



Special Variation Application Form Part B

[Bega Valley Shire Council](#)

Application Form

2023-2024

Local Government »



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

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The Independent Pricing and Regulatory Tribunal (IPART)

Further information on IPART can be obtained from [IPART's website](#).

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Contents

Council information	4
1 About this application form	5
Preparing your application	6
How much information should a council provide?	6
Attaching supporting material	6
Confidential content in supporting material	6
Submitting the application online	6
Publishing the council's application	7
Description and Context	8
Criterion 1 – Need for the Special Variation	17
Case for special variation – How did the council establish the need for the special variation?	19
Financial sustainability of the council – What will be the impact of the proposed special variation?	24
Financial indicators – What will be the impact of the proposed special variation on key financial indicators over the 10-year planning period?	27
Criterion 2 – Community awareness and engagement	30
How did the council engage with the community about the proposed special variation?	32
Criterion 3 – Impact on ratepayers	36
Is the impact on rates of the proposed special variation reasonable?	37
How has the council considered affordability and the community's capacity and willingness to pay?	41
Criterion 4 – Exhibition of IP&R documents	46
What IP&R processes did the council use in determining to apply for a special variation?	46
Criterion 5 – Productivity improvements and cost containment strategies	50
What is the council's strategic approach to improving productivity in its operations and asset management?	50
What outcomes has the council achieved from productivity improvements and cost containment strategies in past years?	52
What productivity improvements and cost containment strategies are planned for future years?	58
How have the council's levels of productivity and efficiency changed over time, and compare with those of similar councils?	61
Criterion 6 – Other relevant matters	63
Reporting requirements SV compliance	63
Council certification and contact information	65
Certification of application	65
Application for a Special Rate Variation	65
Council contact information	66
List of attachments	67

Council information

Council name	Bega Valley Shire Council
Date submitted to IPART	03/02/2023

About this application form

IPART has revised the Application Form to be completed by councils applying for a special variation (SV) to general income for 2023-24 under section 508(2) or 508A of the *Local Government Act 1993* (LG Act). The application form is in two parts:

- Special Variation Application Form Part A (separate Excel spreadsheet)
- Special Variation Application Form Part B (this MS Word document)

The SV Application Form Part B consists of:

- Description and Context Questions
- Criterion 1: Need for the variation
- Criterion 2: Community awareness and engagement
- Criterion 3: Impact on ratepayers
- Criterion 4: IP&R documents
- Criterion 5: Productivity improvements and cost containment strategies
- Criterion 6: Other relevant matters
- Council certification and contact information
- List of attachments

When completing this Application Form, councils should refer to the following:

- Apply for a SV or minimum rates (MR) increase page of IPART's [website](#)
 - Fact Sheet – Special Variations in 2023-24
 - Information paper – Special Variations in 2023-24
 - Information paper – Community awareness and engagement for special variations

The Office of Local Government (OLG) [SV Guidelines](#) issued in November 2020.

Preparing your application

How much information should a council provide?

While the criteria for all types of SVs are the same, the OLG Guidelines state that the extent of evidence required for assessment of the criteria can alter with the scale and permanence of the SV proposed.

The amount of information that a council provides will be a matter of judgement for the council, but it should be sufficient for us to make an evidence-based assessment of the application. Generally, the extent of the evidence should reflect the size and complexity of the variation sought.

Attaching supporting material

We encourage councils when filling in this Application Form to present data in tables or summaries and include full versions of documents as attachments. Responses in the text boxes should clearly cross-reference where the information is located in the supporting documents attached to the council's application. Extracts included in the responses in this application from Integrated Planning & Reporting framework (IP&R) documents and consultation material should be succinct and selected for relevance and significance.

Confidential content in supporting material

IPART will post all applications (excluding confidential content) on the IPART website. Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, or a document such as a council working document that does not have formal status, or a document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as **CONFIDENTIAL**. To protect confidential details in submissions from ratepayers, either redact or submit as a confidential attachment (see List of attachments).

Submitting the application online

Applications must be submitted through IPART's Council Portal by close of business on Friday, 3 February 2023.

- A file size limit of 10MB applies to the Application Form Part B.
- For supporting documents (Attachments) a file size limit of 400MB applies to public documents, and another 200MB to confidential documents.

Contact Arsh Suri on (02) 9113 7730 for assistance with using the Council Portal.

Publishing the council's application

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

Description and Context

These questions seek information not tied to a specific criterion in the OLG guidelines. Councils should provide a response where the Question is relevant to its application.

Question 1: What is the type and size of the special variation the council is applying for?

In the checkbox and Table 1, please indicate the type of the proposed SV - section 508(2) or 508A the council is requesting and:

- specify the percentage increases in each of the years in which the SV is to apply,
- the cumulative increase for a section 508A SV, and
- whether the SV is to be permanent or temporary.

A year is within the SV period if it is a year in which the council is proposing an increase of income that is not the rate peg. For example, if a proposal was for a permanent SV of 10% in each year of the next 2-years then 2023-24 and 2024-25 would be within the SV period. If the proposal was for a temporary SV of 8% for 2023-24 to be retained in the rate base for 5 years, the SV period would be 2023-24 only.

Provide select the proposed SV type using the checkbox and complete Table 1.

Special variation type

Permanent or Temporary

☐

Section 508(2)

☒

Section 508A

☒

Permanent

☐

Temporary

Table 1 The council's proposed special variation

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Is this year in the SV period?	yes	Yes					
Percentage increase (including the rate peg)	24% (inclusive 4.1% rate peg)	19.6% (assumed 2.5% rate peg)					
Cumulative percentage increase over the SV period for s 508A (including the rate peg)		48.3%					

Note: Please leave the percentage increase value blank for years that are outside of the SV period.

Note 2: The cumulative percentage increase is the total increase in rates over the SV period. For example, a permanent multi-year SV of 10% in 2023-24 and 15% in 2024-25 would be a cumulative increase of 26.5% over the SV period.

Question 2: What is the key purpose of the requested special variation?

In the **text box** indicate at the highest level (that is, the shortest possible summary) the key purpose(s) of the proposed SV. The purposes could include one, or a combination of:

- improving financial sustainability

-
- maintaining existing services and service levels generally
 - providing new or enhanced services or service levels for specific council operations
 - implementing new projects or activities, e.g. environmental works
 - reducing infrastructure backlogs for asset maintenance and/or renewals
 - investing in new assets
 - contributing to projects of regional significance
 - meeting special cost pressures faced by the council
 - meeting the shortfall where contributions for local infrastructure are capped.

This section should also include an outline of the key steps undertaken in reaching a decision to make an application.

The additional income being sought through the SRV will allow Council to:

- prioritise catching up on our infrastructure backlog in 2023-24 and 2024-25
- partially fund ongoing operation, maintenance and renewal of existing assets to required levels
- improve, although not resolve, Council's financial sustainability

The SRV will provide additional rates income of \$6,735,988 in FY24 (including adjustments) and \$6,526,494 in FY25. The notional general income from rates after the two year SRV has been applied will be \$39,824,934

The annual allocation of the additional SRV income used for the various capital and operational projects required each year will be articulated in each year's Operational Plan and budget and reported in the Annual Report.

In making the decision to apply, Council has for many years noted the ongoing increases in costs to deliver services and maintain community assets being above the income Council obtains each year. This has been placing pressure on Council to continue to deliver the same services with less money and increasing costs. Council has developed and adopted multiple Long Term Financial Plans (LTFP's) in the last 5 years that have all indicated the need for a special rate variation to increase revenue to close the widening gap between income and expenditure.

In 2019 Council commenced community engagement around the need to increase rates to support the provision of the six pools across the shire which was abandoned because of the Black Summer Bushfires. Since that time the financial need has remained and continued to escalate in an increasingly volatile financial environment.

The SRV Council is applying for- Option E in the updated LTFP- will improve Council's financial position in the short-term, however the LTFP predicts that Council will continue with a general fund operating deficit. The reality of what is needed over the next 10 years is a 90% increase- Option A, however when resolving to proceed the Council acknowledged the economic stresses on the community. The recommendation of staff was to proceed with a 43% increase, permanently applied and modelled as Option C in the LTFP, however the Council, giving due consideration to the community engagement outcomes, resolved to proceed with a phased implementation of Option C (SRV increase that provides an equal value of revenue generated in option C introduced over 2 years, and permanently applied). This has been modelled as Option E and is the basis of this application. Proceeding with Option E will impact our ability to deliver the required levels of service across our assets and operations and means we are not able to renew some of the key assets the community relies on and values including pools, buildings, roads and bridges when needed. These will be dependent on receiving full or partial grant funding.

In recent years Council has undertaken significant work to improve its financial sustainability which included an independent financial performance review undertaken by Morrison Low in 2020, implementation of a range of productivity improvements and reduction in expenditure in a number of areas to minimise operational spends.

The Council has reviewed in detail the services and budget required to deliver the important assets, infrastructure, programs and projects that are valued by our community. This application is being lodged to address the core challenges and issues faced by the Council as a result of aging infrastructure, natural disasters, support for economic recovery and the increasing costs to deliver services in a regional location to an expected standard. The Council has resolved to apply for an SRV, acknowledging the increase is needed to fund the valuable and necessary services provided to many communities across our large local government area but given due consideration to the financial stresses being experienced through increased cost of living.

Question 3: Is the council proposing to increase minimum rates in conjunction with the special variation?

Complete this question if the council proposes to increase minimum ordinary or special rates in conjunction with the SV for 2023-24.

Councils may have to submit a separate application for an increase to MR in addition to applying for the SV.

A separate MR increase application is needed in the following circumstances:

- The council is currently charging a minimum ordinary rate *at or below the statutory limit*, and intends, as part of implementing the SV, to apply a lower, higher or the same percentage increase as the requested SV percentage, which would result in a minimum rate in any rating category or sub-category *exceeding the statutory limit* for the first time.
- The council is already charging a minimum ordinary rate *above the statutory limit*, and the council is seeking to increase a MR by a percentage *higher than* the proposed SV percentage increase for any year.

- The council proposes to charge a special rate (other than a water supply or sewerage special rate) above \$2.
- The council already has approval from IPART to charge a special rate (other than a water supply or sewerage special rate) above \$2 and proposes to increase the amount of that rate.

In these situations, councils should complete Minimum Rate Application Form Part B 2023-24 (Word document) available on our website [here](#).

Councils **do not need** to submit a separate MR increase application if, in conjunction with the special variation, the proposed increase to minimum rates would result in minimum rates in all rating categories and/or sub-categories still being *at or below the statutory limits*.

To respond to this question, councils need only to provide the summary information required in the **question box**.

IPART will rely on data in the SV Application Form Part A and the MR Increase Application Form Part A for detailed information about how the proposed SV would increase minimum amounts of rates.

If the increase applies to an ordinary rate, complete this section

BVSC Response: Not Applicable

Does the council have an ordinary rate(s) subject to a minimum amount?	No
Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time?	No
Which rates will the increases apply to?	Choose an item.
If the increase will apply to only some subcategories, specify	Apply to all categories
Does the council propose to increase the minimum amount of its ordinary rate(s)? if so, by what percentage?	Choose an item. X%
What will the minimum amount of the ordinary rate(s) be after the proposed increase?	\$Click to enter amount
Has the council submitted an application for a minimum rate increase?	No

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

Does the council propose to increase the minimum amount of a special rate above the statutory limit?	No
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What will the minimum amount of the ordinary rate(s) be after the proposed increase?	\$Click to enter amount
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Has the council submitted an application for a minimum rate increase?	No
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The council must ensure that it has submitted MR Increase Application Form Parts A and Part B, if required.

Question 4: Does the council have an expiring special variation?

If the council has an expiring SV, IPART requires additional information to ensure the Instrument approving a new SV accurately calculates the amount the council has to remove from its general income before applying any adjustment to the council's general income which may be approved.

OLG's SV Guidelines specify that councils must contact OLG to confirm the calculation of the amount to be deducted from the council's general income for the expiring SV.

Complete this question if the council has a temporary SV which is due to expire:

- on 30 June 2023, or
- at the end of a later year in the period the requested SV would apply.

The council must calculate the amount to be removed from general income when the SV expires in accordance with the method explained in Attachment 1 to the SV Guidelines. It should also seek confirmation of this calculation from OLG and attach OLG's advice to the Application Form.

Provide the information as requested in the question boxes.

Does the council have an SV which is due to expire on 30 June 2023?	No
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Does the council have an SV which is due to expire at some time during the period for which the new SV is being requested?	No
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If Yes to either question: a. When does the SV expire?	Click or tap here to enter text.
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b. What is the percentage to be removed from the council's general income?	Click or tap here to enter text.
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c. What is the dollar amount to be removed from the council's general income?	Click or tap here to enter text.
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Has OLG confirmed the calculation of the amount to be removed?	Choose an item.
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Attachments required:

- Instrument(s) approving any SV which expires at the end of the current financial year or during the period covered by the proposed SV.
- OLG advice confirming calculation of the dollar amount to be removed from general income as a result of the expiring SV.

Question 5: Does the council have an existing (ongoing) section 508A special variation which applies in 2023-24?

Complete this question if the council has an existing section 508A multi-year SV instrument which approves an increase to general income above the rate peg for 2023-24 and future years within the period covered by the council's SV application.

If the council has an ongoing section 508A SV and is seeking additional changes to general income during the term of that existing SV, IPART will need to vary the original instrument if the additional SV is approved, rather than issuing an additional SV instrument to apply for 2023-24 (or later years).

The council should understand that by completing this application form and seeking a further change to the council's revenue path, it is, in effect, applying to IPART to vary the original instrument.

IPART will assess the application using the same criteria (see Criteria 1 to 6 in this SV Application Guide and the SV Guidelines), as for any application for a new SV.

While IPART's assessment will typically focus on the additional percentage increase sought, we may also consider whether it is appropriate to maintain the existing component of the section 508A SV, especially in light of any circumstances which are materially different from those in place when the original increase was approved.

OLG's SV Guidelines (Section 6) set out the list of factors which IPART may take into account when assessing an SV application, one of which is compliance with conditions in instruments approving previous SVs. When assessing applications for SVs in 2023-24, IPART will also take into consideration the council's compliance with conditions in instruments approving SVs in the previous five years.

The council's application should be clear about whether the information provided is in relation to the incremental increase being sought or the total cumulative increase that would be reflected in a varied instrument if the additional increase is approved.

Supporting documents could include extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

Does the council have a section 508A multi-year SV instrument that applies in 2023-24?	No
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If yes to the above question, in the text box:

- Specify the percentage increase(s) and duration of the SV.

- Outline the council's actions in complying with conditions in the instrument approving the original SV.
- Describe any significant changes relevant to the conditions in the instrument since it was issued.

N/A

Attachments required:

- A copy of the SV instrument.
- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument.
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument.

Question 6: Has IPART approved a special variation for the council in the past five years?

When assessing applications for SVs in 2023-24 IPART will take into consideration the council's compliance with conditions in SV instruments approved in the previous five years. OLG's SV Guidelines (Section 6) sets out additional factors which IPART may take into account when assessing an SV application, one of which is compliance with conditions in instruments approving previous SVs.

Complete this question only if IPART has approved an SV for the council in the past five years.

You **do not need** to complete the text box for this question if the relevant information has been provided in the council's response to Question 5.

Supporting documents could include extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

Does the council have a section 508(2) or 508A SV which IPART has approved in the past five years?	No
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If yes to the above question, in the text box, for each SV approved in the past five years, briefly:

- Specify the type of SV and the increase to general income approved.
- Outline the council's actions in complying with conditions in the SV instrument(s).
- Describe any *significant* changes relevant to the conditions in the SV instrument(s) since it was issued.

N/A

Last SRV approved by IPART was in 2014.

Attachments required:

- A copy of the relevant instrument(s) approving SVs issued by IPART in the past five years.
- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument(s).
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s).

Question 7: Does a project to be funded by the special variation require a capital expenditure review?

Complete **the question box** if the council intends to use any of the additional general income the council would receive if IPART approves the SV to undertake major capital project(s) which require a capital expenditure review.

OLG's [Capital Expenditure Guidelines](#) require a capital expenditure review for projects that are not exempt and cost in excess of 10% of council's annual ordinary rates revenue or \$1 million (GST exclusive), whichever is greater.

A capital expenditure review is a necessary part of a council's capital budgeting process and should have been undertaken as part of the IP&R requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

Is a capital expenditure review required for a project to be funded by the proposed SV in accordance with OLG's Capital Expenditure Guidelines?	Yes
If Yes, has a review been done and submitted to OLG?	No
If yes, has the review been included as an attachment to this application?	Choose an item.

Question 8: Does the council have deferred general income increases available to it?

Complete **the question box** if council has decided not to apply the full percentage increases to general income available to it in one or more previous years under sections 506, 508(2) or 508A of the LG Act.

Section 511 of the LG Act was amended in 2020 to allow councils to catch-up any deferred general income increases over a period of 10 years.

In assessing this criterion, IPART will take into account whether a council has a large amount of revenue yet to be caught up over the next several years, and it should explain in its application how that impacts on its need for the SV.

Does the council have deferred general income increases available to it from one or more previous years under section 511 of the LG Act?	Yes
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If Yes, has the collection of this additional income been included in the Council's Long Term Financial Plan (LTFP)?	Yes
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In the text box explain:

a. The quantum, rationale and timing of any deferred increases in general income.

\$361,000 (1.36%) This figure is comprised of increases in supplementary valuations prior to Council adopting pro-rata rating in 2022, an administrative error related to application of the approved additional special rate variation from 2022-23 and Crown Land adjustments.

b. When council plans to catch up on the deferred general income through the catch up provisions and whether this been included in the LTFP.

The catch up will be applied in the 2023-24 FY and is included in the updated LTFP 2023-32.

c. How does this deferred income impact on the council's need for the SV and its cumulative impact on ratepayers' capacity to pay?

The deferral impact was included in the FY24 income assumptions in the LTFP and therefore reduced the level of SRV modelled in the LTFP.

Criterion 1 – Need for the Special Variation

Criterion 1 in the SV Guidelines is:

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

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

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

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

In assessing this criteria, IPART will also take into account whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the special variation.

The response to this criterion should summarise the council's case for the proposed SV. It is necessary to show how the council has identified and considered its community's needs, as well as alternative funding options (to a rates rise). You should include extracts from, or references to, the IP&R document(s) that demonstrate how the council meets this criterion.

Information and financial analysis contained in the council's IP&R documents and its application should demonstrate the financial need for the proposed SV. IPART will undertake its own analysis of the council's financial performance under scenarios with and without the SV, as explained in Box 1. The council's response to criterion 1 should use the terminology included in Box 1

Box 1 IPART analysis of financial need using information in the council's application for a special variation

IPART uses information provided by the Council in its application to assess the impact of the proposed SV on the Council's financial performance and financial position in relation to its operating result and infrastructure spending.

Based on the Council's application and LTFP (where appropriate), we calculate financial forecasts under three scenarios:

1. **The Proposed SV Scenario** – which includes the Council's proposed SV revenue and expenditure.
2. **The Baseline Scenario** – which shows the impact on the Council's operating and infrastructure assets' performance without the proposed SV revenue and expenditure.
3. **The Baseline with SV expenditure Scenario** – which includes the Council's full expenses from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the Council's financial sustainability if it still went ahead with its full expenditure program included in its application but could only increase general income by the rate peg percentage.

Case for special variation – How did the council establish the need for the special variation?

In the table below, please provide a short summary of what the council published in its IP&R documents that show that the council meets each component of criterion 1. Please also provide a reference to where in the IP&R documents this evidence can be found. The answers to these questions should explain:

- How the council identified and considered the community's needs and desires in relation to matters such as levels of service delivery and asset maintenance and provision.
- How the decision to seek higher revenues above the rate peg was made.
- Which other options were examined, such as changing expenditure priorities or using alternative modes of service delivery.
- Why the proposed SV is the most appropriate option: for example, typically other options would include introducing new or higher user charges and/or an increase in loan borrowings, public private partnerships or joint ventures.
- How the proposed SV affects the LTFP forecasts for the General Fund, and how this relates to the need the council identified. Our assessment will also consider the assumptions which underpin the council's LTFP forecasts.
- If the need for the expenditure is not required to meet a financial need, the council should provide evidence of the community's desires for the services or assets to be funded by the proposed SV and its willingness to pay for them.

If the council has **an ongoing SV**, while the response should focus on the additional percentage increase to general income being sought, it should also specify:

- How the council has implemented the program of expenditure funded by the existing SV income.
- Whether any circumstances relating to the financial need for the additional revenue changed since it was approved, for example the council has received grant funding or income from other sources for the project.
- How changed circumstances have given rise to the need for an additional increase to general income.
- How closely revenue and expenditure in past years matched the projections made in the council's LTFP when applying for the original, and if relevant, the reasons for any significant differences.

Where the council **proposes to increase the minimum amount of rates** in conjunction with the SV, the responses to the questions should include information about the MR increases where relevant. However, the council should explain its rationale for increasing minimum rates above the statutory limit when completing the MR Increase Application Form Part B in relation to criterion 1: Rationale.

Table 2 Criterion 1 components

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the SV) is clearly articulated and identified in the council's IP&R documents	Community Strategic Plan 2042- outlines the aspirations of the community and informs the Council's response in its Delivery Program.	Attachment 1.9- Community Strategic Plan
	Delivery Program 2022-25 and Operational Plan 2022-23 adopted on 29 June 2022 outlined that Council is considering an increase in rates through a special variation to meet the needs of the community, as outlined in the Community Strategic Plan.	Attachment 1.8- Delivery Program 2022-25 and Operational Plan 2022-23, pp5, pp103
	Resourcing Strategy 2022-25 was also adopted on 29 June 2022 and included the Long Term Financial Plan 2023-32 outlining a range of SRV options which has subsequently been reviewed and updated.	Link 10- Resourcing Strategy 2022-25, section Long Term Financial Plan 2023-32, pp10
	Updated Long Term Financial Plan 2023-32 – Attachment 1.6- was placed on public exhibition on 16 November 2022 to inform the SRV engagement process and provided 4 options. The updated LTFP was adopted at the 1 February 2023 Council meeting, with a 5 th option added.	Attachment 1.6- Updated Long Term Financial Plan, adopted 1 February 2023, pp 11-19
	Updated Strategic Asset Management Plan 2022-25 including AMP Summaries was adopted at the 1 February 2023 Council meeting. It provides a broad framework for undertaking structured and coordinated management of Council's assets and highlights the long-term funding challenges Council must address to meet the commitments outlined in the Community Strategic Plan and Delivery Program and deliver the level of service desired by the community over the next 10 years within constraints.	Attachment 1.10- Strategic Asset Management Plan 2022-25 including AMP Summaries
	<u>Overview:</u> Council has developed and adopted multiple LTFP's in the last 5 years that have all indicated the need for a special rate variation to increase revenue to close the widening gap between income and expenditure. It is an unenviable position to be seeking an increase in rates through an SRV, as strongly echoed in the extensive community feedback received.	Attachment 1.12- Council resolution to apply for the for the special rate variation
	Acknowledging the extensive feedback received during the community engagement period, along with recent successful grant funding and the independently assessed Capacity to Pay Report, Council officers recommended at the 1 February 2023 Council meeting to proceed with a permanent special rate variation of 43% as per Option C in the updated Long Term Financial Plan 2023-32.	
	Council resolved at the 1 February 2023 meeting to essentially split that 43% increase over two years, to further acknowledge the financial impact on rate payers of the proposed rates increase. The updated LTFP 2023-32 now includes Option E- which is a 24% increase (inclusive of 4.1% rate peg) permanently applied in 2023-24 and 19.6% increase (assumed 2.5% rate peg) permanently applied in 2024-25, a cumulative impact of 48.3%. The agenda and minutes for the 1 February 2023 Council meeting are included at Attachment 1.12.	

In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.

Updated Long Term Financial Plan 2023-32 – Attachment 1.6- was placed on public exhibition on 16 November 2022 to inform the SRV engagement process and provided 4 options. The updated LTFP was adopted at the 1 February 2023 Council meeting with minor amendments as per the resolution and inclusion of Option E- essentially splitting the 43% increase over two years.

Options A, B and C modelled in the LTFP included some form of rates increase above rate peg, with Option D an increase by rate peg only- base case scenario. For each of the options with an SRV the quantum of service changes that would be required at each level was also outlined. Option E was added to the LTFP as per the 1 February 2023 resolution of Council.

Council could consider increasing its fees and charges above current levels to generate additional revenue and reduce the level of the SRV required. In the 16 November 2022 Council report on the proposed SRV a range of percentage increases in fees and charges were modelled to show the additional revenue that could be obtained through these increases, noting these increases assume that usage levels would be maintained. There are a range of fees that are determined through legislation and we have excluded those from the below modelling. If Council were to increase fees and charges by 50% it would generate an additional \$1,962,500 however would not provide an overall significant impact on the revenue increase needed as outlined in the LTFP to meet current levels of service.

Attachment 1.6- Updated Long Term Financial Plan, adopted 1 February 2023, pp 11-19

Attachment 1.13- Council resolution to notify IPART of intent to apply for SRV

FY22 Fees and Charges Income (General Fund Only)	Percentage Increase	Additional Revenue
\$3,925,000	10%	\$392,500
	30%	\$1,177,500
	50%	\$1,962,500

Current borrowings are modelled in the LTFP and future borrowings will also be considered in line with [Council's financial management policy](#).

In demonstrating this need councils must indicate the financial impact in their LTFP

Updated Long Term Financial Plan 2023-32 – Attachment 1.6- the performance indicators illustrate the improvement in ratios with the additional income from the special rate variation.

The updated LTFP 2023-32 also includes a range of assumptions for general revenue and expenditure. IPART advised that Councils applying for a special variation in 2023-24 should assume a rate peg of 2.5% for 2024-25 and in future years. Importantly the LTFP also assumes that future cost increases will be in line with future income increases. Based on past history, unless funding models for local government change there is still a risk that this model cannot be realised due to costs increasing more rapidly than income.

In understanding the inputs and assumptions of the LTFP it is also important to consider the broader drivers of financial unsustainability of Council that over many years have created significant impacts:

Attachment 1.6- Updated Long Term Financial Plan, adopted 1 February 2023, pp 20-23

- Receiving significant grant funding for new and upgraded assets which increases the cost per year to maintain and renew these assets over their lifetime (maintenance and depreciation costs)
- Cost shifting of NSW Government to deliver services to the community without appropriate resourcing
- Delivering on community expectations to provide consistent assets and service levels in the towns and villages across the Bega Valley
- Our Shire is vast in relation to our low population as well, there is a low proportion of rateable land within the Shire. As a result we have high infrastructure costs, relative to a small rate base
- Increasing frequency and severity of weather events impacting infrastructure
- Council's reliance on volunteers for a range of service provision is going to change as volunteerism declines nationally
- Limited asset and service consolidation opportunities due to the geography and size of the Bega Valley LGA
- Breadth of services provided by Council places increased pressure on Council finances
- Maintaining levels of spending on asset renewal to ensure the asset base is safe and in good condition
- Restricted opportunity for revenue generation
- Gradual reduction in Federal Government funding to Local Government. In the past, local Council's received close to 1% of federal taxation revenue through the Financial Assistance Grants, this has reduced to 0.55%
- Government spending contraction and shift of focus impacting asset renewal
- High inflation, rising costs and material and labour shortages impacting project delivery.
- Relative geographic isolation from capital cities resulting in significant cost increases due to supply chain and service delivery costs

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

Community Strategic Plan 2042- outlines the aspirations of the community and informs the Council's response in its Delivery Program.

Community Strategic Plan Towards 2042- Community Engagement Report- includes feedback from the community on the following questions- Where are we now? Where do we want to be in 10 years time? and How will we get there?

Council undertook a satisfaction survey in 2016 which at the time informed the level of service drivers in the various Asset Management Plans. Council has continued to develop insight into what the community wants through our corporate planning, customer service and community engagement initiatives; and knows that our community places a high priority on maintaining our current levels of service. The recent SRV survey results support this insight with 79.1% of respondents indicating that it was important to very important that Council maintain and upgrade the current range of assets it provides (for example roads, footpaths, bridges, buildings, parks) when needed and 69.8% of respondents indicated that it was important that Council maintain current levels of service.

Attachment 1.9- Community Strategic Plan

Attachment 1.17- Community Strategic Plan Towards 2042- Community Engagement Report pp 23-44

Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies	N/A	N/A
IPART will also take into account whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the SV.	Council has deferred general income of \$361,000. This figure is comprised of increases in supplementary valuations prior to Council adopting pro-rata rating in 2022, an administrative error related to application of the approved additional special rate variation from 2022-23 and Crown Land adjustments. The deferral impact was included in the FY24 income assumptions in the LTFP and therefore reduced the level of SRV modelled in the LTFP.	N/A

Note: Reference to IP&R documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 3, Council LTFP, section 3.2, pp 20-25.

Financial sustainability of the council – What will be the impact of the proposed special variation?

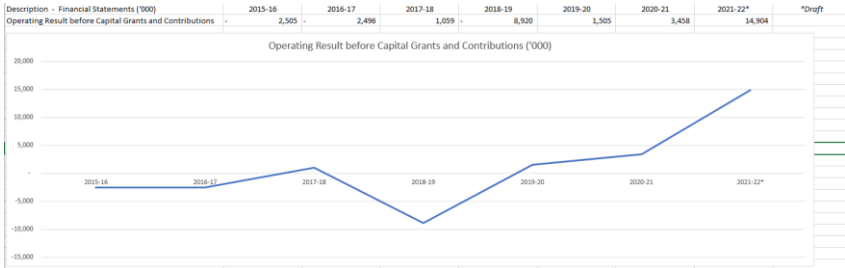
The proposed SV may be intended to improve the council's underlying financial position for the General Fund, or to fund specific projects or programs of expenditure, or a combination of the two. We will consider evidence about the council's current and future financial sustainability and the assumptions it has made in coming to a view on its financial sustainability.

In the **table**, the council's response should explain:

- The council's understanding of its current state of financial sustainability, its long-term projections based on alternative scenarios and assumptions about revenue and expenditure.
- Any external assessment of the council's financial sustainability (e.g. by auditors, NSW Treasury Corporation), indicating how such assessments of the council's financial sustainability are relevant to supporting the decision to apply for an SV.
- The council's view of the impact of the proposed SV on its financial sustainability.

Table 3 Council's financial sustainability

Item	Description	Reference to IP&R documents
Improve the councils underlying financial position for the general fund	<p>Councils Financial Statements FY2022 show benchmarks set by the Office of Local Government for the Own Source Operating Revenue ratio have not been met indicating Council's heavy reliance on external grants. As a percentage of total consolidated revenue, rates have decreased from 53.3% of total revenue in 2015-16 to 33.2% in 2021-22.</p> <p>Council's General Purpose Financial Statements show that Council has experienced some years of negative operating results before capital grants and contributions (consolidated data from 2015-16 to 2021-22).</p>	Link 1.0- Council's Audited Financial Statements 2020-21 available



This 2021-22 result (based on the draft FY22 Financials) reflects a significant level of yet to be fully expended grant funding that Council has received early, including the disaster recovery funding agreement (DRFA) and Federal Government Financial Assistance grant prepayment of \$6,141,913 evident by the level of own source revenue decreasing to 46.62% (OLG benchmark is 60.00%). This indicator demonstrates that Council cannot continue to rely on grant funding to deliver operational and capital projects and therefore from a financial sustainability perspective, Council must plan, as it has done so in the updated LTFP 2023-32, to deliver services and maintain our community assets in a way that does not rely so heavily on funding from the NSW and Federal Governments.

While the data in the above table shows that Council has a positive operating result in the three years from 2019-20, the expenditure that relates to grants received in those years can be related to multi-year projects where funding is received at the acceptance of the deed – either partly or wholly – in advance of the related expenditure. Council regularly has to carry such funding across years.

The updated Long Term Financial Plan 2023-32 outlined Option A would be required to achieve financial sustainability. The option Council has resolved to proceed with improves Council's underlying position in the general fund for a period of time, however it does not fully fund Council to meet its current levels of service. The SRV being requested aims to move towards financial sustainability with the objective to prioritise catching up on Council's infrastructure backlog in the FY24 and FY25 financial years. In those years there is a positive infrastructure renewal ratio before it continues to again decline to concerning levels.

And/ or Fund specific programs of expenditure

Other [please overwrite cell to add other item]

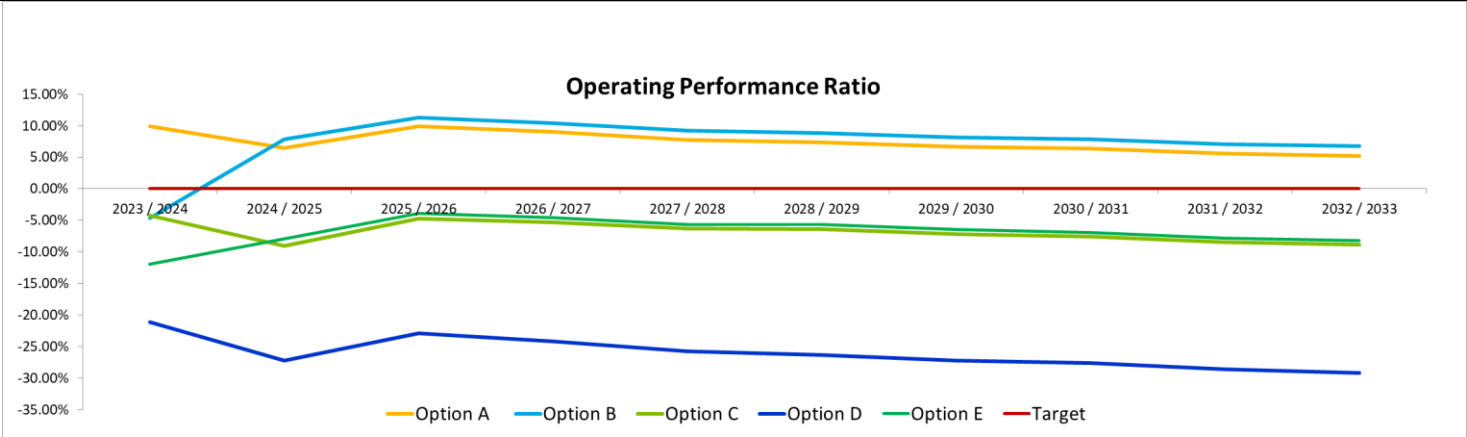
Note: Reference to IP&R documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 3, Council LTFP, section 3.2, pp 20-25.

Financial indicators – What will be the impact of the proposed special variation on key financial indicators over the 10-year planning period?

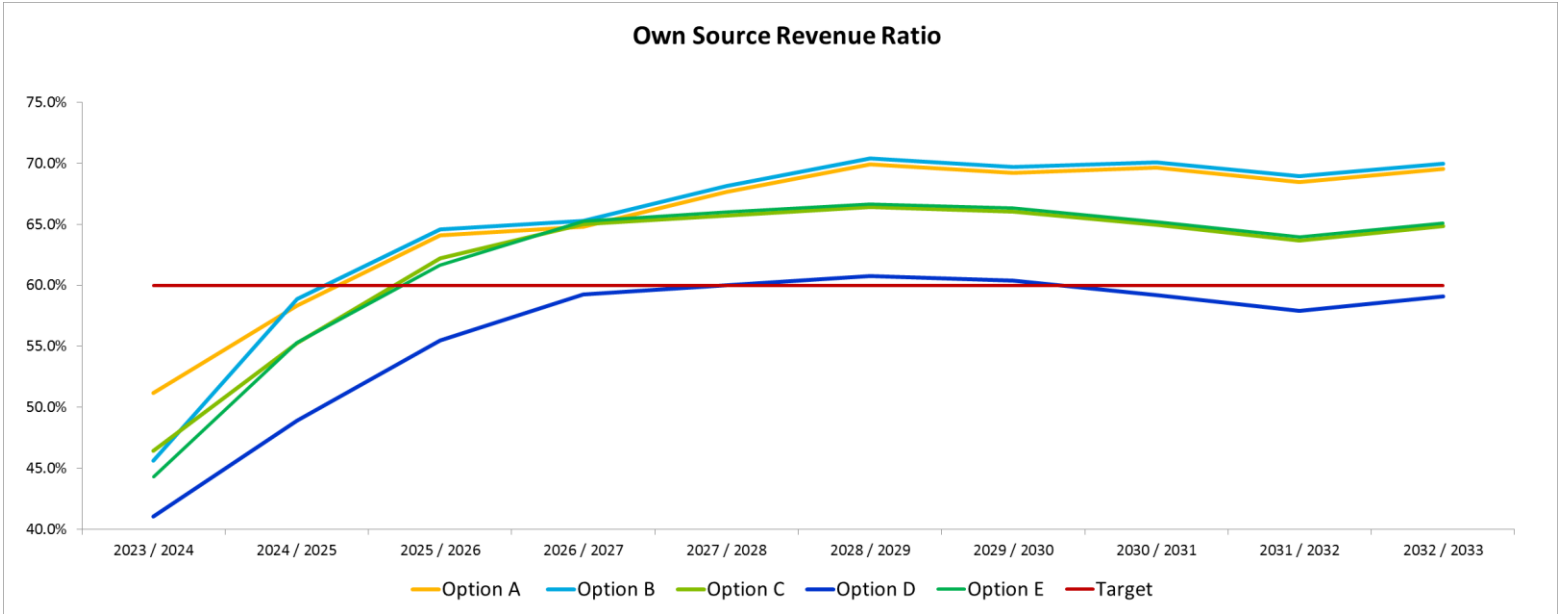
In the text box please give a brief explanation on how the proposed SV would affect the council's key financial indicators (for the general fund, over the 10-year planning period):

An overview of Council's key performance indicators related to the General Fund and the SRV being applied for are detailed on page 25 of the updated LTFP, attachment 1.7. In proceeding with Option E, Council is projecting an operating performance ratio below the required benchmark (>0.00%) for the duration of the model.

	Benchmark	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
1. Operating Performance	>0.00%	-11.89%	-7.87%	-3.87%	-4.62%	-5.60%	-5.67%	-6.46%	-6.90%	-7.79%	-8.25%
Total continuing operating revenue excluding capital grants and contributions, less operating expenses / Total continuing operating revenue excluding capital grants and contributions											
2. Unrestricted Current Ratio	>1.50	1.32	0.65	0.54	0.62	1.06	1.17	1.40	1.77	1.89	2.24
Current assets less all external restrictions / Current liabilities less specific purpose liabilities											
3. Own Source Operating Revenue Ratio	>60.00%	44.3%	55.3%	61.7%	65.3%	66.0%	66.7%	66.3%	65.2%	64.0%	65.1%
Total continuing operating revenue excluding all grants and contributions / Total continuing operating revenue											
4. Debt Service Cover Ratio	>2	3.64	5.35	5.89	9.89	9.78	12.70	12.47	12.58	11.46	38.14
Operating result before capital excluding interest and depreciation/impairment/amortisation / Principal repayments (from the statement of cash flow) plus borrowing interest costs (from the income statement)											
5. Cash Expense Cover Ratio	> 3 months	2.34	0.30	0.19	0.97	2.58	3.17	4.14	5.53	5.57	7.04
Current year's cash and cash equivalents + term deposits / Payments from cash flow of operating and financial activities											
6. Building and Infrastructure Renewals Ratio	>100%	144.00%	107.71%	61.23%	55.78%	33.61%	50.71%	36.74%	29.71%	70.86%	34.58%
Asset renewals (renewals only for Infrastructure Assets)											



The own source revenue ratio will surpass the OLG benchmark (>60%) by 2025-26, indicating an increase in financial independence from external funding sources.



In Table 5 please provide the councils key financial indicators.

Table 5 Council financial indicators

Ratio	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Operating performance ratio excluding capital items	12.88%	-14.9%	-11.89%	-7.87%	-3.87%	-4.62%	-5.60%	-5.67%	-6.46%	-6.90%	-7.79%
Own source revenue ratio	36.12%	31.8%	44.3%	55.3%	61.7%	65.3%	66.0%	66.7%	66.3%	65.2%	64.0%
Building and asset renewal ratio	185.84%	276.5%	199.0%	133.4%	81.5%	72.1%	56.5%	62.7%	52.9%	45.8%	58.6%
Infrastructure backlog ratio	3.19%	3.2%	4.3%	5.3%	5.4%	5.6%	5.7%	5.9%	6.0%	6.2%	6.3%
Asset maintenance ratio	116.22%	116.2%	114.2%	111.2%	108.1%	105.0%	101.8%	98.5%	95.3%	92.0%	88.7%
Debt service ratio	12.18	2.34	3.64	5.35	5.79	9.56	9.27	11.82	11.57	11.66	10.59
Unrestricted current ratio	2.13	1.21	1.32	0.65	0.52	0.58	0.96	1.00	1.17	1.48	1.52
Rates and annual charges ratio	5.61	5.61	7.01%	6.99%	6.92%	6.92%	6.92%	6.92%	6.91%	6.91%	6.91%

Criterion 2 – Community awareness and engagement

Criterion 2 in the SV Guidelines is:

Evidence that the community is aware of the need for and extent of a rate rise. The Delivery Program and Long Term Financial Plan should clearly set out the extent of the General Fund rate rise under the special variation. In particular, councils need to communicate the full cumulative increase of the proposed special variation in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV. The council's community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur. The IPART fact sheet includes guidance to councils on the community awareness and engagement criterion for special variations.

To complete the questions for criterion 2 provide relevant extracts of the IP&R documents that set out the rate rises under the proposed SV and attach relevant samples of the council's consultation material.

The response should provide details and examples to demonstrate the clarity of information presented in the consultation materials, including information about:

- The need for the proposed SV.
- Specific programs or projects, levels and types of services, investment in assets and the options for funding them by rate increases.
- The proposed cumulative rate increases including the rate peg for each major rating category (in both percentage and dollar terms), particularly where the increase is to be applied differentially across ratepayer categories (i.e. rates will not increase uniformly by the SV percentage).
- The annual increase in average rates that will result if the proposed SV is approved in full (and not just the increase in daily or weekly terms).
- The size and impact on rates where an existing SV will continue, expire, be renewed or replaced at the end of the current financial year or during the period when the requested SV will apply.
- The rate levels that would apply without the proposed SV (clearly showing the impact of any expiring SV).
- Outlining evidence of residents and ratepayers being aware of the proposed SV.
- Outcomes could include the number of people reached by mail outs, the number of attendees at events and participants in online forums, the number of submissions made, surveys or feedback forms completed, as well as evidence of media reports and other indicators of public awareness of the council's SV intentions.
- Explaining how the community responded and the feedback the council received about its proposal.

The response should indicate how participants responded to any surveys, particularly the level of support for specific programs or projects, levels and types of services, investment in assets, as well as the options proposed for funding them by rate increases. Where the council has received submissions from the community relevant to the proposed SV, the application should set out the views expressed in those submissions.

Although this criterion does not require the council to demonstrate community support for the proposed SV, it is required to consider the results of the community consultation in preparing the application. The response should identify and document any action taken, or which will be taken, to address issues of common concern within the community about the proposed SV.

Some councils will need to provide additional information in their response to demonstrate how consultation material explained to the community details about the proposed SV and its impact on rates to reflect the specific circumstances of their application, for example:

- If the council is **renewing or replacing an expiring SV**, information was provided about the purpose, and duration of the expiring SV, the original and current percentage of general income the SV represents, whether the new SV is temporary or permanent, the amount of any *additional* increase above the rate peg being requested, and that if the proposed SV is not approved (i.e. only the rate peg applies), the year-on-year change in rates would be lower, or that rates may fall
- If the council **has an existing (ongoing) section 508A SV** and is applying for an *additional SV*, how the consultation material explained details about the existing SV, its size and duration, and the impact on rate levels when it does expire, as well as the impact on rate levels and annual increases with and without the additional SV.
- If the council proposes to **increase minimum rates**, the increase to minimum amounts, and any change to the proportion of ratepayers on the minimum rate for all relevant rating categories which would occur as a result of the SV.
- Where the council intends to **make any changes to the rating structure in 2023-24** in conjunction with the proposed SV, such as changes to subcategories and adjusting ad valorem rates following new land valuations, the need for or purpose of the change and its impact was explained to the community.

How did the council engage with the community about the proposed special variation?

In the table below please provide evidence as to how the councils community engagement met criterion 2.

Table 4 Evidence of council's community engagement meeting criterion 2

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
Evidence that the community is aware of the need for and extent of a rate rise.	<p>Community engagement for a proposed SRV took place over two stages that included:</p> <ul style="list-style-type: none"> - 2022/23 IP&R community consultation process during May and June 2022 - Specific community engagement on an updated Long Term Financial Plan outlining options A, B, C and D during November and December 2022 and January 2023 after a report was presented to Council on 16 November 2022 and Council resolved to notify IPART of its intent to apply for an SRV and commence community engagement. <p>The specific details on how Council engaged with the community, approaches used, activities and timing of community meetings and community feedback are detailed in the SRV 2023 Community Engagement Summary report- refer Attachment 1.0, 1.1, 1.2, 1.3</p> <p>The community engagement through the May and June 2022 IP&R process and subsequent engagement on the updated LTFP has shown strong opposition to both service reductions and an SRV. In combination, these diametrically opposing opinions result in a financially unsustainable Council. The key themes from the public exhibition period were:</p> <ul style="list-style-type: none"> • Rising cost of living (including living expenses and other costs) • Council should look for more efficiencies and improve financial management • Requesting full transparency on Councils financial situation • Rates are already higher than other councils • Council is mismanaged and an administrator should be appointed to sort Council's financial issues • Inadequate time and information provided during the SRV engagement process • Council needs to operate within its budget/ work with current revenue <p>In addition to community engagement over the last 12months on a proposed SRV, Council also engaged with the community in 2019 on a proposed SRV related to swimming pools. After notifying IPART of Councils intent to apply, no application was submitted as a result of the Black Summer bushfires. The community engagement and need for an SRV at the time was extensive. A summary of the Council process outlining the need for the SRV and community engagement received is outlined in the 20 November 2019 Council Report- Item 13.1</p>	<p>Attachment 1.0- SRV 2023_ Community Engagement Summary</p> <p>Attachment 1.1- SRV Community Engagement Summary Appendix 1- Written Submissions including petitions</p> <p>Attachment 1.2- SRV Community Engagement Summary Appendix 2- Survey Results</p> <p>Attachment 1.3- SRV Community Engagement Summary Appendix 3- Community Engagement Plan</p> <p>Attachment 1.13 Council resolution to notify IPART of intent to apply for SRV</p>

<p>The Delivery Program and LTFP should clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category.</p>	<p>The 2022-25 Delivery Program and 2022-23 Operational Plan adopted on 29 June 2022 outlined that Council is considering an increase in rates through a special variation. An Operational Plan action E3.1.2 'Support the development of a rate variation application and community engagement' allowed for internal resourcing to be dedicated to supporting this process.</p> <p>On 29 June 2022 Council also adopted the Resourcing Strategy 2022-25 that included the Long Term Financial Plan 2023-32 outlining a range of SRV options which has subsequently been reviewed and updated.</p> <p>The updated Long Term Financial Plan 2023-32 – Attachment 1.6- was placed on public exhibition on 16 November 2022 to inform the SRV engagement process. The updated LTFP was adopted at the 1 February 2023 Council meeting with minor amendments as per the resolution and inclusion of Option E- essentially splitting the 43% increase over two years.</p>	<p>Attachment 1.8- Delivery Program 2022-25 and Operational Plan 2022-23, pp5, pp103</p> <p>Link 10- Resourcing Strategy 2022-25, section Long Term Financial Plan 2023-32, pp10</p> <p>Attachment 1.6- Updated Long Term Financial Plan, adopted 1 February 2023, pp 11-19</p>
<p>The council need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.</p>	<p>The updated Long Term Financial Plan 2023-32 – Attachment 1.6- was placed on public exhibition on 16 November 2022 to inform the SRV engagement process and includes the full cumulative increase of the proposed SRV options in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.</p> <p>The rating category impact table for residential ratepayers was also included in the ratepayer flyer that was direct mailed or emailed (to those signed up to notices). The rating category impact tables were also included on Council's website.</p>	<p>Attachment 1.6- Updated Long Term Financial Plan, adopted 1 February 2023, pp 11-19</p> <p>Attachment 10- SRV 2023_ Community Engagement Summary, pp 14</p>
<p>The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur.</p>	<p>The specific details on how Council engaged with the community, approaches used, activities and timing of community meetings and community feedback are detailed in the SRV 2023 Community Engagement Summary report- refer Attachment 1.0, 1.1, 1.2, 1.3</p> <p>Council developed an SRV Community Engagement Plan- refer Attachment 1.3- SRV Community Engagement Summary Appendix 3- Community Engagement Plan; based on the principles of Council's Community Engagement Strategy to guide the SRV engagement process.</p>	<p>Attachment 1.3- SRV Community Engagement Summary Appendix 3- Community Engagement Plan</p>
<p>Explain the action, if any, the council took in response to feedback from the community</p>	<p>Acknowledging the extensive feedback received during the community engagement period, along with recent successful grant funding and the independently assessed Capacity to Pay Report, Council officers provided a recommendation to Councillors at the 1 February 2023 meeting to proceed with Option C, being a single year, permanently applied 43% increase, with a reduction in service levels of \$13.9million per year.</p>	<p>Attachment 1.12- Council Report, 1 February 2023</p>

Council resolved at the 1 February 2023 meeting to essentially split that 43% increase over two years, to further acknowledge the financial impact on rate payers of the proposed rates increase. The updated LTFP 2023-32 now includes Option E- which is a 24% increase (inclusive of 4.1% rate peg) permanently applied in 2023-24 and 19.6% increase (assumed 2.5% rate peg) permanently applied in 2024-25, a cumulative impact of 48.3%.

Note: Reference to application supporting documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 7, Community mailout leaflet, section 1, pp 1-3.

In the text box below, provide any other details about the councils: consultation strategy, timing or materials that are not captured in Table 4.

See Attachment 1.0- SRV 2023_Community Engagement Summary

In the text box below, please provide any other details about the community's involvement in, engagement with or support of the proposed SV not captured in Table 4.

See Attachment 1.0- SRV 2023_Community Engagement Summary

In Table 5 please list out any other attachments that the council has relied on to respond to criterion 2 not otherwise detailed in Table 4.

Table 5 Other criterion 2 attachments

Attachment number	Name of document	Page references ^a

a. If document is only relevant in part.

Criterion 3 – Impact on ratepayers

Criterion 3 in the SV Guidelines is:

The impact on affected ratepayers must be reasonable, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the variation. The Delivery Program and Long Term Financial Plan should:

- clearly show the impact of any rate rises upon the community
- demonstrate the council's consideration of the community's capacity and willingness to pay rates, and
- establish that the proposed rate increases are affordable having regard to the community's capacity to pay.

In assessing the impact, IPART may also consider:

- Socio-Economic Indexes for Areas (SEIFA) data for the council area; and
- Whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act.

This Application Form asks four questions for criterion 3. Councils should provide evidence to demonstrate:

1. the **impact on rates** of the proposed SV, including the **impact on minimum amounts** of any ordinary or special rate
2. how the council considered that the proposed rate rises were **affordable, having regard to ratepayers' capacity and willingness to pay**
3. how the council **addressed concerns about affordability** in determining the special variation is applied for, and
4. the council's plans for **addressing hardship** ratepayers may experience in meeting their obligations to pay rates in the future.

As well as considering the evidence provided by the council to demonstrate that the proposed rate increase is affordable for its community, IPART will undertake its own analysis of affordability by considering a range of data, including:

- the average growth in the council's rates in recent years, including previous SV increases
- how the council's average rates, current and under the proposed SV, compare with those in similar councils, and
- socio-economic indicators such as median household income, average rates to income ratio, outstanding rates ratio and SEIFA ranking.

The council's response to criterion 3 should also indicate how the required information is reflected in the Delivery Program and Long Term Financial Plan.

Is the impact on rates of the proposed special variation reasonable?

Although much of the quantitative information we need on the impact of the proposed SV on rate levels will already be contained in Worksheets 5a and 5b of SV Application Form Part A, the response to this question should clearly set out:

- the impact on rates across the council's rating structure should the SV be approved, compared with
- the rate levels which would apply if the SV is not approved.

This information should be provided in a table indicating average rates in 2023-24, and then both the dollar and percentage increase for each rating category and subcategory for each year of the proposed SV, and the cumulative increases for the whole period.

A simple table is sufficient where the council intends to apply the proposed SV percentage increase in general income to all rating categories and subcategories.

The approach is likely to be more complex where the council is applying an increase differentially across ratepayer categories or making any changes to the rating structure in 2023-24. In this case, the council's response should explain the basis for allocating the increase to general income among the ratepayers and how the rating structure would be different from that which would apply if the SV is not approved, and why. This information will be relevant to our assessment of the reasonableness of the impact on ratepayers.

If relevant, the council's response should also indicate the impact of any other anticipated changes (e.g. receipt of new valuations) in the rating structure, or any changes to other annual ratepayer charges such as for domestic waste management services. Please provide the councils response in the text box below.

Council's updated Long Term Financial Plan 2023-32 was placed on public exhibition and outlined that Option A- a permanently applied SRV of 90%- was the recommended pathway so that Council could continue to deliver the services we currently provide and support the current assets we have as well as meeting the NSW Government's financial sustainability ratios.

As a result of the significant amount of feedback received during the community engagement period opposing Option A and B and the information presented in the Capacity to Pay Report along with the recent notification of several grants, Council officers provided a recommendation to Councillors at the 1 February 2023 meeting to proceed with Option C, being a single year, permanently applied 43% increase. The recommendation also indicated that there would need to be reductions in levels of service across the 10 year forecast period- capital (\$134.5m) and operational (\$3.3m) if pursuing Option C.

Council resolved at the 1 February 2023 meeting to essentially split that 43% increase over two years, to further acknowledge the financial impact on rate payers of the proposed rates increase. The updated LTFP 2023-32 now includes Option E- which is a 24% increase (inclusive of 4.1% rate peg) permanently applied in 2023-24 and 19.6% increase (assumed 2.5% rate peg) permanently applied in 2024-25, a cumulative impact of 48.3%..

The following information was published on Council's website as part of the community engagement process.

The impact of the SRV options on the average residential rate is detailed below. A rates calculator was available on Council's website to allow ratepayers to review the impact of the SRV options on their annual rates bill. Option C- is a \$510 per year or \$9.80 per week for the average residential rate. The rates calculator used during the engagement period and the rate category impact tables were based on 2019 valuations, as that was the data available at the time. Land valuations data for 2022 has been received by Council and the rates calculator will be updated accordingly. The updated rates calculator will also include the option Council is proceeding with- Option E- which is a 24% increase (inclusive of 4.1% rate peg) permanently applied in 2023-24 and 19.6% increase (assumed 2.5% rate peg) permanently applied in 2024-25, a cumulative impact of 48.3%.

RESIDENTIAL Average land value \$199,900	Current Year 2022-23	2023-24 (incl. 4.1% rate peg)	\$ Increase/ year	\$ Increase/ week	2024-25 (incl. 2.5% rate peg)	\$ Increase/ year	\$ Increase/ week
OPTION A - 90% increase permanently applied	\$1,186	\$2,253	\$1,067	\$20.50	\$2,309	\$56	\$1.10
OPTION A - Difference between rate peg only increase and 90% single year option			\$1,018	\$19.60	\$1,043		
OPTION B - 45% in 2024 and 37.2% in 2025, permanently applied	\$1,186	\$1,720	\$534	\$10.30	\$2,360	\$640	\$12.30
OPTION B - Difference between rate peg only increase and 45% in 2024 and 37.2% in 2025			\$485	\$9.30	\$1,094		
OPTION C - 43% increase permanently applied	\$1,186	\$1,696	\$510	\$9.80	\$1,738	\$42	\$0.80
OPTION C - Difference between rate peg only increase and 43% single year option			\$461	\$8.90	\$472		
OPTION D - Average residential rate under rate peg increase only (4.1%)	\$1,186	\$1,235	\$49	\$0.95	\$1,266	\$31	\$0.60
OPTION E - 24% in 2024 and 19.6% in 2025, permanently applied	\$1,186	\$1,471	\$285	\$5.50	\$1,759	\$288	\$5.55
OPTION E - Difference between rate peg only increase and 24% in 2024 and 19.6% in 2025			\$236	\$4.55	\$493		

These options all include the rate peg for 2023-24 of 4.1%. Option B includes a rate peg of 2.5% in 2024-25.
 Option A is a cumulative increase of 94.75% at the end of 2024-25. Option B is a cumulative increase of 98.94% at the end of 2024-25.
 Option C is a cumulative increase of 46.58% at the end of 2024-25. Option D is a cumulative increase of 6.60% at the end of 2024-25.
 Option E is a cumulative increase of 48.30% at the end of 2024-25.

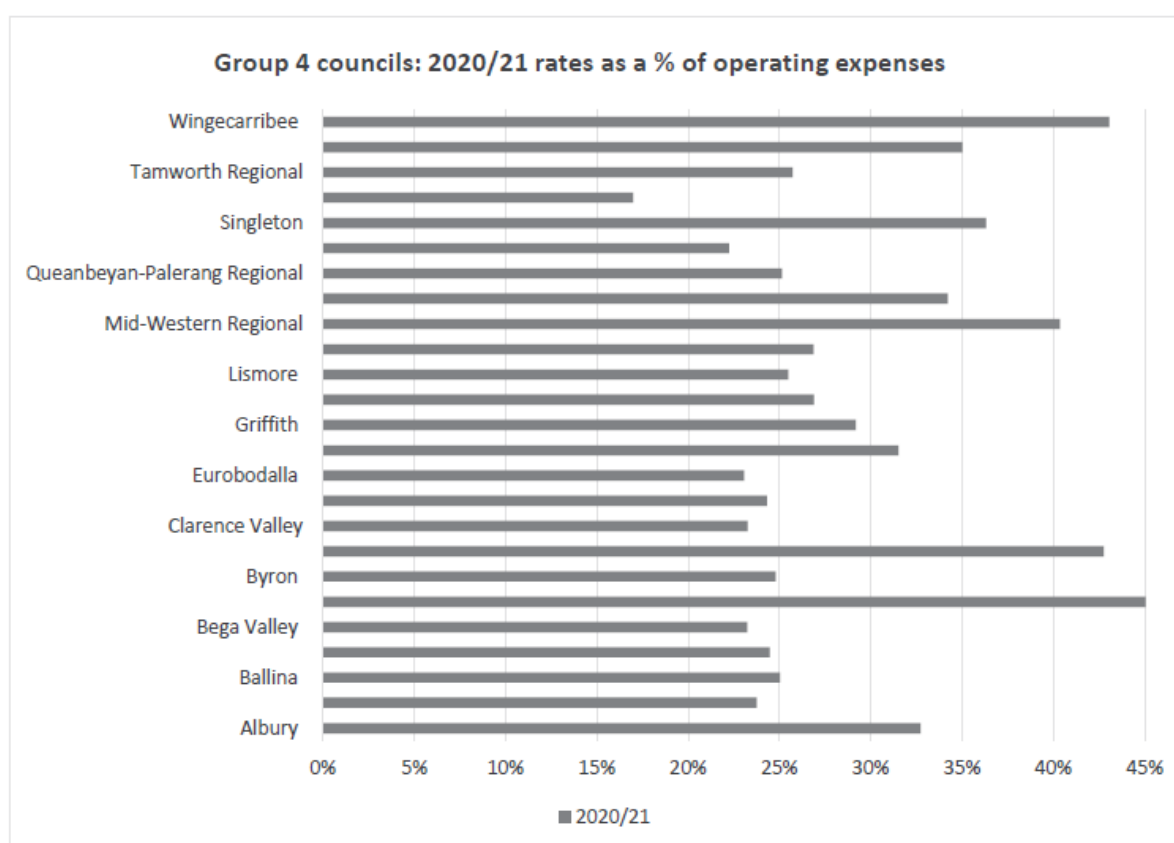
Realistically, there is no other viable alternative for Council to work towards financial sustainability without seeking an SRV along with the outlined reduction in service levels. Community feedback was divided on what service levels should be changed with no clear position. The recommendation provided by staff in the 1 February 2023 report to Council was that the reduction in service levels modelled with Option C come largely from the capital program (\$134.5m) that support asset renewal and upgrades.

By proceeding with Option E it will mean that Council will not have sufficient income for the required renewals of our assets after the first two years where we focus on catching up on our infrastructure backlog. In the context of need both in the immediate and longer term, the proposed SRV is reasonable. With Option E it is an increase of \$285 in 2023-24 or \$5.50 per week and \$288 in 2024-25 or \$5.55 per week for the average residential land value (\$199,900).

As part of the Capacity to Pay Report compiled by Morrison Low- Attachment 1.4- a comparison of estimated average actual rates for OLG Group 4 Councils was provided. The below table shows estimated average rates for the 2024-25 financial year (extrapolated using rate pegs from 2021 OLG published time series data) for group 4 regional town/city councils. These councils are similar to Bega Valley and are used for comparison. Within this group, Council's average residential rates under the proposed options will rank either highest or second highest depending on the option. Note, Morrison Low have not included proposed SRVs for those councils identified above that have notified IPART of their intention to lodge an SRV application for 2023/24. Farmland rates will rank either highest or fourth, and business rates would rank sixth to tenth, depending on the option, among these comparable councils. Therefore, depending on the option, rates will still be comparable to similar councils.

Estimated average rates for 2024/25							
Region 4 LGA	Est. average residential (\$)	Residential rank	Est. average farmland (\$)	Farmland rank	Est. average business (\$)	Business rank	Notified IPART of SRV?
Albury	1,530	7	4,843	3	6,790	3	
Armidale Regional	1,160	22	3,649	8	4,200	15	Yes
Ballina	1,240	17	1,935	22	3,910	18	
Bathurst Regional	1,268	15	1,692	26	4,814	13	
Bega Valley - option A	2,309	2	5,693	2	5,566	7	Yes
Bega Valley - option B	2,360	1	5,815	1	5,686	6	Yes
Bega Valley - option C	1,738	4	4,285	6	4,819	12	Yes
Bega Valley - option D	1,266	16	3,119	11	3,049	22	Yes
Broken Hill	1,199	19	—	—	6,736	4	
Byron	1,552	6	2,823	12	3,854	19	
Cessnock	1,382	10	3,400	9	3,951	17	
Clarence Valley	1,371	11	1,861	24	3,415	20	
Dubbo Regional	1,176	21	4,009	7	5,437	8	
Eurobodalla	1,214	18	1,801	25	4,097	16	
Goulburn Mulwaree	1,138	24	2,043	21	5,793	5	
Griffith	1,134	25	4,289	5	3,043	23	
Kempsey	1,408	9	2,331	16	2,912	24	
Kiama (not provided)	—	—	—	—	—	—	
Lismore	1,450	8	2,728	15	5,195	10	
Lithgow	930	28	1,687	27	4,468	14	Yes
Mid-Western Regional	1,062	26	2,787	14	2,375	27	
Orange	1,626	5	2,105	19	6,889	1	
Queanbeyan-Palerang	1,346	12	2,814	13	5,248	9	Yes
Richmond Valley	1,159	23	1,907	23	3,133	21	
Singleton	1,298	13	2,307	17	2,731	25	
Snowy Monaro Regional	938	27	2,070	20	2,520	26	Yes
Tamworth Regional	1,199	20	2,169	18	358	28	
Wagga Wagga	1,268	14	3,154	10	6,814	2	
Wingecarribee	1,977	3	4,334	4	5,037	11	

Morrison Low also provided the actual (2021) rates as a percentage of operating expense for OLG group regional town/city councils. The below table shows total council rates as a percentage of operating expenditure for group 4 regional town/city councils. Bega Valley is well below most of these comparable group 4 councils, in 2021 having the third lowest (ranking 22nd) level of rates revenue as a percentage of operating expenditure. This is a very strong indication that Council's rates are below the level required to service the community.



Council is planning for waste and water and sewer charges to increase inline with the rate peg set for FY24 at 4.1%.

How has the council considered affordability and the community's capacity and willingness to pay?

The council's response in the text box below should provide evidence to establish:

- That the proposed SV is reasonable in the context of the current rate levels, ratepayer base and its purpose.
- How the council considered the community's capacity and willingness to pay, and that the rate increases would be affordable for the community.

Evidence about capacity to pay could include a discussion of such indicators as SEIFA rankings, land values, average rates, disposable incomes, the outstanding rates ratio and rates as a proportion of household/business/farmland income and expenditure, and how these measures relate to those in comparable or neighbouring council areas.

As many of these measures are highly aggregated, it may also be useful to discuss other factors that could better explain the impact on ratepayers affected by the proposed rate increases.

While councils should consider the affordability of the proposed rate increases for **all** affected ratepayers, in some circumstances, particularly where the increase will not be uniform for all ratepayers, councils should explain how the **affected** ratepayer capacity to pay was considered. This could apply, for example, where:

- The council intends to **apply the increase differentially across ratepayer categories**.
- The council intends to **make changes to the rating structure in 2023-24** in conjunction with the proposed SV.
- The proposal would **increase minimum rates** by a significantly high percentage.

Please provide the councils response in the text box below.

Council engaged Morrison Low to assess the community's capacity to pay, refer Attachment 1.4 for a full copy of the report. This provided Council with an objective and independent assessment to assist with the decision on the level of the SRV.

The report provides an analysis and evaluation of relative wealth and financial capacity; it looks at the financial vulnerability and exposure of different community groups within the Bega Valley. Key considerations include:

- regions of social disadvantage
- particularly vulnerable groups of individuals
- patterns of household expenditure

Overall, Morrison Low concluded that there is capacity to absorb the additional rates payable under the proposed option C, particularly if this is supported by an appropriate hardship policy. Council resolved to proceed with Option E- which is essentially introducing Option C over 2 years.

Council also took into consideration community feedback from the extensive community engagement processes that detailed the SRV options. Affordability and the community's capacity and willingness to pay were strong themes in the feedback provided and resulted in the Council officer recommendation moving to Option C, with Council ultimately resolving to proceed with Option E.

A total of 2,763 survey responses were received, approximately 15% of ratepayers. Below is a summary of the survey results:

- 79.1% of respondents indicated that it was important to very important that Council maintain and upgrade the current range of assets it provides (for example roads, footpaths, bridges, buildings, parks) when needed, with 69.8% of respondents indicated that it was important that Council maintain current levels of service
- On average 42.2% of respondents indicated they were dissatisfied or very dissatisfied with the standard of Councils services and the maintenance and upgrades of Council assets
- 28.6% of respondents indicated they were supportive of an SRV at some level, with 71.3% of respondents indicating a preference for no SRV

An extensive range of saving alternatives were also proposed by the community, some of which will be explored in the 2023-24 Operational Plan when it is placed on public exhibition.

All rating categories will be increased by the same percentage. If approved the SRV (including rate peg) will raise additional rates income of \$6.7 million in 2023-24 (including adjustments) and \$6.5 million in 2024-25. This equates to an annual increase of approximately:

- \$285 in FY24 and \$288 in FY25 on the average residential land value (\$199,900)
- \$702 in FY24 and \$711 in FY25 on the average farmland land value (\$734,040) and
- \$686 in FY24 and \$695 in FY25 on the average business land value (\$340,000)

The rate increase will impact some ratepayers more than others. This is partly offset by the pensioner rebates and rates relief, deferrals and repayment arrangements included in Council's Hardship Procedure- Attachment 1.5.

How does the council intend to address hardship?

Does the council have a hardship policy? Yes

If yes, is an interest charge applied to late rate payments? Yes

The response in the text boxes below should explain any measures the council has in place, or intends to introduce, measure for dealing with cases where ratepayers experience hardship in meeting their obligation to pay rates.

Evidence can relate to a formal hardship policy which the council has adopted, and/or processes the council has in place, or intends to implement. The response should explain who the potential beneficiaries are and how they are or will be assisted. Alternatively, the response should explain why no such measures are proposed.

The council should also indicate whether the hardship policy or other measures are referenced in the council's IP&R documents (with relevant page reference or extract provided). Please provide the councils response in the text boxes below.

a. Explain the measures the council proposes to use to reduce the impact of the proposed SV on vulnerable ratepayers, or alternatively, explain why no measures are proposed.

The measures Council has in place include pensioner rebates and rates relief, deferrals and repayment arrangements included in Council's Hardship Procedure 6.06.01, refer Attachment 1.5. This procedure is aligned with Office of Local Government Debt Management and Hardship Guidelines, November 2018. There is capacity to apply for interest remission in the hardship procedure.

At the 1 February 2023 Council meeting it was also resolved that (See Attachment 1.12):

10/23 Resolution 11- Council review the financial hardship assistance procedures in the Financial Management Policy 6.06- 6.06.01 to ensure they are fit for purpose and support local residents with fairness and integrity particularly in the context of a special rate variation.

10/13 Resolution 12- Renew its call for the state government to fully fund pensioner rate rebates, and commit to persuading every candidate standing in the Bega electorate this year to pursue an immediate increase in NSW Pensioner Rate Concession, noting that the discount has not been increased since 1993.

Council also situationally considers community support. For example, Council suspended new debt recovery actions, supported ratepayers to establish payment plans and removed a range of fees to assist those in financial hardship due to the State-imposed lockdowns and public health measures- see [Minutes of Council - 29 April 2020 Item 13.1](#) In addition, after the bushfire crisis in early 2020, Council also waived interest on all arrears for a period of 6 months and granted a reduction in water usage charges for those residents who had excessive water bills due to fire-fighting requirements.

b. Indicate whether the hardship policy or other measures are referenced in the council's IP&R documents (with relevant page reference or extract provided).

Council's Financial Hardship Procedure is referenced in each years Revenue Policy that forms part of the Operational Plan. The Revenue Policy outlines that Council adheres to ethical guidelines to ensure all debt recovery is managed responsibly, and that payment arrangements can be sought by ratepayers who are going through financial difficulties.

Council also has in its Operational Plan 2022-23 an action to 'E1.1.1 Coordinate the review of Council's policies and procedures'. The Finance Policy, which the Financial Hardship Procedure is related too was adopted on 16/11/22.

The Financial Hardship Procedure and applicant forms are available on Council's website.

Table 6 Criterion 3 attachments

Council- assigned number	Name of document	Page references ^a
Attachment 1.4	BVSC Capacity to Pay Report	All
Attachment 1.5	BVSC Financial Hardship Procedure 6.06.01	All
Attachment 1.8	Delivery Program 2022-25 and Operational Plan 2022-23 (Revenue Policy)	Pp 120
Attachment 1.12	Council resolution to apply for the for the special rate variation	All

a. If document only relevant in part.

Has the council considered the impact of the SV in its IP&R documents?

In the table below provide evidence that the council met the reporting requirements of criterion 3 in tis delivery program and LTFP.

Table 7 Consideration of the proposed SV impact in IP&R documents

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
The Delivery program and LTFP should:		
Clearly show the impact of any rises upon the community	The updated Long Term Financial Plan 2023-32 – Attachment 1.6- was placed on public exhibition on 16 November 2022 to inform the SRV engagement process and includes the full cumulative increase of the proposed SRV options in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.	Attachment 1.6- Updated Long Term Financial Plan, adopted 1 February 2023, pp 11-19
Include the council's consideration of the community's capacity and willingness to pay rates	<p>Council's current suite of Integrated Planning & Reporting (IP&R) documents, including the Long-Term Financial Plan (LTFP) 2023-32 outline a proposed SRV. Community feedback provided in May and June 2022 on the proposed SRV was considered prior to the adoption of the suite of IP&R documents on 29 June 2022- See Council Report – 10.1 Adoption of Integrated Planning and Reporting documents, IPR Submissions June 2022.</p> <p>In this subsequent phase of community engagement on the updated LTFP 2023-32 Council has considered the community's capacity and willingness to pay prior adopting the updated LTFP 2023-32.</p>	<p>Attachment 1.8- Delivery Program 2022-25 and Operational Plan 2022-23, pp5, pp103</p> <p>Link 10- Resourcing Strategy 2022-25, section Long Term Financial Plan 2023-32, pp10</p> <p>Attachment 1.6- Updated Long Term Financial Plan, adopted 1 February 2023, pp 11-19</p>
Establish that the proposed rate increases are affordable, having regard to the community's capacity to pay	Council engaged Morrison Low to provide a Capacity to Pay Report to support the SRV application process. This report has not been directly included in any Council IP&R documents however reference to an assessment of capacity and willingness to pay being a requirement for an SRV application is mentioned in the LTFP 2023-32.	Link 10- Resourcing Strategy 2022-25, section Long Term Financial Plan 2023-32, pp7

Note: Reference to IP&R documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 3, Council LTFP, section 3.2, pp 20-25.

Criterion 4 – Exhibition of IP&R documents

Criterion 4 in the SV Guidelines is:

The relevant IP&R documents must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general income. It is expected that councils will hold an extraordinary meeting if required to adopt the relevant IP&R documents before the deadline for special variation applications.

The formal requirements applying to IP&R documents are set out in the *Integrated Planning and Reporting Guidelines for Local Government in NSW* and the *Integrated Planning and Reporting Handbook for Local Councils in NSW*.

For the purposes of applying for an SV, councils should note:

- If amendments to an adopted **Delivery Program** or **Community Strategic Plan** are needed to incorporate or update information about the proposed SV, the draft documents should be re-exhibited for a period of 28 days, and adopted before the council submits its Application Form to IPART.
- The exhibition period should be scheduled so that there is an opportunity for the council to formally consider and resolve to adopt the revised documents. It will be expected that a council will hold an extraordinary general meeting, if necessary, to meet this requirement.
- The council should adopt a version of the **LTFP** which incorporates modelling of the proposed SV before the council submitting the application to IPART.
- When applying for a SV for 2023-24 councils do not need to prepare, exhibit or adopt the **Operational Plan for 2023-24**.
- If council has used supporting evidence from the **Operational Plan for 2023-24** to demonstrate how it satisfies other criteria, the council should also provide information about this document in its response to criterion 4.

Where the proposed SV is to fund asset management, the council's **Asset Management Strategy and Plan(s)** should be adopted before submitting the application to IPART.

What IP&R processes did the council use in determining to apply for a special variation?

In the text box indicate the progress of identifying the need for the SV being incorporated into the IP&R documents by providing information about community engagement and when key revisions were made to the IP&R documents.

Council has developed and adopted multiple LTFP's in the last 5 years that have all indicated the need for a special rate variation to increase revenue to close the widening gap between income and expenditure. In 2019 Council notified IPART of it's intent to apply for an SRV related specifically to swimming pools, however abandoned the application as a result of the immediate impact on the community of the Black Summer bushfires.

The 2022-25 Delivery Program and 2022-23 Operational Plan adopted on 29 June 2022 outlined that Council is considering an increase in rates through a special variation. An Operational Plan action E3.1.2 'Support the development of a rate variation application and community engagement' allowed for internal resourcing to be dedicated to supporting this process.

Council adopted its last suite of Integrated Planning & Reporting (IP&R) documents, including the Resourcing Strategy 2022-25 that contains the Long-Term Financial Plan 2023-32, on 29 June 2022 with the recommended 'Scenario 2- Maintain' model indicating that a 35% increase in general rates would be required to maintain current levels of service. It was noted in that resolution that an updated Long Term Financial Plan would be prepared in the new financial year and this work was undertaken and an updated Long Term Financial Plan 2023-32 – Attachment 1.6- was placed on public exhibition on 16 November 2022 to inform the SRV engagement process. The updated LTFP was adopted at the 1 February 2023 Council meeting.

For the LTFP adopted in June 2022, Council commenced work on modelling assumptions and estimates as early as March 2022. Since that time, Council experienced rapidly rising inflation, ongoing cost escalations, material and contractor supply issues and has undertaken further revaluation of our assets. At the time of adopting the last LTFP it was also acknowledged that cost for renewing or rebuilding of assets had been based on unit rates that were backwards looking and were expected to be underestimates based on inflationary trends at that time. In addition, further detailed work was done on understanding what our asset replacements needs are over the next 10 years. In the next 10-year period, there is a need to replace a number of large value assets that are at the end of their lives and have not yet been replaced. Many of the large value assets Council manages are long lasting assets such as pools and bridges that have 50-70 year lives. Many of our assets were built in the 1940's, 50's 60's and are now nearing the end of their service lives and if they are not replaced, risk failure and closure.

The Resourcing Strategy 2022-25 adopted on 29 June 2022 also contained Council's Strategic Asset Management Plan 2022-25. An updated Strategic Asset Management Plan 2022-25 along with summaries of the Asset Management Plans that inform it was adopted by Council on 1 February 2023.

When did the council meet the formal requirements for all relevant IP&R documents?

The table seeks information which demonstrates that the council has met the formal requirements for the preparation, exhibition, adoption and publication of the current IP&R documents. Please complete Table 8 for all IP&R documents relevant to the council's application.

Table 8 IP&R documents

Document	Exhibition dates	Adoption date	Placed on council's website	Web link
Community strategic plan	4 May 2022-1 June 2022	29 June 2022	Yes	https://begavalley.nsw.gov.au/files/Bega-Valley-Shire-Community-Strategic-Plan-2042.pdf?v=1656517577
Delivery Program 2022-25	4 May 2022-1 June 2022	29 June 2022	Yes	https://begavalley.nsw.gov.au/files/Delivery-Program-2022-25-and-Operational-Plan-2022-23_Adopted.pdf?v=1658165635
Long Term Financial Plan 2023-32	4 May 2022-1 June 2022	29 June 2022	Yes	https://begavalley.nsw.gov.au/files/Long-Term-Financial-Plan-2023-32.pdf?v=1662724624
Strategic Asset Management Plan 2022-25	4 May 2022-1 June 2022	29 June 2022	Yes	https://begavalley.nsw.gov.au/files/Strategic-Asset-Management-Plan_2022-25.pdf?v=1662724625
Operational Plan 2022-23 (includes Revenue Policy)	4 May 2022-1 June 2022	29 June 2022	Yes	https://begavalley.nsw.gov.au/files/Bega-Valley-Shire-Community-Strategic-Plan-2042.pdf?v=1656517577
IPR Submissions Summary June 2022	4 May 2022-1 June 2022	29 June 2022	Yes	http://begavalley.infocouncil.biz/Open/2022/06/OC_29062022_AGN_752_AT_WEB.htm (See item 10.1)
Updated Long Term Financial Plan 2023-32	16 November-16 January 2023	1 February 2023	Yes	https://begavalley.nsw.gov.au/council/resourcing-strategy
Long Term Financial Plan 2022-31	12 May 2021- 8 June 2021	12 May 2021	Yes	http://begavalley.infocouncil.biz/Open/2021/05/OC_12052021_MIN_608.HTM#PDF2_ReportName_6602 (See item 13.1)
Long Term Financial Plan 2021-30	10 June 2020- 8 July 2020	20 August 2020	Yes	http://begavalley.infocouncil.biz/Open/2020/08/OC_26082020_AGN_560_AT_WEB.htm (See item 13.1)

What, if any, relevant issues arose in the public exhibition of the IP&R documents?

In the text box explain any issues arising from the council's IP&R processes and documentation associated with the proposed SV which you consider are relevant factors in assessing the council's application, including responses to public exhibition.

This question seeks information about issues that arose in the council's undertaking of its IP&R processes with the community by publicly exhibiting the IP&R documents, which could be relevant for IPART's assessment of the council's application.

As a result of the feedback provided during the public exhibition process, Council has resolved to proceed with Option E, which is essentially Option C introduced over 2 years. Option E is a 24% increase (inclusive of 4.1% rate peg) permanently applied in 2023-24 and 19.6% increase (assumed 2.5% rate peg) permanently applied in 2024-25, a cumulative impact of 48.3%..

Council has delegated to the Chief Executive Officer to develop a new Long Term Financial Plan that aligns with Option C in the General Fund Scenario as presented but modifies the revenue modelling reflective of the two year introduction of the SRV. This version of the Long Term Financial Plan, along with some other amendments to the consolidated scenarios as per recommendation 8 is the version that is considered adopted and has been submitted to IPART.

Criterion 5 – Productivity improvements and cost containment strategies

Criterion 5 in the SV Guidelines is:

The IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies the council has realised in past years and plans to realise over the proposed special variation period.

Councils should present their productivity improvements and cost containment strategies in the context of ongoing efficiency measures, and indicate if the estimated financial impact of the ongoing efficiency measures has been incorporated in the council's Long Term Financial Plan

This Application Form asks four questions relating to:

1. The approach to improving productivity in operations and asset management.
2. Outcomes realised from productivity improvements and cost containment strategies in past years.
3. Productivity improvements and cost containment strategies planned for future years.
4. Evidence of productivity and efficiency.

Councils can adopt a very broad range of strategies, initiatives or activities to improve the efficiency of their operations and the productivity of their workforce, and to contain costs and increase revenue. They may arise from reviewing service priorities, levels of service, labour and capital inputs, and organisational structures or services to be delivered.

Drawing on our experience in past years, we will be placing an emphasis on councils' applications demonstrating how they satisfy criterion 5. To demonstrate that a council has met this criterion, it is not sufficient to list a series of cost-saving or revenue-raising initiatives. Councils should provide evidence of strategies and activities and robust data quantifying the efficiency gains.

What is the council's strategic approach to improving productivity in its operations and asset management?

The council's response should identify how, as an organisation, it has approached improving productivity in its operations and asset management. It could refer to approaches such as:

- comprehensive strategic-level review of council operations including service priorities, levels of service, labour and capital inputs
- targeted reviews of discrete areas of council operations encompassing all aspects of processes, procedures, procurement, scheduling and equipment use
- reviewing service standards so that they more closely align with community expectations
- organisational restructure
- redesigning processes such as financial reporting, people/performance/project management to achieve efficiencies

- reviewing procurement strategies
- pursuing opportunities for commercialisation and business improvement
- review of assets in order to rationalise and divest property.

Please provide the council's response in the text box below.

In October 2020 Council engaged Morrison Low to undertake an Independent Financial Performance Review in accordance with [Council resolution 193/20](#). The recommendations of the review were adopted by Council on 16 December 2020 ([Council resolution 297/20](#)) and the recommendations were incorporated into Council's Financial Improvement Program that had been in place since March 2020. The Financial Improvement Program has resulted in a range of strategic tasks being undertaken including:

- a review of Council's financial and accounting policies, financial strategy and format of the Long Term Financial Plan
- a review of reserve and special schedule 7 compliance
- improved financial induction training for budget managers and Councillors
- improved QBR and monthly reporting processes
- a review of processes related to capitalisation and depreciation of assets
- review of banking provider and transition to new bank
- attributions review
- review of existing loans, and
- establishment of clearly defined and agreed roles and responsibilities for managing all aspects of the grant application and acquittal processes, governance and financial considerations.

The Financial Improvement Program has enhanced Council's reporting and decision-making frameworks and formed a solid base for further productivity and cost containment strategies to be realised. Council's strategic approach to improving productivity in its operations and asset management has been driven by the Leadership Executive Group and has focussed on the following key elements:

1. Reducing costs: Identifying and eliminating unnecessary expenses or finding more cost effective ways to deliver the same service
2. Increasing revenue: Generating new sources of income
3. Improving budgeting and forecasting: Accurately predicting and managing future financial and asset needs
4. Optimizing debt management: Carefully managing debt load
5. Enhancing transparency and accountability: Ensuring that financial information is accurate, complete, and easily accessible to the public

6. Increasing employee output: through training and use of technology

Underpinning Council's improvement culture has been a well-established Audit Risk and Improvement Committee whom oversee Council's internal audit and enterprise risk management activities. Council has undertaken numerous internal audits, typically 2-3 per year with audit findings used to drive improvement in the provision of services. Council also reviewed and expanded it's organisation service standards policy in 2019 to provide more clarity on the level of service that Council will provide. The policy was recently reviewed and updated in November 2022- [see 6.13 Organisational Service Standards policy](#).

In addition to internal audits a range of ad-hoc service reviews have been undertaken, with a service review on Council's Children's Services currently underway.

What outcomes has the council achieved from productivity improvements and cost containment strategies in past years?

In responding to the questions that address this point, wherever possible the council should:

- provide information about productivity improvements and cost containment strategies implemented during at least the past two years
- quantify in dollar terms the gains past initiatives have realised
- present these gains as a percentage of operating expenditure.

You may in this question provide evidence of overall improvements in the council's financial situation from productivity and operational improvements and provide specific examples of initiatives or activities such as:

- introducing environmental and energy efficiency initiatives
- adopting more efficient information and communications technology for a range of activities such as communications, document processing, financial transactions, outdoor staff operations, e-recruitment
- shared purchasing through joint organisations of councils
- improved management of workers compensation insurance claims and safety audit
- seeking private contract works for road maintenance
- contracting to provide services to other councils
- reviewing community venue management to increase the utilisation of venues and associated revenues
- reviewing charges to ensure greater cost-recovery for council-provided services
- review of and refinancing loan borrowings
- adopting waste management strategies to reduce landfill waste and associated costs.

Please provide the council's responses to the questions in in the text boxes below.

a. Explain initiatives undertaken in the past few years to improve productivity and contain costs.

Council has been working hard to ensure we are as efficient as possible and are continually reviewing ways to reduce expenditure including staff restructures, improvements in our asset management processes, zero-based budgeting, divestment of land and joint regionalization of services and planning. Council's approach to productivity efficiencies is focussed on how to increase the output of our services while minimizing the inputs (such as time, money, and resources) required to produce them.

The below list is a sample of initiatives undertaken to improve productivity and contain costs in the past years. It is not exhaustive, however demonstrates the continued effort Council has applied across a variety of service areas, using a range of approaches.

1. Reducing costs: Identifying and eliminating unnecessary expenses or finding more cost effective ways to deliver the same service

Council has sought to reduce costs through streamlining processes, consolidating services and adopting cost-saving technologies.

- rationalised overtime and reduced employee leave entitlement balance, particularly excess leave
- reassessment of a role before readvertising if a vacancy occurs
- annual \$18k budget removed for staff recognition, awards and engagement survey
- Organisational restructure in mid 2022 with removal of Economic Development Manager role and Events Officer saving \$215k annually and combining the economic development function with grants and corporate planning to reduce duplication of effort and increase efficiency
- Using contracted Project Managers in delivery of grant funded projects
- Reduction in training and travel spend per FTE now that many training opportunities can be successfully delivered online (FY21 \$446 down to FY22 \$324 Source: PWC Performance Excellence Program)
- reduction in community development staff over time (from 4 Place Based Officers in 2018 to 1 Community Development Officer in 2023)
- Civic Centre staff completed food safety supervision course to reduce casual chef engagement
- reducing reliance on casual staff in children's services, customer service and pools through job share and temporary contracts
- Volunteers used to assist in delivery of Council services reducing staff costs in libraries, halls, sportsgrounds, cemeteries, community development and the Gallery
- improved time sheeting of project delivery staff to capital projects to ensure their time is capitalised
- Establishment of the Development Assessment (DA) hub to streamline the initial administrative steps in the DA assessment process

- transition to electronic DA files and implementation of the NSW Planning Portal helping to automate several manual document processes
- regionalisation of services with the Canberra Region Joint Organisation including funding at a regional scale positions related to waste and compliance, along with a Regional Community Strategic Plan. The Regional CSP approach saved Council over \$30k.
- Council is a signatory to a Power Purchase Agreement (PPA) with a group of NSW councils, where an agreed rate is in place for 10 years shielding Council from the volatile electricity market
- Partial transition of mobile telecommunications from Telstra to Optus resulting in \$210,256 annual savings and shift in procurement of remaining Telstra services saving \$7k per month
- Rationalisation of technology subscriptions and assets (moving staff to laptops for remote and office work), reduction in printing and stationary costs and shift to using soft copy documents
- Improved efficiencies in Community Grants Program and a reduction in funding provided
- online application forms that eliminates unnecessary steps that add complexity and waste time and resources for all parties
- reduction in facility opening hours at pools and libraries
- transition to phone and internet payments on Council branded portals
- automation of integration of Snap, Send, Solve with Council's CRM system to free up staff to focus on more complex and value-added work
- Incentivised campaign to drive registration for e-notices and transition to debtor invoice emailing to reduce printing and mailing costs
- integration with LiveTraffic and OneRoad App for improved communication on road works
- pro-rata rating when a registration of a subdivision DP (Deposited Plan) or SP (Strata Plan) is received introduced in FY22
- reduced number of Citizenship Ceremonies and other community events (Seniors Week, Youth Week, Refugee Week) that Council supports unless externally grant funded
- Native Title Assessment and lease/licence agreements completed inhouse where possible
- Implementation of Accounts Payable workflow to reduce manual processing elements of purchasing
- updates of existing panel contracts and the creation of the works & services panel creating procurement efficiencies for both council and contractors
- transitioning to an internal service delivery model in lieu of outsourcing to contractor for road reserve spraying.
- introduction of Electronic Parking Penalty Infringements in lieu of paper/book system

- reduction in vet fees, euthanasia and microchipping by utilisation of Certified Rangers in lieu of veterinarian
- abolished the Beach Water watch monitoring program saving on employee costs for sampling, testing and reporting
- ceased providing FOGO bags- saving approximately \$30k per annum
- ceased landfilling at Eden and all landfill waste to the Central Waste Facility
- recycling of materials for use in other Council projects eg timber bridge components
- packaging of capital works design and delivery programs, where possible, for greater economies of scale for consultants and contractors
- a range of fleet facilities cost reductions including the refurbishment of 5 heavy plant trailers, extending their service life and saving \$105,372 in capital replacement and disposal of underutilised pool vehicles
- installing solar infrastructure on Council facilities including libraries, halls and Council depots
- upgrade of streetlights to LED, saving electricity costs
- saleyard maintenance and upgrade expenses passed over to operator as part of long term lease agreement

2. Increasing revenue: Generating new sources of income

The capacity for local government to increase its revenue streams is limited and Council has explored a range of strategies to maximise its existing revenue streams. Council has also invested in staff resources to assist in generation of additional revenue and sought to dispose of underutilised assets where proceeds from the sale are reinvested, and ongoing costs of the asset are removed from operating expenditure including general rates payable on a property, or more direct operating expenditure such as electricity, water usage and maintenance.

- investment in a dedicated Grants Management Officer to prioritise applying for external grant funding to support Council's strategic priorities. Various administrative resources also assist in grant acquittal to support Council's ongoing relationship with funding bodies.
- securing an internal resource with skills to develop bushfire compliance reports allowing Council to add a \$1500 fee to its fees and charges for a new service Council can now provide to the community.
- adding a new fee for 'Change of Principal Certifying Authority (PCA) to Council' of \$1,500 to be commensurate with other Councils
- completing a review of waste fees and charges to align with revised Waste Strategy and an increase in cemetery maintenance fees in 2022
- undertaking a comprehensive review in 2022 of uncharged service costs being applied to non-rateable properties across the LGA which resulted in an additional \$352,221 in revenue being obtained

- divestment of 20 parcels of land since 2020 plus an additional 4 transfers to community groups as part of asset rationalisation of surplus land parcels, with very few saleable parcels remaining
- management of investment portfolio using Imperium Markets platform including investment advice, increasing our return on investments, streamlining monthly reporting with current performance above CPI.
- development of the General Aviation precinct at the Merimbula Airport to increase revenue streams
- pursuing the sale of the Bega Valley Regional Learning Centre
- undertaking a review of Developer Contributions Plan

3. Improving budgeting and forecasting: Accurately predicting and managing future financial and asset needs

In addition to the improvements undertaken as part of the Financial Improvement Plan a range of other measures to improve financial planning, management and reporting have been implemented.

- for the 2020-21, 2021-22 and 2022-23 annual budgets staff worked with the finance team on zero-based budgets where every work order and line item was scrutinised. Through zero-based budgeting for the last 3 years, Council has achieved cost reductions which are included in the current financial year and future budgets.
- improved financial reporting and budgeting processes including implementation of a monthly financial reporting monitoring program to track budget performance by service area. The collection of this data has been applied to ongoing productivity measures
- investment in Assetic, an asset management information system to improve council's asset register and deliver improved long-term financial projections
- re-establishment of Council's Asset Management Group to deliver on the improvement plan developed in the Strategic Asset Management Plan

4. Optimizing debt management: Carefully managing debt load

Council has interest expenses for several existing loans and a review of the most cost-effective financing options was undertaken to attempt to minimise interest expenses.

In early 2021, Council investigated the ability to reduce its current loan obligations (at the time \$29m principal and \$7.8m interest) by taking advantage of the then low interest rate market. Council reviewed the ability to consolidate its debt facilities, alongside reducing interest rates on the outstanding debts and determined that the break costs associated with the loans would not realise any significant savings. Council will continue to review its current debt load and consider these implications for any future proposed borrowings.

5. Enhancing transparency and accountability: Ensuring that financial information is accurate, complete, and easily accessible to the public

- investment in BIS budget software connected to Authority to improve monthly budget reviews by budget managers and Finance
- improved QBR reporting by fund, directorate and cost centre along with externally and internally restricted cash and investments
- improved management and visibility of reserves and existing SRV's
- multiple LTFP updates as financial and economic conditions change
- improved visibility in Integrated Planning and Reporting and improvement plans adopted in the Workforce Management Strategy and Strategic Asset Management Plan

6. Increasing employee output: through training and use of technology

Council has invested in a range of corporate systems and training for staff so they can undertake their roles more efficiently.

- implemented a Learning Management System for online delivery of standardised corporate and mandatory training, reducing external facilitated training costs
 - expanded Council's traineeship program utilising Federal Government subsidies (10 business administration roles) and engaged more Cadets and Apprentices
 - securing a \$878,434 grant for a Youth Employment Program to provide training, development and career pathway opportunities for youth through two year traineeships in the civil construction sector
 - investment in a field based safety advisor role to improve safety related training and processes to reduce project delivery related risks and costs
 - acquiring a new cloud-based online recruitment system to provide efficiencies for applicants, hiring managers and People and Culture
 - introduction of cloud-based software for project management, grant management, enterprise risk management, delegations, policies and procedures reducing administrative costs
 - development of a quality improvement framework and delivery a several process mapping exercises- See Attachment 1.14
 - investment in library technology (RFID self-loan, PC bookings, wireless printing, room booking system, event ticketing) for customer self-service to free staff for value added services such as community technology support and program delivery
 - encouraging innovation by staff to come up with new ideas and approaches and find more efficient ways of doing things that is reported to the Leadership Executive Group for consideration
-

b. Outline the outcomes which have been achieved.

The outcomes are captured in part a. as above.

It is important to note that as part of the development of the various strategies and plans that inform the updated Long Term Financial Plan 2023-32 there has already been a level of internal scrutiny and removal of both operational and capital projects not deemed as essential or core business prior to it being finalised and placed on public exhibition. Across the life of the 10 year LTFP these reductions total approximately \$89.7m- \$64m Operational and \$22.7m in Capital A range of programs and initiatives identified by staff as aligning with our strategic objectives or provision of a service to better meet our communities needs were removed from the LTFP prior to it being placed on public exhibition. This internal review process is an outcome of our broader focus on cost containment, balanced with productivity improvements and maintaining our existing levels of service.

c. Where possible, quantify the gains these past initiatives have realised.

Many of the initiatives outlined above are impossible to quantify in isolation and where possible \$ savings have been provided. For a range of reasons including the breadth of services Council provides, the challenges of attracting and retaining skilled staff, cost shifting and rate capping the realisation of productivity improvements does not necessarily result in an improved financial position- it typically results in staff being able to deliver a better or more efficient service or undertake work that may have been de-prioritised.

Council has been working through a Financial Improvement Program for many years now and while we have made significant improvements, the reality is that escalating costs – such as materials and contractors, are fast outstripping any cost reductions and efficiencies we can achieve.

What productivity improvements and cost containment strategies are planned for future years?

The council should provide information that details initiatives planned for the next two years when requesting a one-year section 508(2) SV, or to match the duration of the proposed SV.

The response should, wherever possible:

- estimate the financial impact of strategies intended to be implemented in the future
- present these as a percentage of operating expenditure
- indicate whether the proposed initiatives have been factored into the council's Long Term Financial Plan.

In the text boxes below:

a. Explain the initiatives which the council intends to implement.

Service Reviews and Asset Prioritisation

As part of the Council resolution to submit the SRV application to IPART Council has committed to further reviewing asset and service priorities in future years to ensure future financial sustainability. Council will also investigate and evaluate further productivity savings potential into the future, such as overtime, job redesign and vacancy freezes where services and community safety are not jeopardised.

Council is also committed to annual reviews of its Long Term Financial Plan, noting that many of the assumptions are conservative, and that further productivity savings will be essential. Given Option C does not fully fund the current needs articulated in our updated LTFP it is reasonable to assume that future SRV's will need to be considered in 4-5 years' time, based on current modelling unless assets are disposed of and services are reduced at a large scale.

Council has also sought to leverage resilience focussed grant opportunities available through the Federal Government and the former Resilience NSW to deliver a range of resilience focussed projects. Council secured \$4million in grant funding and one of the outcomes will be the development and implementation of a resilience and improvement focussed Service Review Framework that will be regularly reported to Council.

Updated Long Term Financial Plan 2023-32

Council had prepared an updated LTFP 2023-32 which outlined that a 90% SRV would be required to maintain Council's current levels of service. Acknowledging the extensive feedback received during the community engagement period, along with the Capacity to Pay Report, Council resolved to proceed with Option E- which is a 24% increase (inclusive of 4.1% rate peg) permanently applied in 2023-24 and 19.6% increase (assumed 2.5% rate peg) permanently applied in 2024-25, a cumulative impact of 48.3%. As a result of this decision Council will need to realise \$134.5m of capital reductions and \$3.3m of operational reductions over the 10 years of the LTFP.

b. Estimate their financial impact.

Service Reviews and Asset Priorities

The estimate of the financial impact of the service reviews and asset prioritisation will depend on the services and assets Council chooses to change, cease or divest.

Updated Long Term Financial Plan 2023-32

The reductions to Council's levels of service under Option E will largely come from the capital program which will see a decline in the standard of key assets such as roads and bridges.

Cost Centre Allocation	\$ reduction
ADMINISTRATION BUILDINGS	\$12,315,699
BRIDGES ON SEALED RURAL ROADS - LOCAL	\$3,048,073
BRIDGES ON SEALED RURAL ROADS - REGIONAL	\$41,245,637
BRIDGES ON UNSEALED RURAL ROADS - LOCAL	\$12,057,731
DRAINAGE	\$1,896,311
FOOTPATHS	\$5,576,372
PARKS AND GARDENS	\$2,983,944
PUBLIC AMENITIES	\$1,041,195
ROADS RURAL SEALED LOCAL	\$1,011,137
ROADS RURAL SEALED REGIONAL	\$13,207,766
ROADS RURAL UNSEALED LOCAL	\$28,994,920
ROADS URBAN SEALED LOCAL	\$144,985
ROADS URBAN SEALED REGIONAL	\$152,229
ROADS URBAN UNSEALED LOCAL	\$62,204
SPORTING GROUNDS AND FACILITIES	\$7,486,766
TOWN CENTRE CARPARKS	\$56,053
WHARVES, JETTIES & BOATRAMPs	\$3,204,488
TOTAL	\$134,485,510

The above table provides a summary at the cost centre level. In addition to the significant and concerning budget reductions in both roads capital works (\$43.5m) and bridges (\$56.3m) other key projects of note within these cost centres that have been removed from the LTFP model and therefore have no forward financial allocation towards them include Cuttagee bridge, Six Mile Bridge, Wapengo Creek bridge, the Zingel Place Building upgrade, a range of parklands and sportsgrounds renewals, Barclay Street netball and tennis court upgrade and Merimbula boat ramp carpark upgrade. In addition to the capital program reductions over \$3.3m of operational reductions have also been removed including delivery of floodplain management plan actions, bridge structural assessments, road safety planning, stormwater pipe cleaning, community grant funding along with cultural, strategic planning and economic development projects.

c. Indicate whether these have been incorporated in the council's Long Term Financial Plan.

The savings already planned are quantified in the revised LTFP. As stated in Council's LTFP the proposed Option E SRV only secures Council's cash position in the short term and allows us to focus on the infrastructure backlog. There is a need to find further significant savings in the longer term or increase revenue in order to deliver the level of capital works that is required.

How have the council's levels of productivity and efficiency changed over time, and compare with those of similar councils?

To demonstrate how efficiency has changed over time, councils could use data based on studies of the council itself, or measures against the performance of comparable councils, and also rely on comparative data produced by OLG data such as:

- number of full-time employees (FTE)
- ratio of FTE to population
- average cost per FTE
- employee and on-costs as percentage of ordinary expenditure
- consultancy/contractor expenses over time.

In the text box summarise data which demonstrates how the council has improved productivity and indicate its performance against that of comparable councils.

Your Council Data

As a measure of Council's overall productivity and efficiency over time, the OLG performance ratios illustrated in the table below (Source OLG Data from YourCouncil Time Series 2020-21 noting the FY22 data is not yet available on OLG's site) show a variance in levels of performance. Despite a positive operating performance ratio, Council has for multiple years been below the benchmark (>100%) for infrastructure renewal which assesses the rate at which assets are being renewed against the rate at which they are depreciating. Council's own source operating revenue ratio is below the 60% benchmark, however is largely inline with other Councils in the Group 4 classification.

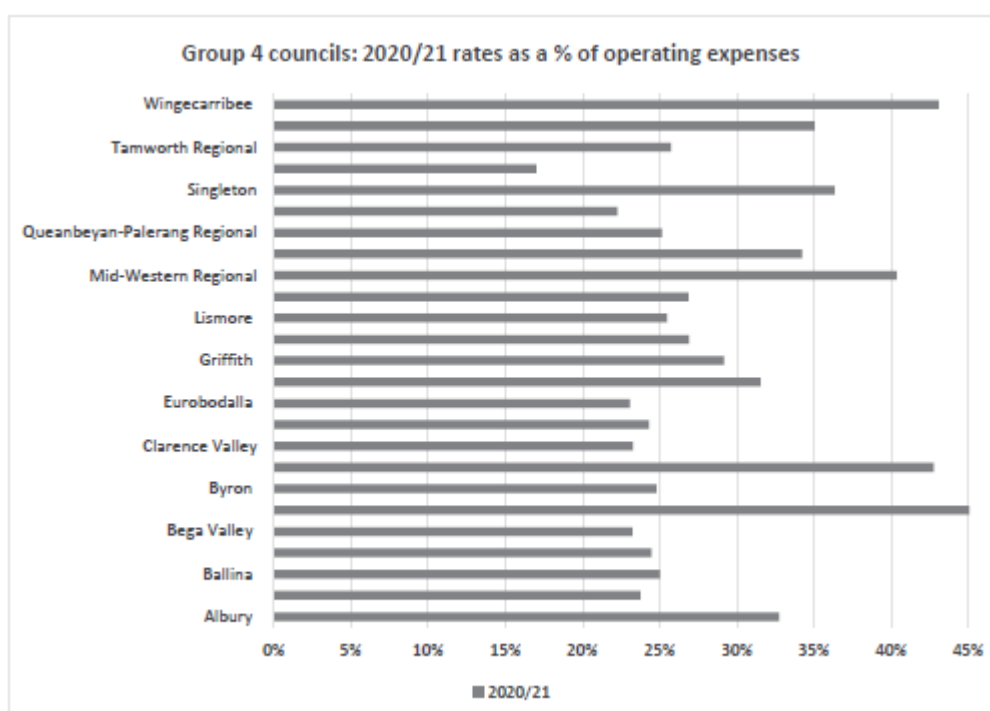
A copy of the Your Council report for Bega Valley Shire Council is at Attachment 1.11

OLG Performance Measures (Consolidated)	Bega Valley Shire Council				Councils' Classification Average		
	Rank 2021 (of 26 descending)	2021	2020	2019	2021	2020	2019
Operating performance ratio %	9	2.89%	2.14%	-9.90%	0.3%	-0.4%	1.40%
Own source operating revenue ratio %	9	53.62%	58.78%	66.10%	57.6%	59.3%	61.90%
Unrestricted current ratio	18	0.93	1.13	0.6	2.82	2.50	2.92
Debt service cover ratio	2	5.72	5.33	2.8	5.08	4.78	5.68
Rates, annual charges, interest & extra charges o/s %	24	7.23%	5.96%	4.70%	7.5%	8.5%	7.10%
Cash expense cover ratio months	6	11.77	12.14	12.20	11.57	11.74	12.30
Infrastructure renewals ratio %	6	91.40%	71.55%	51.30%	122.8%	105.8%	98.10%
Infrastructure backlog ratio %	5	2.07%	2.79%	1.20%	3.6%	3.1%	3.40%
Asset maintenance ratio %	2	111.91%	98.10%	80.00%	99.8%	102.1%	100.80%

Morrison Low Analysis

As part of the Capacity to Pay Report- Attachment 1.4, Morrison Low compiled an estimated average actual rates for OLG Group 4 Councils and Actual (2021) rates as a percentage of operating expense for OLG Group regional town/city councils.

The below table shows total council rates as a percentage of operating expenditure for group 4 regional town/city councils. Bega Valley is well below most of these comparable group 4 councils, in 2021 having the third lowest (ranking 22nd) level of rates revenue as a percentage of operating expenditure.



LGNSW Performance Excellence Program

Council also participates in the LGNSW Performance Excellence Program coordinated by Price Waterhouse Coopers. Councils workforce profile at a glance in at Attachment 1.15.

Table 9 Criterion 5 attachments

Council- assigned number	Name of document	Page references ^a
Attachment 1.11	Bega Valley- Your Council Report_ FY21 Data	All
Attachment 1.4	Capacity to Pay Report (Morrison Low)	Pp 27-29
Attachment 1.16	PWC Performance Excellence- Workforce Profile	All

a. If document only relevant in part.

Criterion 6 – Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

The Guidelines provide further that we will assess each application based on its merits against the assessment criteria. In doing so, the following may be considered:

- size of the council
- resources of a council
- size (both actual \$ and %) of increase requested
- current rate levels and previous rate rises
- purpose of the SV
- compliance with this or any other applicable guideline
- compliance with the conditions of any previous SVs, and
- any other matter considered relevant in the assessment of a SV application.

In assessing applications for SVs for 2023-24, IPART will continue its approach of assessing each of the five criteria, then making an overall assessment taking into account these other relevant factors.

The council should only respond to this question if it wishes to provide information in addition to that provided elsewhere in the Application which it would like IPART to consider when assessing its proposed SV. It is not necessary to specifically deal with several of the factors listed in OLG's Guidelines such as the size of increase requested, current rate levels and previous rate rises, and purpose of the SV.

The response may refer to any other matters the council considers relevant to IPART's deliberations. In the text box the council may provide information in addition to that provided elsewhere in the Application Form which it would like us to consider when assessing its proposed SV.

Council referred its Annual Financial Statements for 2021-22 to the auditors at the 19 October 2022 meeting. The Audit Office has requested that Council apply for multiple extensions through the Office of Local Government. Updated Annual Financial Statements for 2021-22 will be re-referred to the 15 February 2023 Council meeting, with the audit expected to be completed by end February and adopted at the 22 March 2023 Council meeting.

Reporting requirements SV compliance

In the text box propose SV compliance requirements in addition to those in the IP&R documentation that the council feels are appropriate for this application (if relevant).

N/A

Table 10 Criterion 6 attachments

Council- assigned number	Name of document	Page references ^a

a. If document is only relevant in part.

Council certification and contact information

Councils must submit a declaration in the specified form. It should be completed by the General Manager and the Responsible Accounting Officer.

Certification of application

Prepare a document in the form indicated below, sign, scan and attach as a public supporting document.

Application for a Special Rate Variation

To be completed by General Manager and Responsible Accounting Office

Name of council:

Bega Valley Shire Council

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

General Manager (name):

Anthony McMahon

Signature and Date:

Responsible Accounting Officer (name):

Judy Jordan

Signature and Date:

Note: These signatures will be redacted before publication of the application.

Council contact information

IPART's formal contact with the council will be with the General Manager.

During the assessment period, IPART officers are likely to contact the council with detailed queries about the application and supporting documents. Councils should provide details of the primary contact for such inquiries where this person is a council officer who is not the General Manager. Council officer contact details will be redacted before publication of this application.

General Manager

General Manager contact phone

General Manager contact email

Note: These contact details will be redacted before publication of the application.

Primary council contact

Council contact phone

Council contact email

Council email for inquiries about the SV application

Note: These contact details will be redacted before publication of the application.

Secondary council contact

Council contact phone

Council contact email

Council email for inquiries about the SV application

Note: These contact details will be redacted before publication of the application.

List of attachments

To complete (adding rows as necessary):

- Assign an identifying number and/or letter to each document.
- Name each document.
- Check the box to indicate that it is being submitted with the application.

List of attachments to the council's application

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
Mandatory forms/attachments		
	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
Attachment 1.12	Council resolution to apply for the for the special rate variation	<input checked="" type="checkbox"/>
Attachment 1.13	Council resolution to notify IPART of intent to apply for SRV	
	Certification	<input checked="" type="checkbox"/>
If applicable for Description and Context Question 4		
	Instrument for expiring special variation	<input type="checkbox"/>
	OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>
If applicable for Description and Context Questions 5 and 6		
	Declaration of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
	Relevant instrument(s) for past special variations (if applicable)	<input type="checkbox"/>
	Evidence of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
Mandatory public supporting material (i.e. to be published on IPART's website)		
Attachment 1.9	Community Strategic Plan – Relevant extracts (Full CSP available on Council's website .)	<input checked="" type="checkbox"/>
Attachment 1.8	Delivery Program – Relevant extracts pp 5, 103, 120 (Full Delivery Program 2022-25 and Operational Plan 2022-23 available on Council's website .)	<input checked="" type="checkbox"/>
Attachment 1.6	Attachment 1.6- Long Term Financial Plan 2023-32 Long Term Financial Plan_ January 2023 Update with projected (General Fund) financial statements (Income, Cash Flow and Financial Position)	<input checked="" type="checkbox"/>
Attachment 1.7	Attachment 1.7- Long Term Financial Plan 2023-32 Long Term Financial Plan_ January 2023 Update- in Excel format	
Attachment 1.10	Attachment 1.10- SRV 2023_Community Engagement Summary	<input checked="" type="checkbox"/>
	Includes consultation material, e.g. copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation	
Attachment 1.11	Attachment 1.1- SRV Community Engagement Summary Appendix 1- Written	<input checked="" type="checkbox"/>
Attachment 1.12	Submissions including petitions	
Attachment 1.13	Attachment 1.2- SRV Community Engagement Summary Appendix 2- Survey Results	

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
	Attachment 1.3- SRV Community Engagement Summary Appendix 3- Community Engagement Plan	
	Includes community feedback (including surveys and results if applicable)	
	Willingness to pay study (if applicable) N/A	<input checked="" type="checkbox"/>
Attachment 1.5	Hardship Policy	<input checked="" type="checkbox"/>
	Other public supporting material	
Attachment 1.10	Strategic Asset Management Plan 2022-25 including AMP Summaries	<input checked="" type="checkbox"/>
	Asset Management Strategy / Plan(s) (if applicable)	
	Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable)	<input type="checkbox"/>
	NSW Treasury Corporation report on financial sustainability (if applicable)	<input type="checkbox"/>
Attachment 1.4	Capacity to Pay Report (Morrison Low)	
Attachment 1.11	Bega Valley- Your Council Report_ FY21 Data	
Link 1.0	Resourcing Strategy 2022-25 adopted in June 2022 available on Councils website .	
Attachment 1.14	Quality Improvement Framework and Process Mapping Example	
Attachment 1.15	PWC Performance Excellence- Workforce Profile	
Attachment 1.16	Community Strategic Plan Towards 2042- Community Engagement Report	
Link 1.1	Council's Audited Financial Statements 2020-21 available on Council's website .	
	Confidential supporting material (i.e. not to be published on IPART's website)	

Important information

Submitting online

Applications must be submitted through the Council portal by close of business on Friday, 3 February 2023.

- A file size limit of 10MB applies to the Part B Application Form.
- For supporting documents (Attachments) a file size limit of 400MB applies to public documents, and another 200MB to confidential documents.

Confidential content

We will publish all applications (excluding confidential content) on our website. Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, a document such as a council working document that does not have formal status, or document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as CONFIDENTIAL.

Publishing the council's application

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