

Independent Pricing and Regulatory Tribunal  
New South Wales

## Special Variation Application Form – Part B

**For 2019-20**

### **Burwood Council**

Date Submitted to IPART: 11 February 2018

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## Tribunal Members

The Tribunal members for this review are:

Dr Peter J Boxall AO, Chair

Mr Ed Willett

Ms Deborah Cope

Enquiries regarding this document should be directed to a staff member:

Scott Chapman (02) 9290 8449



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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* (the [Guidelines](#)). Councils should refer to these Guidelines before completing this application form.

Each council must complete this Part B application form when applying for a special variation to general income either under section 508(2) or section 508A of the *Local Government Act 1993* (NSW).

In addition, councils must complete the Part B form with the Part A (spreadsheet) form for both section 508(2) or section 508A 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 in the same rating year/s, the council may submit a combined special variation and minimum rate application (see Chapter 5 for circumstances where a combined application may be submitted). However, this must be clearly identified and addressed in the special variation application. A separate Minimum Rate application form (Part A and Part B) will need to be submitted where a council proposes increases to its minimum rates above the statutory limit for the first time, without increasing other ordinary rates in the same rating year. Councils are encouraged to discuss their proposed application with IPART as soon as possible.

As outlined in the Guidelines, new councils created in 2016 (apart from Mid-Coast Council) will be ineligible for special variations for the 2019-20 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.

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](#).

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 30 November 2018.

**Any councils that did not notify but intend to apply for a special variation for 2019-20 should contact us as soon as possible.**

### **Online submission of applications**

All councils intending to apply for a minimum rate increase must use the [Council Portal](#) on IPART's website to register as an applicant council and to submit an application.

You are required to submit the application, via the Council Portal, by **Monday 11 February 2019**.

The [User Guide](#) for the Portal will assist you with the registration and online submission process. If you experience difficulties please contact:



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▼ Arsh Suri - [Arsh\\_Suri@ipart.nsw.gov.au](mailto:Arsh_Suri@ipart.nsw.gov.au) or 02 9113 7730

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. We generally request supporting documents of the same type to be combined and most supporting document categories have a maximum number of 5 documents allowed. 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.

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## 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 submitting an 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". The purpose should be directly related to the special variation being sought and should be further detailed in the sections below.

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

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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.

Commences on next page.

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In 2010 Council spoke with the community in order to determine its priorities for the future. Following nine months of extensive consultation, the community's vision was incorporated into the *Burwood2030* Community Strategic Plan (CSP). One of the main priorities identified in this process was the need to improve and maintain local infrastructure such as roads, footpaths, kerbs and gutters, drainage and parks with 84% of residents considering this an important priority for Council.

Council then formulated a Resourcing Strategy which included a Long Term Financial Plan (LTFP), Asset Management Plan and Workforce Plan. These strategies provided an assessment of Council's current and forecasted capacity to ensure Council could sustainably carry out the community's needs and desires.

Once these Plans were implemented, Council undertook an extensive audit of all the roads footpaths, kerbs and gutter in the Local Government Area in 2012. Each footpath, road, kerb and gutter was given a category ranking between 1-5 based on their condition, forming the basis of Council's long term capital works management strategy. In addition, the audit identified an existing infrastructure backlog of \$168 million.

However, the rising costs associated with the delivery of infrastructure renewal became higher than the income received through the rates levy. This is due to Council's major source of revenue being limited in growth as a result of rate pegging. Despite consecutive years of positive financial results, the community's increasing demand for services and the rising costs associated with providing them meant that Council was unable to address the backlog of infrastructure.

Subsequently, Council conducted an extensive community consultation (Funding our Future) in 2013 to inform the residents of the need to address the infrastructure backlog and seek their feedback on preferred funding models. Included in the feedback was the proposal to seek a special variation with the Independent Pricing and Regulatory Tribunal (IPART). The consultation indicated that 99% of residents thought it was 'somewhat important' for Council to implement programs that will provide for better infrastructure and service. In addition, 67% of residents were 'somewhat supportive' of Burwood Council implementing a special variation.

Following the consultation, Council made an application to IPART for a special variation over a seven year period from 2014-2015 to 2020-2021. Council was only successful in obtaining a special variation for a four year period, expiring 2017-2018. IPART determined that a seven year increase with a 7.5% increase over the final three years of the variation would be too impactful on ratepayers despite there being an established need for the increase.

A second infrastructure audit was undertaken in 2016 to reassess the condition rating of Council's roads, footpaths, kerbs and gutters. The audit indicated an improvement in the overall condition of assets from 3.02 to 2.90 however demonstrated a clear need for further priority works to be undertaken.

Council's infrastructure backlog was also evaluated independently, revealing an overall backlog of \$20 million. The significant decrease in the backlog was due to both the capital works undertaken during the special variation period and a less conservative recalculation. Similar analysis undertaken by the NSW Government in 2016 determined Burwood Council's infrastructure backlog to be 58% which is significantly higher than neighbouring Councils Canada Bay (4%) and Strathfield (3%).

Furthermore, since applying for the special variation in 2013, Council's population has increased by approximately 6.5% with a population density of 53.85 persons per hectare

(Census 2016) with further increases expected based on major planning proposals currently being assessed by the Regional Planning Panel and Council. This increase in population and density has led to further strain being placed on local infrastructure which results in quicker deterioration of the rating conditions of assets than previously anticipated.

In addition, there has become increasing pressure from the NSW Government placed on Local Governments in order to meet housing and population targets, and provide additional services and resources to the community without additional funding provided. The proposed merger of Burwood Council was withdrawn by the NSW Government in July 2017; as a result Council was ineligible to receive the \$25 million funding commitment through the Stronger Communities Fund.

Despite these efforts, there remains a need for Council to seek additional funding methods in order to ensure that Council can adequately tackle the current \$20 million infrastructure backlog without having to potentially compromise existing levels of service.

Therefore, Council re-engaged residents to have a discussion about its funding future while undertaking its review of the Burwood2030 Community Strategic Plan between November and December 2017. As part of the consultation, Council conducted a resident phone survey with 400 residents.

The phone survey indicated that 75 per cent of residents were at least 'somewhat supportive of an SRV' and 84 per cent of residents considered improving and maintaining local infrastructure such as roads, footpaths, kerb and gutter and drains an important priority.

Following this consultation, Council revised its Community Strategic Plan, Delivery Program and Budget and placed it on public exhibition. The publicly exhibited documents included three proposed funding options for the community to consider:

- Option 1: Increase by the rate peg
- Option 2: 1% increase each year for three years
- Option 3: 2% increase each year for three years

After further assessment and the development of Council's revised Asset Management Plan and Long term Financial Plan (LTFP), it was recommended that Council modelled its potential SRV around Option 3 with an additional year making it a 2% increase each year for four years. Under this option, Council would be able to reduce the infrastructure backlog to \$7.7 million over a ten year period without significantly impacting upon resident's capacity to pay.

Council re-engaged with the community and undertook extensive consultation between December 2018 and January 2019 on Council's funding future, presenting the revised funding option to the community. The consultation clearly indicated the impact a proposed SRV would have for ratepayers and that the additional funding received would be spent on stormwater infrastructure.

On 5 February 2019, Council considered the community's feedback and endorsed an application to IPART for an SRV of 2% above the rate peg to fund stormwater infrastructure projects.

An SRV will reduce Council's existing infrastructure backlog from \$20 million to \$7.7 million over ten years. Without an SRV, the backlog will be reduced to \$18.8 million over ten years and existing services may be compromised.

Below is a timeline of key activities undertaken by Council.

<b>Timeframe</b>	<b>Action</b>
November to December 2017	Council commenced its first round of community consultation which included a residents phone survey, media release and information on Council's website and social media pages
7 December 2017	Meeting with IPART
May to June 2018	Delivery Program 2018-21 and Budget 2018-22 placed on public exhibition including information on Council's proposal to apply for an SRV with three funding options. No submissions received.
22 November 2018	Letter of Intent submitted to IPART and lodged on IPART Portal
10 December 2018	Meeting with IPART
12 December 2018	Commencement of Funding our Future consultation.  Revised Delivery Program 2018-21 and Budget 2018-22, and Draft Resourcing Strategy (including Long Term Financial Plan and Asset Management Plan) placed on public exhibition. These documents included information on Council's proposal to apply for an SRV with revised SRV funding options.
20 January 2019	End of Funding our Future consultation and deadline for submissions/feedback to Council  End of public exhibition period for revised Delivery Program and Budget, and Resourcing Strategy. No submission received for these documents.
5 February 2019	Council considered community feedback and endorsed an application for an SRV to IPART

### **2.3 Existing s508A multi-year special variation**

You should complete this section if the council has an existing s508A multi-year special variation instrument that will continue to apply in the period for which the council is seeking further changes to its general income.

If IPART decides to approve an increase to the council's general income in response to this application, it will vary the existing s508A multi-year special variation instrument. Therefore, by completing this application form and seeking a further change to your revenue path, you are in effect applying for a variation to that instrument.

When addressing the assessment criteria in the remainder of this application form, please take care to be clear about whether the information you are providing is in relation to the

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incremental increase being sought by the council or the total cumulative increase that may be reflected in a varied instrument (this would include the aspects of the application that have previously been approved by IPART).

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Does the council have a s508A multi-year special variation instrument that will continue to apply in the period for which the council is seeking further increases to its general income Yes  No

If Yes:

- a) Over what period does the existing instrument apply? From \_\_\_\_\_ to \_\_\_\_\_
  - b) What are the approved percentages for each year of the existing instrument? \_\_\_\_\_
  - c) Briefly describe any significant changes of relevance since you submitted the application for the existing instrument.
- 

## 2.4 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.

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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

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## 3 Assessment Criterion 1: Need for the variation

Criterion 1 in 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.*

*The IP&R documents and the council's application should provide evidence to establish this criterion. This could include evidence of community need /desire for service levels/projects and limited council resourcing alternatives.*

*Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies.*

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, as well as 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 and the Delivery Program, and, where appropriate, the Asset Management Plan. The purpose of the proposed special variation should also be consistent with the priorities of the Community Strategic Plan.

### 3.1 Case for special variation – community need

In its application, the council should summarise and explain:

- ▼ How it 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 loan borrowings, or private public partnerships or joint ventures.

- ▼ How the proposed special variation impacts the Long Term Financial Plan 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 Long Term Financial Plan 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.

### Considering the community needs and desires

Over the past few years Council has undertaken a series of consultation to gauge the community's needs and desires in relation to the levels of service delivery and asset maintenance.

In 2017, Council carried out a community-wide consultation as part of its review of the Burwood2030 Community Strategic Plan (CSP). Included in the consultation was a comprehensive satisfaction survey to assess whether the Council's IP&R documentations were still relevant. The phone survey, conducted by an independent agency, asked residents a series of questions including their level of satisfaction with Council services and the importance of providing these services to the community. Two community workshop were held following the survey to expand on the main issues expressed by the participants during the survey. Overall, 403 residents participated in the phone survey, which provided a statistically valid snapshot of the community.

One of the main priorities identified in this process was the need to improve and maintain local infrastructure such as roads, footpaths, kerbs and gutters, drainage and parks with 84% of residents considering this an important priority for Council.

Council also sought feedback from the community on a potential continuation of an SRV as part of the consultation. The phone survey indicated that 75% of residents were at least 'somewhat supportive' of a continuation of the SRV.

This feedback, along with feedback receives from the wider consultation, was included in the revised CSP and Delivery Program which was adopted in June 2018.

The following objectives were included in Council's adopted Community Strategic Plan and Delivery Program following consultation:

Code	Community Strategic Plan	Delivery Program Objective	Operational Plan Achievement
2.3.1.3	Identify and maintain additional revenue sources to ensure financial sustainability	Seek additional sources of income to improve financial sustainability such as discounted loans, financial grants and special variations	Identify the community's capacity and willingness for additional sources of income and implement where appropriate or required
2.3.2.1	Ensure the organisation is well led, staff can carry out their roles efficiently and effectively in line with the community's vision	Deliver services and initiatives to the community in line with Council's Community Strategic Plan and supporting documentation	Develop, review and monitor a Resourcing Strategy including a Workforce Plan, Asset Management Plan and Long Term Financial Plan



3.1.3.2	Ensure regular cleaning and maintenance of local areas to prevent damage to the environment	Maintain the stormwater drainage network	Regularly maintain and clean the stormwater drainage network and clear blocked pits
4.2.2.1	Provide quality local infrastructure that caters to population growth	Regularly maintain and upgrade local roads, footpaths, kerbs and gutters	Provide an extensive capital works program to regularly maintain and renew local infrastructure

(Annexure B, pp. 9, 11, 15)

### **Making the decision and examining other options**

Council previously applied for a special variation for a seven year period from 2014-15 to 2020-21 in order to significantly reduce its infrastructure backlog. IPART determined that a seven year increase with a 7.5 per cent increase over the final three years of the variation would be too impactful, despite the established need for the increase, therefore only approved a special variation for a four year period expiring in 2017-18.

Although the SRV was successful in improving the overall condition of local infrastructure, there still remains an overall infrastructure backlog of \$20 million.

External pressures have made it difficult for Council to continue delivering infrastructure services at their current level while significantly reducing the infrastructure backlog without an alternative funding option. These pressures include cost increase above the Local Government Cost Index (LGCI), rate pegging, cost-shifting and community expectations.

To alleviate this financial pressure, Council has sought higher revenue by increasing fees and charges for all full cost recovery services provided. Council's funding scenarios in the LTFP factor this growth in line with the estimated LGCI. Council is currently updating the draft Fees and Charges Schedule for 2019-20 to reflect these increases.

In addition to obtaining additional funding through fees and charges, Council has also sought funding externally and will continue to do so. In recent years, Council has successfully obtained funding for many services and initiatives and has anticipated that grant funding will increase to 3% p.a., as indicated in the LTFP.

Council will continue to seek funding opportunities when possible to ease financial burden, reduce dependency on alternative income sources and potentially fast track the delivery of actions outlined in Council's IP&R documents. However, grant funding cannot be considered a sustainable long term funding option for Council.

Another source of income came from Council's Property Strategy which generated substantial revenue. However, the sale of community assets is not considered a viable long term option.

The main source of capital funding Council has recently received is from external borrowing through a \$1 million loan obtained through the NSW Office of Local Government (OLG) for 2017-18 and a further \$1 million loan for drainage works in 2018-19. Council also utilised the Local Government Infrastructure Renewal Scheme (LIRS) loan interest subsidy scheme and borrowed in rounds 1 and 2. Council's LIRS round 3 application was rejected however Council borrowed the money through its principal banker. At June 2019, Council estimates loans outstanding to peak at \$6.8 million.

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However, despite these actions, Council has not been able to significantly reduce its infrastructure backlog. As a result, Council sought to apply for a SRV in order to receive additional income to invest into stormwater infrastructure.

On 28 November 2017, Council endorsed a community consultation to seek feedback on the potential application for a SRV as part of its review of the CSP. Following the consultation, the Delivery Program 2018-21 and Budget 2018-22 were revised to include financial modelling under two options; without an SRV and with an SRV.

Council then developed its Resourcing Strategy including LTFP and Asset Management Plan based on the revised CSP and Delivery Program. After further assessment, it was recommended that Council apply for an increase of 2 per cent above the rate peg each year for a four year period.

Council then revised its Delivery Program 2018-21 and Budget 2018-22 with the new option which was adopted on 5 February 2019. Further community-wide consultation was undertaken between 12 December 2018 and 20 January 2019 with the outcomes of the consultation presented to Council.

Council endorsed an application for an SRV at its meeting of 5 February 2019.

### **Why the SRV is the most appropriate option**

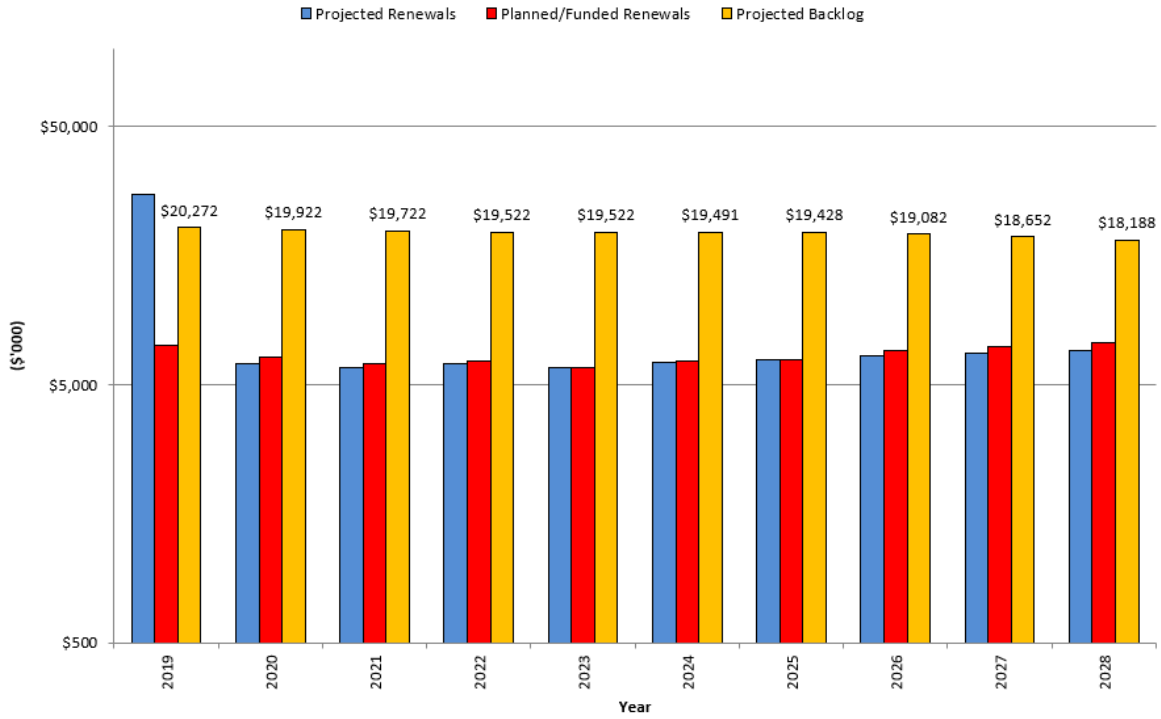
An SRV will provide Council with greater financial flexibility to achieve the needs and desires of the community outlined in Council's IP&R documents. If successful in its application, Council will continue to reduce costs and identify methods to improve productivity and efficiency.

Below are two graphs which demonstrate Council's project infrastructure backlog over a ten year period with and without an SRV. Under Figure 1.1 – Without an SRV, Council's infrastructure backlog will be reduced from \$20.272 million to \$18.188 million over a ten year period. However, under Figure 1.2 – With an SRV, Council's infrastructure backlog will be reduced to \$7.669 million in the same ten year period.

The impacts on residents will be limited with 66 per cent of all ratepayers paying less than \$4 per week extra by the final year, when compared to a 2018-19 rate notice. Please refer to section 5 for more information on impact on ratepayers.

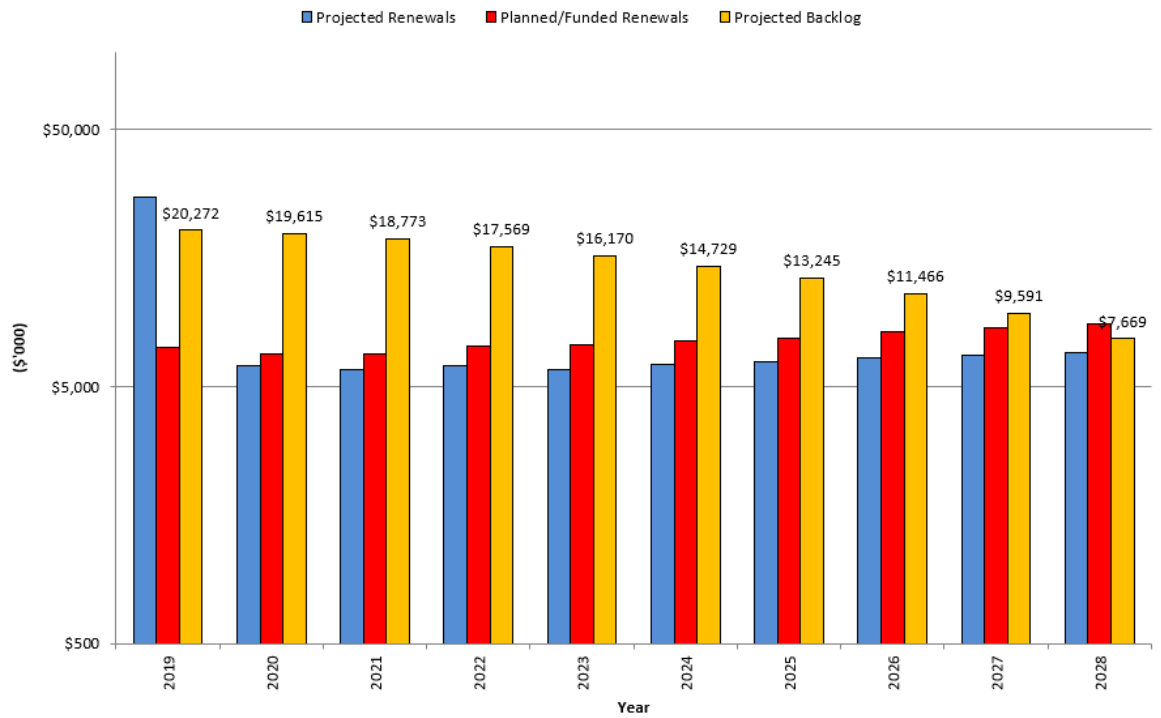
As indicated above, it is not viable for Council to rely long term on grant funding or loans in order to reduce its infrastructure backlog. Therefore, an SRV would be the most appropriate option to removing the significant infrastructure backlog without potentially compromising current service levels.

**Figure 1.1 – Infrastructure Backlog Forecast without an SRV**



(Annexure J, AMP38)

**Figure 1.2 – Infrastructure Backlog Forecast with an SRV**



(Annexure J, AMP38)

## How an SRV will impact the LTFP

Refer to Annexure C (LTFP) and Part A.

### 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, NSW Treasury Corporation). Indicate how such assessments of the council's financial sustainability are 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's understanding of its current financial sustainability

Council is aware of the pressures to maintain financial sustainability while carrying out service to address the needs and desires of the community incorporated in its IP&R documentation. Although Council has become a stronger, more efficient organisation over the past few years, the external pressures outlined in 3.1 and funding shortfall will impact on Council's ability to achieve the goals identified in its CSP and Delivery Program.

Therefore, Council faces two significant challenges in ensuring financial sustainability. Firstly, Council must generate sufficient revenue to balance the budget and sustain this into the future. Secondly, Council must address its infrastructure backlog.

The following key principles have been developed to achieve financial sustainability:

- Council should maintain its existing service level to residents
- Minimum cash liquidity of \$2 million should be maintained at all times
- Budgets should aim to maintain assets to at least the same condition as they were at the start of each financial year, and where possible improve
- Management should continually look for ways to structurally realign resources and/or increase income opportunities without changes to service standards
- Councils should continue to improve its capacity to fund its recurrent operations and renew critical infrastructure through sustainable financial decision making

In saying this, despite the application of the abovementioned principles, the community's increasing demand for services and the rising costs associated with providing them will

mean that Council will not be able to address the backlog in infrastructure without additional funding sources or compromising current service levels.

Council's LTFP (Annexure C) has forecasted the financial position of Council over the next ten years based on realistic assumptions. The following key assumptions are set out in the LTFP:

- Council's Revenue Assumptions
  - Rates
  - Financial Assistance Grants
  - Operating grants
  - Capital grants
  - Fees and charges
  - Interest and investment revenue
  - s 7.12 (formerly s 94) contributions
  - Fines
  - Capital revenue
- Expenditure Assumptions
  - Salaries
  - Wages and employment costs
  - Materials and supplies
  - Contracts
  - Insurance
  - Legal fees
- Other expenses
  - Depreciation
  - Interest on overdraft
  - Borrowing costs
  - Rent
  - Overheads
- Capital Expenditure Program
- Balance Sheet/Cash Assumptions
  - Reserves
  - Current assets and liabilities

### **External Assessments of Council's financial sustainability**

Council's LTFP includes a forecast on two scenarios, *Maintain* option and *Improve* option. As indicated in the *Maintain* option (Annexure C, LTFP11), under an annual increase in rates by the permissible rate peg, Council will be unable to continue significantly reducing its existing infrastructure backlog without potentially compromising other services.

The NSW Treasury Corp's (TCorp) *Sustainability of the New South Wales Local Government Sector 2012* assessed Burwood Council's financial capacity (Annexure D).

In the report, TCorp identified Burwood Council as 'weak' in financial sustainability but having a 'positive' financial outlook. Some of the observations highlighted in the report included:

- Council had an infrastructure backlog of \$167,688,000
- 69.2 per cent of Council's infrastructure backlog was drainage related (reduced to approximately 50 per cent in 2017)

- Council have been proactive in measuring their backlog, and are committed to using up to date technology and experienced consultants to obtain an accurate valuation, particularly in respect of the drainage works where the majority of the backlog exists

Since the report, Council has made efforts to become a more financially sustainable organisation while reducing its infrastructure backlog.

However, The NSW Government's *Merger Proposal: Burwood, Canada Bay and Strathfield 2016*, which included data from an analysis by KPMG, determined that Burwood Council's infrastructure backlog was 58 per cent which was significantly higher than neighbouring councils; Canada Bay (4 per cent) and Strathfield (3 per cent).

Recently, Council's Resourcing Strategy, adopted on 5 February 2019 provided further assessment on Council's financial sustainability in relation to its existing infrastructure backlog. The Strategy, written and prepared by Jeff Roorda & Associates, indicated that over the next ten years Council will only be able to reduce its infrastructure backlog from \$20.3 million to \$18.8 million without affecting current service levels. However, with an SRV Council would be able to reduce its backlog to \$7.7 million over the same ten year period without affecting current service levels. This would allow Council to ensure financial sustainability long term while still meeting the needs and desires of the community outlined in the CSP.

### **Council's view on impact of SRV on financial sustainability**

Council's view on the impact of an SRV on its financial sustainability has been informed by the abovementioned reports and its own assessment of financial indicators and its infrastructure backlog.

These views are reflected in the LTFP under the SRV option. In summary, Council is aware that it remains in a sound financial position long term without an SRV, however it will not be able to reduce its infrastructure backlog to an acceptable level without obtaining additional funding sources. The SRV will provide the most feasible funding source without any reliance of incurring debt or having to make loan repayments.

## **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 Long Term Financial Plan, an analysis of council's performance based on key indicators (current and forecast) which may include:

- ▼ Operating performance ratio excluding capital items (ie, net operating result excluding capital grants and contributions as percentage of operating revenue excluding capital grants and contributions).
- ▼ Own source revenue ratio (ie, total operating revenue excluding capital items as a percentage of total operating revenue including capital items).
- ▼ Building and asset renewal ratio (ie, building and infrastructure asset renewals as a percentage of building and infrastructure depreciation, amortisation and impairment)

- 
- ▼ Infrastructure backlog ratio (ie, estimated cost to bring assets to satisfactory condition as a percentage of total (written down value) of infrastructure, buildings, other structures, depreciable land and improvement assets)
  - ▼ Asset maintenance ratio (ie, actual asset maintenance as a percentage of required asset maintenance).
  - ▼ Debt service ratio (principal and interest debt service costs divided by operating revenue excluding 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).

The impact an SRV will have on Council's key financial indicators is outlined in the LTFFP under both rate pegging and SRV scenarios. The summary of these indicators is provided on the following page.

## Summary of Financial Indicators

Financial Indicators	Scenario	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	
Operating Performance Ratio	Proposed with SRV	-	1.40%	0.80%	3.30%	4.60%	5.20%	5.10%	5.00%	5.50%	5.80%	5.90%
	Base Case no SRV	-	2.30%	1.10%	0.60%	1.10%	1.70%	1.60%	1.60%	2.10%	2.40%	2.60%
Own Source Operating Revenue Ratio	Proposed with SRV	80.60%	81.20%	82.40%	84.80%	84.90%	85.00%	85.00%	85.40%	85.60%	85.70%	
	Base Case no SRV	80.50%	80.90%	82.00%	84.30%	84.40%	84.50%	84.50%	84.90%	85.10%	85.30%	
Unrestricted Current Ratio	Proposed with SRV	3.92%	3.63%	3.65%	3.66%	3.74%	3.78%	3.78%	3.81%	3.88%	3.95%	
	Base Case no SRV	3.93%	3.64%	3.66%	3.68%	3.76%	3.80%	3.80%	3.83%	3.90%	3.97%	
Infrastructure Backlog Ratio	Proposed with SRV	6.00%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	2.00%	2.00%	
	Base Case no SRV	7.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	
Building & Infrastructure Renewals Ratio	Proposed with SRV	184.80%	195.30%	157.20%	140.20%	145.10%	146.40%	151.50%	153.20%	156.20%	159.80%	
	Base Case no SRV	175.90%	177.40%	130.20%	103.70%	108.60%	109.90%	115.10%	116.90%	120.00%	123.70%	
Asset Maintenance Ratio	Proposed with SRV	92.00%	92.00%	93.00%	93.00%	94.00%	94.00%	95.00%	95.00%	96.00%	96.00%	
	Base Case no SRV	92.00%	92.00%	92.00%	92.00%	93.00%	93.00%	93.00%	94.00%	94.00%	94.00%	
Debt Service Ratio	Proposed with SRV	2.20%	2.10%	1.90%	1.70%	1.60%	1.20%	1.00%	0.90%	0.90%	0.70%	
	Base Case no SRV	2.20%	2.20%	2.00%	1.80%	1.60%	1.20%	1.00%	1.00%	1.00%	0.70%	
Rates & Annual Charges Coverage Ratio	Proposed with SRV	51.15%	51.68%	52.63%	54.53%	54.79%	54.80%	55.10%	55.45%	55.76%	55.97%	
	Base Case no SRV	50.76%	50.91%	51.48%	53.00%	53.28%	53.30%	53.62%	53.98%	54.30%	54.53%	



## 4 Assessment criterion 2: Community awareness and engagement

Criterion 2 in the 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. In particular, councils need to communicate the full cumulative increase of the proposed special variation in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. 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. The IPART 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 is available on the IPART website.<sup>1</sup>

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 Guidelines, the IP&R manual and our fact sheet.

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<sup>1</sup> <https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/For-Councils/Apply-for-a-special-variation-or-minimum-rate-increase>

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

The council's application should show how it has 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 Chair.

#### **Box 4.2 Where a council has an existing s508A special variation and is applying for an additional s508(2) special variation**

The council's application should demonstrate that it has explained to its community:

- ▼ There is a special variation already in place for the current year and the size of that special variation.
- ▼ The size and impact of the additional special variation proposed and its purpose.
- ▼ The cumulative annual increase in rates from the existing and proposed special variation together.

### **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.

## Consultation

Council commenced consultation with the community in December 2017 as part of the review of the Community Strategic Plan, following endorsement by Council on 28 November 2017. As part of the consultation, Council sought feedback from residents on a potential Special Rate Variation (SRV) through a resident phone survey and online survey, media release and information on Council's website and social media channels.

The phone survey indicated that 75% of residents were at least 'somewhat supportive' of an SRV and 81% of residents interviewed were unaware that a previous SRV was in place at the time of the survey.

The Delivery Program 2018-2021 and Budget 2018-2022 were placed on public exhibition between May and June 2018 with three proposed funding models for the community to consider.

- Option 1: Increase by the rate peg
- Option 2: 1% increase each year for three years
- Option 3: 2% increase each year for three years

Following further assessment and the development of Council's revised Asset Management Plan and Long Term Financial Plan, it was recommended that Council modeled its potential SRV around Option 3 with an additional year making it a 2% increase each year for four years.

Council undertook an additional consultation from 12 December 2018 to 20 January 2019 under the 'Funding our Future' theme to ensure consistency with previous consultation. Council presented two different options to the community: increase by the rate peg or a 2% increase each year above the rate peg for four years.

Council highlighted two key issues to the community during the consultation: the impact a proposed SRV will have on ratepayers and how Council will use the additional funding from an SRV.

### The two options presented to the community:

<b>MAINTAIN SERVICE (Option 1)</b>	Maintain current service levels and priority infrastructure. Rates will increase progressively each year over four years by the rate peg. Council's capital works program may be compromised.
<b>IMPROVE SERVICE (Option 2)</b>	Improved service levels, new capital projects, upgrading and maintenance of existing infrastructure. This is supported by a special variation of 2% above the rate peg over four years commencing 2019-2020.

Annual increase under each option over four years:

	2019-2020	2020-2021	2021-2022	2022-2023	Cumulative Impact
<b>MAINTAIN SERVICE (Option 1)</b>	2.7% (rate peg)	2.5% (rate peg)	2.5% (rate peg)	2.5% (rate peg)	10.6%
<b>IMPROVE SERVICE (Option 2)</b>	4.7%	4.5%	4.5%	4.5%	19.5%

Impact on ratepayers

Council has ensured that the proposed SRV has minimal impact to ratepayers. The estimated rate increase would cost less than \$4 per week by the final year for 66% of ratepayers (subject to future land value re-evaluation).

In order to address concerns over increase to pensioner rate assessments, Council introduced an additional pensioner rebate scheme, in addition to the existing statutory rebate of up to \$250, in 2018-19. In order to buffer the impact of an SRV Council will augment the scheme as per the following:

	2018-2019	2019-2020	2020-2021	2021-2022 and beyond
Additional rebate each year	\$50	\$75	\$125	\$125

Where will the money be spent?

Across the consultation material, Council emphasised that the funds from an SRV will be used on improving and upgrading stormwater infrastructure in order to reduce the backlog in infrastructure.

The prioritisation of works would be based on the extensive audit of stormwater infrastructure undertaken in 2012 and 2016 which forms the basis of Council's long term capital works management strategy.

Council presented the above graphs (Figure 1.1 and 1.2) to highlight to the community how the money will be invested in order to reduce the existing infrastructure backlog. The graphs demonstrate that without an SRV, Council's infrastructure backlog will be reduced from \$20.3 million to \$18.8 million over ten years. However, with an SRV, Council's infrastructure backlog will be reduced to \$7.7 million during the same ten year period.

**Summary of Consultation Activities**

Council utilised numerous methods of communication during the consultation period to raise awareness in the community of Council's intention to apply for an SRV.

Overall there were two different approaches; providing streamline information to all ratepayers and targeted information delivered to key stakeholders. In addition, all material was branded under the Funding our Future theme to provide an effective, clear and consistent message to the public.

During the consultation, Council encouraged residents to join the conversation and provide feedback on the proposal. All consultation material included the cumulative increase, and size and impact of a SRV where possible.

Below is a summary of the various consultation methods utilised by Council.

Method	Audience	Outcomes
Phone survey	403 (statistically valid sample)	75% of residents indicated that they were at least 'somewhat supportive' of an SRV.
Website	44,710 views during consultation	Funding our Future related pages received 776 views during this period.
Letter and newsletter to ratepayers	13,000 (all ratepayers)	132 ratepayers utilised the QR Code on the newsletter to provide feedback/access further information.
Media release	N/A	Distributed to local media outlets and placed on website.
Advertisement	80,000 circulation	Advertisement in the Inner West Courier encouraging the community to have their say.
Social media	3,022 views	A series of posts providing information on the proposed SRV with Funding our Future banner placed on social media accounts.
WeChat	125 followers	Council provided information to its Chinese residents through its newly established WeChat account.
Online survey	228	82% of participants said it was important for Council to implement programs to provide better infrastructure. 74% of participants were 'somewhat supportive' of the <i>Maintain</i> option. 31% said it was 'somewhat important' for Council to introduce an SRV.
Council facilities	12,000 visitors to Chambers each month	Newsletters provided at Council Chambers and Burwood Library & Community Hub.
Exhibition of Delivery Program and Resourcing Strategy	80,000+ circulation	Council exhibited its revised Delivery Program and Budget, and Resourcing Strategy on its website and at its facilities. An advertisement was placed in the Inner West Courier to inform the community.

## Methods of Communication

### Phone survey

#### *Timeframe:*

30 November 2017 to 7 December 2017

#### *Action:*

The phone survey was the most comprehensive method of engagement undertaken by Council during the preliminary phase of consultation as part of its review of the Community Strategic Plan.

Council engaged an independent research firm to undertake a random telephone survey with 400 residents aged 18 and over. The statistically valid sample size interviewed is an accurate and robust measure of the attitude of the entire Burwood community.

The survey asked residents if they were aware that an SRV was in place at the time of the survey and asked of their level of support for Council to continue with the implementation of a new SRV.

*Outcome:*

75 per cent of residents indicated that they were at least ‘somewhat supportive’ of Council continuing with an SRV and 81 per cent of residents were aware an SRV was in place at the time of the survey.

Information Kit to Councillors and Staff

*Timeframe:*

12 December 2018

*Action:*

An information kit was designed to inform key staff and elected representatives on the application process and provide information on SRVs, why Council is seeking to apply for an SRV and how the additional funding will be used.

The kit was distributed to elected representatives and various Council staff including the Executive Team and Customer Service.

*Outcome:*

This method ensured that staff and elected representatives were equipped to respond to any feedback or query received from the community.

Website

*Timeframe:*

November to December 2017 12 December 2018 to 20 January 2019

*Action:*

A dedicated Funding our Future section was launched on 12 December 2018 with clear links on Council’s homepage. The website served as the hub of information for the consultation and included the following pages:

Page	Information
<b>Funding our Future Homepage</b>	Background information and links to pages
<b>What you’ve asked for?</b>	Outline of priorities identified by residents during community consultations  Included links to IP&R documentation
<b>What is an SRV?</b>	Information on rate pegging and SRVs, why Council is applying for an SRV, what Council is currently spending, where the additional

	funding will go and alternatives to applying for an SRV
<b>How we've improved</b>	Efficiencies made, NSW TCorp Report on Local Government sustainability, infrastructure backlog  Included links to TCorp Report, Draft Resourcing Strategy and Financial Statements
<b>How will this affect you?</b>	Average rates per household under the two options over a four year period, reducing impact on ratepayers and pensioner rebate
<b>What difference will an SRV make?</b>	Ten year forecast of infrastructure backlog under both options.  Included links to Draft Resourcing Strategy
<b>Have your say</b>	Information on how to provide feedback to Council including contact details  Online survey embedded on page

*Outcome:*

During the consultation period, Council's website received 44,710 views. Below is a breakdown of the Funding our Future section of the website during the period:

<b>Page</b>	<b>Views</b>
Funding our Future Homepage	453
Funding our Future News Item	252
Public Exhibition Page	71
<b>Total views of Funding our Future related content</b>	<b>776</b>

Letter to Ratepayers

*Timeframe:*

2 January 2019

*Action:*

Letters were sent to all ratepayers informing them of Council's proposal to apply for an SRV and encouraged them to join the discussion.

The letter included the following information:

- Two different funding options with an alternative to an SRV
- Average yearly rates under each option over a four year period
- Compounded increase under each model
- Information on how ratepayers could provide feedback and join the discussion

- A four page newsletter was attached with further information

*Outcome:*

In total 13,000 letters were sent to eight different rating category groups:

- Residential
- Town Centre – Residential
- Town Centre – Business
- Business A
- Business B
- Business C
- Business D
- Mixed Development

### Special Newsletter

*Timeframe:*

2 January 2019 (included in letter to residents)

*Action:*

Council distributed a four page newsletter to all 13,000 ratepayers to expand on information provided in the letter.

The newsletter included the following information:

- Our future needs
- What is a Special Rate Variation?
- Why do we need an SRV?
- Where will the funds go?
- How we've improved
- What are the options?
- Are there any alternatives?
- What is the percentage increase in rates per year?
- Impact on ratepayers
- Additional Council Pensioner Rebate
- How will this affect you? (comparative rate increase under both options)
- Have your say (including QR Code with direct link to webpage/online survey)
- Contact us (details on how to provide feedback)

*Outcomes:*

The newsletter was distributed to 13,000 residents.

### Media Release

*Timeframe:*

12 December 2018

*Action:*

A media release was distributed on 12 December 2018 to launch Council's Funding our Future consultation.

*Outcome:*



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The media release was published online on Council's website.

### Local Paper Advertising

*Timeframe:*

8 January 2019

*Action:*

Council placed an advertisement in the Inner West Courier. The ad included an outline of Council's proposal, contact details and information on how people could provide input into the decision.

*Outcome:*

The Inner West Courier is distributed to 80,000 households across the inner west region.

### Exhibition of Delivery Program and Resourcing Strategy

*Timeframe:*

12 December 2018 to 20 January 2019

*Action:*

Council placed its revised Delivery Program and Draft Resourcing Strategy on Public Exhibition between 12 December 2018 and 20 January 2019.

These documents received information on Council's application for an SRV.

The documents were placed on Council's website during this period and made available at Council facilities. In addition, an advertisement was placed in the Inner West Courier.

*Outcome:*

12,000 visitors per month to Council Chambers, website views and 80,000 Inner West Courier.

### Social Media

*Timeframe:*

December 2017

12 December 2018 to 20 January 2019

*Action:*

Burwood Council has an active social media audience with 8,000 users engaging with Council's accounts. Over the past few years, Council has used social media to effectively communicate with members of the public aged 13-34 who do not typically engage with Council as frequently as older age groups.

For the Funding our Future consultation, Council carried out a social media campaign on Facebook and Twitter in order to engage with the community. This included a series of posts and Funding our Future branding on social media accounts.

*Outcome:*

During the Funding our Future consultation content associated with Council's Facebook and Twitter pages reached 3,022 users.

### WeChat

*Timeframe:*

15 January 2018

*Action:*

Council recently launched a WeChat account to extend its provision of information to its Chinese speaking residents which make up one-third of the overall population. Council is one of only three Council in Australia utilising the Chinese social media platform to communicate to residents.

A dedicated post was published on Council's WeChat account to provide information on Council's proposed application for an SRV.

*Outcome:*

The post was distributed to Council's 125 followers plus the wider WeChat audience.

### Online Survey

*Timeframe:*

12 December 2018 to 20 January 2019

*Action:*

Council offered an opt-in online survey for ratepayers and residents. The online survey was promoted through social media and Council's website. In addition, a QR Code was placed on the newsletter to residents with a link directly to the Funding our Future page, allowing ratepayers to complete the survey.

*Outcome:*

A total of 228 participants took part in the online survey, approximately 1.8% of the total ratepayer population. 132 participants accessed the survey through the QR Code provided in the newsletter to ratepayers. Below is a summary of the survey results:

- 51% of participants were aged 55 or older
- 75% live in the Burwood LGA
- 76% were at least 'somewhat satisfied' with the current quality of local infrastructure
- 77% were at least 'somewhat satisfied' with the current level of service
- 82% of participants said it was important for Council to implement programs to provide better infrastructure.
- 74% of participants were 'somewhat supportive' of the Maintain option
- 31% of participants were 'somewhat supportive' of the Improve option

Residents were also given the opportunity to provide comments. Below is a 'word tag' of the most used phrases by respondents; the larger the size, the more frequently the phrase was used.

A Consultation Report has been provided detailing the methods undertaken and feedback received (Annexure F).

In addition, Council received coverage on 9 News Sydney's news bulletin on 3 December 2018. The story also reported on the cumulative impact of Council's proposed SRV.

## 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.

During the consultation Council actively encouraged ratepayers and residents to join the discussion and provide feedback on each of the funding options presented to the community.

Ratepayers and residents could provide input and feedback the following ways:

- Email
- Fax
- Telephone
- Mail
- In person
- Social media
- Online survey

Dedicated 'have your say' sections were included on all consultation material, where possible, to encourage residents to engage in the process.

In particular, the newsletter that was distributed to all ratepayers included a QR Code with a direct link to further information including the online survey.

Following the consultation, Council reviewed all the feedback and submissions received and prepared a consultation report (Annexure F).

Below is a breakdown of all the feedback received by Council during the consultation.

Method	Objection	Request for Information
Email	25	4
Fax	1	-
Mail/Post	5	-
Phone	-	2
<b>Total</b>	<b>31*</b>	<b>6</b>

Includes 6 late objections received up until 7 February 2019.

A summary of the objections are as follows.

Reason	Council's Comment
Council receives substantial income from major developments which could be used to fund infrastructure projects	<p>The population of the Burwood LGA has increased by more than 5,000 residents since 2011 with a population density of 54.99 persons per hectare. This steady growth is anticipated to continue with several major development applications approved by the NSW Government.</p> <p>This growth in development and population will place additional strain on existing infrastructure which will require an increase in services.</p>
NSW Government or new residents should fund new capital projects	Council has sought additional funding from both State and Federal levels of government by way of grants and loans. In 2017-18, Council applied for a \$1 million loan and has recently applied for an additional \$1 million loan for drainage in 2018-19.
Rising cost of living (including living expenses and other costs)	<p>Council has ensured that the proposed SRV has minimal impact to ratepayers. The estimated rate increase would cost less than \$4 per week by the final year for 66 per cent of ratepayers (subject to future land value re-evaluation).</p> <p>Council implemented an incremental increase to the Pensioner Rebate Scheme commencing 2018-19. In order to minimise the impact of an SRV, Council has introduced an additional pensioner rebate which will increase to up to \$125 by 2020-21.</p>
Council is in a sound financial position	Despite consecutive years of returning to surplus and a 'positive' financial outlook, Council is unable to significantly reduce the \$20 million infrastructure backlog without obtaining additional funding or compromising existing services.
Rates are already higher than other councils	Council rates are calculated from property valuations supplied by the NSW Valuer General. Council uses the method of <i>ad valorem</i> and minimum rates.
Council should look for more efficiencies and improve financial management	<p>Over the past few years, Council has worked to become a more efficient and sustainable organisation, and most recently through an organisation restructure in September 2018, development of new long term planning documentation, annual service reviews and introduction of a business excellence framework.</p> <p>Despite maximising efficiencies to better align service delivery with community expectation, these actions are not enough for Council to continue to address the backlog in infrastructure without affecting other services as identified in the revised Resourcing Strategy.</p>

## 5 Assessment criterion 3: Impact on ratepayers

Criterion 3 in the 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 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 (eg, receipt of new valuations) in the rating structure.

As Council is not proposing to change its rating categories, it intends to apply the SRV percentages evenly across all rating categories, however Year 1 shows some departure from this intention because Council has to apply some mandatory rating adjustments, and those adjustments are not applied evenly. The following proposed increases are the percentage increases required:

- 4.7% (including rate peg) in 2019/20
- 4.5% (including rate peg) in 2020/21
- 4.5% (including rate peg) in 2021/22
- 4.5% (including rate peg) in 2022/23

The cumulative increase over the four year period of the SRV, inclusive of any rate pegging increases equates to 19.5%.

Based on the information supplied to IPART in part A of the application form, the cumulative increase, over the four year period of the proposed SRV application for rate pegging would only be 10.6%. If the SRV application is unsuccessful the approved increase for 2019/20 would remain at 2.7%.

Council's future estimates have used 2.5% as the rate pegging increase estimate for the 2020/21 to 2022/23 years. The cumulative increase of the 2.7% effective increase in 2019/20 and 2.5% for years two, three and four would be 10.6%.

The cumulative increases are distributed evenly across all rating categories. The tables on the following page indicate rate peg only and SRV.

**Average Residential and Business Rate Increase with Rate Peg only**

	Current Average Rate	Average increase	Percentage increase	Average Rate	Average increase	Percentage increase	Average Rate	Average increase	Percentage increase	Average Rate	Average increase	Percentage increase	Average Rate	Average Cumulative Increase over 4 Years
	2018-19	2019-20		2020-21		2021-22		2022-23						
Residential	\$1,346	\$33	2.50%	\$1,379	\$35	2.50%	\$1,414	\$35	2.50%	\$1,449	\$36	2.50%	\$1,485	\$139
Residential - Town Centre	\$1,258	\$31	2.50%	\$1,289	\$32	2.50%	\$1,321	\$33	2.50%	\$1,354	\$34	2.50%	\$1,388	\$130
Business A	\$3,112	\$78	2.50%	\$3,190	\$80	2.50%	\$3,270	\$81	2.50%	\$3,351	\$84	2.50%	\$3,435	\$323
Business B	\$13,397	\$334	2.50%	\$13,731	\$344	2.50%	\$14,075	\$352	2.50%	\$14,427	\$360	2.50%	\$14,787	\$1,390
Business C	\$12,881	\$322	2.50%	\$13,203	\$330	2.50%	\$13,533	\$338	2.50%	\$13,871	\$347	2.50%	\$14,218	\$1,337
Business D	\$45,881	\$1,147	2.50%	\$47,028	\$1,176	2.50%	\$8,204	\$1,205	2.50%	\$49,409	\$1,235	2.50%	\$50,644	\$4,763
Town Centre Minor	\$3,469	\$87	2.50%	\$3,556	\$89	2.50%	\$3,645	\$91	2.50%	\$3,736	\$94	2.50%	\$3,830	\$361

**Average Residential and Business Rate Increase with SRV**

	Current Average Rate	Average increase	Percentage increase	Average Rate	Average increase	Percentage increase	Average Rate	Average increase	Percentage increase	Average Rate	Average increase	Percentage increase	Average Rate	Average Cumulative Increase over 4 Years
	2018-19	2019-20		2020-21		2021-22		2022-23						
Residential	\$1,346	\$59	4.3%	\$1,405	\$63	4.50%	\$1,468	\$66	4.50%	\$1,534	\$69	4.50%	\$1,603	\$257
Residential - Town Centre	\$1,258	\$56	4.49%	\$1,314	\$59	4.50%	\$1,373	\$62	4.50%	\$1,435	\$64	4.50%	\$1,499	\$241
Business A	\$3,112	\$142	4.57%	\$3,254	\$147	4.50%	\$3,401	\$153	4.50%	\$3,554	\$160	4.50%	\$3,714	\$602
Business B	\$13,397	\$611	4.56%	\$14,008	\$630	4.50%	\$14,638	\$659	4.50%	\$15,297	\$688	4.50%	\$15,985	\$2,588
Business C	\$12,881	\$584	4.54%	\$13,465	\$606	4.50%	\$14,071	\$634	4.50%	\$14,705	\$661	4.50%	\$15,366	\$2,485
Business D	\$45,881	\$1,807	3.94%	\$47,687	\$2,146	4.50%	\$49,833	\$2,243	4.50%	\$52,076	\$2,343	4.50%	\$54,419	\$8,538
Town Centre Minor	\$3,469	\$159	4.57%	\$3,628	\$163	4.50%	\$3,791	\$171	4.50%	\$3,962	\$178	4.50%	\$4,140	\$671

The cumulative impact for residential and business ratepayers was demonstrated in Council's Delivery Program (Annexure B, p 20). These tables provide a breakdown with or without the SRV over the four year period of the proposed SRV.

## General Revaluation

Council will be applying new land values supplied by the NSW Valuer General commencing 2020-21 rating year (Year 2). The rate burden within categories will be redistributed compared to Year 0. This is unavoidable.

### 5.1.1 Minimum Rates

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

For minimum rate increases, a council must seek approval via an instrument when it:

- ▼ proposes to increase its minimum rates above the statutory limit for the first time with or without increasing its general income above the rate peg limit;
- ▼ it is already imposing an ordinary minimum rate above the statutory limit and it seeks to increase that rate by more than the rate peg or the percentage allowed by a special variation; or
- ▼ is seeking to increase the minimum amount of its **special rates** above the statutory limit.

Under these scenarios, where the council is also proposing a special variation in the same rating year, it may submit a combined special variation and minimum rate application.

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**Complete this section if the council is seeking approval to increase the minimum amount of an ordinary rate or special rate via an instrument as outlined above.**

Does the council have an ordinary rate subject to a minimum amount?    Yes                       No

Does the council propose to increase the minimum amount of its ordinary rates above the statutory limit for the first time?    Yes                       No

Which rates will the increases apply to?                      Residential     Business     Farmland

Does the council propose to increase the minimum amount of its ordinary rate/s by:

- The rate peg percentage
- The special variation percentage
- A different amount  indicate this amount (%) \_\_\_\_\_ (\$)

What will the minimum amount of the ordinary rate/s be after the proposed increase? \$ \_\_\_\_\_

As per Part A, Worksheet 5a – Impact on Rate Minimum Rates with Proposed Special Variation

**If the increase applies to a special rate, complete this section**

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What will the minimum amount of the special rate be after the proposed increase? N/A

IPART will assess applications for minimum rates above the statutory limit against the following set of criteria (in addition to any other matters which IPART considers relevant):

- ▼ the rationale for increasing minimum rates above the statutory amount,
- ▼ the impact on ratepayers, including the level of the proposed minimum rates and the number and proportion of ratepayers that will be on the minimum rates, by rating category or sub-category, and
- ▼ the consultation the council has undertaken to obtain the community's views on the proposal.

See the separate **Minimum Rate Application Form Part B** for more detail on how IPART will assess applications against each of these criteria. It is the council's responsibility to provide enough evidence in its application to justify the increase. Where applicable, councils should make reference to the relevant parts of its Integrated Planning and Reporting documentation to demonstrate how the criteria have been met.

The council must explain how the proposed special variation will apply to the minimum amount 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 (refer to Part A of the application as necessary).

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.

N/A – Council is not introducing a minimum above the statutory limit for the first time. Council is above the statutory limits and only applying the SRV evenly to minimums.

It is not necessary for a council to apply to IPART for an increase in minimum rates when the council:

- ▼ is seeking to increase its ordinary minimum rates to any level at or below the statutory limit (even if the increase is by more than the rate peg); or
- ▼ has previously had an increase to its ordinary minimum rate above the statutory limit approved by IPART, and is seeking further increases by the rate peg or the percentage applied for in a special variation application (see section 548(4) and (5) of the Act).

**Complete this section for information only if the proposed increase to the minimum amount is not above the statutory limit or if above the statutory limit, the council has previously been granted approval for an increase above the statutory limit (see section 548(4) and (5) of the Act).**

Does the council have ordinary rates subject to a minimum amount? Yes  No

Which ordinary rate will the proposed increase apply to? Residential  Business  Farmland

Does the council propose to increase the minimum amount of its ordinary rate/s by:

- The rate peg percentage
- The special variation percentage
- A different amount  Indicate this amount (%) \_\_\_\_\_ (\$)

What will the minimum amount of the ordinary rate/s be after the proposed increase? \$ \_\_\_\_\_

Where the minimum rate increase is proposed without a corresponding variation to ordinary rates, a separate Minimum Rate application is required. See the separate Minimum Rate Application Forms Part A and Part B for 2019-20.

## 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.

Prior to developing various funding options to put forward to the community, Council assessed the community's capacity to pay for an SRV above the estimated rate peg. In its assessment, Council considered SEIFA rankings, land values, average rates and household income to ensure that the increase was equitable.

When assessing the impact on ratepayers, Council considered an SRV that would assist in tackling Council's infrastructure backlog but also be affordable for ratepayers. That is why Council conducted an extensive consultation with the community commencing in November 2017. Following initial consultation, Council revised its proposed SRV to the following.

	2019-2020	2020-2021	2021-2022	2022-2023	Cumulative Impact
<b>MAINTAIN SERVICE (Option 1)</b>	2.7% (rate peg)	2.5% (rate peg)	2.5% (rate peg)	2.5% (rate peg)	10.6%
<b>IMPROVE SERVICE (Option 2)</b>	4.7%	4.5%	4.5%	4.5%	19.5%

The *Improve* option took into consideration affordability and ratepayer's capacity to pay through data obtained from various sources such as the Australian Bureau of Statistics, economy.id, SEIFA Index and Census 2016. This information provided an economic profile of the area to assist in determining an affordable special variation.

The Burwood Local Government Area has a SEIFA Index of 999.0 which is slightly below the national (1,001.9) and state (1,001.0) averages. However, the lower scoring suburbs within

the Burwood LGA are concentrated towards the Burwood and Strathfield Town Centres where a majority of the residential population live in apartments and rent, and therefore are not impacted upon by an SRV. The remaining suburbs including Croydon Park (1,044.2), Croydon (1,027.7) and Enfield/Burwood Heights (1,017.7) have an Index above the state and federal index. This demonstrates that a majority of the ratepayer base have a lower level of disadvantage.

The median weekly income for households of \$1,658 is anticipated to increase over the next ten years. 25.2% of households earn more than \$2,500 or more per week. This is an increase of 4.8% since 2011. 36.1% of residents are currently renting while 22.7% of residents currently have a mortgage.

According to the Census 2016, Burwood LGA has an employment rate of 92.4% with 43.6% of residents having some form of tertiary education. The data also states that there are more professionals in the Burwood Council are than any other occupation (32.9%).

Under the proposed SRV, the additional increase above the rate peg for a residential property would be the following over the four year period:

- \$59 in 2019/20
- \$63 in 2020/21
- \$66 in 2021/22
- \$69 in 2022/23

This would be a weekly increase of the following over the four year period:

- \$1.13 in 2019/20
- \$1.19 in 2020/21
- \$1.25 in 2021/22
- \$1.30 in 2022/23

The average rates and increase over a four year period were incorporated into the Delivery Program, LTFP and Council's SRV consultation to demonstrate the impact an SRV would have on ratepayers.

### 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.

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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"/>

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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).

Council's Rates and Charges Hardship Assistance Policy (Annexure G) provides a framework for determining assistance for ratepayers of Residential Rating Categories who are suffering genuine hardship with the payment of rates and charges, including pensioners. Ratepayers may also enter into a payment arrangement with Council in order to pay any outstanding rate balances.

In addition to its hardship policy, Council's Debt Recovery Policy and Debt Recovery Procedures (Annexure G) provide further support to those who are unable to pay their rates. In particular, this policy ensures that any rating debts that are owed to Council by eligible pensioners will not be pursued through legal action. Council also has in place a Section 601-Hardship Resulting from Valuation Changes.

Council implemented an incremental increase to the Pensioner Rebate Scheme commencing 2018-19. Due to feedback received from pensioners, the additional rebate was increased to provide \$125 in the 2020/21 and 2021/22 financial years. The rebate scheme is now as follows:

Year	2018/19	2019/20	2020/21	2021/22 and beyond
Additional Rebate each year	\$50	\$75	\$125	\$125

Pensioner Rate Assessments account for 11% of the total ratepayer rate assessments. The Additional Pensioner Rebate will ensure that pensioners are not negatively impacted upon by the SRV. Below is a table of the impact the SRV will have for pensioners.

	Average of 2018-19 rate	Average of 2019-20 increase	Average of 2020-21 increase	Average of 2021-22 increase	Average of 2022-23 increase
Average Pensioner Assessment – without SRV	\$1396.22	\$1,433.92	\$1,469.77	\$1,506.51	\$1,544.18
Average Pensioner Assessment – with SRV	\$1396.22	\$1,461.84	\$1,527.63	\$1,596.37	\$1,668.21
Increase each year	-	\$27.92	\$57.86	\$89.86	\$124.03
Additional Council Pensioner Rebate each year	\$50.00	\$75.00	\$125.00	\$125.00	\$125.00

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

Criterion 4 in the 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.<sup>2</sup>

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.<sup>3</sup> However, it would be expected that the Long Term Financial Plan would be posted, in a prominent location, on the council's website.

On 28 November 2017, the newly elected Council endorsed a community consultation as part of the review of Council's CSP and to determine whether Council should apply for an SRV.

Council commenced consultation with the community in December 2017 as part of the review of the Community Strategic Plan. As part of the consultation, Council sought feedback from residents on a potential Special Rate Variation (SRV) through a resident phone survey, media release and information on Council's website and social media channels.

The phone survey indicated that 75% of residents were at least 'somewhat supportive' of an SRV and 81% of residents interviewed were unaware that a previous SRV was in place at the time of the survey. The survey also indicated that 84% of residents believed that infrastructure maintenance and renewal was an important priority for Council.

The feedback received during consultation was collated and formed the basis of Council's revised IP&R documentation including its CSP, Delivery Program and Operational Plan.

The Draft *Burwood2030* Community Strategic Plan, Draft Delivery Program 2018-21 and Budget 2018-22 and Draft Operational Plan 2018-19 were endorsed for public exhibition on

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<sup>2</sup> The relevant IP&R documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and where applicable, the Asset Management Plan.

<sup>3</sup> Office of Local Government (then Division of Local Government), *Integrated Planning and Reporting Manual for local government in NSW*, March 2013, pp 5-6.

22 May 2018. These documents were then placed on public exhibition for a 28 day period from 23 May 2018 to 20 June 2018. No objections or submissions were received.

Included in these draft documents was information on Council's proposal to apply for an SRV, based on the feedback received from the consultation. Council also included three proposed funding models for the community's consideration:

- Option 1: Increase by the rate peg
- Option 2: 1% increase each year for three years
- Option 3: 2% increase each year for three years

The CSP, Delivery Program and Budget, and Operational Plan were adopted by Council on 26 June 2018 with the following actions included in the documentation.

<b>Code</b>	<b>Community Strategic Plan</b>	<b>Delivery Program Objective</b>	<b>Operational Plan Achievement</b>
2.3.1.3	Identify and maintain additional revenue sources to ensure financial sustainability	Seek additional sources of income to improve financial sustainability such as discounted loans, financial grants and special variations	Identify the community's capacity and willingness for additional sources of income and implement where appropriate or required
2.3.2.1	Ensure the organisation is well led, staff can carry out their roles efficiently and effectively in line with the community's vision	Deliver services and initiatives to the community in line with Council's Community Strategic Plan and supporting documentation	Develop, review and monitor a Resourcing Strategy including a Workforce Plan, Asset Management Plan and Long Term Financial Plan
3.1.3.2	Ensure regular cleaning and maintenance of local areas to prevent damage to the environment	Maintain the stormwater drainage network	Regularly maintain and clean the stormwater drainage network and clear blocked pits
4.2.2.1	Provide quality local infrastructure that caters to population growth	Regularly maintain and upgrade local roads, footpaths, kerbs and gutters	Provide an extensive capital works program to regularly maintain and renew local infrastructure

Following further assessment and the development of Council's revised Asset Management Plan and LTFP, it was recommended that Council modelled its potential SRV around Option 3 with an additional year making it a 2% increase each year for four years.

Council undertook additional consultation from 12 December 2018 to 20 January 2019 under the Funding our Future theme.

As part of this process, Council's Delivery Program 2018-21 and Budget 2018-22 were revised to include the new modelling option and further information about the potential SRV. The Draft Delivery Program 2018-21 and Budget 2018-22 and Resourcing Strategy 2018-22 were endorsed for public exhibition by Council on 11 December 2018.

The documents were placed on public exhibition between 12 December 2018 and 20 January 2019. The required 28 day period was extended by an additional 11 days to allow extra time for feedback. No objections or submissions were received.

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Council's Delivery Program 2018-21 and Budget 2018-22 and Resourcing Strategy 2018-21 were adopted by Council on 5 February 2018 (Annexure L).

## 7 Assessment criterion 5: Productivity improvements and cost containment strategies

Criterion 5 in the 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.

The council should quantify in dollar terms its past and future productivity improvements and cost savings and present these as a percentage of operating expenditure where possible.

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 Long Term Financial Plan.

The council may also provide indicators of efficiency, either over time or in comparison to other relevant councils (eg, it may provide trends for its operating expenditure as a percentage of population). We will make similar comparisons using various indicators and OLG data provided to us.

Over the past few years Council has concentrated on becoming stronger, more efficient and more strategic.

This has been achieved through a number of ways which is reflected in the LTFP:

- Implemented two organisation restructures since 2010, which have saved more than \$380,000 (or 2.1% savings based on 2017-18 actuals for Employees Costs)
- Implemented a property strategy which continues to generate additional income (or \$70,000 or 0.06% on the 2017-18 actual User Charges)
- Implemented a new procurement and contract management policies and corporate practices generating substantial savings and increasing accountability (for example Council's legal costs reduced from \$1.37 million a year to approximately \$600,000 (or 3.91% savings on 2017-18 actuals)
- Negotiated new contracts, such as insurance contracts, achieving savings of \$400,000 (or 2% savings on 2017-18 actuals)
- Council's workers compensation premium has also reduced from \$1 million to \$460,000 (a savings of \$540,000 or 3% of the 2017-18 actuals for employees costs)



- Instigated a large number of service reviews, making Council more efficient in the way we deliver services
- Introduced an Audit, Risk and Improvement Committee with three reviews undertaken annually more efficiently
- Reviewed major projects while delivering outcomes more efficiently
- Developed a LTFP and CSP in conjunction with the community
- Obtaining a \$1 million loan borrowing for 2017-18 and a further \$1 million loan borrowing for 2018-19 for drainage works

However, despite maximising efficiencies to better align service delivery with community expectations, these actions are not considered enough to continue to address the backlog in infrastructure without compromising other services.

In particular, during the pending council merger process from 2016 to 2017, Council was limited in undertaking significant changes under legislation including recruiting staff including Senior Staff or committing Council to expenditure of over \$200,000 on projects and initiatives that could improve sustainability and/or efficiencies. This had affected Council's ability to make further efficiencies in recent times.

In saying this, Council has continued to identify ways to generate further efficiencies and savings the following ways which have been included in the LTFP:

- Implementation of the Australian Business Excellence Framework with Guided Self-Assessment
- Creation of Business Excellence Coordinator position
- Creation of Project Management Function

These actions will put Council on a path to generate process improvements, efficiencies and potential savings however as these frameworks are not yet in place we are not in a position to provide an accurate forecast model. Once these actions have been implemented then Council will be in a position to forecast savings made.

## 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.

Item	Included?
<b>Mandatory forms and Attachments</b>	
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 (if available)	<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"/>
<b>Other Attachments</b>	
Relevant extracts from the Asset Management Plan	<input checked="" 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 type="checkbox"/>

## 9 Certification

### 9 Certification

#### APPLICATION FOR A SPECIAL RATE VARIATION

To be completed by General Manager and Responsible Accounting Officer

Name of council:

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

A/ General Manager (name): TOMMASO BRISCESE

Signature and Date: [REDACTED] 11/02/19

Responsible Accounting Officer (name): WAYNE ARMITAGE

Signature and Date: [REDACTED] 11/02/2019

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