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| Special Variation Application Form – Part B  For 2016-17  Issued January 2016 |
| Insert Name of Council: Lismore City Council  Date Submitted to IPART: 15 February 2016  Council Contact Person: Rino Santin (Manager - Finance)  Council Contact Phone: (02) 6625 0510  Council Contact Email: [rino.santin@lismore.nsw.gov.au](mailto:rino.santin@lismore.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 council that did not notify but intend to apply for a special variation for 2016-17 should contact us as soon as possible.**

On-line submission of applications

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

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

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

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

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

Hardcopy of application

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

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

or

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

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

# Preliminaries

## Focus on Integrated Planning and Reporting

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

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

## Key purpose of special variation

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

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

**Executive Summary**

Lismore City Council, over the last 4 years, has undertaken a comprehensive initiative to achieve financial sustainability, implement the communities’ vision and improve its services for ratepayers. This has included a detailed Integrated Planning and Reporting (IP&R) process and widespread community consultation outlined in Section 4.1.

As a result of this process, the Council is now applying for a Special Variation (SV) of 3.6% per cent in 2016-17, to be retained permanently in the rates base.

The Special Rate Variation will raise $996,100 in total of which $500,000 in the initial year will allow the Council to implement a Biodiversity Management Strategy (BMS). This will enable Council to deliver on the communities’ vision of Council providing *environmental leadership* and to deliver reliable and long term outcomes for the environment for the benefit of all ratepayers.

The BMS was prepared by Council in 2013-2015. It was prompted by a direct approach from the community for Council to show environmental leadership. The BMS covers the Lismore Local Government Area (LGA) and provides a pathway for Council to build partnerships with the community to protect and enhance biodiversity on public and private land in both urban and rural landscapes.

Council’s detailed community consultation process showed there was widespread knowledge of the proposed SV. The variation also closely aligns with Council’s IP&R process, as it implements Council’s BMS which is the key initiative to deliver on the community’s vision identified in the IP&R process.

If the proposed SV is not granted, Council will be unable to implement the BMS and deliver on the community’s vision. If this BMS is not implemented it will have a long term impact on Council’s sustainability initiatives and Council’s goals such as endeavouring to foster partnerships with, and develop opportunities for, rural landholders, industry, indigenous and community groups to improve the management of biodiversity across the Lismore City Council LGA.

**Purpose**

Lismore City Council is applying for a 3.6% special variation for the following purposes:

• 1.8% (rate peg for 2016/17) for the part funding of the broad range of works and services provided by Council on a recurrent basis.

• 1.8% to part fund the implementation of Council’s adopted *Biodiversity Management Strategy 2015-2035* (BMS). The BMS is a guiding document that details a range of management activities and incentives used to manage Lismore’s high-value biodiversity while ensuring the preservation of its productive agricultural land.

The proposed SV is for a single year rate increase in 2016/17 to be retained permanently in the rates base.

Ratepayers in the Farmland, Residential - Rural and Residential - Urban/Villages rating categories would incur both the rate-peg and BMS components of the proposed SV. For ratepayers in the Business rating categories, only the annual rate-peg component of the special rate variation is to be applied as Council considers business rates are already too high and business ratepayers would not receive sufficient benefits from implementation of the BMS to warrant paying the increase.

**Steps taken**

The decision to apply for the proposed SV was made through the following steps:

• In 2012 Council conducted the largest community consultation process that Lismore has ever seen called *Imagine Lismore* to develop its Community Strategic Plan. It was widely regarded as exceeding best practice as it included a community telephone survey, targeted discussions with hard to reach groups, a whole of community survey, citizen’s jury, place based forums and promotional work at community events, media releases and publications. It was through this community consultation process that the environment emerged as the community’s number one priority and the community said it wanted Council to provide *environmental leadership*. To deliver on this vision Council included the development and implementation of a BMS in its *Imagine Lismore 4 Year Plan*.

• Prior to its amendment, Council’s *Imagine Lismore 4 Year Plan* proposed that the BMS could be funded and implemented via grant funding from the former Commonwealth Government’s Biodiversity Fund. However Council was unsuccessful in its application for $4.4m over 4 years. This grant funding program no longer exists.

• As a matter of good practice, Council investigated and discussed other options to fund implementation of the BMS. These options included: existing general purpose revenues, a special variation, rate rebates, Section 94 contributions, and grant funding. The pros and cons of each option were discussed with Councillors in various forums including several Councillor Feedback Group meetings and a Council workshop on 26 August 2014. Most of these options were rejected based on their inability to deliver reliable, long-term funding, which is needed to deliver real and long-lasting benefits for the environment and deliver on the community’s vision of *environmental leadership*. A special variation was considered the most viable option.

• Following this analysis of options, on 11 November 2014 Council resolved *to undertake community consultation as outlined in the report for the same period as (1) above* [1. to place the Draft Biodiversity Management Strategy attached to this report on public exhibition from 26 November 2014 to 24 February 2015] *on a proposed ongoing Special Rate Variation of $500,000 per year, as well as other options outlined in this report, to fund the Biodiversity Management Strategy implementation commencing in 2016/17 and levied on Farmland, Residential - Rural and Residential – Urban/Village rating categories as per the report.*

• Between 26 November 2014 to 24 February 2015 Council implemented a consultation strategy to consult the community on their willingness and capacity to pay the proposed SV.

• After consideration of the consultation results on 14 April 2015, Council resolved *to apply for an ongoing Special Rate Variation of $500,000 per year to fund implementation of the Biodiversity Management Strategy commencing in 2016/17 and to be levied on Farmland, Residential - Rural and Residential – Urban/Village rating categories* (**Attachment 1).**

• From 24 October 2015 to 21 November 2015 Council again consulted with the community on additional information on the proposed SV, as well as proposed amendments to the *Imagine Lismore 4 Year Plan* and *Long Term Financial Plan*. Additional information on the proposed SV related to further detail on rate peg scenarios and projected cost impacts on affected ratepayers. Proposed amendments to the *Imagine Lismore 4 Year Plan* reflected the intention to apply for the proposed SV, and provided more detailed explanation.

Note: Council’s special rate variation application is for 3.6% and reflects the rate peg announcement of 1.8% in December 2015. As the consultation with the community took place before this time, an increase of 4.3% was used in the consultation materials. This percentage was based on an assumed rate peg amount of 2.5%, as recommended by IPART. Council’s Long Term Financial Plan (LTFP) has been updated to include the 2016/17 rate peg amount of 1.8%.

• On 8 December 2015 Council considered feedback from the community on this additional information on the proposed SV application and proposed amendments to Council’s strategic documents and resolved to *adopt proposed amendments to the Imagine Lismore 4 Year Plan 2013-2017 and Long Term Financial Plan 2015-2025* (**Attachment 2**).

## Capital expenditure review

You should complete this section if the council intends to undertake major capital projects that are required to comply with the OLG’s Capital Expenditure Guidelines, as outlined in OLG Circular 10-34. A capital expenditure review is required for projects that are not exempt and cost in excess of 10% of council’s annual ordinary rates revenue or $1 million (GST exclusive), whichever is the greater.

A capital expenditure review is a necessary part of a council’s capital budgeting process and should have been undertaken as part of the Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

|  |  |  |
| --- | --- | --- |
| Does the proposed special variation require council to do a capital expenditure review in accordance with OLG Circular to Councils, Circular No 10-34 dated 20 December 2010 | Yes | No |
| If *Yes*, has a review been done and submitted to OLG? | Yes | No |

# Assessment Criterion 1: Need for the variation

Criterion 1 within the OLG Guidelines is:

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

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

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

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

The response to this criterion should summarise the council’s case for the proposed special variation. It is necessary to show how the council has identified and considered its community’s needs, alternative funding options (to a rates rise).

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

## Case for special variation - community need

Summarise and explain below:

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

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

**Identifying the need**

In 2012 Council conducted the largest community consultation process that Lismore has ever seen. Council’s process was badged *Imagine Lismore* and was widely regarded as exceeding best practice. It included those listed below

|  |
| --- |
| ***Imagine Lismore* consultation methods:** |
| - A community telephone survey of 500 randomly selected residents   * Targeted discussions with hard to reach groups such as pensioners and superannuants, primary and high school students from 4 schools within the Lismore LGA, and a stall at the Southern Cross University NAIDOC Day |
| * A whole of community survey online and hard copy |
| * A citizen’s jury of 21 randomly selected participants |
| * ‘Place Based Forums’ in 6 locations across the LGA with randomly selected community members |
| * Promotional work through stalls at community events, media releases and publications. |

The *Imagine Lismore* community consultation process identified the environment to be at the very top of the community’s priority list and the community’s vision was that Council provide *environmental leadership*. This was reflected in Council’s Community Strategic Plan (*Imagine Lismore 10 Year Plan).* A key extract from the *Imagine Lismore* *10 Year Plan* is provided:-



Further extracts from the *Imagine Lismore* *10 Year Plan* are provided as **Attachment 13**.

Once the community had stated its desire of the Council providing *environmental leadership*, Council proposed in its Community Strategic Plan (*Imagine Lismore 10 Year Plan*) and Delivery Plan (*Imagine Lismore 4 Year Plan*), to develop and implement a BMS. The BMS, which has since been drafted and adopted by Council, provides a strategic context to achieve the community’s vision.

The Lismore Local Government Area (LGA) is located within the Northern Rivers Region recognised for its amazing biodiversity – the diverse flora and fauna and their associated habitats of the region. The Northern Rivers Region contains a large number of endemic species and while the region occupies just 6.3% of New South Wales (NSW), it supports over 40% of the State’s threatened species, including around 70% of threatened frogs, 75% of threatened birds, 60% of threatened mammals and 40% of threatened plants. In addition, one-fifth of the State’s threatened ecological communities are known to occur in the Northern Rivers Region.

Along with its outstanding biodiversity, the Northern Rivers also supports a large and growing human population. The Lismore LGA has a number of large urban areas and is an active rural region with agriculture contributing significantly to employment, as well as the local, national and international economy. In the Lismore LGA there is a growing interest in biodiversity in the community and among tourists to the area, and there are an increasing number of organisations and volunteers participating in biodiversity management projects. This increased interest provides good opportunities for partnerships between Council, the community, government agencies and non-government organisations to implement biodiversity management.

As a community, the challenge we face is determining how to protect and manage Lismore’s biodiversity while also maintaining a productive agricultural sector and continued urban development and tourism. However it is clear that conserving the rich biodiversity of the Lismore LGA, and the Northern Rivers Region, requires ongoing coordinated and strategic involvement of agencies, organisations and individuals across all land tenures and landscapes. One of the many challenges is the limited availability of resources and targeting actions where the greatest possible benefit to species, populations and ecological communities can be achieved. To meet these challenges, this BMS takes a partnering approach, and echoes the actions recommended in regional biodiversity management plans. The BMS also assessed various means of securing reliable resourcing that would mean real and long-term investment and positive change can achieve the Lismore community’s vision for the LGA.

Actions in the BMS were tailored to the Lismore LGA by identifying pressures to biodiversity, and the various challenges the Lismore community and Council have in protecting and enhancing biodiversity in an active agricultural landscape. It was identified that existing long-term pressures continue to be the main causes of biodiversity loss, including increased fragmentation of habitat; increasing pressure from weeds and pest animals; and incompatible land-management practices. These effects will only be magnified by the broad-scale environmental change that is predicted to occur with climate change.

Actions in the BMS were developed in consultation with the community, environment groups and industry to ensure the BMS is well-informed, practical and delivers what the community said it wanted in the *Imagine Lismore* consultation process. BMS actions were developed using overarching regional biodiversity management strategies, research and existing Council policies, including the *Border Ranges Rainforest Biodiversity Management Plan – NSW & Queensland 2010*, the *Northern Rivers Regional Biodiversity Management Plan* *2010*, and the *Northern Rivers Catchment Action Plan 2 – 2013–2023, Coastal Zone Management Plan for the Richmond River Estuary* and the *Comprehensive Koala Plan of Management for South-east Lismore 2013*.

In 2015 Lismore City Council (LCC) was awarded two of the state’s prestigious Green Globe awards: Local Government Sustainability Award and Regional Sustainability Award. A key project contributing the award was the Biodiversity Management Strategy 2015, as Council had demonstrated its excellence in integrating environmental management and sustainable practices into strategy, planning, operations and service delivery.

However, council can only achieve the community’s vision if there is sufficient, reliable and long-term funding to implement actions in the BMS. This is proposed through the SV.

**Proposed deliverables and expenditure**

It is well documented that long-term investment into biodiversity programs is needed to ensure long-lasting outcomes through the maintenance of projects. In addition to this landholders are more likely to take up programs if they have a long-term funding commitment. The proposed SV will ensure that Council’s BMS programs provide reliable and long-term assistance and opportunities for landholders and residents in the Lismore LGA to manage biodiversity as well as ensuring long-lasting positive outcomes.

Council has developed a planned expenditure table (see below) which includes a summary of activities and initiatives to be funded by the proposed SV for the first ten years, which accounts for the assumed annual rate peg increases. All BMS actions and a detailed planned expenditure table are provided at **Attachment 5.**

The following table is a summary of the planned expenditures should Council’s SV application be approved:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Summary** | **2016/17** | **2017/18** | **2018/19** | **2019/20** | **2020/21** |
| **Cleaning up our own backyard** | | | | |  |
| Planning and Processes | $120,000 | $30,800 | $31,500 | $37,700 | $38,600 |
| Supporting the community | $25,000 | $46,200 | $47,300 | $48,500 | $49,600 |
| **Working with rural landholders** | $183,000 | $290,000 | $292,900 | $305,700 | $324,600 |
| **Working in the urban environment** | $101,000 | $108,600 | $115,700 | $96,900 | $104,900 |
| **Koala Plan of Management** | $71,000 | $36,900 | $37,900 | $49,600 | $34,200 |
| **Totals** | **$500,000** | **$512,500** | **$525,300** | **$538,400** | **$551,900** |
|  | | | | |  |
| **Summary** | **2021/22** | **2022/23** | **2023/24** | **2024/25** | **2025/26** |
| **Cleaning up our own backyard** | | | | |  |
| Planning and Processes | $39,600 | $40,600 | $41,600 | $42,600 | $43,700 |
| Supporting the community | $50,800 | $52,000 | $53,300 | $54,600 | $55,900 |
| **Working with rural landholders** | $334,000 | $338,900 | $371,300 | $362,500 | $374,100 |
| **Working in the urban environment** | $106,300 | $106,600 | $91,300 | $111,800 | $93,400 |
| **Koala Plan of Management** | $35,000 | $41,700 | $36,800 | $37,700 | $57,300 |
| **Totals** | **$565,700** | **$579,800** | **$594,300** | **$609,200** | **$624,400** |

The breadth of deliverables/actions in the BMS provides Council with opportunities to build partnerships with the community to protect and enhance biodiversity on public and private land in both urban and rural landscapes. For example see the three case studies of BMS deliverables below.

***Case study 1- Implementation of a Coastal Zone Management Plan***

One of the many challenges in the Lismore LGA is the degradation of river health, particularly the Wilsons and Richmond Rivers. Historic land clearing and poor land management combined with a flood prone landscape has resulted in a distinct lack of riparian (riverbank) vegetation. This has resulted in severe erosion issues, the invasion and spread of noxious weeds, and poor water quality.



***Image 1:*** *Lismore riverbank, demonstrating the extent of riverbank historical clearing which still occurs throughout the Lismore LGA.*



***Image 2:*** *Lismore riverbank taken at the same point as Image 1, demonstrating the success of revegetation and regeneration work completed in 2001, which has significantly stabilised the riverbank.*

Action 48 in the BMS provides investment, through the proposed SV, to implement the Coastal Zone Management Plan to restore riverbanks in rural areas. Action 53 provides investment into riverbank remediation in urban areas. Without the proposed SV, Council would continue to have little capacity to remediate riverbanks, which is important for biodiversity, the long-term sustainability of the Lismore region in terms of water quality and preventing soil loss.

This is for the benefit of all Lismore landholders and residents as it enhances the long-term resilience of this agricultural region, improves amenity and ensures the long term remediation of biodiversity in and out of the river.

***Case study 2- Implementation of a Rural Landholder Initiative***

The BMS sets out for the implementation of a Rural Landholder Initiative (RLI) with funding raised from the proposed SV. The RLI is a specific project set out in Council’s Delivery Plan - *Imagine Lismore* *Partnering Strategy*. The aim of the RLI is to broaden Lismore’s capacity to develop and maintain a sustainable environment through partnerships with rural land managers and primary producers, other private sector businesses, Landcare groups and natural resource managers. It will deliver two key outcomes:

• Improve environmental outcomes through genuine partnerships with Lismore’s rural landholders.

• Initiate and support best-practice land management and thus improve profitability of land and land-uses.



***Image 3:*** *A common sight in the Lismore LGA with cattle accessing the riverbank, causing bank erosion, bank instability and the spread of cattle diseases. The Rural Landholder Initiative will assist landholders to provide off-stream watering for cattle, fence waterways and replant riverbanks.*

In 2014 the Lismore City Council partnered with the Southern Cross University to undertake a survey of rural landholders in the Lismore LGA to design an effective RLI program. This project contributed to the design of the Council’s RLI and ensured that the initiative maximises the cost–benefit of investment into rural land management and biodiversity and maximises landholder participation and support in Council’s programs.

Action 44 in the BMS provides investment, through the proposed SV, to implement the RLI. This is the largest program proposed in the BMS as it encompasses the larger rural areas throughout the LGA. It will provide a means of building the capacity of rural landholders to manage rural land that is resilient and sustainable. This will benefit the Lismore community as a whole as it supports a sustainable agricultural future for the LGA, and further builds on the region’s competitive advantage as a ‘*Clean Green’* area, according to Regional Development Australia for the Northern Rivers. In addition to this it will also significantly contribute to the Lismore Community’s vision of Council providing environmental leadership.



***Image 4:*** *A picture of a Landcare community group undertaking riverbank and habitat restoration works in an area susceptible to erosion.*

***Case study 3 – Implementation of a Koala Plan of Management***

Besides being a listed threatened species under state and commonwealth legislation, koalas have an iconic role in Lismore’s local environment. The Lismore LGA has the privilege of having free-ranging koalas and the community wishes to continue this into the future. To this end Lismore City Council developed a Comprehensive Koala Plan of Management (KPOM) which aims to protect and enhance the koala population, which is considered one of the most significant on the NSW North Coast.

The KPOM was 18 years in the making and was approved by the NSW Department of Planning in 2013. The KPOM has been awarded a Local Government Excellence in the Environment Award in the category of Natural Environment Policies, Planning and Decision Making.

Implementation of the KPOM is a key component of implementing the BMS, and the proposed SV would enable implementation of key actions to ensure koala habitat is maintained, improved and extended throughout the Lismore LGA.



***Image 5:*** *A koala and its joey in the important South-east Lismore population.*

**Why a rates increase?**

One key strategy in *Imagine Lismore* was to set the Council on the path to financial sustainability. This process will see the implementation of a full scale service review as part of the creation of the 2017-2027 *Imagine Lismore* plan.

**Other funding options considered**

Council’s initial *Imagine Lismore 4 Year Plan* proposed that the BMS would be implemented via grant funding from the former Commonwealth Government’s Biodiversity Fund. However, Council was unsuccessful in its application and this funding program no longer exists. Council investigated several alternate funding mechanisms based on their ability to deliver reliable, long-term funding. The following funding options were investigated and were subsequently rejected:

• General Purpose Revenue – Funding implementation of the BMS through an annual budget of $500,000 would substantially impact upon the delivery of the other services delivered by Council. Had this not been the case, Council would have allocated General Purpose Revenue to implement the BMS.

• Rate rebates – Rate rebates could be used as an incentive by Council for landholders willing to manage their land for biodiversity. However, any rebate program that provided sufficient incentive would need to be supported by a Council budget, at the expense of other services delivered by Council.

• S94 contributions – Developer contributions can be used as a method of funding public infrastructure (e.g. by funding preservation of a vegetated watercourse within a Council reserve), however this type of investment generally requires a large co-investment by Council.

• Grant funding – Grants are not a reliable source of funding as all government and most philanthropic funding bodies distribute grants through competitive application. There are no current grant programs that could deliver funding for substantial components of the BMS implementation program.

Through this analysis and subsequent community consultation Council decided on 14 April 2015 that it would apply to IPART for a special rate variation to implement the BMS as it would provide the means to deliver reliable and long term outcomes for the environment and delivery on the Community’s vision of Council providing *environmental leadership*.

**Long Term Financial Plan impacts**

The Long Term Financial Plan 2015-2025 includes the following models to reflect the impact of the proposed SV:

Model 4 - General Fund (+ Richmond Tweed Regional Library) – Includes Special Rate Variation for Biodiversity Management Strategy. (**Attachment 3**)

Model 5 – General Fund (+ Richmond Tweed Regional Library) – Excludes Special Rate Variation for Biodiversity Management Strategy. (**Attachment 4**)

In summary, as the proposed SV is not intended to address financial sustainability it has a minimal impact on Council’s financial sustainability.

## 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.

**Council understanding of financial sustainability**

Council’s first independent report on Lismore City Council’s financial sustainability was prepared by TCorp in 2013. The TCorp assessment concluded that:

Financial Sustainability Rating: Moderate

Outlook: Negative

The full report is provided as **Attachment 9.**

Since that time Council has actively responded to the challenge by making changes to the recurrent budget, developing a robust long term financial plan, and maximising the integration between the *Imagine Lismore s*trategic documents, LTFP and Asset Management Plans.

A key step was the adoption of the Financial Sustainability Policy in February 2014 to provide guidance to future decisions which had financial implications. One of the key policy objectives was to progressively achieve a balanced annual result before capital grants and contributions by 2023, as the Council had set a target of 10 years to achieve financial sustainability. When the Long Term Financial Plan was initially adopted the planned ‘road to financial sustainability’ included the following steps:

1. Find Initial Savings

2. Zero Based Budgeting

3. Service Level Review

4. Efficiency & Productivity Improvements

5. Assets Rationalisation

6. Rate Increase

Council has addressed 1 and 2 making total recurrent saving of over $1.3 million or approximately 25% of the total $5 million funding shortfall that we had in 2012. Three (3) is in progress and planned for implementation from 1/7/17, 4 is ongoing and 5 is in progress. Six (6) is deliberately planned as the final stage and a special variation application for infrastructure management works is to be considered if necessary for introduction from 2018/19.

An updated and amended LTFP was used by Council when preparing its ‘Fit for the Future’ proposal to IPART in June 2015.

After considering the proposal, IPART determined Council to be ‘FIT’. The assessment report indicated that:

• The council satisfies the scale and capacity criterion’, and

• The council satisfies the financial criteria overall. Although it does not satisfy the infrastructure and service management criterion, it satisfies the sustainability and efficiency criteria.

It is acknowledged that the proposed SV does not progress Council towards financial sustainability. The purpose of this SV is to fund the community’s vision of Council providing *environmental leadership*.

## 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).

It is acknowledged that the proposed Special Variation (SV) does not progress Council towards financial sustainability.

A range of financial Key Performance Indicators (KPI’s) are provided as part of **Attachment 3** (Long Term Financial Plan – Model 4 – General Fund including special rate variation for BMS) and Attachment 4 (Long Term Financial Plan – Model 4 – General Fund including special rate variation for BMS). The following tables show a snapshot of the KPI’s. Table 1 includes the special rate variation and Table 2 excludes the special rate variation.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 1 – KPI** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** |
| **Operating Balance Ratio** | **-0.06** | **3.67** | **2.07** | **4.79** | **4.43** | **4.55** | **5.71** | **5.77** | **5.51** | **5.60** | **5.30** |
| **Unrestricted Current Ratio** | **1.63** | **1.71** | **1.78** | **1.97** | **2.13** | **2.28** | **2.54** | **2.57** | **2.95** | **3.12** | **3.49** |
| **Rates & Annual Charges Ratio** | **38.80** | **40.65** | **43.25** | **45.89** | **46.04** | **44.07** | **44.24** | **42.69** | **46.41** | **46.52** | **46.81** |
| **Broad Liabilities Ratio** | **1.43** | **1.35** | **1.30** | **1.15** | **1.02** | **0.93** | **0.88** | **0.79** | **0.80** | **0.74** | **0.69** |
| **Asset Renewal Ratio** | **115.06** | **77.18** | **64.66** | **78.01** | **75.84** | **72.62** | **70.64** | **71.50** | **71.97** | **75.98** | **74.26** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 2 – KPI** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** |
| **Operating Balance Ratio** | **-0.06** | **3.69** | **2.09** | **4.82** | **4.46** | **4.58** | **5.75** | **5.81** | **5.54** | **5.64** | **5.34** |
| **Unrestricted Current Ratio** | **1.63** | **1.72** | **1.78** | **1.98** | **2.13** | **2.29** | **2.55** | **2.58** | **2.97** | **3.14** | **3.51** |
| **Rates & Annual Charges Ratio** | **38.80** | **40.29** | **42.88** | **45.54** | **45.68** | **43.72** | **43.89** | **42.34** | **46.05** | **46.17** | **46.46** |
| **Broad Liabilities Ratio** | **1.43** | **1.36** | **1.31** | **1.15** | **1.03** | **0.93** | **0.88** | **0.80** | **0.81** | **0.75** | **0.69** |
| **Asset Renewal Ratio** | **115.06** | **77.18** | **64.66** | **78.01** | **75.84** | **72.62** | **70.64** | **71.50** | **71.97** | **75.98** | **74.26** |

## 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).

|  |
| --- |
| The proposed special variation does not seek funding for contribution plan costs. |

# Assessment criterion 2: Community awareness and engagement

Criterion 2 within the OLG Guidelines is:

*Evidence that the community is aware of the need for and extent of a rate rise. The Delivery Program and Long Term Financial Plan should clearly set out the extent of the General Fund rate rise under the special variation. The council’s community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur. IPART’s fact sheet includes guidance to councils on the community awareness and engagement criterion for special variations.*

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

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

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

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

* the proposed cumulative special variation rate increases including the rate peg for each major rating category (in both percentage and dollar terms)
* the annual increase in rates that will result if the proposed special variation is approved in full (and not just the increase in daily or weekly terms)
* the size and impact of any expiring special variation (see Box 4.1 below for further detail), and
* the rate levels that would apply without the proposed special variation.

More information about how the council may engage the community is to be found in the OLG *Guidelines*, the IP&R manual, and IPART’s Fact Sheet *Community Awareness and Engagement for special variation applications*, January 2016.

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

## The consultation strategy

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

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

**Community awareness**

On 11 November 2014 Council resolved *to undertake community consultation as outlined in the report for the same period as (1) above on a proposed ongoing Special Rate Variation of $500,000 per year, as well as other options outlined in this report, to fund the Biodiversity Management Strategy implementation commencing in 2016/17 and levied on Farmland, Residential - Rural and Residential - Urban/Village rating categories as per the report.*

Subsequently in November 2014 Council developed a Community Consultation Strategy for the proposed Special Variation (SV), as well as the exhibition of the Draft Biodiversity Management Strategy (BMS) which would be implemented using the proposed SV.

Consultation on these two items ran concurrently as Council considered it important that the Community be given the opportunity to provide feedback on the proposed SV, and actions in the BMS that the proposed SV would implement.

Objectives of the Community Consultation Strategy were:

*1. To understand the community’s views on whether the Draft BMS meets their expectations, as expressed by the community in the Imagine Lismore strategic plans.*

*2. To gauge the community’s willingness and capacity to pay an ongoing $500,000 SV to fund implementation of the BMS, commencing 1 July 2016*

*3. To reach the community across the Lismore LGA through implementing a variety of consultation methods and providing clear and concise information*

*4. To gain an independent view of the community’s views regarding the effectiveness of the Draft BMS in meeting community expectations and their willingness and capacity to pay a SV to implement the BMS.*

*5. To exhibit the BMS for public exhibition in line with Council policy and processes*

*6. To implement a community consultation process in line with IPART recommendations.*

To achieve these objectives Council undertook two rounds of comprehensive community consultation:

**Round 1** between 26 November 2014 and 24 February 2015 – Consultation on the proposed SV and Council’s Draft Biodiversity Management Strategy (BMS) to be implemented using the proposed SV, and

**Round 2** between 24 October 2015 and 21 November 2015 – Consultation on proposed amendments to the *Imagine Lismore 4 Year Plan* and LTFP, and additional information on the proposed SV regarding rate pegging impacts on affected ratepayers.

**ROUND 1: Consultation - 26 November 2014 to 24 February 2015**

Between 26 November 2014 and 24 February 2015 Council conducted community consultation on its proposed SV, as well as a Draft BMS which would be largely funded through the SV.

Council policy is to provide the public with at least 28 days to view and provide comment on key Council guiding documents, however Council extended this to almost 3 months given the consultation period ran over the Christmas holiday period. This extended consultation period provided the community with about five weeks of time outside of the holiday period to provide feedback.

As recommended by IPART, Council used an appropriate variety of engagement methods to ensure community awareness was raised and feedback was easily provided. Council conducted three streams of consultation: (1) consultation with all residents and ratepayers in the Lismore LGA; (2) consultation with the three rate paying categories to which the SV would apply (Farmland, Residential - Rural, and Residential - Urban/Village); and (3) engaging an independent consultant (Hunter Research Foundation) to undertake a random survey of impacted ratepayers.

|  |  |
| --- | --- |
| **Round 1 Consultation Methods** | |
| Three mail outs to all residents | Community Forum |
| Independent telephone survey | Local market stalls |
| Exhibited on Council webpage (Public Notices) | Stakeholder Reference Group |
| Media Releases | Council meetings, business papers and public access |
| Media – social media, TV and radio interviews | Face to face presentations |
| Mail out to all affected ratepayers – letter and factsheet |  |

Council’s Consultation Activity Register (**Attachment 6**), includes all activities conducted during community consultation and relevant publications throughout the process.

**1) Consultation with all residents (including ratepayers) in the Lismore LGA**

LGA-wide community consultation commenced from 26 November 2014, when the Draft BMS and SV documentation was exhibited to the public, and ran until 24 February 2015, when exhibition of the BMS and other consultation processes were completed. This stream involved:

• Three mail outs to all households in the Lismore LGA (approx. 24,000) in Council’s LGA wide newsletter, *Local Matters*.

• Public notice of exhibition of the Draft BMS and proposed SV on the Council’s website. This was accessible from the front page of Council’s website.

• Media releases in local publications and on Council’s social media forums (e.g. Facebook).

• Development and distribution of information/factsheets sheets and information postcards at key locations in the Lismore LGA (e.g. Council’s two front counters).

• Four local market stalls at three popular community markets with information and resources (pull-up banners, factsheets and detailed information on the proposed SV, such as proposed deliverables through implementation of the BMS).

• Meetings with a Stakeholder Reference Group formed for the development of Council’s *Biodiversity Management Strategy 2015-2035*, made up of key stakeholder groups in the LGA.

• Provided opportunity for face-to-face presentation of information where requested, including requests from the front counter or interested community groups.

**2) Specific consultation with impacted ratepayers Farmland, Residential - Rural and Residential - Urban/Village Ratepayers**

Council also undertook targeted consultation towards all 17,128 impacted ratepayers in the Farmland, Residential - Rural and Residential - Urban/Village rating categories. This was to provide them with information and encouraged them to provide comment on the proposed SV. This involved a mail out to all rate payers in these three rating categories providing a letter and factsheet with information regarding the proposed SV, and the various ways they could provide feedback. This mail-out was sent on 8 December 2014. Mail-out recipients were also informed that they may be contacted and invited to take part in a Community Forum.

On Saturday, 21 February 2015 council conducted a Community Forum made up of randomly selected impacted ratepayers. Council used its ratepayer database to invited forty randomly selected participants. The numbers invited from each of the rating categories were proportionate to the number of rate payers in each category.

The impacted ratepayers are made up of 1,920 (11%) ratepayers in the Farmland rating category, 2,852 (17%) in the Residential - Rural category and 12,356 (72%) in the Residential - Urban/Village category. Therefore a representative sample was 4 Farmland ratepayers, 7 Residential - Rural ratepayers and 29 Residential - Urban/Village ratepayers. Due to the general low participation at these forums, Council also invited additional participants to form a reserve list in case attendees did not turn up on the day.

**3) Independent review and consultation on the BMS and SV**

Council also engaged a consultant, the Hunter Research Foundation (HRF), to conduct a random survey of impacted ratepayers regarding the proposed SV. The purpose of the research project was to provide Council with independent, reliable information about the community’s views through conducting a statistically robust survey of affected ratepayers.

In January 2015, the HRF conducted a telephone survey of a random sample of 209 ratepayers in the Lismore City Council Local Government Area (LGA). HRF advised that this sample was sufficient in size to generate statistically robust results. Although the margin of error of a survey decreases with increasing sample size, there is only 3% increase in confidence level between sample sizes of 200 and 400 at the 95% confidence level. Given the above and the relatively small proposed rate increase, approximately 200 was a sufficient sample size to provide Council with statistically robust results.

HRF ensured that *a stratified sample design was used to ensure a sufficient number of respondents from key subgroups (Farmland, Residential - Rural and Residential - Urban/Village rate categories) to support statistical analysis of differences between them. The final sample was weighted to accurately reflect the proportions of the different rate categories to allow generalisation of the results to the affected ratepayer community as a whole.*

The HRF developed their survey questions in discussion and interviews with members of Council’s staff and Councillors to identify key issues and themes associated with the proposed SV and associated BMS. This process assisted HRF to gain an independent platform to build the community survey.

HRF’s research methods were designed to address key issues for this project, including the need to:

• *Assure Council and the community that the final sample of survey respondents was representative of affected ratepayers as a whole. This required application of sampling strategies that captured difficult-to-contact respondent groups and the achievement of a high response rate.*

• *Enable Council to understand differences in the views of different types of ratepayers (owners of Residential – Urban/Village, Residential – Rural and Farmland property) where these exist, as well as those of the affected ratepayer community as a whole. This required the use of sampling techniques that ensured a sufficient number of respondents of each type to support statistical testing of differences between ratepayer categories, and a sufficient overall sample size to support statistical testing of other demographic sub-groups within the affected community.*

• *Implement a survey that transparently and objectively provided respondents the opportunity to express their views without influencing them in any way. This required designing a questionnaire that presented the questions in a structured and balanced manner, including both positive and negative statements, allowed scope for respondents to express an overall view in their own words, and presentation of the questions by the interviewers in a neutral tone of voice and in the same way to every respondent.*

*• Provide respondents with sufficient objective information on which to base their own assessment of their willingness and capacity to pay for the proposed SV. This required inclusion of an algorithm in the questionnaire that calculated the dollar amount of the proposed rate rise in relation to the land value of the respondent’s subject property.*

**ROUND 2: Consultation – 24 October 2015 to 21 November 2015**

During the initial community consultation on the SV between November 2014 and February 2015, Council did not include sufficient detail on rate-pegging impacts on ratepayers associated with the proposed SV. As a result, Council conducted further community consultation on the rate peg impacts on ratepayers between October 2015 and November 2015. This consultation ran concurrently with proposed amendments to Council’s strategic documents.

Council’s amendments to its strategic documents, specifically the *Imagine Lismore 4 Year Plan* and LTFP, were placed on public exhibition for 28 days between 24 October 2015 and 21 November 2015.

During the 28 day consultation period, council conducted a number of consultation strategies to maximise the community’s opportunity to receive information and provide feedback. This is shown in the Consultation Activity Register (**Attachment 6**).

|  |  |
| --- | --- |
| **Round 2 Consultation Methods** | |
| Two mail outs to all Lismore LGA residents | Media Releases |
| Mail out to affected ratepayers residing of the LGA - factsheet | Council meetings, business papers and public access |
| Exhibited on Council webpage (Public Notices) |  |

**Consultation with all residents and ratepayers in the Lismore LGA**

• Public notice of exhibition of proposed amendments to the *Imagine Lismore 4 Year Plan* and LTFP and proposed SV on the Council’s website. This was accessible from the front page of Council’s website.

• Exhibition notices and articles in two regional and widely read Newspapers, the Northern Rivers Echo and Northern Star. These articles contained detailed information on the proposed SV including rate-pegging scenarios.

• Two mail outs to all households in the Lismore LGA (approx. 24,000) in Council’s LGA wide newsletter, *Local Matters*.

**Specific consultation with impacted ratepayers – Residential – Urban/Village, Residential - Rural and Farmland Ratepayers**

Detailed information to ratepayers within the LGA was provided in publications mentioned above, however approximately 2055 of the 17,128 ratepayers impacted by the proposed SV reside outside of the LGA. Therefore on 23 October 2015 Council targeted these ratepayers outside of the LGA through a mail-out, which included an introductory letter and detailed factsheet. This mail-out provided ratepayer’s with clear ways to provide their feedback to Council via email, letter or the online submission lodgement system.

## 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.

**ROUND 1: Consultation between 26 November 2014 and 24 February 2015.**

As outlined in Section 4.1, Council employed a variety of engagement methods to ensure awareness of the proposal was raised with the community and to maximise the community’s chance to provide feedback. Council undertook consultation with all Lismore LGA residents, and also targeted those ratepayers impacted by the proposed SV (i.e. the Residential – Urban/Village, Residential – Rural and Farmland ratepayers).

The community had many ways it could provide Council with feedback, including providing hard copies, emails, mail or through Council’s an online submission system. These submissions were reported to Council at the 14 April 2015 Council meeting. Results were reported through three avenues:

**1.** Written submissions (all ratepayers and residents),

**2.** The Community Forum (similar to a citizen’s jury; random sample of potentially impacted ratepayers), and

**3.** The Hunter Research Foundation survey (random sample of potentially impacted ratepayers).

**1. Results from written submissions**

Over the consultation period Council received 1,526 submissions on both the BMS and the proposed SV. All submissions were entered into a database for analysis. Many submissions provided views on both the BMS and the proposed SV, while others only focused on one of these matters. If comment was only provided on one of these it was identified as inconclusive on the other matter.

In accordance with Council’s request, all submissions received have been provided to IPART as of its hardcopy application. Note this is considered confidential as it contains personal and private information.

*Figure 1* below highlights the proportionate types of written submissions that were received. The majority of 65% (998) were in the form of ‘individual submissions’, petition signatories accounted for 23% (345) of submissions and form letters accounted for 12% (183) of submissions.

***Figure 1*** *– Number and proportion of submissions on both the BMS and SV by submission type.*

**1.1. Report on written submissions to the Draft BMS**

Of the 1,526 submissions received by Council on both the BMS and the proposed SV, 44% (665) supported adoption of the BMS, 29% (449) were opposed adoption of the BMS and 27% (412) were inconclusive (*Figure 2*; n.b. submissions that were inconclusive on the BMS only provided comment on the proposed SV).

***Figure 2*** *– Number and proportion of submissions supporting, opposing and inconclusive on the Draft BMS.*

**1.2 Report on written submissions to the Special Variation**

Of the 1,526 submissions received by Council regarding the proposed SV, 39% (598) were in support, 59% (899) were in opposition, and 2% (29) were inconclusive (*Figure 3* below; n.b. submissions that were inconclusive on the SV only provided comment on the proposed BMS).

***Figure 3*** *– Number and proportion of submissions supporting, opposing and inconclusive on the SV.*

**Summary of key issues raised in written submissions on the proposed SV**

Each submission on the proposed SV was allocated a broad reason for its support or opposition to the proposed SV. This provided Council with a broad-brush quantitative insight into the community’s views’. *Figure 4* below identifies the broad reasons for opposing the proposed SV and *Figure 5* below identifies the broad reasons for supporting the proposed SV. Also, **Attachment 7** provides a summary of detailed issues raised in written submissions.

***Figure 4*** *– Broad reasons for opposing the proposed SV that were identified in written submissions.*

***Figure 5*** *– Broad reasons for supporting the proposed SV that were identified in written submissions.*

**2. Results from the Community Forum**

Originally Council’s Community Forum (similar to a citizen’s jury) was to be held on 21 February 2015, however due to extreme weather events and subsequent flooding, the forum was held on Saturday 7 March 2015. More than 350 randomly selected ratepayers from a cross-section of people in the three rating categories were telephoned and invited to participate. Of those telephoned 40 ratepayers agreed to attend, however only 16 ratepayers attended on the day and 15 participated in the vote (for or against the proposed SV).

At the forum, a panel of experts presented participants with technical briefings of factual information on the BMS and the proposed SV. Participants then had the opportunity to ask questions of the panel, deliberate and then vote on the following question:

*‘Should Council apply to the NSW Government for a Special Rate Variation to implement the BMS?’*

By a show of hands, participants at the Community Forum voted 9-6 against Council applying for the SV. Following the vote, participants were asked to provide confidential reasons for either supporting/objecting to the proposed SV. The results of this poll are presented in *Table 1* below.

**Table 1:** Three main reasons for supporting/not supporting the proposed SV are summarised below:

|  |  |
| --- | --- |
| **Reasons of supporting the proposed SV** | **Reasons for not supporting to the proposed SV** |
| 1. Provides opportunities for landholder/community and industry groups | 1. Council wastes money |
| 1. Important to look after our environment in the Lismore LGA | 1. Council should find money in its current budget |
| 1. Restoration of urban bushland and provides opportunities to appreciate these areas. | 1. Not confident money will be spent the way Council says |

The number of ratepayers from the three rating categories showed that there was greater representation from the rural community (Residential - Rural and Farmland; 12% greater) than the Residential – Urban/Village community (see *Table 2* below).

**Table 2:** Number of the ratepayers attending the Community Forum by Rating Category.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Rating Category** | **Number of ratepayers per category for whole LGA** | **% ratepayers per category for whole LGA** | **Number of ratepayers per category at forum** | **% ratepayers per category at forum** |
| Farmland | 1,920 | 11% | 3 | 20% |
| Residential – Rural | 2,852 | 17% | 3 | 20% |
| Residential – Urban/ Villages | 12,356 | 72% | 9 | 60% |
| **Total:** | **17,128** | **100%** | **15** | **100%** |

Notwithstanding the result of the vote conducted at the Community Forum, the number of people voting at the forum was small (15), the response rate was poor (4%; i.e. 15 people voting from 350 people invited) and ratepayers in the Residential – Urban/Villages category were underrepresented (60% of ratepayers attending the Community Forum vs 72% of ratepayers in this category for the whole LGA; see *Table 2* above).

**3. Results from independent research by Hunter Research Foundation**

HRF conducted a telephone survey of a random sample of 209 properties in the Lismore LGA in January 2015, with the selected respondent being a ratepayer for a particular eligible property. There was a high response rate of 88% of eligible properties contacted and the sample size and structure, provide confidence that the survey data are representative of the views of affected ratepayers in the LGA as a whole.

The high response rate, of 88 per cent of eligible properties contacted, and the sample size and structure, provided Council with confidence that the survey data was representative of the views of affected ratepayers in the LGA as a whole.

The full Hunter Research Foundation report is provided as **Attachment 8**.

**3.1 Demographic comparison – Did the survey accurately represent the community in the Lismore LGA?** *(Section 3.2.1 of the HRF Report)*

The HRF compared the demographic characteristics of those surveyed with the 2011 Census of Population and Housing to assess whether the survey was a representative sample of ratepayers in the Lismore LGA, and results could be used as a quantitative representation of ratepayer views, including the silent majority. HRF’s analysis showed that *the sample provides a good fit against the Census data, allowing for the older age profile, higher level of participation in the workforce, and higher overall level of household income to be expected among ratepayers compared to the community as a whole.*

**3.2 Did ratepayers know about the Biodiversity Management Strategy?** *(Section 3.2.2 of the HRF Report)*

The HRF asked interviewees *How aware are you of Council’s Draft Biodiversity Management Strategy?* and how important nine key activities in the BMS was to them on a scale where 5 is very important and 1 is very unimportant. These questions aimed to assess ratepayer’s awareness and view’s on what funding raised through the proposed SV would achieve through implementing the BMS. *Figure 6* below shows how aware interviewees were of the BMS and *Figure 7* below shows which of nine key actions they were in most favour of.

***Figure 6*** *Importance of Draft BMS activities to ratepayers – mean scores*

***Figure 7*** *Importance of Draft BMS key activities to ratepayers – mean scores*

**3.3. Did BMS activities meet the ratepayer’s expectations?** *(Section 3.2.3 of the HRF Report)*

After rating key BMS activities, interviewees were asked *How well do these activities match your expectations for how Council should be managing biodiversity in the Lismore area?*

The HRF found that *Overall, affected ratepayers gave the activities a moderate endorsement with quite well the most frequent rating (41%) across all ratepayer categories* (As shown in *Figure 8* below)*. However, the overall response was somewhat lukewarm with second most frequent response a little bit (34%), while the proportion who said the activities did not meet their expectations at all (12%) more than balanced those who said their expectations were met very well (9%).*

***Figure 8*** *Ratepayer rating of how well BMS activities meet their expectations*

**3.4 Did ratepayers think the rate rise was a reasonable price to pay for BMS activities?***(Section 3.3.1 of the HRF Report)*

The HRF provided interviewees with information regarding the proposed rate increase in terms of the average rate increase for each rating category. They were also offered an idea of what the rate increase would be for their property in the first year (only 8% of respondents opted for this option). Interviewees were then asked:

*Do you agree or disagree that the amount I just gave you would be a reasonable price to pay for undertaking the activities in the Biodiversity Management Strategy?*

The HRF found that *just over half the affected ratepayers as a whole (61%) ‘agreed’ or ‘strongly agreed’ that the estimated amount of rate rise that would apply to their property was a reasonable price to pay.* *However, almost four in ten (37%) disagreed or strongly disagreed.* Further to this, as shown in *Figure 6* below, HRF also found that *those who disagreed tended to express their views in stronger terms than those who agreed. As a result the average rating on this question for the affected ratepayer community as a whole was just on the positive side of neutral.*

***Figure 9*** *Whether rate rise is a reasonable price to pay for BMS activities*

The HRF Report analyses these results further in terms of which rating categories differed in their ratings for the question posed above. They found that t*he rate rise issue also resulted in the strongest differentiation between ratepayer categories of any question in the survey, with half the farmland ratepayers (49%) ‘disagreeing’ that the rate rise is a reasonable price to pay while more than half the residential (58%) and urban ratepayers (64%) ‘agreed’. Further, the farmland respondents expressed their views more strongly than did the rural residential and urban respondents.* *The average scores for each group were thus close to neutral, but on opposite sides*, as shown in *Figure 11* below.

***Figure 11*** *Rating of proposed rate rise by ratepayer category – mean score*

**3.5 Could ratepayers afford the proposed rate increase?***(Section 3.3.2 of the HRF Report)*

Following the question of whether the proposed SV was a reasonable price to pay for the BMS activities respondents were asked:

*Do you agree or disagree that you would be able to afford the rate increase I just gave you if it was approved?*

The HRF found that *there was a strong correlation between ratings of whether the rate rise was a reasonable price to pay and whether it would be affordable to the affected ratepayer. Nevertheless, in contrast to their polarised views about whether the proposed rate rise is a reasonable price to pay, two-thirds of affected ratepayers (66%) agreed or strongly agreed that the amount of the rate rise that would be applicable to their property would be affordable for them, while just under one-third of the affected ratepayers (29%) indicated that they would not be able to afford the rate rise.* These responses are summarised in *Figure 10* below.

***Figure 10*** *Whether rate rise is affordable for affected ratepayers*

The HRF study observed that *the specific objections to the rate rise (shown above) suggest that some respondents may have disagreed that the rate rise would be affordable for them as a further way of registering their opposition to it, rather than as an indication of their capacity to pay.*

*There were no significant differences in affordability rating between ratepayer categories, nor between genders, age groups or land values. However, affordability increased significantly with household income* (shown in *Figure 11* below)*.*

***Figure 11*** *Affordability of proposed rate rise by household income – mean scores*

**3.6 Key findings in the HCF Report**

The HRF made the following key findings through their study:

• *The final sample provided a good fit against 2011 Census data, allowing for the older age profile, higher level of workforce participation, and higher overall level of household income to be expected among ratepayers compared to the community as a whole.*

*• The results highlighted differences in attitudes between ratepayer categories, particularly farmland and urban ratepayers, with farmland ratepayers consistently less supportive of the Draft BMS, Council, and in particular the proposed rate rise than were urban ratepayers. Demographic differences existed between the ratepayer categories, and were reflected in the survey results.*

*• Over 90 per cent of affected ratepayers had at least heard of the Draft BMS, although the majority indicated they did not know much about it. About one-third were at least somewhat aware.*

*• All of the nominated Draft BMS activities were rated as at least important by the majority of affected ratepayers in the LGA as a whole. The activity rated the most important by affected ratepayers as a whole was improved management of roadside weeds in the Lismore Council area, followed by managing threats to koalas and their habitat, and developing clear Council guidelines for sustainable development in the Lismore Council area.*

*• Affected ratepayers gave the activities a moderate endorsement in terms of how well the activities met their expectations for how Council should be managing biodiversity in the Lismore area. The most frequent rating (by 41% of all respondents) was that the activities met their expectations quite well. The second most frequent response was a little bit (34% of all respondents), while the proportion who said the activities did not meet their expectations at all (12%) more than balanced those who said their expectations were met very well (9%).*

*• The most contentious issue of any canvassed in the survey was whether the proposed rate rise would be a reasonable price to pay for the BMS activities. Just over half the affected ratepayers as a whole (61%) agreed or strongly agreed that the estimated amount of rate rise that would apply to their property was a reasonable price to pay. However, almost four in ten (37%) disagreed or strongly disagreed. Further, those who disagreed tended to express their views in stronger terms than those who agreed. As a result the average rating on this question for the affected ratepayer community as a whole was just on the positive side of neutral.*

*• The average score for farmland ratepayers was on the negative side of neutral, rural residential ratepayers were polarised, and urban ratepayers were on the positive side of neutral and significantly more supportive of the BMS rate rise than farmland ratepayers.*

*• Nevertheless, the majority of all ratepayer categories and demographic groups, except those with the lowest level of household income, agreed that the proposed BMS rate rise would be affordable for them. Inability to afford the rate rise was the main objection to it most frequently cited by respondents who opposed it. Negative perceptions of Council’s efficiency and spending priorities accounted for the rest. The majority of ratepayers who objected to the rate rise, equating to about one-quarter of the affected ratepayer community, would not support it under any circumstances.*

*• While only a small minority (11%) of respondents indicated it would affect their views, the possibility of a SV in 2018/19 to fund infrastructure renewal has the potential to impact the overall level of support for the proposed BMS rate rise by polarising the affected ratepayer community.*

**ROUND 2: Consultation between 24 October 2015 and 21 November 2015**

During Council’s initial community consultation on the SV, between November 2014 and February 2015, Council did not include sufficient detail on rate-pegging impacts on ratepayers associated with the proposed SV and proposed expenditure of the BMS. Therefore during community consultation conducted between 24 Oct 2015 and 21 Nov 2015, this information was provided Council. This consultation ran concurrently with proposed amendments to Council’s *Imagine Lismore* 4 Year Plan and Long Term Financial Plan.

As detailed in Section 4.1, during the 28 day consultation period, Council conducted a number of consultation strategies. The community were able to provide their feedback to Council via email, letter or the online submission lodgement system.

Council received 42 submissions. Submissions related both to the proposed SV and the proposed amendments to the community strategic plans (CSP). Of these 42 submissions, 37 provided comment only on the proposed SV and 5 made comment on both the CSP documents and the proposed SV.

Regarding the proposed SV, 19 submissions were supportive, 21 objected to the proposal and 2 were inconclusive.

**A summary of key issues raised were:**

Key issues raised in the second round of consultation were consistent with those raised in the first round of consultation. Broad reasons for opposing the SRV focused on the need for Council to maintain a focus on roads and essential infrastructure services, a lack of confidence that Council will spend money the way outlined in the BMS, an inability to afford the rate increase and concerns that there was duplication with other government agencies.

Broad reasons for supporting the proposed SV were that the rate increase was very small and the importance and benefit to the region’s biodiversity were high.

# 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 proposed SV is for a single year rate increase in 2016/17 to be retained permanently in the rates base. The percentage increase is 3.6% of Council’s Total Rating Income, which includes the annual rate-peg increase of 1.8% and 1.8% to fund the BMS. In the first year (2016/17), the BMS component of the proposed SV would raise $500,000 and in subsequent years this amount would increase by the annual rate-peg.

Ratepayers in the Farmland, Residential - Rural and Residential - Urban/Villages rating categories would incur both the rate-peg and BMS components of the SV to be applied to rates from 2016/17. For ratepayers in the Business rating categories, only the annual rate-peg component of the SV is to be applied to rates from 2016/17. Council considers business rates are already too high and business ratepayers would not receive sufficient benefits from implementation of the BMS to warrant paying the increase.

Only the annual rate-peg component of the SV would be applied to ratepayers in the Business rating categories. Meaning Farmland, Residential - Rural and Residential - Urban/Village rating categories will pay slightly more to make up the 3.6% of the total SV.

Council has recently received a new general valuation with a base date of 01/07/2015 which will take affect for rating purposes from 01 July 2016. This is also the proposed start date for the proposed SV.

The implementation of the new valuation, with differing valuation increases across various rating categories, plus the setting of 1.8% rate pegging limit, compared to the estimated 2.5%, means that the average increase for the relevant BMS categories has changed since the consultation. The table below sets the estimated impact on the effected rated categories:

|  |  |  |
| --- | --- | --- |
| **Rating Category** | **Average Increase (2.5% assumed rate peg) in Consultation** | **Updated Average Increase based on revised valuations** |
| Farmland | 4.7% | 3.7% |
| Residential-Rural | 4.7% | 3.9% |
| Residential-Urban/Village | 4.7% | 3.6% |

There are no other planned changes to the rating structure for 2016/17.

### Minimum Rates

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

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

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

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

The rate peg percentage

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

## 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 was able to assess the community’s capacity and willingness to pay the proposed SV by firstly consulting with the community widely in the *Imagine Lismo*re consultation process to identify their visions.

**Identifying what the community wanted and might be willing to pay for**

In 2012 Council conducted the largest community consultation process that Lismore has ever seen, the *Imagine Lismore* community consultation process, as detailed in Section 3.1. This process identified that the community wanted Council to provide *environmental leadership*, which lead to the development of Council’s *Imagine Lismore 4 Year Plan* that set out for the development of a BMS to deliver on this community vision.

Further to this Council investigated options to fund implementation of the BMS. Through this analysis Council decided an SV would provide the only viable option to reliably fund the BMS in the long term.

Council’s consultation process (see below) provided Council with an opportunity to identify the community’s willingness and capacity to pay for an SV to implement the BMS and deliver on their vision.

**Community consultation on the proposed SV**

Council conducted specific consultation with the community on the proposed SV (this consultation process has been detailed in Section 4.1).

Council conducted a wide variety of consultation methods to reach as many ratepayers and residents as possible. These included inviting written submission through actively engaging the community, holding a Community Forum and engaging the Hunter Research Foundation to provide a representative view into ratepayer views. The outcomes from these fundamentally different methods resulted in contradictory results:

• Written submissions received over the initial 3 month consultation period indicated broad support for the BMS (Support – 44%, Oppose – 26%, Inconclusive – 39% and broad opposition to the proposed SV (Support – 39%, Oppose – 59%, Inconclusive – 2%),

• Written submissions received over the second consultation period of 28 days indicated broad opposition to the proposed SV (Support - 45%/19 submissions, Oppose 50%/21 submissions, Inconclusive – 5%/2 Submission),

• Community Forum ratepayers voted 9-6 against Council applying for a the proposed SV, and

• HRF survey found that 61% of affected ratepayers agreed/strongly agreed that the estimated amount of rate rise was a reasonable price to pay and 66% of ratepayers agreed/strongly agreed that the proposed rate rise was affordable.

These mixed results presented Council with the challenge of identifying the community’s true capacity and willingness to pay the proposed SV. Therefore Council weighed up the merits of each consultation method in its capacity to accurately assess the Lismore community’s (as a whole) willingness and capacity to pay for the proposed SV. See this analysis of consultation methods below:

Written submissions

*Merits*

• This method attracts those with strong interest on the topic

• Captures a wide audience and a wide range of views

• Provides easy and varied ways for people of different capacities to provide a submission (e.g. online, walk-in, email, letter).

*Challenges*

• This method does not provide quantitative and representative views within the community as it does not provide a random sampling method, tends not to tap into those who are relatively happy and attracts those with strong views.

• There is no way for Council to determine the proportion of ratepayers in each category that provided submissions, meaning it does not provide a quantitative breakdown of views in each of the categories and does not consider the proportion of ratepayers in each category.

• It is difficult to identify duplicated submissions (e.g. emails provide an avenue for making a submission without providing an address).

• Council is unable to verify the identity of each submitter and thereby validate the submission.

Community Forum

*Merits*

• Participants can make independent, informed recommendations to Council

• It is not possible for particular interest groups to skew representation

• The broadest possible cross section of opinion is accessed to assist Council’s decision making.

*Challenges*

• A low response rate ( in this case 4% of those invited to attend) lowered the merits of this method as it undermines the random sampling method and means there is underrepresentation of the ‘silent majority’ (those less engaged members of the community).

• If the invitees do not show on the day there may be a skewed cross-section of the three ratepayer categories on the day. This could compromise the representativeness of the participants.

Independent, stratified random survey of ratepayers by Hunter Research Foundation

*Merits*

• Ratepayers were randomly selected from the White Pages and matched against property addresses in the rating database

• Multiple contact attempts yielded a high response rate (88%), with very few people refusing to take part

• Small ratepayer categories (i.e. Farmland and Residential – Rural) were oversampled

• The sample was designed to give each affected ratepayer category a ‘voice’ (since ratepayers were targeted, there was high confidence that the survey captured the views of those most likely to be paying).

*Challenges*

• The sample size able to be achieved depends on the amount of funding available to contribute to the costly exercise of engaging an independent consultant. However sample size and true representation can be tested for its accuracy by comparing survey results from larger surveys such as the Australian census survey (e.g. the HRF survey demographics results are comparable with that of the last census count in 2011, meaning it is likely the survey achieved a representative sample of the community in the Lismore LGA).

In assessing the merits and challenges of each method, above, Council decided on 14 April 2015 that the community had the willingness and capacity to pay for the proposed SV, and apply to IPART for the proposed SV.

This decision was partly based on the higher level of confidence that was offered by the independent stratified random survey of ratepayers conducted by the HRF (Section 4.2). This level of confidence was fostered by the sample being considered representative of all impacted ratepayers in the Local Government Area (LGA) and it captured the silent majority.

Another supportive factor was the amount of the SV. Based on the approved rate peg of 1.8%, the SV would have the following impact on the average farmland property rates in 2016/17 - $88 ($48 for the BMS), average residential - rural property rates - $55 ($30 for the BMS) and average residential - urban/village property rates - $44 ($24 for the BMS). This is considered affordable.

At the same time, the Council acknowledges that the Lismore Local Government Area is disadvantaged from a socio-economic perspective. Based on the Socio-Economic Indexes for Areas (SEIFA) published by the Australian Bureau of Statistic.

1. The Lismore LGA is ranked 66 out of the 152 LGAs within NSW

2. The Lismore LGA is ranked 216 out of the 563 LGAs with Australia.

The lower the ranking is an indication of an LGAs relative disadvantaged compared to other areas.

The Council was also mindful that Lismore average rates are high by comparison to other local councils as presented below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Council** | **Financial Year** | **Farmland** | **Residential** | **Business** |
| **Lismore** | 2014/15 | $2,166 | $1,136 | $4,582 |
|  | 2015/16 | $2,221 | $1,163 | $4,678 |
| **Ballina** | 2014/15 | $1,316 | $860 | $2,926 |
|  | 2015/16 | $1,384 | $901 | $3,045 |
| **Byron** | 2014/15 | $1,787 | $1,077 | $2,668 |
|  | 2015/16 | $1,827 | $1,101 | $2,686 |
| **Clarence Valley** | 2014/15 | $1,249 | $918 | $2,469 |
|  | 2015/16 | $1,306 | $939 | $2,503 |
| **Kyogle** | 2014/15 | $1,328 | $785 | $993 |
|  | 2015/16 | $1,472 | $864 | $969 |
| **Richmond Valley** | 2014/15 | $1,270 | $785 | $2,219 |
|  | 2015/16 | $1,334 | $808 | $2,359 |

## Addressing hardship

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

|  |  |  |
| --- | --- | --- |
| Does the council have a Hardship Policy? | Yes | No |
| If Yes, is an interest charge applied to late rate payments? | Yes | No |
| Does the council propose to introduce any measures to reduce the impact of the proposed special variation on specific groups in the community? | Yes | No |

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

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

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

The Council’s has a Rates & Charges Hardship Policy. The Hardship Policy sets out how Council will respond to ratepayer requests for assistance because the payment of rates and charges would cause genuine financial hardship.

The categories for which Council may apply its discretion are in accordance with the LGA 1993 being:

Section 564 – Payment Arrangement

Section 567 – Write off Accrued Interest Charges

Section 577 – Extension of Pension Concession

Section 601 – Hardship resulting from a General Revaluation

Section 575 – Pensioners Concessions

Section 582 – Reductions for Eligible Pensioners

A copy of Council’s Rates & Charges Hardship Policy is provided as **Attachment 10**.

# 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 2012 Lismore City Council consulted its community on what it envisaged for the Lismore LGA into the future. This process was called *Imagine Lismore*, and was widely regarded as exceeding best practice in terms of community consultation. This consultation process identified the environment to be at the very top of our community’s priority list and the community envisaged Council providing *environmental leadership*.

**Community Strategic Plan 2013-2023**

To deliver on this vision Council proposed in its Community Strategic Plans (CSP) to development the Biodiversity Management Strategy (BMS). The Biodiversity Management Strategy is Council’s key strategy to deliver the environmental outcomes that the Lismore community said it wanted.

The Council adopted its Community Strategic Plan (*Imagine Lismore* 10 Year Plan) at its 25 June 2013 meeting. An extract of the minutes follows:

*125/13 11.2 Imagine Lismore*

*RESOLVED that:*

*1. All submissions and petitions be received and noted.*

*2. The Imagine Lismore 10, 4 and 1 Year Plans be adopted with the following amendments:*

Extracts from the Community Strategic Plan (*Imagine Lismore* *10 Year Plan*) relevant to the SV are provided as **Attachment 13**.

**Delivery Program 2013-2017 & Long Term Financial Plan 2015-2025**

The amendments to Council’s strategic documents, specifically the *Imagine Lismore 4 Year Plan* and LTFP, included specific details on the proposed SV, the impact of the proposed rate increase on those affected, Council’s process to reach the decision to apply to IPART for the SV and the specific deliverables from the additional rate income. In addition to this the LTFP included separate scenarios/models of the key financial results with and without the proposed SV.

These amended strategic documents were placed on public exhibition for 28 days between 24 October 2015 and 21 November 2015. In addition to this Council also exhibited further information on its propose SV associated with the rate-peg impact on ratepayers and scenario planning.

The Council adopted its amended Delivery Program (*Imagine Lismore* 4 Year Plan) 2013-2017 and Long Term Financial Plan at its 8 December 2015 meeting (**Attachment 2**):

*211.13 Amendments to Imagine Lismore 4 Year Plan 2013-2017 and Long Term Financial Plan 2015-2025*

*RESOLVED that:*

*• Receive and note public submissions received to the amended Imagine Lismore 4 Year Plan 2013-2017, Long Term Financial Plan 2015-2025 and additional information on the proposed special rate variation.*

*• Adopt proposed amendments to the Imagine Lismore 4 Year Plan 2013-2017 and Long Term Financial Plan 2015-2025.*

*• All submissions received in both this consultation and the initial consultation is submitted to IPART for consideration with Council’s Special Rate Variation application.*

Extract from the Delivery Program (*Imagine Lismore* 4 Year Plan) relevant to SV are provided as **Attachment 11**.

Extracts from the LTFP relevant to the SV are provided as **Attachment 12**.

**Resolution to submit a special variation application for the BMS**

After an analysis of funding options, Council identified a special rate variation as being the most viable option to implement the BMS without significantly impacting on Council’s existing services. On 11 November 2014 Council resolved to consult the community on the proposed SV to implement the BMS. This consultation would inform Council’s decision on whether to apply to IPART for the SV and to understand the community’s willingness and capacity to pay a SV to implement the BMS.

Following community consultation undertaken for 3 months between 26 November 2014 and 24 February 2015.

The Council resolved at its 14 April 2015 meeting to:

*11.1 Draft Biodiversity Management Strategy and application for a $500,000 Special Rate Variation*

*49/15*  *RESOLVED that:*

*1. Council resolves to adopt the attached Biodiversity Management Strategy 2015-2035 with proposed amendments.*

*2. Council resolves to apply for an ongoing Special Rate Variation of $500,000 per year to fund implementation of the Biodiversity Management Strategy commencing in 2016/17 and to be levied on Farmland, Residential - Rural and Residential – Urban/Village rating categories.*

*3. Council resolves to amend all relevant strategic documents to reflect Council’s resolution in Item 2 above.*

The minutes of the Council meeting are provided as **Attachment 1**.

# 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.

**Asset Management Improvements**

Council has undertaken significant review and improvement of its asset management functions and processes over the last 3-5 years. A review of the Infrastructure Services Department was undertaken by COMPLETE URBAN in 2011. This review focused on the efficiency and effectiveness of the department and made a significant number of recommendations, all of which have been implemented. In 2013, a review of the roles and responsibilities of staff involved in asset management and maintenance was undertaken by Morrison Low. This review focused on who was doing what within the organisation in relation to the roles of asset owner, asset custodian, service manager and asset maintainer.

This review also recommended that Council divert existing capital funds from rehabilitation and reconstruction projects to re-sealing of the existing road network to maintain the seals on our road pavements. This strategy, coupled with a philosophy of only replacing what exists i.e. limiting expansion or upgrades to meet statutory requirements only, would “hold” the network in its current condition and prevent further deterioration of underlying pavements. This strategy has since been adopted and is a key cornerstone of our strategy to address our infrastructure backlog.

As a result of these reviews, there have been additional staff appointed to the assets team with two full time positions created to assist in asset management tasks. The roles of asset owner and asset custodian have been assigned to the assets team and Council’s works section is now focused on construction and maintenance. The assets team now makes all strategic decisions regarding capital renewal and the allocation of funding to these activities. For Council’s largest asset group, sealed roads, these decisions are informed through the development of an Optimised Decision Making Tool – a software program that allows Council to model the outcomes for its network from different budget scenarios. It also allows staff to ensure that value for money is delivered in the allocation of capital renewal funds.

The tool was developed with the assistance of Jeff Roorda and Associates who have been assisting with a major review and enhancement of our transport asset management plan. This included a complete condition assessment of the sealed road network and revaluation as at 30 June 2014. The tool is currently being further developed for use with other asset groups e.g. water and wastewater. Council maintains a strong relationship with Jeff Roorda and Associates and will be engaging them to undertake some benchmarking of our asset management related processes and activities e.g. costs, methodologies, useful lives etc. in the coming months.

Council has also been identifying assets that are surplus to requirements and these are being disposed to reduce our future renewal, maintenance and operational liabilities. Examples of this include:

• Closure and part demolition of the former Lismore Club in Club Lane Lismore.

• Closure and planned demolition of Pavilion 2 at Blair Oval Lismore.

• Closure of the Lake Swimming Pool at South Lismore.

• Sale of a property in Bounty Street Lismore.

• Sale of a property in Club Lane Lismore.

• Sale of a Council owned childcare business and property in Goonellabah.

• Identification of a number of pocket parks for sale to adjoining land owners.

• Closure of Council’s CBD Office and rental on a commercial basis with a view to future disposal.

**The Service Level Review**

It is important to make the distinction between the Service Level Review and the Service Delivery Review. The Service Level Review looks to change the level of service through community engagement to reduce costs. The Service Delivery Review also looks to reduce costs but through productivity and efficiency gains made by changing the way that services are delivered. The Level Review is an external process and Delivery Review is an internal process.

The Service Level Review will involve extensive engagement with the community and Councillors. By understanding the consequences of changes to funding levels, the community and Councillors will be able to make informed choices to find a balance between the level of service and the community’s willingness to pay.

From this community involvement we will make a decision on the proportion of service level reductions and rate increase that we will use to provide a positive impact to the budget of at least $3M in recurrent funding over 2017/18 and 2018/19, and at least an additional $1M in recurrent funding in 2021/22.

It should be noted that a similar process was carried out internally by management and Councillors in 2012/13. This process resulted in total saving of $1.2M without a negative impact on the community. These savings were made by reducing the level of service in park maintenance, Council property management, community development, library opening hours and external advertising.

**The Service Delivery Review**

In addition to the two Service Level Reviews, we will conduct a Service Delivery Review. The Service Delivery Review looks at how we deliver service with the intension of making our service provision as productive and efficient as possible. The first part of this is an in depth review of each of the services, making improvements through business process management, implementing the ideas of frontline staff, customer needs analysis and systems thinking.

The second part of the Service Delivery Review is the Cultural Development Strategy. This is an organisational wide strategy that will improve the whole organisation’s capacity to meet the needs of the community. It consists of staff development, the improvement of internal communication and improving accountability through better performance management.

The Service Delivery Review is in its infancy with only two services reviewed out of a total of 37. This review yielded savings of over $650,000/year on an ongoing basis. The savings that we make from the Service Delivery Review will be put to the overall annual shortfall. They will reduce the amount of money that we need to gain by raising rates or save by cutting services.

The rolling review of services will visit all services in priority order over the next 4 years. Each service will be systematically reviewed following the ACELG Service Review Manual. New service delivery models such as outsourcing, co-sourcing, shared service and community partnerships will be considered. Where services continue to be delivered by the Council, improvements will be made through the implementation of the principles of the Australian Business Excellence Framework such as systems thinking, business process management, and an improved understanding of service customer needs.

**Conclusion**

Approval of the Council’s 3.6% special rate variation application will provide $500,000 on an ongoing basis for the Council to fully implement the communities’ vision of environmental leadership as expressed in the *Imagine Lismore* 10 Year Plan.

This will be undertaken in accordance with the Biodiversity Management Strategy, as this is the guiding document that details a range of management activities and incentives used to manage Lismore high-value biodiversity while ensuring the preservation of its productive agricultural land.

While the Biodiversity Management Strategy incorporates many regional biodiversity management strategies and research, it also supports Regional Development Australia – Northern Rivers policy position and statements around Tourism and Agriculture:-

*‘To ensure that the region’s existing ‘clean and green’ image is not just maintained but enhanced, the Northern Rivers has embraced the principles of ecological sustainable development. In so doing, the region is assured of remaining a great place to live and invest in.’*

*‘RDA–NR is committed to a coordinated partnership approach to managing natural resources and regional development and understands the importance of underpinning sustainable, resilient and equitable food farming practices for long term productivity and associated economic activity.’*

*‘RDA–NR recognises the importance of environmental sustainability underpinning long term agricultural productivity and associated economic activity and that agricultural and rural land.*

The application is now submitted for IPART to determine.

# 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 e.g. extract from the Community Strategic Plan.

Other attachments will be required from some, but not all, councils. For example, extracts from the Asset Management Plan would be required from a council seeking approval of a special variation to fund infrastructure.

Councils should submit their application forms and attachments online through the Council Portal in the following order. Councils may number the attachments as they see fit.

|  |  |
| --- | --- |
| Item | Included? |
| **Mandatory forms and Attachments** |  |
| Part A Section 508A and Section 508(2) Application form (Excel spreadsheet) |  |
| Part B Application form (Word document) – this document |  |
| Relevant extracts from the Community Strategic Plan |  |
| Delivery Program |  |
| Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format |  |
| NSW Treasury Corporation report on financial sustainability |  |
| Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and proposed special variation |  |
| Community feedback (including surveys and results if applicable) |  |
| Hardship Policy |  |
| Resolution to apply for the proposed special variation |  |
| Certification (see Section 9) |  |
| **Other Attachments** |  |
| Relevant extracts from the Asset Management Plan |  |
| Past Instruments of Approval (if applicable) |  |
| Resolution to adopt the revised Community Strategic Plan (if necessary) and/or Delivery Program |  |
| Other (please specify) |  |

|  |
| --- |
| Attachments List |
| **Part A** Section 508A and Section 508(2) Application form (Excel spreadsheet) |
| **Part B** Application form (Word document) – this document |
| **Attachment 1 -** Resolution to apply for the proposed special variation (14 April 2015) |
| **Attachment 2** - Resolution to adopt the revised Delivery Program (imagine Lismore 4 Year Plan) and revised Long Term Financial Plan (8 December 2015) |
| **Attachment 3** - Long Term Financial Plan, Model 4 - General Fund – Includes Special Rate Variation for Biodiversity Management Strategy |
| **Attachment 4** - Long Term Financial Plan Model 5 – General Fund – Excludes Special Rate Variation for Biodiversity Management Strategy. |
| **Attachment 5** – Planned expenditure of the special rate variation to implement the Biodiversity Management Strategy |
| **Attachment 6** – Consultation activity register with relevant media releases, newspaper articles, fact sheets, and letters relating to the rate increase and proposed special variation |
| **Attachment 7** - Community feedback – detailed issues raised in submissions to proposed special variation |
| **Attachment 8** – Community survey report by Hunter Research Foundation |
| **Attachment 9** – TCorp assessment of Council’s financial sustainability 2013 |
| **Attachment 10** – Rates and Charges Hardship Policy |
| **Attachment 11** – Relevant extracts from amended Delivery Program – *Imagine Lismore* 4 Year Plan |
| **Attachment 12** – Relevant extracts from amended Long Term Financial Plan |
| **Attachment 13** – Relevant extracts from Community Strategic Plan – *Imagine Lismore* 10 Year Plan |
| **Attachment 14** - Certification (see Section 9) |
| **Attachment 15 -** Past Instrument of Approval |
| **Confidential Attachments** |
| All written public submissions regarding the proposed SV (Submitted with hard copy of the application only) |

# Certification

**APPLICATION FOR A SPECIAL RATE VARIATION**

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

Name of council: Lismore City Council

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

General Manager (name): Gary Murphy

Signature and Date:

Responsible Accounting Officer (name): Rino Santin

Signature and Date:

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

1. The Guidelines are available at [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au) [↑](#footnote-ref-1)
2. See [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au). [↑](#footnote-ref-2)
3. See Planning Circular 10-025 dated 24 November 2010 at [www.planning.nsw.gov.au](http://www.planning.nsw.gov.au) and for the most recent Direction issued under section 94E of the *Environmental Planning and Assessment Act 1979*. See also Planning Circular PS 10-022 dated 16 September 2010. [↑](#footnote-ref-3)
4. [http://www.ipart.nsw.gov.au/Home/Industries/Local\_Govt/Special\_Variations\_and\_  
   Minimum\_Rates](http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Special_Variations_and_Minimum_Rates) [↑](#footnote-ref-4)
5. The IP&R documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and where applicable, the Asset Management Plan. [↑](#footnote-ref-5)
6. Office of Local Government (then Division of Local Government), *Integrated Planning and Reporting Manual for local government in NSW*, March 2013, pp 5-6. [↑](#footnote-ref-6)