Independent Pricing and Regulatory Tribunal

Special Variation Application Form – Part B

For applications for 2014/15

Issued October 2013

Liverpool City Council
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1 Introduction

Council has an existing special rates variation of 9 per cent in place. The variation expires in the 2013/14 financial year. This application seeks continuation of the 9 per cent variation, in addition to the 3 per cent rate peg (which was estimated at the time of developing Council's Long Term Financial Plan).

This application is supported by a robust community consultation process where more than 3,600 community members responded to a survey regarding a special rates variation. Almost eighty per cent of respondents supported an additional rates variation, with more than half of these (53%) supporting the option proposed by this application.

To ensure that a special rates variation will not have a detrimental effect on the community, Council engaged the Western Research Institute to examine whether the rates increase will have a negative impact on the community. This study found that the proposed rates increase will not have a negative impact.

2 Focus on Integrated Planning and Reporting –

Council's current Community Strategic Plan, Growing Liverpool 2023 (adopted in June 2013) was developed in line with the Integrated Planning and Reporting guidelines which specify that a Council needs to develop and adopt a new Community Strategic Plan within 9 months of their first term. This plan builds on the work undertaken in Growing Liverpool 2021 (adopted in June 2011), to achieve the community's vision for a vibrant regional city of opportunity, diversity and prosperity.

More than 2,000 people were involved in the development of Growing Liverpool 2021 and a further 1,500 people contributed to Growing Liverpool 2023. Consultations which were held as part of the development of Council's Community Strategic Plan included; engagement booths, speak outs, art workshops and focus groups. The consultations which were undertaken to develop the Community Strategic Plan were high level consultations which were aimed at establishing the community's needs and aspirations for the city in which they live. During these consultations, the community requested an increased level of, and additional range of services. Particularly in the areas of transport infrastructure, city centre improvement works and safety.

Council's current Community Strategic Plan documents Council's intention to undertake community consultation regarding a special rate variation to maintain levels of service and infrastructure assets. An excerpt from page 49 of the plan is shown below.

> We will ensure long-term financial sustainability by effectively and efficiently managing our resources and assets, actively seeking funding and developing dynamic and strong partnerships with all relevant stakeholders. We will seek to optimise revenue streams from our property portfolio and other income sources to reduce costs to our ratepayers. To maintain levels of service and infrastructure assets, we will consider seeking a special rate variation, if it is supported by our community.

The 4-year consolidated budget in Council's first Delivery Program and Operational Plan – Growing Liverpool 2023 identified continuation of the special rate variation as a separate line item. Following Council's resolution to undertake consultation regarding three options, Council revised its Delivery Program and Operational Plan to include more detailed information on the options and their impact on the community. An excerpt from this page is shown:

OUR LONG TERM FINANCIAL PLAN - SPECIAL RATE VARIATION

There are a number of financial indicators which allow Council to measure its financial position.

While Council has worked hard to secure its current sound and stable financial position, the NSW Treasury Corporation (T-Corp) has assessed the future outlook as Negative. This means that Council needs to look at ways to generate revenue for the future.

Council's internal assessments identify a funding gap of $66 million over the next 10 years. This means that if Council does not continue the existing special rate variation, it will need to reduce the amount of road works, infrastructure projects and services it delivers. Council is proposing three options for community feedback. These are:

Option 1: Maintain current services and infrastructure delivery to the community - This option means that rate charges and services will continue at the current level and that Council will apply for a permanent continuation of the current 9 per cent special rate variation.

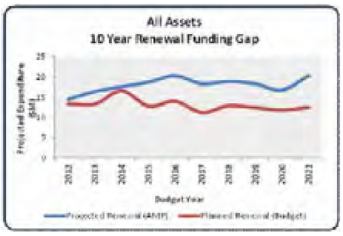
Option 2: Reduce services and infrastructure delivery to the community – This option means that rate charges and services will be reduced and that Council will not apply for a special rate variation.

Option 3: Increase services and infrastructure delivery to the community - This option means that rate charges and services will be increased and that Council will apply for a permanent continuation of the current 9 per cent and a further 2.5 per cent (approximately $1.9m) for two years (5 per cent in total).

Council has prepared a consolidated four year budget for each of these options.

Assets renewal funding gap

A significant challenge for Council is the ageing of its public infrastructure assets. Many of its roads, buildings and associated infrastructure were constructed in the 1970/80s and are now approaching the end of their lives. This infrastructure requires significant improvement and renewal if it is to be up to the standards expected by the community.
The graph below demonstrates the planned renewal (red line) which Council can deliver with current levels of funding and the projected renewal (blue line), which is required to bring infrastructure to standard.



In order to address this gap, Council needs to spend approximately $4 million per annum or $40 million over the next 10 years.

For the past 5 years, Council has listened to the community's requests and structured the works and maintenance program around community needs and priorities. The existing and proposed special rates variation has been built around these priorities. It is aimed at continuing Council's capital works program to make sure the community receives high quality infrastructure and community facilities.

Approximately $5 million in each year was spent from the current rate variation over the last five years on new playgrounds, park refurbishment, road reconstruction and renewal, new footpaths, improved drainage and refurbishment of community facilities including to improve access.

Next steps

Council will consider all community feedback regarding the before it makes a decision in February 2014 to apply or not apply for a special rate variation. If it decides to go ahead it will formally apply to IPART in that month. IPART then determines the application and informs Council in June of its decision.

DELIVERY PROGRAM AND OPERATIONAL PLAN

Delivery Program 2013-2017 | Operational Plan 2013-2014

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Council also revised its 4-year consolidated budget to provide a separate consolidated budget for each of the three options to demonstrate the way in which each budget option will impact on Council's service delivery.

Extracts from the Delivery Program and Operational Plan which show the consolidated 4-year budget for each of the budget scenarios are shown in Attachment 1.

As per the Integrated Planning and Reporting Guidelines, the revised Delivery Program and Operational Plan were placed on Public Exhibition from 27 November 2013 – 17 January 2014. Council did not receive any submissions regarding the revised plan.

3 Assessment criterion 1: Need for the variation

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

Maintain existing services	☒
Enhance financial sustainability	☐
Environmental works	☐
Infrastructure maintenance / renewal	☐
Reduce infrastructure backlogs	☐
New infrastructure investment	☐
Other (specify)	☐

Need for a variation

Council's asset portfolio

Council is responsible for managing a local government area which is made up of 42 suburbs and spans 306 square kilometres. Council provides an extensive range of community services and facilities and maintains a substantial portfolio of public infrastructure assets which is valued at more than $1.87 billion.

Council's current infrastructure assets include:

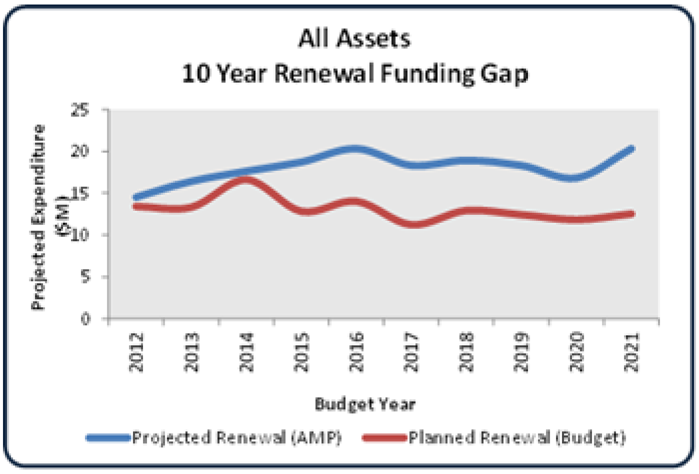
- 1927 hectares of open space
- 840 kilometres of public roads
- 590 kilometres of piped drainage systems and associated pits, gross pollutant traps, flood retention basins, formed channels and waterways
- 509 parks, reserves and streetscapes
- 155 playgrounds (including outdoor gym equipment)
- 5 libraries and 3 leisure centres

This infrastructure is necessary for Council to satisfy community needs and deliver on the community's vision for a "vibrant regional city of opportunity, prosperity and diversity". As the lead agency for the city of Liverpool, Council has a duty of care to ensure that satisfactory levels of service are delivered to the community and that infrastructure is maintained to relevant standards.

Asset Management Plan Infrastructure Renewal Gap

A significant challenge for Council is the ageing of its public infrastructure assets. Many roads, buildings and associated infrastructure were constructed in the 1970/80s and are now approaching the end of their serviceable lives. In order to meet current acceptable standards for the community, this infrastructure requires significant improvement and renewal.

Council has a detailed asset management framework in place which is reflective of best practice and outlines the works required for each of Council's asset classes. The graph below demonstrates the planned renewal (red line) which can be undertaken at current levels of funding, and the projected renewal (blue line) which is required in order to bring infrastructure to standard:



As demonstrated in the above chart, at current levels of funding it will take significantly longer to arrest the declining condition of infrastructure assets. This gap precludes Council from undertaking timely renewals and achieving its asset management objectives.

In developing its Asset Management Plan, Council undertook a detailed assessment of the cost of maintaining its existing infrastructure and assets. The 10-year projections which were completed as part of this demonstrate that should the current 9 per cent variation discontinue and Council lose this essential funding, the cost of bringing Council's assets to a satisfactory standard will be in excess of $308 million in 2022/23 compared to $161 million if the current special rates variation be continued to perpetuity.

Existing Special Rates Variation

Council has an existing special rates variation of 9 per cent in place which expires in 2013-14. This SRV has provided Council with $6.3 million in funding per annum to fund essential infrastructure works, capital projects and maintenance programs. Losing this SRV will result in the amount of funding available for capital works being reduced significantly and a substantial decline in the state of Council's assets. This will have a detrimental impact on Council's long-term financial sustainability and the state of assets available to the community.

Delivery Program

The 4-year forecast which is documented in Council's Delivery Program further reinforces the significant impact of reducing funding for essential capital works program. It provides the community with information on the amount of funds which will be available with and without a special rates variation. This information can be found on page 151 and 152 of the document. A summary of the information has also been provided below:

	2013/14	2014/15	2015/16	2016/17
With 9% SRV	$12.6mill	$14.2mill	$15.4mill	$16.7mill
Without 9% SRV	$12.6mill	$7.8mill	$8.8mill	$10.1mill

Long-Term Financial Plan

At the time of developing the Long-Term Financial Plan (LTFP), Council was considering three options for a special rates variation:

1. **Maintain** current services and infrastructure delivery to the community - This option means that rate charges and services will continue at the current level and that Council will apply for a permanent continuation of the current 9 per cent special rate variation.

2. **Reduce** services and infrastructure delivery to the community – This option means that rate charges and services will be reduced and that Council will not apply for a special rate variation.

3. **Increase** services and infrastructure delivery to the community - This option means that rate charges and services will be increased and that Council will apply for a permanent continuation of the current 9 per cent and a further 2.5 per cent (approximately $1.9m) for two years (5 per cent in total).

The LTFP includes scenarios for each of these options. Following development of the LTFP, Council resolved to apply to extend the existing 9 per cent special rates variation to perpetuity and the estimated 3 per cent rate peg only.

Baseline Scenario vs Special Rates Variation Scenario

The Baseline scenario would put Council under significant financial and operational constraints having to reduce services or lower delivery levels. Council will also need to reduce its maintenance and renewal of infrastructure assets. Under this model, a deterioration of Council's asset condition and serviceability is expected.

The Special Rate variation scenario is Council's preferred option as it allows current service levels to be maintained and assuming approval of the continuation of 9 per cent special rate variation in perpetuity results in a balanced budget to 2023.

Extracts from the LTFP which show the baseline scenario and SRV scenario are provided on the next page.

- ***Baseline scenario – revenue and expenditure forecasts which reflects the business as usual model, and exclude the special variation.***

Council revenue is currently supplemented by a special rate variation of nine per cent approved in the 2010-11 financial year which expires at the end of 2013-14, c ting a revenue reduction of $6.3 million dollars per annum. The current Long Term Financial Plan which informed this scenario, projects gaps in the funding required up tc)23. This scenario results in an accelerated decline of existing assets, unsatisfactory maintenance of future assets, and no growth in services to meet increased demand (: to population growth. Council's Long Term Financial Plan constructed under this scenario shows a net funding gap of $66 million to 2023 as a result of the expiry of th(per cent special rate variation.

	2013/2014 Original Budget	2014/2015 FORECAST	2015/2016 FORECAST	2016/2017 FORECAST	2017/2018 FORECAST	2018/2019 FORECAST	2019/2020 FORECAST	2020/2021 FORECAST	2021/2022 FORECAST	2022/2023 FORECAST	TOTAL
Total Revenue	(162,059,473)	-170,735,453	-171,927,412	-185,949,410	-181,188,565	-185,619,780	-186,078,323	-181,252,855	-190,481,293	-197,031,041	-1,812,323,606
Operating Expenses	148,677,249	162,892,010	163,124,453	175,943,074	170,755,281	173,814,596	173,183,606	166,229,521	173,737,675	179,433,007	1,687,790,473
Operating funds available to finance capital works	(13,382,224)	(7,843,443)	(8,802,959)	(10,006,336)	(10,433,285)	(11,805,184)	(12,894,716)	(15,023,333)	(16,743,618)	(17,598,034)	-124,533,132
Capital Expenditure	66,437,437	80,871,696	56,046,515	39,614,215	52,788,847	50,797,736	68,670,892	86,209,741	72,990,590	69,764,557	644,192,227
Capital Works Funding	(53,055,213)	(66,693,028)	(40,705,605)	(22,860,713)	(35,177,181)	(31,598,824)	(48,160,633)	(63,342,399)	(48,167,643)	(43,844,815)	-453,606,054
Funding Result (Surplus) / Deficit	(0)	6,335,225	6,537,951	6,747,166	7,178,382	7,393,728	7,615,543	7,844,008	8,079,329	8,321,709	66,053,041

- ***Special variation scenario – the result of approving the special variation in full is shown and reflected in the revenue forecast with the a...tional expenditure levels intended to be funded by the special variation.***

This scenario is currently seen as the preferred option as it maintains the current levels of service and assuming approval of the continuation of 9 per cent special rate variation in perpetuity results in a balanced budget to 2023. It responds to the community's requests for increased and additional services and responds to the demands of anticipated future growth within the local government area. The community consultation and surveys carried out to date demonstrate that the community wants improved and increased services, in particular in the areas of maintenance, rubbish, cleanliness and the quality of roads and footpaths. The special rates variation is integral to achieving all the Directions in the Community Strategic Plan, in particular a "Liveable Safe City" and an "Accessible Connected City".

	2013/2014 Original Budget	2014/2015 FORECAST	2015/2016 FORECAST	2016/2017 FORECAST	2017/2018 FORECAST	2018/2019 FORECAST	2019/2020 FORECAST	2020/2021 FORECAST	2021/2022 FORECAST	2022/2023 FORECAST	TOTAL
Total Revenue	(162,059,473)	(177,070,678)	(178,465,363)	(192,696,576)	(188,366,946)	(193,013,509)	(193,693,866)	(189,096,863)	(198,560,622)	(205,352,750)	-1,878,376,647
Operating Expenses	148,677,249	162,892,010	163,124,453	175,943,074	170,755,281	173,814,596	173,183,606	166,229,521	173,737,675	179,433,007	1,687,790,473
Operating funds available to finance capital works	(13,382,224)	(14,178,668)	(15,340,910)	(16,753,502)	(17,611,666)	(19,198,913)	(20,510,259)	(22,867,341)	(24,822,947)	(25,919,743)	-190,586,173
Capital Expenditure	66,437,437	80,871,696	56,046,515	39,614,215	52,788,847	50,797,736	68,670,892	86,209,741	72,990,590	69,764,557	644,192,227
Capital Works Funding	(53,055,213)	(66,693,028)	(40,705,605)	(22,860,713)	(35,177,182)	(31,598,823)	(48,160,633)	(63,342,399)	(48,167,644)	(43,844,815)	-453,606,053
Funding Result (Surplus) / Deficit	0	0	0	0	0	0	0	0	0	0	0

3.1 Community needs

Growing Liverpool 2023 and associated documents - community consultation and engagement

In order to develop its current Community Strategic Plan, Delivery Program and Operational Plan and associated resourcing strategy, Council undertook a range of consultation processes:

- Two community focus groups
- A focus group held with Council's partners
- Presentations made by representatives from Council's Executive Team at Rural and Urban community forums
- A direct mail-out to Council's partners and stakeholders
- Information on Council's social networking sites, Facebook and Twitter
- Information on the front page of Council's website
- Hard copies of the Plans at various locations during the public exhibition period including Council's Customer Service Centre and all libraries
- Public notices in each of the local papers

Feedback from the community received during these processes was used to inform the Principal Activities in the Delivery Program and set the performance indicators for Group Managers.

Key community concerns which were identified through the consultation process were translated into the actions for delivery during the year, an example of this is shown below:

2.4.3	Improve Liverpool's streetscape by planting, maintaining and inspecting street trees.	Sport and Recreation CBD and Cleansing

The existing levels of service which are documented in Council's Asset Management Plan have been determined predominantly through condition surveys as well as through a rigorous consultation process which involved examination of historical patterns of community complaints, defects, responsiveness and quality of repairs.

A similar process was used to develop desired levels of service and performance measurement processes. The gap identified between existing and desired service levels guided the development of asset management strategies and programs to deliver the required level of service over the term of the asset management plan.

Furthermore, before applying for a special rates variation, Council undertook an in-depth community consultation process which was aimed at establishing the levels of service for asset maintenance which the community was willing to pay for. This consultation and the results of this are discussed further in Part 4 of this application.

3.2 Alternative funding options

Before determining to apply for a special rates variation, Council implemented a range of efficiency/productivity gains (outlined in detail in part 8) and reviewed the following alternative funding options:

Grants:
Councils receive a range of government grants to provide a variety of works and services. Grants can be general or for a specific purpose. Grants for a specific purpose are provided to undertake a particular project.

Recent grants that Council has received include:

Funding Agency	Project	Funding Amount
Roads and Maritime Services	Bus Weight Tax, Street Lighting Subsidy, Better Boat Design, Regional Road Block and supplementary road block grant, and Program Funding for various projects	$2,571,651
Department of Education, Employment and Workplace Relations	Program Funding - Children's Services Program, staff traineeships and employment initiatives	$1,604,070
Office of Environment and Heritage	Program Funding - CBD Trunk Drainage - George Street, Moore Street to Scott St	$1,168,757
Department of Premier and Cabinet, Division of Local Government	Pensioner rates rebate, Interest Subsidy on LIRS loan, Casula Parkland Corridor and Program Funding for Age Friendly Communities	$1,034,184
Department of Infrastructure and Transport	Roads to Recovery - Fourth Avenue, Austral 7th to 9th Avenue and Frederick Road, Cecil Hills - Gabriella to Spencer	$899,000
NSW Community Services	Children's Services Program (CSP)	$452,994
Library Council of NSW	State Subsidy Local Libraries	$400,121
Department of Family and Community Services	Salary and Program funding - Family and Children's Services Planning, Community Development Funding and Network, 2168 Training and Research Centre and Liverpool Community Farm Project	$304,095
Department of Local Government	Pensioner Rates Subsidy - Domestic Waste	$255,767
NSW Rural Fire Service	Program Funding - Rural Fire Service	$214,996
NSW Environment Protection Authority (EPA)	Program Funding - Special Waste Drop Off Centre	$200,000
Arts NSW	Casula Powerhouse - Operational Funding	$185,964
Department of Health and Ageing	Program Funding - Live Well In Liverpool	$149,685
Attorney General's Department	Proceeds of Crime Act - Graffiti Prevention and Reduction	$100,000
State Library of New South Wales	Local Priority Grant	$87,971
Department of Infrastructure, Planning and Natural Resources	South West Growth Centre	$60,000

Valley United Junior Rugby League Football Club	Community Building partner - Edwin Wheeler awning	$52,891
Ministry for Police and Emergency Services	Program Funding - CBD Trunk Drainage - George Street, Moore Street to Scott St, Brickmakers Creek Flood Mitigation and Brickmakers Creek - stage 1 Channel Improvements - Campbell	$52,808
Department of Attorney General and Justice	Program Funding - Car Security Project	$49,994
Australia Council for the Arts	Casula Powerhouse -Program Funding for Pacific Power, Tough Beauty and Pacific Program 2013	$47,948
NSW Sport and Recreation	Bringelly Sports Amenity Building	$41,619
FACS - Housing NSW	Program Funding - Community 2168	$38,182
NSW Education & Communities	Young Children with Disabilities (YWCD) Component of the Intervention Support Program	$37,671
Australian Taxation Office	Diesel & Alternative Fuels Grants Scheme	$37,195
Office of Communites	Floodlighting Staged Upgrade Program - Amalfi Park (Main Oval) and Program Funding for Youth Week 2013	$32,218
South Western Sydney Local Health District	Program Funding - Community 2168	$29,545
Ageing Disability and Home Care	Home and Community Care - Aged Worker salary subsidy	$28,841
Sydney Metropolitan Catchment Management Authority	Program Funding - Noxious Weeds	$19,500
Hawkesbury River County Council	Program Funding - Noxious Weeds	$12,192
Liverpool Catholic Club	Program Funding - Resident Action Group 2168	$9,770
Western Sydney Regional Organisation of Councils (WSROC)	Program Funding - Living Streams - Locative River History & Art Project	$7,026
Telstra	Program Funding - Adult Learners Program	$6,617
Gordon Darling Foundation	Casula Powerhouse - Exhibition Two 2013 catalogue	$4,532
Youth Action and Policy Association NSW	Casula Powerhouse -Program Funding Education'	$2,727
Bankstown City Council	International Day of People with a Disability (Joint Project)	$2,000

Council also receives a general purpose Financial Assistance Grant (FAG) to assist in financing its general operations. This FAG has only increased at a marginal rate in recent years despite significant cost increases over the same period. Council received approximately $9.56 million in the current year, representing 5.7% of the total budgeted operating revenue. (Part paid in advance $4.5million)

Although Council will continue to actively seek grant funding, the timing and availability of grant funding are not always guaranteed as it is dependent on other levels of government. For example the Regional Development Australia Fund which funds capital infrastructure projects for local communities is currently being reviewed.

Investment Income

Investment income is determined by two factors, the amount of investment funds available for investment; and the interest rate return that can be achieved on investment funds. Over the past three years, the average investment funds that were available to Council were:

Year	Total Investment Income	Interest Rate
2010-11	$6.8 million	7.3%
2011-12	$6.93 million	6.63%
2012-13	$6.11 million	4.96%

The estimated investment funds for 2013-14 are $90 million with an interest rate of 4.7%. Approximately 70% (long-term average) of Council's investment funds are currently in restricted funds such as Section 94 and must be spent on specific projects in the areas in which the funds are collected from.

Council's General Fund does not have sufficient resources available to provide the level of funding required to address Council's infrastructure renewal gap. Furthermore, the return from investment is dependent on current market interest rates and a number of other external factors which are not within Council's sphere of control.

Loans

Debt is one way of consolidating the cost of construction over the generations that will make use of, and benefit from the asset. It is a way of meeting the principle of 'inter-generational equity' and ensuring that one generation of people are not bearing the costs for works which span over several generations. For example, not only would it be unfair if today's generation paid the full cost of building assets that last for 50 to 100 years, but such investments also tend to be well beyond the capacity of councils to fund out of their operational income alone.

Council's previous special rate variation was aimed at reducing Council's level of debt in the short-term, thus providing Council with the opportunity to take out additional loads to supplement general income as existing loans mature. Council is currently developing applications for Round 3 of the Local Infrastructure Renewal Scheme and taking advantage of low interest loans to fund works.

Council's current level of debt is $46.2 million with debt servicing costs in the order of $6.4 million for loans that have been taken out to facilitate capital improvements within Liverpool.

Council has resolved that, as these debts retire, the funds used to service these loans will be transferred to an Infrastructure Sinking Fund for strategic allocation towards future infrastructure needs.

From time to time, Council may access the Infrastructure Sinking Fund to service any new debt that may be required to fund capital works. The Infrastructure Sinking Fund therefore, is a key funding strategy to meet any future budget shortfalls.

Council will continue to borrow money to fund major works and projects. However, in order to ensure financial sustainability, Council's debt service ratio needs to remain below the industry benchmark of 10%. As at 30/06/2013, the debt service ratio (percentage of operating revenue required to meet debt repayment costs) was 6.34% and is below the accepted industry benchmark of 10%.

One of the contributing factors in determining the benchmark is Council's rates income. Hence continuation of the SRV will increase Council's borrowing capacity whereas discontinuation of the SRV will negatively impact on Council's capacity to borrow.

Strategic Property Portfolio

Council continuously reviews its assets with a view to ensuring their efficient use, and where appropriate, disposal. Income derived from asset sales is used for reinvestment in other assets (these could be infrastructure assets or income producing assets).

The total income generated from the sale of assets in 2012-13 was approximately $1.5 million. It is estimated that Council will generate $8 million from the sale of assets in 2013-14. Proceeds from the sale of assets are placed in the Property Development Reserve to be used for the strategic acquisition of property, in particular income generating assets.

Council is also in the process of developing a property strategy which is aimed at optimising Council's commercial properties and providing property investment solutions which reduce Council's reliance on income from rates. However, this is a long-term strategy with funds not being available in the short-term.

Local Infrastructure Renewal Scheme

Council was successful in applying for subsidised interest on borrowings under the Local Infrastructure Renewal Scheme (LIRS) round one and round two. The LTFP capital funding includes repayment over a period of ten years on a loan of $9.6m taken in March 2013 under round one of the LIRS and a loan for $10m under round two to be drawn in December 2014. The loan for $9.6 m is to fund the replacement of the Air Conditioning Systems at the Whitlam Leisure Centre ($1.4m) and for Road reconstruction and Rehabilitation for $8.2m. The loan of $10m is to fund the construction of a multi storey car park in the Central Business District.

Council lodged an application for $10.7m under Round three of the LIRS to fund the Revitalisation of the Liverpool Central Business District. Three major city precincts have been identified for infrastructure development: The Liverpool Health and Education Precinct (LHEP): the top end of Macquarie Street and Bigge Park. The five key revitalisation projects to be delivered in those precincts are:

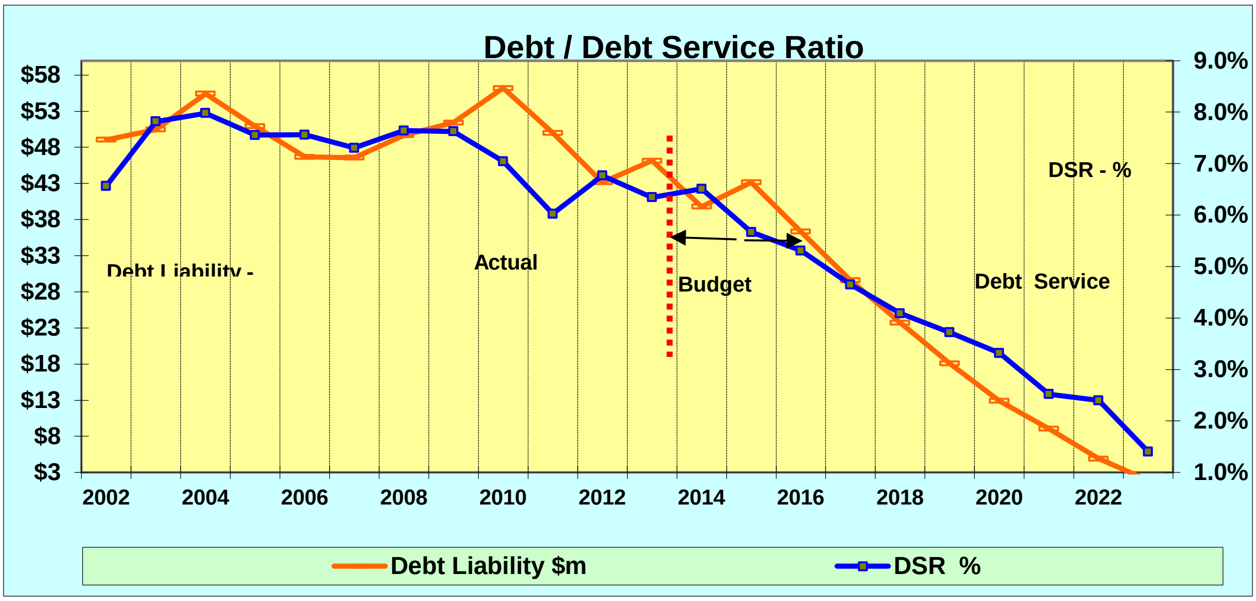
1. A health and medical research precinct which houses one of the busiest and most prestigious hospitals in Australia along Elizabeth Street. It connects to Bigge Park and wraps around to the major bus/train interchange.
2. An "eat –street" at the southern end of the city centre along Macquarie Street.
3. A pedestrian mall from Elizabeth Street through to Moore Street offering a wide variety of retail shops.
4. Linkages to the Georges River to take advantage of the active and passive recreational opportunities available.
5. Development of the key gateways to Liverpool in a fashion that provides a sense of arrival to the Regional City for South West Sydney.

The total estimated cost to deliver these projects is $20m.

The Long Term Financial Plan documents alternative funding options such as borrowing and investment. The relevant extracts from this document have been provided below:

Debt service Ratio Projection

Council's objective is to maintain the debt service ratio below the industry benchmark of 10 per cent. For the past five financial years Council's debt service ratio has been between 7 to 8 per cent. It is expected to drop significantly as loans within Council's portfolio reach their maturity dates, as shown in the table below. This forecast provides some scope for further borrowing if necessary whilst still maintaining a debt service ratio that is below the industry benchmark. The Financial Services unit will conduct an annual review of Council's borrowing strategy and prepare forecasts for proposed loan funding as required.



Infrastructure sinking fund

Council currently spends in the order of $9 million per annum on debt servicing for loans that have been taken out in the past to facilitate capital improvements within the local government area. Council has resolved that, as these debts retire, the funds used to service these loans are transferred to an Infrastructure Sinking Fund for strategic allocation towards future infrastructure needs. The first transfer to this fund occurred in 2012/2013.

Conclusion

Whereas Council has considered and capitalised on alternative funding options, the volatile nature of these will not provide the stability which is required to address Council's infrastructure renewal gap on a long-term basis.

3.3 State of financial sustainability

Council's current financial position

Council is currently in a sound and strong financial position; however its outlook is negative. A reduction in Council's income of $6.3 million will have a detrimental effect on Council's long term financial sustainability.

Council regularly monitors a number of financial indicators to determine its financial position; these indicators are reported annually to Council by its external auditor in the Independent Auditors Financial Report to Council. Council's latest audit report states:

- *The Unrestricted Current Ratio increased and remains above the accepted benchmark for the industry of 100%.*
- *The Debt Service Ratio improved to 6.34% of revenue and remains below the industry benchmark of 10%.*
- *The Rate Coverage Ratio increased to 51% of revenue reflecting the lower capital grants and contributions received during the period.*
- *The Rates Outstanding Ratio increased to remain above the industry benchmark of 5%.*
- *The Asset Renewal Ratio indicates that Council is renewing assets at 110% of the rate at which they are depreciating.*
- *Council is considered to be in a sound and stable financial position. Most indicators remain better than accepted industry benchmarks.*

T-Corp Report

T-Corps report on Council financial sustainability supports this application for a special rates variation. The report states that while Council is currently in a sound and stable financial position, its outlook is Negative. The most recent report prepared by T-Corp as part of the Local Infrastructure Renewal Scheme in April 2013, states:

> "As Council's SRV is only in place until 2014 Council needs to develop strategies to replace this revenue to continue their infrastructure maintenance."

When assigning a Negative Outlook to Council, T-Corp made the following recommendations; Council's response to these recommendations has been included:

T-Corp Recommendation	Council response
• The need to source additional revenue, such as under an SRV, to improve financial flexibility and to assist in reducing the Infrastructure Backlog	Council resolved on 5 February 2014 to apply to IPART for a 12 per cent special rates variation, comprising 9 per cent SRV and the 3 per cent rate-peg.
• For Councils with the borrowing capacity, consider using debt funding to reduce the Infrastructure Backlog and improve intergenerational equity	Council has been actively applying for loans under the Local Infrastructure Renewal Scheme. This is outlined in detail in question 3.2 of this application.

• Devising programs and strategies to contain rising costs and improve efficiencies	Council has implemented a range of programs and strategies which are aimed at productivity improvements. These are outlined in part 8.
• Further improvement required in AMPs and integration into the Long Term Financial Plan (LTFP)	The costings and modelling which has been documented in Council's AMP underpins the scenarios and assumptions in Council's current LTFP.
• Increasing spending on maintenance and infrastructure renewal, balancing this with the need for capital expenditure on new assets	Council is actively investing in infrastructure renewal. This has been demonstrated in part 2 of this application and is documented in Council's Delivery Program and Operational Plan.

Key financial indicators over the 10-year planning period

The impact of the special variation on Council's key financial indicators over the 10-year period is shown below.

Baseline Scenario

		2013/2014 Original Budget	2014/2015 FORECAST	2015/2016 FORECAST	2016/2017 FORECAST	2017/2018 FORECAST	2018/2019 FORECAST	2019/2020 FORECAST	2020/2021 FORECAST	2021/2022 FORECAST	2022/2023 FORECAST
Operating Balance Ratio		7.23%	9.32%	7.09%	10.72%	5.59%	5.39%	3.10%	-3.33%	-0.68%	-0.39%
Unrestricted Current rario		1.39	1.36	1.26	1.20	1.12	1.10	1.11	1.03	1.11	1.20
Rates & Annual Charges Ratio		62.50%	58.21%	60.43%	58.41%	63.27%	64.62%	67.45%	72.54%	72.38%	73.37%
Debt Service Ratio		6.51%	5.67%	5.31%	4.65%	4.09%	3.72%	3.32%	2.52%	2.40%	1.40%
Broad liabilities ratio		1.63	1.58	1.60	1.50	1.56	1.55	1.57	1.64	1.57	1.55
Asset renewal ratio		100.00%	71.29%	63.63%	38.80%	66.83%	70.20%	83.68%	93.15%	71.89%	71.18%

Special Rate Variation Scenario

		2013/2014 Original Budget	2014/2015 FORECAST	2015/2016 FORECAST	2016/2017 FORECAST	2017/2018 FORECAST	2018/2019 FORECAST	2019/2020 FORECAST	2020/2021 FORECAST	2021/2022 FORECAST	2022/2023 FORECAST
Operating Balance Ratio		7.23%	12.57%	10.49%	13.85%	9.19%	9.02%	6.91%	0.95%	3.42%	3.68%
Unrestricted Current rario		1.39	1.59	1.73	1.91	2.00	2.34	2.66	2.83	3.49	4.14
Rates & Annual Charges Ratio		62.50%	59.70%	61.88%	59.87%	64.67%	65.98%	68.73%	73.68%	73.51%	74.45%
Debt Service Ratio		6.51%	5.47%	5.11%	4.48%	3.93%	3.58%	3.19%	2.41%	2.30%	1.34%
Broad liabilities ratio		1.53	1.39	1.31	1.16	1.12	1.02	0.97	0.94	0.83	0.77
Asset renewal ratio		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

3.4 Capital expenditure review

Does the proposed special variation require you to do a capital expenditure review in accordance with DLG Circular to Councils, Circular No 10-34 dated 20 December 2010? Yes ☐ No ☒

If *Yes*, has a review been done and submitted to DLG? Yes ☐ No ☒

4 Assessment criterion 2: Community awareness and engagement

4.1 The consultation strategy

Consultation Strategy

Council's consultation strategy was aimed at ascertaining community opinion on three different options:

Your rates, your services, your options..

- **Option 1: Maintain** current services and infrastructure delivery to the community – This option means that rate charges and services will continue at the current level and that Council will apply for a permanent continuation of the current 9 per cent special rate variation.

- **Option 2: Reduce** services and infrastructure delivery to the community – This option means that rate charges and services will be reduced and that Council will not apply for a special rate variation.

- **Option 3: Increase** services and infrastructure delivery to the community - This option means that rate charges and services will be increased and that Council will apply for a permanent continuation of the current 9 per cent and a further 2.5 per cent (approximately $1.9m) for two years (5 per cent in total).

All of the above options were in addition to the approved IPART rate peg.

The following methods were implemented to gauge community attitudes towards any additional special rates variation.

- An interactive section on Council's website which included an online survey, table of how the different options will impact on different land values and Frequently Asked Questions.
- One-page advertisement in Liverpool Advertiser on 20 and 27 November 2013.
- Double page spread in the Liverpool Leader, South West Advertiser and Liverpool Champion on 4 December 2013.
- Information kiosks at the following locations:
  - Moorebank Shopping Village on Wednesday 4 December from 10.00am – 2.00pm
  - Macquarie Mall on Thursday 5 December from 3.00pm-7.00pm
  - Carnes Hill Marketplace on Saturday 7 December from 10.00am – 2.00pm
- Four Facebook/Twitter updates directing people to the online survey and information stalls.
- A letter with an informational newsletter and copy of the survey sent to all rate payers.

In addition to the above methods, two independently facilitated workshops were organised for members of the public to meet with Council staff about the special rate variation. These were advertised in local newspapers and through Council's social network sites. The workshops were cancelled as only one registration was received.

The link to the special section on the website which details SRV information is: http://www.liverpool.nsw.gov.au/council/growing-liverpool-2023-special-rate-variation-srv. Please note – the menu bar on the side includes links to all of the pages which Council created, as the website was developed to allow people to navigate through different pages and seek information on the pages which they were interested in.

The link to the table of information which provides information on how the different options will affect different land values is available here:

http://www.liverpool.nsw.gov.au/__data/assets/image/0010/20701/whatwilltheseoptionscostme-large.jpg

Copies of all Council's media advertising, and the mail-out to all households has been attached.

Alternatives to the special variation

Indicate the range of alternatives to the requested special variation that the council considered and how you engaged your community about the various options.

The range of alternatives to a special rates variation which Council considered were:

- Increasing user rates and charges
- Loans and borrowings
- Investment income
- Sale of assets
- Grants

Whereas Council has considered and capitalised on alternative funding options, the volatile nature of these will not provide the stability which is required to address Council's infrastructure renewal gap on a long-term basis.

With this in mind, Council proposed three different options to the community, option 1 was to maintain the special rate variation on a permanent basis, option 2 was to discontinue the existing special rate variation and reduce services and option 3 was to maintain the existing variation and pay an additional 5% (staged over two years) to increase services. These options allowed the community to clearly decide which option they supported and the level of service delivery they wanted.

Council also held three engagement booths across the local government area to allow people to discuss one-on-one with Council staff the SRV in detail and the different options which were available. Approximately 150 people attended these stalls, and provided suggestions regarding efficiency improvements and how Council could restructure operations to raise money. Members of the community were able to ask specific questions about alternative funding options. This was particularly valuable at the engagement booth which was held at Carnes Hill Market place as it was close to Liverpool's rural areas and allowed people who paid higher than average rates as they lived on acreage or had larger lands, to voice their concerns and hear the alternatives in detail.

Approximately 150 people attended the community information stalls which were held in popular shopping centres across the local government area. In particular, an information kiosk at Carnes Hill Marketplace on Saturday 7 December allowed residents from rural parts of Liverpool to voice their concerns and 'chat' to Council staff.

The frequently asked questions section on Council's interactive SRV website canvassed alternatives to a special rates variation, such as borrowing money and using existing rates. These were written in plain English and allowed people who had questions to navigate through the different topics. A snapshot from this section is shown below:

Frequently Asked Questions

- What is a Special Rate Variation and a rate peg?
- Where does Council get its income from?
- Council puts up rates every year so why can't that pay for the new work?
- Why can't Council borrow money or take our additional loans to pay for these works and services?
- What would change if we receive an SRV?
- What will happen if we don't have an SRV?
- What happens next?
- Who can I speak to for more information?

4.2 Feedback from the community consultations

A letter outlining the available options and a copy of the survey was sent to all ratepayers in the Liverpool area. These have been attached.

Council received 3,627 completed surveys by the due date. A summary of the findings is as follows:

- 76% of respondents were supportive of a rate increase, selecting Option 1 – Maintain and/or Option 3 – Increase as their preferred options.
- 53.3% of respondents were most supportive of Option 1 – Maintain making this the most popular option.
- 30.2% of respondents were supportive of reducing rates.
- More than half (51.45%) of respondents paying business rates supported Option 1 – Maintain.
- 53.7% of rural residents were supportive of a rates increase. Selecting Option 1- Maintain or Option 3 – Increase.
- The 18 – 34 age group were the most supportive of Option 1 – Maintain.
- Age group 35 – 50 were the most supportive of Option 2 - Reduce and the least supportive of Option 3 - Increase. Many of these respondents cited mortgage stress and cost of living as reasons for not supporting the special rates variation.
- After English, the next most prolific languages amongst respondents were Arabic, Chinese/Mandarin/Cantonese and Italian.
- Respondents who speak English as a first language were slightly more supportive of Option 3 - Increase and slightly less supportive of Option 2 - Reduce.
- Respondents who submitted their surveys electronically were slightly less supportive of Option 3 – Increase.

A survey summary report which outlines the result of the surveys is available to view on http://www.liverpool.nsw.gov.au/council/growing-liverpool-2023-special-rate-variation-srv/special-rate-variation-survey-results

Written Submissions

In addition to the surveys, Council received 18 written submissions. A summary of the feedback received through these submissions is outlined below:

- 5 of the submissions were in support of Option 3 – Increase.
- 5 of the submissions requested that Council investigate efficiency improvements and cost savings.
- 4 of the submissions objected to the special rates variation.
- 4 of the submissions included a specific customer request/enquiry.
- 4 of the submissions expressed concern over rubbish dumping/cleanliness.
- 2 of the submissions were in support of Option 1 – Maintain.
- 2 of the submissions expressed concern over the perceived lack of services delivered to residents in rural parts of Liverpool.
- 2 of the submissions expressed appreciation for the good work Council is undertaking.

A table outlining each of the submissions received and Council's response is attached to this application.

Media campaign:

Part of Council's Consultation Strategy was a broad media campaign which consisted of regular media releases to the local media. This campaign resulted in:

- 16 local newspaper articles about the special rates variation
- 1 article in the Daily Telegraph
- 5 articles on news websites, including news.com.au and the heraldsun.com.au website
- 2 radio interviews with Councillors (2GB and 2UE)
- 1 channel 9 interview with a Liverpool Councillor

Whereas 3 of the print media articles were deemed negative in tone by Council's Communications Team, the remaining thirteen were deemed neutral. The comprehensive media coverage regarding the issue demonstrates the effectiveness of Council's media campaign and the way in which the topic of a special rates variation was played out in the public domain.

Sample articles are shown below:

People's choice: no service or rates rise

Article which appeared in the Daily Telegraph on 8 December 2013, regarding Council's consultation strategy.

EXCLUSIVE

LINDA SILMALIS
CHIEF REPORTER

FAMILIES in Sydney's west are being given the power to choose if they want less road/footpath and bridge works in return for lower rates.

Tired of the community anger that erupts with each rate increase, councils have begun throwing over the decision to households themselves.

Among the councils asking the community to determine its rates is Liverpool City Council, where households have been given three options.

In a letter sent to residents, families are asked whether they want to maintain current services and infrastructure delivery by paying an extra $76.96 a year, pay a minimal increase to reduce service delivery, or pay a 11.5 per cent increase to improve existing services.

Liverpool Mayor, Councillor Ned Mannoun, said it was the first time the council had formally given residents a rate option. However, he believed most would vote for a rise in return for greater local services.

The council's last rate variation of 9 per cent, which had been in place for the past five years, had seen almost $5.7 million raised for local infrastructure projects.

Cr Mannoun told The Sunday Telegraph: "We want the people of Liverpool to tell us what to do," he said. "Do we keep the rates as they are, decrease them or have them at a level where we can continue to deliver great services."

Council chief executive officer Farooq Portelli said lower rates would come at a cost with less work on footpaths and public buildings, and less spending on sporting fields.

A total of 15 councils applied for a special rate variation in 2012-13. Nine were approved for their specific hike above and beyond the rates peg of 3.6 per cent, while six were approved for a lower amount.

Rate rise resented

Not impressed: Greendale farmers Phillip Said and Duncan McDonald said they opposed an increase in Liverpool Council rates.

By Anne Tarasov

GREENDALE farmer Phillip Said says he's sick of paying inflated council rates while receiving no council services.

"They haven't done anything to fix Greendale Road and that's our castle," Mr Said said.

"That's what matters for us — things they do in Liverpool CBD might as well be happening in another state."

Liverpool Council recently asked residents whether they wanted the council to keep the 9 per cent special rate variation which has been in place for the past five years or allow it to lapse this financial year.

The survey, the results of which will go before the council on February 5, also asked residents if they wanted to increase the rates.

Duncan McDonald, also of Greendale, said he had complete disdain for the suvery because the council had not provided any road maintenance or road repair for rural residents for many years.

"They need to keep the rates at the status quo and get off their backsides and provide some service for us too," Mr McDonald said.

Fellow rural resident John Roy said most rural residents had actually experienced an increase of nearly 30 per cent to their rates.

"They didn't explain it properly. It was a 9 per cent special rate variation and a 2.3 per cent regular rate increase, but for us the increase was a lot greater," Mr Roy said.

"And that was because that was the percentage the total rate intake would increase by, not each individual's rates."

A council spokeswoman said all residents were given the opportunity to comment on the plans to change the rates.

She said the special rate variation had brought in $5.6 million which had been spent on road works, graffiti removal, park maintenance and other services.

"All properties will increase by the same percentage," she said.

"Residents who experience difficulties can come to an arrangement with the council."

An average 10-hectare rural property was charged 1668.21 a year in rates in 2007, before the special rate variation was brought in.

After it was introduced, they paid $2142.86, an increase of 28 per cent.This means that one rural rate payer could have paid more than $2000 extra in rates over the past five years.

How much are rural residents charged?

Example of an article with a negative tone which was featured in the South Western Rural Advertiser, 22 January 2014.

4.3 Considering the impact on ratepayers

Council engaged the Western Research Institute (WRI) to assess the impact of the proposed rates increases on business and the community.

In summary, it was found that both Option 1- Maintain and Option 3 - Increase will have an insignificant financial impact on households in Liverpool. However, for local business, it was found that whereas there would be an insignificant impact on the financial bottom line of farm and non-farm businesses, the increases will be unreasonable in comparison to business rates for similar Councils.

WRI asked the following questions in preparing their report:

- Is the proposed rates increase comparable to other price and cost increases in Liverpool LGA?
- What is the impact of the proposed rates increase on household expenditure and business viability?
- What is the impact of the proposed rates increase on Liverpool LGA's ranking relative to its peers in terms of personal income and socio-economic indicators?

Overall, the analysis of the reasonableness of the proposed rates increases delivered the following results:

- The rate increases proposed under both maintain and increase services plans pass reasonableness tests in terms of its impact on households and the financial bottom line of farm and non-farm businesses.

- The reasonableness tests are passed when comparing Liverpool residential (and to lesser extent farmland) rates with respective peer LGAs' rates.

- The reasonableness test is not passed in terms of comparing Liverpool business rates with peers' rates.

- In terms of comparison of proposed rates increases with other cost and price changes, the reasonableness test was passed in the case of the maintain services plan and household costs and was not passed in the case of the increase services plan and business costs.

In light of these findings, Council has resolved to apply only to maintain the existing rates variation and not to increase.

A copy of the report on the impact of the proposed special rates variation has been attached to this application.

4.4 Considering the community's capacity and willingness to pay

Community capacity

In developing the options for a special rates variation, Council engaged the Western Research Institute (WRI) to examine the "reasonableness" of the proposed rate variations under the Maintain and Increase options. WRI considered three main criteria in their methodology being; Price Comparisons (other goods usually purchased), Impact (on incomes), and Peer Comparisons (other Council's). The report also considered the impacts on those possibly less advantaged using the SEIFA ranking . As a result of the report, Council was confident that the value in dollar terms resulting from a SRV would be viewed as providing a tangible value when compared with the intended works to be gained.

Furthermore, Council has a pensioner rebate and hardship policy in place to support people who may be disadvantaged.

The summary page from the WRI report which examined the impact is shown below:

Despite the fact that residential rates as a proportion of the household expenditure are above 1% for most household categories, the proposed increase of residential rates in Liverpool LGA is likely to only have a moderate impact, because:

- Under the maintained services plan, rates as a percentage of total household expenditure will decline by 0.07 percentage points between 2013/14 and 2014/15 in the 'All households' category, by 0.15 percentage points in the low-income category and by 0.19 percentage points in the pensioner category.
- Under the increased services plan, rates as a percentage of total household expenditure will decline by 0.09 percentage points between 2013/14 and 2015/16 in the 'All households' category, by 0.18 percentage points in the low-income category and by 0.22 percentage points in the pensioner category.
- Therefore, under both plans the reasonableness criterion will be satisfied.

The ranking of Liverpool LGA against its peers in terms of rates/household expenditure ratio is modelled, assuming that:

- Liverpool LGA increases its rates under either maintained or increased services plans.
- Rates in Group 7 LGAs increase by 6.46% per annum over 2014/15 – 2015/16 period (the average rates increase permitted by IPART in 2011-13 for several Group 7 LGAs – Blue Mountains, Hornsby, Penrith and Wyong)
- Rates in neighbouring LGAs increase by 4.85% per annum over 2014/15 – 2015/16 period (the average rates increase permitted by IPART in 2011-13 for Penrith and Camden)

As shown in Table 3.3, the rates/household expenditure ranking of Liverpool LGA against its peers will remain unchanged under the maintained services plan, with Liverpool LGA having the 3rd highest rates/household expenditure among 12 peers. However, if the increased services plan is implemented, the ranking of Liverpool LGA against its peers will worsen, with Liverpool moving from 3rd highest to 2nd highest rates/household expenditure ratio.

WRI notes that under the maintained services plan between 2013/14 and 2014/15 and under the increased services plan between 2013/14 and 2015/16, the change in rates/household expenditure ratio in Liverpool LGA will not exceed one percentage point. However, in absolute terms the rates/household expenditure ratio will be above 1%.

Overall, it appears that, despite relatively high rates/household expenditure ratios, in the years 2014/15 and 2015/16 (i.e. by the end of maintained and increased services plans' implementation) households across all classification categories will be able to pay the rates without unduly compromising their overall expenditure.

Outstanding Rates Ratio

The WRI report also examined Liverpool's Outstanding Rates Ratio and found that the ratio of outstanding rates to the total rates collected in Liverpool has been in line with Group 7 LGA and neighbouring LGA averages between 1998 and 2002 and was below its peers' averages between 2003 and 2010. While the ratio has been increasing in Liverpool in recent years, reaching 5.5% in the financial year 2010-11, at present the level of outstanding rates in Liverpool is not significantly higher than in its peers (5.2% in Group 7 and neighbouring LGAs in 2010-11). This indicates the ability of the Liverpool community to pay current rates.

Willingness to pay

Community willingness to pay was determined via the comprehensive community engagement strategy which articulated three different options to the community and allowed them to provide feedback on the options they supported. As discussed in Part 4.2 of this application, Council received more than 3,600 responses to the survey by the due date. Approximately 76% of respondents were supportive of a rate increase, selecting Option 1 – Maintain and Option 3 – Increase as their preferred options with the majority of these (53.3%) being mostly in support of Option 1.

In general, self-selected participation is likely to skew results towards a negative response as residents who are against a proposal are more likely to be motivated to put in a response than those in favour. The responses to Council's survey were not in line with this trend with less than a third of respondents requesting cessation of the existing special rates variation.

As a result of the survey, Council can be confident that the majority of residents are willing to pay the variation.

5 Assessment criterion 3: Impact on ratepayers

5.1 Impact on rates

There is no change to Council's rating structure due to the Special Variation Application. Council has maintained the current structure and will apply and increase uniformly across all properties. If the application is not approved, the current structure will also remain in place.

5.1.1 Minimum Rates

The special variation may affect ordinary rates, special rates and minimum rates.

Does the council have minimum rates? Yes ☒ No ☐

Liverpool City Council only applies minimum rates to business properties. There are currently only 760 properties (1.23%) that receive a minimum rate. The special variation application only seeks to increase the minimum rate by the application amount. The amount of properties on the minimum rate will remain unchanged irrespective of the outcome of this application.

5.2 Affordability and community capacity to pay

Community capacity to pay is outlined on page 9 of Council's Long Term Financial Plan which states:

> ***"Community's capacity to pay***
>
> *Median individual, household and family incomes in Liverpool have increased slightly since 2006, however people in Liverpool continue to pay a large proportion of their income on rent – 12% pay more than 30 per cent of their household income on rent.*
>
> *Compared to its neighbours, Liverpool has higher median household weekly income ($1,299) compared with Fairfield ($1,022), Bankstown ($1,091) or Campbelltown ($1,251), but lower compared with Camden ($1,727), Sutherland ($1,674), Wollondilly ($1,478) or Penrith ($1,398).*
>
> *Median monthly mortgage repayments in Liverpool are the same as the Sydney median at $2,167. This represents a 20 per cent increase since 2006. However, more people in Liverpool pay over 30% of their household incomes on mortgage repayments - 17% compared to 12% in Sydney. This demonstrates the considerable "housing stress" in Liverpool. Compared to its*

neighbours, median monthly mortgage repayments are equal to Camden, Wollondilly and Penrith, higher than in Fairfield, Campbelltown and Bankstown but lower than in Sutherland.

The ABS also publishes the 'Index of Relative Socio-Economic Disadvantage 2011". This has been constructed so that relatively disadvantaged areas (such as areas with a high proportion of low income earners) have low index values. Liverpool local government area scored 951, which is lower than the mean score of 1000.

In order to ensure that any future rates variations do not impact negatively on our rate payers, Council carried out an independent study which found that our community will not be adversely affected by any proposed rates increases."

5.3 Other factors in considering reasonable impact

5.3.1 Addressing hardship

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

Doe the council have a Hardship Policy? Yes ☒ No ☐

If Yes, is it identified in the council's IP&R documents? Yes ☐ No ☒

Please attach a copy of the Policy and explain who the potential beneficiaries are and how they are addressed.

Ratepayers who are experiencing genuine difficulties with the payment of their rates and charges.

Claimant for hardship to complete the Hardship Rate Relief Application form. Each claim received assessed against the criteria listed in the policy under point 3.4

Does the council propose to introduce any measures to limit the impact of the proposed special variation on various groups? Yes ☒ No ☐

Provide details of the measures to be adopted, or alternatively, explain why no measures are proposed.

Council's hardship policy allows people who are experiencing difficulties paying rates to apply to Council for hardship relief and provides Council with several options for supporting these groups including;

1. The option to accept payment of rates and charges due and payable in accordance with an agreement made with the ratepayer and to write off or reduce interest accrued on rates and charges if the ratepayer complies with the agreement.

2. Council to write off accrued interest on rates and charges payable by a ratepayer if, in council's opinion the reasons that the ratepayer was unable to pay the rates and charges when they became payable were beyond the ratepayer's control, or; that the ratepayer is unable to pay the accrued interest for reasons beyond that ratepayer's control, or; that the payment of the accrued interest would cause the ratepayer hardship.

3. Ratepayers who incur a rate increase in the first year following a General Revaluation of land values to apply to Council for rate relief if the increase in the amount of rates payable will cause them substantial financial hardship.

6 Assessment criterion 4: Assumptions in Delivery Program and LTFP

Long term financial plan assumptions

Assumption/Variable	Calculation Basis	Scenario 1 Keep existing rate variation and maintain current services	Scenario 2 Lose existing rate variation reduce services
Rate Revenue	IPART annual rate increase of 3% +12,500 new lots	Continuation of existing Special Rate Variation (SRV) + IPART annual rate increase of 3% + 11,500 lots to be released in the next 10 years in new release areas	Last year for existing Special Rate Variation (SRV) in 2013/14 IPART annual rate increase of 3% + 11,500 lots to be released in the next 10 years in new release areas
Domestic Waste Charge	Cost Recovery	3%	3%
Investment Revenue	4% annually	Applied 4.7% return to an estimated investment holding of $90m for 2013/2014. From Yr 2 to Yr 10 applied an annual 4% return to closing balance of investment	Applied 4.7% return to an estimated investment holding of $90m for 2013/2014. From Yr 2 to Yr 10 applied an annual 4% return to closing balance of investment
Financial Assistance Grant	Average increase for the past five years		2.14% annual

Assumption/Variable	Calculation Basis	Scenario 1 Keep existing rate variation and maintain current services	Scenario 2 Lose existing rate variation reduce services
(FAG)		2.14% annual increase	increase
Developers Contributions (S94)	Estimates from Strategic Planning branch	Based on estimates/forecast from Strategic Planning branch for the next 10 years	Based on estimates/forecast from Strategic Planning branch for the next 10 years
Fees & Charges	% increase	3% annually	3% annually
Other Operating Revenues	% increase	3% annually	3% annually
Employee Costs - Salaries	% increase from Local Government State Award	3.25%	3.25% annually
Materials & Contracts Roads	Roads & Bridges – upper RBA target inflation rate	3%	3%
Materials & Contracts Other	Roads & Bridges – upper RBA target inflation rate	3%	3%
Superannuation Costs	% increase from Superannuation Guarantee Charge (SGC)	9.25% gross salary for 2013 and 2014 then an extra 0.5% from 22015 onwards to cap at 12% in 2019-2020	9.25% gross salary for 2013 and 2014 then an extra 0.5% from 22015 onwards to cap at 12% in 2019-2020
Electricity	% increase	4% from year 2 to 10	4% from year 2 to 10
Interest & repayment of principal on current loans	Various as per repayment schedule	Various as per repayment schedule for each loan in loan portfolio	Various as per repayment schedule for each loan in loan portfolio
Depreciation Expense	Flat rate of 3% every year	3%	3%
Insurances - Motor Vehicle	CPI	3%	3%
Insurances - Industrial Special Risk (ISR)	CPI	3%	3%

Assumption/Variable	Calculation Basis	Scenario 1 Keep existing rate variation and maintain current services	Scenario 2 Lose existing rate variation reduce services
Insurances - Public Liability	CPI	3%	3%
Other expenses	CPI	3%	3%

In general the revenue and cost assumptions for both scenarios are identical in except under the "base" scenario a significant drop in rates revenue is projected as a result of losing the existing Special Rate Variation currently in place. The financial impact is shown in the table below:

Scenario	Total Projected Funding Result 2011/12 – 2020/2021
Special Rate Variation *- Keep existing rate variation and maintain current services*	Balanced Budget
Baseline - *Lose existing rate variation and reduce services*	$66 million deficit

Services which will be impacted by discontinuation of the SRV

Discontinuation of the SRV will reduce the amount of money available for essential capital works and further increase the infrastructure renewal gap. Council will also need to undertake a detailed review of all its services to identify savings.

The total cost of savings which Council will need to make is approximately $6.3 million. This could be achieved by reducing Council's capital works program in the short-term, however this strategy will not be sustainable in the long-term and Council will need to look at service efficiencies and reducing Council's operational budget.

Some of the programs that may be affected by discontinuing the existing SRV include:

- Graffiti removal
- Litter and waste removal
- Park maintenance
- Local roads reconstruction program
- Local roads construction
- Park embellishments
- Sporting field improvements
- Playground upgrades and renewals
- Disability and accessibility works

- Library services
- Heritage conservation
- Environment works
- Stormwater works
- Flood mitigation
- Carparks – renewal and upgrades
- Bus shelter installations
- Safety barriers
- Footpath works

▼ Projections of the various revenue and cost components "Baseline Scenario"

Liverpool City Council 10 Year Financial Plan for the Years ending 30 June 2023 Scenario 2: Lose existing rate variation and reduce services	*2013/2014 Original Budget*	*2014/2015 FORECAST*	*2015/2016 FORECAST*	*2016/2017 FORECAST*	*2017/2018 FORECAST*	*2018/2019 FORECAST*	*2019/2020 FORECAST*	*2020/2021 FORECAST*	*2021/2022 FORECAST*	*2022/2023 FORECAST*	*OTAL*
Rates & Annual Charges	(101,293,363)	(99,378,452)	(103,890,358)	(108,611,127)	(114,634,267)	(119,954,102)	(125,514,588)	(131,480,892)	(137,876,926)	(144,559,420)	7,193,496)
User Charges & Fees	(10,513,420)	(11,335,873)	(11,738,549)	(12,157,725)	(12,514,687)	(12,890,128)	(13,276,831)	(13,675,136)	(14,085,391)	(14,507,952)	5,695,693)
Interest & Investment Revenue	(4,695,124)	(3,471,894)	(2,476,948)	(2,757,067)	(4,526,544)	(5,260,298)	(6,134,892)	(5,968,259)	(4,339,886)	(3,156,634)	2,787,547)
Grants & Contributions	(35,659,887)	(46,354,625)	(43,048,530)	(50,934,213)	(37,679,112)	(35,786,837)	(29,582,120)	(18,166,453)	(21,858,114)	(22,116,429)	1,186,320)
Other Operating Revenues	(9,897,679)	(10,194,609)	(10,773,027)	(11,489,277)	(11,833,955)	(11,728,415)	(11,569,891)	(11,962,115)	(12,320,977)	(12,690,606)	4,460,551)
Total Revenue	**(162,059,473)**	**(170,735,453)**	**(171,927,412)**	**(185,949,410)**	**(181,188,565)**	**(185,619,780)**	**(186,078,323)**	**(181,252,855)**	**(190,481,293)**	**(197,031,041)**	**2,323,606)**
Employee Costs	57,943,242	59,930,339	61,799,742	63,733,410	66,790,525	69,170,873	71,354,892	73,715,649	75,862,198	78,266,856	8,567,726
Materials & Contracts	45,562,176	47,630,632	50,365,540	53,537,977	55,492,162	57,428,606	59,644,155	62,362,885	64,610,756	67,171,648	3,806,536
Depreciation	32,199,073	32,684,322	33,023,156	33,512,181	34,603,418	34,657,231	34,735,187	35,587,351	36,209,817	36,972,706	4,184,443
Borrowing Costs	2,917,747	2,452,148	2,065,773	1,697,349	1,353,783	1,073,010	814,865	577,694	317,556	80,590	3,350,515
Other Operating Expenses	11,725,827	12,119,832	12,483,427	13,535,529	12,815,870	13,276,537	13,754,860	15,051,565	14,767,404	15,306,210	4,837,059
Total Expenses	**150,348,065**	**154,817,273**	**159,737,637**	**166,016,446**	**171,055,758**	**175,606,256**	**180,303,960**	**187,295,144**	**191,767,730**	**197,798,010**	**4,746,279**
Net (Surplus) / Deficit Before Adjustment	**(11,711,408)**	**(15,918,180)**	**(12,189,776)**	**(19,932,964)**	**(10,132,808)**	**(10,013,524)**	**(5,774,363)**	**6,042,289**	**1,286,437**	**766,969**	**7,577,326)**
Funding Reconciliation											
Less: Depreciation	(32,199,073)	(32,684,322)	(33,023,156)	(33,512,181)	(34,603,418)	(34,657,231)	(34,735,187)	(35,587,351)	(36,209,817)	(36,972,706)	4,184,443)
Less: Reserve Funding of Operations	(22,523,443)	(22,914,348)	(23,896,507)	(25,485,263)	(25,935,634)	(26,986,308)	(28,209,092)	(30,316,071)	(30,514,535)	(31,967,192)	3,748,394)
Add: Transfer to Reserve	5,765,452	5,960,223	5,969,800	5,569,522	6,319,375	6,409,066	6,651,661	6,231,971	6,162,866	7,189,393	2,229,329
Add: Restricted Funds	47,286,248	57,713,183	54,336,679	63,354,551	53,919,201	53,442,813	49,172,266	38,605,828	42,531,431	43,385,502	3,747,703
Total funding reconciliation	**(1,670,817)**	**8,074,737**	**3,386,816**	**9,926,628**	**(300,477)**	**(1,791,660)**	**(7,120,353)**	**(21,065,623)**	**(18,030,055)**	**(18,365,003)**	**6,955,806)**
Operating funds available to finance capital works	**(13,382,224)**	**(7,843,443)**	**(8,802,959)**	**(10,006,336)**	**(10,433,285)**	**(11,805,184)**	**(12,894,716)**	**(15,023,333)**	**(16,743,618)**	**(17,598,034)**	**(124,533,132)**
Capital Budget											
Capital expenditure program	58,879,529	73,729,434	49,063,877	32,755,428	46,783,905	45,011,036	63,339,303	82,240,981	68,761,692	67,096,790	587,661,976
Loan principal	7,557,908	7,142,262	6,982,638	6,858,787	6,004,942	5,786,700	5,331,589	3,968,760	4,228,898	2,667,767	56,530,251
Total Capital Expenditure	**66,437,437**	**80,871,696**	**56,046,515**	**39,614,215**	**52,788,847**	**50,797,736**	**68,670,892**	**86,209,741**	**72,990,590**	**69,764,557**	**644,192,227**
Capital Funding											
Funded Loan Repayments											
Infrastructure Sinking Fund (LIRS repayment)	(1,532,584)	(1,618,778)	(1,709,823)	(1,805,994)	(1,907,579)	(2,014,882)	(2,128,226)	(2,247,953)	(2,374,420)	(1,881,574)	(19,221,813)
S94 (Edmondson Park - interest free loan)	(900,000)	(1,000,000)	(1,100,000)	(1,200,000)	(1,400,000)	(1,500,000)	(1,600,000)	0	0	0	(8,700,000)
Total funded loan repayments	**(2,432,584)**	**(2,618,778)**	**(2,809,823)**	**(3,005,994)**	**(3,307,579)**	**(3,514,882)**	**(3,728,226)**	**(2,247,953)**	**(2,374,420)**	**(1,881,574)**	**(27,921,813)**
Capital Works Funding											
Section 94	(28,966,310)	(44,729,117)	(21,595,628)	(13,520,964)	(12,931,391)	(8,567,254)	(19,783,602)	(33,129,720)	(28,979,773)	(25,529,857)	(237,733,616)
Town Improvement Fund	0	0	0	0	0	0	0	0	0	0	0
Other restricted reserves	(9,793,394)	(10,835,795)	(6,488,280)	(2,129,480)	(2,253,909)	(2,672,182)	(2,750,412)	(2,850,028)	(2,657,499)	(2,369,722)	(44,800,701)
General reserves	(4,179,435)	(807,000)	(2,254,000)	(863,000)	(2,128,829)	(685,681)	(888,542)	(789,177)	(796,406)	(803,817)	(14,195,887)
Grants and contributions	(6,820,790)	(6,868,638)	(6,656,874)	(2,436,775)	(13,744,473)	(15,286,225)	(20,183,351)	(23,527,921)	(12,544,945)	(12,544,945)	(120,614,937)
Income from sale of assets	(862,700)	(833,700)	(901,000)	(904,500)	(811,000)	(872,600)	(826,500)	(797,600)	(814,600)	(714,900)	(8,339,100)
Total capital works funding	**(50,622,629)**	**(64,074,250)**	**(37,895,782)**	**(19,854,719)**	**(31,869,602)**	**(28,083,942)**	**(44,432,407)**	**(61,094,446)**	**(45,793,223)**	**(41,963,241)**	**(425,684,241)**
Total Capital funding	**(53,055,213)**	**(66,693,028)**	**(40,705,605)**	**(22,860,713)**	**(35,177,181)**	**(31,598,824)**	**(48,160,633)**	**(63,342,399)**	**(48,167,643)**	**(43,844,815)**	**(453,606,054)**
Capital funding result	**13,382,224**	**14,178,668**	**15,340,910**	**16,753,502**	**17,611,666**	**19,198,912**	**20,510,259**	**22,867,342**	**24,822,947**	**25,919,743**	**190,586,174**
Funding Result (Surplus) / Deficit	**(0)**	**6,335,225**	**6,537,951**	**6,747,166**	**7,178,382**	**7,393,728**	**7,615,543**	**7,844,008**	**8,079,329**	**8,321,709**	**66,053,041**

Projections of the various revenue and cost components *" Special Variation Scenario"*

Liverpool City Council
10 Year Financial Plan for the Years ending 30 June 2023
Scenario 1 : Keep existing rate variation and maintain current services

	2013/2014 Original Budget	*2014/2015 FORECAST*	*2015/2016 FORECAST*	*2016/2017 FORECAST*	*2017/2018 FORECAST*	*2018/2019 FORECAST*	*2019/2020 FORECAST*	*2020/2021 FORECAST*	*2021/2022 FORECAST*	*2022/2023 FORECAST*	*TOTAL*
Rates & Annual Charges	(101,293,363)	(105,713,677)	(110,428,309)	(115,358,293)	(121,812,648)	(127,347,831)	(133,130,131)	(139,324,900)	(145,956,255)	(152,881,129)	(1,253,246,537)
User Charges & Fees	(10,513,420)	(11,335,873)	(11,738,549)	(12,157,725)	(12,514,687)	(12,890,128)	(13,276,831)	(13,675,136)	(14,085,391)	(14,507,952)	(126,695,693)
Interest & Investment Revenue	(4,695,124)	(3,471,894)	(2,476,948)	(2,757,067)	(4,526,544)	(5,260,298)	(6,134,892)	(5,968,259)	(4,339,886)	(3,156,634)	(42,787,547)
Grants & Contributions	(35,659,887)	(46,354,625)	(43,048,530)	(50,934,213)	(37,679,112)	(35,786,837)	(29,582,120)	(18,166,453)	(21,858,114)	(22,116,429)	(341,186,320)
Other Operating Revenues	(9,897,679)	(10,194,609)	(10,773,027)	(11,489,277)	(11,833,955)	(11,728,415)	(11,569,891)	(11,962,115)	(12,320,977)	(12,690,606)	(114,460,551)
Total Revenue	**(162,059,473)**	**(177,070,678)**	**(178,465,363)**	**(192,696,576)**	**(188,366,946)**	**(193,013,509)**	**(193,693,866)**	**(189,096,863)**	**(198,560,622)**	**(205,352,750)**	**(1,878,376,647)**
Employee Costs	57,943,242	59,930,339	61,799,742	63,733,410	66,790,525	69,170,873	71,354,892	73,715,649	75,862,198	78,266,856	678,567,726
Materials & Contracts	45,562,176	47,630,632	50,365,540	53,537,977	55,492,162	57,428,606	59,644,155	62,362,885	64,610,756	67,171,648	563,806,536
Depreciation	32,199,073	32,684,322	33,023,156	33,512,181	34,603,418	34,657,231	34,735,187	35,587,351	36,209,817	36,972,706	344,184,443
Borrowing Costs	2,917,747	2,452,148	2,065,773	1,697,349	1,353,783	1,073,010	814,865	577,694	317,556	80,590	13,350,515
Other Operating Expenses	11,725,827	12,119,832	12,483,427	13,535,529	12,815,870	13,276,537	13,754,860	15,051,565	14,767,404	15,306,210	134,837,059
Total Expenses	**150,348,065**	**154,817,273**	**159,737,637**	**166,016,446**	**171,055,758**	**175,606,256**	**180,303,960**	**187,295,144**	**191,767,730**	**197,798,010**	**1,734,746,279**
Net (Surplus) / Deficit Before Adjustment	**(11,711,408)**	**(22,253,405)**	**(18,727,727)**	**(26,680,130)**	**(17,311,189)**	**(17,407,253)**	**(13,389,906)**	**(1,801,719)**	**(6,792,892)**	**(7,554,740)**	**(143,630,367)**
Funding Reconciliation											
Less: Depreciation	(32,199,073)	(32,684,322)	(33,023,156)	(33,512,181)	(34,603,418)	(34,657,231)	(34,735,187)	(35,587,351)	(36,209,817)	(36,972,706)	4,184,443)
Less: Reserve Funding of Operations	(22,523,443)	(22,914,348)	(23,896,507)	(25,485,263)	(25,935,634)	(26,986,308)	(28,209,092)	(30,316,071)	(30,514,535)	(31,967,192)	8,748,394)
Add: Transfer to Reserve	5,765,452	5,960,223	5,969,800	5,569,522	6,319,375	6,409,066	6,651,661	6,231,971	6,162,866	7,189,393	62,229,329
Add: Restricted Funds	47,286,248	57,713,183	54,336,679	63,354,551	53,919,201	53,442,813	49,172,266	38,605,828	42,531,431	43,385,502	03,747,703
Total funding reconciliation	**(1,670,817)**	**8,074,737**	**3,386,816**	**9,926,628**	**(300,477)**	**(1,791,660)**	**(7,120,353)**	**(21,065,623)**	**(18,030,055)**	**(18,365,003)**	**6,955,806)**
Operating funds available to finance capital works	**(13,382,224)**	**(14,178,668)**	**(15,340,910)**	**(16,753,502)**	**(17,611,666)**	**(19,198,913)**	**(20,510,259)**	**(22,867,341)**	**(24,822,947)**	**(25,919,743)**	**0,586,173)**
Capital Budget											
Capital expenditure program	58,879,529	73,729,434	49,063,877	32,755,428	46,783,905	45,011,036	63,339,303	82,240,981	68,761,692	67,096,790	87,661,976
Loan principal	7,557,908	7,142,262	6,982,638	6,858,787	6,004,942	5,786,700	5,331,589	3,968,760	4,228,898	2,667,767	56,530,251
Total Capital Expenditure	**66,437,437**	**80,871,696**	**56,046,515**	**39,614,215**	**52,788,847**	**50,797,736**	**68,670,892**	**86,209,741**	**72,990,590**	**69,764,557**	**44,192,227**
Capital Funding											
Funded Loan Repayments											
Infrastructure Sinking Fund (LIRS repayment)	(1,532,584)	(1,618,778)	(1,709,823)	(1,805,994)	(1,907,579)	(2,014,882)	(2,128,226)	(2,247,953)	(2,374,420)	(1,881,574)	19,221,813)
S94 (Edmondson Park - interest free loan)	(900,000)	(1,000,000)	(1,100,000)	(1,200,000)	(1,400,000)	(1,500,000)	(1,600,000)	0	0	0	(8,700,000)
Total funded loan repayments	**(2,432,584)**	**(2,618,778)**	**(2,809,823)**	**(3,005,994)**	**(3,307,579)**	**(3,514,882)**	**(3,728,226)**	**(2,247,953)**	**(2,374,420)**	**(1,881,574)**	**7,921,813)**
Capital Works Funding											
Section 94	(28,966,310)	(44,729,117)	(21,595,628)	(13,520,964)	(12,931,391)	(8,567,254)	(19,783,602)	(33,129,720)	(28,979,773)	(25,529,857)	7,733,616)
Town Improvement Fund	0	0	0	0	0	0	0	0	0	0	0
Other restricted reserves	(9,793,394)	(10,835,795)	(6,488,280)	(2,129,480)	(2,253,909)	(2,672,182)	(2,750,412)	(2,850,028)	(2,657,499)	(2,369,722)	4,800,701)
General reserves	(4,179,435)	(807,000)	(2,254,000)	(863,000)	(2,128,829)	(685,681)	(888,542)	(789,177)	(796,406)	(803,817)	14,195,887)
Grants and contributions	(6,820,790)	(6,868,638)	(6,656,874)	(2,436,775)	(13,744,473)	(15,286,225)	(20,183,351)	(23,527,921)	(12,544,945)	(12,544,945)	0,614,937)
Income from sale of assets	(862,700)	(833,700)	(901,000)	(904,500)	(811,000)	(872,600)	(826,500)	(797,600)	(814,600)	(714,900)	(8,339,100)
Total capital works funding	**(50,622,629)**	**(64,074,250)**	**(37,895,782)**	**(19,854,719)**	**(31,869,602)**	**(28,083,942)**	**(44,432,407)**	**(61,094,446)**	**(45,793,223)**	**(41,963,241)**	**5,684,241)**
Total Capital funding	**(53,055,213)**	**(66,693,028)**	**(40,705,605)**	**(22,860,713)**	**(35,177,181)**	**(31,598,824)**	**(48,160,633)**	**(63,342,399)**	**(48,167,643)**	**(43,844,815)**	**(453,606,054)**
Capital funding result	**13,382,224**	**14,178,668**	**15,340,910**	**16,753,502**	**17,611,666**	**19,198,912**	**20,510,259**	**22,867,342**	**24,822,947**	**25,919,743**	**190,586,174**
Funding Result (Surplus) / Deficit	**(0)**	**(0)**	**(0)**	**0**	**1**	**(1)**	**0**	**0**	**0**	**(0)**	**0**

7 Assessment criterion 5: Productivity improvements and cost containment strategies

Cost-containment strategies and Productivity Improvements

Council has endeavoured to contain costs by:

- Undertaking a review of all procurement activities and developing an action plan which is aimed at generating internal efficiencies.
- Participating in a pilot program organised by the Western Sydney Regional Organisation Councils to replace lighting in Liverpool with more cost-effective lighting. Whilst the program will cost Council $780,000 up-front, it is expected to result in $1.8million in savings on energy per annum.
- Implementing a range of energy and water efficiency upgrades/programs as part of the State Government's Waste and Sustainability Improvement Payment Program (WaSIP) which is aimed at reducing Council's energy costs and the impact on the environment.
- Participating in activities such as joint tender arrangements through the Western Sydney Regional Organisation of Councils for the provision of particular services to ensure competitive rates and maintain a high degree of quality and reliable provision of services.
- Entering into licencing agreements with sporting groups to maintain fields.
- Undertaking a restructure to ensure services are running as efficiently and effectively as possible.
- Reviewing internal controls, systems and processes to promote efficiencies and eliminate duplication and waste.
- Undertaking annual reviews of all fees and charges and benchmarking against other Councils.

Despite Council identifying efficiencies and reducing costs where possible, Liverpool is a growing city. Its current population is expected to grow from 180,000 in 2011 to 239,000 people in 2021. This significant growth is a result of both urban in-fill and expansion. This growth means that savings which are made are immediately re-directed towards providing an increased range of services to the people in new communities.

In a report published by the Division of Local Government, it was found that in 2011-12:

- Council had significantly less staff with Liverpool employing 656 equivalent full-time staff compared to 754 for similar councils
- Council generates less revenue per capita, $1049 compared to $1138 for similar councils
- Council has significantly less expenses per capita, $722 compared to $1051 for similar councils

In summary, the comparison shows that Council has a lower income from continuing operations per capita and employs less staff than councils of a similar size and circumstance. As a consequence there is also a corresponding lower rate of expenses from continuing operations per capita. This indicates a need to explore further strategies for raising Council's level of recurrent income as any reductions to Council's workforce or expenses will have significant impacts on service delivery. Those figures are based on Council's current population and will be further exacerbated as Liverpool continues to grow.

8 Other information

8.1 Previous Instruments of Approval

If you have a special variation which is due to expire at the end of this financial year or during the period of the proposed special variation, when was it approved and what was its purpose?

Please attach a copy of the Instrument of Approval that has been signed by the Minister or IPART Chairman.

8.2 Reporting to your community

The *Guidelines* set out reporting mechanisms that show your accountability to your community. Please tell us how you will go about transparently reporting to the community on the proposed special variation, should it be approved. Also indicate the performance measures you will use to demonstrate how you have used the additional funds (above the rate peg) generated by the special variation.

Council publishes all expenditure relating to the Special rates Variation in its Annual Report. An extract from the 2012-13 Annual Report which demonstrates how Council spent its previous SRV is shown on the following page.

Furthermore, following feedback from the community during the development of its 2013-17 Delivery Program and Operational Plan, Council included an action in this document to begin publishing information (including photos) on how the special rate variation is being spent on its website. This commenced in October 2013 and is expected to continue.

WORKS FUNDED BY A SPECIAL RATE VARIATION

Council introduced a special rate variation of nine per cent commencing 1 July 2009. The purpose of the variation is to allow Council to increase its maintenance budget by $0.6 million and capital works program by approximately $5 million annually. As a result of the variation, Council is able to undertake more enhanced maintenance and fund much needed infrastructure works to bring community infrastructure up to a satisfactory standard.

Council's main focus areas have been road, bridge and footpath works, improvement and restoration of public buildings, drainage and floodplain improvements which reduce the impact of flooding and sporting field renovation.

The additional works that have been funded by the special rate variation during 2012-13 are listed in the table below.

Projects partly or fully funded from Special Rate Variation	Funding from SRV	Total expenditure
Buildings	$529,000	$599,000
Rosedale Oval – design of new toilet amenities	$285,600	$295,600
Child Care Centres - Rehabilitation and renovation works	$129,000	$179,000
Hammondville Oval Baseball Amenity - Renewal design	$54,400	$54,400
Liverpool Regional Museum - Air-conditioning upgrade	$40,000	$50,000
Audit on vulnerability of Council's buildings to fire and vandalism	$20,000	$20,000
Drainage and Floodplain	$214,688	$283,422
Flood Mitigations - at Cubit Drive Denham Court	$92,847	$131,581
Brickmakers Creek Flood Mitigation – Construction of Amalfi Park detention basin	$69,875	$99,875
CBD Trunk Drainage - Elizabeth Street, George Street to College Street	$51,966	$51,966
Parks and Recreation	$921,000	$699,049
Playground replacement program	$240,000	$168,131
Whitlam Oval No. 4 – field improvement works	$145,000	$95,849
Lakeside Park – upgrade as per Key Suburb Park Program	$130,000	$80,165
Bi-annual audit of sports courts and facilities	$90,000	$90,000
Hammondville Park - Floodlight Staged Upgrade Program to soccer field	$85,000	$81,852
Access improvement works to parks as per the Disability Action Plan	$70,000	$70,000
Pioneers' Park - Monument replacement program	$64,000	$37,910
Jardine Park - Floodlight Staged Upgrade Program	$51,000	$51,000
Amalfi Park (Main Oval) – Upgrade to floodlighting	$46,000	$24,142
Roads, Bridges and Footpaths	$2,815,300	$3,179,775
Fifteenth Avenue, West Hoxton - Second to Herley	$375,840	$364,481
Atkinson Street, Liverpool - East end to eastern side of railway	$195,050	$195,050
General Bridge Rehabilitation and Renewal works	$129,600	$129,600
General Footpath and Cycleway Restoration works	$34,560	$56,721
Disability Action Plan works	$27,650	$79,771
Pavement Stabilisation and Strengthening	$424,000	$403,410
National Street, Warwick Farm - Bull to Hope	$384,260	$332,604
St Johns Road, Busby - Aberdeen to South Liverpool	$326,380	$286,380
Grove Street, Casula - Highway to Gibb	$279,670	$257,670
Moore Street, Liverpool - George to Northumberland	$229,800	$252,403
Pacific Palms Circuit, Hoxton Park - 19th East to Lismore	$138,670	$138,670
Frederick Road, Cecil Hills - Gabriella to Spencer	$129,270	$471,844
Kerb and Gutter Replacement	$105,750	$126,340
Pedestrian Access and Mobility Plan	$34,800	$84,831
Grand Total	$4,479,988	$4,761,246

8.3 Council resolution to apply to IPART

At its meeting on 5 February 2014, Council resolved to apply for a special variation. An extract from the meeting minutes which shows this resolution is shown below:

8

CHIEF EXECUTIVE OFFICER REPORT

ITEM NO: CEO 01
FILE NO: 013814.2014
SUBJECT: Consultation Outcomes - Application for a Special Rate Variation

RECOMMENDATION

That Council:

1. Receives and notes the report.
2. Considers submitting an application to the Independent Pricing and Regulatory Tribunal (IPART) for continuation of the existing 9 per cent special rate variation and an additional 2.5 per cent over two years (5 per cent in total) as a permanent increase to the rates.
3. Adopts the revised Delivery Program 2013-17 Operational Plan 2013-14 and Resourcing Strategy (encompassing Long Term Financial Plan, Asset Management Plan and Workforce Management Plan).

COUNCIL DECISION

Motion: **Moved: Clr Hadchiti** **Seconded: Mayor Mannoun**

That Council:

1. Receives and notes the report.
2. Submits an application to the Independent Pricing and Regulatory Tribunal (IPART) for 12 per cent permanent increase to rates, consisting of the permissible increase and the continuation of the existing 9 per cent special rate variation.
3. Adopts the revised Delivery Program 2013-17 Operational Plan 2013-14 and Resourcing Strategy (encompassing Long Term Financial Plan, Asset Management Plan and Workforce Management Plan).
4. Notes that the community consultation resulted in 76 per cent of the respondents who answered this question supported either maintaining or increasing rates (as reflected in the chart below), which Council is adopting.

On being put to the meeting the motion was declared CARRIED.

Minutes of the Ordinary Council Meeting held on Wednesday 5 February 2014 and confirmed on Wednesday 26 February 2014

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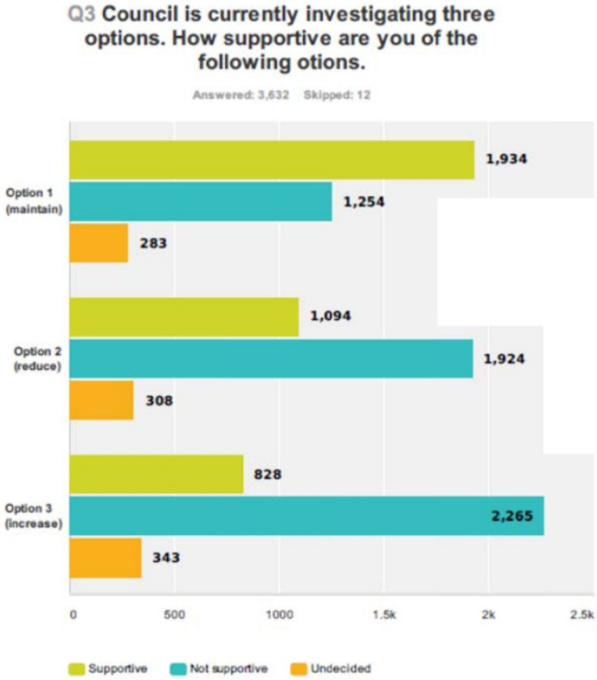
Chairperson

Special Rate Variation Survey

3



	Supportive	Not supportive	Undecided	Total Respondents
Option 1 (maintain)	55.72% 1,934	36.13% 1,254	8.15% 283	3,471
Option 2 (reduce)	32.90% 1,094	57.86% 1,924	9.26% 308	3,326
Option 3 (increase)	24.10% 828	65.92% 2,265	9.98% 343	3,436

9 Checklist of contents

The following is a checklist of the supporting documents to include with your Part B application:

Item	Included?
Relevant extracts from the Community Strategic Plan	☒
Delivery Program	☒
Long Term Financial Plan	☒
Relevant extracts from the Asset Management Plan	☒
TCorp report on financial sustainability	☒
Contributions Plan documents (if applicable)	☐
Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and special variation	☒
Community feedback (including surveys and results if applicable)	☒
Hardship Policy	☒
Past Instruments of Approval (if applicable)	☒
Resolution to apply for the special variation	☒
Resolution to adopt the Delivery Program	☒

10 Certification

APPLICATION FOR A SPECIAL RATE VARIATION

To be completed by General Manager and Responsible Accounting Officer

Name of council: **Liverpool City Council**

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

Acting Chief Executive Officer (name): **Julie Hately**

Signature and Date:

Acting Responsible Accounting Officer (name): **Matthew Walker**

Signature and Date:

Once completed, please scan the signed certification and attach it to the Part B form before submitting your application online via the Council Portal on our website.