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|  | Special Variation Application Form Part B  Bellingen Shire Council  Application Form  2023-2024 |
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| Enquiries regarding this document should be directed to a staff member:  Edward Jenkins (02) 9113 7774 Sheridan Rapmund (02) 9290 8430  **The Independent Pricing and Regulatory Tribunal (IPART)**  Further information on IPART can be obtained from [IPART’s website](https://www.ipart.nsw.gov.au/Home).  **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. |  |

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Council information

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| --- | --- |
| **Council name** | Bellingen Shire Council |
| **Date submitted to IPART** | 2 March 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](https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/For-Councils/Apply-for-a-special-variation-or-minimum-rate-increase)
  + 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](https://www.ipart.nsw.gov.au/sites/default/files/documents/olg-guidelines-special-variation-2021-22_0.pdf) 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.

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| Special variation type | Section 508(2) | Section 508A |
| Permanent or Temporary | Permanent | Temporary |

1. 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 | yes | yes | no | no | no |
| Percentage increase (including the rate peg) | 8.0% (inclusive 4.5% rate peg) | 8.0%  (Inclusive 2.5% rate peg) | 6.0%  (inclusive 2.5% rate peg) | 6.0%  (inclusive 2.5% rate peg) | X.X% | X.X% | X.X% |
| Cumulative percentage  increase over the SV period for s 508A (including the rate peg) |  |  |  | 31.06% |  |  |  |

**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.

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| Home to 13,197 people (ABS Estimated Resident Population 2021), Bellingen Shire covers approximately 1,600 square kilometres and with three distinct geographical areas – ocean, river, and mountains, each is a vibrant and rich community with its own characteristics.  Bellingen Shire has an abundance of natural assets. Some 57% of the Shire is State Forest (21.26%), National Parks (32.36%) and Crown land which provides challenges with a low proportion of rateable land. This along with ongoing funding constraints, local government reform and significant infrastructure and maintenance costs means that Council has to be innovative and resourceful to balance the needs of the organisation with community aspirations.  Councils finances have recently come under pressure due to a number of internal and external influences. Like many councils, Bellingen has faced many challenges over recent years, both from within the Shire and from the wider environment. Rate peg increases set by the NSW Government have often fallen short of inflation over the years, meaning that costs are increasing at a higher rate than revenues. This has meant that councils across the State have been significantly disadvantaged by rate pegging with the effect that councils have, for an extended period, spent less than is required on service provision and asset maintenance programs.  Many services that were handled by the State or Commonwealth Government have been moved to Local Government without an appropriate funding adjustment, a process known as ‘cost shifting’. Increased government reporting requirements, such as asset reporting, have also impacted on costs. From within the Shire, the demand for improved service levels and new services has also increased costs.  All of these impacts have left councils with fewer funds to invest in essential services such as service provision and asset maintenance programs.  Of particular concern to Council is the recent impact of COVID-19. The outbreak has caused extensive disruptions to the entire global economy. The ongoing concern is the lingering effect of the pandemic and the knock-on effect to the local economy and the impact on Councils financial position particularly in regard to rising inflation.  Council financial resilience is being tested like never before. To counteract the above impacts, it is important to build upon the work Council has conducted over the past decade to ensure that Council can remain financially sustainable into the future.  In January 2019, Council engaged the University of Technology Sydney (UTS) to undertake an independent review of Bellingen Shire Council finances to give an opinion on the ‘Financial Sustainability’ of Council and provide recommendations on potential areas for improvement and inform future corporate planning processes.  The review examined council’s performance across 45 unique metrics and compared our performance with 15 comparable New South Wales local government authorities responsible for water and sewer businesses.  The review examined and reported on the following: technical efficiency, expenditure/staffing, water, sewer, roads, depreciation, profit/loss, cash flow/liquidity, assets/liability, debt/borrowings, infrastructure, budget accuracy, relationship between income and service provision (nexus rate) and population/demographics.  The review found Council is performing well despite a variety of challenges faced, including, funding constraints, increased maintenance costs and a low proportion of rateable land across the shire.  The report provided recommendations of further initiatives which continue to be systematically implemented and reported through our Audit and Risk Committee. The findings are especially progressive as they have been enabled by a systematic process of significant organisational reform supported by the current and previous elected councils, involving corporate structure, work practices, leadership, organisational culture, and financial sustainability.  In response, Councils Executive Leadership Team has developed a comprehensive governance framework to assess and report on Council's financial sustainability. This includes the formation of an expert project group, whose key aim is to bring business stakeholders together to discuss strategic planning and project program objectives. Furthermore, IP&R processes also contribute greatly towards this framework – The Delivery Program, Operational Plan and Annual Report as well as Council’s Audit and Risk Committee have existing reporting periods protocols and mechanisms that will facilitate reporting to Council and community. It is intended that the Audit Committee will receive reports regarding productivity and efficiency improvements, service reviews and financial sustainability initiatives in the future.  Council’s decision to make an application for a SV has been based on extensive planning and is reflective of the recommendation of external reports including the UTS assessment. The planning process has considered and taken into account the community’s desire for a strong focus on service delivery and connectivity (as detailed in the Community Vision review survey results). The details of which are outlined throughout this application.  The following key steps were undertaken in reaching a decision to make an application for the SRV:   |  |  | | --- | --- | | **Date** | **Key Step** | | January – March 2022 | Financial modelling undertaken | | April 2022 | Public exhibition of IP&R documents | | June 2022 | Council adopts 2022-23 IP&R documents and Budget | | November 2022 | Council endorses commencement of extensive community engagement program regarding SRV | | November 2022 | Council requests, and is granted, extension on its SV application to allow greater opportunity for community consultation activities | | December 2022-January 2023 | Community engagement activities regarding SRV | | February 2023 | Council considers SRV report and resolves to submit an application for SV to IPART | | March 2023 | Council submits application to IPART |   As highlighted above, Council has kept the community informed and effectively engaged, taking numerous steps to guarantee a transparent process. Through our IP&R documents we've outlined detailed projections of proposed rate rises along with an explanation as to where funds will be allocated and how this affects local residents.  Whilst Council has made significant financial improvements to its operating results through the implementation of numerous efficiency initiatives, Council cannot deliver on the community’s needs and expectations, and be financial sustainable over the long term, without the proposed SV.  The purpose of Bellingen Shire Council’s application for a SV is to offset the ongoing impacts of global inflationary pressures felt across several areas of operation including significant cost increases to fuel, construction materials, insurance premiums, electricity, heating, emergency services levy and employee costs.  The additional income being sought through the SV will allow Council to:   * Maintain existing services and service levels the community has come to expect * Improve, although not resolve, Council’s financial sustainability * Enable current investment in asset maintenance and renewal to continue.   As part of Councils Long Term Financial Plan modelling, Council has undertaken an analysis of its operational expenditure including fuel, electricity, wages, superannuation, emergency services levy and insurance premiums to fully understand the inflationary impacts to Council. The result of this modelling has shown additional annual costs to Council exceeding $1.3M per year. The additional income generated from the 2023/24 rate peg of 4.5% is only $416k and alone cannot adequately address the inflationary pressures on Councils finances. The proposed SV will allow Council to continue to maintain services and progress its infrastructure maintenance program.  Should Council’s application be successful, the additional income generated from the SV will be used to offset the rapidly rising costs associated with maintaining the assets Council is responsible for and delivering the services that meet the expectations of our community.  Council is responsible for over $0.5 billion worth of assets and delivers over 50 unique services to the community.  A breakdown is provided below of what each dollar per $100 of rates revenue is spent on: |
| Council has taken into consideration a number of important factors prior to making this application. Some of these include the impact on the community, capacity to pay and other costs saving and efficiency measures. These are all outlined in great detail as part of this application.  The application for a SV has been deemed essential based on the considerable financial analysis that has been undertaken. Alternatively, if Council had not applied for an SV or is unsuccessful in its application, reductions in the current level of service and asset management will be urgently required. This level of service in turn is unlikely to meet the expectations the community has come to expect and the aspirations within the Community Vision. |

#### 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](https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/For-Councils/Apply-for-a-special-variation-or-minimum-rate-increase).

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

|  |  |
| --- | --- |
| 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**

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| Does the council propose to increase the minimum amount of a special rate above the statutory limit? | No |
| 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 |

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.

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| Does the council have an SV which is due to expire on 30 June 2023? | No |
| 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 |
| If Yes to either question:  a. When does the SV expire? | Click or tap here to enter text. |
| b. What is the percentage to be removed from the council’s general income? | Click or tap here to enter text. |
| c. What is the dollar amount to be removed from the council’s general income? | Click or tap here to enter text. |
| Has OLG confirmed the calculation of the amount to be removed? | Choose an item. |

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.

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| Does the council have a section 508A multi-year SV instrument that applies in 2023-24? | No |

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.

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| 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.

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| Does the council have a section 508(2) or 508A SV which IPART has approved in the past five years? | Yes |

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.

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| Bellingen Shire Council made and was successful in its application for a single year permanent 2.5% Additional Special Variation under S. 508(2) of the NSW Local Government Act 1993, for the 2022/23 Financial Year including the rate-peg determination of 0.7% (1.3% inclusive of population growth rate for Bellingen) to be commensurate with the 2.5% increase modelled in Council’s adopted 2021-22 Long Term Financial Plan. This application was for the specific purpose of ensuring that Council has sufficient funds to meet its obligations as identified in its LTFP for 2022/23 and future years.  The ASV has been spent in accordance with the Instrument under Section 508(2) and will be reported in the 2022-23 Annual Report. The Instrument is included as an attachment to this report.  Further, Bellingen Shire Council made and was successful in its application for a permanent, three year Special Variation of 6% inclusive of the rate peg (19.1% cumulative) under Section 508(A) of the NSW Local Government Act 1993, commencing in the 2018/19 financial year for the specific purpose of implementing and partly funding the Sealed Road Resurfacing and Bridge Renewal Programs.  In accordance with Item 2(b) of the Instrument under Section 508(2), Council reports annually on its SV through its Annual Report and further detail can be found on Council’s website. The ordinary rates include three consecutive 6% Special Variation’s which were approved by the Minister in May 2018. These SV’s apply to all rateable land within the Shire. The three consecutive 6% SV’s generated approximately $2.2M in additional revenue from 2018/19 to 2021/22. The increase is partially funding Council’s capital works road reseal program and Council bridge renewal program to address the transport infrastructure backlog. The $2.2M SV funds were spent in the following way:   * Roads resealing program $1.97M * Bridge Renewals program $0.23M   All expenditure was made in accordance with the approved SV application and Independent Pricing and Regulatory Tribunal Determination.  Due to the impact of COVID-19, the forecast 2020/21 Special Variation of 6% was delayed until the 2021/22 year. The Instrument is included as an attachment to this report. |

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](https://www.olg.nsw.gov.au/wp-content/uploads/Capital-Expenditure-Guidelines-2010.pdf) 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.

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| Is a capital expenditure review required for a project to be funded by the proposed SV r in accordance with OLG’s Capital Expenditure Guidelines? | No |
| If Y*es*, has a review been done and submitted to OLG? | Choose an item. |
| 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.

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| Does the council have deferred general income increases available to it from one or more previous years under section 511 of the LG Act? | No |
| If *Yes*, has the collection of this additional income been included in the Council’s Long Term Financial Plan (LTFP)? | Choose an item. |

In the text box explain:

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| a. The quantum, rationale and timing of any deferred increases in general income.  N/A |
| 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.  N/A |
| c. How does this deferred income impact on the council’s need for the SV and its cumulative impact on ratepayers’ capacity to pay?  N/A |

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

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| --- |
| 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.

1. 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 | From late 2021 to early 2022 during the review and preparation of the Integrated Planning and Reporting documents, Bellingen Shire Council sought feedback from the community regarding their aspirations for the future. The feedback from this consultation strongly indicated that the community wanted to see a focus on are improved infrastructure including better roads and footpaths, better communication and engagement with council, better public transport as well as social and community infrastructure to support growth, affordable housing more safe cycleways and improved pedestrian connections and greater recognition, respect and representation of traditional custodians’ culture and language.  This information was utilised to inform the review and preparation of the Bellingen Shire Community Vision (Community Strategic Plan) and subsequent Delivery Program.  In June 2022, Council adopted its suite of Integrated Planning and Reporting documents including its Long Term Financial Plan (LTFP) and Delivery Plan (DP) documents which reflect the SV Council is proposing to apply for. These documents were publicly exhibited from 27 April 2022 until 27 May 2022.  In addition to this, between June and December 2022, the Council participated in a series of workshops to better understand the rate peg methodology, Council's Financial Sustainability Strategy and Action Plan and the need for a SV in the context of Council’s overall imperatives around service delivery and financial sustainability.  Council’s LTFP provides a framework to assess its revenue building capacity and long term funding challenges to meet the activities and expected levels of service as outlined in its Community Strategic Plan, Delivery Program and over the next 10 years within constraints.  Faced with a growing imbalance between income and expenditure, the Council has carefully modelled and considered five potential scenarios to address this challenge. Despite community reluctance over an increase in rates via a special variation (SV), it remains one of the few viable options available - demonstrating how difficult such decisions can be when meeting budgetary obligations.   * Model 1 – Financial sustainability improvement, assuming medium inflation forecast - Introduce SV’s (2 x 8%, 2 x 6%) in 2023/24 – 2026/27 * Model 2 – Medium inflation forecast - Introduce SV’s (4 x 6%) in 2023/24 – 2026/27 * Model 3 – Low inflation forecast - Introduce SV’s (2 x 6%) in 2023/24 – 2024/25 * Model 4 – High inflation forecast - Introduce SV’s (3 x 10%) in 2023/24 – 2025/26 * Model 5 - No new special variations introduced   *All SV’s are inclusive of rate peg.*  All assumptions detailed throughout the LTFP were based on ‘Model 1 – Financial sustainability improvement, assuming medium inflation forecast - Introduce SV’s (2 x 8%, 2 x 6%) in 2023/24 – 2026/27’, as the preferred model for adoption. This model represents an overall strategy that will ensure Council is able to effectively manage its infrastructure assets and be financially sustainable into the future.  Despite multiple structural strategies and diligent effort, Council has yet to turn an operating surplus in its General Fund over the past five years. This reflects as a -5.9% average performance ratio due to deficits of $1.18M each year on average – highlighting areas that continue to require attention for greater fiscal control going forward.  A LTFP is dependent on a number of planning assumptions. In preparing the LTFP, Council considered a range of matters and made appropriate assumptions. These assumptions were used to model and formulate the plan, test a range of scenarios, and have ultimately formed the basis of the agreed plan. some of the key planning assumptions and highlights of the LTFP.  It is also noted that during Council’s 2021-22 planning processes a 4 x 6% SV model was forecast and included in the preparation of the LTFP for that financial year, highlighting that the need to secure Council’s financial sustainability has been at the forefront of financial planning for the organising for some time. This model was tabled as part of Council’s IP&R suite, publicly exhibited, and received no submissions as part of this process. Council’s LTFP is provided as an attachment to this report.  **Please note:** Due to IP restrictions on Councils LTFP, spreadsheets including calculation formulas have been added as additional attachments within the confidential attachments section of this report. | CONFIDENTIAL -  Attachment 5 - Long Term Financial Plan  Attachment 4 - 2022-26 Delivery Program and 2022-23 Operational Plan  CONFIDENTIAL -  CONFIDENTIAL -  Confidential - Bellingen Shire Council - 33 - LTFP Spreadsheets |
| In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise. | Bellingen Shire Council, like many other Local Government authorities, is in a process of transition and continues to actively work to improve its financial sustainability. Our external environment is in the process of major change with a number of financial challenges being imposed on Council such as addressing the increases in the emergency services levy, increases in insurance premiums and other cost shifting imposed by other levels of government. Council has been actively implementing the community and corporate planning process which underpins a range of affiliated initiatives. It is a work in progress and will deepen as we refine the understanding of community needs over time and enhance organisational capacity.  These initiatives aim to:   * Progressively address financial sustainability issues and the infrastructure backlog; * Improve organisational productivity, efficiency and effectiveness; * Implement cost containment initiatives; * Respond to community need; * Position Council to respond to broader economic circumstances and issues such as cost shifting and State based programs around sector reform, along with in more recent years the effects of Co-vid, severe weather events, and now major disruptors including global inflationary pressures such as elevated oil prices and supply chain disruptions, the ongoing pandemic, Russian invasion of Ukraine, strained supply chains and impact on national inflation; * Deliver upon agreed resource sharing initiatives with other local government organisations; * Continue implementation of the service review process which has its clear objective of defining levels of service, in order that use of resources can be prioritised, ensuring council’s asset base is maintained to an appropriate and affordable level; * Include a detailed review of Council’s fees and charges on an annual basis; and * Advocacy for fairer funding models.   Council understands that, despite their efforts to raise additional funds through implementing new and increasing existing user charges and fees, this makes up such a small portion of Council’s income stream. With this in mind, Council will continue to explore all viable options for recovering costs associated with providing services and facilities. In some cases, however, it would be both unfeasible and impracticable to introduce new fees.  Further, Council continues to explore available grant funding and has been successful in securing significant grant funding for capital delivery. This unfortunately doesn’t address the inflationary impacts.  Council’s asset maintenance programs and service delivery are already under significant stress, however if an SV is not approved Council will need to adjust the services provided in response; being cognisant of any potential risks to public health and safety as a result of a decrease in service levels. We take seriously the importance of gaining community input before making any changes so further consultation with residents will be necessary when considering adjustments going forward. |  |
| In demonstrating this need councils must indicate the financial impact in their LTFP | **LTFP Financial Impact**  Noting the above, Council, as part of the 2022/23 IP&R process, identified the need for a different revenue path if it was to continue to deliver on the services the community values in a high inflationary environment. Council in particular, has been heavily impacted by rapidly rising costs, this has caused an increasing gap between the rate peg and costs of providing services.  To provide a working example of the impact of annual costs that Council has little control over and the comparison to the annual rate peg, below is just one example of the impact a 2.5% rate increase has on the financial sustainability of Council:   |  |  | | --- | --- | | 2022/23 Rate peg |  | | Income from rate peg (2.5% inclusive of ASV): | $220,359 | |  |  | | Expense examples |  | | Wage increase - NSW Local Government (State) Award increase (2% increase) | $213,960 | | Emergency Service Levy Increase 2022/23 | $165,009 | | **Totals** | **$378,969** |   From the example above, we can see the 2022/23 rate increase fails to cover just a few examples of expenses over which Council has no control. If the intent of the annual rate peg is to maintain service levels, the above example clearly shows the vast gap in just covering the annual wage increase. This leaves no funds to contribute to the maintenance of services and infrastructure. This annual affect has continued to deteriorate the financial position of Council. Council’s application for a special variation is intended to address this gap.  The proposed SV is expected to deliver an additional $15.4M over the life of the LTFP.    The additional revenue generated as part of the SV will have a positive impact on Councils operating result and therefore the operating performance ratio in the General Fund (GF). The impact of the proposed SV can be seen in the below graph.    As can be seen in the graph above, Council will continue to generate GF deficits until year 7 of the current adopted LTFP. The below table shows the difference between the operating results of both scenarios.    The SV will also have a positive impact on Councils general fund cashflow forecasts and the unrestricted current ratio. The graphs below outline the expected impact of the SV on Councils GF cashflow forecast and the unrestricted current ratio:  Chart, line chart  Description automatically generated  Chart, line chart  Description automatically generated  Further details of Councils forecast along with 10 year Income Statement, Balance Sheet, and Cash flow Statements for each of the scenarios can be found within the appendices of Councils LTFP document. Additionally, Part A of the application outlines the impact of the SV against each of the key ratios. |  |
| 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. | Council sought to understand the community's vision for Bellingen Shire and, after thorough engagement with stakeholders throughout November 2021- January 2022, was able to draft a plan that reflects the communities hopes and ambitions. The Community Strategic Plan (Bellingen Shire Community Vision 2035) is composed of feedback from our region and what makes our Shire unique. This essential input subsequently shaped Council’s Delivery Program & Operational Plans initiatives and commitments.  The Community Vision consultation and engagement activities included more than 860 people taking part in Place Score’s liveability survey model and face to face discussion sessions.  Place Score’s place measurement tools collect community insights to identify what matters most (care factor) to our local community and how well it is performing (place experience). When considered together these valuable insights help Council plan, prioritise investment and track performance.  Overall, the research found that the Vision (Connected Sustainable Creative) continues to reflect the community’s aspirations for the future. The vision itself received an average score of 7.1/10 from the community with more than two thirds of respondents rating the vision as relevant.  Overwhelmingly, the most mentioned things people love about Bellingen Shire are its natural environment, its diversity and inclusiveness and connection to place. The top things that need to change are improved infrastructure including better roads and footpaths, better communication and engagement with council, better public transport as well as social and community infrastructure to support growth, affordable housing more safe cycleways and improved pedestrian connections and greater recognition, respect and representation of traditional custodians’ culture and language. | CONFIDENTIAL -  Attachment 3 - Bellingen Shire Community Vision 2035  Attachment 4 - 2022-26 Delivery Program and 2022-23 Operational Plan |
| Evidence could also include the analysis of the council’s financial sustainability conducted by Government agencies | The analysis undertaken by CLG:UTS examined Council against 45 unique metrics, derived from an array of scholarly literature and world best practice. The data was collated from the audited financial statements of Council and its peer group, and augmented with data from the National Regional Profile produced by the Australian Bureau of Statistics (ABS).  Council’s Financial Sustainability Strategy was first developed during 2020. The Strategy was borne following the independent review of Councils finances conducted by the University of Technology Sydney (Centre for Local Government) in 2019. Further detail outlining the strategy and associated action plan are presented within this report. | CONFIDENTIAL -  CONFIDENTIAL - |
| 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’s audited permissible income for general rates for the year ended 30 June 2023 resulted in an excess of $3K. This small excess will be included in Council’s rate modelling for the 2023/24 financial year. Given the value of the excess, there will be little impact on rating categories and sub-categories. The excess represents 0.032% of total ordinary rate revenue excluding the proposed SV amount. |  |

**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.

1. Table 3 Council’s financial sustainability

|  |  |  |
| --- | --- | --- |
| Item | Description | Reference to IP&R documents |
| Improve the councils underlying financial position for the general fund | As noted above, Council initially developed five LTFP models. The fifth model named No SV resulted in average operating deficits before capital grants of $460K over the life of the LTFP and indicated that Council would run out of internal and unrestricted cash by 2024/25. Council therefore focused on model one - Financial sustainability improvement in preparing forecast scenarios to present to Council.  Council has responsibly managed expenditure against available income to ensure financial stability, and Council has been able to consistently produce financial ratios that, for the best part, satisfy industry benchmarks. It's important for Council to uphold community service standards; however, depending on the level of current operating expenditure versus revenue received, necessary renewal activities like building and infrastructure asset maintenance can unfortunately be subject to a decreased budget or even deferral.  Councils adopted LTFP outlines the impacts of the proposed SV on the key financial ratio’s (Table 5 below summarises the projected results of the financial ratio’s including the proposed SV). The primary purpose of making application for a cumulative SV of 31.06% is to improve the overall financial sustainability of Council, which has come under significant strain due to the current inflationary environment.  The implementation of a SV is crucial in Council becoming financially sustainable. This is primarily achieved by improving Councils operating result and improving Councils cashflow position going forward, which in turn will enhance Councils ability to absorb future financial shocks.  **Operating Result**  Councils General Fund operating result has averaged an operating *deficit* of **-1.18M** over the past five years, resulting in an average operating performance ratio of **-5.9%**. Despite efforts to reduce expenditure through operational efficiencies and numerous service reviews and the implementation of multiple SV’s in the past, Council has still not managed to achieve ongoing operating surplus in the General Fund (*please note - 2021-22 reported a temporary operating surplus due to income recognition timing differences required under AASB 15 and AASB1058, these impacts will have inverse impact in 2022/23*). The below graph shows the impact on Council GF operating result (reflected through the operating performance ratio) as compared to the forecast if no SV was implemented:    **Cash Flow**  Councils GF cash and investment balances have come under significant strain in recent years due to the impacts of fires, floods, COVID and the resultant ongoing impact on global inflation. Good cash flow is pivotal to the ongoing provision of public services and effectively renewing and maintaining Councils $500M of infrastructure. Council’s GF unrestricted current ratio has declined from 2.33x in 2018, to 1.67x in 2022.  Without the injection of funds needed via an SV, Councils GF cash & investment balance is forecast to decline. The graphs below outline the expected impact of the SV on Councils GF cashflow forecast and the unrestricted current ratio: | Attachment 5 - Long Term Financial Plan |
| **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):

|  |
| --- |
| As outlined above, the SV allows Council to move its operating performance ratio safely above the OLG benchmark to improve financial sustainability in an inflationary environment, enhancing Council's ability to absorb future economic shocks and strengthen its operating result going forward.  The LTFP tests the validity of the proposed model by looking at how the SV addresses operating deficits, improved operating cash flow and infrastructure maintenance backlog. The SV Model builds capacity to effectively manage infrastructure maintenance activities. |

In Table 5 please provide the councils key financial indicators.

1. Table 5 Council financial indicators

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Ratio | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
| Operating performance ratio  excluding capital items | 8.6% | -5.1% | -2.4% | -0.7% | 1.7% | 4.0% | 5.0% | 5.5% | 6.3% |
| Own source revenue ratio | 47.6% | 54.8% | 59.7% | 59.3% | 74.9% | 73.3% | 75.5% | 75.0% | 74.9% |
| Building and asset renewal ratio | 183.6% | 219.8% | 141.9% | 154.6% | 35.3% | 46.0% | 37.3% | 44.0% | 43.5% |
| Infrastructure backlog ratio | 8.4% | 8.61% | 8.35% | 8.09% | 7.97% | 7.90% | 7.78% | 7.62% | 7.46% |
| Asset maintenance ratio | 80.3% | 78% | 88% | 85% | 92% | 86% | 88% | 87% | 88% |
| Debt service ratio | 3.3% | 8.6% | 9.0% | 9.6% | 7.7% | 7.4% | 7.1% | 6.9% | 6.8% |
| Unrestricted current ratio | 1.67x | 1.78x | 1.86x | 1.75x | 1.90x | 2.11x | 2.21x | 2.46x | 1.67x |
| Rates and annual charges ratio | 3.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% |

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.

1. 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. | Bellingen Shire Council conducted an extensive community engagement program regarding the Special Variation to ensure awareness regarding the need and extend of a rate rise.  During these engagement activities, Council made every endeavor to provide detailed but clear information for community members regarding the SV proposal and how it may impact them.  Council has an adopted Community Engagement Strategy that formed the basis of the engagement plan developed for the SV engagement program. The Strategy was used to help identify specific methods of engagement that would strengthen the community's ability to participate in the SV process, including the use of print, digital and face-to-face opportunities.  This extensive community engagement program followed Council's resolution at its Ordinary Meeting in November 2022 to commence this process. Public exhibition also took place in April 2022 regarding the adoption of Council's Integrated Planning and Reporting documents, including its LTFP.  An outline of the comprehensive engagement program conducted throughout December 2022 and January 2023 is as follows:   |  |  |  |  | | --- | --- | --- | --- | | **Engagement Activity** | **December 2022** | **January 2023** | **February 2023** | | **Inform** | | | | | Bellingen Shire Council SRV Information Centre webpage | X | X | X | | Community drop in sessions x 4 |  | X |  | | Mail out to all ratepayers |  | X |  | | Notice/newspaper advertisement | X | X |  | | Media Release/s | X |  |  | | Social media campaign | X | X |  | | Customer Service Kiosk | X | X | X | | Posters on community noticeboards | X | X |  | | **Consult** | | | | | Survey on Bellingen Shire Council website | X | X |  | | Community drop-in sessions x 4 |  | X |  | | Invite submissions via email and post | X | X |  | | Public exhibition\* |  |  |  |   *\*Public exhibition took place in April 2022 regarding the adoption of Council's Integrated Planning and Reporting documents including its Long Term Financial Plan.*  Using traditional print engagement methods, Council conducted various opportunities such as mailouts, brochure distribution, newspaper advertisements and promotional posters. The standalone mailout of information and the SV brochure to ratepayers proved to be an effective form of engagement, as referenced in the **Attachment 14 - Community Engagement Survey Results and Analysis** report. This mailout was sent to all contacts on Council's ratepayer list (5,373 contacts reaching 6,154 rateable assessments). Newspaper articles and advertisements were placed in the Bellingen Shire News throughout the consultation period, while A4 posters were printed and distributed at various locations throughout the Bellingen Shire.  Council aimed to raise awareness and understanding in the community regarding the SV proposal through its extensive digital media strategy. Council implemented this strategy through its existing Facebook, YouTube and Instagram channels. As part of this digital strategy, infographics aimed at explaining key SV information were developed and promoted by Council on social media. Each social media post included links to more detailed information and resources made available on Council's dedicated SV Information webpage.  The SV Information Centre included resources such as factsheets, timelines, frequently asked questions, publicly exhibited documents, links to IPART documentation and other relevant information relating to the proposed SV. Detailed information was provided on what rates are used for and what the SV would fund, including a breakdown of what each dollar of $100 of rates go towards. The SV Information Centre also included the Rates Calculator resource for download. This resource was made available to ensure ratepayers understood their individual impact both with an SV and with the rate peg only. Council also developed a video tutorial that walked through 'how to use' the calculator to assist with accessibility of the resource online. The results of the digital and social media campaign are outlined in **Attachment 11 - Digital Media and Website Results** report.  Face-to-face opportunities were considered an integral part of the Council's engagement program, with four community drop-in sessions held in the larger townships of Bellingen, Dorrigo and Urunga. Initially, three Drop-In sessions were scheduled – two in the afternoon (Dorrigo and Urunga) and one in the morning (Bellingen). Following feedback received from community members, who stated some of the sessions were difficult to attend for those working, a fourth evening session was added in Bellingen. In total, 119 community members attended these four sessions, which were aimed at providing the community with information on the SV, resources to assist in identifying how the changes may impact them, and the opportunity to speak directly with Councillors and Council staff.  The Drop-Ins were attended by several Councillors, including Mayor, Cr Steve Allan, Cr Jo Brotherton, Cr Joanne Cook, Cr Jennie Fenton, Cr Stephen Glyde and Cr Ellie Tree. A range of Council's senior staff were also in attendance. These senior staff members specialised in a range of roles across Council, ensuring that accurate information could be provided to community members regarding the status of various projects and scenarios.  Two kiosks with the Rates Calculator were available at the drop-in sessions, with community members encouraged to bring along their annual rates notice to help determine how the SV may impact their individual rates. The kiosks were operated by Council staff members, who provided further context on the SV and answered questions from community members.  Attendees at community drop-in sessions:   |  |  |  |  | | --- | --- | --- | --- | | **Location** | **Date** | **Time** | **Attendees** | | Dorrigo | 18 January 2023 | 4pm - 6pm | 50 | | Urunga | 19 January 2023 | 4pm - 6pm | 35 | | Bellingen | 20 January 2023 | 8am - 10am | 30 | | Bellingen | 23 January 2023 | 5pm - 7pm | 4 | |  |  | **Total** | **119** |   Council used a number of reference tools at these Drop-In sessions to ensure the community was provided with clear and accurate information relating to the SV. The information included:   * The proposed SV, showing the full impact of the proposed rate increase. * How the rates would be used (including a detailed breakdown of what $100 of rates are used for). * Providing information on the services that Council provides and the assets it maintains. * Financial information showing the increased costs that Council is experiencing to continue delivering the current level of service. * Financial information on the cost-saving measures that Council has introduced in recent years. * The cost breakdown for each key rates category (Residential, Farmland, Business). * The impact on individual ratepayers.   The reference tools included:   * Large Banners (these were also at Bellingen Shire Council offices). * A-Frame signage. * A4 Posters. * Brochures. * Hardcopy surveys. * Frequently Asked Questions. * Rates Calculator kiosks.     *\*Above depicts the online rates calculator made available for community members to enter their data and see the direct impact to their rates*  Council also developed a range of key messages and information relating to other neighbouring Councils that was used to assist Councillors and Council staff in responding to questions raised during community engagement activities. Several briefing sessions were held with Councillors and Council staff to inform those attending Drop-Ins so that they were well equipped to respond to queries from community members. Many of these discussion points formed part of the FAQ document that was available on Council’s website and as printouts at Drop-In sessions.  As part of the community engagement process, Council developed a submission register that collated all avenues of consultation including online, written, community drop in forums and Council’s email address. In summary, 107 submissions were received across all mediums.  They are broken down as follows:   * Survey responses. * Email submissions. * Letters to Council.   Feedback received through submissions is available in the **Attachment 15 - SV Submissions Redacted.**  The survey responses gathered feedback relating to the effectiveness of engagement methods and the community's understanding of the need and purpose of an SV.  The survey gathered 86 responses. The survey was actively promoted through social media and was available to complete online through the Council’s website. Alternatively, community members were able to complete a hardcopy version of the survey, with copies made available at Council’s office, at each drop-in session and at the three community libraries in the Shire.  The following questions were included in the survey:   1. Name. 2. Suburb. 3. Age Category. 4. Residential Status. 5. It is important that Council provides quality services to the community and maintains a broad range of assets in the Shire. 6. I have access to adequate information regarding the Special Rate Variation proposal. 7. I am aware of the reasons why Council is considering an application for a Special Rate Variation . 8. I understand how these changes will affect my own rate payments. 9. I would be willing to accept a reduction in the current level of council services and the overall quality of community assets to avoid the proposed Special Rate Variation. 10. Use the text box below to provide additional feedback on the Special Rate Variation proposal. (You can also email council@bellingen.nsw.gov.au or call 02 6655 7300). 11. As a community member, I have had the opportunity to provide feedback on the proposed Special Rate Variation application. 12. How were you informed of the Special Rate Variation? (Please select all that apply).   Of particular relevance, responses to Question 6, Question 7 and Question 8 speak directly to community awareness and understanding the extent of the rate rise.  In response to Question 6: "I have access to adequate information regarding the Special Rate Variation proposal”, 65% of survey respondents either strongly agreed or agreed with the statement. This speaks to Council's aim of ensuring that it provided clear and transparent information throughout its engagement process regarding the SV. The responses to this survey question indicate that adequate information was made available to the community. Just 19% of responses either strongly disagreed or disagreed, while 16% were neutral in response to the statement.  In response to Question 7: "I am aware of the reasons why Council is considering an application for a Special Rate Variation”, over half of the respondents (57%) strongly agreed or agreed with the statement. The second most common response was neutral to this statement (26%), while just 17% either strongly disagreed or disagreed. This is an indication that the majority of respondents have accessed the broad range of information and resources developed by Council regarding the SV.  In response to Question 8: "I understand how these changes will affect my own rate payments”, 80% of respondents stated that they either strongly agree or agree with this statement. Just 7% of responses disagreed or strongly disagreed, while 13% were neutral. Council provided a range of information and resources for community members to help determine how a SV may impact them. The rates calculator provided to be a popular method of assisting ratepayers in this area and the survey results to this question indicate that this was an effective resource.  A detailed analysis of survey results is available in **Attachment 14 - Community Engagement Survey Results and Analysis** report. | Attachment 21 - Community Engagement Strategy  Attachment 20 - Community Engagement Policy  Attachment 22 - SRV Community Engagement Plan  Attachment 5 - Long Term Financial Plan  Attachment 14 - Community Engagement Survey Results and Analysis  Attachment 7 - Community Engagement Materials - Newspaper articles and advertisements  Attachment 6 - Community Engagement Examples  Attachment 11 - Digital Media and Website Results  Bellingen Shire Council - Attachment 8 - Community Engagement Materials - Posters, Banners, Fact Sheets and FAQs  Attachment 19 - 2024-2027 Rates Calculator  Attachment 11 - Digital Media and Website Results  Attachment 6 - Community Engagement Examples  Attachment 16 - SRV Community Engagement Report for Councillor Workshop  Bellingen Shire Council - Attachment 8 - Community Engagement Materials - Posters, Banners, Fact Sheets and FAQs  Attachment 6 - Community Engagement Examples  Bellingen Shire Council - Attachment 8 - Community Engagement Materials - Posters, Banners, Fact Sheets and FAQs  Attachment 15 - SRV Submissions Redacted  Attachment 14 - Community Engagement Survey Results and Analysis  Attachment 13 - Community Engagement Survey |
| 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. | Under the NSW Government's Integrated Planning and Reporting (IPR) framework, Council integrates its various plans to ensure a holistic approach is adopted for the future.  The Delivery Program and Operational Plan, as well as the LTFP, form part of these required reports.  These documents are interconnected, and it should be recognised that council plans and policies should not exist in isolation. An example of how Council's reports are connected is demonstrated in the graphic below.    Specifically in relation to the SV, Council's Delivery Program and Operational Plan sets out general information regarding Rates and Charges and Ordinary Rates. This includes details relating to what rates and charges are used for and the mechanisms used to calculate ordinary rates. Rate pegging is also explained in this document. The document also refers to progressing priority actions contained within Council's Financial Sustainability Strategy – including the need for Special Variation.  Presented concurrently to this is Council's LTFP, which provides more detailed financial information and SV considerations. These documents were publicly exhibited from 27 April 2022 until 27 May 2022.  As part of the planning process, Council modelled five different scenarios in the LTFP. The scenarios tested as part of the modelling process were:   * **Model 1 – Financial sustainability improvement, assuming medium inflation forecast - Introduce SVs (2 x 8%, 2 x 6%) in 2023/24 – 2026/27** * **Model 2 – Medium inflation forecast - Introduce SVs (4 x 6%) in 2023/24 – 2026/27** * **Model 3 – Low inflation forecast - Introduce SVs (2 x 6%) in 2023/24 – 2024/25** * **Model 4 – High inflation forecast - Introduce SVs (3 x 10%) in 2023/24 – 2025/26** * **Model 5 – No new SVs introduced**   In June 2022, Council adopted its suite of Integrated Planning and Reporting documents including its LTFP. Following the public exhibition period, Model 1 was the adopted model by Council, which was presented throughout community engagement activities.  It is noted that Council did not receive any submission feedback related to the proposed SV.  Council then resolved at its November 2022 Ordinary Meeting to commence its comprehensive community engagement program regarding the proposed SV model as outlined above.  As outlined above, this engagement program was aimed at raising awareness of the proposed SV informing the community of how it may impact them under Model 1. A range of engagement resources were produced that clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category. Further detail regarding how this was communicated to the community is available below. | Attachment 4 - 2022-26 Delivery Program and 2022-23 Operational Plan  Attachment 5 - Long Term Financial Plan  CONFIDENTIAL -  CONFIDENTIAL - |
| 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. | The full cumulative rate was promoted through various communication channels and methods by Council.  This information was made available to community members through:   * **Council website:** The SV Information Centre featured on Council's website included specific references to the cumulative increase of the proposed SV. Most notably, this was available in the Frequently Asked Questions section, as part of the ‘Explaining how a Special Rate Variation will impact ratepayer’ section. The table in this section included a section on the cumulative increase, as well as a breakdown of dollar terms for the average dollar increase for Residential, Farmland and Business ratepayers. The SV Factsheet (details below) was also available for download through the Council website. * **SV Factsheet:** The SV Factsheet was a PDF that presented key information regarding the SV in an easily digestible format. The factsheet featured a table outlining the cumulative increase and a breakdown of dollar terms for the average dollar increase for Residential, Farmland and Business ratepayers. * **SV Brochure:** The SV Brochure was a printed version of the SV Factsheet. This brochure was distributed to every rateable assessment in the Bellingen Shire as a standalone mailout. 5,373 brochures were distributed in a mailout to ratepayers in the Shire. Council printed an additional 1,000 brochures, which were distributed at Council’s office, Bellingen Library, Dorrigo Library, Urunga Library, Bellingen Youth Centre and at Drop-In sessions. * **Community Drop-In sessions:** Large "pull-up" banners were produced displaying the cumulative increase and the breakdown of average increases per rate category. * **Rates Calculator:** The Rates Calculator provided specific examples for each ratepayer based on their land values. The Calculator clearly outlined the proposed increase in both percentage and dollar terms once the ratepayers details were entered. By using this tool, ratepayers were able to clearly understand the percentage and dollar difference between the SV proposal and the rate peg only. * **Public exhibition of Council documents:** A per above information, Council’s Delivery Program and LTFP included detailed information regarding the SV proposal.   Examples of how the cumulative increase was communicated to the public can be seen below.  **Council website:**      **Community brochure/SV Factsheet:**    All materials produced regarding the SV are included in the **SV Communication Materials** attachments as referenced throughout this report. | Bellingen Shire Council - Attachment 8 - Community Engagement Materials - Posters, Banners, Fact Sheets and FAQs  Attachment 25 - 2024-2027 Rates Calculator |
| The council’s community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur. | As referenced in the Community Engagement Report, Council undertook a broad range of engagement methods to ensure community awareness and engagement.  Council’s adopted Community Engagement Strategy document was used to determine the type of engagement activities undertaken, helping ensure the measures were impactful and community-focussed. Council conducted routine community engagement as outlined in the Strategy, aiming to inform and consult with the community via traditional transactional tools including the use of advertisements, displays, surveys, media releases, online resources and letter box drops. **Bellingen Shire Community Engagement Strategy 2021** has been included as an attachment.  Activities undertaken as part of Councils’ community engagement strategy included:   * Community drop-in sessions facilitated in Dorrigo, Urunga and Bellingen. * Mail out to all ratepayers. * Newspaper advertisements. * Media releases. * Fact sheets. * Social media campaign. * Website ‘information centre’ page. * Video resources, including a message from Mayor Steve Allan and instructions on using the Rates Calculator resource. * Documentation on public exhibition. * Rates Calculator to assist residents in understanding individual impacts. * Promotional A4 posters distributed on community noticeboards. * Customer Service Kiosk – with Rates Calculator and additional information. * Banners displaying key information relating to the SV including individual impacts and what the SRV would be used for. * A-Frame to assist ratepayers with awareness of community drop-in sessions. | Attachment 16 - SRV Community Engagement Report for Councillor Workshop  Attachment 21 - Community Engagement Strategy  Attachment 12 - Media Release SRV  Attachment 11 - Digital Media and Website Results  Bellingen Shire Council - Attachment 8 - Community Engagement Materials - Posters, Banners, Fact Sheets and FAQs  Attachment 7 - Community Engagement Materials - Newspaper articles and advertisements  Attachment 6 - Community Engagement Examples |
| Explain the action, if any, the council took in response to feedback from the community | Council initially scheduled three community drop-in sessions during January 2023. These were scheduled in the three larger townships in the Shire of Bellingen, Dorrigo and Urunga. The Dorrigo and Urunga sessions were scheduled in the afternoons from 4pm to 6pm. As the central location between Dorrigo and Urunga, a morning session (8am – 10am) was planned in Bellingen to provide an opportunity to attend for those unable to make an afternoon session in the other locations. However, feedback received from community members stated the sessions were difficult to attend for those working. Council listened to this feedback and added a fourth evening session (5pm-7pm) was added in Bellingen. Unfortunately, this session saw limited attendance, with only four community members presenting at this session.  A range of unrelated concerns and issues were raised at drop-in sessions, these were captured on butchers' paper and through discussions and will be addressed and responded to in accordance with Council’s policies and procedures.    Feedback from all submissions provided a number of views with respect to the proposed SV. Of the submissions received opposing the SV, many reflected factors outside of Council’s control, including:   * Cost of living. * The impact that the Special Variation will have on the housing crisis. * The inadequacy of funding from State Government for Councils. * The need for State Forestry to pay rates. * The need to increase the pension concession. * Timing of engagement regarding the Special Variation.   Comments were received regarding Council internal costs and administration and claimed that:   * Council is overstaffed compared with other Councils. * Staff are paid too much. * Council needs to reduce its expenditure and has mismanaged funds. * Residents are receiving a poor level of service from Council. * The rates are already too high in Bellingen Shire. * Council should focus on core services only (i.e. waste and roads). * Council should introduce other revenue measures to offset increasing costs. * Council has wasted funds on recruitment agencies. * An independent audit of Council’s finances should be undertaken.   Other general comments claimed:   * Council needs to stop promoting tourism in the area as it has detrimental impacts on roads and other assets. * The survey did not allow for an adequate opportunity to provide feedback. * Council does not listen to the community. * Council has broken promises regarding rates. * Unsure of how other services will be increasing i.e. waste and sewer. * The increase is above inflation rates.   All submissions were compiled into a registration document, along with an analysis of the survey, and provided as part of a report for the Ordinary Meeting of Council on 22 February 2023 for Councillors to consider before voting on the resolution to make an application to IPART.  It is noted that Council received 107 submissions regarding the community engagement process however Council received no deputations nor was there any members of the public present in the gallery during the decision making process undertaken to apply to IPART for the proposed SV at the February 2023 Ordinary Meeting.  In considering the feedback received through the engagement process and recognising that an increase in rates is unlikely to receive positive feedback from the community, the following information is provided. This information was also provided as part of the report to Council ahead of its February 2023 Ordinary Meeting to help inform their decision in applying for a Special Variation.  Bellingen Shire is home to 13,197 people (ABS ERP 2021), with 6,154 rateable assessments. A combined total number of submissions received – including survey responses, email, and mail submissions – was 107. This equates to 1.74% of the ratepayer base.  The clear majority of survey respondents agree that it is important for Bellingen Shire Council to provide quality services to the community and maintain a broad range of assets. 84% stated that they either strongly agree or agree with this statement. This confirms previous feedback captured during the Community Strategic Plan review in January 2022 which captured the feedback and aspirations of 861 community members. The recommendations from that process included the need for increased service provisions regarding the maintenance and upgrade of the general condition of public open space and continuous improvement of services to meet community needs (with specific mentions of better roads and footpaths, as well as social and community infrastructure to support growth).  Many of the other concerns raised have been addressed in Criterion 3 of this report. These include detailed comparisons of rates with other similar Councils and ana analysis of affordability.  In relation to other feedback relating to Council staff costs, information on average employee costs is presented below. This information was also made publicly available as part of the report tabled at Council's February Ordinary Meeting.  **Average Employee Costs - NSW** The following table is based on total employee costs as a % of total operating expenditure. Council's full time equivalent staffing number sits significantly lower than the Group 11 (like size) council category and also the state average. This identifies that for the size and service output of the organisation, Bellingen Shire actually operates on a lean workforce.   |  |  | | --- | --- | | **Category** | **Full Time Equivalent Staff** | | Bellingen | 139 | | Group Average (11) | 178 | | State Average | 382 | | Attachment 14 - Community Engagement Survey Results and Analysis  Bellingen Shire Council - Attachment 24 - Council Report for February 2023 Ordinary Meeting  Bellingen Shire Council - Attachment 29 - Council resolution to apply for the for the special variation - Ordinary Council Meeting 22022023 |

**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.

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| Between November 2021 and January 2022, Bellingen Shire Council engaged Place Score to conduct community engagement to inform the review of Council’s Community Vision. As part of this engagement process, community members also shared their ideas and provided feedback on the Shire of Bellingen 2027 Our Community Vision (Council’s 10 Community Strategic Plan).  Place Score’s place measurement tools collect community insights to identify what matters most (Care Factor) to the local community and how well it is performing (Place Experience). When considered together these valuable insights help Council plan, prioritise invest and track performance.  By asking our communities directly what’s most important to them and how their places are impacting them, we can change the conversation and purposefully build meaningful, measurable, actionable data and by undertaking additional surveys over the long term, trackable data.  In total, more than 860 community members shared their views regarding their aspirations for the future of Bellingen Shire. The feedback captured supports the need for Council to continue delivering quality services that meet the community’s expectations.  The feedback from the community recommended moderate changes to Council’s service delivery. The recommendations included:   * Consider how public spaces and their quality can be enhanced within the overall framework * The protection of the shire’s natural features via sustainable planning remains relevant with many of the top community values relating to nature and its protection * A stronger focus on active transport connectivity. There are several attributes associated with movement and transport including access, safety, connectedness, and quality that for which performance could be improved. These attributes are identified within the strategic directions of the theme, but increased investment is to be considered.   Under the theme of Civic Leadership, moderate change was also recommended. The changes included:   * Better communications and engagement with community members (across all regions of the Shire, digital and analogue mediums). * Stronger focus on service provision (development approvals, roads, maintenance, waste).   The **Community Vision 2035** was developed based on this feedback and consultation. The Plan is based on the aspirations, knowledge and values expressed by Bellingen Shire residents who provided feedback through online, telephone and face-to-face community surveys and forums. Subsequently this information was then utilised to inform the development of Council’s 4-year Delivery Program and 1-year Operational Plan.  For Council to deliver the level of services and maintain the assets outlined in these documents, it must ensure adequate resourcing are assigned to the projects. As highlighted in this Application, the costs associated with delivering these services continue to be impacted by inflationary pressures. |

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.

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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.

1. Table 5 Other criterion 2 attachments

|  |  |  |
| --- | --- | --- |
| Attachment number | Name of document | Page  referencesa |
| 4 | Attachment - 2022-26 Delivery Program and 2022-23 Operational Plan |  |
| 22 | SV Community Engagement Plan |  |
| 21 | Council’s Communication & Engagement Strategy |  |
|  |  |  |

* 1. 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.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Council intends to apply the proposed SV equally across all categories of the ordinary rate. The proposed SV to address the inflationary pressures facing Council impacts broadly and therefore the cost should be distributed proportionately to all ratepayers.  Council will model a number of scenarios for consideration along with a formal public exhibition period prior to the adoption of the Operational Plan and Revenue Policy for 2023/24. Council’s current rate structure comprises an ad valorem amount together with base amount in order to achieve an equitable distribution of rates and minimise excessive fluctuations.  It is estimated that the proposed SRV would have the following impact on the rating categories:    |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **​Annual Rate Increase (%)** | **​2023/24** | **​2024/25** | **​2025/26** | **​2026/27** | **​Cumulative** | | ​Rate Peg (Estimate) | ​4.5% | ​2.5% | ​2.5% | ​2.5% | ​12.54% | | ​Special Rate Variation | ​3.5% | ​5.5% | ​3.5% | ​3.5% | ​18.52% | | ​Total Annual Increase | ​8.0% | ​8.0% | ​6.0% | ​6.0% | ​31.06% |   ***For Residential Ratepayers***   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **​Average Rate   (Incl. Rate Peg)** | **​Current** | **​2023/24** | **​2024/25** | **​2025/26** | **​2026/27** | **​Av. Increase** | | ​Annual Rate | ​$1,358.92 | ​$1,467.63 | ​$1,585.05 | ​$1,680.15 | ​$1,780.96 | ​- | | ​Annual Increase | ​ | ​$108.71 | ​$117.41 | ​$95.10 | ​$100.81 | ​$105.51 | | ​Weekly Increase | ​ | ​$2.09 | ​$2.26 | ​$1.83 | ​$1.94 | ​$2.03 |   ​     *For Business Ratepayers*    |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | ​Average Rate   (Incl. Rate Peg) | ​Current | ​2023/24 | ​2024/25 | ​2025/26 | ​2026/27 | ​Av. Increase | | ​Annual Rate | ​$1,686.92 | ​$1,821.87 | ​$1,967.62 | ​$2,085.68 | ​$2,210.82 | ​- | | ​Annual Increase | ​ | ​$134.95 | ​$145.75 | ​$118.06 | ​$125.14 | ​$130.98 | | ​Weekly Increase | ​ | ​$2.60 | ​$2.80 | ​$2.27 | ​$2.41 | ​$2.52 |   *​*   ***For Farmland Ratepayers***   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **​Average Rate   (Incl. Rate Peg)** | **​Current** | **​2023/24** | **​2024/25** | **​2025/26** | **​2026/27** | **​Av. Increase** | | ​Annual Rate | ​$3,022.57 | ​$3,264.38 | ​$3,525.53 | ​$3,737.06 | ​$3,961.29 | ​- | | ​Annual Increase | ​ | ​$241.81 | ​$261.15 | ​$211.53 | ​$224.22 | ​$234.68 | | ​Weekly Increase | ​ | ​$4.65 | ​$5.02 | ​$4.07 | ​$4.31 | ​$4.51 |   *\*The above rates are estimates only based on rate category averages. The final rate amount will be dependent on land value and the final rates model adopted by Council in June 2023.* |

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.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| As previously outlined in Council’s application, the purpose of the proposed SV is to address the ongoing financial impacts faced as a result of global inflationary pressures such as elevated oil prices and supply chain disruptions. Council has seen an estimated $5 million increase in costs over the last three years, with forecasts associated with service delivery continuing to rise. The proposed SV is believed to be reasonable in addressing these increased costs based on financial modelling, while improving Council’s financial sustainability into the future.  In consideration of making an application for a SV, Council has considered the community’s capacity to pay based on the SEIFA Index of Advantage and Disadvantage, level of proposed increase and other cost indices. Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. In response to the stated question and given that many comparisons were made with neighbouring councils by respondents to the engagement process, the following information is provided.  Bellingen Shire’s SEIFA index, in comparison with some neighbouring councils, indicates Bellingen (966) has a higher capacity to pay compared to our nearest coastal Councils, e.g. Nambucca Valley Council (907), Kempsey Shire Council (888) and Clarence Valley Council (926). Coffs Harbour City Council has a similar index to Bellingen (967).  ​In comparison to like size NSW Councils (OLG Group 11), Bellingen is ranked as having the 5th highest SEIFA in the group. This would indicate that residents within Bellingen Shire would have a higher capacity to absorb rate increases than most Group 11 Councils. Details below:    |  |  | | --- | --- | | **​Group 11 Council** | **​SEIFA Index** | | ​Yass Valley | ​1,062 | | ​Cabonne | ​1,010 | | ​Greater Hume Shire | ​987 | | ​Upper Hunter Shire | ​976 | | ​Bellingen Shire | ​966 | | ​Federation | ​963 | | ​Gunnedah | ​956 | | ​Leeton | ​954 | | ​Narrabri | ​954 | | ​Snowy Valleys | ​951 | | ​Hilltops | ​949 | | ​Cootamundra-Gundagai | ​943 | | ​Parkes | ​940 | | ​Muswellbrook | ​930 | | ​Cowra | ​924 | | ​Moree Plains | ​917 | | ​Inverell | ​916 | | ​Nambucca | ​907 |   **Average Rate Comparison** There are several factors to consider when comparing rates with other Councils across the State, including, population density, economies of scale, level of infrastructure managed, SEIFA ranking, service levels, local climate, population centres and population growth rates. Each of these drivers will have a significant impact on the operational costs of each Council. With this in mind, caution should be taken when comparing councils.  Council currently has 6,136 rate assessments, compared to the State average of 26,061. When taking a high-level comparison of the average rate (total rates divided by number of assessments) across the State, Bellingen ranks 83 out of 128 councils (1 being the highest), with an average rate of $1,363. This compares favourably to the State average of $1,510.  When comparing rates by category across neighbouring councils, Bellingen Shire ratepayers pay similar residential rates, with the exception of Nambucca Valley Council. Bellingen’s business rate is well below the averages and whilst farmland is higher than neighbouring councils, it is well below the State average.  The following table outlines comparative rate averages across Bellingen, Nambucca, Coffs Harbour and Kempsey local government areas:   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Average Rate** | **Bellingen** | **Coffs Harbour** | **Kempsey** | **Nambucca** | **Group 11 Average** | **NSW Average** | | ​Average Residential Rate | ​$1,277 | ​$1,276 | ​$1,273 | ​$1,070 | ​$876 | ​$1,024 | | ​Average Business Rate | ​$1,285 | ​$4,101 | ​$2,634 | ​$1,880 | ​$2,160 | ​$3,486 | | ​Average Farmland Rate | ​$2,799 | ​$2,105 | ​$2,108 | ​$2,030 | ​$3,412 | ​$3,032 |   Whilst the Councils average residential rate is higher than the Group 11 average, 8 out of the 19 Councils levy mining rates, this in turn puts downward pressure on the other rate categories. Further to this Council has much lower number of farmland assessments (402) when comparing to the average among the group (average 1,423). It is also worth noting since the 2020/21 data was published, a number of group 11 Councils have applied for special rate variations.  *\*Above figures are based on the most up to date Office of Local Government comparative information (2020-2021).*   The graph below, shows Bellingen Shire's average rate per rating category compared to the State average:  ​Chart, bar chart  Description automatically generated  *​\*Please note – 36 Councils also levy a mining rate. Average rate $287,387*.  **Outstanding Rates and Annual Charges**  A good economic indicator of a community's capacity to pay is the percentage of rates and charges outstanding. As at 30 June 2022, Councils outstanding rates and annual charges sat at 3.18%, this is well below the benchmark of 10% set by the OLG and is well below the State average of 5.84% and Group 11 average of 8.39%. This might suggest the community is experiencing less difficulty paying rates compared to other councils.  ​Chart, bar chart  Description automatically generated  **Housing**  By looking at the housing Tenure within Bellingen Shire, we can identify the areas that would be most impacted by the Special Rate Variation. Bellingen currently has a high home ownership rate, with 45.6% of households being fully owned (i.e. no mortgage). This compares favourably to the Regional NSW average of 36.3%. Housing tenure is an important determinant of housing affordability. Those households with full home ownership (owned outright) are generally not subject to housing affordability issues. Details of housing tenure comparatives can be seen in the below chart:    |  |  |  | | --- | --- | --- | | **​Households by Tenure 2021** | **​Bellingen** | **​Regional NSW** | | ​Fully Owned | ​45.6% | ​36.3% | | ​Mortgage | ​24.6% | ​29.4% | | ​Renting - Private | ​18.8% | ​21.7% | | ​Renting – Social/Affordable housing | ​2.0% | ​3.8% |   *\*Excludes life tenure schemes, squatting, and other forms of occupancy.*  House prices have increased substantially across the Shire in recent years. Whilst this is a trend across NSW, Bellingen has seen a 22% increase in house prices over the past three years. This is significantly higher than the Regional NSW average increase of 14.9% over the same period. This is likely a result of sea/tree changes from metro areas.  The median house price in the Shire currently sits at $903K, compared to $725K in Regional NSW. Given this, and the high home ownership in the Shire, affordability of the rate increase is likely to have very limited impact on a large portion of our ratepayers.  Despite the above, Council is conscious of the fact that the Special Variation will have a negative impact on vulnerable groups within our community and those that are experiencing housing stress. To address this, Council has an adopted hardship policy in place to provide assistance to ratepayers who are experiencing genuine difficulties with the payment of their rates and charges.  As part of the consideration of the community’s capacity to pay, Council also considered the Bellingen Shire average weekly household income. The 2021 ABS Census Data indicates the following:   |  |  |  | | --- | --- | --- | | **​Household Income brackets** | **​Bellingen** | **​Regional NSW** | | ​Very Low | ​14.2% | ​11.4% | | ​Low | ​16.9% | ​12.4% | | ​Moderate | ​24.2% | ​20.9% | | ​High & Very High | ​28.0% | ​44.1% |   Council also took into consideration community feedback from the extensive community engagement processes around housing stress and the impact the current inflationary environment is having on households. |

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.  Bellingen Shire Council recognises that ratepayers may at times experience difficulty in paying rates and charges. Council has adopted a range of measures to assist ratepayers suffering genuine financial hardship.  These include:   * Hardship Policy. * Pensioner concessions. * Compassionate programme to assist ratepayers in debt recovery.   **Hardship Policy**  Council has a Hardship Policy in place to provide assistance to ratepayers who are experiencing genuine difficulties with the payment of their rates and charges. Whilst interest accrues on amounts that remain outstanding after the due date at a rate of 6% pa calculated daily. Interest may be waived or withheld if the ratepayer is unable to pay by the due date for reasons beyond their control or the accrual of interest would cause the person hardship. The Hardship Policy was most recently adopted on 3 April 2020 and is reflected in Council’s Revenue Policy.  The NSW Local Government Act 1993 (LGA) gives Council the authority necessary to provide assistance to those ratepayers under the following sections of the LGA:   1. Section 564 of the LGA provides Council with the option to accept payment of rates and charges due and payable in accordance with an agreement made with the ratepayer and to write off or reduce interest accrued on rates and charges if the ratepayer complies with the agreement. 2. Section 567 of the LGA provides for Council to write off accrued interest on rates and charges payable by a ratepayer if, in Council’s opinion the reasons that the ratepayer was unable to pay the rates and charges when they became payable were beyond the ratepayer’s control, or that the ratepayer is unable to pay the accrued interest for reasons beyond that ratepayer’s control, or that the payment of the accrued interest would cause the ratepayer hardship. 3. Section 575 of the LGA provides for the granting of concession on rates and charges for eligible pensioners. 4. Section 601 of the LGA provides for ratepayers who incur a rate increase as a result of a revaluation of land to apply to Council for financial relief if the increase in the amount of rates payable will cause them substantial financial hardship   The Hardship Policy requires ratepayers to be means tested and make an application for a formal payment arrangement. Once the payment arrangement has been finalised, Council may also remove any interest accrued should this contribute to any additional hardship.  **Pensioner concessions**  As stated above, Council also provides concession on rates and charges for eligible pensioners. Bellingen Council has 27% of ratepayers that receive a pensioner concession on their rates. The following is an extract from Council’s Revenue Policy (page 5) that outlines the level of concession available to pensioners.  Pensioner Rebates (Sec 575 NSW Local Government Act 1993)  Rebates are available to eligible pensioners who are solely or jointly liable for the payment of rates and charges. The pensioner must occupy the dwelling as their sole or principal place of living. The rebates are as follows:  *50% of the combined ordinary rates and domestic waste management charge up to a maximum rebate of $250.00.*  *50% of water charges up to a maximum rebate of $87.50.*  *50% of sewerage charges up to a maximum rebate of $87.50.*  *The pensioner rebate must be applied against the rate assessment or water billing account in the name of the ratepayer and not a Body Corporate or a Company, except where it is allowed by special agreement. The special agreement would cover circumstances such as where an applicant is the sole shareholder of the company that owns the property, and the property is used as the applicants’ principal place of residence.*  **Compassionate programme to assist ratepayers in debt recovery**  Council also has a compassionate programme in place to help overdue ratepayers. This programme established a new process before debt recovery where additional steps are taken such as a request to contact Council, helpful visits, and referrals to financial counselling.    The main purpose of the compassionate programme is:   1. To help Ratepayers avoid accumulating unmanageable levels of Rates and Water debt. 2. To help Councils avoid the enormous workload of trying to recover that debt. 3. To achieve both of the above without taking debt recovery action.   This is done by recuperation methods:   * Visit Ratepayers to share respectful, compassionate, rational help * Assess financial situations, assess hardship, introduce Financial Counselling * Make payment plans and start people suffering chronic financial stress on their recuperation journey * Recoup payment more quickly, without slow expensive legal action * Reduce collateral damage within communities   **it is noted that no genuine hardship applications have been received by ratepayers for rate relief consideration under the Hardship Policy in the past 12 months.** |
| 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 Revenue Policy and 2022-23 Schedule of Fees and Charges forms a critical part of Council’s IP&R documentation and refers to the Hardship Policy in its Statement of Revenue Policy 2022/23 (Page 14). The following is stated:  **Hardship Policy**  Council has adopted a Hardship Policy for those ratepayers that are experiencing difficulty with payment of rates, charges and/or fees. The Policy and associated application from can be located on Council’s website: [www.bellingen.nsw.gov.au](http://www.bellingen.nsw.gov.au) |

1. Table 6 Criterion 3 attachments

|  |  |  |
| --- | --- | --- |
| Council- assigned number | Name of document | Page  referencesa |
| 19 | 2022-2023 Revenue Policy Fees Charges |  |
| 4 | 2022-26 Delivery Program and 2022-23 Operational Plan |  |
| 17 | Hardship Application Form |  |
| 18 | Hardship Policy |  |
|  |  |  |

* 1. 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.

1. 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 Delivery Program outlines Council’s intention to progress priority actions under its Financial Sustainability Strategy, including the need for an SV.  The LTFP provides considerations regarding the impacts on the community of an SV and the modelling assumptions. Model 1 is used as the base model throughout the LTFP and was the adopted model in Council’s application. The LTFP also sets out forecast rate increases, including the proposed SV, as part of its Rates and Annual Charges.  As outlined in the DP/OP Item CL.1.1.4 - *Progress priority actions contained within the Financial sustainability Strategy including the need for Special Rate Variation* – Council in line with the OLG Guidelines undertook community consultation activities including but not limited to face to face drop in sessions, social media campaigns and print marketing material.  Council also undertook significant community engagement activities in addition to the IP&R documents. As demonstrated above in Council’s SV application, these activities clearly show the impact of rises on the community. | Attachment 4 - 2022-26 Delivery Program and 2022-23 Operational Plan, section 1.1.4, Page 65.  Attachment 5 - Long Term Financial Plan.  Section 2.2, Page 14  Section 4.1, Page 19  Section 7.2, Page 31  CONFIDENTIAL -  CONFIDENTIAL - |
| Include the council’s consideration of the community’s capacity and willingness to pay rates | Council’s LTFP references considerations that were made when putting forward an application for an SV. These included the community’s capacity to pay based on SEIFA Index of Advantage and Disadvantage, level of proposed increase and other cost indices.  The planning assumptions have taken into account factors such as industry employment, demographics, and trends. Under the demographics and trends, statistics relating to age, unemployment and median weekly household income are referenced. Specific information on capacity to pay is included earlier in the application.  Council’s IP&R documents do not include detail on community’s willingness to pay as that has been discussed throughout the SV consultation period. However, results from these engagement activities and community discussions indicate the importance that residents place on Council delivering a quality service. The SV modelling has also been developed to ensure Council has the financial sustainability to deliver on its Community Strategic Plan. For the purposes of Bellingen Shire, this document is titled Community Vision 2035, which was developed on the back of extensive community consultation. | Long Term Financial Plan.  Section 4.1, Page 19  Attachment 3 - Bellingen Shire Community Vision 2035 |
| Establish that the proposed rate increases are affordable, having regard to the community’s capacity to pay | Council's LTFP outlines considerations have taken into account of SV modelling relating to community's capacity to pay.  Council has also undertaken considerable analysis regarding capacity to pay as referenced in earlier sections of the application. This demonstrates Council's commitment to understanding the community's capacity to pay, while also taking into account the importance placed on Council continuing to deliver a quality level of service. |  |

**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](https://www.olg.nsw.gov.au/wp-content/uploads/2021/11/IPR-Guidelines-2021.pdf) and the [*Integrated Planning and Reporting Handbook for Local Councils in NSW*](https://www.olg.nsw.gov.au/wp-content/uploads/2021/11/Integrated-Planning-Reporting-Handbook-for-Local-Councils-in-NSW.pdf).

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.

|  |
| --- |
| As stated earlier in our application, between November 2021 and January 2022, Council engaged Place Score to conduct a liveability survey and collect neighbourhood liveability community values (Care Factor) and performance data (Place Experience) from residents of the Bellingen Shire Council as part of the engagement process to inform the review of Council’s Community Vision (Community Strategic Plan - CSP). As part of this engagement, community members also shared their ideas and provided feedback on the Shire of Bellingen 2027 Our Community Vision to review and inform the development of an updated Vision document.  Place Score’s place measurement tools collect community insights to identify what matters most (Care Factor) to our local community and how well it is performing (Place Experience). When considered together these valuable insights help Council plan, prioritise invest and track performance.  More than 860 people took part in the process with 1,602 surveys collected, either providing a ranking or rating of the 50 Place Score metrics and providing feedback on the existing CSP, resulting in more than 2,916 data points that were then used inform the preparation of the revised Community Vision and subsequent Delivery Program.  **Respondents distribution**  The following map illustrate the distribution of Care Factor respondents by their neighbourhood of residence.    The preparation of Bellingen Shires CSP brings together varied research and community engagement activities to provide an integrated 13-year plan separated into five key themes:   * Resilient Economy * Community Wellbeing * Places for People * Our Living Environment * Civic Leadership   Each theme under the Community Vision is structured to include aspirations and Strategic Objectives guided by overarching principles.  The research and consultation underpinning the review process, has been combined to create this integrated Community Vision that is structured around answering the following questions:   1. Where are we now? (Research studies). 2. Where do we want to be in 10 years’ time? (Aspirations). 3. How will we get there? (Strategic Objectives). 4. How will we know we have arrived? (Performance measures).   Council has used these themes in our planning to anchor our activities to the community’s stated needs. Our fixed term Delivery Program and annual Operational Plans determine our actions. We measure our performance against each theme via a performance planning system, Community Surveying, and consultation activities and through performance measures/indicators and service level agreements.  We apply a continuous improvement approach to monitor and review the plan to improve its quality and strengthen its effectiveness.  The Community Vision is an overarching document underpinned by a suite of medium-term plans and the Resourcing Strategy that explains how we will meet our obligations now and in the future, considering our workforce, our finances, and our assets. The Resourcing Strategy enables us to deliver our services to the community in a cohesive and sustainable way and includes:   * a Long Term Financial Plan. * an Asset Management Strategy and. * a Workforce Strategy.   Council took steps to ensure the community had their say on the draft Community Vision, Delivery Program and Operational Plan and Budget. From April to May 2022, the suite of documents was made available for community to provide feedback and submission as well as initiating discussion about the need for a Special Rate Variation.  All public submissions received during the public exhibition period were presented to the Extraordinary Council Meeting held on 29 of June 2022 together with council staff comments and recommendations.  A total of 37 submissions were received during the exhibition period. Only three (3) of the submissions related to the draft Bellingen Shire Community Vision 2035, draft Revised 2022/26 Delivery Program and 2022/23 Operational Plan, the other 34 submissions directly related to the Schedule of Fees & Charges 2022/23.  No relevant issues were noted that affected the progress towards engaging with the community on a proposed special rate variation.  In preparing the revised 2022-26 Delivery program and 2022-23 Operational Plan, no additional changes were included as there are already plans and processes in place to actively pursue these considerations.  Council’s revised 2022-26 Delivery program and 2022-23 Operational Plan was informed by its Resourcing Strategy. A strong emphasis on financial sustainability outlined throughout the development process highlighted the ongoing challenges faced as a consequence of the pandemic and global disruption.  COVID-19 and the recent flood events had introduced uncertainty into the annual planning and budgeting processes. The impacts felt by these events are in addition to economic and social impacts felt from recent severe weather events including bushfires, drought and floods during the 2019/20 and 2020/21 financial years. Council’s finances have been impacted by the response to these events in supporting our community. Accordingly, the documents that were being presented to Council and subsequently to the community, represented the organisation’s best efforts in defining what activities and programs Council can progress, and the Council response to the evolving situation within the resources available.  In the current tumultuous economic environment it is prudent to develop a number of models that seeks to ensure Council remains on track to become financially sustainable into the near future. In undertaking its analysis Council consulted a number of external industry experts to help formulate its plan. As part of the planning process, Council modelled five different scenarios in the LTFP.  Four of the models highlighted a need for SVs – The fifth model assumed no new SVs being introduced throughout the plan. This model did not address the financial sustainability pressures facing Council and was prepared for comparison purposes only. All assumptions were based on medium inflation forecasts.  The suite of IP&R documents was presented to the April 2022 Ordinary Council Meeting with Model 1 being recommended in Council’s Long Term Financial Pan. This was endorsed and placed on public exhibition along with Council’s Community Strategic Plan, Delivery Program and Operational Plan from 27 April – 27 May 2022. Feedback from the public exhibition period was reviewed and at Council’s 30 June 2022 Extraordinary meeting the IP&R suite of documents were adopted with minor changes, however none of which were associated with the SV noted in model 1 of the LTFP.  As outlined in the DP/OP Item CL.1.1.4 - *Progress priority actions contained within the Financial Sustainability Strategy including the need for Special Rate Variation* – Council at its November 2022 Ordinary meeting resolved to notify IPART of its intent to apply for a special variation and  commence its comprehensive community engagement program regarding the proposed SV.  In line with the OLG Guidelines Council undertook community consultation activities including but not limited to face to face drop-in sessions, social media campaigns and print marketing material from 23 November 2022 to 31 January 2023.  The activities undertaken throughout the engagement process are detailed in Criterion 2 of this report and at its February 2023 Ordinary Council meeting, Council resolved to apply to IPART as outlined in Council’s LTFP for a 4-year permanent SV. |

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.

1. Table 8 IP&R documents

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Document | Exhibition dates | Adoption date | Placed on council’s website | Web link |
| Community strategic plan | 27 April 2022 – 27 May 2022 | 29 June 2022 | 29 June 2022 | https://www.bellingen.nsw.gov.au/files/sharedassets/public/files/ipr/bellingen-shire-community-vision-2035-e.pdf |
| Delivery Program | 27 April 2022 – 27 May 2022 | 29 June 2022 | 29 June 2022 | https://www.bellingen.nsw.gov.au/files/sharedassets/public/files/ipr/2022-26-delivery-program-and-2022-23-operational-plan-e.pdf |
| Long Term Financial Plan | 27 April 2022 – 27 May 2022 | 29 June 2022 | 29 June 2022 | https://www.bellingen.nsw.gov.au/files/sharedassets/public/files/ipr/bsc-ltfp-2022-2032.pdf |
| Asset Management Strategy / Plan(s) |  | 27 April 2022 | 27 April 2022 | https://www.bellingen.nsw.gov.au/files/sharedassets/public/files/plans-amp-strategies/bellingen-shire-strategic-asset-management-plan.pdf |
| Operational Plan | 27 April 2022 – 27 May 2022 | 29 June 2022 | 29 June 2022 | https://www.bellingen.nsw.gov.au/files/sharedassets/public/files/ipr/2022-26-delivery-program-and-2022-23-operational-plan-e.pdf |
| Revenue Policy and Schedule of Fees and Charges | 27 April 2022 – 27 May 2022 | 29 June 2022 | 29 June 2022 | https://www.bellingen.nsw.gov.au/files/sharedassets/public/files/2022-2023-revenue-policy-fees-charges.pdf |
| Workforce Strategy |  | 27 April 2022 | 27 April 2022 | https://www.bellingen.nsw.gov.au/files/sharedassets/public/files/ipr/bellingen-shire-workforce-strategy-2022-2026-e.pdf |
| Other |  |  |  |  |
|  |  |  |  |  |

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.

|  |
| --- |
| In line with Council’s Engagement Strategy and IP&R requirements members of the community were able to provide their feedback on the draft Community Vision, Delivery Program and Operational Plan and Budget. From April-May 2022, the suite of documents were made available via Council’s website, three library branches and Customer Service Centre introducing the modelled LTFP including the proposed Special Rate Variation. All public comments received during this period were presented at an Extraordinary Council Meeting held 29 June 2022 alongside council staff evaluations and recommendations.  A total of 37 submissions were received during the exhibition period. Only three (3) of the submissions related to the draft Bellingen Shire Community Vision 2035, draft Revised 2022/26 Delivery Program and 2022/23 Operational Plan, the other 34 submissions directly related to the Schedule of Fees & Charges 2022/23.  No relevant issues were noted that affected the progress towards engaging with the community on a proposed special rate variation. |

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 the 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.

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| Council has worked extensively over the past decade to deliver a significant improvement in its operating result and become financially sustainable into the future. Council’s overall consolidated operating result has improved from a deficit of $9 million in 2014 to a surplus of $2.7 million in 2022. This is a net improvement of $11.7 million over the last 7 years. The result is due to a focus on organisational reform, asset management and financial sustainability.  Whilst Council has seen significant improvements to its financial position, the recent economic events seen across the globe have put a strain on Council's finances. In addressing these challenges, Council has established a financial sustainability strategy and action plan to systematically address each of the financial challenges facing Council.  The Financial Sustainability Strategy was first developed in 2020. The Strategy was borne following an independent review of Council's finances conducted by the University of Technology Sydney (Centre for Local Government) in 2019.  In January 2019 Council engaged the University of Technology Sydney (UTS) to undertake an independent review of Bellingen Shire Council finances to give an opinion on the ‘Financial Sustainability’ of Council and provide recommendations on potential areas for improvement. The review was undertaken by Associate Professor Dr Joseph Drew and overseen by Professor Roberta Ryan, (formerly Centre for Local Government, University of Technology Sydney (CLG:UTS)), now Institute for Public Policy and Governance, UTS.  The analysis undertaken by CLG:UTS examined Council against 45 unique metrics, derived from an array of scholarly literature and world best practice. The data was collated from the audited financial statements of Council and its peer group, augmented with data from the National Regional Profile produced by the Australian Bureau of Statistics (ABS).  For comparative purposes, the review analysed Council against 15 peer group Councils, all local governments in NSW and all local governments in NSW with water and sewer businesses.  The key areas examined as part of the review included:   * Technical efficiency. * Expenditure – staffing, water, sewer, roads etc. * Depreciation. * Profit/Loss. * Cash flow/Liquidity. * Assets/Liability. * Debt/Borrowings. * Infrastructure. * Budget accuracy. * Relationship between income and service provision (nexus rate). * Population/Demographics.   Following the extensive review, UTS made a total of six (6) recommendations:   1. Depreciation accruals - Depreciation accruals seem to be overestimated in most cases when compared to the peer group, depicting a worse financial condition than warranted. Council should review asset classes as outlined within the review. 2. Constrain staff expenditure - Council needs to continue to monitor staff expenditure. Council should ensure the growth rate in full-time staff is always capped to a proportion of the growth rate in the number of rate assessments. 3. Service level reviews - Council should review service levels to ensure that the quality and quantity of services aligns with community expectations. i.e. Is the community willing to accept a lower level of service than is currently being provided? 4. Review of pricing - Council has a very good nexus rate (relationship between service provision and fee for that service). However, there is always room for improvement. Council should continue to regularly review its fees and charges to ensure they are appropriate. 5. Budget accuracy - Council should continue to strive for greater budget accuracy, given the strong correlation between budget accuracy and technical efficiency. 6. Grant advocacy - There is scope to believe that Council may be significantly short-changed by the financial assistance grant (FAG) allocations, especially with comparison to urban local government peers. It is recommended that Council advocate for a fairer distribution of the FAG allocation.   One of the key areas reported through the UTS review was how Bellingen compared to other peer group councils and the rest of the state in how efficient it was in its delivery of services. In UTS’s review of Council's technical efficiency, they made the following observation:  *“Council’s technical efficiency consistently improved over the five years, even though the typical performance in the state has deteriorated over most of the period of analysis.*  *As stated, previously the most important comparison is against Council itself over time (not against its peer group). Financial sustainability is a long-run concept. Therefore, it is more important for a council to be improving over time than to have a particular score in a certain year. The trend is positive for Council, which suggests that management and staff have been working hard (and more effectively than the typical council in the state) to contain and even improve on unit cost’’.*  In addition to the recommendations outlined by UTS, Council workshopped key current and future challenges impacting Council's financial sustainability and collated them into the final Financial Sustainability Strategy. The Strategy is designed to guide organisational decision-making to ensure financial sustainability is a central focus of Council.  The key expected outcomes of the strategy include:   * Generate operation savings in excess of $700K. * Advocate for fair funding from State and Federal Governments. * Review fees and charges to increase operating revenue and identify additional revenue streams. * Improve cash management practices. * Ensure organisational staff structure is aligned with organisational objectives. * Improve infrastructure management. * Identification of operational efficiencies.   The strategy will be regularly reviewed to improve productivity improvements, efficiencies and facilitate cost containment strategies to assist in improving Council’s future financial sustainability. The Strategy is provided as an attachment to the application.  Whilst the above initiative is still in its infancy, Council has a decade-long track record of finding productivity improvements and cost containment strategies:  **Governance Framework**  Council's Executive Leadership Team has established a formal governance framework to monitor and report on Council's financial sustainability goals. These include a project group established to bring key business stakeholders together in a common forum to discuss matters related to strategic planning and project program planning.  Council's IP&R process also plays an integral part in the governance framework. The Delivery Program, Operational Plan and Annual Report as well as Council’s Audit and Risk Committee have existing reporting period protocols and mechanisms that will facilitate reporting to Council and community. It is intended that the Audit Committee will receive reports regarding productivity and efficiency improvements, service reviews and financial sustainability initiatives in the future.  **Significant Financial Sustainability and Cost Containment Strategies**  **Organisational Reviews (Staffing)**  Over the past decade, Council has undertaken a number of organisational reviews to ensure the organisational structure is appropriate. These reviews have been undertaken both internally and by external consultants. Reviews have been conducted by Morrison Lowe and the by the University of Technology Sydney (Centre for Local Government).  The most recent external review was conducted by UTS in 2018. The service delivery review provided guidance for Corporate & Community Services, Operations and Organisational Strategy & Communications.  The program aimed to review organisational effectiveness, strengthen the strategic capacity of the organisation to deliver Council’s priorities, identify program enhancements to reduce costs and improve efficiency; and improve accountability and communication across the organisation.  The Review identified a range of structural changes and functional improvements necessary to support current service delivery and better position the organisation to address emerging challenges in the future.  Some of the key outcomes implemented as part of the review included:   * Refinement of the Organisational Strategy & Communications unit to focus on strategy by integrating the strategy and organisational development, communication and corporate planning functions, with direct access to the General Manager and Executive team. * Improved focus on identifying and reporting on Key Performance Indicators (KPIs) and coordinating strategic activities across the organisation including Information Technology, Human Resources, Procurement, Asset & Maintenance Planning, Development Engineering and Risk Management. * Support for coordinated external and internal communications and engagement activities and allocation of responsibility within the Communications unit. * A renewed focus on Risk Management and WHS policy, and clarification of responsibilities of all managers in contract management, WHS practices and compliance; and a focus on training and support in these areas. * Clarification of the responsibility for Land and Property Management generally and the emerging requirements in Crown Land Management and Native Title. * The merger of Customer & Business Services and Records with IT and GIS into a discrete management unit provides an opportunity to develop a corporate information services unit delivering customer information and client records as well as coordinating information and communication technology that supports Council’s customer-focused “digital transformation”. * Establishment of a small unit with direct access to the DGMO with responsibility for Asset Management and Maintenance Plans, and the delivery of policies, works priorities and KPIs. Clarification and separation of “Construction” from “Maintenance” activities with flattened internal structures and improved delegations, supporting direct accountability for service outcomes by line managers. * Establishment of a renewed internal structure to manage key emerging programs in Bridge Construction, Roads and other Facilities. * Separation and improvements, including ongoing direct Executive support, of Building and Regulation and Land Use Planning functions. * Engagement of two cadets and three apprentices in engineering support roles in construction, maintenance and the mechanical workshop. * Formation of a centralised store with accountabilities and support administration staff to improve stock control and secure real savings from improved purchasing and procurement practices. * Move procurement function into Finance section, with a focus on improved procurement practices utilising new IT capability. * Improved alignment of the role of Development Engineer with other Land Us activities and a strategic approach to developing standard drawings and floodplain plans. * Process and communication improvements through the formation of identified working groups and committees (e.g. Strategy Committee, Strategic IT Group, Operations Managers Team and Infrastructure Supervisor Group) with discrete roles in improving communication and decision-making.   Council’s approach is to continue to review its provision of works and services on an ongoing basis and work continues in this regard with a current focus on service reviews across a range of activities to accommodate initiatives currently underway around financial sustainability, productivity and efficiency, shared servicing alliancing, etc. Past reviews have resulted in over $100K in annual savings.  **Bellingen Emissions Reduction Program (BERP)**  In 2012 council developed an emissions reduction plan (BERP), which outlined targets and actions to reduce corporate emissions and generate financial savings.  As part of this program, a thorough investigation of the feasibility of installing Solar Photovoltaic (PV) systems on Council’s largest electricity-consuming facilities was undertaken. Additionally, Council identified several sites to install energy-efficient lighting.  To date, 37 projects have been undertaken to install PV systems and energy-efficient lighting. It is expected that these projects will generate a total saving of over $4M over the next 25 years.  **Identification of Additional Income Streams**  Council currently manages over 900 fees and charges. Each year, Council undertakes a thorough review of its fees and charges using best value principles of value for money, a consideration for community expectations and values, and a balance between affordability and accessibility of services. As part of the process, Council:   * Provided ongoing training for managers and responsible officers to ensure effective pricing * Benchmarked fees and charges with other councils and service providers * Updated Information packs for its Section 355 Committees * Purchased industry-specific fees and charges management software.   Council continues to review its fees and charges with particular emphasis on understanding the real costs of providing the various services, in particular, those within its control (i.e., those outside of the statutory fees and charges).  **Land and property review**  Council undertook a review of Council’s operational land to identify opportunities to divest its assets for the purpose of reinvesting into assets that are essential for Council’s operations. This review was undertaken to explore assets that present an opportunity to generate income by:   * Selling the land. * Identifying potential future use/s and/or development. * Implementing works to achieve potential future use/s and/or development. * Develop an integrated strategy to enable the future use/s and/or development of each property to be delivered.   As a result of the review, a number of properties were identified for potential sale generating an income of between $500K and $1M that could be reinvested into assets essential for Council’s operations and fund further investigations into additional opportunities. In addition, Council has conducted a major review of the provision of amenities based on benchmarking data. The implementation of the recommendations in this report is anticipated to streamline operations, rationalise provision and reduce costs.  Since this review Council has sold the following land parcels:   * Funda Close property – Sale price $410K. * Yellow rock road property – Sale price $451K. * Coronation street property is currently for sale for $459K.   All sale proceeds and future proceeds will be invested in building infrastructure renewals.  **Asset Management**  Council has significantly progressed the process of updating its core asset management plans. The next generation of asset management planning is currently being finalised and will involve the full incorporation, analysis and modelling of the recently collected road and bridge condition data. This will better inform Council’s future infrastructure renewal programs and improve the maturity of the LTFP through any revised asset renewal profiles. This information will also prove invaluable for future grant applications.  **Service Reviews**  Council has, and will continue, to undertake reviews relative to service provision. This has already delivered savings across the organisation including ranger services, finance, waste, water and wastewater.  **Shared Service Arrangements**  Council has existing shared service arrangements in place including waste services, libraries and online learning systems.  Bellingen Shire Council recognises the opportunities to increase efficiency and improve financial sustainability through shared services and alliancing and the opportunities that this process presents. Council currently participates in several shared services including waste, libraries, provision of ranger services and a number of joint procurement projects including the multimillion-dollar replacement of Council's Information Technology system with Kempsey Shire Council. Both councils are achieving substantial savings through the joint project.  **Joint Organisation (JO)**  Bellingen is part of the Mid North Coast Joint Organisation (MNCJO), comprising Port Macquarie-Hastings and Kempsey Councils with the purpose of strengthening regional collaboration to work more closely with the NSW Government to deliver important projects on a regional scale.  The principal functions of the Organisation are:   * to establish strategic regional priorities for the Joint Organisation area and to establish strategies and plans for delivering those priorities; * to provide regional leadership for the Joint Organisation area and to be an advocate for strategic regional priorities; * to identify and take up opportunities for inter-governmental cooperation on matters relating to the Joint Organisation area; and * deliver cost savings to member councils.   The MNCJO has also played a major role in terms of advocacy, particularly regarding State Forests, RFS assets, rating, RMS and the Pacific Highway handover.  **MNCJO Timber Bridge Renewal Prospectus**  One of the major initiatives of the MNCJO was the development of a regional Timber Bridge Renewal Prospectus. The Prospectus was borne from a common infrastructure priority to tackle the large number of timber bridges in poor condition across our region.  The three councils were responsible for more than 15% of the State's aging timber bridge infrastructure, totalling 219 bridges. These bridges are critical linkage for the 133,134 residents who reside within the three local government areas not to mention more than 1 million tourists that visit the combined LGAs each year.  A significant proportion of the bridges were on single-lane access providing no emergency resilience to residents or tourists during natural disasters. In addition, a portion of these bridges were also load limited, restricting general access for local industry and emergency service vehicles, essential service providers like energy authorities and Council road maintenance crews.  The Prospectus was designed to seek significant State Government funding to help address the backlog across our region.  The Prospectus and respective advocacy efforts resulted in MNCJO Councils receiving a significant investment for our aging bridge infrastructure. For Bellingen, a total of $16M was committed from the State for bridges within our Shire.  Council has been actively renewing and replacing these bridges over the past two years. Further details of this program can be found within Council's Operational Plan and Annual Report.  **Review of Accounting Practices**  In 2014, Council undertook a major review of its finance section. This review identified a range of initiatives that were progressively implemented including the appointment of a Chief Financial Officer so that Council could adopt a strategic approach to financial management. As part of the implementation of this approach, Council has implemented a review of its accounting practices including accounting treatments, management of grant funding etc.  Key outcomes of the review have included:   * Establishment of a new team structure to improve financial accountability and reporting frameworks. * Establishment of Financial Sustainability Strategy and Action Plan; * Improvement in overall consolidated operating result from a deficit of $9 million in 2014 to a surplus of $2.7 million in 2022; * Successful implementation of consecutive special rate variations in 2017/18 to 2021/22, specifically addressing infrastructure renewals; * Improvement in the debt service cover ratio from 0.77x in 2014 to 7.50x in 2022; * An improvement in rates and charges outstanding ration from 8.14% in 2014 to 3.18% in 2022; * Improvement in the infrastructure renewals ratio from 26.94% in 2014 to 157.02% in 2022; * An improvement in Councils GF internal/unrestricted cash and investments of 93% from 2014 to 2022; and * Establishment of a new chart of accounts structure to streamline reporting.   **Procurement**  Council is committed to establishing best practice procurement ensuring good governance and value for money is achieved when purchasing goods and services.  Following a UTS review of the procurement function in 2018, the following key recommendations were made:   * Need for renewed procurement road map and clarity around purchasing, tendering and contract renewals. * Critical to the success of future Procurement in a “centre-lead decentralized model”, is the capacity of procurement staff to partner, support and train staff in practical purchasing and best practices.   Following this in 2020, Council commenced a substantial project to improve procurement management across Council. The key objectives were to address issues arising from the review, in particular:   * Improve accountability across all procurement activities in Council; * Ensure value for money in all purchasing decisions; * Ensure all purchases are lawful, fair, equitable, transparent and auditable; and * Procurement risk is appropriately managed.   The outcomes of the review were:   * Establishment of procurement roadmap; * Establishment of a procurement advisory panel to monitor and report on compliance/non-compliance and review key strategic procurement risks; * Implementation of a Council-wide procurement IT platform to facilitate all purchases; * Implementation of new purchasing pathways to streamline purchases and reduce risk; * Refreshing of procurement policy; * Undertake organisational-wide training on best practice procurement; and * Ongoing reporting on savings and efficiencies.   **Public Amenities Review**  Like many other municipalities throughout Australia, the provision of public amenities in the Bellingen Shire has evolved over many years with amenities being built to meet public demands at specific times and built at various locations where demand was identified.  Consequently, many public amenities are outdated, do not meet the current standards and expectations and are not ready to deliver the quality services and infrastructure that communities deserve.  In response to higher community expectations and changes in our environment, Council undertook an amenities review to establish processes and a program for Council to meet current challenges and progressively upgrade older public amenities, construct new facilities and undertake an asset rationalisation process.  The review found that the cost of providing public amenities on comparative terms (State and Group 11 Council average), was one of the highest. The review also has demonstrated that Council has been providing a substantially higher level of customer service when measured across a range of parameters and against a number of comparable NSW Group 11 and neighbouring councils.  As a result of the review, Council has established a detailed plan for each of the 40 public amenities across the Shire, with a decision to divest a large number of these assets. Council is progressively working through the implementation of this program.  **Monitoring and Reporting**  Council’s adopted LTFP sets the cost containment framework for the prudent management of Council’s finances and in particular, incorporates the long-term funding of Council’s Asset Management obligations.  The LTFP and Quarterly Budget Review Statement Guidelines released by the Division of Local Government (DLG) require councils to establish a suite of key performance indicators (KPIs) that monitor their financial performance and also measure their long-term financial sustainability.  The LTFP Guidelines specifically state that “the indicators or measures will tie back to Council’s financial strategies and provide a framework against which to benchmark Council’s performance.”  The Guidelines also state “Performance measures need to be simple, measurable and understandable. To be effective, indicators need to:   * Measure those factors which define financial sustainability; * Be relatively few in number; and * Be based on information that is readily available and reliable.   These KPIs are focused on Council’s short-term financial position and include benchmarks that not only measure Council’s financial position, but also Council’s financial performance, asset management performance and long-term financial sustainability. KPIs are continually reported in the annual financial statements and provided to the OLG as part of the standard reporting requirements.  Further to this, Council continually benchmarks its performance against other councils to ensure it is operating efficiently and effectively to continue to move towards greater financial sustainability over the long term.  In addition to Council's adopted Key Performance benchmarks, Council’s Financial Sustainability Strategy Action Plan sets out key targets to address, including responsible officers and agreed upon timeframes. The action plan is regularly reviewed by Council's executive team to ensure targets are met within the agreed timeframes. |

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.

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| a. Explain initiatives undertaken in the past few years to improve productivity and contain costs.  Noting the work outlined in the previous section, Council has continued to make progress towards its financial sustainability goals. These key goals are contained within the Financial Sustainability Strategy. The strategy is designed to maximise Council's revenue-raising capacity, improve productivity, reduce operational costs and improve Council's operating cash flow.  Initiatives include:   * Implementation of a new monthly RMS debtor process to ensure debtors are raised in a timely fashion and outstanding debtors are followed up on in a timely manner. * Identify opportunities for areas where fees and charges can be increased and identify possible new revenue streams to increase operating revenue. * Undertake expression of interest to borrow funds to fast-track Council's infrastructure renewals investment. * Review all budgets for individual services (strategic cost review) with the intent of finding significant ongoing operating cost savings. Minimum saving of $700K to $1M. * Introduction of cash management reconciliation process for all internal and external restrictions. * Advocate to NSW and Federal Governments for fairer funding with a focus on operating grants over grants for new capital projects. * Introduce a compassionate debt recovery programme to improve outstanding debtor balance. * Review depreciation accruals (per UTS review) to ensure appropriate depreciation levels, that are consistent with other Councils across the State. * Introduce a system to control headcount and adopted structure of hours worked each week by all employees. * Review overtime cost trend overtime and cease all unnecessary overtime worked. * Establish a hiring committee to control headcount and ensure advertised position align with budget. * Review organisational staff structure to ensure alignment with service delivery and structure is affordable over the long term to ensure structure still meets the needs of Council. This includes benchmarking positions across our LG areas. * Advocate for fairer apportionment of Emergency Service Costs. * Review option for additional Special Rate Variation(s) to ensure Council continues to meet the service level expectations of the community. * Review possible grant funding opportunities to fund the additional costs of the Memorial Hall project. * Create a business plan for the future operations of the Memorial Hall including the calculation of additional running costs associated with running the new facility. * Undertake a review of operations with the intent of lowering workers' compensation premiums, including liaison with State Cover Mutual. * Review Mixed Waste Organic Output (MWOO) options to mitigate future cost increases. * Undertake external compliance audit with the intent of establishing a dividend from the water/sewer funds to Council general fund. * Establish a new leave management process, including training for managers and supervisors in managing staff leave. * Review all current temporary staff used across Council (including associated costs) and implement a new approval process when using temporary staff across the organisation, including the establishment of an ongoing reporting process to ELT. * Undertake a strategic review of building assets including detailed condition assessments in order to establish a works program for Council Building assets including rationalisation of infrastructure (e.g. Amenities buildings). * Investigate possible implementation of stormwater levy or SRV to cover costs of maintaining drainage infrastructure. * Review plant utilisation to ensure the plant is being replaced in a cost-effective manner. This included the review of the impact of staffing levels attributed to vehicles. i.e. truck driver associated with vehicle. * Creation of a capital expenditure committee for the Bridge Renewal Program, Sewering Coastal Villages, Water resilience and Infrastructure. * Establish a regular reporting framework through the ELT on the progress of Financial Sustainability Actions. * Establish grant application process, formalising approval process and ensuring grant applications sufficiently address the following issues:   + Resourcing requirements to deliver a project.   + All costs of a project are considered (Administration, project management, appropriate contingency % etc.).   + The whole of life costs are addressed as part of the decision process (for new assets or extension to current assets). * Undertake a strategic review of S.355 committees to ensure the committee is the appropriate management structure for the facility/service. Including, review arrangements of sporting fields and parks including:   + Fees for Use.   + Utilisation.   + Management setup (355 Committees etc.).   + Running Costs.   + Rationalisation.   + Investigate possible other options. |
| b. Outline the outcomes which have been achieved.   * Introduction of Improved RMS debtor process, resulting in a reduction in outstanding debtors. * Fees and charges are benchmarked with neighbouring Councils resulting in a number of additional fees being introduced to improve operational income. Some of the larger fees adjustments include:   + Introduction of new Green waste fee.   + Review of domestic waste, water and sewer annual charges.   + Review of water usage fee.   + Most fees adjusted to increase by more than the inflation rate. * Expression of interest undertaken to borrow funds to fast-track Council's infrastructure renewals investment. Additional borrowings received of $5.5M in 2022, all funds were for Roads, Bridges and building infrastructure renewals. * New budget review process implemented to provide greater budget accountability with a focus on finding ongoing operational savings. * Council continued to advocate to NSW and Federal Governments for fairer funding. This has been done through a number of mayoral minutes and submissions to LGNSW. * Introduced a compassionate debt recovery programme to improve outstanding debtor balance. * Reviewed depreciation accruals (per UTS review) to ensure appropriate depreciation levels, that are consistent with other Councils across the State. * Established a new overtime cost trend monitoring process through Council's business intelligence tool. * Established hiring committee process to control headcount using new HR software. This involved the introduction of a system requiring sign-off by the Deputy General Manager, General Manager and Chief Financial Officer. * Continued advocacy for fairer apportionment of Emergency Service Costs and for a review into the RFS asset recognition requirements. * Undertook IP&R process to establish the need for a 31.06% cumulative future Special Rate Variation. Details are provided throughout this application. * Explored multiple options to fund the additional costs associated with the Memorial Hall project, including a review of BLERF funding and advocacy through Create NSW. * Engaged Hawkridge Entertainment Services to undertake a management options report on the future operations of the Memorial Hall including the calculation of additional running costs associated with running the new facility. The recommendations of this report will be rolled out during 2023. * Reviewed workers' compensation premiums including WH&S practices to lower future premiums. * Finalised contract negotiations to resolve the issues arising from EPA changes to Mixed Waste Organic Output (MWOO). * Engaged external audit Forsyths Financial Services to undertake external compliance audit of water and sewer funds for the payment of a dividend from the water/sewer funds to Council general fund in 2022/23. Audit in final stages of completion. * Established a regular reporting framework through the ELT on progress of Financial Sustainability Actions. |
| c. Where possible, quantify the gains these past initiatives have realised.   * Introduction of Improved RMS debtor process and other cash flow management improvement processes   + Impact – Increase in internal/unrestricted cash and investments of $2.1M from 2020 to 2022. * Fees and charges process including benchmarking with neighbouring Councils resulting in a number of additional fees being introduced to improve operational income   + Impact:     - Increase in Annual Charges of $653K from 2020 to 2022     - Increase in User Charges (excluding RMS) of $392K from 2020 to 2022. * Improvement in infrastructure renewal expenditure including the use of additional borrowings of $5.5M in 2022.   + Impact – Increase in buildings and infrastructure renewal ratio to 157.02% in 2022, from 106.04% in 2020. * New budget review process implemented to provide greater budget accountability with a focus on finding ongoing operational savings.   + Impact – Over $800K in savings identified across the business from the following:     - Reduction in full-time equivalent staff numbers as a result of service reviews.     - Review of various procurement contracts including print services, electricity contract, banking services.     - Electricity savings resulting from solar installations.     - Service level reviews including public amenities, libraries, sporting grounds, waste facility access hours.     - Various other budgetary reviews. * Council continued to advocate to NSW and Federal Governments for fairer funding. This has been done through a number of Mayoral Minutes and submissions to LGNSW.   + Impact – 5.9% increase in the 2022/23 Financial Assistance Grant. Resulting in a $250K increase. * Introduced a compassionate debt recovery programme to improve outstanding debtor balance.   + Impact – Reduction in Council's outstanding rates and annual charges ratio to 3.18% in 2022 from 5.46% in 2020. * Reviewed depreciation accruals (per UTS review) to ensure appropriate depreciation levels, that are consistent with other Councils across the State.   + Impact – Reduction in Council's depreciation. The largest impact of the review was a $300k annual reduction in Sewerage Infrastructure depreciation. * Continued advocacy for fairer apportionment of Emergency Service Costs and for a review into RFS asset recognition requirements.   + Impact – NSW Government have agreed to cover recent increases through the provision of grant funds. This resulted in a reduction of the ESL of approximately $170K for 2022 and 2023. * Finalised contract negotiations to resolve the issues arising from EPA changes to Mixed Waste Organic Output (MWOO).   + Impact – Council was successful in its negotiations, resulting in a significant reduction in possible future contract costs and legal cost obligations. * Engaged external audit Forsyths Financial Services to undertake external compliance audit of water and sewer funds for the payment of a dividend from the water/sewer funds to Council general fund in 2022/23. Audit in final stages of completion.   + Impact – Should the external audit be successful; Council is permitted to take a dividend from its sewer of $177K. There was no dividend permissible for 2022 from Council’s water fund. |

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:

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| a. Explain the initiatives which the council intends to implement.  Council will continue to work through the actions contained within the Financial Sustainability Strategy. The following actions are prioritised over the coming years:   * Continue to cash flow and ensure debtors are raised in a timely fashion and outstanding debtors are followed up on in a timely manner. * Continue to identify opportunities for areas where fees and charges can be increased and identify possible new revenue streams to increase operating revenue. * Continue to review all budgets for individual services (strategic cost review) with the intent of finding significant ongoing operating cost savings. * Introduction of cash management reconciliation process for all internal and external restrictions. * Continue to advocate to NSW and Federal Governments for fairer funding with a focus on operating grants over grants for new capital projects. * Introduce a system to control headcount and adopted structure of hours worked each week by all employees. * Review overtime cost trend overtime and cease all unnecessary overtime worked. * Continue to use hiring committee to control headcount and ensure advertised position align with budget. * Review organisational staff structure to ensure alignment with service delivery and structure is affordable over the long term to ensure structure still meets the needs of Council. This includes benchmarking positions across our LG areas. * Continue to advocate for fairer apportionment of Emergency Service Costs. * Implement outcomes of Special Variation(s) to ensure Council continues to meet the service level expectations of the community (should the application be successful). * Continue to review operations with the intent of lowering workers' compensation premiums, including liaison with State Cover Mutual. * Undertake yearly external compliance audit with the intent of establishing an annual dividend from the water/sewer funds to Council general fund. * Establish a new leave management process, including training for managers and supervisors in managing staff leave. * Review all current temporary staff used across Council (including associated costs) and implement a new approval process when using temporary staff across the organisation, including the establishment of an ongoing reporting process to ELT. * Undertake a strategic review of building assets including detailed condition assessments in order to establish a works program for Council Building assets including rationalisation of infrastructure (e.g. Amenities buildings). * Investigate possible implementation of stormwater levy or SV to cover costs of maintaining drainage infrastructure. * Review plant utilisation to ensure the plant is being replaced in a cost-effective manner. This included the review of the impact of staffing levels attributed to vehicles. i.e. truck Driver associated with vehicle. * Creation of a capital expenditure committee for the Bridge Renewal Program, Sewering Coastal Villages, Water resilience and Infrastructure. * Continue with the established regular reporting framework through the ELT on progress of Financial Sustainability Actions. * Establish grant application process, formalising approval process and ensuring grant applications sufficiently address the following issues:   + Resourcing requirements to deliver the project.   + All costs of the project are considered (Administration, project management, appropriate contingency % etc.).   + The whole of life costs are addressed as part of the decision process (for new assets or extension to current assets). * Undertake a strategic review of S.355 committees to ensure the committee is the appropriate management structure for the facility/service. Including, review arrangements of sporting fields and parks including:   + Fees for Use.   + Utilisation.   + Management setup (355 Committees etc.).   + Running Costs.   + Rationalisation.   + Investigate possible other options. |
| b. Estimate their financial impact.  The above actions intend to maximise Council's revenue-raising capacity, improve productivity, reduce operational costs and improve Council's operating cash flow. Whilst it is difficult to establish the actual future dollar impacts of the above initiatives, the following outcomes are expected:   * Improvement in General Fund cash flow. Council's internal/unrestricted cash and investments is dangerously low, sitting at only $5.2M as of 30 June 2022. It is hoped the above actions will improve this situation over the coming years. * Improvement in Council unrestricted current ratio. The unrestricted current ratio for 2022 was 2.58x. This compares to the State average of 3.1x. It is hoped the above actions will improve this situation over the coming years. * Reduction in operating expenditure. The above actions are expected to have a financial impact of between $250K and $500K. This will help offset some of the additional pressures Council is currently experiencing with regard to the continuation of service provision. * Increase in operating income. Being a regional Council, there is limited capacity to increase revenue from non-statutory sources that are of sufficient scale to make a large dollar impact. However, it is hoped the actions above will generate in excess of $100K over the coming years. Although, these are likely to be met with additional expenditure commitments due to rising inflation costs. |
| c. Indicate whether these have been incorporated in the council’s Long Term Financial Plan.  Council in the past has forecast savings into its long-term financial modelling. Whilst many savings have been achieved over the past few years, the experience of Council to date is that they are often offset by rapidly rising costs in other areas of the business, in most cases outside the control of Council. Some recent examples include:   * Rising Workers' Compensation insurance. 2023 premium of $595K, increased from $191K in 2019. * Emergency services levy increased from $388K in 2019 to $660K in 2023.   With this in mind, Council believes it is financially prudent to not forecast ongoing savings throughout the LTFP. In addition to this, having been a Council that actively seeks out efficiencies in the past, we are bound by the law of diminishing returns, making each future efficiency harder.  Any savings generated in addition to forecasts will be diverted to Councils underfunded building renewal program and other programs identified within the Financial Sustainability Strategy including but not limited to:   * Memorial Hall Operational Model costings. * Increased financial pressure related to staff retention. * Plant utilisation review. * Strategic review of 355 committees. |

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.

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| Council has had a continual focus over the past decade on improving its financial position. Improving productivity and efficiency has been a key part of this process.  As discussed previously, Council engaged the University of Technology Sydney (UTS) to undertake an independent review of Bellingen Shire Council finances to give an opinion on the ‘Financial Sustainability’ of Council and provide recommendations on potential areas for improvement. The review was undertaken by Associate Professor Dr Joseph Drew and overseen by Professor Roberta Ryan, (formerly Centre for Local Government, University of Technology Sydney (CLG:UTS)), now Institute for Public Policy and Governance, UTS.  One of the key areas reported through the UTS review was on how Bellingen compared to other peer group councils and the rest of the state on how efficient it was in its delivery of services.  Comparing efficiency across different LG areas is difficult, as no two councils provide the same services, nor provide services at the same level. This makes comparing various councils across LG areas a difficult process. A better comparison is how a Council compares against itself over time.  One important comparison conducted by UTS was to a group of Councils with similar attributes to Council. UTS analysed Council's technical efficiency trend over time against Clarence Valley Council, Coffs Harbour City Council, Kempsey Shire Council, Nambucca Valley Council, Port Macquarie-Hastings Council, Ballina Shire Council, Byron Shire Council, Kyogle Shire Council, Lismore Shire Council, Richmond Valley Shire Council, Tweed Shire Council, Tenterfield Shire Council and Cabonne Shire Council. As can be seen in the table below, Council's technical efficiency improved over time, when comparative councils declined.    To summarise UTS’s review of Council's technical efficiency, they made the following observation:  *“Council’s technical efficiency consistently improved over the five years, even though the typical performance in the state has deteriorated over most of the period of analysis.*  *As stated, previously the most important comparison is against Council itself over time (not against its peer group). Financial sustainability is a long-run concept. Therefore, it is more important for a council to be improving over time than to have a particular score in a certain year. The trend is positive for Council, which suggests that management and staff have been working hard (and more effectively than the typical council in the state) to contain and even improve on unit cost’’.*  As discussed previously through the work conducted as part of Council’s Financial Sustainability Strategy, Council is continuing its work on improving productivity and efficiency gains. Through this work, Council regularly reviews how it is performing against other LG authorities, details are below:  **Employee Comparisons**  Council has continued to put downward pressure on its employee costs. This is reflected within the Financial Sustainability Strategy whereby a formal process was developed to control head count. This involved the introduction of a system requiring sign-off by the Deputy General Manager, General Manager and Chief Financial Officer.  Council full-time equivalent staff numbers compare favourably to the Group 11 average and the State average:  Bellingen – 139  Group Average (11) - 178  State Average – 382  When comparing Council's total employee costs per capita to the Group 11 Council average, Council ranks favourable being 4th lowest in the group. Details of Employee costs per capita for Group 11 Councils are shown below (based on 2021 data):   |  |  |  | | --- | --- | --- | | **Rank** | **Council** | **Employee Cost per Capita** | | $ | | 1 | Warrumbungle Shire Council | 1,519.40 | | 2 | Moree Plains Shire Council | 1,478.85 | | 3 | Snowy Valleys Council | 1,398.30 | | 4 | Gunnedah Shire Council | 1,338.30 | | 5 | Narrabri Shire Council | 1,310.09 | | 6 | Cowra Shire Council | 1,201.05 | | 7 | Upper Hunter Shire Council | 1,189.42 | | 8 | Federation Council | 1,137.81 | | 9 | Leeton Shire Council | 1,079.25 | | 10 | Hilltops Council | 1,064.10 | | 11 | Parkes Shire Council | 1,053.92 | | 12 | Cabonne Council | 1,047.31 | | 13 | Greater Hume Shire Council | 1,035.49 | | 14 | Muswellbrook Shire Council | 919.95 | | 15 | Bellingen Shire Council | 887.73 | | 16 | Inverell Shire Council | 845.65 | | 17 | Yass Valley Council | 694.74 | | 18 | Nambucca Valley Council | 605.45 |   Another good ratio to compare Council's employee costs is to compare employee costs as a % of total operating expenditure. The below graph shows Councils comparative to both Group 11 and the State average, again comparing favourably:    The below ratio comparatives to the Group 11 average are provided for reference below:   |  |  |  | | --- | --- | --- | | **Financial Ratio (Consolidated)** | **Bellingen Result** | **Group 11 Average** | | **2022** | **2022** | | Operating Performance Ratio (%) | 8.77% | 2.33% | | Own Source Revenue (%) | 53.84% | 54.70% | | Unrestricted Current Ratio | 2.58x | 3.86x | | Debt Service Cover Ratio | 7.50x | 10.78x | | Outstanding Rates & Charges (%) | 3.18% | 6.66% | | Cash Expense Cover Ratio (Mths) | 9.99x | 14.63x | | Building and Infrastructure Renewals Ratio | 157.02% | 104.71% | | Infrastructure Backlog Ratio | 7.04% | 4.98% | | Asset Maintenance Ratio | 84.37% | 105.61% | | Cost to Bring Asset to Agreed Service Level | 5.67% | 2.66% | |

1. Table 9 Criterion 5 attachments

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| Council- assigned number | Name of document | Page  referencesa |
| 19 | Attachment - 2022-2023 Revenue Policy Fees Charges |  |
| 5 | Attachment - 2022-26 Delivery Program and 2022-23 Operational Plan |  |
| 23 | Attachment - Annual Report 2021-22 |  |
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* 1. 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.

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| Council employs approximately 160 people across a wide variety of disciplines and professions to deliver local government services effectively and efficiently at a grass-roots level.  Council’s philosophy of ‘putting people at the heart of what we do’ is demonstrated through the Workforce Strategy. Reviewed and updated throughout 2021-22, the strategy responds to Council’s Community Strategic Plan – Bellingen Shire Community Vision 2035 - and guides the preparation of our workforce to be professional and resilient, able to work in partnership and collaboration with external stakeholders to deliver quality local services that meet the diverse needs of our community.  Our supporting action plan is articulated under three (3) objectives that prepare our workforce to meet our community’s immediate and long-term demands:   1. Attract - Strive to create and maintain a workforce that reflects the diversity of our community 2. 2. Develop - Value and retain experience while at the same time grow talent and create career development opportunities. 3. Retain - Build an environment that encourages accountability and rewards performance with a focus on opportunities to enhance the health and wellbeing of our employees   In considering the ratios outlined in Criterion 5 some of the workforce challenges and critical issues include   * Attracting high calibre, skilled and competent staff and retaining key workers with critical skills and experience in a highly competitive job market. * Managing our ageing workforce and optimising the contribution of mature aged workers whilst maintaining their health and wellbeing. * Promote and drive health and wellbeing as a foundational mechanism for organisational success. * Providing employment and training opportunities for young people such as trainees, apprentices, and cadets. * Providing opportunities for professional development of all employees to ensure ongoing up skilling, training, Trades compliance certification, currency of qualifications and knowledge are achieved. * Striving to achieve a workforce that reflects the diverse nature of the community. * Identifying skills and resource gaps to better inform workforce planning. * Building a high-performance culture that creates efficiencies and high standards of customer service outcomes. * Engaging in succession planning for management roles to assist with career planning, leadership development and the continuity of strategic direction. |

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).

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| Click here to enter text. |

1. Table 10 Criterion 6 attachments

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| Council- assigned number | Name of document | Page  referencesa |
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* 1. 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

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| **Name of council:** | Bellingen Shire Council |

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

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| **General Manager (name):** | Mark Griffioen |
| **Signature and Date: 02/03/2023** |  |
| **Responsible Accounting Officer (name):** | Chris Hodge |
| **Signature and Date: 02/03/2023** |  |

**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 | 02 6655 \*\*\*\* |
| General Manager contact email | \*\*\*\*\*\*\*@bellingen.nsw.gov.au |

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

#### Primary council contact

|  |  |
| --- | --- |
| Council contact phone | 02 6655 7300 |
| Council contact email | council@bellingen.nsw.gov.au |
| Council email for inquiries about the SV application | srv@bellingen.nsw.gov.au |

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

#### Secondary council contact

|  |  |
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| Council contact phone | 02 6655 \*\*\*\* |
| Council contact email | \*\*\*\*\*\*\*\*@bellingen.nsw.gov.au |
| Council email for inquiries about the SV application | srv@bellingen.nsw.gov.au |

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.

1. 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 |  |
| Part A | Application Form Part A (Excel spreadsheet) |  |
| Part B | Application Form Part B (this Word document) |  |
| 29 | Bellingen Shire Council - Attachment 29 - Council resolution to apply for the for the special variation - Ordinary Council Meeting 22022023 |  |
| Cert | Bellingen Shire Council - Attachment 32 - Certification |  |
|  | If applicable for Description and Context Question 4 |  |
| NA | Instrument for expiring special variation |  |
| NA | OLG advice confirming calculation of amount to be removed from the council’s general income |  |
|  | If applicable for Description and Context Questions 5 and 6 |  |
| 35 | Declaration of compliance with conditions in past instruments (if applicable) |  |
| 36 | Bellingen Shire Council - Attachment 36 - Past Instruments of Approval |  |
|  | Evidence of compliance with conditions in past instruments (if applicable) |  |
|  | Mandatory public supporting material (i.e. to be published on IPART's website) |  |
| 3 | Bellingen Shire Council - Attachment 3 - Bellingen Shire Community Vision 2035 |  |
| 4 | Bellingen Shire Council - Attachment 4 - 2022-26 Delivery Program and 2022-23 Operational Plan |  |
| 5 | Bellingen Shire Council - Attachment 5 - Long Term Financial Plan |  |
| 6, 7, 8, 11, 12 | 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 |  |
| 13, 14, 15, 16 | Community feedback (including surveys and results if applicable) |  |
|  | Willingness to pay study (if applicable) |  |
| 18 | Bellingen Shire Council - Attachment 18 - Hardship Policy and Application Form |  |
|  | Other public supporting material |  |
|  | Asset Management Strategy / Plan(s) (if applicable) |  |
|  | Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable) |  |
|  | NSW Treasury Corporation report on financial sustainability  (if applicable) |  |
| 19 | 2022-2023 Revenue Policy Fees Charges | Yes |
| 25 | 2024-2027 Rates Calculator | Yes |
| 20, 21, 22 | Community Engagement Policy, SRV Community Engagement Plan, Community Engagement Strategy | Yes |
| 23 | Annual Report 2021-22 | Yes |
| 24 | Council Report for February 2023 Ordinary Meeting | Yes |
| 29 | Bellingen Shire Council - Attachment 29 - Resolution - Ordinary Council Meeting 22022023 | Yes |
| 37 | Bellingen Shire Council - Attachment 37 - Resolution of Council CSP DP OP LTFP 2022-23 | Yes |
|  | Confidential supporting material (i.e. not to be published on IPART's website) |  |
| 26 | CONFIDENTIAL - Bellingen Shire Council - Attachment 26 - Financial Sustainability Strategy Action Plan - February 2022 Update | Yes |
| 27 | CONFIDENTIAL - Bellingen Shire Council - Attachment 27 - Financial Sustainability Strategy - Final | Yes |
| 28 | CONFIDENTIAL - Bellingen Shire Council - Attachment 28 - CSP PlaceScore Liveability Review 2022 | Yes |
| 33 | Confidential - Bellingen Shire Council - 33 - LTFP Spreadsheets | Yes |
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| 1. 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 CONFIDENTAL.  Publishing the council’s application  Councils should also publish their application on their own website for the community to access. |