

Special Variation Application Form – Part B

For 2016-17

Issued January 2016

Insert Name of Council: Gwydir Shire Council

Date Submitted to IPART: 15th February 2016

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1 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

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.

1.1 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.

¹ The Guidelines are available at www.olg.nsw.gov.au

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

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.

1.2 Notification and submission of the special variation application

Notification of intention to apply

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

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

² See www.ipart.nsw.gov.au.

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](#) for the Portal will assist you with the registration and online submission process. If you experience difficulties please contact Himali Ranasinghe on (02) 9113 7710 or by email himali_ranasinghe@ipart.nsw.gov.au

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

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

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

Hardcopy of application

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

Local Government Team
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240
or
Level 15, 2-24 Rawson Place, Sydney NSW 2000.

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

2 Preliminaries

2.1 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.

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

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

Council made a previous application to IPART for a 2 x 15% (cumulative 32.25%) increase over 2 years commencing 2015-2016. IPART approved a temporary increase of 15% for 2015-2016.

This application will essentially achieve the same results as our initial application and address the shortfalls in that application as identified by IPART.

Following last year's submission, a round of community meetings were held in regarding the State Governments Fit For the Future program and Gwydir Councils evaluation.

It was clear from these meetings (which were well attended) that two things were evident once our situation was explained – at the close of the meetings a poll was taken and there was overwhelming support for a) Councils continued existence, b) the services provided and c) given what was at stake, support for the rate increase (unfortunately this support was after our submission was provided to IPART).

Further, given that our performance in community consultation was questioned by IPART, the University of Technology Sydney, Centre for Local Government was engaged to address the community engagement issue. Once the attendees were explained and worked through the relevant issues, there was overwhelming support for what the Council does and for the SRV application of 30% in 2016-2017 being presented to IPART for consideration.

Council has also addressed the issue of costing service level reductions and has provided a ten year plan where surplus results are achieved each year in the plan. Some fine tuning is still required to ensure operating results are stabilised and/or show a slight upward trend, but this is a major turn-around for council where past results have shown operational losses every year – the highest in recent years was a \$7.5m loss (\$9.3m before capital grants) in the 2013-2014 financial year.

It is clear that if Council continues with 'Business as usual' without a Special Rate Variation increase and without changes in service levels, it falls far short in almost every measure of sustainability.

However, with the proposed Special Rate Variation and the proposed changes to services, Council will, or be very near meeting all sustainability measures. With fine tuning, which will take time and further community consultation regarding service levels, these targets can now be achieved.

2.3 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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If Yes, has a review been done and submitted to OLG?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

3 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).

3.1 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.

There has been significant community engagement by Council over the past few years in relation to services provided and ratepayer satisfaction. The results from past engagement exercises were supported by the current community engagement process, where strong support for Council and the services provided is evident.

Council has been aware for some time that the mix of revenues and services provided was not sustainable for the long term, but has postponed the process of applying for a special rate variation in part due to the complex, costly and time consuming nature of the application process. The Fit for the Future program instigated by the State Government however and recent financial outcomes have brought into focus that action in reviewing revenue and service levels required urgent action.

Without changes in revenues and service levels, Council would remain in a very sorry state with no realistic and feasible way towards becoming sustainable.

Without the additional income associated with this application, expenditure and associated service levels of Council would need to be drastically reduced – not an outcome that would be palatable to the community.

The proposed increase has the support of the Gwydir Community.

NOTE: Upon completing the Part A template, an error was identified in our rate forecasting – the 15% expiring SRV for 2015-2016 (\$718,783) was deducted after the proposed 30% SRV application rather than correctly deducting before the increase was applied.

On the positive side, this overstated the increase that would be applied to ratepayers. Even with this error there was support for the increase.

On the negative side, this overstated our rates income – the amount can be considered immaterial.

This error has only come to light as we were completing Part A of our submission.

We phoned IPART as soon as practicable after the error was discovered and discussed the appropriate course of action with Tony Camenzuli.

It was agreed that we should lodge our application, noting the error with the following additional points. Part A should show the correct information. A revised LTP should be lodged no later than tomorrow afternoon. Further, we will require evidence that the changes have the support and approval of the General Manager and that the revised plans will be adopted by Council at the earliest opportunity, which will be the Ordinary meeting on 25 February. (File reference GM's endorsement.pdf).

This resulted in a drop in income of approximately \$200k or around 2% (immaterial). From the 2017-2018 financial year onwards 25% of this reduction was offset by reduced materials and contract costs and 75% in capital works expenditure.

Council is committed to further reviewing service levels and relevant income/expenditure. Fine tuning of results going forward is expected with resultant positive impacts on operating results and ratios.

3.2 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.

There have been numerous studies and reports of late into the local government sector sustainability. The empirical evidence clearly shows that Council is not sustainable without significant change.

With the increased revenue outlined in this application and the changes in service levels achieved over the past couple of years, as well as the proposed changes going forward, Council can achieve financial sustainability. This is a significant change from the results provided in the recent reports, including NSW Treasury Corporations assessment of Councils performance.

3.3 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).

Without the approval of the proposed Special Rate Variation and implementation of identified savings, Council does not meet sustainability targets.

In most areas, in our proposed outcome, Council achieves, or goes very close to achieving benchmarks as shown in appendix C of the LTP. For the operating performance result, General Fund averages .164 from 2017-2026, compared to negative results prior. The benchmark for this measure is above zero.

General Fund own source revenue under the proposed option averages 57.3%, with a high of 59%. The benchmark for this measure is 60%.

Asset renewal averages 109% over the ten years. Note that this is all asset renewals against depreciation.

General Fund Debt Service Ratio ranges from 5% at the start of the ten years and drops to 2% at the end of the period, which is within the benchmark range of 0-20%.

At this point in time, no new borrowings are proposed and any new borrowings will only be sought if a strong business case supports that the borrowing costs can be met from the income generated by the activity been funded by the loan.

3.4 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

- ▼ 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)).

This section is not applicable.

4 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

³ See Planning Circular 10-025 dated 24 November 2010 at 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.

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

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.

⁴ http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Special_Variations_and_Minimum_Rates

Box 4.1 Where a council is renewing or replacing an expiring special variation

The council's application should show how you have explained to its community:

- ▼ There is a special variation due to expire at the end of the current financial year or during the period covered by the proposed special variation. This needs to include when the expiring special variation was originally approved, for what purpose and the percentage of (General Fund) general income originally approved.
- ▼ The corresponding percentage of general income that the expiring special variation represents for the relevant year.
- ▼ Whether the temporary expiring special variation is being replaced with another temporary or a permanent increase to the rate base.
- ▼ The percentage value of any additional variation amount, above the rate peg, for which the council is applying through a special variation.
- ▼ If the proposed special variation was not approved ie, only the rate peg applies, the year-on-year change in rates would be lower, or that rates may fall.

The council also must attach, to its application to IPART, a copy of the Instrument of Approval that has been signed by the Minister or IPART Chairman.

4.1 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.

As mentioned above, during community meetings to discuss the Fit for the Future, participants were asked at the end of the meeting about their support for Council's continued operation, the services provided and whether there was support for a repeat application for the proposed Special Rate Variation. There was overwhelming support for Council for each item.

The University of Technology Sydney, Centre for Local Government (UTS:CLG) was also engaged to provide a higher quality community engagement process for Council. After consideration, workshops and discussions with Council, they determined that a deliberative panel supported by a community survey to be the best option. The report provided by the consultants demonstrates strong support

for Council services and for the proposed rate increase, supported by targeted expenditure cuts. The report reference is Deliberative Panel Report_Final.pdf.

This report supports the conclusions that were taken from Councils prior Fit for the Future community meetings – that there is generally good support for Council and the services that are provided and that when the issues were explained, support for this Special Rate Variation application. The council report (File Ref CM_11022016_min_at_extra.pdf), demonstrates the community meetings in relation to the Fit for the Future, showing community support for a renewed SRV process - commences at page 23.

4.2 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.

Public submissions are discussed in the council report CM_11022016_MIN_AT_EXTRA.pdf, item 2, page 10.

There was only one letter received in relation to the SRV, which is included in the file reference CM_11022016_MIN_AT_EXTRA.pdf page 14, which raised some suggestions for service level reviews, but nonetheless supported our proposal for the rate increase. This submission was from the Warialda and District Chamber of Commerce, which is significant as the Council modified the relative contributions between the various categories towards the rates' burden and the Business Rating Category was increased from 2% to 4% with the consequent substantial increase for this category.

Resident polls during Fit For the Future community meetings where the need for increased rates was also discussed established widespread community support, as outlined in CM_11022016_MIN_AT_EXTRA.pdf from page 23.

The survey undertaken by UTS:CLG following the deliberative panel, also indicated support for Council's SRV application.

5 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.

5.1 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.

There are no proposed changes to the rating structure. The SRV will be applied under current differential rate apportionment.

5.1.1 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.

5.2 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.

While the current application is for 30%, this will equate to an average increase of 15%, as ratepayers are currently subject to the temporary SRV of 15% approved by IPART for 2015-2016.

Despite some negative feedback on the SRV application to IPART last year, complaints received after the issue of rate notices for 2015-2016 with the increased rates were essentially non-existent.

Deliberative panel report file reference Deliberative Panel Report_Final.pdf

Council report to adopt plans, including discussion on feedback CM_11022016_MIN_AT_EXTRA.pdf

As mentioned above, community support following the unsuccessful application to IPART last year has completely turned around and the community is now generally supportive of the proposed increase.

5.3 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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If Yes, is an interest charge applied to late rate payments?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the council propose to introduce any measures to reduce the impact of the proposed special variation on specific groups in the community?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

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 has a Debt Recovery Policy (file reference 12 7893 DEBT RECOVERY.pdf) and this policy is attached to this submission. This policy makes reference to 'hardship':

PENSIONERS/HARDSHIP

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

CONCLUSION

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

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

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

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

Outstanding Rates as a percentage

2007	2008	2009	2010	2011	2012	2013	2014
9%	10.4%	8.1%	9.2%	10.3%	7.7%	6.7%	7.24%

6 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

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 However, it would be expected that the Long Term Financial Plan would be posted, in a prominent location, on the council's website.

The draft documents were presented to Council for approval to exhibit on 17 December 2015 (file reference CM_17122015_MIN_AT_EXTRACT.pdf). The plans were intentionally left unfinished, with the intent of finalising our plans with community involvement. As the public exhibition period covered the Christmas/new year period, an extended period was adopted, with the closing date of 2 February 2016. The plans were available on Council's web site as well as Council offices.

More detailed financial information was provided to the deliberative panel.

7 Assessment criterion 5: Productivity improvements and cost containment strategies

Criterion 5 within the OLG Guidelines is:

⁵ The IP&R documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and where applicable, the Asset Management Plan.

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.

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.

Savings were discussed with the community and deliberative panel (file reference copy of savings.xls). These discussed options for two scenarios – with the SRV being approved and without SRV approval. Where practicable, these savings have been embedded into the current Long Term Financial Plan.

The exception is possible disposal of land and buildings. With the exception of net \$200k disposals in the financial year 2017-2018, no other asset sales are currently included in the LTP.

8 List of attachments

The following is a list of the supporting documents to include with your application.

Some of these attachments will be mandatory to all special variation applications eg, extracts from the Community Strategic Plan.

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

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

- **Debt Recovery Policy.** 12 7893 DEBT RECOVERY.pdf
- **Council Minutes – adoption of plans and resolution for SRV.** CM_11022016_MIN_EXTRA.pdf
- **Council Minutes – approval to display draft.** CM_17122015_AT_Extract.pdf
- **Savings identified through consultation.** Copy of Savings.XLSX
- **Deliberative panel report.** Deliberative Panel Report_Final.pdf
- **Delivery and Operational Plan, with LTP.** Delivery Operational Program 2016-2020 updated.pdf.
- **Fees and charges.** Draft 2016-2017 Fees and Charges.pdf
- **Workforce plan.** Draft Workforce Plan 2016.
- **Ratios.** FFTF Ratios.XLSM
- **LTP Scenario with no SRV.** NoSRV_Option Budget.pdf
- **LTP Scenario with SRV.** PreferredBudget.pdf
- **General Manager approval regarding error.** GM's endorsement.pdf
- **IPART notification of 2015-2016 application.** 15 8756 Notification - Ipart - Instrument Of Approval And Full Report For Special Variation 2016.pdf
- **Newspaper examples.** Newspaper articles.zip (Confidential - Copyright)
- **Revised LTP information - includes Consolidate and General Fund operating statements, cash flows, balance sheets and ratios.** Revised LTP Information.zip
- **Community Strategic Plan.** 15 2334 Adopted – Community Strategic Plan.pdf
- **NSW Treasury Corporation report on Gwydir.** Gwydir Shire Final Sustainability Report.docx

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

9 Certification

APPLICATION FOR A SPECIAL RATE VARIATION

To be completed by General Manager and Responsible Accounting Officer

Name of council: Gwydir Shire Council

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

General Manager (name): Max Eastcott

Signature and Date: 15 February 2016

Responsible Accounting Officer (name): Ron Wood

Signature and Date: 15 February 2016

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