, without the recurrent employee costs or the high capital input costs.

The decision to outsource activities is made on a rationale of value for money, not limited merely to price.

An example of a recent outsourcing has been the Management of the Singleton Swim and Gym Complex and the Singleton Heights Indoor Sports Centre to the YMCA. This involved the transfer of the day to day management of these sporting facilities to the YMCA for a term of five years. This has resulted in an estimated savings of $30,679 over the contract period.

**Organisation Restructure**

In February 2013 Singleton Council adopted a new Organisation Structure which reduced Council’s executive staff to 4 positions. This reduction of 2 positions has resulted in annual savings of $270,000 per year which has enabled Council to meet loan repayments associated with the new loan raised under Round 1 of the Local Infrastructure Renewal Scheme.

Ongoing reviews of Council’s structure has also been undertaken in Planning and Environmental Services, Community Services, Customer Services and Information Services, Water and Waste Services and Infrastructure Services to ensure that the Council structure is able to efficiently provide services to the community.

**Continuous / Ongoing Improvement**

Other improvements and savings that have been realised includes new waste management processes which has extended the life of our landfill by increasing recycling and diversion rates saving $6 million to $12 million in closure costs and $15 million in the establishment of a new waste facility.

Investigations are underway in relation to sharing a common library management system, risk management, companion animal services, human resources services, information technology and geographic information system services with adjoining councils.

Council has also participated in the NSW Local Government Operational and Management Effectiveness Program conducted by PriceWaterhouseCoopers in collaboration with NSW Local Government Professional Australia to benchmark our performance against other councils. This information is valuable to enable to identifying further areas of improvement for Council moving forward.

# 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)  | [x]  |
| Part B Application form (Word document) – this document | [x]  |
| Relevant extracts from the Community Strategic Plan | [x]  |
| Delivery Program | [x]  |
| Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format  | [x]  |
| NSW Treasury Corporation report on financial sustainability | [x]  |
| Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and proposed special variation | [x]  |
| Community feedback (including surveys and results if applicable) | [x]  |
| Hardship Policy | [x]  |
| Resolution to apply for the proposed special variation | [x]  |
| Certification (see Section 9) | [x]  |
| **Other Attachments** |  |
| Relevant extracts from the Asset Management Plan  | [x]  |
| Past Instruments of Approval (if applicable) | [x]  |
| Resolution to adopt the revised Community Strategic Plan (if necessary) and/or Delivery Program | [x]  |
| Other (please specify) | [ ]  |

|  |  |
| --- | --- |
| Attachment | Title |
| 1 | Extract from Singleton Council – Fit for the Future – Council Improvement Proposal – June 2015 |
| 2 | Instrument under Section 508(2) of Local Government Act 1993 dated 28 June 2002 |
| 3 | Singleton Council – Long Term Financial Plan – June 2015 |
| 4 | TCorp Financial Assessment and Benchmarking Report – Singleton Council issued 3 October 2012 and Update issued 7 March 2013 |
| 5 | Extract from Singleton Council – Operational Plan 2015-2016 |
| 6 | Report to Singleton Council regarding Special Rate Variation – 21 September 2015 |
| 7 | Council Improvement Proposal for Singleton Council – June 2015 |
| 8 | Expiring Special Rate Variation Calculations |
| 9 | Community Engagement Strategy – “Securing our future” |
| 10 | Booklet – “Securing our Future” |
| 11 | Singleton Council – Fit for the Future Webpage |
| 12 | Community Newsletters x 5 |
| 13 | Advertisement for local newspapers |
| 14 | Facebook Postings and comments |
| 15 | Social Media Tweets regarding SRV proposal |
| 16 | Phone survey results |
| 17 | Online survey results |
| 18 | Qualitative survey results |
| 19 | Community Information Session Presentation |
| 20 | Formal submissions - redacted |
| 21 | Media Release – “Singleton has a plan to be Fit for the Future” |
| 22 | Singleton Argus Article – “Rate rise on cards” |
| 23 | Media Release – “Singleton Council to consider a plan to be Fit for the Future” |
| 24 | Singleton Argus Article – “Rate rise needed to guarantee Singleton Council is Fit for the Future” |
| 25 | ABC Radio – “Singleton Council to vote on plan to increase business and mining rates”. |
| 26 | Media Release – “Singleton Council deemed Fit for the Future” |
| 27 | Singleton Argus Article – “Council Fit for the Future” |
| 28 | Media Release – “Have your say on proposed special rate variation to secure Singletons future” |
| 29 | Cockfighter Article – November 2015 |
| 30 | Singleton Argus Article – “Have a say on rate rise” |
| 31 | Singleton Argus Article – “Rate rise discontent” |
| 32 | Hunter Valley News – “Council rate pegged to 1.8 per cent” |
| 33 | Singleton Argus Editorial – “Singleton will be fir for the future” |
| 34 | Media Release – “Singleton Council to apply for special rate variation commencing in 2016-17” |
| 35 | Singleton Argus Article - “Council to apply for rate rise” |
| 36 | ABC Radio – “Singleton Council to seek rate variation” |
| 37 | 2NM - “Singleton Council to apply for SRV” |
| 38 | Singleton Argus – Letter to the Editor 20 November 2015 |
| 39 | Singleton Argus Mayoral Column 29 September 2015, 10 November 2015 and 11 December 2015 |
| 40 | Council Resolution 89-15 – Endorsing Fit for the Future Improvement Proposal |
| 41 | Council Resolution 193-15 – Special Rate Variation Notification |
| 42 | Councillor Workshop Presentation 30 November 2015 |
| 43 | Council Resolution 251-15 – Application for Special Rate Variation |
| 44 | Singleton Council Weekly Wrap – internal newsletter |
| 45 | Frequently Asked Questions |
| 46 | Notes from Community Information Sessions from Elderslie and Singleton |
| 47 | Western Research Institute – Capacity to Pay Study |
| 48 | Singleton Council Hardship Policy - Adopted May 2013 |
| 49 | Singleton Council Draft Hardship Policy – to be adopted February 2016 |
| 50 | Council Resolution 128-13 - Endorsing Community Strategic Plan |
| 51 | Council Resolution 7-14 - Adoption of Delivery Program |
| 52 | Council Resolution 116-15 – Adoption of 2015-16 Operational Plan and Budget |
| 53 | Extracts from Singleton Council’s Asset Management Plans |

# Certification

**APPLICATION FOR A SPECIAL RATE VARIATION**

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

Name of council: Singleton Council

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

General Manager (name): Lindy Hyam

Signature and Date: 15 February 2016

Responsible Accounting Officer (name): Hamid Arain

Signature and Date: 15 February 2016

Director Corporate Services Group (name): Anthony Egan

Signature and Date: 15 February 2016

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)