

Our Reference: S25.11.3

30 November, 2016

The Director
Independent Pricing and Regulatory Tribunal
Local Government
PO Box Q290
QVB POST OFFICE NSW 1230

Dear Sir/Madam,

Re: Special Rate Variation – Fit for the Future Roadmap

I refer to the ongoing implementation of Council's Fit for the Future Action Plan and advise that Council resolved at its meeting held on 23 November, 2016 as follows:

- i) *Council note that an application for a Special Rate Variation is a strategy from its Fit for the Future 'Roadmap' endorsed in June 2015, and subsequently approved by IPART in October 2015;*
- ii) *Council adopt the 14.25% SRV (phased in over three (3) years) as its preferred scenario and lodge a notice of intention to IPART that Council will be submitting a Special Rate Variation Application at the nominated time as a permanent variation under Section 508A of the Local Government Act, 1993;*
- iii) *the Integrated Planning & Reporting Documents be updated to reflect the impacts of the 14.25% SRV, and the amended documents be included in the Community Engagement process;*
- iv) *a Community Engagement process be implemented to seek feedback on Council's position regarding a Special Rate Variation; and*
- v) *UTS be engaged to complete the SRV Community Engagement process utilising the methodology proposed in the UTS response to Council's brief.*

The 14.25% Special Rate Variation would be commenced on 1 July, 2017 and be phased in at 4.75% plus the Rate Peg for three years. The cumulative increase of the Special Rate Variation is 14.94%.

The purpose of the Special Rate Variation is to ensure the ongoing financial sustainability of Council and its community, and to ensure Council meets the Fit for the Future Benchmarks by 30 June, 2020 and then on a continuing basis. Specifically the Special Rate Variation funding in accordance with Council's FFF Roadmap during the period 2017/2018 to 2025/2026 will be allocated to the following:

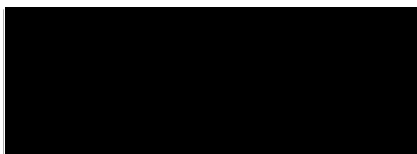
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- \$3.22M will be allocated to keeping the General Fund Budget in Balance to ensure existing Service Levels across all Council's General Fund functions are maintained;
- \$2.33M to additional maintenance and asset renewal activities on the Rural Road Network to ensure Service Levels are met and the useful lives of the assets are maximised (drainage, bitumen maintenance and patching, roadside slashing, gravel maintenance and patching, vegetation management etc);
- \$0.99M to road grading to enable existing Service Levels to be met as discussed at the October, 2016 Committee Meetings;
- \$5.10M to the Infrastructure Backlog, being for Heavy Patching, Pavement Stabilisation and Rehabilitation on the Regional Road Network (Council has the largest Regional Road Network in New South Wales);
- \$1.47M for additional Bitumen Reseals and Gravel Resheeting to prevent the Infrastructure Backlog from re-emerging;
- \$0.24M for Culvert and Causeway, Drainage, and Footpath Renewals;
- \$0.30M for Urban Asset Renewals; and
- A very small \$0.01M Operating Surplus for the Period.

Council notes that it has not previously applied for a Special Rate Variation since the inception of Rate Pegging in 1978.

Council's principle contact for the Special Rate Variation is Council's Director Corporate and Economic Services, Mr Ken Beddie who can be contacted on [REDACTED]

Yours faithfully



P J HENRY PSM

GENERAL MANAGER